

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

REDEMPTION OF SHARES

A. NAV Per Share Computation

The NAV per share shall be the computed difference between the total assets of the Fund and its total liabilities divided by the number of shares outstanding. The NAV shall be computed on a daily basis and shall be posted in the conspicuous place of the principal office of the Fund as well as in all its branches and designated redemption centers. It shall also be published in at least two (2) newspapers of general circulation in the Philippines on a daily basis.

B. Manner and Method of Redemption

Upon the presentation to PEMI of the securities for redemption, the holder of the shares of the Fund is entitled to receive by way of redemption approximately his proportionate share of the Fund's current net assets in cash, i.e. the net current asset value per share, subject to existing laws and the By-Laws of the Fund. Any request for redemption should always be accompanied by duly endorsed stock certificates and custodian receipt/s, if they have been issued. The redemption proceeds shall be paid within seven (7) banking days from receipt of the duly accomplished redemption application.

C. Redemption Price

The redemption price of the securities surrendered within the daily cut-off time shall be the next computed NAV per share after the request for redemption is received. Securities surrendered after the daily cut-off time shall be deemed to have been received on the next banking day. The daily cut-off time shall be 12:00 o'clock noon.

D. Minimum Holding Period and Redemption Charges

The following fees shall be deducted from the redemption proceeds depending on the retention period of the investor:

RETENTION PERIOD	REDEMPTION FEE
One (1) year or less	1.0%
One (1) year and one to Two (2) years	0.5%
Two (2) years and one (1) day or more	Nil

E. Special Considerations

No redemption will be allowed should any of the following circumstances exist:

1. Banks are closed for reasons other than the customary weekend or holiday closings;
2. There exists an emergency as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or the computation or determination of the net asset value is not practicable;
3. The Securities and Exchange Commission, by order permits suspension of the right of redemption for the protection of the Fund's stockholders; or
4. Such other circumstance as the applicable Philippine laws or regulations may allow.

F. Applicable Taxes

Under the National Internal Revenue Code of 1997 ("NIRC"), gains realized by the investor upon redemption of shares of stock in a mutual fund company are excluded from the computation of a taxpayer's gross income and are thus exempt from taxation. However, a final tax on the amount of cash and/or property dividends received by an individual from a mutual fund company are taxable, beginning January 1, 2000, at the rate of 10% for Filipino citizens and resident aliens, and 20% for non-resident aliens. On the other hand, cash and/or property dividends received by corporations are not subject to tax, with the exception of dividends received by non-resident foreign corporations which, in general, shall be taxed at the rate of 15% of the amount of dividends received.