

PHILEQUITY PESO BOND FUND, INC.
(formerly “Philequity Money Market Fund, Inc.”)

INVESTMENT OBJECTIVE AND INVESTMENT POLICIES

The Fund is a medium-risk fund with investments that consist mainly of government securities, commercial paper, corporate bonds, promissory notes and other debt instruments of varying tenors.

The maximum investment of the Fund in the securities of any one debt instrument issuer shall be determined by the size of the Fund, the risk profile of the debt instrument issuer, interest rates, and the yield offered by the issuer. However, the percentage of the Fund which may be invested in any one debt instrument issuer shall not exceed ten percent (10%) of the Fund's net asset value.

The Fund shall not acquire more than ten percent (10%) outstanding securities of any one debt instrument issuer.

For liquidity purposes, the Fund shall invest at least ten percent (10%) of its funds in liquid/semi-liquid assets, such as:

- (a) Treasury notes or bills, Bangko Sentral ng Pilipinas ("BSP") Certificates of Indebtedness which are medium term, and other government securities or bonds and such other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines or any other government.
- (b) Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit account be accepted or allowed under a "bearer", numbered account or other similar arrangement.

INVESTMENT RESTRICTIONS

The investments of the Fund shall be subject to the following restrictions:

1. Unless the applicable Philippine laws, rules, regulations, and orders of the SEC provide otherwise, the Fund shall not sell securities short nor invest in any of the following:
 - (a) margin purchase of securities (investments in partly paid shares are excluded)
 - (b) commodity futures contract
 - (c) precious metals
 - (d) unlimited liability investments

Investments made on bonds and other evidence of indebtedness that are registered and traded in another country should be limited to those whose issue and issuer or borrower has received a credit rating of at least BBB from a reputable international credit rating agency such as, but not limited to, Moody's Investor's Service, Standard and Poor's and Fitch Rating.

SEC Memorandum Circular No. 7, Series of 2005 on the “Guidelines on the Evaluation of Foreign Investments by Mutual Fund Companies” allows mutual fund companies to invest up to 100% of their net assets in foreign securities.

2. The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is a net asset coverage of at least three hundred percent (300%) for all its borrowing, or such net asset coverage as the applicable Philippine laws and regulations may prescribe. In the event that such asset coverage shall at any time fall below 300% or the coverage required by law, the Fund shall within three (3) days after, or such period as the applicable Philippine laws and regulations may require, reduce the amount of borrowings to an extent that the net asset coverage shall be at least 300% or the coverage required by law.
3. Unless permitted by applicable Philippine laws, rules or regulations, the Fund shall not participate in an underwriting or selling group in connection with the public distribution of securities, except its own capital stock.
4. The Fund shall not invest in real estate properties and developments.
5. The Fund shall not invest in any company for the purposes of exercising control or management.
6. The Fund shall not issue or sell senior securities of which it is the issuer.
7. The Fund shall not extend loans to individuals. Loans or credit extensions to corporations shall be limited to commercial papers and bonds registered with the SEC, or subject of a grant of exemption therefrom, and which have been pre-approved by the Board of Directors.
8. The Fund shall not invest in the securities of other investment companies.
9. The Fund shall not purchase from or sell to any of its officers or directors, or to any of the officers or directors of its investment adviser/s, manager or distributor/s or firm/s of which any of them are members, any security other than the capital stock of the Fund.
10. The total operational expenses of the Fund shall not exceed ten percent (10%) of its total investment fund, total net worth or total net asset value as shown in the previous year's audited financial statements, or such other limitations as may be prescribed by the applicable Philippine laws or regulations.
11. The Fund shall not change its investment objectives without prior approval of the majority of its stockholders.