

AMENDED PROSPECTUS

PAMI EQUITY INDEX FUND, INC. (formerly PAMI Global Emerging Markets Fund, Inc.)*

NINETY-ONE MILLION NINE HUNDRED FORTY-SIX THOUSAND NINE HUNDRED (91,946,900) SHARES OF COMMON AND VOTING STOCKS OF THE **PAMI EQUITY INDEX FUND (PEIF)** AMOUNTING TO PHP41,376,105.00 AT A PAR VALUE OF PHP 0.45 WILL BE OFFERED TO THE PUBLIC AT CURRENT NET ASSET VALUE PER SHARE. THE FUND SHALL BE READY TO BUY FROM AND SELL SHARES TO THE PUBLIC AT ANY OF ITS OFFICES AND BRANCHES.

THE FUND'S SHARES WILL BE SOLD OVER THE COUNTER. PHILAM ASSET MANAGEMENT, INC. IS THE FUND'S DISTRIBUTOR AND INVESTMENT MANAGER.

As of May 5, 2017

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

PAMI EQUITY INDEX FUND, INC.

This Prospectus pertains to the registration and offer for subscription of an additional 87,946,900 new shares pursuant to the application for increase in authorized capital stock from 4,000,000 to 91,946,900 common shares which was approved by the Securities and Exchange Commission ("SEC") on October 19, 2016.

The increase in the Company's authorized capital stock, approved by the SEC on October 19, 2016, was brought about by the Fund's successful distribution activities which is a direct result of the Fund's impressive performance in 2015. Subject to the registration of the additional 87,946,900 shares with the SEC, the offering of the same to the public will allow the Fund to further improve its diversification and overall performance.

PEIF's shares will be offered to the public based on its net asset value per share, with a minimum investment of Php1,000.00¹ unless the SEC prescribes otherwise. All sales shall be on a cash basis and instalment sales are prohibited.

Estimated gross proceeds of the 87,946,900 shares, if sold at the net asset value per share ("NAVPS") as of March 22, 2017 of Php48.2263, is Php4,241,353,583.47. All proceeds will be held by the custodian bank.

The Fund plans to use the proceeds from the sale of its shares to invest in stock companies comprising the PSEi, in the same way as that of the Index. All proceeds from the sale of shares/securities, including the original subscription or payments at the time of incorporation shall be held by a custodian bank.

The Fund is exposed to financial risk. The more important components of this financial risk are, in order of importance, credit risk, liquidity risk and market risk. More details are discussed in the "Risk Factors" section of this Prospectus.

The SEC, pursuant to SEC Memorandum Circular No. 7, series of 2005, or the "Guidelines on the Evaluation of Foreign Investments by Mutual Fund Companies" allows mutual fund companies to invest up to 100% of its assets in foreign securities.

The Company does not plan to declare cash dividends². Surplus profits of the Company (if any), will be used as additional proceeds to invest in eligible securities.

The Fund is a domestic corporation, incorporated on February 06, 2009, with principal business office address at:

17th FLOOR NET LIMA BUILDING, 5TH AVE COR. 26TH STREET
BONIFACIO GLOBAL CITY, TAGUIG 1634
TELEPHONE NUMBERS: (632) 521-6300
FAX NUMBERS: (632) 528-5093

The Company acquired its secondary license as an open-end investment company or "mutual fund" from the SEC on June 10, 2015. It is engaged primarily in the business of investing, reinvesting and trading in securities and the sale of its shares. As a licensed open-end investment company, it offers to the public, on a continuing basis, redeemable shares of stock, at the current Net Asset Value Per Share.

¹ As amended by a majority vote of the Board of Directors during its Regular Meeting on 14 June 2016 at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City and ratified by a majority vote by its stockholders during the Special Shareholders' Meeting held at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City on 13 March 2017.

² As amended by a majority vote of the Board of Directors during its Regular Meeting on 14 June 2016 at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City and ratified by a majority vote by its stockholders during the Special Shareholders' Meeting held at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City on 13 March 2017.

The Investment Manager (or “Fund Manager”) of the Fund is Philam Asset Management, Inc. (PAMI). As investment manager and principal distributor, PAMI is entitled to a management fee equivalent to 1/8 of 1% per month, or 1.5% per year, of the average net asset value of the Fund per month computed on a daily basis.

The Fund Manager will also receive from the Fund a sales load fee based on the following schedule:

Investment Amount (in PHP)	Sales Load	VAT on Sales Load (12%)
Less than 100,000	3.0%	0.36%
100,000 to 499,999.99	2.5%	0.30%
500,000 to 999,999.99	2.0%	0.24%
1,000,000 to 4,999,999.99	1.5%	0.18%
5,000,000 to 9,999,999.99	1.0%	0.12%
10,000,000 and above	0.5%	0.06%

PEIF shares are offered solely on the basis of the information contained and the representations made in this Prospectus. No dealer, salesman, or other person has been authorized by The Fund or the Fund Manager to issue any advertisement or to give any information or make any representation in connection with the offering other than those contained in this Prospectus 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 Issue Manager.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Fund or the Fund Manager to subscribe for or purchase any of the PEIF shares. Neither may this Prospectus be used as an offer to, or solicitation by, anyone in any jurisdiction nor in any circumstance in which such offer or solicitation is not authorized or lawful. The distribution of this Prospectus and the offer in certain jurisdictions may be restricted by Law. Persons who come into possession of this Prospectus are required by the Fund and the Fund Manager to inform themselves about, and to observe any such restrictions.

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THE PAMI EQUITY INDEX FUND, INC.

The PAMI Equity Index Fund, Inc. (“PEIF” or the “Fund”) is an open-end investment company established in accordance with Republic Act No. 2629, otherwise known as the Investment Company Act (RA 2629) and duly registered with and regulated by the Securities and Exchange Commission.

PEIF will be denominated in Philippine Peso, and its shares will be offered to the public based on its Net Asset Value per Share (NAVPS). All sales shall be on a cash basis and installment sales are prohibited.

The investment objective of the Fund is to provide retail investors an opportunity to invest in the stock market through investing in a basket of stocks comprising the PSE Composite Index (“PSEi”) in such proportion that the performance of Fund attempts to match that of the PSEi. The Fund is directed towards capitalizing on the long-term positive prospects of the Philippine economy. The fund is also available to institutional investors.

PEIF is a stock fund and therefore classified as moderate to high in risk. It is most appropriate for investors who are aware of the risks in investing in stocks and who believe in the upside potential of the Philippine stock market.

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund’s investments. Such changes in 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.

Philam Asset Management, Inc. (PAMI) is the investment manager of the Fund and a wholly owned subsidiary of the Philippine American Life and General Insurance Company (“Philam Life”), one of the largest insurance companies in the Philippines and a subsidiary of American International Assurance (“AIA”). Philam Life is a household brand in insurance with over 65 years of presence in the country providing protection and savings to more than one million individual and corporate clients.

RISKS OF INVESTING

GENERAL RISK WARNING

- The prices of securities fluctuate as a result of market conditions and any individual security may experience upward or downward movements and may even become valueless. There is a risk that losses may be incurred as a result of buying and selling securities.
- Past performance is not indicative of future performance.
- There may be a 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 different levels of risk.
- Risks associated in investing in PEIF are further discussed under “Risk Factors” of this prospectus on page 9 onwards.

PRUDENCE REQUIRED

The risk disclosure statement 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 of the trading of securities before commencing on any trading activity. He/she may request information on the securities and issuer thereof from the Securities and Exchange Commission (SEC) which is 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 or the nature of risks involved in trading of securities, especially high-risk securities.

PAMI EQUITY INDEX FUND, INC. Financial Highlights

	For the Year Ending December 31, 2016 (Audited)	For the Year Ending December 31, 2015 (Audited)	For the Year Ending December 31, 2014*
INVESTMENT INCOME (LOSS)	34,474	5,721	
OPERATING EXPENSES	135,658	73,611	
PROVISION FOR INCOME TAX	69	83	
NET INVESTMENT INCOME (LOSS)	(101,253)	(67,973)	
TOTAL ASSETS	2,729,730	1,549,983	
TOTAL LIABILITIES	30,279	1,426,804	
NET ASSETS	2,699,451	123,179	
NAVPS	45.3843	46.7110	

* The Company has not yet started commercial operations.

GLOSSARY

Term	Definition
BSP	Bangko Sentral ng Pilipinas
CITI	Citibank, N.A.; the Custodian Bank of PEIF
Isla Lipana	Isla Lipana and Co.; the appointed external auditor of PEIF
NAV	Net Asset Value, which refers to the value of the assets of the fund, less its liabilities
NAVPS	Net Asset Value Per Share, which is computed as NAV divided by the outstanding number of shares
PAMI	Philam Asset Management, Inc.; the Fund Manager of PEIF
PEIF	PAMI Equity Index Fund

Philam Life	The Philippine American Life and Insurance Company
PHP or Php	Philippine Peso, which is the currency of the Philippines
PSE	Philippine Stock Exchange
PSEi	Philippine Stock Exchange Index, which is the benchmark of PEIF
SEC	Securities and Exchange Commission

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BUT HAS NOT YET BEEN DECLARED EFFECTIVE. NO OFFER TO BUY THE SECURITIES CAN BE ACCEPTED AND NO PART OF THE PURCHASE PRICE CAN BE ACCEPTED OR RECEIVED UNTIL THE REGISTRATION STATEMENT HAS BECOME EFFECTIVE, AND ANY SUCH OFFER MAY BE WITHDRAWN OR REVOKED, WITHOUT OBLIGATION OR COMMITMENT OF ANY KIND, AT ANY TIME PRIOR TO NOTICE OF ITS ACCEPTANCE GIVEN AFTER THE EFFECTIVE DATE. AN INDICATION OF INTEREST IN RESPONSE HERETO INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY.

RISK FACTORS

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. With the adoption of the Philippine Accounting Standards (PAS) that requires all assets to be valued on a marked-to-market basis, PEIF's NAVPS will experience volatility due to changes in the underlying securities. Such changes in 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. Investment companies, unlike bank deposits are not covered by the Philippine Deposit Insurance Corporation (PDIC). Listed below, in order of importance, is a summary of some of the risks and their potential effect on the investor:

- ❖ **Market Risk:** Market risk is the risk of change in the fair value of financial assets due to market fluctuations (currency, interest rates and market prices) whether such change in price is caused by factors specific to the individual asset or fund or its issuer or by factors affecting all assets traded in the market.

The Fund structures levels of market risk it accepts through a market risk policy that determines the following: what constitutes market risk for the Fund; basis used to fair value financial assets and liabilities; asset allocation and portfolio limit structure; diversification benchmarks by type of instrument; the net exposure limits by each counterparty or group of counterparties and industry segments; control over hedging activities; reports market risk exposures; compliance with market risk policy and review of market risk policy for pertinence and changing environment.

- ❖ **Countries / Regulatory Risks:** Investment in securities of Issuers involves risks associated with the Countries' economies, including high inflation and interest rates, large amounts of external debt as well as political and social uncertainties. The funds' operations are also subject to various regulations including but not limited to accounting of assets and taxation. Regulations do change and as a result investors may experience lower investment returns or to some extent even losses. For example, increase in income tax rate imposed during the year would result in lower returns.

Substantially all of the Fund's Assets are based in the Philippines which exposes the Fund to risks associated with the country and its economy. Factors that may adversely affect the Philippine economy in the foreseeable future include: (1) the Philippine government's ability to increase public investment on infrastructure, agriculture, education, and health, while improving the investment climate; public-private partnership is a key strategy to more investments and enhancing the country's competitiveness, and, (2) progress in the Bangsamoro agreement which is the roadmap for a political settlement between the government and the Moro Islamic Liberation Front (MILF); achieving the objectives of the agreement should unleash development in the large southern island of Mindanao, where poverty is worse than central Visayas or on the northern island of Luzon.

The Fund will monitor and evaluate and manage this risk accordingly.

Similarly, PEIF implements a Risk Policy which requires that regulations and laws that may significantly affect the fund are continuously monitored, and changes assessed by its Legal Team to be executed in a timely manner.

- ❖ **Interest Rate Risk** – is the risk that the value of a financial asset will fluctuate because of changes in market interest rates. The Fund's fixed rate investments and receivables are exposed to such risk.

The Fund will manage interest rate risk through continuous monitoring of the interest rate environment. During periods of increasing rates and widening of credit spreads, the fund manager will shorten the duration of the fixed income portfolio. During periods of decreasing rates and narrowing credit spreads, the fund manager will lengthen the duration of the fixed income portfolio.

- ❖ Liquidity Risk – risk that an entity will encounter difficulty in raising funds to service redemptions of investors within 7 business days after receiving the valid redemption notice. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated

The funds manage liquidity risk by investing a significant portion in highly marketable and actively traded stocks or fixed income securities.

- ❖ Stock-lending Risk - In the event of the Fund entering into stock lending agreements there are risks of delay and recovery. Should the borrower of the securities fail financially, the collateral received will be called upon. The value of the collateral received will equal or exceed in value at all times the value of the securities loaned. In the event of a sudden upward market movement, there is a risk that the value of the collateral may fall below the value of the securities transferred.

The Fund will manage stock lending risk by selecting only reputable counterparties with good fundamentals and sound financial performance. Risk is further minimized through strict and proper monitoring of transactions and complemented by strong backroom support.

- ❖ Credit Risk. Some of the Funds can lend to private corporations to increase yields either by purchasing bonds or through promissory notes. There is a possibility that the borrower may not be able to repay the loan amortization and /or the principal. When this happens, the Funds could lose money because the loan would not be repaid when it falls due or restructured so that the payment terms are extended. These might result in the drop of the NAVPS. In addition, the cash portion of the Fund is kept in time deposits at local and foreign banks. The Funds will mitigate these credit risks by selecting only private corporations and banks with superior management and very strong capital adequacy positions.

Political and economic situations in the country also affect the Net Asset Value of the Fund. When the country is seen to be experiencing political and economic unrest, investors perceive this situation as the point to pull out their placements and move these funds to other investments. In effect, these instances can result to redemption prices of redeemed shares being less than the price at which shares were originally purchased. Investors who would redeem their shares may not be able to claim the full cost of their investment.

Other Risk Management Policies

- Fiduciary duty

In managing client portfolios, PAMI has a fiduciary responsibility to treat clients fairly. This duty requires a code of conduct, consistent with other statutory and regulatory obligations, that seeks to be prudent and in the client's best interest. When there is a conflict of interest between PAMI and a client, PAMI must make full disclosure to the client, and in certain instances, obtain the client's informed consent prior to pursuing a course of action.

Accordingly, employees and officers of PAMI are required to report to Compliance any activities that appear to violate any laws or the Compliance Manual. PAMI has a policy of non-retaliation, so employees may report apparent violations without fear that such action will have a negative impact on their career in the company. Reports of apparent violations may be made anonymously with Compliance.

FUND FEATURES

Classification of Investment Objectives

PEIF is a passively-managed fund. The goal of the Fund is to track and attempt to match the performance of the PSEi through buying and selling the proportionate number of shares. Being an index fund, we have requested that the PEIF be exempted from the required limit for mutual funds in investing in a single enterprise, which is at 15% of Net Asset Value.

Investment Plans

The Fund will consist mostly of stocks comprising the PSEi. Fund allocation shall be determined by the composition of the PSEi. In general, the larger the size of the fund, the larger the investment in any one company.

Shares Offered

PEIF shares are redeemable common stock (one class of shares only).

Eligible Applicant

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 regardless of citizenship or nationality. If the applicant is a corporation, partnership or other legal entity, copies of the articles of incorporation and by-laws, certificate of registration and the resolution of the applicant's Board of Directors authorizing the investment, all duly certified, must be submitted with the application.

Offering Price

The PEIF shares shall be sold at Net Asset Value (NAV) per share for the banking day, if payment is made within the daily cut-off time; otherwise, the NAV per share on the following banking day will be used for payment made after the daily cut-off time. The daily cut-off time will be 12:00 noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

Sales Load

The investor may redeem his shares free of charge after the minimum holding period of 6 months has been satisfied. The commission shall not exceed 3% of the investor's total purchase.

Total Relationship Amount (in Php)	Sales Load	Sales Load with VAT
less than 100,000	3%	3.36%
100,000 – 499,999.99	2.5%	2.80%
500,000 – 999,999.99	2%	2.24%
1 M – 4.99M	1.5%	1.68%
5 M – 9.99M	1%	1.12%
10M & up	0.5%	0.56%

The management fee to be charged by PAMI is a maximum of 1.5% per year.

Income Distribution Policy

The Company does not plan to declare cash dividends. Surplus profits of the Company (if any) will be used as additional proceeds to invest in eligible securities.³

INVESTMENT RESTRICTIONS

1. Unless ordered otherwise by the Securities and Exchange Commission, the Fund shall not sell securities short or invest in any of the following:
 - a) Margin purchase of securities (investments in partially paid shares are excluded);
 - b) Commodity future contracts;
 - c) Precious metals;
 - d) Unlimited liability investments;
 - e) Other investments as the SEC shall, from time to time, prescribe.
2. The Fund shall not incur any further debt or borrowings 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. In the event that such asset coverage shall 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 Management Company, 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. Total operational expenses of the Fund shall not exceed ten percent (10%) of its average investment fund or net worth as shown in the previous year's audited financial statements of the Fund. The formula shall be as follows:

$$\text{Expense Ratio (\%)} = \frac{\text{Total Operating Expenses}}{\text{Average Net Asset Value}} * 100$$

³ As amended by a majority vote of the Board of Directors during a Special Meeting on 14 June 2016 at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City and ratified by a majority vote by its stockholders during the Special Shareholders' Meeting held at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City on 13 March 2017.

The average daily net asset value shall be indicated in the investment company's Quarterly and Annual Reports.

7. The maximum investment of the Fund in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's net asset value except obligations of the Philippine government or its instrumentalities; provided that 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 SEC, in case of open-end companies, at least five percent (5%) of its fund shall be invested in liquid/semi-liquid assets such as:
 - a) Treasury notes or bills, BSP Certificates of Indebtedness which are short term, and other government securities or bonds and such other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines.
 - b) Savings or time deposits with government owned banks or commercial banks, provided that in no case shall any such savings or time deposits account be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.

Provided that, the open-end company fund shall submit a liquidity contingency plan to the Commission before it implements a decreased investment of less than ten percent (10%) in liquid/semi-liquid assets.

As indicated in the SEC Memorandum Circular No.8, Series of 2016, "A Mutual Fund Index Tracker may be exempted from complying with the 5% liquidity requirement provided that it submits a notarized contingency plan signed by the President of the Fund and its Fund Manager".

9. The Fund does not plan to invest in foreign securities. However, SEC Memorandum Circular #7 Series of 2005 "Guidelines on the Evaluation of Foreign Investments by Mutual Fund Companies" allows mutual fund companies to invest up to 100% of its assets in foreign securities.
10. The Fund may not lend to individual borrowers.
11. Change in the Fund's investment objective should be with notice and prior approval of the SEC. An investment company shall not change its investment objective without the approval from the majority of the Fund's shareholders
12. The Fund's equity portfolio shall be invested in securities listed in the primary board of the PSE. However, the Fund may also invest on companies listed on the secondary board and from time to time on shares of non-listed companies that are about to get listed within three months. The total investment in the secondary board of the PSE may not, in total, exceed twenty percent (20%) of the fund.

PROCEDURES IN THE PURCHASE AND SALE OF SECURITIES

Opening an Account

Any qualified investor may purchase PEIF shares, through the principal distributor, PAMI, or through any authorized investment solicitor.

1. Individual Accounts

- Client Information Sheet (CIS) for the primary, secondary and principal investors including the Bureau of Internal Revenue (BIR) Tax Identification No. (TIN) I.D.
- Investment Application Form (IAF)
- Photocopy of one (1) valid ID with photo from each “AND” and “OR” joint investors (authenticated copy).

Examples of acceptable IDs issued by an official authority as contained in the CIS are listed below:

1. Bureau of Internal Revenue (BIR) Tax Identification No. (TIN) I.D.
 2. Department of Foreign Affairs I.D.
 3. Social Security System (SSS) I.D.
 4. Government Service Insurance System (GSIS) I.D.
 5. Philippine Health Insurance Corp. (Philhealth) I.D.
 6. Home Development Mutual Fund (PAG-IBIG) I.D.
 7. Commission on Election (COMELEC) Voters I.D.
 8. Philippine Regulatory Commission (PRC) I.D.
 9. Philippine Postal Office I.D.
 10. Land Transportation Office (LTO) Driver's License
 11. Philippine Passport
 12. Barangay Office or Center I.D.
- Copy of Trust Agreement in case of ITF account

The receiving agent, PAMI sales or sales & administrative assistant personnel should confirm that the original IDs were personally shown to him by writing in the IAF the statement: *ID authenticated by “name of receiving personnel”* and affixing his signature after the statement.

2. Corporate Accounts

- Client Information Sheet (CIS) for corporate accounts
- Investment Application Form (IAF)
- Articles of Incorporation or Partnership
- By-laws
- Board Resolution or Secretary's Certificate to invest in the Fund
- Board Resolution or Secretary's Certificate on the authorized signatories
- Latest General Information Sheet
- Contact numbers
- Sworn statement as to the existence or non-existence of beneficial owners
- Verification of the authority and identification of the person purporting to act on behalf of the client

Additional Investment

To add to an existing account, an STF should be accomplished and, together with the cash, check or payment order, submitted to a PAMI Certified Investment Solicitor or thru any of the PAMI branches nationwide. For existing joint accounts, any one of the investors may add to the investment and sign the STF documents.

Additional investments can also be made over-the-counter and via online thru any of the cash management banks designated as such by PAMI.

Acceptance of Applications

Applications to purchase are subject to final confirmation as to the amount of shares, the applicable NAVPS and the final approval by PAMI. PAMI will process transactions only upon its receipt of complete information, documentary requirements and funds from the investor within the prescribed cut-off time. Thus, the investor's funds must have cleared through the banking system and available for investment deployment. Applications that do not comply with the purchase terms, rules and regulations are subject to rejection at the sole discretion of PAMI.

PAMI reserves the right to reject subscriptions, or to restrict purchases by an investor, when such purchase is disruptive to the interests of the other shareholders and management of the Fund as determined by the Fund Manager. The subscription amount will be returned to the investor without interest and after deducting applicable bank charges, within five business days.

Determination of NAVPS

The offering price of one share is the Fund's NAVPS plus an entry fee or sales load and any applicable taxes. The NAVPS is normally calculated as of 8:00 P.M. of each banking day. It is determined by taking the fair value of the Fund's total assets less all liabilities and divided by the total number of shares outstanding. Other trades which do not meet the custodian's cut-off time are deemed to have been received the following banking day. Income and expenses are accrued daily and applied when computing for the NAVPS.

Issuance of Stock Certificates

A letter confirming the investment will be given to the shareholder upon approval of the investment application. Stock certificates evidencing ownership of shares shall only be issued by the transfer agent upon the written request of the shareholder and delivered after approval of the application to purchase and receipt of payment, at the address of the investor indicated in the official application to purchase or, upon instruction, to PAMI. Costs of issuance of stock certificates shall be borne by the shareholder.

Should shareholders opt not to receive stock certificates, these shall remain in the custody of the transfer agent.

Statements and Reports

Investors will receive a statement of account on a periodic basis. PAMI shall also send reports, fund updates, fund manager reports and various information materials on a periodic basis to apprise investors of the outlook and performance of the Company and its funds. Upon the request of the investor, PAMI shall issue certifications, for a fee, and annual reports, which can also be viewed or downloaded from the PAMI website.

NAVPS Computation

NAVPS is defined as the difference of total assets of the Fund less its total liabilities, divided by the number of shares outstanding. The Fund shall compute the NAVPS daily. The price will be posted in a conspicuous place in the principal office of the Company and published daily in at least two newspapers of general circulation in the Philippines.

MANNER & METHOD OF REDEMPTION

How to Redeem

Shareholders can file their redemption request forms in any PAMI office. Redemption from the Fund requires filling-out, disclosing and presenting the following information and documents:

- Redemption Request Form (RRF)
- Reason for Redemption (monitoring form)
- 2 Valid IDs (for walk-in redemptions)

The receiving agent, PAMI sales or sales & administrative assistant personnel should make sure that the forms are completely filled-out with the client's signature affixed on the RRF. If the redemption is coursed thru fax, the original redemption documents must be submitted before the proceeds will be released. Redemption proceeds will be available three days after the transaction date.

Amount of Redemption

Shareholders can redeem their shares in part or in full. Partial redemption is allowed if number of shares do not go below the prescribed minimum investment.

Redemption

The redemption price of the securities surrendered before the daily cut-off time shall be the same banking day's NAV per share after the request for redemption is received, while those surrendered after the daily cut-off time shall be deemed to have been received on the following banking day. The daily cut-off time shall be 12:00 noon. Payments for securities redeemed shall be effected within seven (7) banking days from receipt of the request for redemption.

Claim of Payment for Redeemed Shares

1. A shareholder must bring a proper ID. In case of a proxy, an authorization letter should accompany the ID of the duly authorized person.
2. (a) Submit stock certificate(s) and fill-up an original redemption request form and/or stock assignment(s), if the redemption order was made through phone. (b) Together with the check, shareholders may be given a copy of the redemption request form upon request.

Redemption Fee

The applicable holding period is six (6) months. Redemptions made within six (6) months are subject to an exit fee of no more than 1% (exclusive of twelve percent VAT) of the redemption proceeds. Redemption fee is based on the following schedule:

Placement Period	Exit Fee	12% VAT on Exit Fee	Exit Fee + 12% VAT
Less than six (6) months	1.00%	0.12%	1.12%
Six months and above	0.00%	0.00%	0.00%

Special Considerations

PEIF shall not suspend the right of redemption or postpone the date of payment of redemption request of any redeemable security for more than seven (7) banking days after the tender of such security to PIPFI, except on the following cases:

- a. For any period during which banks are closed other than customary weekend and holiday closings;
- b. For any period during which an emergency exists as a result of which (a) disposal by PIPFI of the securities owned by it is not reasonably practicable, or (b) it is not reasonably practicable for PIPFI to determine the value of its net assets; or
- c. For such other periods as the SEC may, by order, permit for the protection of security holders of the Company.

USE OF PROCEEDS

The Fund plans to use the proceeds from the sale of its shares to invest in stock companies comprising the PSEi, in the same way as that of the Index. All proceeds from the sale of shares/ securities, including the original subscription or payments at the time of incorporation shall be held by a custodian bank.

The SEC Memorandum Circular #7 Series of 2005 or the "Guidelines on the Evaluation of Foreign Investments by Mutual Fund Companies" allows mutual fund companies to invest up to 100% of its assets in foreign securities.

Estimated gross proceeds of the additional 87,946,900 PEIF shares, if sold at the NAVPS as of March 22, 2017 of Php48.2263 is Php4,241,353,583.47. In accordance with the SEC's Investment Restrictions and Guidelines, the following table lists the estimated expenses pertaining to the Fund's issuance and distribution as well as the estimated net proceeds from the sale of the PEIF shares.

PARTICULARS	AMOUNT (In Philippine Pesos)
Estimated Gross Proceeds	4,241,353,583.47
Less: Estimated Expenses	
SEC Registration & Filing Fees	1,639,066.78
Documentary Stamp Taxes	439,734.50
Legal Fees	150,000.00
Management Fees	63,620,303.75
Directors Fees	150,000.00
Advertising (Print)	150,000.00
Sales & Marketing	100,000.00
Prospectus, Letters & Envelopes	50,000.00
Postage	5,000.00
Total Estimated Expenses	66,304,105.03
Estimated Net Proceeds	4,175,049,478.44

No material amount of the proceeds will be used to acquire or finance the acquisition of other businesses. The proceeds will not be used to discharge debt or reimburse any officer, director or shareholder for services rendered, assets previously transferred, money advanced or otherwise, or any other expenses. The proceeds derived by the Fund from the sale of its shares will be held by the custodian bank.

DETERMINATION OF OFFERING PRICE

The offering price is determined at NAVPS for the banking day, if payment is made within the daily cut-off time. The NAVPS on the following banking day will be used for payment made after the daily cut-off time. The daily cut-off time shall be 12:00 noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

PLAN OF DISTRIBUTION

Based on the Management & Distribution Agreement, PAMI functions only as the principal distributor of the Fund and will sell on a best efforts basis. PAMI does not have any

arrangement to designate or nominate a member or members of the board of directors of PEIF. Similarly, PAMI does not have the right to designate or sell shares to specified persons.

The Market Regulation Department of SEC issued PAMI its license to operate as an Investment Company Adviser on November 27, 2015, subject to the provisions of the Investment Company Act, the Securities Regulation Code and its implementing rules and regulations, as well as other pertinent laws, rules and regulations applicable. The Confirmation of the Payment of Annual Fees was issued by the same SEC Department last November 29, 2016 with the provision that the terms and conditions imposed upon the original/amended registration of the company shall continuously apply and their licenses shall remain valid unless otherwise revoked for cause or suspended or voluntarily surrendered or cancelled by the Commission.

Also licensed by the SEC to engage in the distribution of securities to the public, PAMI will directly distribute Fund shares through its licensed account managers and sales officers. Campaigns will utilize print media, direct mailers, and telemarketing. Promotions will be directed at both the distribution channels and the retail investor.

As investment manager and principal distributor, PAMI is entitled to Management fees pegged at 1/8 of 1%, or 1.5% per year, of the average net asset value of the fund per month computed on a daily basis (this was arrived at after considering relevant fees charged by other full equity funds). The sales load, which will be directly used for commissions, will not be more than three percent (3%) of the amount invested.

DESCRIPTION OF SECURITIES TO BE REGISTERED

PEIF was incorporated with an authorized capital stock of One Hundred Eighty Million Pesos (Php180,000,000.00), divided into four million 4,000,000 redeemable common shares with par value of Forty Five Centavos (Php0.45) for each share.

On December 10, 2015, the Board of Directors of the Fund, by a vote of the majority of its members, resolved to increase PEIF's authorized capital stock from One Million Eight Hundred Thousand Pesos (PHP1,800,000.00) to Forty One Million Three Hundred Seventy Six Thousand One Hundred Five Pesos (PHP41,376,105.00), representing the first tranche of the increase in the authorized capital stock of the Corporation to up to Seven Billion One Million Eight Hundred Thousand (PHP7,001,800,000.00).

On December 10, 2015, the Board of Directors of the Fund, by a vote of the majority of its members, resolved to increase PEIF's authorized capital stock from Three Billion Five Hundred Seventy Nine Million Three Hundred Twenty Four Thousand Four Hundred Pesos (Php3,579,324,400.00) divided into Thirty Five Million Seven Hundred Ninety Three Thousand Two Hundred Forty Four (35,793,244) shares with par value of One Hundred Pesos (Php100.00) each to Six Billion One Hundred Seventy Three Million Seven Hundred Twenty Two Thousand Four Hundred Pesos (Php6,173,722,400.00) divided into Sixty One Million Seven Hundred Thirty Seven Thousand Two Hundred Twenty Four (61,737,224) shares with par value of One Hundred Pesos (Php100.00), representing the third tranche of the increase in the authorized capital stock of the Corporation to up to Ten Billion Pesos (Php10,000,000,000.00).

Each share of PEIF stock is a voting stock with voting rights equal to every other outstanding stock. Thus, each investor shall at every meeting of the investors be entitled to one vote, in person or by proxy, for each share with a voting right held by such investor. At all meetings of the investors, all elections and all questions, except in cases where a provision is mandated by statute, shall be decided by plurality vote of investors present in person or by proxy entitled to vote thereat, a quorum being present. Unless required by

law, or demanded by an investor present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the investor voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.

Furthermore, each share of stock is subject to the following rights:

1. Right of Redemption at NAVPS
2. Power of Inspection
3. Right to Information
4. Right to Dividends
5. Appraisal Right

However, each share of PEIF stock is subject to the following restrictions:

1. Waiver 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 other securities convertible into or carrying options or warrants to purchase stock of the Corporation.
2. Restriction on transfer – No transfer of stock of the Corporation which would reduce the stock ownership or equity interest of Filipino citizens to less than the percentage required by applicable laws or regulations shall be caused or allowed to be recorded in the proper books of the Corporation.

There is no provision in the Company's Articles of Incorporation or By-Laws that would delay, deter, or prevent a change in control of the registrant.

The Company has not sold any unregistered or exempt securities and is prohibited from selling these types of securities. Hence, no exceptions from registration were claimed nor were there any dealings with underwritings to that effect.

CORPORATE PROFILE OF PEIF

PEIF is a stock corporation incorporated on February 6, 2009 as PAMI Global Emerging Markets Fund, Inc. (PGEM). The change in corporate name from PGEM to PEIF was approved by its Board of Directors and its shareholders holding at least 2/3 of the fund's total assets last Dec 15, 2014. The Securities and Exchange Commission has approved the Amended Articles of Incorporation last April 10, 2015.

The Fund's sole product is securities distributed as shares of PEIF. PAMI will directly distribute the Fund's shares. PEIF is an open-ended mutual fund offering shares to the public at NAV.

There are currently 57 registered mutual funds in the industry with over Php243B in assets under management⁴. The principal method of competition within the mutual fund industry is performance and service. Distributed nationwide, PEIF belongs to the peso-denominated stock fund segment with 14 other competitors.

The following table summarizes a comparison of PEIF against its competitors for January to March 2017⁵:

FUND NAME	SALES	REDEMPTIONS	NET SALES
ALFM Growth Fund, Inc.	173,020,832.68	222,619,381.39	(49,598,548.71)
ATRAM Alpha Opportunity Fund, Inc.	80,217,353.25	46,846,027.83	33,371,325.42
ATRAM Phil. Equity Opportunity Fund, Inc.	100,843,112.34	104,716,012.86	(3,872,900.52)
First Metro Save and Learn Equity Fund, Inc.	96,270,075.36	80,054,857.90	16,215,217.46
One Wealthy Nation Fund, Inc.	192,113.50	2,917,406.15	(2,725,292.65)
PAMI Equity Index Fund, Inc.	422,934,489.83	73,731,622.76	349,202,867.07
Philam Strategic Growth Fund, Inc.	1,378,977,118.72	237,256,575.29	1,141,720,543.43
Philequity Dividend Yield Fund, Inc.	720,085,360.03	1,034,355,630.18	(314,270,270.15)
Philequity Fund, Inc.	243,527,623.11	737,414,305.45	(493,886,682.34)
Philequity PSE Index Fund, Inc.	101,770,974.81	34,548,615.77	67,222,359.04
Philippine Stock Index Fund Corp.	612,505,434.88	1,258,842,326.82	(646,336,891.94)
Soldivo Strategic Growth Fund, Inc.	50,920,241.25	14,143,504.82	36,776,736.43
Sun Life Prosperity Philippine Equity Fund, Inc.	222,264,385.24	478,988,020.61	(256,723,635.37)
Sun Life Prosperity Phil. Stock Index Fund, Inc.	233,999,562.59	101,953,540.56	132,046,022.03
United Fund, Inc.	7,784,224.83	625,396.39	7,158,828.44

The following table summarizes a comparison of PEIF against its competitors for January to December 2016⁶:

FUND NAME	SALES	REDEMPTIONS	NET SALES
ALFM Growth Fund, Inc.	934,063,627.04	1,424,903,479.57	(490,839,852.53)
ATRAM Alpha Opportunity Fund, Inc.	130,226,110.07	20,304,017.08	109,922,092.99

⁴ Source: Philippine Investment Fund Association (PIFA)

⁵ Source: Philippine Investment Fund Association (PIFA)

⁶ Source: Philippine Investment Fund Association (PIFA)

ATRAM Phil. Equity Opportunity Fund, Inc.	380,528,299.47	1,469,077,042.76	(1,088,548,743.29)
First Metro Save and Learn Equity Fund, Inc.	487,935,139.48	1,404,162,989.73	(916,227,850.25)
One Wealthy Nation Fund, Inc.	1,359,699.97	13,922,574.88	(12,562,874.91)
PAMI Equity Index Fund, Inc.	1,763,330,917.79	503,886,384.43	1,259,444,533.36
Philam Strategic Growth Fund, Inc.	5,845,986,396.00	2,487,153,060.07	3,358,833,335.93
Philequity Dividend Yield Fund, Inc.	332,748,205.25	532,653,054.42	(199,904,849.17)
Philequity Fund, Inc.	1,376,660,879.34	2,126,155,076.36	(749,494,197.02)
Philequity PSE Index Fund, Inc.	809,282,246.44	180,620,501.29	628,661,745.15
Philippine Stock Index Fund Corp.	2,976,680,344.45	3,139,489,910.85	(162,809,566.40)
Soldivo Strategic Growth Fund, Inc.	326,507,555.97	56,404,146.87	270,103,409.10
Sun Life Prosperity Philippine Equity Fund, Inc.	1,776,812,763.93	4,851,361,690.62	(3,074,548,926.69)
Sun Life Prosperity Phil. Stock Index Fund, Inc.	1,629,405,601.77	325,848,425.03	1,303,557,176.74
United Fund, Inc.	7,326,736.72	56,310,627.31	(48,983,890.59)

The following table summarizes a comparison of PSGF against its competitors for January to December 2015⁷:

FUND NAME	SALES	REDEMPTIONS	NET SALES
ALFM Growth Fund, Inc.	998,836,512.51	1,127,613,732.88	(128,777,220.37)
ATRAM Alpha Opportunity Fund, Inc.	46,131,336.99	126,744,354.69	(80,613,017.70)
ATRAM Phil. Equity Opportunity Fund, Inc.	989,085,108.45	2,769,512,842.15	(1,780,427,733.70)
First Metro Save and Learn Equity Fund, Inc.	1,386,512,812.94	1,407,974,532.54	(21,461,719.60)
PAMI Equity Index Fund, Inc.	1,567,617,832.45	2,668,227.43	1,564,949,605.02
Philam Strategic Growth Fund, Inc.	10,867,097,242.16	3,268,773,113.81	7,598,324,128.35
Philequity Dividend Yield Fund, Inc.	1,425,519,745.78	384,737,220.05	1,040,782,525.73
Philequity Fund, Inc.	3,709,210,636.63	2,843,633,541.42	865,577,095.21
Philequity PSE Index Fund, Inc.	539,220,533.47	70,091,408.19	469,129,125.28
Philippine Stock Index Fund Corp.	2,190,497,354.31	5,215,748,535.88	(3,025,251,181.57)
Soldivo Strategic Growth Fund, Inc.	327,311,172.39	8,205,065.99	319,106,106.40
Sun Life Prosperity Philippine Equity Fund, Inc.	5,220,836,375.87	4,802,476,325.84	418,360,050.03
Sun Life Prosperity Phil. Stock Index Fund, Inc.	1,527,092,993.59	28,787,649.45	1,498,305,344.14
United Fund, Inc.	80,742,939.23	28,863,345.67	51,879,593.56

⁷ Source: Philippine Investment Fund Association (PIFA)

The major competitor of PEIF is the Sun Life Prosperity Philippine Equity Fund, Inc. (the "Sun Life Equity Fund"). Sold by distribution agents, the Sun Life Equity Fund has over Php15 Billion in assets (as of end-Dec 2015). Other competitors include the Philequity Fund, Inc., Philippine Stock Index Fund Corp., and ALFM Growth Fund, Inc., as well as another PAMI-managed fund, Philam Strategic Growth Fund, Inc.

PEIF competes very well with all the other stock funds given PAMI's financial muscle and distribution capabilities. PAMI's main distribution channels are the Philamlife agency force, which has over 10,000 agents. A major distribution channel is the third party distributor group which grows their customer relationships by expanding their product and service offerings.

Hence, based on the above discussion, we believe that the Fund will perform well in terms of both yield and sales. Furthermore, the Fund's cash flow facility will be a major differential advantage that will attract long-term investors.

As investment manager, PAMI is tasked to provide and render management and technical services to PEIF. PAMI also functions as the principal distributor of PEIF. As such, it takes charge of sales of the PEIF shares to prospective investors. Through its Management and Distribution Agreement with PEIF, the guidelines for the management of the resources and operations of PEIF by PAMI are set. PAMI is wholly owned by Philamlife.

The management fee to be charged by PAMI is 1.5% per year. A sales load not exceeding 3% shall also be charged. Load arrangements can be negotiated with institutional investors on a case-to-case basis.

The Custodial Agreement establishes the relationship among PEIF, PAMI and Citibank N.A. ("Citi"), as the custodian bank. The Custodial Agreement covers the custodian bank's duties on receipt of securities, identification and segregation of assets, registration of assets, reports and records to be accomplished by the custodian bank, custody of PEIF investments and fees of the custodian bank.

The transfer agent of PEIF is the Philam Asset Management, Inc. (PAMI), pursuant to a Transfer Agency Agreement executed by PEIF and PAMI. The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

There are no government approvals needed for PEIF to operate as a mutual fund except for registration with the SEC pursuant to the Securities Regulation Code and the Investment Company Act. With regard to certain government regulations which affect the operation of the Fund, the recent passage of the Comprehensive Tax Reform Package (CTRP) into law addressed the issue on the capital gains tax. PEIF's net worth exceeds Php25,000,000. No unsecured bonds will be issued by PEIF.

COMPLIANCE WITH REGULATIONS

Investment Company Act of 1960

Investment companies are primarily regulated by Republic Act No. 2629 (“RA 2629”), the Investment Company Act of 1960, and its implementing rules and regulations. Subject to exceptions under R.A. 2629, an investment company is any issuer which or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities. Investment companies may be either open-end or closed-end. An open-end company is an investment company that offers for sale, or has outstanding, any redeemable security of which it is the issuer. A closed-end company is any investment company other than an open-end company.

Investment companies must be organized as stock corporations and must comply with the requirements of the Corporation Code of the Philippines, as well as with the following additional requirements under RA 2629:

1. Minimum subscribed and paid-in capital of at least Php50,000,000.00;
2. All members of the Board of Directors must be Filipino citizens;
3. All shares of its capital stock must be common and voting shares; and
4. In the case of open-end companies, the Articles of Incorporation shall provide for the waiver of pre-emptive rights of shareholders.

The company has complied with the above requirements.

RA 2629 requires every investment company organized or created under Philippine laws to register by filing with the SEC a registration statement, which shall set forth such information that the SEC may require. Furthermore, any securities proposed to be issued and distributed or sold by the investment company must likewise be registered with the SEC.

For the protection of its investors, every registered investment company is required to place and maintain its securities and similar investments in the custody of a duly organized local commercial bank of good repute; or a company which is a member of a securities exchange as defined in the Securities Regulation Code), subject to such rules and regulations as the SEC may from time to time prescribe; or such registered company, but only in accordance with such rules and regulations or orders as the SEC may from time to time prescribe for the protection of investors.

Registered investment companies are subject to the reporting provisions of SRC Rule 17.1. Moreover, ICA Rule 35-1(i) requires the registered investment companies, within the first ten (10) days of every month, to submit to the SEC reports under oath executed on behalf of the investment companies by their Treasurer or any other officer, showing the following information:

- (a) Total amount received from the sale of shares;
- (b) Total amount of redemptions;
- (c) Number of shares outstanding at the beginning of the month;
- (d) Number of shares sold during the month;
- (e) Number of shares redeemed during the month;
- (f) Number of shares outstanding at the end of the month; and
- (g) The percentage of the outstanding shares owned by Filipinos.

Investment companies are also required to file with the SEC such information and documents including financial statements as the SEC may require, on a semi-annual or

quarterly basis, to keep reasonably current the information and documents contained in the registration statements filed by the investment companies when they registered as investment companies as required under RA 2629.

Anti-Money Laundering Act

SEC Memorandum Circular No. 2, Series of 2015, describes Money Laundering as *“the processing of the proceeds of a crime to disguise their origin. It is a process intended to mask the benefits derived from serious offenses or criminal conduct as described under the Act, so that they appear to have originated from a legitimate source.”* Money Laundering whether it be facilitating or assisting in such act is considered as a criminal offense.

PAMI strictly enforces its PAMI Anti-Money Laundering SOP and Guidelines, procedures and training. This is also in compliance with the laws and regulations under the Anti-Money Laundering Act.

PAMI Sales Representatives shall ascertain the identity of each client by performing their KYC (Know Your Customer). PAMI Sales Representative shall also obtain competent evidence of their client's identity and/or proof of source of funds by requiring the submission of certain documents as stated in the Anti-Money Laundering Guidelines prior to opening an account. Any additional subscriptions /top ups should also be in compliance of the said guidelines.

PAMI reserves the right to reject any application to purchase shares of the Fund if found to be non-compliant with the foregoing.

Foreign Account Tax Compliance Act (“FATCA”)

The U.S. Foreign Account Tax Compliance Act (“**FATCA**”) has the objective of preventing tax evasion by U.S. persons by placing certain compliance and reporting obligations on Foreign Financial Institutions (“**FFIs**”) including mutual funds such as PAMI Income Payout Fund. If the Fund is found to be non-compliant it may be subject to a 30% withholding on U.S. source income or proceeds. As such, establishing and continually maintaining FATCA-compliant processes across all business functions is of critical importance to PAMI and the mutual funds it manages.

The requirements of FATCA are complex and requires FFIs such as PAMI Income Payout Fund to undertake due diligence to identify U.S. customers, report U.S. customers to the U.S. Inland Revenue Services (“**IRS**”) or the Philippines Bureau of Internal Revenue (“**BIR**”) together with customers who are unable or unwilling to confirm their corresponding U.S. status (recalcitrant customers) and in certain circumstances to withhold against or terminate accounts of recalcitrant customers. In line with this, PAMI strictly enforces its PAMI FATCA SOP and Guidelines, procedures and training.

Similarly, as an internal control, PAMI will not accept clients who are U.S. Citizens. However, PAMI will accept clients with U.S. Indicias provided that, together with the Customer Information Sheet or Subscription form, they submit the required FATCA documents.

PAMI reserves the right to reject any application to purchase shares of the Fund if found to be non-compliant with the foregoing.

Dividends

The Company does not plan to declare cash dividends. Surplus profits of the Company (if any), will be used as additional proceeds to invest in eligible securities⁸.

Employees

PEIF employs no personnel as it functions solely through its Fund Manager, PAMI.

Properties

PEIF does not own any real or personal properties (such as real estate, plant and equipment, mines, patent, etc.). Neither does the Fund lease any property nor does it intend to acquire any real or personal properties within the next 12 months.

Legal Proceedings

There is no pending litigation or arbitration proceedings where the Fund is a party and no litigation or claim of material importance is known to the directors of PEIF to be pending or threatened against the Fund during the past five (5) years up to the date of this Prospectus.

⁸ As amended by a majority vote of the Board of Directors during a Special Meeting on 14 June 2016 at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City and ratified by a majority vote by its stockholders during the Special Shareholders' Meeting held at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City on 13 March 2017.

**MARKET FOR ISSUER'S COMMON EQUITY & RELATED STOCKHOLDERS'
MATTERS**

Market Information (Net Asset Value per Share per Quarter)

QTR	YEAR	YEAR	DATE	NAVPS	YEAR	DATE	NAVPS	YEAR	DATE	NAVPS
1	LOW	2015*			2016	21-Jan	41.2533	2017	3-Jan	45.3975
	HIGH					21-Mar	49.6182		17-Mar	48.8566
2	LOW		16-Jun	50.6795		5-May	47.2763			
	HIGH		24-Jun	51.2991		29-Jun	52.2053			
3	LOW		24-Aug	46.0271		14-Sep	50.3708			
	HIGH		5-Aug	51.4153		21-Jul	54.1357			
4	LOW		14-Dec	45.1817		23-Dec	43.4767			
	HIGH		26-Oct	49.3241		4-Oct	51.5882			

*The Fund was launched in June 2015

Holders

As of March 31, 2017, there were a total of 4,932 holders of redeemable common stock (one class of shares only) totalling 66,750,913 shares⁹. Following are the top 20 shareholders:

	NAME	NO. OF SHARES	% OF TOTAL SHARES
1	THE PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE CO (PHILAM LIFE)	47,169,584.00	70.6651%
2	NOVALICHES DEVELOPMENT COOPERATIVE	3,639,228.00	5.4520%
3	RESINS INC	2,972,502.00	4.9967%
4	EWB TRUST DIVISION AS AGENT FOR TID 999312008741	489,059.00	0.7327%
5	CED, AILEEN MANDA	447,612.00	0.6706%
6	DE OCAMPO, ROBERTO FABROS	318,922.00	0.4778%
7	PHILIPPINE INTERNATIONAL CONVENTION CENTER PROVIDENT FUND (PICC PF)	241,893.00	0.3624%
8	ROVIC LAND INC	235,803.00	0.3533%
9	EWB TRUST DIVISION AS AGENT FOR TID 999312008742	210,928.00	0.3160%
10	VALDES, ARSENIO NEPOMUCENO	206,658.00	0.3096%
11	ANG, DIONISIO L	199,670.00	0.2991%
12	PACO SORIANO PANDACAN DEVELOPMENT COOPERATIVE (PSPDC)	186,218.00	0.2790%
13	UANG, STANLEY LE	173,189.00	0.2595%
14	MONTILLANO, FRANCISCO E.	156,612.00	0.2346%
15	ANGELES UNIVERSITY FOUNDATION MULTI-PURPOSE COOPERATIVE	118,824.00	0.1780%
16	LUSTRE, ALEC S	114,039.00	0.1708%
17	ESTRADA, MARY LOU TEANO	104,603.00	0.1567%
18	BARBAS, GOULD MACRHEY DAMIAN	103,586.00	0.1552%

⁹ Of which 4,000,000 are registered and 62,750,913 are unregistered.

19	FORTUNE GENERAL INSURANCE CORPORATION	103,012.00	0.1543%
20	DE JESUS, ANTONIO JR. DE GUZMAN	101,896.00	0.1527%

Dividend Policy

The Company does not plan to declare cash dividends. Surplus profits of the Company (if any), will be used as additional proceeds to invest in eligible securities¹⁰.

¹⁰ As amended by a majority vote of the Board of Directors during a Special Meeting on 14 June 2016 at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City and ratified by a majority vote by its stockholders during the Special Shareholders' Meeting held at Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City on 13 March 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

OPERATIONAL HIGHLIGHTS/TOP 5 PERFORMANCE INDICATORS

1. Assets Under Management ("AUM")

FY 2016 vs. FY 2015

PEIF's AUM as of December 31, 2016 grew by Php1.154 billion as compared with the December 31, 2015 total assets. Large portions of the increase is attributable to the increase in the Fund's investments in financial assets measured at fair value through profit or loss amounting to Php2.693 billion due to continuing client subscription and the strategy of the Fund Manager in managing the Fund's assets since commencement of operations on the second half of June 2015.

FY 2015

PEIF accumulated total assets amounting to Php1.550 billion by December 31, 2015 from its inception date on June 16, 2015. Its performance is mainly due to an impressive distribution network and the strategy of the Fund Manager in the management of the Fund's assets.

2. Net Asset Value per Share ("NAVPS") Per Quarter

QTR	YEAR	YEAR	DATE	NAVPS	YEAR	DATE	NAVPS	YEAR	DATE	NAVPS
1	LOW	2015			2016	21-Jan	41.2533	2017	3-Jan	45.3975
	HIGH					21-Mar	49.6182		17-Mar	48.8566
2	LOW		16-Jun	50.6795		5-May	47.2763			
	HIGH		24-Jun	51.2991		29-Jun	52.2053			
3	LOW		24-Aug	46.0271		14-Sep	50.3708			
	HIGH		5-Aug	51.4153		21-Jul	54.1357			
4	LOW		14-Dec	45.1817		23-Dec	43.4767			
	HIGH		26-Oct	49.3241		4-Oct	51.5882			

3. Sales and Redemptions

The following table summarizes the performance of PEIF (June to December 2015) in Php¹¹:

FUND NAME	SALES	REDEMPTIONS	NET SALES
PAMI Equity Index Fund, Inc.	1,567,617,832.45	2,668,227.43	1,564,949,605.02

The following table summarizes the performance of PEIF (January to December 2016) in Php¹²:

FUND NAME	SALES	REDEMPTIONS	NET SALES
PAMI Equity Index Fund, Inc.	1,763,330,917.79	503,886,384.43	1,259,444,533.36

¹¹ Source: Philippine Investment Fund Association (PIFA)

¹² Source: Philippine Investment Fund Association (PIFA)

The following table summarizes the performance of PEIF (January to March 2017) in Php¹³

FUND NAME	SALES	REDEMPTIONS	NET SALES
PAMI Equity Index Fund, Inc.	422,934,489.83	73,731,622.76	349,202,867.07

4. Funds Performance Against Competitors

The following table summarizes a comparison of PEIF against its competitors for January to March 2017:¹⁴

FUND NAME	SALES	REDEMPTIONS	NET SALES
ALFM Growth Fund, Inc.	173,020,832.68	222,619,381.39	(49,598,548.71)
ATRAM Alpha Opportunity Fund, Inc.	80,217,353.25	46,846,027.83	33,371,325.42
ATRAM Phil. Equity Opportunity Fund, Inc.	100,843,112.34	104,716,012.86	(3,872,900.52)
First Metro Save and Learn Equity Fund, Inc.	96,270,075.36	80,054,857.90	16,215,217.46
One Wealthy Nation Fund, Inc.	192,113.50	2,917,406.15	(2,725,292.65)
PAMI Equity Index Fund, Inc.	422,934,489.83	73,731,622.76	349,202,867.07
Philam Strategic Growth Fund, Inc.	1,378,977,118.72	237,256,575.29	1,141,720,543.43
Philequity Dividend Yield Fund, Inc.	720,085,360.03	1,034,355,630.18	(314,270,270.15)
Philequity Fund, Inc.	243,527,623.11	737,414,305.45	(493,886,682.34)
Philequity PSE Index Fund, Inc.	101,770,974.81	34,548,615.77	67,222,359.04
Philippine Stock Index Fund Corp.	612,505,434.88	1,258,842,326.82	(646,336,891.94)
Soldivo Strategic Growth Fund, Inc.	50,920,241.25	14,143,504.82	36,776,736.43
Sun Life Prosperity Philippine Equity Fund, Inc.	222,264,385.24	478,988,020.61	(256,723,635.37)
Sun Life Prosperity Phil. Stock Index Fund, Inc.	233,999,562.59	101,953,540.56	132,046,022.03
United Fund, Inc.	7,784,224.83	625,396.39	7,158,828.44

The following table summarizes a comparison of PEIF against its competitors for January to December 2016:¹⁵

FUND NAME	SALES	REDEMPTIONS	NET SALES
ALFM Growth Fund, Inc.	934,063,627.04	1,424,903,479.57	(490,839,852.53)
ATRAM Alpha Opportunity Fund, Inc.	130,226,110.07	20,304,017.08	109,922,092.99
ATRAM Phil. Equity Opportunity Fund, Inc.	380,528,299.47	1,469,077,042.76	(1,088,548,743.29)

¹³ Source: Philippine Investment Fund Association (PIFA)

¹⁴ Source: Philippine Investment Fund Association (PIFA)

¹⁵ Source: Philippine Investment Fund Association (PIFA)

First Metro Save and Learn Equity Fund, Inc.	487,935,139.48	1,404,162,989.73	(916,227,850.25)
One Wealthy Nation Fund, Inc.	1,359,699.97	13,922,574.88	(12,562,874.91)
PAMI Equity Index Fund, Inc.	1,763,330,917.79	503,886,384.43	1,259,444,533.36
Philam Strategic Growth Fund, Inc.	5,845,986,396.00	2,487,153,060.07	3,358,833,335.93
Philequity Dividend Yield Fund, Inc.	332,748,205.25	532,653,054.42	(199,904,849.17)
Philequity Fund, Inc.	1,376,660,879.34	2,126,155,076.36	(749,494,197.02)
Philequity PSE Index Fund, Inc.	809,282,246.44	180,620,501.29	628,661,745.15
Philippine Stock Index Fund Corp.	2,976,680,344.45	3,139,489,910.85	(162,809,566.40)
Soldivo Strategic Growth Fund, Inc.	326,507,555.97	56,404,146.87	270,103,409.10
Sun Life Prosperity Philippine Equity Fund, Inc.	1,776,812,763.93	4,851,361,690.62	(3,074,548,926.69)
Sun Life Prosperity Phil. Stock Index Fund, Inc.	1,629,405,601.77	325,848,425.03	1,303,557,176.74
United Fund, Inc.	7,326,736.72	56,310,627.31	(48,983,890.59)

The following table summarizes a comparison of PEIF against its competitors for January to December 2015:¹⁶

FUND NAME	SALES	REDEMPTIONS	NET SALES
ALFM Growth Fund, Inc.	106,818,151.64	110,307,136	(3,488,984.36)
ATRAM Alpha Opportunity Fund, Inc.	2,917,343.84	2,720,658.23	196,685.61
ATRAM Phil. Equity Opportunity Fund, Inc.	207,590,308.02	82,454,077.06	125,136,230.96
First Metro Save and Learn Equity Fund, Inc.	378,726,881.84	67,013,755.73	311,713,126.11
PAMI Equity Index Fund, Inc.	463,222,815.68	2,404,056.59	460,818,759.09
Philam Strategic Growth Fund, Inc.	1,985,696,196.65	258,130,268.09	1,727,565,928.56
Philequity Dividend Yield Fund, Inc.	193,432,930.53	94,793,172.84	98,639,757.69
Philequity Fund, Inc.	341,860,500.95	202,281,760.46	139,578,740.49
Philequity PSE Index Fund, Inc.	73,936,136.03	2,298,758.17	71,637,377.86
Philippine Stock Index Fund Corp.	144,680,887.85	1,800,941,568.92	(1,656,260,681.07)
Soldivo Strategic Growth Fund, Inc.	51,693,510.40	5,249,250.14	46,444,260.26
Sun Life Prosperity Philippine Equity Fund, Inc.	613,032,501.34	543,051,728.08	69,980,773.26
Sun Life Prosperity Phil. Stock Index Fund, Inc.	237,955,759.79	17,723,732.57	220,232,027.22

¹⁶ Source: Philippine Investment Fund Association (PIFA)

United Fund, Inc.	45,650,709.82	998,176.39	44,652,533.43
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5. Fund Management & Environmental Analysis

Market and Economic Review

The PSEi was back in the green in March, advancing by 1.4% to close at 7,312. This despite a continued lack of news flow and acceleration in net foreign selling to \$251 million. Average daily value traded rose 11% month-on-month to P6.7 billion per day, though much of this increase was related to rebalancing in the PSEi and FTSE indices.

Investors continue to await the passage of the first tax reform package, which is critical to the government's lofty infrastructure spend targets. Failure to pass this package will negatively impact GDP growth, interest rates and/or the Peso.

March inflation inched up to a new multi-year high of 3.4%. The 10-year treasury yield rose 69 bps to 5.0554. The Peso held steady this time, appreciating 14bps to 50.2.

Outlook

A domestically-driven demand for its goods and services implies that the stock market will weather the ups and downs of the global economy.

FINANCIAL HIGHLIGHTS

Income

FY 2016 vs. FY 2015

The Net Investment loss of the Fund closed at Php101.253 million for the period ended December 31, 2016 which arose from gross income net of operating expenses coming from AUM-based expenses, taxes, licenses, and professional fees incurred in relation to the registration and launch of the Fund in June 2015.

Loss Per Share improved to -2.32 by December 31, 2016. This signified a 58% improvement from 2015's Loss Per Share of -5.53.

FY 2015

Net loss for 2015 was Php67 million due to expenses incurred in the Fund's first year of operations.

Loss Per Share for 2015 was -5.53.

Net Assets and Net Asset Value Per Share

FY 2016 vs. FY 2015

The net assets of the Fund increased by 2,091.% from Php123 million as of December 31, 2015 to Php2.7 billion as of December 31, 2016. This is mainly attributed to the fair value gains from financial assets measured at fair value through profit and loss, plus the continuous subscription of investors to the Fund.

NAVPS on December 31, 2016 was posted at Php45.3843, a decline of Php1.3267 from the previous Php46.7110 posted on December 31, 2015.

FY 2015

The Fund's net assets ended at Php123 million as of the year ending December 31, 2015.

NAVPS on December 31, 2015 was at Php46.7110, a 7.8% drop from the Fund's NAVPS as of June 16, 2015.

Liquidity

There are no demands, commitments, events or uncertainties which will impair the liquidity of the Fund. The Fund is mandated by SEC, through the Investment Company Act, to maintain at least 10% of its net assets to be invested at liquid assets (ICA Rule 35 – 1 p. d4). There are no events that triggered direct or contingent financial obligations that are material to the Fund.

Material Transactions

There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Fund with unconsolidated entities or other persons created during the period. There are no known trends, events or uncertainties that have had or that are reasonably expected to have material favorable or unfavorable impact on net sales, revenues or income from continuing operations. PEIF knows no events that will cause a material change in the relationship between costs and revenues.

The Fund, being subjected to mark-to-market revaluation, depends significantly on the market value fluctuations of listed stocks being held by it.

Recent Sales of Unregistered or Exempt Securities including Recent Issuances of Securities Constituting and Exempt Transactions - NONE

External Audit Fees

The following are the aggregate fees billed by the external auditors for each of the last two calendar years (in Php):

Year	Amount
2014	-
2015	Php 160,000
2016	Php 580,000
2017 (Estimated)	Php 750,000*
Total	Php740,000

*under negotiation

Note:

No tax fees were paid since there were no professional services rendered by Isla Lipana for tax accounting compliance, advice, planning and any other form of tax service.

Similarly, no other fees were paid for products and services provided by Isla Lipana other than the regular annual audit report.

Sales Development

The second half of the year 2008 was unprecedented with the deteriorating Philippine equity market due to the US financial crisis and the consequent global economic recession made worse by the negative news surrounding AIG. Redemptions subsequently increased and tapered off upon announcement of the FED bailout.

Client redemptions mainly came from both peso and US Dollar fixed income funds due to extreme market volatility and the prevailing uncertainty with the status of AIG. With the continued decline, PAMI focused on containing the redemptions through client visits and investor road shows nationwide.

Moving forward in the year 2009, PAMI's main communication message is to invest over the long term. To encourage continued investments and further improve customer relationships, entry fees to long-time and valued clients were waived. Furthermore, PAMI implemented a sales incentive program that awards cash incentives to those who achieve the required daily sales and group targets. This program will run from April to June 2009.

PEIF DIRECTORS AND EXECUTIVE OFFICERS

Incorporated on February 6, 2009 as PAMI Global Emerging Markets Fund, Inc., and amended to be renamed as PAMI Equity Index Fund, Inc. on April 10, 2015, the Incorporators are, as follows:

Jose L. Cuisia, Jr.
 Karen Liza M. Roa
 Reynaldo C. Centeno
 Omar T. Cruz
 Francisco M. Ortigas III
 Victor A. Lim

As of the date of this prospectus, the following are the Board of Directors and Executive Officers of PEIF:

Name	Age	Citizen ship	Position	Term of Office	Years of Service
Roberto F. De Ocampo	71	Filipino	Chairman	2016 - 2017	7 Years
Reynaldo G. Geronimo	72	Filipino	President	2016 – 2017	5 Years
Arleen May S. Guevara	55	Filipino	Director	2016 – 2017	5 Years
Eric S. Lustre	54	Filipino	Director	2016 – 2017	> 1 Year
Elenita G. Villamar	54	Filipino	Director and Treasurer	2016 – 2017	2 Years
Armand F. Braun, Jr.	79	Filipino	Independent Director	2016 – 2017	7 Years
Meliton B. Salazar, Jr.	51	Filipino	Independent Director	2016 – 2017	2 Years
Jose Ivan T. Justiniano	58	Filipino	Compliance Officer	2016 – 2017	1 Year
Ma. Adelina S. Gatdula	55	Filipino	Corporate Secretary	2016 – 2017	1 Year
Maureen Christine O. Lizarondo	30	Filipino	Asst. Corporate Secretary	2016 – 2017	> 1 Year

ROBERTO F. DE OCAMPO **Chairman**

Dr. De Ocampo is a Cum Laude graduate with a Bachelor of Arts degree in Economics from the Ateneo de Manila University. He has a Master's degree in Business Administration from the University of Michigan and a post-graduate diploma from the London School of Economics. He has also been conferred three Doctorates (Honoris Causas). Since 1998, Mr. De Ocampo is Director of the following PAMI-managed funds: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc. (each since 2005), PAMI Global Bond Fund, Inc. (since 2008), PAMI Asia Balanced Fund, Inc. (since 2009), PAMI Horizon Fund, Inc. (since 2011), and PAMI Equity Index Fund, Inc. (each since 2009). Dr. De Ocampo was previously the President of the Asian Institute of Management. From 1992 to 1998, he served as the Secretary of Finance under the Ramos administration and was widely recognized as the principal architect of the resurgence of the Philippine economy. He was the first Filipino and the first ASEAN Finance Minister to be recognized and was cited as the "Finance Minister of the Year" in 1996 by Euromoney. He was conferred the Legion of Honor in 1998, the highest honor conferred on Filipino civilians by the Philippine government and was conferred the Ordre National de la Legion d' Honneur by the Republic of France with the rank of Chevalier.

REYNALDO G. GERONIMO **President**

Atty. Geronimo is a Cum Laude graduate of Bachelor of Arts (A.B.) at the Ateneo de Manila University. He graduated Second Honors from Ateneo Law School in 1968. He also has a Master of Laws with specialization in Trusts and Estates from the University of Pennsylvania. He is currently a partner in the Romulo Mabanta Buenaventura Sayoc & de los Angeles Law Firm and a co-Chairman of the Banking Group. Atty. Geronimo is known as the Trust Guru, with a regular column in the Manila Standard Today. He is also a bar reviewer in Taxation at the UP Law Center, the UP College of Law, the Law School of UST's Civil Law Faculty, the College of Law of Liceo de Cagayan, and the Ateneo Law School. Atty. Geronimo is a Director of the following PAMI-managed funds since 2010: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

ARLEEN MAY S. GUEVARA

Director

Ms. Guevara is the Senior Vice President and Chief Investment Officer of Philamlife and is currently a Director of PAMI. Ms. Guevara was the PAMI Chairman from 2011-2013. Since 2012, Ms. Guevara has been the director of Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc. She is also a director (since 2008) at the following - Science Park of the Phils., Inc., Manila Exposition Complex, Inc., Beacon Property Ventures, Inc., Regatta Properties, Inc., and Cebu Light Industrial Park, Inc. Prior to joining Philamlife, she was Deputy Director of the Treasury Department of the Bangko Sentral ng Pilipinas. Ms. Guevara is a Magna Cum Laude graduate of Bachelor of Science in Applied Mathematics from the University of the Philippines. She holds a Master of Policy Science from the Saitama University, Japan under a Monbusho (Japan Ministry of Education) scholarship and has completed Academic units towards a Masters in Economics at the De La Salle University, Manila.

ERIC S. LUSTRE

Director

Mr. Lustre is the President and Chief Executive Officer of Philam Asset Management, Inc. Prior to his appointment, Mr. Lustre was Head of Corporate Finance and Real Estate of Philam Life's Investments Team. Since he joined Philam Life in 1993, his roles over the years included mortgage finance, fund management (corporate bonds and global bond funds), and real estate management. Eric received his Bachelor's degree of Science in Business Management from The Ateneo de Manila University and a Master's degree in Business Management with a major in Finance at the Asian Institute of Management. He is a director in the following companies representing Philam Life: Phinma Corporation, Philam-Equitable Life Assurance Company, ICCP Holdings, Inc., Science Park of the Philippines, Inc., Regatta Properties, Inc., Beacon Property Ventures, Inc., Pueblo de Oro Development Corporation, Cebu Light Industrial Park, Inc., and RFM-Science Park of the Philippines, Inc.

ELENITA G. VILLAMAR

Director and Treasurer

Ms. Villamar is the Head of Finance for Philam Asset Management, Inc. (PAMI). As PAMI's Head of Finance, she is responsible for developing financial strategies and its related performance metrics, ensuring adequate and effective financial control measures, and managing capital requirements and budget process. She has been with Philam Life for 30

years and has occupied various senior positions within the company. Prior to joining Philam Life, she worked for SGV & Co. Ms. Villamar is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She is a Fellow with distinction at the Life Management Institute. She has also completed various certification courses like the Advanced Life Insurance Course and the Trust Operations and Investment Management Course. She was a National State Scholar and received her Bachelor's degree in Commerce, Accountancy from the University of Santo Tomas, graduating cum laude. Since 2014, Ms. Villamar has been a Director of the following PAMI-managed Funds: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

ARMAND F. BRAUN, JR.
Independent Director

Mr. Armand Braun, Jr. is a graduate of the Ateneo de Manila University where he earned a degree of Bachelor of Science in Business Administration. He also took an Advance Management Program for Overseas Bankers at the Wharton School in Philadelphia, USA. He is an Independent Director of the following: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc. (each since 1998), Philam Managed Income Fund, Inc. (since 2005), and PAMI Global Bond Fund, Inc. (since 2008) PAMI Asia Balanced Fund, Inc. (since 2009), PAMI Horizon Fund, Inc. (since 2011), and PAMI Equity Index Fund, Inc. (each since 2009). Mr. Braun also sits on the board of various other companies: AFBraun & Co. Holdings (1995 – present), A-1 Microfinance, Inc. (2002 – present), Iligan Pizza Corp. (1999 – present), North Iligan Foods Corp. (2004 – present), and Al-Rose Foods Corp. (1999 – present).

MELITON B. SALAZAR, JR.
Independent Director

Mr. Salazar has a Ph.D. in International Relations, Major in International Development and Development Management from the School of International Service, The American University, Washington, D.C.; an M.A. in International Political Economy and Development from Fordham University, New York and a B.S. Management Engineering degree from the Ateneo de Manila University. Dr. Salazar is an established figure in the academe being currently the president of the following: University of Iloilo, Iloilo City (since 2009), University of Pangasinan (since 2009 to present), Cagayan de Oro College (since 2005), and Araullo University (since 2004). Dr. Salazar is also Senior Vice President of PHINMA Education Network (since 2003). Among Dr. Salazar's previous positions were President & CEO, STI International (2002 to 2003), President & CEO, iAcademy (2002 to 2003), President & CEO, Systems Technology Institute, Inc. (2001 to 2002) and COO of Systems Technology Institute, Inc. (2000 to 2001). Since November 2013, Mr. Salazar has been Director of the following PAMI-managed mutual funds - Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

JOSE IVAN T. JUSTINIANO
Compliance Officer

Mr. Justiniano is currently the Head of Compliance of Philam Life. He has over 15 years of senior management experience in compliance, governance and risk management. He held various compliance roles in PRU Life U.K., PNOC-Exploration Corporation and Sun Life Financial Plans. Mr. Justiniano is a Certified Public Accountant with a Bachelor of

Science degree in Accounting from San Beda College. He has an M.A. in Business Administration from De La Salle University; and holds several certifications in the financial services industry. Mr. Justiniano has been the Compliance Officer since October 2015 of the following PAMI-managed Funds: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

MA. ADELINA S. GATDULA

Corporate Secretary

Atty. Gatdula has been a Partner in Picazo Buyco Tan Fider & Santos Law Office since July 1995. She joined the said law office in September 1989. Prior thereto, she worked as a Confidential Attorney of Justice Irene R. Cortes in the Supreme Court. Atty. Gatdula obtained her Bachelor of Laws from the University of the Philippines in 1987, and Bachelor of Arts in Economics (*cum laude*) also from the same university in November 1982. She represents private companies engaged in real estate development and services, outsource business processing, software development, finance, investment, insurance and insurance brokerage and consultancy, manufacturing and trading, and radio broadcasting, in a wide array of corporate and financial matters, and various condominium corporations and non-government religious and charitable organizations. Atty. Gatdula has served as Corporate Secretary since October 2015 of the following PAMI-managed Funds: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

MAUREEN CHRISTINE O. LIZARONDO-MEDINA

Assistant Corporate Secretary

Atty. Maureen O. Lizarondo-Medina was born on November 30, 1986. She graduated *cum laude* with the degree of Bachelor Arts, Major in Political Science, from the University of the Philippines in 2003, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 2011. She is currently a Senior Associate at Picazo Buyco Tan Fider & Santos Law Offices. She also serves as Assistant Corporate Secretary of 8990 Holdings, Inc. and the Corporate Secretary of Tullett Prebon (Philippines), Inc. Since April 2017, Atty. Lizarondo is also the Assistant Corporate Secretary of the PAMI-managed funds, including: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc., PAMI Global Bond Fund Philippines, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc.

Significant Employee

There is no significant employee who is expected by the Company to make a significant contribution to the business.

Family Relationships

None of the Company's Directors and Executive Officers is related to each other up to the fourth civil degree of consanguinity or affinity.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence during the past five (5) years up to the date of this Prospectus of any of the following events that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer or controlling person of the Company:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Executive Compensation

The Fund pays its directors a per diem of Php7,500 for every Board Meeting. The Fund estimates total aggregate per diems of Php150,000 for the year 2016.

Year	Total Compensation (Php)
2014	90,000
2015	185,000
2016	113,000
2017 (Estimated)	150,000
Total	538,000

There are no other arrangements between the Fund and each of the Directors, pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year. Neither are there arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, since incorporation, for any service.

Employment Contracts and Termination of Employment and Change-In-Control Arrangements

None of the Executive Officers have employment contracts with the Company.

There are no arrangements that exist which could result in a change in control of the Company.

Warrants and Options Outstanding

As of the date of this Prospectus, none of the Company's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Company.

**SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS
(AS OF DECEMBER 31, 2016)**

Prior to the offer, the following shareholders are the only owners of more than 5.0% of the Fund's voting capital stock, whether directly or indirectly, as record owner or beneficial owner:

TITLE OF CLASS	NAME AND ADDRESS OF RECORD OWNER AND RELATIONSHIP WITH ISSUER	NAME OF BENEFICIAL OWNER & RELATIONSHIP WITH RECORD OWNER	CITIZENSHIP	NO OF SHARES HELD AND OUTSTANDING	PERCENT OF CLASS
Common	THE PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE CO (PHILAM LIFE) 17F NET LIMA BUILDING 26TH STREET CORNER 5TH AVENUE, BGC, TAGUIG Record Owner is an affiliate of the Issuer.	The Record Owner is also the Beneficial Owner.	Filipino	47,169,584 ¹⁷	70.6651%
Common	NOVALICHES DEVELOPMENT COOPERATIVE NOVADECI BLDG BUENAMAR CORNER SARMIENTO STREET, NOVA PROPER, NOVALICHES QUEZON CITY No relationship with Issuer.	The Record Owner is also the Beneficial Owner.	Filipino	3,639,228 ¹⁸	5.4520%

¹⁷ Of which 47,169,584 are unregistered shares. Ms. Arleen May S. Guevara is the person with the power to vote and dispose of the shares of the Philippine American Life and General Insurance, Co. Ms. Guevara is the Chief Investment Officer of the said company.

¹⁸ Of which 3,639,228 are unregistered shares. The following officers of Novaliches Development Cooperative have been authorized to vote the shares of the cooperative: Ms. Nene C. Espinola (Chairperson), Ms. Evelyn C. Dimacale (Vice-Chairperson), Mr. Alexander R. Alvarez (Treasurer), and Ms. Marlene D. Sindayen (General Manager).

SECURITY OWNERSHIP OF MANAGEMENT (AS OF DECEMBER 31, 2016)

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Roberto F. De Ocampo Eugenio Lopez Foundation Bldg., Col. Joseph R. Mcmicking Campus, 123 Paseo de Roxas, Makati City, (Chairman of the Board)	1 (R)	Filipino	000001%
Common	Reynaldo G. Geronimo No. 5 Zinia St., Valle Verde 2, Pasig City (Director & President)	1 (R)	Filipino	000001%
Common	Arleen May S. Guevara 17F Net Lima Building, 5 th Avenue corner 26 th Street, Bonifacio Global City, Taguig (Director)	1 (R)	Filipino	000001%
Common	Eric S. Lustre 17F Net Lima Building, 5 th Avenue corner 26 th Street, Bonifacio Global City, Taguig (Director)	1 (R)	Filipino	000001%
Common	Elenita G. Villamar 17F Net Lima Building, 5 th Avenue corner 26 th Street, Bonifacio Global City, Taguig (Director & Treasurer)	1 (R)	Filipino	000001%
Common	Armand F. Braun, Jr. No. 45 Magallanes Avenue, Magallanes Village, Makati City (Independent Director)	1 (R)	Filipino	000001%
Common	Meliton B. Salazar Jr. No. 28 Hunt Street, Filinvest East, Quezon City (Independent Director)	1 (R)	Filipino	000001%
Common	Ma. Adelina S. Gatdula Penthouse Liberty Center 104HV De La Costa St Salcedo Village, Makati City (Corporate Secretary)	0	Filipino	0%
Common	Maureen Christine O. Lizarondo Penthouse Liberty Center 104HV De La Costa St., Salcedo Village, Makati City (Assistant Corporate Secretary)	0	Filipino	0%

Common	J. Ivan Justiniano 17/F Net Lima Bldg., 5th Ave. cor. 26th St., Bonifacio Global City, Taguig (Compliance Officer)	0	Filipino	0%
TOTAL		7		0.0000175%

Voting Trust

The Company knows of no persons holding more than 5.0% of its shares under a voting trust or similar agreement which may result in a change in control of the Company.

Change of Control

No change in control of PEIF occurred since the beginning of its last fiscal year.

Certain Relationships and Related Transactions

During the last two years, there are no transactions - either proposed or series of similar transactions – with or involving the company in which a director, executive officer, or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

PARTIES INVOLVED IN THE FUND

THE FUND MANAGER PHILAM ASSET MANAGEMENT, INC.

Philam Asset Management, Inc. (PAMI) is an asset management company that resulted from a strategic partnership between Philippine American Life & General Insurance Company and AIG Asset Management, Inc. PAMI was established in 1992 to take advantage of the improved business climate and expected recovery of the economy.

INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR

PAMI is the Fund Manager of PEIF. As Fund Manager, PAMI is tasked to provide and render management and technical services to PEIF. PAMI also functions as the principal distributor of PEIF shares. As such, it takes charge of sales and distribution of PEIF shares to prospective investors. The guidelines for the management of the resources and operations of PEIF by PAMI are set under its Management and Distribution Agreement with PEIF.

PAMI is wholly-owned by Philam Life and an affiliate of AIA. Philam Life, which started in 1947, is the country's largest and most diversified insurance company and the market leader for over half a century. Philam Life is a wholly owned subsidiary of AIA. At present, PAMI manages and distributes eight other investment companies, namely: PAMI Equity Index Fund, Inc., PAMI Global Bond Fund, Inc., Philam Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Fund, Inc., PAMI Asia Balanced Fund Inc., Philam Fund, Inc., Philam Managed Income Fund, Inc. and PAMI Horizon Fund, Inc. (formerly GSIS Mutual Fund, Inc.).

The management fee to be charged by PAMI is a maximum of 1.5% per year. A sales load not exceeding 3% shall also be charged for investments. Load arrangements can be negotiated with institutional investors on a case-to-case basis.

PAMI Board of Directors

Ferdinand L. Berba

Chairman of the Board

Mr. Ferdinand Berba is the Chairman of the Board of Philam Asset Management, Inc. He has more than 23 years of experience in the insurance industry. He held various senior roles in Philam Life including President and CEO of PAMI, Director of Philam Financial Advisory Services and Group Training Director. Previously, he was Director of Agency Development, Director of Client Services, and President of Sun Life Financial Plans. Mr. Berba also worked in other insurance companies such as Pioneer Life and Pioneer Group and Great Pacific Life Assurance Corporation. He holds an AB Psychology degree from De La Salle University.

Eric S. Lustre

President and Chief Executive Officer

Mr. Eric Lustre is the President and Chief Executive Officer of Philam Asset Management, Inc. Prior to his appointment, Mr. Lustre was Head of Corporate Finance and Real Estate of Philam Life's Investments Team. Since he joined Philam Life in 1993, his roles over the years included mortgage finance, fund management (corporate bonds and global bond funds), and real estate management. Eric received his Bachelor's degree of Science in Business Management from the Ateneo de Manila University and a Master's degree in Business Management with a major in Finance at the Asian Institute of Management. He is a director in the following companies, representing Philam Life: Phinma Corporation, Philam-Equitable Life Assurance Company, ICCP Holdings, Inc., Science Park of the Philippines, Inc., Regatta Properties, Inc., Beacon Property Ventures, Inc., Pueblo de Oro Development Corporation, Cebu Light Industrial Park, Inc., and RFM-Science Park of the Philippines, Inc.

Gerard Raymond M. Cariaso

Director

Mr. Cariaso is Senior Vice President and Head of Corporate Solutions Resources of Philam Life and has been with the company since 2010. Prior to his position at Philam Life, Mr. Cariaso was Managing Director of Mercer Philippines, Inc. from 2007 to 2009 and President of Via Sacra, Inc. from 2005 to 2007. Mr. Cariaso was also a Director and Regional HR Head – Asia for Cemex Philippines (Cemex SA De CV) from 1997 to 2005. Prior to his stint at Cemex, Mr. Cariaso was Vice President – HR for Rockwell Land Corporation. Mr. Cariaso obtained his Bachelor of Arts degree, Major in Psychology from De La Salle University and he holds a Masters in Industrial Relations Major in Human Resource Development from the University of the Philippines.

Arleen May S. Guevara

Director

Ms. Guevara is the Senior Vice President and Chief Investment Officer of Philam Life. She is also a director at the following companies - Science Park of the Phils., Inc., Manila Exposition Complex, Inc., Beacon Property Ventures, Inc., Regatta Properties, Inc., and Cebu Light Industrial Park, Inc. Prior to joining Philam Life, she was Deputy Director of the Treasury Department of the Bangko Sentral ng Pilipinas. Ms. Guevara is a magna cum laude graduate of Bachelor of Science in Applied Mathematics from the University of the Philippines. She holds a Master of Policy Science from the Saitama University, Japan under a Monbusho (Japan Ministry of Education) scholarship and has completed Academic units towards a Masters in Economics at the De La Salle University, Manila.

Ling Chi Kevin Ng

Director

Mr. Ng holds a degree in Bachelor of Information Technology (Economics) from the Australian National University and completed his MSc in International Management and MSc in Financial Economics from the University of London. He is likewise a Chartered Financial Analyst. He is currently the Vice-President, Head of Asset Allocation Advisory of AIA. He was formerly the Vice-President for Wealth Management Products, Asia at ABNAMRO Bank, where he set up a regional investment advisory platform and a structured product development platform for all ABN AMRO branches in Asia.

Edgardo A. Grau

Independent Director

Mr. Grau is a graduate of the De La Salle University with a degree in Bachelor of Science in Mechanical Engineering and graduated with an MBA degree, major in Industrial Management at Wharton Graduate School, University of Pennsylvania. He was previously the Executive Vice-President and Chief Investment Officer of Philamlife. Mr. Grau also held positions at Meralco's Technical Services Group as Assistant Vice-President, Philippine Commercial International Bank as Vice-President, Atlantic Gulf & Pacific Company of Manila, Inc. as Executive Vice-President & Chief Operating Officer, Magellan Capital Holdings Corporation as Senior Vice-President and Chief Financial Officer, and Philippine Asia Equity Securities, Inc. as Senior Vice-President for Investment Banking.

Javier J. Calero

Independent Director

Mr. Calero was previously Senior Adviser for the International Foundation for Elections Systems based in Washington D.C. which is currently working on strengthening national and provincial legislative governance in Pakistan. He was also the Chairman of the Zenith Optimedia and ZMG Signium Ward Howell, an executive development Search Firm. He was involved in the Indonesian presidential elections in 1999, where he became part of the post-election program funded by the United States Agency for International Development. He was then President and Chief Executive Office of J. Walter Thompson, Philippines. He was thereafter promoted as its Regional Director in countries like Sri Lanka, Malaysia, Indonesia, and Singapore where he was responsible in ensuring the profitability of the said countries. He currently serves as a director in various organizations, such as the Institute of Corporate Directors, Philippine Band of Mercy, Asian Institute for Journalism and Communication, Dearborn Motors-Ford Dealership, Performance Auto Motors Group, Inc. and World Association of Psychosocial Rehabilitation. He is also a Trustee and Vice Chairman of the University of Asia and the Pacific.

CITIBANK, N.A.**Custodian Bank**

The Custodial Agreement establishes the trustor-trustee relationship between PEIF, PAMI and Citibank, N.A. as the custodian bank. The Custodial Agreement covers the custodian bank's duties on receipt of securities, identification and segregation of assets, registration of assets, reports and records to be accomplished by the custodian bank, custody of PEIF investments and fees of the custodian bank.

PHILAM ASSET MANAGEMENT, INC.**Transfer Agent**

The transfer agent of PEIF is PAMI. The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

**PICAZO BUYCO TAN FIDER & SANTOS
Legal Counsel**

The law firm of Picazo Buyco Tan Fider & Santos serves as the legal counsel for the Fund.

**ISLA LIPANA AND CO.
External Auditors**

The accounting firm of Isla Lipana and Co. (Isla Lipana) serves as external auditors of the Fund.

External Audit Fees

Following are the aggregate fees billed by external auditors for each of the last two calendar years (in Php):

Year	Audit Fees
2014	-
2015	Php160,000
2016	Php580,000
2917 (Estimated)	Php750,000*
Total	Php1,490,000

**Under negotiation*

- The audit fees of the registrant's annual financial statements or services that are provided by the external auditor were advanced by PAMI.
- There were no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
- There were no professional services rendered by the external auditor for the tax accounting, compliance, advice, planning and any other form of tax services. Final Tax on interest from CASA was the only item under "tax fees".
- There were no other fees for the products and services provided by the external auditor other than its external audit services.
- No other external auditor worked for PEIF aside from Isla Lipana and Co.
- There were no disagreements with the former accountant, on any matter of accounting any financial disclosure.

Direct or Indirect Interest of External Auditor and Independent Counsel

Isla Lipana and Picazo Law, PEIF External Auditor and Legal Counsel, respectively, have not been retained on a contingency basis. Both will not receive any direct or indirect interest in the Fund pursuant to or in connection with the offer.

With the exception of Attys. Gatdula and Lizarondo, the Fund's Corporate Secretary and Assistant Corporate Secretary, respectively, Picazo Law has not acted or will not act as promoter, voting trustee, officer or employee of the Company.

MATERIAL CONTRACTS AND AGREEMENTS

The following is a summary of the material contracts and agreements relating to the Fund:

Management and Distribution Agreement

Under this Agreement, Philam Asset Management, Inc. ("PAMI") was engaged by PEIF to act as the Fund Manager.

The services to be rendered by PAMI under the Management and Distribution Agreement include the following:

1. Investment and re-investment of the assets of PEIF;
2. Preparation of reports, circulars, notices and other information on internal corporate affairs as may be required by PEIF, its stockholders or its Board of Directors, including monthly reports on:
 - a. revenues and disbursements broken down as investments and expenses,
 - b. sales and redemption, and
 - c. performance of PEIF's investment portfolio and changes in the net asset value of the Fund;
3. Preparation and submission of such reports that the SEC may require;
4. Registration and/or transfer of all investments made and/or held by PAMI under the Management and Distribution Agreement in PEIF's name, or its nominee, or to retain the investments unregistered or in any form permitting transferability by delivery, but the books and records of PAMI should at all times show that all such investments belong to PEIF;
5. Procurement of any and all licenses, permits and authorizations in making, holding and disposing of the investments as well as the distribution of PEIF's capital stock;
6. Transactions with stockbrokers for the account of PEIF in connection with PAMI's investment and reinvestment of PEIF's assets; and
7. Execution of any and all acts necessary to collect or realize any securities or investments, in the event of default.

In purchasing and selling securities or otherwise making or disposing of investments for the account of the Fund, PAMI may act without need of prior approval or notification from PEIF, provided that it acts within the limits of the investment policies and guidelines prescribed by PEIF's Board of Directors and subject to the provisions of the ICA and the registration statements of PEIF.

The Certificates and other evidence of title to assets in the investment portfolio of the Fund shall be under the custody of the designated Custodian. However, PAMI may, either directly or through the Custodian, take charge of the collection of interests, dividends or other payments on all securities owned by the Fund, and shall exercise any and all rights of the Fund pertaining to such securities.

PAMI also acts as the principal distributor of the capital stock of PEIF. PAMI shall use its best efforts to sell PEIF stock, and it is agreed that PAMI does not undertake to buy or sell any or any specific portion of the capital stock of the Fund.

The initial term of the Management and Distribution Agreement is two years, after which the agreement shall continue in effect from year to year, provided that the continuation shall be specifically approved at least annually by PEIF's Board of Directors or by a vote of the shareholders holding or representing majority of the outstanding stock of PEIF.

The Management and Distribution Agreement may be terminated at any time, upon written notice of not less than 60 days, by PEIF's Board of Directors, or by a vote of the

shareholders holding or representing majority of the outstanding capital stock of PEIF, or by PAMI. The Management and Distribution Agreement is also deemed automatically terminated after a new fund manager is qualified and selected in the event that PAMI has signified its intention not to renew.

For services rendered under the Management and Distribution Agreement, PAMI is entitled to a management fee charged monthly equivalent to and not exceeding one-eighth of one (1/8 of 1) per month, or one and a half percent (1.5%) per year.

The Management and Distribution Agreement provides that in no case may the total compensation to PAMI exceed any maximum limit prescribed under R.A. 2629. At present, the SEC has not yet issued any guidelines or regulations prescribing the maximum limits for compensation to fund managers.

Direct Custodial Services Agreement

PEIF engaged the services of Citibank Philippines as custodian of PEIF's property and cash.

The agreement does not provide for a definite term and shall be terminated at the instance of either party. This agreement may be terminated by PEIF by giving notice to the applicable custodian or to Citibank, N.A. (if it wishes to terminate the entire arrangement), by giving written notice of not less than sixty days. Any custodian or Citibank may likewise terminate the agreement by giving the same written notice within the same period.

The services to be rendered by Citibank under this agreement include the following:

1. Taking custody of the property and cash of PEIF;
2. Collecting and receiving for the account of PEIF all income, payments and distributions in respect of the property held under its custody;
3. Receiving and holding for the account of PEIF all securities received as a result of a stock dividend, share subdivision or reorganization, capitalization of reserves or otherwise; and
4. Making cash disbursements for any expenses incurred in handling the property.

Service Agreement

PEIF engaged the services of the Philam Asset Management, Inc. (PAMI) as Stock Transfer Agent.

The services to be rendered by PAMI under this agreement include the following:

1. Taking possession of and safeguarding the following items, among others:
 - a. All unissued stock certificates of PEIF;
 - b. Stock Transfer Journal and Ledgers of PEIF.
2. Issuing certificate of stocks of PEIF upon instruction of PAMI and upon presentation of the proper underlying documents;
3. Attending to all details of stock cancellation and issuance, including the prompt and due recording in the stock and transfer journal and ledgers;
4. Computing and submitting to PAMI the proper amount of Documentary Stamp Tax; and

5. Registering all liens constituted on the shares of stock of PEIF upon receipt thereof and cancelling existing liens upon receipt of notice of release thereof.

The term of this agreement is from April 7, 2016 until terminated. It may be terminated upon thirty days' notice from either party.

For services rendered, the transfer agent will charge five (5) basis points per annum on a monthly basis, based on average Assets Under Management (AUM). Costs for documentary stamps, forms, stationery, signature cards, checks, certificates and other related expenses shall also be for the account of PEIF.

TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Company. This discussion is based upon laws, rules and regulations, rulings, income tax conventions (treaties), administrative practices, and judicial decisions in effect at the date of this Prospectus. Subsequent legislative, judicial, or administrative changes or interpretations, which may be retroactive in nature, could affect tax consequences to the prospective investor.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to address all tax aspects that may be applicable to an investor.

This general description does not purport to be a comprehensive description of the Philippine tax aspects of the investment in shares and no information is provided regarding the tax aspects of acquiring, owning, holding, or disposing of the shares under applicable tax laws of other pertinent jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding, and disposing of the shares in such other jurisdictions.

The terms "resident alien," "non-resident citizen," "non-resident alien," "resident foreign corporation," and "non-resident foreign corporation" are used in the same manner as in the Tax Code.

A "resident alien" is an individual whose residence is within the Philippines and who is not a citizen thereof.

A "non-resident citizen" is a citizen of the Philippines who: (a) established to the satisfaction of the Commissioner of Internal Revenue the fact of his/her physical presence abroad with a definite intention to reside therein; (b) leaves the Philippines during the taxable year to reside abroad, either as an immigrant or for employment on a permanent basis; or (c) works and derives income from abroad and whose employment thereat requires him to be physically present abroad most of the time during the taxable year. A citizen of the Philippines who has been previously considered as a non-resident citizen and who arrives in the Philippines at any time during the taxable year to reside permanently in the Philippines shall be treated as a non-resident citizen for the taxable year in which he/she arrives in the Philippines with respect to his/her income derived from sources abroad until the date of his/her arrival in the Philippines.

A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A "non-resident alien" may either be engaged or not engaged in trade or business in the Philippines. A "non-resident alien" who stays in the Philippines for an aggregate period of more than 180 days during any calendar year is deemed a "non-resident alien doing business in the Philippines."

A "resident foreign corporation" refers to a foreign corporation engaged in trade or business in the Philippines, while a "non-resident foreign corporation" refers to a foreign corporation not engaged in trade or business in the Philippines.

A resident citizen is taxed on income from all sources (other than certain passive income and capital gains) at progressive rates ranging from 5% to 32% of net taxable income. A non-resident alien engaged in trade or business in the Philippines is generally subject to tax on net income from Philippine sources (other than certain passive income and capital gains) at the same progressive tax rates imposed on resident aliens and citizens.

A non-resident alien not engaged in trade or business in the Philippines is taxed on gross income from Philippine sources (other than certain passive income and capital gains) at the rate of 25% withheld at source.

Below is a short discussion of the pertinent taxes with respect to the transactions of the Fund and the shareholders in the Fund.

THE FUND

Corporate Income Tax

A domestic corporation is subject to a tax of 35% (currently scheduled to be reduced to 30% beginning in 2009) of its taxable income (gross income less allowable deductions) from all sources within and outside the Philippines except those items of income that are subject to final withholding tax, such as: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines that are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system that is subject to a final tax at the rate of 7.50% of such income

A resident foreign corporation (except certain types of corporations enumerated in the Tax Code) is subject to a tax of 35% (currently scheduled to be reduced to 30% beginning in 2009) of its taxable income (gross income less allowable deductions) from all sources within the Philippines except those items of income that are subject to final withholding tax, such as: (a) gross interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines that are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; and (b) interest income from a depository bank under the expanded foreign currency deposit system that is subject to a final tax at the rate of 7.50% of such income.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation, as well as on a resident foreign corporation (other than an international carrier, an offshore banking unit, or a regional or area headquarters or regional operating headquarters of a multinational company), beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the minimum corporate income tax is greater than the regular income tax for the taxable year. Any excess of the minimum corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three (3) immediately succeeding taxable years. Further, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation that suffers from losses on account of a prolonged labor dispute, or because of force majeure, or because of legitimate business reverses.

The President of the Philippines may, upon the recommendation of the Secretary of Finance and upon occurrence of certain macroeconomic conditions, allow domestic and resident foreign corporations the option to be taxed on a gross basis at the rate of 15%. This authority has not been exercised to date.

A final withholding tax of 35% is imposed, as a general rule, upon the gross income received during each taxable year of a non-resident foreign corporation from all sources within the Philippines, subject to the provisions of tax treaties between the Philippines and the country of residence of such foreign corporation.

THE SHAREHOLDER

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual stockholders who are either citizens or residents of the Philippines are subject to final withholding tax at the rate of 10%. Cash and property dividends received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a 20% final withholding tax on the gross amount thereof, while cash and property dividends received by non-resident alien individuals not engaged in trade or business in the Philippines are generally subject to final withholding tax at the rate of 25% of the gross amount subject, however, to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals. A non-resident alien who comes to the Philippines and stays in the country for an aggregate period of more than 180 days during any calendar year will be deemed a non-resident alien engaged in business in the Philippines.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to tax while those received by non-resident foreign corporations (i.e. foreign corporations not engaged in trade or business in the Philippines) are subject to final withholding tax at the rate of 35% until end-2008 (with a reduced final withholding tax at the rate of 30% from 2009 onwards).

The 35% rate may also be reduced to 15% if the country in which the non-resident foreign corporation is domiciled imposes no tax on foreign-sourced dividends or allows a credit against the tax due from the non-resident foreign corporation, for taxes deemed to have been paid in the Philippines equivalent to 20%. Effective on January 1, 2009, the credit against the tax due shall be 15%.

The 35% rate for dividends paid to a non-resident foreign corporation may be reduced if the country of residence of such foreign corporation has an existing tax treaty with the Philippines and such treaty provides for a preferential tax rate.

Philippine tax authorities have prescribed, through an administrative issuance, certain procedures for availment of tax treaty relief. Subject to the approval by the BIR of the Company's application for tax treaty relief, the Company shall withhold taxes at a reduced rate on dividends to be paid to a non-resident holder, if such non-resident holder provides the Company with proof of residence and if applicable, individual or corporate status. Proof of residence for an individual consists of certification from his/her embassy, consulate, or other equivalent certification issued by the proper government authority, or any other official document proving tax residence. If the regular tax rate is withheld by the Company instead of the reduced rates applicable under the treaty, the non-resident holder of the shares may file a claim for refund from the BIR. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal if the claim is denied by the BIR. The filing of a claim for refund may therefore prove to be impractical. Stock dividends distributed pro-rata to any holder of shares of stock are not subject to Philippine income tax.

Sale, Exchange or Disposition of Shares

Gains from Redemption of Shares

Gains realized by the shareholder upon redemption of his shares of stock in the Fund are not subject to tax.

Documentary Stamp Tax

The original issuance of shares of stock is subject to documentary stamp tax of Php1 for each Php200 par value or a fraction thereof, of the shares of stock issued. On the other hand, the sale, transfer, or other disposition of shares of stock (including the re-issuance of previously redeemed shares of stock) is subject to a documentary stamp tax of Php0.75 for each Php200 par value or a fractional part thereof of the shares sold, transferred, or otherwise disposed of.

Estate and Gift Taxes

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine *situs*, and any transfer thereof by way of succession or donation even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate or donor's tax.

Subject to certain exceptions, the transfer of shares upon the death of an individual holder to his/her heirs by way of succession, whether such holder was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine taxes at progressive rates ranging from 5% to 20%, if the net estate is over Php200,000. On the other hand, individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer shares by way of gift or donation will be liable to Philippine donor's tax on such transfers at progressive rates ranging from 2% to 15% of the net gifts during the year exceeding Php100,000. The rate of tax with respect to net gifts made to a stranger (i.e. one who is not a brother, sister, spouse, ancestor, lineal descendant or relative by consanguinity within the fourth degree of relationship) is a flat rate of thirty percent (30%) of the net gifts.

Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock: (a) if the decedent at the time of his/her death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his/her death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the decedent or donor was a citizen and resident at the time of his/her death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS/HER OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE PEIFSHARES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

SIGNATURES

<p>ROBERTO F. DE OCAMPO Chairman TIN: 120-115-828</p>	<p>REYNALDO G. GERONIMO President and Director TIN: 123-102-993</p>
<p>ARLEEN MAY S. GUEVARA Director TIN: 135-913-440</p>	<p>ARMAND F. BRAUN, JR. Director TIN: 137-000-213</p>
<p>MELITON B. SALAZAR, JR. Director TIN: 144-499-695</p>	<p>ERIC S. LUSTRE Director TIN: 107-168-308</p>
<p>ELENITA G. VILLAMAR Director and Treasurer TIN: 110-862-513</p>	<p>MA. ADELINA S. GATDULA Corporate Secretary TIN: 107-043-114</p>
<p>MAUREEN CHRISTINE O. LIZARONDO Assistant Corporate Secretary TIN: 417-735-231</p>	

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

Before me, a Notary Public for and in _____ this ____ day of _____, personally appeared the following:

Name	Identification No.	City	Date Issued
Roberto F. de Ocampo	EC6721113	NCR Central	10 Feb 2016
Reynaldo G. Geronimo	EC2113508	Manila	16 Sept 2014
Arleen May S. Guevara	EB6348267	Manila	14 Sept 2012
Eric S. Lustre	EC2752401	NCR South	18 Nov 2014
Armand F. Braun, Jr.	EB7437939	Manila	20 Feb 2013
Meliton B. Salazar, Jr.	EC6631952	NCR East	28 Jan 2016
Elenita G. Villamar	EC6020576	Manila	02 Dec 2015
Ma. Adelina S. Gatdula	EB7291992	Manila	04 Feb 2013
Maureen Christine O. Lizarondo	EC7916069	Pampanga	04 Jun 2016

Known to me and to me known to be the same persons who executed the foregoing instruments and they acknowledged to me that the same is their free and voluntary act and deed

WITNESS MY HAND AND SEAL on the date and place first above-mentioned.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2017.