

**CORPORATE GOVERNANCE AND FINANCE DEPARTMENT**

**IN THE MATTER OF**

**SEC-CGFD ORDER No. 01**

**Series of 2024**

**AIB MONEY MARKET MUTUAL FUND, INC. :**

**Amended Registration Statement**

**- Registrant -**

X-----X

**ORDER**

Upon consideration of the Amended Registration Statement filed by **AIB MONEY MARKET MUTUAL FUND, INC.** (the “*Company*”), the Commission *En Banc*, in its meeting held on January 4, 2024, resolved to approve the same, which consists of the following amendments:

Items to be Amended		Original Provision	Proposed Amendment	Reason/s for Amendment
Authorized Stock	Capital	Php1,000,000,000.00	<b>Php50,000,000.00</b>	To reflect approved amendments to the Articles of Incorporation and to reduce the Fund’s friction cost which will be beneficial for the investment of its current and future shareholders.
Par Value		Php1.00	<b>Php 0.05</b>	
Annual Meeting		April 21	<b>May 26</b>	To provide the management ample time in preparing the necessary regulatory requirements.
Investment Objective		“The investment objective is capital preservation with returns and inflows derived out of investments in a diversified portfolio primarily composed of Peso-denominated short-term securities or fixed income instruments representing high quality, liquid debt and monetary instruments issued by the Government of the Philippines and Filipino corporations and also selected preferred shares with a put option (at the option of the buyer) and issued by the Top 1,000 companies in the Philippines, as listed in BusinessWorld’s annual publication.”	“The investment objective is capital preservation with returns and inflows derived out of investments in a diversified portfolio primarily composed of Philippine Peso and <b>Foreign currency</b> denominated short-term securities or fixed income instruments representing high quality, liquid debt and monetary instruments <b>issued by the Government of the Philippines and Filipino corporations.</b> ”	To enable the Fund to quickly and easily adapt to its strategies, allocate funds or make investment decisions based on the changing market conditions or opportunities within the limitations set forth in the 2018 IRR of the Investment Company Act.

Items to be Amended		Original Provision	Proposed Amendment	Reason/s for Amendment
Minimum Investment	Initial	Php 5,000	Php1,000	The changes to these provisions are intended to make doing business easier for the Fund's future investors and to ensure that the Fund is aligned with the current practices in the industry.
Fund Management Fee		AIB Asia Asset Management, Inc. (AAAMI) as fund manager shall be paid the maximum annual fee of 1.5% of the Fund's net asset value	<b>A monthly management and distribution fee equivalent to 1.5% per annum of the average net asset value of the company's assets computed on a daily basis.</b>	
Distribution Fee		Amalgamated Investment Bancorporation (AIB) as distributor shall be paid an annual fee of 0.5% of the amount of assets under management.		
Early Redemption Fee Basis		One percent (1.0%) of the principal amount invested in the Fund.	One percent (1%) early redemption fee <b>based on the redemption amount.</b>	
Determination of Offering Price		<p>The offering price of the shares shall be the NAVPS of the shares. The NAVPS is determined by taking the applicable outstanding value of the Fund's total assets plus accrued interest less all its liabilities and divided by the number of shares outstanding. Applicable expenses are likewise accrued daily and applied when computing for the NAVPS. The assets of the Fund shall be deemed to include:</p> <p>(i) all cash on hand, on deposit or on call;  (ii) all bills and notes and accounts receivable;  (iii) the market value of all shares of stock and subscription rights and other securities owned or contracted for by the Fund (other than its own capital stock) at the time valuation as determined by the Fund Manager which valuation time shall once adopted should be consistently used;  (iv) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it but declared to stockholders of record on a date on or before the date as of which the NAVPS is being determined;  (v) all interest accrued on any interest bearing securities owned by the Fund;  (vi) all real properties or interest therein; and  (vii) all other properties of every kind and nature including prepaid expenses.</p>	<p>The offering price of the shares shall be the NAVPS of the shares. <b><i>The NAVPS is calculated by adding all assets of the Corporation and subtracting all liabilities of the Corporation, and divided by the total number of shares outstanding. The assets and liabilities of the Fund shall be determined and computed as follows:</i></b></p> <p><b><i>1. The assets of the Corporation shall be deemed to include:</i></b></p> <p><b><i>a. the aggregate market value of the portfolio securities and other assets;</i></b>  <b><i>b. cash on hand;</i></b>  <b><i>c. dividends on stock trading ex-dividend; and</i></b>  <b><i>d. accrued interest on portfolio securities</i></b></p> <p><b><i>In determining the value of the assets of the Corporation for the purpose of obtaining the net asset value, the prices of the assets shall be determined based on the following:</i></b></p> <p><b><i>i. if quoted in an organized market, based on official closing price or last known transacted price;</i></b>  <b><i>ii. if unquoted or quoted investments where the transacted prices are not represented or not available to the market, based on fair value; Provided further that</i></b></p>	To reflect the updated calculation of NAVPS based on the 2018 IRR of ICA.

Items to be Amended	Original Provision	Proposed Amendment	Reason/s for Amendment
	<p>The liabilities of the Fund shall be deemed to include:</p> <ul style="list-style-type: none"> <li>(i) all bills and notes and accounts payable;</li> <li>(ii) all administrative expenses payable and/or accrued (including management fee and custodial expense);</li> <li>(iii) all contractual obligations for the payment of money or property, including the amount of any unpaid dividend declared upon the Fund's stock and payable to stockholders of record on or before the day as of which the value of the Fund's stock is being determined;</li> <li>(iv) all reserves authorized or approved by the Board of Directors for taxes, market risk provisions or contingencies; and</li> <li>(v) all the other liabilities of the Fund of any kind and nature whatsoever, except liabilities represented by the outstanding capital stock and surplus of the Fund.</li> </ul> <p>Investments of the Fund shall be valued based on the applicable market price. The Fund shall secure the services of an independent auditor to verify its financial statements</p> <p>The Fund shall have only one duly issued/applicable NAVPS on any given business day and which NAVPS shall be computed and made available by the Fund Manager to the <b>Fund's Principal Distributor, Registrar and Depository</b> and its selling agents promptly before the opening of each and every Fund business day.</p> <p>The applicable NAVPS once determined by the Fund Manager shall be the sole basis for the determination of the Fund's Offer and Redemption price. The Fund, acting through its Board of Directors, shall be tasked to issue more definitive guidelines and policies in the valuation of its assets.</p>	<p><i>in determining the fair value of the investments, the fund manager shall, with due care and good faith, (1) have reference to the price that the Corporation would reasonably expect to receive upon the sale of the investment at the time the fair value is determined; and (2) document the basis and approach for determining the fair value.</i></p> <p><b>2. The liabilities of the Corporation shall be deemed to include:</b></p> <ul style="list-style-type: none"> <li><b>a. taxes and other charges against the fund not previously deducted;</b></li> <li><b>b. accrued expenses and fees;</b></li> <li><b>c. cash held for distribution to investors of the fund on a prior date; and</b></li> <li><b>d. other liabilities</b></li> </ul> <p>The Fund shall secure the services of an independent auditor to verify its financial statements.</p> <p>The Fund shall have only one duly issued/applicable NAVPS on any given business day and which NAVPS shall be computed and made available by the Fund Manager to the <b>Fund's Transfer Agent, Custodian</b> and its selling agents promptly before the opening of each and every Fund business day.</p> <p>The applicable NAVPS once determined by the Fund Manager shall be the sole basis for the determination of the Fund's Offer and Redemption price. The Fund, acting through its Board of Directors, shall be tasked to issue more definitive guidelines and policies in the</p>	

Items to be Amended	Original Provision	Proposed Amendment	Reason/s for Amendment
		valuation of its assets.	
<b>Principal Parties of the Fund</b>	Principal Distributor: <i>Amalgamated Investment Bancorporation</i>  Transfer Agent: <i>Philippine Depository and Trust, Corp.</i>  <i>Depository: Philippine Depository and Trust, Corp.</i>  Receiving Banks: Bank of the Phil. Islands	Investment Advisor and Principal Distributor: <b><i>AIB Asia Asset Management, Inc.</i></b>  Transfer Agent: <b>Stock Transfer Service, Inc.</b>  <b><i>Custodian: Land Bank of the Phils.</i></b>  Receiving Banks: <b><i>Union Bank of the Phils., EastWest Bank, Rizal Commercial Banking, Corp.</i></b> and Bank of the Phil. Islands	To reflect the updated principal parties

After determining that the company has complied with the conditions in the Pre-Effective letter issued on January 10, 2024, **the subject Amended Registration Statement is now rendered effective.**

Let a copy of this **ORDER** be published at the expense of the Company in two (2) national newspapers of general circulation in the Philippines within two (2) business days from receipt of this Order.

The Company is directed to furnish the Commission with a copy of the affidavit of publication within five (5) business days after the publication thereof.

Further, the Company is directed to upload this Order and its final prospectus on its website: aibmmmfi.com.

**SO ORDERED.**

Makati City, January 26, 2024.

  
**RACHEL ESTHER J. GUMTANG-REMALANTE**  
 Director

juls/011724

**FINAL PROSPECTUS**

**AIB Money Market Mutual Fund, Inc.**

*(An Open-end Investment Company)*

Registration and offer of up to One Billion (1,000,000,000) Common Shares with voting rights,  
to be offered at the current Net Asset Value Per Share (“NAVPS”)  
The Offer Shares will be traded over-the-counter.

**AIB Asia Asset Management, Inc.**

*Investment Company Adviser and Principal Distributor*

11<sup>th</sup> Floor, Multinational Bancorporation Center

6805 Ayala Avenue, 1226 Makati City

Tel. No. (632) 8588-4242

*The date of this Prospectus is January 15, 2024*

## **RISK DISCLOSURE STATEMENT**

### **GENERAL RISK WARNING**

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments each of which may carry a different level of risk.

### **PRUDENCE REQUIRED**

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may request information on the securities and issuer thereof from the Commission which are available to the public.

### **PROFESSIONAL ADVICE**

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading securities specially those high-risk securities.

**AIB MONEY MARKET MUTUAL FUND, INC.**

*11th Floor, Multinational Bancorporation Centre  
6805 Ayala Avenue, 1226 Makati City  
Tel. No. (632) 85884242*

**AIB MONEY MARKET MUTUAL FUND, INC.**

(A corporation organized under Philippine laws)

This Prospectus relates to the offer of 1,000,000,000 common shares (“Shares”) of AIB Money Market Mutual Fund, Inc. (“Fund”) with a par value of PHP0.05 per share, at the current Net Asset Value Per Share (“NAVPS”), of which at least 250,000,000 are subscribed and fully paid up. The total number of Shares outstanding after the offer, if all the Shares were subscribed, is 1,000,000,000 shares. The total gross proceeds of the 1,000,000,000 Shares are estimated at PHP1,084,200,000 (computed by multiplying 1,000,000,000 Shares by PHP1.0824/share offer price which is the NAVPS as of September 30, 2023).

The Fund is an open-end, conservative or low-risk, low-return mutual fund denominated in Philippine currency. The investment objective is capital preservation with returns and inflows derived out of investments in a diversified portfolio composed mostly of Philippine Peso and Foreign currency denominated short-term securities or fixed- income instruments representing high-quality, liquid debt and monetary instruments issued by the government of the Philippines and Filipino corporations. The Fund will not be investing in common shares. (See “Use of Proceeds.”).

The offering of Shares is facilitated by the Fund through AIB Asia Asset Management, Inc. (“AAAMI”), acting as both the Principal Distributor and the Fund Manager. AAAMI’s responsibilities encompass formulating and executing the Fund’s investment strategy, in addition to providing comprehensive management and technical services. AAAMI shall be paid a monthly management and distribution fee of up to 1.5% per annum of the average Net Assets Value (“NAV”) of the company’s assets, calculated on a daily basis. As of the date of this Prospectus, this amount is estimated to be PHP16,263,000.00, exclusive of VAT. For a more thorough discussion of the roles of the Principal Distributor and Investment Company Adviser, please refer to section “Plan of Distribution”.

As an open-end investment company, the Fund is engaged in the sale of the Shares and the investment of the proceeds of the sale in a diversified portfolio composed of Philippine Peso and Foreign currency denominated short-term securities or fixed income instruments representing high-quality, liquid debt and monetary instruments issued by the government of the Philippines and Filipino corporations. The Fund is ready to redeem the Shares at the applicable NAVPS. The NAVPS of the Fund, however, may fluctuate due to changes in the market value of the Fund’s investments. Such changes may be attributable to various external factors such as market risk, interest rate risk, credit risk, liquidity risk, and likewise those inherent to the Fund. Further, dividends may be declared from the surplus profits of the Fund at such time and in such percentage as the Board of Directors of the Fund may deem proper and in accordance with law.

Upon issuance, all Shares have identical rights and privileges. Any person or entity regardless of citizenship or nationality, may own the Shares, subject to the subsection on “Eligible Investors” under the section headed “Terms of the Offer”. The liability of investors is limited to their investments in the Fund.

**Estimated Fees Paid by the Fund**

Management Fee	Up to 1% of AUM p.a.
Distribution Fee	Up to 0.5% of AUM p.a.
Audit and Audit-Related Fee	PHP 67,100.00
Custodian Fee	Up to 0.023% p.a. or minimum of PHP20,000 per month plus 12% VAT
Transfer Agent Fee	PHP 11,200.00 per month

**Estimated Fees Paid by the Shareholder**

Sales Load	0%
Early Redemption Fee	1.00% of Redemption Amount if Investment is claimed before holding period of seven (7) days.
Taxation	Gains realized by investors upon redemption of shares shall be exempt from taxation. (Sec. 32(B)(7)(h) of R.A. 8424)  Dividends received by individual investors from the Fund are subject to a withholding tax of 10%. Dividends received by domestic corporations from the Fund are not subject to income tax.  For further details about taxation, please refer to the section entitled "Taxation."
Bank Fees	Investments through the Receiving Banks of the Fund, whether done online or over-the-counter, are free of charge.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Fund which accepts full responsibility for the accuracy of the information and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief, there are no other material facts, the omission of which would make any statement in this Prospectus misleading in any material respect. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

No dealer, salesman or other person has been authorized by the Fund or the Distributor to issue any advertisement or to give any information or make any representation in connection with the offering or sale of the Shares other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Fund or the Distributor.



The Shares are eligible for payment of dividends, which depends, among other factors, upon the Fund's unrestricted retained earnings, cash flow, and financial condition. Cash dividends and property dividends may be declared by the Board of Directors and no stockholder approval is required. At least ten percent (10%) of the actual earnings or profits may be declared by the Board of Directors as dividends. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and the stockholders representing at least two-thirds (2/3) of the outstanding Capital stock of the Fund at a stockholders' meeting called for such purpose. For further discussion, please refer to the section entitled "Dividends."

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Shares. These risks include:

- Market Risk: Interest Risk
- Credit Risk
- Fund Manager Risk
- Liquidity Risk
- Dilution Risk
- Non-guarantee Risk
- Regulatory Risk

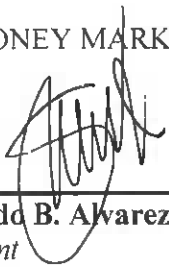
The enumerated risks could adversely affect the redemption value of the Shares resulting in losses should the shareholder redeem his shares when the NAVPS of the Fund is below his acquisition cost. For a more detailed discussion of these risks to be considered in connection with an investment in the Fund's Shares, please see "Risk Factors".

This document does not constitute an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make any such offer or solicitation. Each investor in the securities offered hereby must comply with all applicable laws and regulations in force in the jurisdiction in which it purchases, offers or sells such securities and must obtain the necessary consent, approval or permission for its purchase, offer or sale of such securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchase, offer or sale, and neither the Fund nor the Distributors shall have any responsibility. Foreign investors interested in subscribing to the Shares should inform themselves as to the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile and as to any relevant tax or foreign exchange control laws and regulations which may affect them.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

AIB MONEY MARKET MUTUAL FUND, INC.

By:



**Servando B. Alvarez Jr.**  
*President*

SUBSCRIBED AND SWORN TO BEFORE ME this JAN 17 2024 day of 2024 at Makati City, Philippines affiant exhibiting to me his Driver's License No. N04-00-460962 with expiration on March 7, 2033 at Makati City.

Doc. No : 87  
Page No. : 19  
Book No. : 4  
Series of 2024.



**ATTY. SHERLUCK JUN C. VILLEGAS**  
Notary Public for Makati City  
Appt. No. M-274 until Dec. 31, 2024  
Unit 10 UFA Building, 110 Pineda St.  
Legaspi Village, Makati City  
Roll No. 70812  
IBF No. 323040/11-30-2023/ Pasig City  
PTR No. 12074513/1-7-2024/ Makati City  
MCLE Compliance No. VI-0020709 April 14, 2025

## TABLE OF CONTENTS

<b>Principal Parties to the Offer</b> .....	<b>4</b>
<b>Glossary</b> .....	<b>6</b>
<b>Summary</b> .....	<b>8</b>
<b>Terms of the Offer</b> .....	<b>9</b>
<b>Summary of Financial Information</b> .....	<b>14</b>
<b>Risk Factors</b> .....	<b>17</b>
<b>Profile of the Prospective Investors</b> .....	<b>20</b>
<b>Benefits to the Investors</b> .....	<b>21</b>
<b>Use of Proceeds</b> .....	<b>22</b>
<b>Determination of Offering Price</b> .....	<b>23</b>
<b>Plan of Distribution</b> .....	<b>25</b>
<b>Principal Distributor</b> .....	<b>25</b>
<b>Brokers/Dealers</b> .....	<b>26</b>
<b>Custodian</b> .....	<b>26</b>
<b>Fund Manager</b> .....	<b>26</b>
<b>Transfer Agent</b> .....	<b>28</b>
<b>Receiving Bank</b> .....	<b>28</b>
<b>Description of Securities to be Registered</b> .....	<b>29</b>
<b>Capitalization</b> .....	<b>29</b>
<b>Shares of the Fund</b> .....	<b>29</b>
<b>Interest of Name Experts and Independent Counsel</b> .....	<b>30</b>
<b>Independent Auditor</b> .....	<b>30</b>
<b>Legal Matters</b> .....	<b>30</b>
<b>Information with Respect to Registrant</b> .....	<b>31</b>
<b>Description of Business</b> .....	<b>31</b>
<i>The Fund</i> .....	<i>31</i>
<i>Distribution Methods of the Products or Services</i> .....	<i>31</i>
<i>Competition</i> .....	<i>31</i>
<i>Investment Objective and Legal Restriction</i> .....	<i>32</i>
<i>Policies with Respect to Securities and Investments</i> .....	<i>33</i>
<i>Liabilities of the Fund and the Fund Manager to the shareholders</i> .....	<i>36</i>
<i>Annual Shareholders' Meeting</i> .....	<i>36</i>
<i>Transactions with and/or Dependence on Related Parties</i> .....	<i>36</i>
<i>Laws and Government Policies Applicable to the Fund</i> .....	<i>37</i>
<i>Prevention of Money Laundering and Terrorist Financing</i> .....	<i>38</i>
<i>Effect of Existing or Probable Governmental Regulations on the Business</i> .....	<i>39</i>
<i>Employees</i> .....	<i>42</i>
<i>Major Risks Involved in the Business of the Fund</i> .....	<i>42</i>
<b>Independent Oversight Entity</b> .....	<b>42</b>
<b>Independent Net Asset Value Calculator</b> .....	<b>43</b>
<b>Property</b> .....	<b>43</b>
<b>Legal Proceedings</b> .....	<b>43</b>
<b>Market for Issuers' Common Equity and Related Stockholders Matter</b> .....	<b>43</b>
<b>Management's Discussion and Analysis of Financial Condition and Plan of Operation</b> ..	<b>44</b>
<b>Directors, Executive Officers, Promoters, or Control Persons</b> .....	<b>55</b>
<i>Directors and Executive Officers</i> .....	<i>55</i>

<i>Security Record of Certain Record and Beneficial Owners as of September 30, 2023</i> .....	57
<i>Security Ownership of Management as of September 30, 2023</i> .....	58
<i>Involvement in Certain Legal Proceedings</i> .....	59
<i>Certain Relationships and Related Transactions</i> .....	59
<b>Compliance with Leading Practices on Corporate Governance</b> .....	<b>59</b>
<b>Executive Compensation</b> .....	<b>61</b>
<b>Changes in and Disagreements with Account on Accounting and Financial Disclosure</b> ..	<b>61</b>
<b>Summary of Principal Agreements</b> .....	<b>63</b>
<b>Management Agreement</b> .....	<b>63</b>
<b>Distribution Agreement</b> .....	<b>64</b>
<b>Custody Agreement</b> .....	<b>65</b>
<b>Transfer Agent Agreement</b> .....	<b>65</b>
<b>Delegation of Fund Management or Custody of Assets</b> .....	<b>65</b>
<b>Taxation</b> .....	<b>66</b>

*This Prospectus sets forth concisely the information about the Fund that prospective investors will find helpful in making an investment decision. Investors are encouraged to read this Prospectus carefully and retain it for future reference. Additional information about the Fund has been filed with the Securities and Exchange Commission and is available upon request.*

<b>PRINCIPAL PARTIES TO THE OFFER</b>
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**REGISTRANT****AIB MONEY MARKET MUTUAL FUND, INC.**

11th Floor, Multinational Bancorporation Centre  
6805 Ayala Avenue, 1226 Makati City  
E-mail Address: infosec@aibaami.com  
Telephone No.: (632) 8588-4242  
Fax No.: (632) 8845-2187

**FUND MANAGER AND PRINCIPAL DISTRIBUTOR****AIB ASIA ASSET MANAGEMENT, INC.**

11th Floor, Multinational Bancorporation Centre  
6805 Ayala Avenue, 1226 Makati City  
E-mail Address: information@aibaami.com  
Website: <https://aibmmmfi.com/>  
Telephone No.: (632) 8588-4242  
Fax No.: (632) 8845-2187

**TRANSFER AGENT****STOCK TRANSFER SERVICE, INC.**

Unit 34-D Rufino Pacific Tower,  
6784 Ayala Avenue, 1226 Makati City  
E-mail Address: stsi@stocktransfer.com.ph  
Telephone No.: (632) 8403-2410  
Fax No.: (632) 8403-2414

**CUSTODIAN****LANDBANK OF THE PHILIPPINES**

31F LANDBANK Plaza, 1598 M.H Del Pilar cor.  
Dr. J. Quintos Streets, Malate, Manila  
E-mail Address: customercare@mail.landbank.com  
Website: <http://www.landbank.com/trust-banking>  
Telephone No.: (632) 8405-7000

**INDEPENDENT AUDITOR****ISLA LIPANA & CO., PWC MEMBER FIRM**

Philamlife Tower, 29th, 8767 Paseo de Roxas,  
Makati, 1227 Metro Manila  
Website: <https://www.pwc.com/ph/en.html>  
Telephone No.: +63 (2) 8845 2728  
Fax Nos.: +63 (2) 8845 2806

## **RECEIVING BANK**

### **UNIONBANK OF THE PHILIPPINES**

Madrigal Branch, G/F Madrigal Bldg., Ayala Avenue, Makati City

E-mail Address: [customer.service@unionbankph.com](mailto:customer.service@unionbankph.com)

Website: [www.unionbankph.com](http://www.unionbankph.com)

Telephone No.: (632) 7500-8183

### **EASTWEST BANK**

No. 30 Jupiter, cor Paseo de Roxas, Sts,

Makati, 1209 Metro Manila

Email Address: [service@eastwestbanker.com](mailto:service@eastwestbanker.com)

Website: <https://www.eastwestbanker.com/>

Telephone No.: (02) 8823 1989

### **RIZAL COMMERCIAL BANKING CORPORATION**

1, Yuchengco Tower, GF, 6819 Ayala Ave,

Makati, Metro Manila

Email Address: [customercare@rcbc.com](mailto:customercare@rcbc.com)

Website: <https://www.rcbc.com/>

Telephone No.: (02) 8877-7222

### **BANK OF THE PHILIPPINE ISLANDS**

Ayala East Branch, GF Ayala FGU Bldg., 6811 Ayala Ave,

Makati City

Email Address: [ayala-east-bm@bpi.com.ph](mailto:ayala-east-bm@bpi.com.ph)

Website: <https://www.bpi.com.ph/home>

Telephone No.: (02) 8891-0000

## GLOSSARY

ACS	Authorized Capital Stock
AAAMI	AIB Asia Asset Management, Inc.
AMLC	Anti-Money Laundering Council
AUM	Assets Under Management
BSP	Bangko Sentral ng Pilipinas
Business Day	A day in which all of the markets where the Fund's assets are traded and open for clearing of funds and trading in securities, and each business day will end at the hour and minute when such last exchange closes for trading of securities for the day.
CGFD	Corporate Governance and Finance Department of the SEC
Depository Receipt	The evidence of ownership of a Shareholder's holdings in the Fund.
Distribution Fee	The sales commission payable to the Principal Distributor for marketing, offering and selling the Shares.
Fund or Company	AIB Money Market Mutual Fund, Inc.
GDP	Gross Domestic Product
Investment Application Form	The application for subscription to the Shares in the form prescribed.
Investment Manager or Fund Manager	AIB Asia Asset Management, Inc.
NAVPS	Net Asset Value Per Share  Shall refer to the computed NAV on a per share basis at the close of the day. It is calculated by dividing the Fund's total net assets by the number of its outstanding shares.
Offer	The offering for subscription of the Shares at an offer price equivalent to the current NAVPS.
Payment Slip/Debit Authority	The contribution slip for the Shares, signed by an applicant, authorizing the Receiving Bank to debit said applicant's Settlement Account for the full payment of the Offer Shares applied for.
Peso/PHP	The currency of the Republic of the Philippines.
PIFA	Philippine Investment Funds Association, Inc.
Principal Distributor	AIB Asia Asset Management, Inc. The entity mainly responsible for selling the Fund's shares.
Qualified Mutual Fund Sales Agent or Sales Agent	An individual who shall have taken and passed the mutual fund sales agents licensing examination given by the SEC.
R.A. No. 2629 or ICA	Investment Company Act
R.A. No. 8799	Securities Regulations Code
R.A. No. 9160	Anti-Money Laundering Act of 2001, as amended
R.A. No. 10168	The Terrorism Financing Prevention and Suppression Act of 2012
Redemption Charge	A fee charged to a Shareholder for selling Shares within seven (7) days from the date of purchase of said Shares.
Redemption Request Form	The application for redemption of the Shares in the form prescribed.
Redemption Slip/Credit Authority	The redemption slip for the Fund's Shares, signed by the Shareholder, authorizing the Receiving Bank to credit the proceeds from the sales of said Shares into the Shareholder's Settlement Account.
Sales Load	Shall refer to the charge or commission on the cost of acquiring the Shares of an Investment Company.
SEC or the Commission	Securities and Exchange Commission



Settlement Account	A current or savings account required to be opened and maintained with the Receiving Bank by each person or entity transacting the Shares against which all payments for Shares purchased shall be debited and into which all proceeds of Shares sold shall be credited.
Shares	The shares of stock of the Fund.
SRC	Securities Regulation Code

## SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Certain terms used herein are defined in the “Glossary.”

The Fund is a Philippine corporation registered on March 27, 2015 as an open-end investment company under R. A. No 2629 and R.A. No. 8799, with SEC Registration No. CS201506309. The Fund’s investment objective is to provide a capital preservation with returns and inflows to its Shareholders through investments in a diversified portfolio composed primarily of Philippine Peso and Foreign currency denominated short-term securities or fixed-income instruments representing high-quality, liquid debt and monetary instruments issued by the government of the Philippines and Filipino corporations. The Fund will not be investing in common shares.

The Fund has an authorized capital of Fifty Million Pesos (PHP50,000,000.00) divided into one billion (1,000,000,000) common shares with a par value of Five Centavos (PHP0.05) per share. Each common share has voting rights.

The Fund does not have employees of its own since the management of the Fund will be handled by the Fund Manager, AAAMI. Nonetheless, the Fund vests upon its Board of Directors the responsibility to oversee the Fund’s overall operations.

## TERMS OF THE OFFER

The Fund is offering 1,000,000,000 Shares with a par value of PHP0.05 per share, at an offer price equivalent to the current NAVPS. The Shares are being offered in the Philippines through the Fund's Principal Distributor, AAAMI.

Minimum Initial Investment	PHP 1,000.00
Minimum Subsequent Investment	PHP 1,000.00
Minimum Redemption Amount	<p>PHP 1,000.00</p> <p>Should the Shares of the investor fall below the minimum redemption amount after redemption, the Fund Manager may, without notice, redeem the remaining Shares and pay the proceeds to the investor. The Fund reserves the right to change the minimum maintaining balance from time to time as it deems necessary.</p>
Offer Price	Current NAVPS on the day of receipt of the purchase order.
Voting Rights	Each holder of a Share in the Fund is entitled to one vote, in person or by proxy, for each share held by the Shareholder.
Dividends	<p>The Fund's Board of Directors shall, by vote, declare dividends and authorize the distribution of capital gain from any fund legally available therefore whenever in their opinion, the condition of the Fund's affairs render it expedient for such dividends to be declared.</p> <p>Dividends payable out of the surplus profits of the Fund shall be declared at such time as the Board of Directors shall determine. No dividend shall be declared which shall impair the capital of the Fund. Stock dividends may be declared in accordance with law. The Fund may pay dividends in cash, property or in additional shares, or in some combination of the foregoing. At least ten percent (10%) of the actual earnings or profits may be declared by the Board of Directors as dividends.</p> <p>Each shareholder has a right to any dividends declared by the Fund. When and where dividends are received by the Fund from other issuers, dividends shall be automatically reinvested by the Fund in the shares of other issuers, unless the Board of Fund decides to declare them as cash dividends to the Shareholders of the Fund.</p>
Eligible Investor	Shares of the Fund may be held by any person of legal age or any duly organized and existing corporation, partnership, or any other legal entity, subject to existing Philippine laws.

<p>Application and Payment</p>	<p><u>Procedures for Application</u></p> <p>Payment Slip/Debit Authority forms and signature cards may be obtained from the office of the Principal Distributor and qualified mutual fund sales agents. Investors undertake to sign all documents and/or do all necessary acts, including but not limited to the submission of two (2) valid identification cards, photo, and other documents that may be required by the Principal Distributor or the Fund in order to comply with existing laws and regulations such as the Anti-Money Laundering Act of 2001, as amended, and its Implementing Rules and Regulations. In addition to the cheque payment, if the applicant is a corporation, partnership or trust, the Application must be accompanied by the following documents:</p> <ul style="list-style-type: none"> <li>(i) a notarized certificate of the incumbent Corporate Secretary of the applicant, attesting to the approval of the Board of Directors (or equivalent body) of the applicant for the subscription to the Shares, the authority of signatories designated therein to sign the Application on behalf and for the account of the applicant, and the percentage of the applicant’s equity held by the Filipinos; and</li> <li>(ii) a certified true copy of the SEC Certificate of Registration, Articles of Incorporation or other constitutive documents, and By-Laws.</li> </ul> <p>Investment Application Forms should be forwarded by the authorized mutual fund sales agents to the Fund through the Principal Distributor on the same business day that they are received. Completed Investment Application Forms received before the cut-off time will be processed at NAVPS for that business day. Investment Application Forms received after cut-off shall be deemed to have been received on the next business day and, thus, shall be processed at the NAVPS of the next business day.</p> <p>Applications for which cheque payments are dishonored upon first presentment, as well as those which do not comply with the requirements set in this Prospectus and Investment Application Form shall be rejected by the Fund or the Principal Distributor. This decision will be made within two (2) business days after receipt of the Investment Application Form.</p> <p><u>Payment</u></p> <p>The Shares must be paid in full upon submission of the duly-accomplished Investment Application Form. Payment by cheque should be drawn against a bank in Metro Manila or any regional clearing centers to the order of “AIB MONEY MARKET MUTUAL FUND, INC.” The cheque must be dated as of the date of the Investment Application Form.</p>
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	<p><u>Refunds</u></p> <p>Refunds of payments for any rejected or scaled-down applications shall be made without interest by the Fund Manager not later than five (5) days after submission. Said refund shall be credited to his account.</p>
Subscription Process	<p>Subscription received by AAAMI by 12:00 noon on a business day will be processed at the NAVPS determined at the close of that business day.</p> <p>AAAMI reserves the right to reject any specific subscription or restrict purchases by a particular investor, for example, when such purchase is contrary to the best interests of the other shareholders or would otherwise disrupt the management of the Fund. This decision will be made within two (2) business days after receipt of the Investment Application Form and, in the event of a rejection, the subscription amount will be returned not later than five (5) days after submission.</p> <p>There is no sales load upon subscription.</p>
Cut-Off Period	<p>Investments made before the cut-off time of 12:00 noon shall be priced at the applicable NAVPS for that business day plus applicable sales load, if any. NAVPS of the following business day will be used for any investment received after 12:00 noon.</p>
Redemption Process	<p>Any Shareholder may require the Fund to redeem his Shares by filling up the Redemption Request Form and forwarding the request to any of the Principal Distributor's Sales Agents together with the depository receipts and/or his stock certificates. Payment for shares so redeemed, less any application redemption charges and taxes, if applicable, will be credited to the Shareholder's Settlement Account within 7 banking days from submission of request with complete requirements. The 2018 Implementing Rules and Regulations of the Investment Company Act provides up to seven (7) banking days to effect redemptions.</p> <p><u>Redemption Price</u></p> <p>The redemption price of the securities surrendered on or before the daily cut-off time shall be the Fund's applicable NAVPS for the business day determined. However, if such redemption request is received after cut-off, it is deemed to have been received the following business day, and the redemption price will be the applicable NAVPS for the next business day.</p> <p><u>Amount of Redemption</u></p> <p>Shareholders can redeem their shares partially or in full. Partial redemption is not allowed if the number of shares that would remain after such redemption is less than One Thousand Pesos (PHP1,000.00).</p>

	<p><u>Minimum Holding Period and Redemption Charges</u></p> <p>There is a minimum holding period of seven (7) days from the date of initial investment in the Fund. Redemptions requested below the minimum holding period shall be charged up to one percent (1%) early redemption fee based on the redemption amount.</p> <p>The resulting product shall be the penalty amount to be deducted from the proceeds from redemption. Redemptions made after the said seven days (7) holding period is not subject to any redemption penalty.</p> <p><u>Special Considerations</u></p> <p>Subject to Rule 10 of the 2018 ICA-IRR on Redemption of Securities, the redemption of shares of the Fund may be suspended by the Commission or upon the request of the Fund Manager if:</p> <ul style="list-style-type: none"> <li>a) The exchange, where eighty percent (80%) of the securities of the Fund’s portfolio, is suspended;</li> <li>b) Eighty percent (80%) of the securities in the Fund’s portfolio, could not be traded or liquidated; or</li> <li>c) Whenever necessary or appropriate in the public interest of for the protection of investors.</li> </ul> <p>The Commission shall provide the period of suspension of redemption which shall not be more than twenty-one (21) business days, unless an extension is approved by the Commission En Banc.</p> <p><u>Applicable Taxes</u></p> <p>Under the Tax Code, 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 income tax.</p> <p>Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding and redeeming shares of the Fund. Tax rulings and other investment factors are subject to rapid changes.</p>
Restriction on Issue, Transfer and Ownership of Shares	AAAMI and its nominees shall not be allowed to purchase any securities other than the offer Shares of the Fund.
Pre-emptive Right	No stockholder shall, because of his ownership of Shares, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any securities convertible into or carrying options or warrants to purchase stock of the Fund. Any part of such stock or other securities may at any time be issued, optioned for sale and sold or disposed off by the Fund pursuant to the resolution of its Board of Directors, to such persons and upon such terms as it may deem proper, without first offering such stock or securities or any part thereof to existing Shareholders.

Stock Certificate	<p>Stock certificates will only be issued if so requested in writing by the shareholder. A fee of PHP1,000.00 per certificate will be charged to replace lost certificates.</p> <p>Shareholders are given official receipts and confirmation slips upon subscription. Shares are recorded on a stock register by STSI, and shareholders who do not elect to receive certificates have the same rights as if certificates had been issued to them.</p>
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## SUMMARY OF FINANCIAL INFORMATION

*The following tables present the summary financial information for the Fund and should be read in conjunction with the auditor's reports and with the Fund's financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations". The summary financial information presented below as at and for years ended December 31, 2022 and 2021 were derived from the audited financial statements of the Fund, prepared in compliance with PFRS and audited by Isla Lipana & Co., PwC member firm and included elsewhere in this Prospectus. The financial information as at and for the period ended September 30, 2023 is from the Unaudited Interim Financial Statements of the Fund. The information below is not necessarily indicative of the results of future operations.*

### Audited Statements of Comprehensive Income

	September 30, 2023	December 31, 2022                      2021 (in Philippine PHP)	
<b>INCOME</b>			
Interest income	7,875,871	3,629,240	2,550,315
Miscellaneous income	–	608,500	–
	<b>7,875,871</b>	<b>4,237,740</b>	<b>2,550,315</b>
<b>EXPENSES</b>			
Penalties	–	–	(723,500)
Professional fees	(128,497)	(292,100)	(387,771)
Taxes and licenses	(41,815)	(43,766)	(36,587)
Custodianship fees	(180,782)	(70,200)	(25,000)
Transfer agent fees	(100,727)	–	–
Membership fees	(55,000)	–	–
Miscellaneous expense	(8,304)	(7,910)	(23,985)
	<b>(515,125)</b>	<b>(413,976)</b>	<b>(1,196,843)</b>
<b>Increase (Decrease) in Net Assets Attributable to Shareholders before Pre- operating Income Tax and Final Tax</b>	<b>7,360,746</b>	<b>3,823,764</b>	<b>1,353,472</b>
Taxes	(1,575,174)	(725,848)	(510,063)
<b>Increase (Decrease) in Net Assets Attributable to Shareholders/Total Comprehensive Income</b>	<b>5,785,572</b>	<b>3,097,916</b>	<b>843,409</b>
<b>Basic/Diluted Earnings (Loss) per share</b>	<b>0.0287</b>	<b>0.0154</b>	<b>0.0042</b>



## Audited Statements of Financial Position

	September 30, 2023	December 31, 2022	December 31, 2021
	(in Philippine PHP)		
<b>Total Assets</b>	218,710,065	212,940,737	209,825,692
<b>Total Liabilities</b>	(71,256)	(87,500)	(70,371)
<b>Net Assets Attributable to Shareholders</b>	<b>218,638,809</b>	<b>212,853,237</b>	<b>209,755,321</b>
<b>Net Assets Value per Share</b>	<b>1.0842</b>	<b>1.0555</b>	<b>1.0401</b>

## Audited Statements of Changes in Net Assets Attributable

	Capital Stock	Additional Paid In Capital	Retained Earnings	Total
	(in Philippine PHP)			
<b>Balance at January 1, 2023</b>	<b>201,663,126</b>	<b>198</b>	<b>11,189,913</b>	<b>212,853,237</b>
<b>Increase in net assets attributable to shareholders</b>	—	—	5,785,572	5,785,572
<b>Issuance of Shares</b>	—	—	—	—
<b>Redemption of Shares</b>	—	—	—	—
<b>Balance at September 30, 2023</b>	<b>201,663,126</b>	<b>198</b>	<b>16,975,485</b>	<b>218,638,809</b>
Balance at January 1, 2022	201,663,126	198	8,091,997	209,755,321
Increase in net assets attributable to shareholders	—	—	3,097,916	3,097,916
Issuance of Shares	6	—	—	6
Redemption of Shares	(6)	—	—	(6)
<b>Balance at December 31, 2022</b>	<b>201,663,126</b>	<b>198</b>	<b>11,189,913</b>	<b>212,853,237</b>
Balance at January 1, 2021	201,658,126	—	7,248,588	208,906,714
Increase in net assets attributable to shareholders	—	—	843,409	843,409
Issuance of Shares	5,000	198	—	5,198
<b>Balance at December 31, 2021</b>	<b>201,663,126</b>	<b>198</b>	<b>8,091,997</b>	<b>209,755,321</b>

## Audited Statements of Changes of Cash Flows

	September 30, 2023	December 31, 2022                      2021	
	(in Philippine PHP)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	7,360,746	3,823,764	1,353,472
Adjustment for interest income	(7,875,871)	(3,629,240)	(2,550,315)
Operating income (loss) before changes in operating assets and liabilities	(515,125)	194,524	(1,196,843)
(Increase) decrease in unamortized premium (discount)	1,544,719	–	–
Increase (decrease) in accrued expenses and other payables	(16,244)	17,129	2,049
Net cash from (used in) operations	1,013,350	211,653	(1,194,794)
Interest received	7,583,835	4,433,820	1,952,137
Income taxes paid	(1,575,174)	(725,848)	(510,063)
<b>Net cash from operating activities</b>	<b>7,022,011</b>	<b>3,919,625</b>	<b>247,280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial asset at amortized cost	(100,000,000)	(25,000,000)	–
Redemption of financial asset at amortized cost	–	25,000,000	–
<b>Net cash from investing activities</b>	<b>(100,000,000)</b>	<b>–</b>	<b>–</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of shares	–	6	5,198
Redemption of shares	–	(6)	–
Payment of advances from a related party	–	–	(10,104,987)
Cash advance from a related party	–	–	–
<b>Net cash used in financing activities</b>	<b>–</b>	<b>–</b>	<b>(10,099,789)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(92,977,989)</b>	<b>3,919,625</b>	<b>(9,852,509)</b>
<b>Cash and cash equivalents at January 1</b>	<b>212,905,806</b>	<b>208,986,181</b>	<b>218,838,690</b>
<b>Cash and cash equivalents at September 30 / December 31</b>	<b>119,927,817</b>	<b>212,905,806</b>	<b>208,986,181</b>

## **RISK FACTORS**

### **ECONOMIC TREND**

The Philippine economy grew by 7.6% in 2022, which was the fastest rate since 1976. The services sector, which accounts for around 61% of the Gross Domestic Product (GDP), increased by 9.15%. Agriculture, forestry, and fisheries had a growth of 0.47%, while the second-largest sector that makes up about 30% of the GDP, the industry, rose by about 6.74%.

Based on the April 2023 report of the Asian Development Bank (ADB), the Philippines' economic growth is predicted to slow down in 2023 from the better-than-expected results of 2022 but will still be in a healthy expansion mode, supported by rising domestic demand and a recovery in services, particularly tourism.

Similar to most countries, economic think tanks suggest that the Philippines will experience a slower growth in 2023 but a faster economic growth by 2024. However, due to uncertainties, the International Monetary Fund (IMF) has lowered their prediction for 2024 but increased their forecast for 2023.

The higher unemployment rate was anticipated at the beginning of 2023 due to the rise in seasonal employment in the fourth quarter of 2022. The most recent indices of employment suggest that the labor market has recovered and grown significantly since January 2022, when the spike in Omicron cases led to severe mobility and capacity limits.

The Bangko Sentral ng Pilipinas (BSP) aggressively raised interest rates to curb consumer demand that was fueling painfully-high inflation. As a result, the economy began to feel the effects of these rate increases as the Credit growth softened in January. Data revealed that despite the BSP's aggressive interest rate actions, loans increased for the 18th consecutive month while credit stayed flat month-on-month.

The economy's continuous double-digit growth still pointed to strong demand and was probably aided by optimistic sentiments on the economy's expansion prospects. However, the economy is anticipated to experience the full effects of the BSP's rate hikes this year and we may see additional softening in loan growth. The domestic economy usually takes 12 to 18 months to feel the effects of the adjustments on interest rates.

The current Gross International Reserves (GIR) level represents a more than enough external liquidity buffer equivalent to 7.5 months' worth of import goods, payments of services and primary income. The minimum international threshold is between 3 to 4 months. This gives the country a greater support on the peso exchange rate.

### **RISK FACTORS**

The Fund's overall risk management framework establishes policies, operating guidelines, risk tolerance limits and practices for risk management. Its risk management program is designed to:

- avoid risks that could materially affect the value of the Fund,
- contribute to sustainable earnings,
- take risks that the Fund can manage in order to increase returns, and
- provide transparency of the Fund's risks through internal and external reporting.

The Fund is in the business of accepting risks for appropriate return and takes on those risks that meet its investment objectives. The program design aligns risk management with the Fund's vision and strategy and embeds it within the business management practices of the business groups. In pursuing

its investment objectives, the Fund Manager is responsible for ensuring that all significant risks are appropriately identified, assessed, managed, reported and monitored.

The Board of Directors of the Fund is ultimately responsible for ensuring that risk management policies and practices are in place. The Board has oversight role with respect to ensuring the identification of major areas of risk and development of strategies to manage those risks, and to review compliance with risk management policies implemented by the Fund. The Fund's Compliance Officer reports to the Audit Committee of the Board of Directors. The duties and responsibilities of the Compliance Officer include, among others:

- Monitoring the investments of the Fund to ensure that all identified gaps in management's risk and management processes are resolved on a timely basis;
- Provide leadership to facilitate management's understanding of the risk management framework, policies and processes;
- Ensuring that the Philippine risk management organization is appropriately staffed with individuals who have the requisite skills and competencies, and that the organization structure and reporting relationships are appropriate and sufficiently independent;
- Organizing and participating in the risk workshops of the annual risk identification process; ensuring that business units identify plausible risk scenarios;
- Ensuring that risk-based measurement and reporting metrics, including risk limits and exception reporting are established; assigning risk category to the final risk lists;
- Providing expertise in the development of action plans to address the risks identified;
- Reviewing and updating the risk report quarterly; identifying and escalating as appropriate any missed target dates for key risk action plans; and
- Providing documented quarterly status updates on key risks to the audit and compliance committee.

### **Key Risk Processes**

The Fund has established a formal risk identification program whereby key risks that may impact its business are identified. Exposure to these risks is assessed on a qualitative and quantitative basis. Risk control programs and action plans are established for mitigating the exposure.

The Fund has adopted risk management policies to provide a consistent approach to measurement, mitigation and control, and monitoring of risk exposures.

### **Risk Categories:**

The Company's operations expose it to various operational and financial risks. These include market risk, credit risk, fund manager risk, liquidity risk, dilution risk, non-guarantee and regulatory risk. These risks are enumerated below in order of importance:

**Market Risk:** The values of, and/or the income generated by, securities held by the Fund may decline due to general market conditions or other factors, including those directly involving the issuers of such securities. The Fund attempts to limit the effect of market movement on portfolio performance through diversification and implementation of appropriate strategies in different securities.

**Credit Risk:** Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the Fund's income or share value might be reduced. The Fund's credit risk is reduced to a minimum since the Fund's transactions are considered cash transactions. Further, the credit quality of the issuer is reviewed periodically to ensure that excellent credit standing is maintained. It is the Fund's policy that all credit is subject to credit verification procedures. Moreover, a fifteen percent (15%) exposure limit to a single entity shall likewise be observed.

**Fund Manager Risk:** The Fund is subject to “manager risk” which is the potential for a fund to fail to achieve its objectives due to investment decisions made by the Fund Manager, caused by the Fund Manager’s inability or failure to “read the market” accurately. The Fund Manager employs a thorough investment process to mitigate these risks, by assessing both macroeconomic and company-specific factors and integrating these findings into asset allocation models to optimize the portfolio’s return.

With the adoption of the Philippine Accounting Standards (“PAS”) and the Philippine Financial Reporting Standards (“PFRS”), the Fund’s financial assets and liabilities shall be measured using fair value or amortized cost, depending on the asset class, in contrast to the accrual method. As such, investments to the Fund shall be valued equitably, providing clients with the real market value of their investments in any day.

To appropriately manage the Fund’s risks, a risk management policy has already been adopted by the Fund consistent with its open-end nature. The policy entails the setting up of a provision for market risk particularly for its marketable securities. This is recorded as a contra-asset account and is measured by accounting for the excess of the marked-to-market prices of its marketable securities portfolio against the computed value at risk (“VAR”). VAR is the product of volatility and the present value of the security per 1 basis point change in yield. The policy aims for the best interest of the Fund’s investors and is designed to provide a prudent internal hedging mechanism seeking to protect the Fund against interest rate volatility.

**Liquidity Risk:** Unlike closed-end funds, the investment potential and capability of the Fund are limited by liquidity constraints as the Fund Manager should always ensure that there are sufficient liquid assets to service withdrawals at any given time. The Company shall submit a liquidity contingency plan to the Commission before it implements a decreased investment of less than ten percent (10%) in liquid or semi-liquid assets.

**Dilution Risk:** Investors in an open-end fund are exposed to the risk of dilution, since open-end investors are allowed to contribute and/or withdraw their entire holdings anytime. As the Fund is capped at 1 Billion Shares, investors are only able to contribute up to this threshold. Should excessive withdrawals be done by investors, the Fund can mitigate this migration by selling some securities. Further, dilution risk is reduced by ensuring that investors buy the Fund’s Shares and sell the same at the NAVPS at the day of the receipt of the purchase order and the day of the redemption, respectively.

**Non-Guarantee:** Unlike bank accounts, investment companies/mutual funds are neither insured with the PDIC or any other agency of the government, nor guaranteed by the Fund Manager. Before investing in the Fund, Investors are expected to understand that the Fund is not a Bank deposit product and any income, or loss, shall be for the account of the Investors. The Fund discloses this risk in its prospectus which shall be readily available for all prospective clients through its authorized distributors. The Fund will make the Prospectus readily available for all prospective clients.

**Regulatory Risk:** The Fund’s investment and operations are subject to various regulations affecting among others, accounting of assets and taxation. These regulations occasionally change and may result in lower returns or even losses borne by the investors. To mitigate this risk, the Fund Manager will adopt global best practices. Further, it will maintain regular communications with regulatory agencies to keep itself abreast of the issues that will concern it. The Fund Manager will also take active participation in the PIFA, as an association of mutual fund companies.

The overall risk management framework establishes risk management policies, procedures, limits and practices. The Fund’s risk management framework is designed to manage risks that could affect the Fund value, contribute to sustainable returns and provide transparency through risk reporting. The Fund

takes risks with the appropriate returns in order to meet its investment objectives. This is aligned with the Fund's vision and strategies embedded within its practices. In pursuing the investment objectives, it is ensured that all significant risks are identified, measured, managed and monitored. The Fund's investment outlets undergo evaluation in accordance with the Investment Policy, and internal and regulatory limits are monitored on a regular basis.

Monitoring and management of risk exposures are performed by the Compliance Officer on a daily basis, check compliance with the investment limits prescribed under Rule 6.8 of the Implementing Rules and Regulations of the Investment Company Act and any amendments thereto, including compliance with internal investment policy limits, such as but not limited to approved portfolio allocation and sectorial allocation limits. Any breach noted by the Compliance Officer, whether or not the same would involve regulatory limits or internal limits, is escalated to the Investment Committee for corrective action. The daily risk monitoring reports of the Compliance Officer is collated weekly and reported to the Senior Management Committee during its regular meeting. Thereafter, the risk monitoring and management report including the limit breaches noted thereof is elevated to the Audit Committee and taken up during its meeting. As a matter of good governance policy, the Audit Committee renders its report to the Board of Directors.

The Compliance Officer and his team also perform monitoring of operational risk incidents. Under existing policy, all units and departments are required to submit to the Compliance Officer a risk incident report within 24 hours, if any. These units and departments are also required to fill up a templated Key Risk Indicator (KRI) report regardless of whether the pre-determined risk indicators were triggered or not. Similarly, these operational risk reports are escalated to the Audit Committee. Please note that the Compliance Officer reports to the Board thru the Audit Committee.

The following are additional risks present in managing the Fund:

- Investment companies / mutual funds are neither insured with the Philippine Deposit Insurance Corporation (PDIC) nor any other agency of the government, nor guaranteed by the Fund Manager. Investors are advised to read the prospectus of the Fund before deciding to invest.
- Investors are exposed to the risk of dilution since other investors may subscribe to any amount of shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

The above risks are by no means exhaustive. New and/or unidentified risks may arise given the fast-changing financial markets and economic environment.

### **Profile of the Prospective Investors**

Before opening an account, the Fund will carry out an investor profiling procedure for all investors based on the overall guidelines for assessing client suitability. This process aims to assist investors in selecting investment options that align with their goals, risk tolerance, preferences, and experience. The profiling process requires that clients complete the Client Suitability Assessment Form (CSAF) and categorize them based on their level of financial knowledge and expertise. Subsequently, the fund will communicate the results of the CSAF to the relevant parties.

This Fund is appropriate for investors who:

- Have a conservative risk profile and a short-term investment horizon;
- Are looking for alternative investment opportunities that have the potential to provide superior returns compared to a traditional bank savings account;
- Are willing to accept minimal risks in exchange for the possibility of obtaining modest financial gains in the near future;
- Have an investment portfolio that is well diversified.

## **BENEFITS TO THE INVESTORS**

### **Professional Management and Supervision**

As a mutual fund, the Fund shall pool the monies of numerous investors in order to provide said investors with the capacity to diversify their investments and to give them the opportunity to have such monies handled by expert fund managers, which is, otherwise, unavailable to them given their limited funds. The investors are saved from the costly fees of professional management advisers, and are relieved from the difficult task of doing their own investment research and analysis.

### **Diversification**

The Fund shall invest in a diversified portfolio of Philippine Peso and Foreign currency denominated short-term securities or fixed income securities representing high-quality, liquid debt and monetary instruments. As such, it shall enable an investor to diversify his investible funds among a wide array of investment options by simply purchasing the Fund's Shares.

### **Liquidity**

The Fund shall always be ready to redeem at the NAVPS, less redemption charges, if any, all or any part of the Shares standing in the name of an investor on the books of the Fund. Thus, an investor may at any time convert his Shares into its cash equivalent provided that he submits all pertinent requirements as laid out in the section "Redemption of Shares."

<b>USE OF PROCEEDS</b>
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The Fund shall use the net proceeds from the sale of the Shares to accumulate investments primarily in Philippine Peso and Foreign currency denominated short-term securities or fixed-income instruments representing high-quality, liquid debt and monetary instruments issued by the government of the Philippines and Filipino corporations. The Fund will not be investing in common shares.

The total number of Shares outstanding after the offer, if all the Shares were subscribed, is 1,000,000,000 shares. The total gross proceeds of the 1,000,000,000 Shares are estimated at PHP1,084,200,000 (computed by multiplying 1,000,000,000 Shares by PHP1.0842/share offer price which is the NAVPS as of September 30, 2023).

The Fund has established a Fund Management and Distribution Agreement with AIB Asia Asset Management, Incorporated. This agreement authorizes AAAMI to purchase and sell investment securities for the account of the Fund. As the Fund Manager, AAAMI shall be guided by the Fund's investment policies and legal limitations in purchasing and selling investment securities for the account of the Fund. Services include the investment and re-investment of the cash and other assets and the purchase and sale of securities which will form part of the investment portfolio of the Fund, in accordance with the investment policies or guidelines which the Board of Directors of the Fund may from time to time prescribe and in conformity with the Fund's Article of Incorporation and By-Laws as may be amended from time to time, the 2018 Implementing Rules and Regulations of the Investment Company Act, as may be amended and other applicable laws, rules and regulations implemented by the SEC.

All the proceeds from the sale of the Offer Shares, including the original subscription payments at the time of incorporation constituting the paid-in capital of the Fund, shall be held by the Custodian in accordance with the 2018 Implementing Rules and Regulations of the Investment Company Act, as may be amended and other applicable laws, rules, and regulations implemented by the SEC.

The Fund shall not make loans to interested persons such as the members of its Board of Directors, officers of the Fund and any of its affiliates/affiliated corporations, including the Fund Manager and Principal Distributor. No material amount of the net proceeds is to be used to acquire assets or finance the acquisition of other businesses. The net proceeds will not be used to discharge debt or reimburse any officer, director, employee or shareholder for services rendered, assets previously transferred, monies loaned or advanced or otherwise.

**Summary of Fees Paid**

Below are the expenses paid for the registration of the Shares:

<b>Actual Expense</b>	
SEC Registration Fees	PHP2,020,510.00
Fees paid for the Registration Statement (SEC Form 12-1)	820,625.00
Fees paid for the application to operate as an Investment Company (SEC Form 7-1)	10,100.00
Publication	39,648.00
Documentary Stamp Tax	1,250,000.00
Professional Fees	617,780.00
<b>Total</b>	<b><u>PHP4,758,663.00</u></b>



## DETERMINATION OF OFFERING PRICE

The offering price of the Shares shall be the NAVPS of the Shares. The NAVPS is calculated by adding all assets of the Corporation and subtracting all liabilities of the Corporation, and divided by the total number of shares outstanding. The assets and liabilities of the Fund shall be determined and computed as follows:

1. The assets of the Corporation shall be deemed to include:
  - a. the aggregate market value of the portfolio securities and other assets;
  - b. cash on hand;
  - c. dividends on stock trading ex-dividend; and
  - d. accrued interest on portfolio securities

In determining the value of the assets of the Corporation for the purpose of obtaining the net asset value, the prices of the assets shall be determined based on the following:

- i. if quoted in an organized market, based on official closing price or last known transacted price;
  - ii. if unquoted or quoted investments where the transacted prices are not represented or not available to the market, based on fair value; Provided further that in determining the fair value of the investments, the fund manager shall, with due care and good faith, (1) have reference to the price that the Corporation would reasonably expect to receive upon the sale of the investment at the time the fair value is determined; and (2) document the basis and approach for determining the fair value.
2. The liabilities of the Corporation shall be deemed to include:
    - a. taxes and other charges against the fund not previously deducted;
    - b. accrued expenses and fees;
    - c. cash held for distribution to investors of the fund on a prior date; and
    - d. other liabilities

The Fund shall secure the services of an independent auditor to verify its financial statements.

The Fund shall have only one duly issued/applicable NAVPS on any given business day and which NAVPS shall be computed and made available by the Fund Manager to the Fund's Transfer Agent, Custodian and its selling agents promptly before the opening of each and every Fund business day. The applicable NAVPS once determined by the Fund Manager shall be the sole basis for the determination of the Fund's Offer and Redemption price. The Fund, acting through its Board of Directors, shall be tasked to issue more definitive guidelines and policies in the valuation of assets, which shall be in accordance with applicable laws, rules and regulations.

### **Valuation Method**

The Fund will be valued using the mark-to-market basis in accordance with PFRS 9. Thus, the NAV of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes.

## **Publication of NAVPS**

The Fund Manager (AAAMI) shall compute and post the net asset value per share of the Fund on a daily basis, in accordance with the 2018 ICA-IRR, as may be amended, and other applicable laws, rules, and regulations implemented by the SEC. The Fund Manager shall:

1. Publish such daily prices in at least two (2) national newspapers of general circulation which may be done through the industry organization/s; or
2. Upload daily in its website or industry association, through digital portals such as its website or social media accounts; or post them daily in a conspicuous place at the principal office of the investment company as well as in all its branches or correspondent offices which are designated redemption centers.

## PLAN OF DISTRIBUTION

The Fund does not have any underwriter, and has not entered into any underwriting agreement. There are no shares designated to specified persons. There is no plan to apply for listing in any exchange the shares of the Fund. Thus, none of the Fund's shares are to be allocated to an exchange and/or to its members.

The Principal Distributor, Custodian, Fund Manager, Transfer Agent, and the Receiving Bank do not have the right to designate or nominate a member/s of the Board of Directors of the Fund.

### **Principal Distributor**

AAAMI serves as the Fund's Principal Distributor. AAAMI is licensed by the SEC to act as an Investment Company Adviser wherein the license was renewed last November 10, 2022 for the year 2023 and is being renewed annually. Shares shall be sold primarily through the Fund's Principal Distributor and its eligible sales agents, who have taken and passed the mutual fund sales agents licensing examination given by the SEC.

The Principal Distributor shall be entitled to a monthly distribution fee (inclusive of the management fee) equivalent of up to 1.5% per annum of the average net asset value of the Fund's assets, computed on a daily basis. The Fund executed a Management and Distribution Agreement with the Principal Distributor, a copy of which has been submitted to the SEC.

The Fund, by itself, or through the Principal Distributor, reserves the right to enter into other Sub-Distribution agreements with other qualified institutions. The Sub-Distributor that will be appointed as agents and mutual fund distributors, to distribute mutual fund shares, should likewise obtain and secure the necessary licenses required by law. Sub-Distributors may likewise enter into selling agreements to provide distribution assistance or to promote the sale of the Shares of the Fund. As of the date of this prospectus, AAAMI has not established a Sub-Distribution Agreement with any sub-distributor.

AAAMI, as the Fund's Principal Distributor will be in-charge of monitoring the Fund's distribution in all its accredited channels and future sub-distributors. This includes monitoring of their compliance with the Investment Company Act and its implementing rules and regulations through submission of daily reports per channel.

Shares in the Fund shall be available through a continuous offering to the public based on the Fund's prevailing NAVPS at the time of the sale. The SEC, the Fund, or AAAMI may suspend the continuous offering of Shares to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume the offering from time to time. Neither AAAMI nor its eligible sales agents are permitted to withhold placing orders to benefit themselves from a price change.

All proceeds from the sale of the Shares, including the original subscription/payments at the time of incorporation constituting the paid-in capital of the Fund shall be held by the designated Custodian, Landbank.

Mutual fund distributors are required to be licensed by the SEC as well as its agents who are required to get a Certified Investment Solicitor license before it can sell the shares of the mutual fund company.

## Brokers/Dealers

No commissions or discounts are payable to a broker or dealer since the shares of the Fund will not be sold through a broker or dealer.

## Custodian

Landbank of the Philippines has been designated as the Fund's Custodian for the purpose of holding the relevant securities and investments of the Fund. Landbank of the Philippines is a BSP-accredited custodian bank. In consideration of the services that the Custodian will render, the Fund shall pay the Custodian all fees, charges and obligations incurred from time to time for services rendered pursuant to the Custody Agreement between the Fund and Landbank of the Philippines. As Custodian, Landbank of the Philippines shall be paid reasonable fees:

Custody Fee	Up to 0.023% p.a. or a minimum of PHP20,000 per month plus 12% VAT
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## Fund Manager

AAAMI, an SEC-licensed Investment Company Adviser, shall act as the Fund's Investment Manager and/or Fund Manager and, as such, is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management and technical services to the Fund. It is primarily responsible for the execution of the Fund's portfolio transactions and the allocation of brokerage commissions. AAAMI makes investment decisions, prepares and makes available research and statistical data, and invests with respect to the purchase and sale of securities on behalf of the Fund, including the selection of brokers and dealers to carry out the transactions, all in accordance with the Fund's investment objective and policies.

The Fund Manager is incorporated to principally engage in the business of managing an investment company. It is a wholly-owned subsidiary of Amalgamated Investment Bancorporation (AIB).

The Fund Manager shall exercise due diligence in connection with the investment or re-investment of the Fund's assets but, except, for willful misfeasance, bad faith, gross negligence or reckless disregard of its duties, the Fund Manager shall not be liable for any loss or depreciation in the value of any assets of the Fund arising from any investments or re-investments, provided that the Fund Manager acted in good faith and in accordance with the investment policies or guidelines prescribed by the board of directors of the Fund.

The Fund executed a Management and Distribution Agreement with the Fund Manager, AAAMI. A copy of said Management and Distribution Agreement has been submitted to the SEC. For its services, the Fund Manager shall charge a monthly management fee (inclusive of distribution fee) equivalent of up to 1.5% per annum of the average net asset value of the Fund's assets, computed on a daily basis.

The Fund vests upon the Fund Manager the authority, without need of prior approval or prior notification to the Fund, to purchase and sell the securities and investments of the Fund and otherwise make or dispose of investments for the account of the Fund, within the limits of the guidelines set by law, the regulations set by the SEC, and the investment policies of the Fund.

The Fund Manager is further authorized to take charge of the collection of interests, dividends or other payments due on all securities and investments owned by the Fund and shall, on behalf of and for the benefit of the Fund, exercise any and all rights of the Fund appurtenant to such securities and investments such as the exercise of any preemptive rights, redemption rights, options, and others. The

Fund Manager shall use voting rights for quorum purposes only. Nonetheless, in the event of unusual circumstances, the Fund Manager may request the Fund in writing for permission to exercise voting rights for other specified purposes.

In addition to those mentioned above, the Fund Manager shall also prepare and submit information and data relating to economic conditions, industries, and securities as may be required by the Fund's Board of Directors or as the Fund Manager may deem to be helpful in the formulation and evaluation of its investment policies or guidelines. The Fund Manager shall also prepare a monthly report on the revenues and disbursements broken-down as to investments and expenses; sales and redemptions; and performance, change or status of the Fund's assets. The services of the Fund Manager shall also include accounting, bookkeeping, clerical, and administrative services in the ordinary conduct of the Fund's activities, other than those services provided by the custodian, auditors, and the legal counsel. The Fund Manager shall perform the duties and responsibilities of fund managers under the Investment Act and other applicable laws and regulations.

The following are the directors and officers of the Fund Manager:

**Robert Charles M. Lehmann**, 67, Filipino, is the Chairman of AAAMI since 2018. He joined Amalgamated Investment Bancorporation in 2017 and is also currently the President and CEO of the investment house. He used to be the Executive Vice President of Security Bank (2000-2002) and the Senior Vice President of Standard Chartered New York (1999-2000). He is also a director of the Philippine Eagle Foundation and Fruittropic, Inc. He finished his Masters in Business Administration from the University of San Francisco in 1979.

**Servando B. Alvarez Jr.**, 60, Filipino, is the current President of AAAMI since 2018. He joined Amalgamated Investment Bancorporation in 1998 and is also currently the Chief Finance Officer and Executive Vice President of the investment house. He used to be a Senior Manager — Treasury Department in Urban Bank (1996-1998) and previously held various positions in Philippine American Life Insurance Company (1985-1996). He completed the Executive Program in International Management from Stanford University — National University of Singapore in 2011 and finished his Bachelors of Accountancy Degree in Polytechnic University of the Philippines in 1987.

**Maria Norma A. Trinidad**, 68, Filipino, is a Director of AAAMI since 2020. She is also the Executive Vice President of Amalgamated Investment Bancorporation since 2010. She finished her Bachelor of Science in Commerce in St. Scholastica's College, Manila in 1977. Ms. Trinidad completed the Executive Program in Negotiation and Competitive Decision Making in Harvard Business School at Boston, Massachusetts in 2013.

**Senen L. Matoto**, 76, Filipino, is a Director of AAAMI since 2020. He also serves at the Board as a Director in Institute of Corporate Directors, Agri Nurture, and Scholars Dormitory Inc., Currently, he is an Independent Director of Yuanta Savings Bank Philippines, Inc., Figaro Coffee Group Inc., and PhilGuarantee. Mr. Matoto also serves at the Board as a President elect in Rotary Club of Makati, a Chairman/Director of SLM Holdings Inc. and a Trustee of Center for Excellence in Governance. He finished his Bachelor in Science in Business Administration in University of the Philippines in 1969 and received his Masters in Business Administration in Asian Institute of Management in 1973.

**Jose Antonio M. Romulo**, 57, Filipino, is an Independent Director of AAAMI since 2020. Mr. Romulo is also currently the Managing Director of Strongview Inc. He was a member of the Board as a Director in Bank of Singapore in 2016. Mr. Romulo finished his Bachelor of Science in Foreign Service (Concentration in East Asian Studies) in Georgetown University in 1987.

**Jonef A. Samonte**, 53, is the Vice President and Compliance Officer of AAAMI since 2022. Prior to joining AAAMI, he was a Vice President and Head of Partnership Distribution Unit in First Metro Asset Management, Inc. from 2016 to 2020. Mr. Samonte was also with Manulife Philippines

from 2012 to 2016 during which time he held the position of Assistant Vice President – New Markets Development & Agency Recruitment and Branch Head of Perseus Branch. From 2009 to 2012 he was the director of Gnostek and headed the non-technical glass reinforced systems. In Generali Pilipinas Insurance, Co., from 2006 to 2009, he was the Senior Assistant Vice President and the Channel Head (Nonlife). Mr. Samonte was also with One Gen Marketing Services as a General Manager and the Operations Head of Agencies and Branches for American International Group (AIG) Philam Insurance. Other notable positions held were Assistance Vice President Specialized Marketing Services, International Operations in Platinum Plans Phil., Inc (2000 to 2002). He finished his tertiary education at the University of the Philippines earning a Bachelor of Science in Hotel & Restaurant Administration.

**Stanley L. Saguinsin**, 57, Filipino, is the Corporate Secretary of AAAMI since 2018. He is also currently a Vice President of Amalgamated Investment Bancorporation since 2000. Mr. Saguinsin received his MBA from the Asian Institute of Management in 1991.

**Marco Antonio S. Palanca**, 38, Filipino, is the Treasurer of AAAMI since 2023. He was formerly the Assistant Treasurer of the Fund in 2022. He is also an Assistant Vice President at AIB Asia Asset Management, Inc. since 2020. He was previously the Head of Agency in Generali Life Assurance Philippines from 2019 to 2020, an Agency Development Department Head in First Metro Asset Management, Inc. from 2016 to 2019 and a Senior Training Officer in Manulife Philippines from 2014 to 2016. He finished his Bachelor of Sports Science in University of the Philippines Diliman in 2008.

**Fausto G. Sampang, Jr.**, 53 Filipino, is the Chief Financial Officer of AAAMI since 2021. He is also the First Vice President, Chief Compliance Officer and Head of Finance of Amalgamated Investment Bancorporation since 2020. Mr. Sampang was previously the Internal Audit Head of Bahay Financial Services from August 2010 to November 2020. He became a Certified Internal Auditor in 2010 and a Certified Public Accountant in 1992. Mr. Sampang finished his Bachelor of Science in Accountancy in San Beda University in 1991.

### **Transfer Agent**

**Stock Transfer Service, Inc.** (“STSI”) serves as the Fund’s Transfer Agent. Transfer Agency service include, but not limited to, account/certificate registration, processing of dividend and capital gains cheques, periodic preparation and mailing of shareholder statements and management reports, as required. STSI is licensed by the SEC to act as a Transfer Agent.

In consideration of the services to be rendered by the Transfer Agent, the Fund shall pay the Transfer Agent an amount equivalent to PHP11,200 per month as stipulated in the Transfer Agent Agreement between the Fund and STSI. Fees will begin to accrue on the first day of the Fund’s operations.

### **Receiving Bank**

Union Bank of the Philippines, EastWest Bank, Rizal Commercial Banking Corporation and Bank of the Philippine Islands shall serve as the Fund’s Receiving Bank which shall hold the cash deposits of the Fund, including those which will service the redemptions of redeeming Shareholders. The fees, if any, of the Receiving Bank shall be subject to negotiation and mutual agreement of the parties.

### **External Auditors**

Roxas Cruz Tagle and Co., a member firm of BDO Global served as the external auditor of the Fund from 2018 to 2021. The Board of Directors of the Fund appointed the accounting firm of Isla Lipana & Co., PWC Member Firm to replace the previous external auditor for the year 2022.

## DESCRIPTION OF SECURITIES TO BE REGISTERED

### Capitalization

The Fund's authorized capital stock is FIFTY MILLION PESOS (PHP50,000,000) divided into one billion (1,000,000,000) common shares with a par value of Five Centavos (PHP 0.05) per share. Each share of common stock has voting rights.

### Shares of the Fund

The Shares of the Fund have identical rights and privileges, including voting rights and are subject to the following:

1. *Right of Redemption.* The shares in the Fund are redeemable at the option of the investor at the redemption price based on the day's applicable NAVPS and less redemption charges, if any, except in the event and to the extent that the Fund has no assets legally available for such purpose whether arising out of capital, paid in surplus, or other surplus, net profits or otherwise. Further, this is subject to the existing By-laws of the Corporation.

2. *Denial of Pre-emptive Rights.* No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any securities convertible into or carrying options or warrants to purchase stock of the Fund.

3. *Distribution of Dividends.* The Fund's Board of Directors shall, by vote, declare dividends and authorize the distribution of capital gain from any fund legally available therefore whenever in their opinion, the condition of the Fund's affairs render it expedient for such dividends to be declared.

Dividends payable out of the surplus profits of the Fund shall be declared at such time as the Board of Directors shall determine. No dividend shall be declared which shall impair the capital of the Fund. Stock dividends may be declared in accordance with law. The Fund may pay dividends in cash, property or in additional shares, or in some combination of the foregoing. At least ten percent (10%) of the actual earnings or profits may be declared by the Board of Directors as dividends.

Each shareholder has a right to any dividends declared by the Fund. When and where dividends are received by the Fund from other issuers, dividends shall be automatically reinvested by the Fund in the shares of other issuers, unless the Board of Fund decides to declare them as cash dividends to the Shareholders of the Fund.

4. *Restrictions on Transfer.* No transfer of Shares of the Fund, which would reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by any applicable laws, rules or regulations, shall be caused or allowed to be recorded in the proper books of the Fund. These restrictions shall be indicated in the stock certificates, if any, issued by the Fund.

5. *Share Register.* The Fund's official share register shall be maintained by STSI as the Transfer Agent, which shall likewise be principally responsible for the maintenance of the official stock and transfer book of the Fund, the issuance of Depository Receipts, the issuance of stock certificates, as may be requested by Shareholders, and the payment of dividends, if any.

Other than the above and those provided by law, there are no other material rights attached to the Shares.

There are also no provisions in the Articles of Incorporation or By-Laws that would delay, deter or prevent a change in control of the Fund.

<b>INTEREST OF NAME EXPERTS AND INDEPENDENT COUNSEL</b>
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### **Independent Auditor**

The audited financial statements of the Fund as of and for the years ended December 31, 2022 and 2021 have been audited by Isla Lipana & Co., PwC member firm. It does not and will not have any direct or indirect interest in the Fund or in any securities thereof (including options, warrants or rights thereto) or acted or will act as promoter, underwriter, voting trustee, director or employee of the Fund.

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by Isla Lipana & Co., PwC member firm and Roxas Cruz Tagle and Co, respectively.

	<b>For the year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>(in Philippine Peso)</b>	
Audit and Audit-Related Fees	67,100.00	70,371.00
<b>Total</b>	<b>67,100.00</b>	<b>70,371.00</b>

There were no other related services provided by for tax accounting, compliance, advice, and planning except for the above.

The Board of Directors of the Fund appointed the accounting firm of Isla Lipana & Co., PwC Member Firm to replace the Roxas Cruz Tagle and Co., as the external auditor of the Fund. The change of the external auditor is a group-wide policy of AIB. The Fund is expecting to pay PHP67,100 for the audit of the financial statements as of and for the year 2022.

### **Legal Matters**

The Fund has no legal counsel. Except as otherwise disclosed herein, no independent counsel has or will receive any direct or indirect interest in the Fund or in any securities thereof (including options, warrants or rights thereto) or acted or will act as promoter, underwriter, voting trustee, director or employee of the Fund.



## INFORMATION WITH RESPECT TO REGISTRANT

### DESCRIPTION OF BUSINESS

#### The Fund

The Fund was incorporated on March 27, 2015 as an open-end investment company under R. A. No 2629 and R.A. No. 8799 with SEC Registration No. CS201506309. It intends to engage in the sale of its shares and the investment of the proceeds thereof in Philippine Peso and Foreign currency denominated short-term securities or fixed-income instruments representing high-quality, liquid debt and monetary instruments issued by the government of the Philippines and Filipino corporations.

There is no bankruptcy, receivership or similar proceedings to which the Fund or any of its subsidiaries or affiliates is a party or in which any of its properties are the subject of the proceeding.

There is no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets (not in the ordinary course of business) to which the Fund or any of its subsidiaries or affiliates is a party or in which any of its properties are the subject of the proceeding.

#### Distribution Methods of the Products or Services

The shares of the Fund are sold over-the-counter through the Fund's Principal Distributor, AAAMI, and its eligible sales agents, who have taken and passed the required licensing examination given by the SEC. There is no sales load upon subscription. As of the date of this prospectus, AAAMI has not established a Sub-Distribution Agreement with any sub-distributor.

#### Competition

The industry in which the Fund is selling or expects to sell its products or services is the mutual fund industry. The Fund is categorized as a money market fund. As of September 30, 2023, there are only three (3) money market funds that the Fund considers as its competitors.

<b>Mutual Fund</b>	<b>Net Asset Value</b>	<b>Market Share</b>
ALFM Money Market Fund, Inc.	Php29.01 Billion	51.39%
Sun Life Prosperity Peso Starter Fund, Inc.	Php24.64 Billion	43.65%
First Metro Save and Learn Money Market Fund, Inc.	Php2.58 Billion	4.58%
AIB Money Market Mutual Fund, Inc.	Php0.22 Billion	0.39%

The Fund participates in the mutual funds sector which is a sub-sector of the financial services industry. There are no national geographical boundaries as the nature of the industry, and prevailing technology make it possible for the various players to offer their services to almost any place in the country. There are also no recognized trends within the industry.

The Fund competes with other mutual funds managed by other fund managers operating in the Philippines. The Fund's sources of competitive advantage are its investment performance, which will ultimately drive the direction of the fund price, and customer service, which will be marked by regular updates and client information briefings geared at keeping the investors abreast of market developments.

## **Investment Objective and Legal Restriction**

The Fund is an open-end, conservative or low-risk, low-return mutual fund denominated in Philippine currency (PHP). The investment objective is capital preservation with returns and inflows derived out of investments in a diversified portfolio primarily composed of Philippine Peso and Foreign currency denominated short-term securities or fixed-income instruments representing high-quality, liquid debt and monetary instruments issued by the government of the Philippines and Filipino corporations. Thus, the Fund can be classified as a conservative or low risk investment.

In line with its stated investment objective, the Fund shall pursue a general investment policy of maintaining an optimal balance between maximizing short-term investment returns and minimizing investment risk by the proper allocation of assets among selected marketable securities and instruments depending on prevailing and anticipated market conditions. The Fund portfolio and investment strategy is to acquire Philippine Peso and Foreign currency denominated short-term securities or fixed income securities representing high-quality, liquid debt and monetary instruments issued by the Philippine government and established Philippine companies, such as PLDT, Globe, SM Development Corporation, and the like. The Fund will invest in companies that are well-known, highly-rated, well-tracked, and whose possibility of default is possible yet highly improbable. The Fund has no plans to stray away from this investment objective, thus minimizing default risk. Also, ten percent (10%) of the fund will remain in liquid assets such as cash.

The Fund Manager will exercise thorough credit analysis and due diligence when determining which securities to invest in. It will analyze various credit reports and ratings, analyst reports, market reports and the general sentiment of other banks toward that security.

The Fund is governed by the following fundamental investment policies:

1. The Fund shall not issue senior securities.
2. The Fund shall not participate in any underwriting or selling group in connection with the public distribution of securities, except its own capital stock.
3. The Fund will maintain a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
4. The Fund shall not make any loans to other persons, or to other interested persons such as the members of the Board of Directors, officers of the Fund and any affiliate corporations of the Fund including the Fund Manager and the Principal Distributor.
5. The proportion of the Fund's assets that shall be invested in each type of security shall be determined from time to time, as warranted by economic and investment conditions.
6. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions.
7. The Fund may use various techniques to hedge investment risks.
8. The Fund will not change its investment objectives without the prior approval of a majority of its shareholders and prior notice to Securities and Exchange Commission.

## Policies with Respect to Securities and Investments

The investment of the Fund shall be guided by the following policies:

1. Unless the SEC shall provide otherwise, the Fund shall not invest in any of the following:
  - a) Margin purchase of securities (investment in partly paid shares are excluded);
  - b) Commodity future contracts;
  - c) Precious metals;
  - d) Unlimited liability investments.
2. The Fund may borrow, on a temporary basis, for the purpose of meeting redemptions and bridging requirements provided that:
  - a. The borrowing period should not exceed one month; and
  - b. The aggregate borrowings shall not exceed ten percent (10%) of its net assets

The Fund shall not incur any further debt or borrowing unless at the time of its occurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. Provided, however, that in the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).

3. The Fund shall not participate in an underwriting or selling group in connection with public distribution of securities except for its own capital stock.
4. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of the Fund Manager, managers or distributors or firms of which any of them are members, any security other than the capital stock of the Fund.
5. The Fund shall not make any investment for the purpose of exercising control of management.
6. Operational expenses of the Fund shall not exceed ten percent (10%) of its average investment fund or net worth as shown in its previous audited financial statements. The computation and expense ratio of the Fund shall be disclosed in the quarterly and annual report.
7. The maximum investment in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's NAV except for obligations of the Philippine government and its instrumentalities, and in no case shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
8. For liquidity purposes, unless otherwise prescribed by the Commission, at least ten percent (10%) of the assets of the Fund shall be invested in liquid/semi-liquid assets such as:
  - a. Treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
  - b. Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCTD);
  - c. Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;

- d. Savings or time deposits with government owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.
- e. Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body;
- f. Other collective scheme wholly invested in liquid/semi-liquid assets.

The Fund may implement a decreased investment of less than ten percent (10%) of its assets in liquid/semi-liquid assets, provided, however, that it shall submit a notarized liquidity contingency plan to the Commission, signed by the President of the Fund and its Fund Manager.

9. The Fund must not invest, in aggregate, more than twenty percent (20%) of its net assets in:
- a. Transferable securities;
  - b. Money market instruments;
  - c. Deposits; and
  - d. OTC financial derivatives

issued by any single business group, provided the investments in OTC financial derivatives with non-investment grade or unrated counterparty shall not exceed five percent (5%) of the net assets of the Fund.

10. Deposits shall not exceed twenty percent (20%) of its net assets in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked Investment Company.

11. The investments in the following shall not exceed fifteen percent (15%) of the net assets of the Fund provided the investment enumerated herein shall not exceed five percent (5%) of the net assets of the Fund:

- a. Deposits placed with a non-investment grade or unrated deposit taking institution;
- b. Debt securities or money market instruments not dealt in an organized market or issued by an unrated or non-investment grade issuing body;
- c. Unlisted shares; and
- d. Over-the-counter (OTC) financial derivatives with non-investment grade or unrated counterparty.

For the avoidance of doubt, the exposure to a counterparty of an OTC financial derivative should be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults, subject to the calculation method set out under 2018 ICA-IRR and SEC MC No. 15, series of 2020.

The aggregate fifteen percent (15%) limit does not apply to deposits, debt securities or money market instruments or OTC financial derivatives where the:

- a. Deposit-taking institution, issuing body or counterparty is rated investment grade only with a national rating scale, which refers to a rating falling within the top four (4) long-term credit ratings or the top three (3) short-term credit ratings provided on an international scale; and
- b. The jurisdiction in which the issuing body or counterparty is domiciled has a sovereign credit rating that is at least investment grade.

12. The Fund shall be prohibited from investing in the securities it is issuing.

13. The Fund shall not engage in short selling.

14. Constant net asset value money market funds (C-NAV MMFs) are not permitted. The Fund Manager that manages an investment company that markets itself as a money market fund or an equivalent fund that primarily invests in high quality debt securities, deposits and money market instruments shall comply with the following:

- a. Shall have a cash reserve, or assets with high liquidity, low market risk and can be cashed within T+1 day, of at least ten percent (10%) of its net assets;
- b. Invest in any of the following:
  - i. high quality debt securities;
  - ii. deposits; and/or
  - iii. high quality money market instruments  
**Guidance:** a high quality money market instrument has:
    - (a) a remaining term to maturity of not more than 397 days; and
    - (b) an issuer credit rating that is:
      1. in the case of short-term credit rating, one of the two highest credit ratings; and
      2. in the case of long-term credit rating, one of the three highest credit ratings
  - iv. financial derivatives for hedging arrangements  
The hedging arrangement should:
    - (a) not be aimed at generating a return;
    - (b) result in an overall verifiable reduction of the risk of the qualifying CIS;
    - (c) offset the general and specific risks linked to the underlying being hedged;
    - (d) relate to the same asset class being hedged; and
    - (e) be able to meet its hedging objective in all market conditions.
- c. Shall not engage in direct lending of monies.

**Guidance:** Direct lending of monies refers to an instance in which an investment company lends money or makes loan directly to other entities (borrower) without intermediaries.

15. The Fund's original proponents who have subscribed and paid for the original capital of the Fund, shall not be allowed to sell, transfer, convey, encumber, or otherwise dispose of their shares or securities within twelve (12) months from registration of the Fund.

16. The Fund shall not change its investment objective without prior approval of a majority of its Shareholders.

17. The Fund Manager, shall inform the Commission within three (3) business days after it becomes aware of any breach of the investment restrictions and shall rectify such breach as soon as practicable, but shall not be more than five (5) business days from the date of discovery. Failure of the Fund Manager to report the breach within the period shall raise the presumption that the Fund Manager intentionally breached the investment restrictions and therefore shall be liable for administrative penalties. If any of the investment limits is breached by reason other than investment decision, the Fund Manager shall report this matter to the Commission within five (5) business days, and rectify the breach no later than three (3) months from the date of the breach.

## Liabilities of the Fund and the Fund Manager to the shareholders

Subject to the extent permitted by applicable law, the Fund and/or the Fund Manager's responsibility shall be restricted solely to instances of willful default or gross negligence. The Fund Manager shall not be held accountable for acts or omissions in cases where such actions or inactions were deemed necessary, reasonable, or appropriate by the Fund Manager in good faith, for the efficient and advantageous administration and management of the Fund. The investor assumes exclusive responsibility for investment risks associated with the Fund, including, but not limited to, credit risk, market risk, taxation risk, regulatory risk, interest risk, and liquidity.

Any liability of a director or officer of the Fund Manager towards the Fund or its shareholders, which would otherwise be applicable due to deliberate misconduct, bad faith, gross negligence, or reckless disregard for their duties in the performance of their office, shall not be protected.

## Annual Shareholders' Meeting

The annual shareholders' meeting of the Fund shall be held at the Fund's principal office every 26th of May of each year or on such other date as the board of directors may determine, unless such day is a legal holiday, in which case it shall be held on the next business day following.

## Transactions with and/or Dependence on Related Parties

The Fund is a wholly-owned subsidiary of AIB. The Fund's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

Details of the significant related party transactions of the Fund are as follows:

Outstanding Balance						
Category/ Transaction	Year	Amount of the Transaction	Advances to a Related Party	Advances from a Related Party	Terms	Conditions
<b>Parent Company: Amalgamated Investment Bancorporation</b>						
Cash advances from AIB	September 30, 2023	—	—	—	Non- interest bearing	Unsecured; due and demandable; unimpaired
	2022	—	—	—	Non- interest bearing	Unsecured; due and demandable; unimpaired
	2021	(10,104,987)	—	—	Non- interest bearing	Unsecured; due and demandable; unimpaired

AIB is directly linked to the Fund through interlocking directorship or officership. For further discussion, please refer to the section on "Directors, Executive Officers, Promoters, or Control Persons" and Note 7 of the December 31, 2022 Audited Financial Statements of the Fund.

There are no special transaction or arrangements with the Fund's Principal Distributor, Fund Manager, Transfer Agent and Custodian Bank aside from the agreements described in the "Summary of Principal Agreements" section.

## **Laws and Government Policies Applicable to the Fund**

### **The Revised Corporation Code**

The Fund falls under the category of an investment company. As such, the Fund is required to be incorporated pursuant to the Revised Corporation Code of the Philippines or Republic Act No. 11232 (the “Corporation Code”). The Corporation Code sets out the general rules governing all corporations in the Philippines. It provides for rules on the following: the minimum requirements of incorporation; the powers of a corporation; the rights of a stock holders; and the procedures for dissolution.

### **The Securities and Regulations Code and its Implementing Rules and Regulations issued by the SEC**

Aside from the incorporation requirements, investment companies are required to be registered either as an open-end or a closed-end investment company following the rules found under the Investment Company Act. Securities issued by an investment company are required to be registered following the rules of the Securities Regulation Code. The regulating body tasked with the implementation of the aforementioned laws is the SEC.

### **The Investment Company Act and Its Implementing Rules and Regulations issued by the SEC**

The Investment Company Act contains the various rules and regulations for corporations which may wish to engage in the business of primarily investing, re-investing, or trading in securities. The Act provides for several rules relative to the incorporation of investment companies, the most basic of which are as follows:

- (i) the minimum subscribed and paid-up capital of an investment company;
- (ii) all shares of capital stock must be common and voting shares; and, in the case of open-end companies, the Articles of Incorporation must waive the preemptive rights of shareholders; and
- (iii) all members of the Board of Directors must be Filipino citizens.

### **Revised Code of Corporate Governance under SEC Memo Circular No. 6, Series of 2009**

The Revised Code of Corporate Governance contains the rules, systems, and processes that govern the performance of Management and the Board of Directors. It defines their responsibilities and accountabilities to safeguard the interests of the stockholders and promote corporate governance reforms aimed to raise investor confidence, develop the capital markets, and help achieve high sustained growth for the corporate sector and the economy.

## **Anti-Money Laundering Act of 2001, as amended, and the Terrorism Financing Prevention and Suppression Act of 2012**

The Anti-Money Laundering Act of 2001 (“R.A. No. 9160”), as amended, and the Terrorism Financing Prevention and Suppression Act of 2012 (“R.A. No. 10168”) regulate measures and actions undertaken for the purpose of detecting and preventing money laundering and terrorist financing by persons or groups of persons identified and sanctioned by the Anti-Money Laundering Council and the Financial Action Task Force. SEC covered institutions are required to complete Know-Your-Customer (KYC) procedures and customer due diligence before accepting and opening accounts of customers.

### **Prevention of Money-Laundering and Terrorist Financing**

As part of the Fund’s responsibility for the prevention of money-laundering under the Anti-Money Laundering Act of 2001 (AMLC), R.A. 9160, as amended, the Terrorism Financing Prevention and Suppression Act of 2012 (R.A. 10168) and other relevant rules and regulations, the Fund or an entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of shares and the source of the relevant funds. Whether or not such evidence will be required and, if so, the nature and extent of such evidence will depend on the particular circumstances. The Fund and any entity acting on its behalf reserve the right to request such information as considered necessary to verify the identity of a proposed purchaser of shares in each case, and the Fund has absolute discretion to refuse to accept a subscription for shares in the event of delay or failure in the provision of any such information required. The Fund and/or relevant government agencies shall immediately preserve the subject property or funds upon receipt of the notice of a freeze order, in accordance with the order of the court of competent jurisdiction or the AMLC. The owner or holder of the property or funds shall be given a copy of the notice of the freeze order.

### **Compliance with Foreign Account Tax Compliance Act**

For purposes of compliance with the Foreign Account Tax Compliance Act (FATCA or Chapter 4 of US Internal Revenue Code) particularly, Change in Circumstances (in compliance with the Foreign Account Tax Compliance Act also known as FATCA or Chapter 4 of the US Internal Revenue Code), the Fund requires the investors to notify the Fund in writing and provide the required details or documents within thirty (30) days from a change of your circumstances.

Failure to accomplish the foregoing gives the Fund the right to exercise any of the following:

- a) Continue the account on the same terms and conditions;
- b) Continue the investment on the same terms and conditions and deduct from it any amounts that the Fund has to withhold under the applicable laws; or
- c) Terminate your account.

The right to terminate the account will only be exercised after the investor have failed to provide the required information within thirty (30) days from written notice from the Fund and only after the Fund is unable to transfer your policy or take any steps other than termination in order to comply with applicable laws.



## **Compliance with Data Privacy Act of 2012 (Republic Act No. 10173)**

To enable the Fund to comply with the requirements of the Data Privacy Act of 2012 (Republic Act No. 10173), the Fund requires all investors to expressly authorize the Fund to collect, process, use, destroy his/her personal and sensitive personal information and any information related to him/her account as well as its sharing, transfer and/or disclosure to any of the Fund's branches, subsidiaries, affiliates, agents and representatives, industry associations and third parties such as but not limited to outsourced service providers, external auditors, and local and foreign regulatory authorities in relation to any matter including but not limited to those involving anti-money laundering and tax monitoring review and reporting, statistical and risk analysis, provision of any products, service, or offers made through mail/email/fax/sms/telephone, customer satisfaction surveys; compliance with court and other lawful orders and requirements. The Fund requires the investors to hold the Funds and AAAMI free and harmless from any liability that may arise from any transfer, disclosure, processing, collection, use, storage or destruction of said information.

## **Procedure to Ensure Compliance with Relevant Laws and Regulations**

To ensure the Fund's compliance with relevant laws and regulation, the Fund has appointed a Compliance Officer while the Fund Manager has its own Compliance Officer. The Compliance Officer is tasked to monitor and assess the overall implementation of the Compliance Program.

The Fund Manager's Compliance Program is designed to: (1) identify relevant laws and regulations affecting the Fund and the corresponding effects of non-compliance; (2) conduct periodic compliance testing and subsequent reporting of findings or exceptions noted to appropriate levels of management; and (3) provide for annual specific action plan or activities aimed at developing and maintaining a strong compliance culture and discipline within the entire organization.

The Compliance Officer, in coordination with management or the Board of Directors, shall take the initiative to update the Compliance Program to ensure compliance with new laws and regulations that are enacted or issued and to formulate new control processes in response to regulatory changes. To this end, the Fund Manager shall develop and maintain a constructive working relationship with various regulatory agencies through continuing dialogues and/or consultations geared towards a uniform understanding of laws and regulations, prompt resolution of issues and concerns.

## **Effect of Existing or Probable Governmental Regulations on the Business**

Existing governmental regulations play a significant role in shaping the mutual fund business in the Philippines, impacting various aspects such as investor protection, industry growth, and market stability. Here are some key effects of these regulations:

**Investor Protection:** Government regulations in the Philippines are designed to protect the interests of investors in mutual funds. This is achieved through requirements for fund managers to provide comprehensive information about the funds, including risk factors and fees, to potential investors. These regulations also mandate periodic reporting and disclosure, ensuring that investors are well-informed about the performance and status of their investments.

**Licensing and Compliance:** Mutual fund companies in the Philippines must obtain licenses and approvals from the regulatory body, the Securities and Exchange Commission (SEC). These regulations help ensure that only well-established and reputable entities operate in the industry.

Compliance with ongoing regulatory requirements is necessary to maintain operational status, which serves as a check against fraudulent or irresponsible practices.

**Investment Restrictions:** The Philippine government imposes restrictions on the types of assets in which mutual funds can invest. These restrictions are in place to manage risk and protect investors. For example, there are limits on the proportion of assets that can be invested in equities, fixed-income securities, and other assets. Such restrictions are intended to prevent over-concentration and promote diversification.

**Capital Adequacy and Liquidity Requirements:** Regulations often mandate that mutual funds maintain a certain level of capital adequacy and liquidity. These requirements ensure that funds have sufficient resources to meet potential redemptions by investors, which helps maintain market stability. They also mitigate the risk of investors experiencing delays or difficulty in accessing their funds.

**Taxation:** The Philippines' government regulates the taxation of mutual funds, affecting the attractiveness of these investment vehicles to investors. The tax treatment of dividends, capital gains, and other income generated by mutual funds can influence investor behavior. Regulations in this area can impact the overall growth and popularity of mutual funds.

**Distribution and Marketing:** Regulations govern how mutual funds are marketed and distributed. These rules aim to ensure that investors receive accurate and fair information when making investment decisions. They often include guidelines on how financial intermediaries, such as banks and brokers, can sell mutual fund products.

**Cost Structures:** Regulations may impact the fees and expenses that mutual funds can charge investors. Caps on fees, along with disclosure requirements, help prevent excessive charges and protect the interests of investors.

**Market Competition and Innovation:** Regulatory bodies may also encourage competition and innovation within the mutual fund industry. By approving new fund structures or investment strategies, regulators can foster diversity and provide investors with more options.

**Monitoring and Enforcement:** Regulatory authorities continuously monitor mutual fund companies to ensure they adhere to established regulations. Violations can result in penalties or revocation of licenses. This oversight helps maintain the integrity of the industry.

**International Alignment:** The Philippines' regulations may also align with international standards, enhancing the country's attractiveness to foreign investors and facilitating cross-border investments.

In summary, governmental regulations in the Philippines have a profound impact on the mutual fund business by safeguarding the interests of investors, maintaining market stability, and promoting industry growth. These regulations aim to strike a balance between protecting investors and fostering a conducive environment for the mutual fund industry to thrive.

Senate and congressional bills amending R.A. 2629, which is the main law that regulates the mutual fund industry, have been filed. The most prominent of these are the bills on the proposed Collective Investment Schemes Law (“CISL”). One of the provisions of the CISL bills is the exemption of the mutual fund companies from certain requirements of the Corporation Code as regards increasing ACS.

Furthermore, in relation to the CISL bill, the ICA-IRR 3.4(j) states that an Investment Company shall not be required to comply with the minimum subscribed and paid-up capital relative to the increase in its authorized capital stock. This regulation will lower the cost paid by the Fund for the application to increase its authorized capital stock and can positively affect the business profitability. If passed into law, this would be of possible benefit to the mutual fund companies which, with their numerous stockholders, find it difficult to obtain at least 2/3 votes of eligible stockholders to approve certain corporate actions. The Fund expects the regulatory environment to improve with the passage of the CISL bill with benefits to the investors.

### **Procedure for Handling Customer Complaints**

Investors may submit their complaints, inquiries or any other concerns through the designated channels provided by the Fund: (i) walk-in or personal visit to the Corporation's head office at *11F, 6805 Ayala Avenue, Makati City*, (ii) telephone call to the Corporation's contact number: (632) 8588 4242 local 231, or (iii) electronic mail to the Corporation's official email address: [infosec@aibaami.com](mailto:infosec@aibaami.com)

The Fund established a Complaints Handling Unit led by the Consumer Protection Officer, a senior staff member appointed by the senior management, to receive the complaints of the investors.

Complaints shall be acknowledged within two (2) business days and the Fund shall continuously communicate with the financial consumer until the issue is fully resolved. The Fund shall resolve the complaint/inquiry within thirty (30) calendar days upon receipt.

In the alternative, investors may contact the Securities and Exchange Commission through [cgfd\\_ld@sec.gov.ph](mailto:cgfd_ld@sec.gov.ph). The Fund is regulated by the Securities and Exchange Commission (SEC).

The Fund is guided by "The Financial Products and Services Consumer Protection Act of 2022 and its Implementing Rules and Regulations" in handling customer complaints, inquiries and any other concerns.

### **Policies on Conflict Management and Procedures in Monitoring and Resolving Conflicts of Interest**

The conflict of interest policy prioritizes the interest of the Fund through a comprehensive framework. This includes mandatory identification and disclosure of potential conflicts by directors and officers. Board oversight ensures impartial handling of conflicts of interest. The Fund upholds a robust code of ethics that guides behavior and underscores the importance of prioritizing the interest of the Fund. Training programs and communication campaigns are put in place to reinforce awareness, while whistleblower mechanisms provide a confidential channel for reporting conflicts of interest.

The directors and officers of the Fund are anticipated to act in the best interest of the Fund, characterized by transparency, accountability, and fairness. They should conduct business transactions with the Fund fairly, ensuring that their personal interests do not conflict with the interest of the Fund.

The fundamental principle is that a director or officer should not use their position for personal profit or gain advantages for themselves or their related interests. They must avoid situations that could compromise their impartiality.

To prevent or reduce future conflicts of interest, the Nominations Committee of the Fund will assess the potential for such situations when selecting nominees for directorships of the Fund. The Board of Directors will apply the same standard when appointing officers of the Fund.

If an actual or potential conflict of interest may arise on the part of a director or officer, he or she should fully and immediately disclose it and should not participate in the decision-making process. A director or officer who has a continuing material conflict of interest should seriously consider resigning from his or her position.

The Fund Manager and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. The interests of the Fund and its employees must never conflict with or appear to conflict with those of the Fund and its stakeholders. Where such a situation may arise, the Fund Manager will seek to ensure that all stakeholders are treated fairly, and that Fund Manager and its employees act in the best interests of each stakeholder.

Furthermore, the Fund Manager and its employees are obligated to diligently identify and disclose any existing material conflicts of interest, as well as those expected to emerge between the Fund Manager and the Fund. These conflicts must be addressed by either avoiding or effectively managing them, with full disclosure to the Fund.

## **Dissolution Plan**

The stockholders shall have the following rights for in the event of dissolution:

1. Inspect the corporate books and financial records
2. Share in the remaining assets after all the Fund's creditors are duly paid

The Fund Manager shall carry out the winding up and all liquidation of assets on behalf of the Fund in accordance with the relevant rules under the 2018 ICA-IRR and other applicable rules and regulations as may be prescribed by the SEC.

The Investment Company, of the Fund Manager shall inform the Commission of the status of the redemption of securities every 30th of January until all the shares have been fully redeemed.

## **Employees**

The Fund does not employ personnel. Day-to-day operations are carried out by AAAMI, pursuant to the terms and conditions of the Management Agreement by the Fund with AAAMI. Nonetheless, the Fund vests upon its Board of Directors the responsibility to oversee the Fund's overall operations.

## **Major Risks Involved in the Business of the Fund**

For a detailed discussion on the major risks involved in the business of the Fund, including procedures undertaken to identify, assess and manage such risks, please see "Risk Factors."

## **INDEPENDENT OVERSIGHT ENTITY**

The Audit Committee of the Board of Directors was designated and authorized as the Independent Oversight Entity (IOE). It performs oversight on the transactions and functions of the Fund Manager to ensure compliance with the requirements of the Registration Statement, other requirements of the SRC,

ICA and their implementing rules and regulations. It also has oversight on the processing of subscription and redemption transactions being performed by the Fund Manager.

## **INDEPENDENT NET ASSET VALUE CALCULATOR**

As of the date of this prospectus, the Audit Committee has been designated and authorized to cross check the NAV calculation of the Fund.

## **PROPERTY**

The Fund has financial assets in the form of cash, cash equivalents, and fixed income securities. It does not own any real property. As prescribed by SEC rules, all of the Fund’s assets must be held by the custodian bank as disclosed in this prospectus. Operations will be conducted within the premises of the Fund Manager. All facilities are either owned or provided by the Fund Manager. The Fund has neither property under its fixed asset account nor hires employees for its operations.

## **LEGAL PROCEEDINGS**

There is no material pending legal proceeding to which the Fund, its Fund Manager or any of its subsidiaries or affiliates is a party or in which any of its properties are the subject of the proceeding.

## **MARKET FOR ISSUERS’ COMMON EQUITY AND RELATED STOCKHOLDERS MATTER**

### **Market Information**

The Fund’s shares are traded over-the-counter through its Principal Distributor, AIB Asia Asset Management, Inc. (“AAAMI”). The Fund’s shares are not traded publicly on an exchange.

Below is the history of NAVPS of the Fund for the first three (3) quarters of 2023 and the years 2022 and 2021:

<b>Year</b>		<b>1st Quarter</b>	<b>2nd Quarter</b>	<b>3rd Quarter</b>	<b>4th Quarter</b>
<b>2023</b>	<b>High</b>	1.0635	1.0728	1.0842	-
	<b>Low</b>	1.0556	1.0636	1.0729	-
<b>2022</b>	<b>High</b>	1.0424	1.0425	1.0501	1.0555
	<b>Low</b>	1.0402	1.0405	1.0425	1.0500
<b>2021</b>	<b>High</b>	1.0380	1.0401	1.0411	1.0405
	<b>Low</b>	1.0366	1.0387	1.0405	1.0395

### **Holder**

As of September 30, 2023, there are 7 account holders of the Fund’s outstanding common stock, of which, Amalgamated Investment Bancorporation holds 201,658,120 shares out of the 201,663,126 outstanding shares.

## **Dividends**

Under the Revised Corporation Code, the Board of Directors of the Fund may declare dividends from the unrestricted retained earnings of the Fund at a time and percentage as the same Board may deem proper and in accordance with law. If dividends are to be declared, the computation and distribution shall be proportionate to the holdings or ownership of each of the stockholders. A Philippine corporation may retain all or any portion of such surplus when:

- justified by definite corporate expansion projects or programs approved by the Board of Directors; or
- the corporation is prohibited under any loan agreement with financial institutions or creditors, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured; or
- it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

The Fund shall comply with Revised Corporation Code rulings, SEC MC No. 16, Series of 2023 on Revised Guidelines on the Determination of Retained Earnings Available for Dividend Declaration or any amendment thereto.

Consistent with the Fund, the Fund may retain the surplus profits of the Fund in the retained earnings account when justified for a definite project or programs approved by the Board of Directors, or prohibited under any loan agreements with financial institutions or creditor, or when the retention is necessary under special circumstances in the Fund. Such accumulation is reflected in the computation of the NAVPS. Shareholders realize their gains when shares are redeemed. To date, there has been no distribution of dividends to shareholders. The Board of Directors of the Fund may amend the dividend policy as conditions warrant as long as the dividends to be declared will not impair the capital stock of the company.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATION**

### **Plan of Operation for the next 12 months**

The Fund's application to decrease its par by creation of additional paid in capital to the Securities and Exchange Commission has been approved and is now amending its registration statement and prospectus to reflect such changes. The Fund is completing its remaining requirements for the SEC to officially commence the review of the Fund's application, in accordance with the ICA, Security Regulations Code and the applicable rules.

Upon approval of the Fund's amendment of its registration statement and prospectus, the Fund will accept subscriptions and invest in Philippine Peso and Foreign currency denominated short-term securities or fixed income instruments representing high-quality, liquid debt and monetary instruments issued by the Philippine government and selected companies doing business in the Philippines.

The Fund does not own, lease or intend to acquire real properties in the next twelve (12) months. Neither will the Fund be purchasing or selling significant properties nor will it do the same for equipment. The Fund will not engage in research and development for any new projects. Lastly, the Fund does not expect any changes in the number of employees in the next twelve (12) months.

There are no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Fund's liquidity in any material way.

There was no contingent liability reflected in the accompanying audited financial statements.

The Fund does not anticipate having any cash flow or liquidity problems as it complies with the liquidity requirements per ICA-IRR 6.10. The Fund was able to meet all its monetary obligations to its shareholders (for redemption) and creditors for the period covered. It does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures, known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net income/revenue from the continuing operations of the Fund.

There are no other significant events and transactions from the last annual reporting period that is required for disclosure this year.

#### **FINANCIAL CONDITION (September 30, 2023 vs. December 31, 2022)**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>Movement</b>	<b>Percentage (%)</b>
<b>Assets</b>				
Cash and cash equivalents	₱119,927,817	₱212,905,806	(₱92,977,989)	(43.67%)
FI at amortized cost	98,455,281	–	98,455,281	N/A
Receivables	326,967	34,931	292,036	836.04%
<b>Liabilities</b>				
Accounts payable, accrued expenses and taxes payable	71,256	87,500	(16,244)	(18.56%)
<b>Equity</b>				
Common shares	201,663,126	201,663,126	–	–
Additional paid in capital	198	198	–	–
Retained earnings	16,975,485	11,189,913	5,785,572	51.70%

#### **ASSETS**

The total assets of the Fund increased by ₱5.77 million or 2.71% from ₱212.94 million to ₱218.71 million. The changes in total assets are primarily due to the movements in the following accounts:

##### ***Cash and cash equivalents***

This account consists of cash deposits in banks, time deposits and short-term placements. This account went down by ₱92.98 million or 43.67%, from ₱212.91 million in December 31, 2022 to ₱119.93 million in September 30, 2023. This decrease is mostly due to the purchase of government securities during the period amounting to ₱100.00 million.

##### ***Financial instruments at amortized cost***

This account consists of government securities purchased during the period. Purchases of government securities during the period amounted to ₱100.00 million. Unamortized discount as at September 30, 2023 amounted to ₱1.54 million and unamortized premium as at September 30, 2022 amounted to ₱0.01 million.

## *Receivables*

This account consists of accrued interest receivable from time deposits, short-term placements and interest-bearing government securities. This account went up by ₱0.29 million, from ₱0.03 million in December 31, 2022 to ₱0.33 million in September 30, 2023. This increase is due to the early placement of time deposits and short-term placements during the period.

## **LIABILITIES**

This account consists of withholding taxes payable and accruals of custody fees, transfer agent fees and audit fees. This account decreased by ₱0.02 million or 18.88% from ₱0.09 million to ₱0.07 million. The decrease is due to the payments made during the period.

## **EQUITY**

### *Capital stock*

The authorized capital of the Fund is ₱1.00 billion divided into 1.00 billion redeemable shares of ₱1.00 par value with each share carrying one vote. As at September 30, 2023, the issued and outstanding shares amounted to ₱201.66 million. There were no new issuances nor redemptions during the period ended September 30, 2023 and December 31, 2022.

### *Additional paid in capital*

This account represents payments for new issuances in excess of ₱1.00 par per share and its succeeding redemptions. There were no new issuances nor redemptions during the period ended September 30, 2023.

### *Retained earnings*

This account went up by ₱5.79 million or 51.70%, from ₱11.19 million as of December 31, 2022 to ₱16.98 million as of September 30, 2023. The increase is due to the results of operation during the period.

## **RESULTS OF OPERATION (September 30, 2023 vs. September 30, 2022)**

	<b>September 30, 2023</b>	<b>September 30, 2022</b>	<b>Movement</b>	<b>Percentage (%)</b>
<b>Income</b>				
Interest income	₱7,875,871	₱1,995,355	₱5,880,516	294.71%
Miscellaneous income	–	608,500	(608,500)	(100.00%)
<b>Expenses</b>				
Professional fees	128,497	150,000	(21,503)	(14.34%)
Custodianship fees	180,782	–	180,782	N/A
Transfer agent fees	100,727	–	100,727	N/A
Membership fee	55,000	–	55,000	N/A
Taxes and licenses	41,815	43,766	(1,951)	(4.46%)
Miscellaneous expenses	8,304	7,910	394	4.98%



For the period ended September 30, 2023, the Fund has earned a net income of ₱5.79 million, an increase of ₱3.78 million or 188.83%, compared to the net income of ₱2.00 million reported for the same period of the previous year. The difference is due to movements in various accounts discussed below.

#### ***Interest income***

This account consists of interest earned from cash in banks, time deposits, short-term placements and government securities. For the period ended September 30, 2023, the Fund earned interest amounting to ₱7.88 million, an increase of ₱5.88 million or 294.71% from ₱2.00 million interest earned from the same period of the previous year. This is mainly due to the higher interest rate of the time deposits and short-term placements compared to the interest rate from the previous year.

#### ***Miscellaneous income***

This account consists of reimbursement during the year 2022 by the asset management for the penalties paid to SEC in the year 2021. There were no reimbursements during the period ended September 30, 2023.

#### ***Professional fees***

This account consists of per diem of the directors and the accrual of audit fees. The balance in this account decreased by ₱0.02 million, representing a decline of 14.34%, moving from ₱0.15 million to ₱0.13 million. This reduction can be attributed mainly to a decrease in the per diem compensation disbursed to the directors as of September 30, 2023, in contrast to the corresponding period in the preceding year.

#### ***Custodianship fees***

This account pertains to accrual of custody fees started during the last quarter of the previous year. As of September 30, 2023 and 2022, this account amounted to ₱0.18 million and nil, respectively.

#### ***Transfer agent fees***

This account pertains to accrual of transfer agent fees started during the year. As of September 30, 2023 and 2022, this account amounted to ₱0.10 million and nil, respectively.

#### ***Membership fee***

This account pertains to payment of membership fee to Philippine Investment Funds Association (PIFA), a self-regulatory organization. The Fund joined the PIFA during the year. As of September 30, 2023 and 2022, this account amounted to ₱0.06 million and nil, respectively.

#### ***Taxes and licenses***

This account pertains to local taxes and fees paid to the SEC. As of September 30, 2023 and 2022, this account amounted to ₱0.04 million and ₱0.04 million, respectively.

### *Miscellaneous expenses*

This account pertains to notarial fees, bank charges, penalties and other expenses. As of September 30, 2023 and 2022, this account amounted to ₱0.01 million and ₱0.01 million, respectively.

### **FINANCIAL CONDITION (December 31, 2022 vs. December 31, 2021)**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>Movement</b>	<b>Percentage (%)</b>
<b>Assets</b>				
Cash and cash equivalents	₱212,905,806	₱208,986,181	₱3,919,625	1.88%
FI at amortized cost	–	–	–	–
Receivables	34,931	839,511	(804,580)	(95.84%)
<b>Liabilities</b>				
Accounts payable, accrued expenses and taxes payable	87,500	70,371	17,129	24.34%
<b>Equity</b>				
Common shares	201,663,126	201,663,126	–	–
Additional paid in capital	198	198	–	–
Retained earnings	11,189,913	8,091,997	3,097,916	38.28%

### **ASSETS**

The total assets of the Fund increased by ₱3.12 million or 1.48% from ₱209.83 million to ₱212.94 million. The changes in total assets are primarily due to the movements in the following accounts:

#### *Cash and cash equivalents*

This account consists of cash deposits in banks, time deposits and short-term placements. This account went up by ₱3.92 million or 1.88%, from ₱208.99 million in December 31, 2021 to ₱212.91 million in December 31, 2022. This increase is due to the interest received during the year.

#### *Financial instruments at amortized cost*

As at December 31, 2022 and 2021, the Fund has no outstanding financial instruments at amortized cost.

#### *Receivables*

This account consists of accrued interest receivable from time deposits and short-term placements. This account went down by ₱0.80 million or 95.84%, from ₱0.84 million in December 31, 2021 to ₱0.03 million in December 31, 2022. This increase is due to the higher collections of interest than the interest income recognized during the year.

### **LIABILITIES**

This account consists of withholding taxes payable and accruals of custody fees, transfer agent fees and audit fees. This account increased by ₱0.02 million or 24.34% from ₱0.07 million in December 31,

2021 to ₱0.09 million in December 31, 2022. The increase is due to higher accrual of expenses, mainly the custody fees.

## **EQUITY**

### ***Capital stock***

The authorized capital of the Fund is ₱1.00 billion divided into 1.00 billion redeemable shares of ₱1.00 par value with each share carrying one vote. As at December 31, 2022, the issued and outstanding shares amounted to ₱201.66 million. There were no new issuances nor redemptions during the year.

### ***Additional paid in capital***

This account represents payments for new issuances in excess of ₱1.00 par per share and its succeeding redemptions. There were no new issuances nor redemptions during the year ended December 31, 2022.

### ***Retained earnings***

This account went up by ₱3.10 million or 38.28%, from ₱8.09 million in December 31, 2021 to ₱11.19 million in December 31, 2022. The increase is due to the results of operation during the period.

## **RESULTS OF OPERATION (December 31, 2022 vs. December 31, 2021)**

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>Movement</b>	<b>Percentage (%)</b>
<b>Income</b>				
Interest income	₱3,629,239	₱2,550,315	₱ 1,078,924	42.31%
Miscellaneous income	608,500	–	608,500	N/A
<b>Expenses</b>				
Professional fees	292,100	387,771	(95,671)	(24.67%)
Custodianship fees	70,200	25,000	45,200	180.80%
Transfer agent fees	–	–	–	–
Membership fee	–	–	–	–
Taxes and licenses	43,766	36,587	7,179	28.72%
Penalties	–	723,500	(723,500)	N/A
Miscellaneous expenses	7,910	23,985	(16,076)	(67.03%)

For the year ended December 31, 2022, the Fund has earned a net income of ₱3.10 million, an increase of ₱2.25 million or 267.31%, compared to the net income of ₱0.84 million reported for the previous year.

### ***Interest income***

This account consists of interest earned from cash in banks, time deposits, short-term placements and government securities. For the year ended December 31, 2022, the Fund earned interest amounting to ₱3.63 million, an increase of ₱1.08 million or 42.31% from ₱2.55 million interest earned from the previous year. This is mainly due to the higher interest rate of the time deposits and short-term placements compared to the interest rate from the previous year.

### ***Miscellaneous income***

As of December 31, 2022, this account consists of reimbursement by the asset management for the penalties paid to SEC in the year 2021.

### ***Professional fees***

This account consists of per diem of the directors and the accrual of audit fees. This account went down by ₱0.10 million or 24.67%, from ₱0.39 million to ₱0.29 million, due to higher frequencies of board meetings during the year compared to the previous year.

### ***Custodianship fees***

This account pertains to custody fees. As of December 31, 2022, this account amounted to ₱0.70 million, ₱0.05 million or 180.80% higher than the balance of previous year amounting to ₱0.02 million.

### ***Transfer agent fees***

For the years ended December 31, 2022 and 2021, there were no transfer agent fee paid nor accrued.

### ***Membership fee***

For the years ended December 31, 2022 and 2021, there were no membership fee paid nor accrued.

### ***Taxes and licenses***

This account pertains to local taxes and fees paid to the SEC amounting to ₱0.04 million and is 19.62% higher compared to the previous year. The increase is due to the filing fees paid to the SEC.

### ***Penalties***

This account consists of penalties paid by the Fund to the SEC and BIR during the year 2021. As at December 31, 2022, the Fund has no penalty payable to the SEC and BIR.

### ***Miscellaneous expenses***

This account consists of various expenses such as notarial fees, bank charges and publication charges. This account decreased by ₱0.01 million from ₱0.02 million as of December 31, 2021 to ₱0.01 million as of December 31, 2022.

**FINANCIAL CONDITION (December 31, 2021 vs. December 31, 2020)**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>Movement</b>	<b>Percentage (%)</b>
<b>Assets</b>				
Cash and cash equivalents	₱208,986,181	₱218,838,690	(₱9,852,509)	(4.50%)
Receivables	839,511	241,333	598,178	247.86%
<b>Liabilities</b>				
Accounts payable, accrued expenses and taxes payable	70,371	10,173,309	(10,102,938)	(99.31%)
<b>Equity</b>				
Common shares	201,663,126	201,658,126	5,000	>0.01%
Additional paid in capital	198	–	198	N/A
Retained earnings	8,091,997	7,248,588	843,409	11.64%

**ASSETS**

The total assets of the Fund decreased by ₱9.25 million or 4.22% from ₱219.08 million to ₱209.83 million. The changes in total assets are primarily due to the movements in the following accounts:

***Cash and cash equivalents***

This account consists of cash deposits in banks, time deposits and short-term placements. This account went down by ₱9.85 million or 4.50%, from ₱218.84 million in December 31, 2020 to ₱208.99 million in December 31, 2021. This decrease is mainly due to the payment of payable to AIB amounting to ₱10.10 million during the year.

***Financial instruments at amortized cost***

As at December 31, 2021 and 2020, the Fund has no outstanding financial instruments at amortized cost.

***Receivables***

This account consists of accrued interest receivable from time deposits and short-term placements. This account went up by ₱0.60 million or 247.86%, from ₱0.24 million in December 31, 2020 to ₱0.84 million in December 31, 2021. This increase is due to the higher interest income recognized than the collections of interest during the year.

**LIABILITIES**

This account consists of withholding taxes payable, accruals of expenses and payables to related parties. This account decreased by ₱10.10 million from ₱10.17 million in December 31, 2020 to ₱0.07 million in December 31, 2021. The decrease is due to the payment of payable to AIB.

## EQUITY

### *Capital stock*

The authorized capital of the Fund is ₱1.00 billion divided into 1.00 billion redeemable shares of ₱1.00 par value with each share carrying one vote. As at December 31, 2021, the issued and outstanding shares amounted to ₱201.66 million. The Fund has a net subscription of 5,000 shares during the year compared to the net redemption of 48.34 million shares during the previous year.

### *Additional paid in capital*

This account represents payments for new issuances in excess of ₱1.00 par per share and its succeeding redemptions. For the year 2021, the net subscription resulted to an increase of ₱198 in additional paid in capital. The net redemption of the previous year did not affect this account.

### *Retained earnings*

This account went up by ₱0.84 million or 11.64%, from ₱7.25 million in December 31, 2020 to ₱8.09 million in December 31, 2021. The increase is due to the results of operation during the year.

## RESULTS OF OPERATION (December 31, 2021 vs. December 31, 2020)

	December 31, 2021	December 31, 2020	Movement	Percentage (%)
<b>Income</b>				
Interest income	₱2,550,315	₱4,931,778	(₱2,381,463)	(48.29%)
<b>Expenses</b>				
Professional fees	387,771	47,145	340,626	722.51%
Custodianship fees	25,000	–	25,000	N/A
Taxes and licenses	36,587	35,411	1,176	3.32%
Penalties	723,500	–	723,500	N/A
Miscellaneous expenses	23,985	–	23,985	N/A

For the year ended December 31, 2021, the Fund has earned a net income of ₱0.84 million, a decrease of ₱3.02 million or 78.17%, compared to the net income of ₱3.86 million reported for the previous year.

### *Interest income*

This account consists of interest earned from cash in banks, time deposits and short-term placements. For the year ended December 31, 2021, the Fund earned interest amounting to ₱2.55 million, a decrease of ₱2.38 million or 48.29% from ₱4.93 million interest earned from the previous year. This is mainly due to the lower interest rate of the time deposits and short-term placements compared to the interest rate from the previous year.

### *Miscellaneous income*

As of December 31, 2021 and 2020, the Fund did not recognize any miscellaneous income.

### ***Professional fees***

This account consists of per diem of the directors, audit fees and per diem of the Corporate Secretary. This account went up by ₱0.34 million or 722.51%, from ₱0.05 million to ₱0.39 million, due to the per diem of the new Corporate Secretary of the Fund during the year.

### ***Custodianship fees***

This account pertains to custody fees. As of December 31, 2021 and 2020, this account amounted to ₱0.03 million and nil, respectively. The difference is due to the engagement of custodian during the year.

### ***Transfer agent fees***

For the years ended December 31, 2021 and 2020, there were no transfer agent fee paid nor accrued.

### ***Membership fee***

For the years ended December 31, 2021 and 2020, there were no membership fee paid nor accrued.

### ***Taxes and licenses***

This account pertains to local taxes and fees paid to the SEC amounting to ₱0.04 million during the year ended December 31, 2021 and 2020. There were no major changes or difference in the taxes and licenses paid by the Fund during the year 2021 and 2020.

### ***Penalties***

This account consists of penalties paid by the Fund to the SEC and BIR during the year 2021 amounting to ₱0.72 million. As at December 31, 2020, the Fund has no penalty payable to the SEC and BIR.

### ***Miscellaneous expenses***

This account consists of various expenses such as notarial fees, bank charges and publication charges amounting to ₱0.02 million and nil during the period ended December 31, 2021 and 2020, respectively. The increase in this account is mainly due to various notarial fees, bank charges and printing of official receipts during the year 2021.

## **Top 5 Key Performance Indicators**

The Key Performance Indicators (KPI) are a set of quantifiable measures that is necessary to gauge its performance in terms of meeting the Fund's investment objective while consistently following its investment policy. The following are the top 5 KPIs related to the Fund for the period ended September 30, 2023:

1. **Total Return.** The performance of a mutual fund is expressed in terms of its total return, which is the sum of the change in a fund's NAV, its dividends and its capital gains distributions over a given period of time, net of its expenses.
2. **Market Conditions.** A fund's true performance potential needs to be evaluated within the context of the market environment prevailing during the different periods used. It is most

relevant to investors to measure the performance of a fund within a 5-year time frame as it will most likely cover a mix of market conditions that may be translated into a more reliable long-term indicator of the fund manager’s investment management abilities.

3. **Benchmarks.** Benchmarking is one of the most important aspects of a mutual fund’s total return performance. A fund’s performance metrics only have meaning if they are compared to appropriate “guideposts” or benchmarks.

As for the Fund, considering that it is invested in fixed income and other related securities of the Philippine Government, and commercial papers issued by corporations within the Philippines, certificates of deposits, and other short-term instruments, its performance is measured against the Bloomberg Philippine Sovereign Bond Index Money Market (BPHILMM). The source of BPHILMM is the Bloomberg Terminal. The BPHILMM appropriately reflects the Fund’s investment objective and investment portfolio.

As of September 30, 2023, the total return of the fund versus the benchmark is shown below.

	Benchmark: BPHILMM	AIB Money Market Mutual Fund, Inc.
5-Year Return	20.44%	N.A.
3-Year Return	8.44%	4.98%
1-Year Return	5.15%	3.25%
YTD Return	4.00%	2.72%

4. **Peer Comparisons.** Mutual funds are also compared to their peers, or peer groups, and relevant fund categories. For example, it is common for investment research materials to compare a bond fund, like the Fund, to funds similar in nature (peers or peer group).

It is important to note that our fund is new, and is therefore not of the same size as funds available in the market. The table below summarizes the details of AIB Money Market Mutual Fund’s main peers:

	ALFM Money Market mutual Fund, Inc	First Metro Save and Learn Money Market Fund, Inc.	Sun Life Prosperity Money Market Fund, Inc.
5-Year Return	2.53%	N/A	2.48%
3-Year Return	1.67%	1.67%	1.91%
1-Year Return	2.23%	2.89%	2.57%

\*As of September 30, 2023

5. **Asset Size.** Open-ended mutual funds grow their asset size in two ways:
  - i. Increase in the value of the underlying assets as a result of the strong performance of the securities in the fund’s portfolio. When the underlying assets in a portfolio increase in value, the fund’s asset size increases.
  - ii. The inflow of investors’ money. This is why a fund’s asset size will continue to grow even if it has a negative return.

The increase in a fund’s asset size signifies solid fund management skills which, combined with favorable market conditions backed by a strong economic outlook, illustrates how effectively a fund manager has performed and the extent to which value has been added through active management.

The second indicates investor confidence in the fund manager, the Fund, or both.



## **Financial Condition**

The Fund has yet to commence operations. Thus, the Fund's capital is sufficient to cover the operations within the next twelve months. Consequently, the Fund does not anticipate any cash flow or liquidation problems.

There are no events that will trigger direct or contingent financial obligation that are material to the Fund, including any default or acceleration of an obligation. There are also no material off-balance sheet transactions, arrangements, obligations and other relationships of the Fund with unsolicited entities or other created persons during the reporting period. There are no material commitments for capital expenditures. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material or unfavorable impact on net sales or revenues. There are also no significant elements of income or loss that did not arise from the Fund's operations because the Fund has yet to begin. There was no material change from period to period and no seasonal aspects that had a material effect on the financial condition or results of operations.

## **DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, OR CONTROL PERSONS**

### **Directors and Executive Officers**

The following, who are all Filipino citizens, are the Fund's Directors and Officers as of the date of this Prospectus:

1. Robert Charles M. Lehmann;
2. Servando B. Alvarez Jr.;
3. Augusto M. Cosio, Jr.;
4. Justina F. Callangan; and
5. Vicente Julian A. Sarza.

Other Officers of the Fund are:

1. President and CEO – Servando B. Alvarez Jr.;
2. Vice President and Compliance Officer – Jonef A. Samonte
3. Corporate Secretary – Stanley L. Saguinsin;
4. Treasurer – Marco Antonio S. Palanca

Each Director shall serve for a term of 1 year from his appointment and until his successor has been duly elected and qualified, provided however, that any director may be removed from office at any time with or without cause by a  $\frac{3}{4}$  vote of the subscribed capital stock entitled to vote.

No current member of the Board of Directors of the Fund, its Fund Manager, its Principal Distributor or any one of its distributors is related to each other up to the fourth civil degree either by consanguinity or affinity and no member of the Board has been the subject of any legal/criminal proceedings for the past five years.

All of the above directors and officers are Filipino citizens. Below is a description of each directors/officer's business experience during the last five (5) years.

**Robert Charles M. Lehmann, 67**, Filipino, is the chairman of the Fund since 2018. He joined Amalgamated Investment Bancorporation in 2017 and is also currently the President and CEO of the investment house. He used to be the Executive Vice President of Security Bank (2000-2002) and the Senior Vice President of Standard Chartered New York (1999-2000). He is also a director of the Philippine Eagle Foundation and Fruittropic, Inc. He finished his Masters in Business Administration from the University of San Francisco in 1979.

**Servando B. Alvarez Jr., 60**, Filipino, is the incorporator, director, and the current President of the Fund since 2015. He joined Amalgamated Investment Bancorporation in 1998 and is also currently the Chief Finance Officer and Executive Vice President of the investment house. He used to be a Senior Manager – Treasury Department in Urban Bank (1996-1998) and previously held various positions in Philippine American Life Insurance Company (1985-1996). He completed the Executive Program in International Management from Stanford University – National University of Singapore in 2011 and finished his Bachelors of Accountancy Degree in Polytechnic University of the Philippines in 1987.

**Augusto M. Cosio, Jr. 71**, is an independent director of the Fund since 2021. He served as President of First Metro Asset Management, Inc and has been a member of the First Metro Investment Corporation (FMIC) Investment committee since 2008. In FMIC, he held the position of Vice President from September 2006 – 2010. Mr. Cosio has had extensive experience in investments and the capital markets both locally and internationally. He served as consultant to the Mutual Fund Company of the Philippines (Kabuhayan Fund) in 2003. He was Vice President at Bank Austria Private Banking in Hong Kong from 2000 to 2001 managing portfolios for private clients. He was previously President of PNB Securities Inc. and a nominee and a member of the board of the Philippine Stock Exchange in 1999.

He had been an International capital markets practitioner from 1977 to 1994 having been connected with Banque Nationale de Paris (1977 – 1981) and Banque Paribas (1984 – 1994), the predecessors of the present BNP Paribas. Mr. Cosio worked in Hong Kong and Singapore for the Paribas capital markets group.

He is also a resource speaker for a fixed income resource courses at the Ateneo Center for Continuing Education and the University of Asia and the Pacific as well as for the PSE Certified Securities Specialist Course. He pursued his course of AB Social Science at the University of the Philippines finishing in 1974. He received further training in international capital markets through seminars and courses conducted by BNP Paribas in London, Paris, Tokyo and New York.

**Justina F. Callangan, 70**, Filipino, is an independent director of the Fund since 2021. Ms. Callangan also serves as a member at the Board of Directors of Securities Investor Protection Fund, and previously served as the Director of Corporate Governance and Finance Department (CGFD), formerly, Corporation Finance Department (CFD) of the Securities and Exchange Commission (SEC). Currently, Ms. Callangan is also an Independent Director of ORIX Metro Leasing Finance Corporation, a Consultant in ASA Philippines Foundation Inc., and MCLE Lecturer on various SEC matters for UP Institute for the Administration of Justice, Center for Global Best Practices, Inc., Publicly-Listed Companies and other organizations. Ms. Callangan was also a Former Chief of Staff in Office of the SEC Commissioner Fe Eloisa C. Gloria, an Assistant Professor in University of Santo Tomas Faculty of Civil Law and a Consultant in Listings department of Philippine Stock Exchange. She finished her Bachelor of Arts in Political Science as a Cum Laude in University of the East and Bachelor of Laws in San Sebastian College.

**Vicente Julian A. Sarza, 70**, Filipino, is an independent director of the Fund since 2021. He also serves as a member of the Board of Vitarich Corporation and HC Consumer Philippines Inc. as an Independent Director. Mr. Sarza also served at the Board of Mabuhay Capital Inc. as Director and Chief Operating Officer. He was a Consultant in Radiowealth Finance Corporation, Chairman/President of Central Negros Power Reliability Corp., Senior Vice President at Asia United Bank Corp., Principal at KPMG Manabat Sanagustin & Co., General Manager of Trinity Insurance Consultants, Inc., Assistant Vice President at Producers Bank of the Philippines, President & Chief Operating Officer for UCPB Savings Bank, Inc. and a Manager for United Coconut Planters Bank. He received an undergraduate degree and a graduate degree from the University of Ateneo de Manila.

**Stanley L. Saguinsin, 57**, Filipino, is the Corporate Secretary of the Fund since 2019. He is also currently a Vice President of Amalgamated Investment Bancorporation since 2000. Mr. Saguinsin received his MBA from the Asian Institute of Management in 1991.

**Jonef A. Samonte, 53**, is the Vice President and Compliance Officer of the Fund since 2021. Prior to joining AAAMI, he was a Vice President and Head of Partnership Distribution Unit in First Metro Asset Management, Inc. from 2016 to 2020. Mr. Samonte was also with Manulife Philippines from 2012 to 2016 during which time he held the position of Assistant Vice President – New Markets Development & Agency Recruitment and Branch Head of Perseus Branch. From 2009 to 2012 he was the director of Gnostek and headed the non-technical glass reinforced systems. In Generali Pilipinas Insurance, Co., from 2006 to 2009, he was the Senior Assistant Vice President and the Channel Head (Nonlife). Mr. Samonte was also with One Gen Marketing Services as a General Manager and the Operations Head of Agencies and Branches for American International Group (AIG) Philam Insurance. Other notable positions held were Assistance Vice President Specialized Marketing Services, International Operations in Platinum Plans Phil., Inc (2000 to 2002). He finished his tertiary education at the University of the Philippines earning a Bachelor of Science in Hotel & Restaurant Administration.

**Marco Antonio S. Palanca, 38**, is the Treasurer of the Fund since 2023. He was also the Assistant Treasurer of the Fund from 2020 to 2022. He is also an Assistant Vice President at AIB Asia Asset Management, Inc. since 2020. He was previously the Head of Agency in Generali Life Assurance Philippines from 2019 to 2020, an Agency Development Department Head in First Metro Asset Management, Inc. from 2016 to 2019 and a Senior Training Officer in Manulife Philippines from 2014 to 2016. He finished his Bachelor of Sports Science in University of the Philippines Diliman in 2008.

### **Incorporators**

The incorporators of the Fund are:

1. Jose V. Cruz;
2. Servando B. Alvarez Jr.;
3. Girard B. Matutina;
4. Stanley L. Saguinsin; and
5. Linette B. San Diego.

As of the date of this Prospectus, the following is the breakdown of the Fund’s ownership. This was a result of the assignment of subscription rights from.

### **Security Record of Certain Record and Beneficial Owners as of September 30, 2023**

<b>Type of Share Class</b>	<b>Name and Address</b>	<b>Nature of Ownership</b>	<b>Citizenship</b>	<b>Number of shares</b>	<b>% holdings</b>
Common	Amalgamated Investment Bancorporation  11 <sup>th</sup> Floor, Multinational Bancorporation Centre, 6805 Ayala Avenue, 1226, Makati City  Beneficial owner: Ng Kah Lin	Record/Beneficial /Shareholder	Filipino	201,658,120 shares	99.99%

Amalgamated Investment Bancorporation (AIB) is the registered owner of the shares in the books of the Fund. The Board of Directors of AIB has the right to appoint actual person or persons acting individually or jointly to direct the voting or disposition of the shares held by the corporation. The person who will exercise the voting powers over the shares of AIB is Mr. Robert Charles M. Lehmann or any officers appointed by the Board.

### Security Ownership of Management as of September 30, 2023

Type of Share Class	Name and Address	Citizenship	Number of shares	% holdings
Common	Robert Charles M. Lehmann  Unit 38 BC Tower 2 Alphaland Makati Place, 7232 Ayala Avenue, Makati City	Filipino	1 share	> 0.01%
Common	Servando B. Alvarez Jr.  Unit 2306, Rada Regency, 100 Rada cor. Dela Rosa Sts., Makati City	Filipino	1 share	> 0.01%
Common	Augusto M. Cosio Jr.*  11 New Jersey Street, New Manila, Quezon City	Filipino	1 share	> 0.01%
Common	Justina F. Callangan*  B164 L17 Castello St., Casa Milan, North Fairview, Quezon City	Filipino	5,001 shares	> 0.01%
Common	Vicente Julian A. Sarza*  164 Champaca St. Tahanan Village, Parañaque	Filipino	1 share	> 0.01%
Common	Stanley L. Saguinsin  5623 Tengco St., Brgy. Pio Del Pilar St., Makati City	Filipino	1 share	> 0.01%
Common	Jonef A. Samonte  4 Vicente Recto St., BF Homes, Paranaque City	Filipino	Nil	Nil
Common	Marco Antonio S. Palanca  33 Alvarez Street, Project 4, Quezon City	Filipino	Nil	Nil

*\*independent directors*

### Family Relationships

There is no family relationship between and among the directors and executive officers of the Fund.

## **Involvement in Certain Legal Proceedings**

None of the directors or executive officers of the Fund and the Fund Manager has been involved during the past five (5) years in any legal proceedings which is material to an evaluation of their ability or integrity to serve as such, including, bankruptcy petition, conviction by final judgment, domestic or foreign criminal proceeding, being subject to any order, judgment or decree, or violation of a securities, banking or commodities law.

## **Certain Relationships and Related Transactions**

There has been no material transaction during the year nor is there any material transaction currently proposed to which the Fund was, or is a party, or in which any director or executive officer of the Fund, any nominee for election, any owner of more than five percent (5%) of the Fund's voting shares, or any member of the immediate family of any such director or officer, had or is to have a direct or indirect material interest.

Related party transactions consist mainly of management and other fees paid in accordance with the Management and Distribution Agreement with AAAMI.

The directors and officers of the Fund and Fund Manager are not involved in any companies that the Fund deals with.

## **Significant Employees**

The Fund does not employ personnel. Day-to-day operations are carried out by AAAMI, pursuant to the terms and conditions of the Management Agreement by the Fund with AAAMI. Further, there is no person who is not an executive officer who is expected to make a significant contribution to the business of the Fund.

## **Voting Trust Holders of 5% or More**

There were no persons holding more than 5% of a class of shares of the Fund under a voting trust or similar agreement as of the date of this Prospectus.

## **Change in Control**

As of the date of this Prospectus, there are no arrangements which may result in a change in control of the Fund.

## **COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE**

The Fund is committed to good corporate governance and has implemented a comprehensive program to ensure compliance with leading practices. This program includes but not limited to:

**Board and Committee Charters:** The Board and its committees have adopted charters that set out their respective roles, responsibilities, and authorities.

**Whistleblowing Policy:** The company has a whistleblowing policy that encourages employees to report concerns about potential violations of corporate governance policies.

**Alternative Dispute Resolution Policy:** The company has an alternative dispute resolution policy that provides a mechanism for resolving disputes between the company and its employees or other stakeholders.

**Anti-Money Laundering Manual:** The company has an anti-money laundering manual that sets out the company's policies and procedures for preventing and detecting money laundering.

**Manual on Corporate Governance:** The company has a manual on corporate governance that sets out the company's overall corporate governance framework.

### **Compliance with Leading Practices**

The Fund has implemented a number of measures to ensure compliance with leading practices on corporate governance. These measures include:

- **Regular training for directors and officers on corporate governance:** The company provides regular training for its directors and officers on corporate governance. This training covers topics such as the company's corporate governance framework, the company's code of conduct, and the company's whistleblowing policy.
- **Annual review and update of the Manual on Corporate Governance:** The company's Manual on Corporate Governance is reviewed and updated annually to ensure that it is kept abreast of leading practices on corporate governance.
- **A Compliance Officer who is responsible for monitoring compliance with the Manual and the rules and regulations of regulatory agencies:** The company has a Compliance Officer who is responsible for monitoring compliance with the Manual and the rules and regulations of regulatory agencies. The Compliance Officer reports to the Board on the company's compliance with corporate governance policies and procedures.
- **An annual Board Self-Assessment that directors and top management complete to evaluate their level of compliance with the Manual:** The company's directors and top management complete an annual Board Self-Assessment to evaluate their level of compliance with the Manual. The results of the assessment are reviewed by the Board and used to identify areas where the company's corporate governance practices can be improved.
- **A program to monitor relevant regulations and evaluate and recommend changes to the company's corporate governance practices as required by recent regulations:** The company has a program to monitor relevant regulations and evaluate and recommend changes to the company's corporate governance practices as required by recent regulations. This program ensures that the company's corporate governance practices are always up-to-date and compliant with the latest regulatory requirements.
- **Plans to conduct periodic assessment and validation of the company's actual compliance with its Manual:** The company plans to conduct periodic assessment and validation of its actual compliance with its Manual. This will help to ensure that the company is consistently compliant with its corporate governance policies and procedures.

The Fund is committed to good corporate governance and has implemented a comprehensive program to ensure compliance with leading practices. The company's corporate governance framework is designed to protect the interests of its stakeholders and to ensure that the company is managed in a transparent and accountable manner.

All of the directors and officers of the Fund have attended seminars on corporate governance given by an SEC-accredited provider. The Board reviews and updates its Manual on Corporate Governance at least annually to ensure that it is kept abreast of global leading practices and principles on good corporate governance. At least annually, the directors accomplish a Board Effectiveness Questionnaire to determine their level of compliance, as well as top management's. There have been no deviations from the manual. The Board recently amended the Corporate Governance manual to incorporate provisions requiring the annual performance evaluation of the BOD members and the executive management. The Fund has adopted self-rating sheets which are being accomplished by the directors and senior officers. Charters of all board-level committees were also updated to incorporate this corporate governance scorecard. Moving forward, the Fund also intends to conduct periodic assessment and validation of its actual compliance with its Manual.

## **EXECUTIVE COMPENSATION**

The Fund's executive officers and directors who are officers and/or employees of Amalgamated Investment Bancorporation and/or AAAMI do not receive any form of compensation as such from the time of their appointments up to the present.

The Fund's Directors and Key Officers who are not officers and/or employees of Amalgamated Investment Bancorporation and AAAMI (i.e., "Independent Directors") receive a per diem for their attendance at regular or special meetings of the board at the rate of PHP25,000.00 per meeting per Director. There are no other forms of compensation which such Directors and Key Officers are entitled to receive for meetings attended. There are no standard arrangements with the Directors. Such remuneration to be paid for by the Fund may be adjusted in the future as may be warranted by existing fund levels and other factors.

The total per diem received by the Fund's directors for the years 2022, 2021 and the estimated per diem for the year 2023 are as follows:

<b>DIRECTOR</b>	<b>2023 (estimate)</b>	<b>2022</b>	<b>2021</b>
Robert Charles M. Lehmann	-	-	-
Servando B. Alvarez Jr.	-	-	-
Augusto M. Cosio Jr.	PHP25,000	PHP75,000	PHP25,000
Justina F. Callangan	PHP25,000	PHP75,000	PHP25,000
Vicente Julian A. Sarza	PHP25,000	PHP75,000	PHP25,000
<b>TOTAL</b>	<b>PHP75,000</b>	<b>PHP225,000</b>	<b>PHP75,000</b>

## **CHANGES IN AND DISAGREEMENTS WITH ACCOUNT ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The financial statements of the Fund as at and for the years ended December 31, 2020 and 2021 were audited by Roxas Cruz Tagle and Co. Mr. Jarred D. Pereña has been the partner assigned to audit the Fund for the December 31, 2020 audit period, replacing Mr. Aljuver R. Gamao.

For the audit of the financial statements of the Fund as at and for the year ended December 31, 2022, the Board of Directors of the Fund appointed Isla Lipana & Co., PWC Member Firm to replace Roxas Cruz Tagle and Co., as the external auditor. Ms. Ruth F. Blasco-Viguilla will be the assigned partner to audit the Fund for the year 2022.

The change in auditor occurred to align with the group's policy that requires the external auditor to be affiliated with one of the top 10 international audit firms. Since the previous external auditor ceased to

be affiliated with BDO Global, the Fund made the decision to change external auditor for the audit of the 2022 financial statements in a special stockholders meeting held on August 8, 2022.

There has been no disagreement with Roxas Cruz Tagle and Co. on any accounting and financial disclosures.

### **External Audit Fees and Services**

The Fund has paid PHP0.14 million to Roxas Cruz Tagle and Co. for its external audit services from 2020 to 2021. There were no other related services provided by the external auditor for tax accounting, compliance, advice, and planning except for the above. The Fund is expecting to pay Isla Lipana & Co., PWC Member Firm PHP67,100 for the audit of the financial statements as at and for the year ended December 31, 2022.

The Fund's Audit Committee reviews the client service plan and service fee proposal presented by the external auditor and recommends such for the approval of the Board of Directors, if found acceptable. Under the supervision of the Audit Committee, rules and procedures on financial reporting and internal control shall be formulated in accordance with the following guidelines: the Fund should consistently comply with the financial reporting requirements of the Commission; the external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Fund, should be changed with the same frequency; and amendments approved by the Board or as required by the Commission.



## SUMMARY OF PRINCIPAL AGREEMENTS

The following is a summary of the material terms of the principal agreements related to the business of the Fund and should not be considered to be a full statement of the terms and provisions of such agreements. Accordingly, the following summary is qualified by reference to each agreement and is subject to the full text of each agreement:

### **Management Agreement**

The Fund executed a Management and Distribution Agreement with the Fund Manager, AAAMI. A copy of said Agreement has been submitted to the SEC.

AAAMI shall act as the Fund's Investment Manager and/or Fund Manager pursuant to the Management Agreement and, as such, is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management and technical services to the Fund. It is primarily responsible for the execution of the Fund's portfolio transactions and the allocation of brokerage commissions. AAAMI makes investment decisions, prepares and makes available research and statistical data, and invests with respect to the purchase and sale of securities on behalf of the Fund, including the selection of brokers and dealers to carry out the transactions, all in accordance with the Fund's investment objective and policies.

The Fund Manager is incorporated to principally engage in the business of managing an Investment Company. AAAMI is an SEC-licensed Investment Company Adviser.

The Fund vests upon the Fund Manager the authority, without need of prior approval or prior notification to the Fund, to purchase and sell the securities and investments of the Fund and otherwise make or dispose of investments for the account of the Fund, within the limits of the guidelines set by law, the regulations set by the SEC, and the investment policies of the Fund.

The Fund Manager is further authorized to take charge of the collection of interests, dividends or other payments due on all securities and investments owned by the Fund and shall, on behalf of and for the benefit of the Fund, exercise any and all rights of the Fund appurtenant to such securities and investments such as the exercise of any preemptive rights, redemption rights, options, and others. The Fund Manager shall use voting rights for quorum purposes only. Nonetheless, in the event of unusual circumstances, the Fund Manager may request the Fund in writing for permission to exercise voting rights for other specified purposes.

The Fund Manager may charge a monthly management fee (inclusive of distribution fee) equivalent of up to 1.5% per annum of the average net asset value of the Fund's assets, computed on a daily basis.

In addition to those mentioned above, the Fund Manager shall also prepare and submit information and data relating to economic conditions, industries, and securities as may be required by the Fund's Board of Directors or as the Fund Manager may deem to be helpful in the formulation and evaluation of its investment policies or guidelines. The Fund Manager shall also prepare a monthly report on the revenues and disbursements broken-down as to investments and expenses; sales and redemptions; and performance, change or status of the Fund's assets. The services of the Fund Manager shall also include accounting, bookkeeping, clerical, and administrative services in the ordinary conduct of the Fund's activities, other than those services provided by the custodian and the auditor.

The Fund Manager shall maintain records, arrange for participants to receive accounts, reports and statements either in hard/physical copies or by electronic means such as but not limited to, transmitting

via electronic communication with soft-copy attachments. The participants should be given the option to request for hardcopy accounts and reports within one month from the notification of the availability of the accounts and reports. The fund manager should cause to be made available, hardcopies of the accounts and reports to any participant who provides a written request thereof within ten (10) business days from the date of request or whenever practicable in case of any fortuitous event and other circumstances upon notification by the fund manager of such fortuitous event to the Commission through a Current Report. Participants should also be allowed at any time to opt for hardcopies for all future reports and accounts.

The Fund Manager shall also ensure that all assets of the Fund are deposited with an independent custodian except those which cannot be placed in the custody of the custodian such as: (1) Investments in deposits; (2) Investments in other foreign/domestic collective investment schemes provided that the custodian and transfer agent (if applicable) of the CIS is approved by local regulations or registered/authorized/approved, as the case may be, by a regulatory authority that is an ordinary or associate member of the IOSCO; (3) OTC Derivatives; and (4) Such other assets as may be allowed by the Commission.

**Guidance:** All other assets which by their nature cannot be held in custody by the Custodian are subject to the fund manager's record-keeping obligation and oversight function by the IOE. In such cases, the IOE must be informed of the records of those assets for which it is satisfied that the investment company holds ownership of such assets.

The Fund Manager shall perform the duties and responsibilities of fund managers under the Investment Company Act and Its Implementing Rules and Regulations and other applicable laws and regulations.

### **Distribution Agreement**

The Fund executed a Management and Distribution Agreement with the Principal Distributor. A copy of said Agreement has been submitted to the SEC.

AAAMI serves as the Fund's Principal Distributor. Shares shall be sold primarily through the Fund's Principal Distributor and its eligible sales agents, who have taken and passed the mutual fund sales agents licensing examination given by the SEC.

AAAMI shall be paid a monthly distribution fee (inclusive of the management fee) equivalent of up to 1.5% per annum of the average net asset value of the Fund's assets, computed on a daily basis.

The Fund, by itself, or through the Principal Distributor, reserves the right to enter into other Sub-Distribution agreements with other qualified institutions. Distributors may likewise enter into selling agreements to provide distribution assistance or to promote the sale of the Shares of the Fund.

Shares in the Fund shall be available through a continuous offering to the public based on the Fund's prevailing NAVPS at the time of sale. The SEC, the Fund or AAAMI may suspend the continuous offering of Shares to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume the offering from time to time. Neither AAAMI nor its eligible sales agents are permitted to withhold placing orders to benefit themselves from a price change.

All proceeds from the sale of the Shares, including the original subscription/payments at the time of incorporation constituting the paid-in capital of the Fund shall be held by the designated Custodian, Landbank of the Philippines.

AAAMI, as the Fund’s Principal Distributor will be in-charge of monitoring the Fund’s distribution in all its accredited channels and sub-distributors. This includes monitoring of their compliance with the Investment Company Act and its implementing rules and regulations.

**Custody Agreement**

The Fund executed a Custody Agreement with Landbank of the Philippines as Custodian. A copy of said Custody Agreement has been submitted to the SEC.

Landbank of the Philippines has been designated as the Fund’s Custodian for the purpose of holding the relevant securities and investments of the Fund. In consideration of the services that the Custodian will render, the Fund shall pay the Custodian all fees, charges and obligations incurred from time to time for services rendered pursuant to the Custody Agreement between the Fund and Landbank of the Philippines. As Custodian, Landbank of the Philippines shall be paid reasonable fees:

Custody Fee	Up to 0.023% p.a or a minimum of Php20,000 per month plus 12% VAT
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**Transfer Agent Agreement**

The Fund executed an agreement with STSI to act as the Transfer Agent. A copy of said agreement has been submitted to the SEC.

STSI shall serve as the Fund’s Transfer Agent. As Transfer Agent, STSI shall provide administrative functions for the Fund such as the proper maintenance of the Fund’s corporate books, including the official stock and transfer books, issuance of Depository Receipts in lieu of stock certificates, stock certificates, payment of dividends, if any, and the timely preparation of reports and compliance with applicable regulatory requirements inherent to open-end investment companies. STSI shall also handle the periodic preparation and mailing of shareholder statements and management reports, as required.

In consideration of the services to be rendered by STSI as Registrar and Stock Transfer Agent, the Fund shall pay STSI reasonable fees for its services:

Transfer Agent Fee	PHP11,200.00 per month
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**Delegation of Fund Management or Custody of Assets**

The Fund Manager may delegate any of its functions by entering into an agreement with other parties necessary in the its operation. However, such delegations or outsourcing shall be subject to the limitations set forth in Rule 5.1.6 of 2018 Investment Company Act and its Implementing Rules and Regulations, and other relevant laws and regulations.

As of September 30, 2023, the Fund Manager has not entered into any contract delegating its functions or custody of the Fund’s assets.

## TAXATION

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding, and redeeming shares of the Fund. Tax related laws, rules and regulations are factors that are subject to rapid change and which could affect the performance of the Fund.

Gains realized by investors upon redemption of their shares in a mutual fund shall not be included in gross income and shall be exempt from taxation as stated in Sec. 32 (B) (7) (h) of R.A. No. 8424 or National Internal Revenue Code (NIRC) as amended.

Dividends received from a domestic corporation by individual investors who are citizens and residents of the Philippines are subject to withholding tax of 10%. Dividends received from a domestic corporation by domestic corporation are not subject to income tax.

A documentary stamp tax (DST) is imposed on every original issuance of stock certificates at the rate of Php2.00 for every Php 200 (or a fraction thereof) of par value. The said DST is paid by the Fund.

Income derived from doing business in the Philippines, net of allowable deductions, is subject to tax at the rate of twenty-five percent (25%) effective July 1, 2020 as amended by the Comprehensive Recovery and Tax Incentives for Enterprises (CREATE) Act (Republic Act 11534)