Philequity Dividend Yield Fund, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Philequity Dividend Yield Fund, Inc.** is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2013 and 2012, including the additional components attached therein, in accordance with the accounting principles generally accepted in the Philippines as prescribed in Note 2 to the financial statements. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Sycip, Gorres, Velayo and Co., the independent auditors, appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed this 27th day of March, 2014.

IGNACIO B. GIMENEZ
Chairman & President
CTC No.: 34410091
January 08, 2014
Quezon City
TIN: 228-111-486

VIOLETA O. LUYM
Treasurer
CTC No.: 22773990
January 24, 2014
Mandaluyong City
TIN: 122-335-536

QUEZON CITY

SUBSCRIBED AND SWORN to me before this APR 04 2014 at Pasig City, affiants exhibiting to me their Community Tax Certificates.

Doc. No. 279
Page No. 56
Book No. 98
Series of 2014

ATTY. TOMAS F. DULAY JR.
NOTARY PUBLIC
Until December 31, 2014
ADM MATTER #. NP-061-2014-2015
PTR# 904238301-02 /01-07-14 Q.C.
IBP# 915073 CY-2014 Q.C.
Roll No. 16583/03/13-61
TIN# 410225916
Add. 92 Legaspi St. Proj. 4 Q.C.
MCLE EXEMPTED# 000808

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Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philequity Dividend Yield Fund, Inc.
2004-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

Report on the Financial Statements

We have audited the accompanying financial statements of Philequity Dividend Yield Fund, Inc. (an open-end mutual fund company), which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2013 and for the period August 2 to December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Building a better working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Philequity Dividend Yield Fund, Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for the year ended December 31, 2013 and for the period August 2 to December 31, 2012 in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 19-2011 and 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 19-2011 and 15-2010 in Note 14 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philequity Dividend Yield Fund, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225212, January 2, 2014, Makati City

March 27, 2014

BUREAU OF INTERNAL REVENUE
RDO NO. 043A
EAST PASIG CITY
RECEIVED
BY: GEORGE O. LARIN
10 APR 2014

PHILEQUITY DIVIDEND YIELD FUND, INC.

(An Open-End Investment Company)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2013	2012
ASSETS		
Cash and cash equivalents (Note 5)	**₱49,399,189**	₱50,048,817
Accrued interest receivable (Note 5)	**24,643**	–
	₱49,423,832	₱50,048,817
LIABILITIES AND EQUITY		
Liabilities		
Accrued expenses and other liabilities (Notes 6 and 10)	**₱1,455,180**	₱1,352,426
Equity		
Subscribed share capital (Note 7)	**125,000,000**	125,000,000
Subscription receivable (Note 7)	**(75,000,000)**	(75,000,000)
Deficit	**(2,031,348)**	(1,303,609)
	47,968,652	48,696,391
	₱49,423,832	₱50,048,817
Net asset value per share (Note 7)	**₱0.3837**	₱0.3896

See accompanying Notes to Financial Statements.

PHILEQUITY DIVIDEND YIELD FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013 AND
FOR THE PERIOD AUGUST 2 TO DECEMBER 31, 2012*

	2013	2012
INVESTMENT INCOME		
Interest income (Note 5)	**₱452,154**	₱61,021
OPERATING EXPENSES		
Taxes and licenses	**520,878**	1,038,776
Documentary stamp tax	**375,000**	250,000
Professional fees	**160,760**	61,000
Others	**32,824**	2,650
	1,089,462	1,352,426
INVESTMENT LOSS BEFORE INCOME TAX	**(637,308)**	(1,291,405)
PROVISION FOR INCOME TAX (Note 8)	**90,431**	12,204
TOTAL COMPREHENSIVE LOSS**	**(₱727,739)**	(₱1,303,609)
LOSS PER SHARE (Note 12)	**(₱0.0058)**	(₱0.0104)

*The Fund was incorporated and registered with the Philippine Securities and Exchange Commission on August 2, 2012.
** There are no other comprehensive income items for the period.

See accompanying Notes to Financial Statements.

PHILEQUITY DIVIDEND YIELD FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013 AND
FOR THE PERIOD AUGUST 2 TO DECEMBER 31, 2012*

	2013	2012
SUBSCRIBED SHARE CAPITAL (Note 7)		
Common stock - ₱1.00 par value		
Authorized, 500,000,000 shares		
Subscribed, 125,000,000 shares	**₱125,000,000**	₱125,000,000
SUBSCRIPTION RECEIVABLE (Note 7)	**(75,000,000)**	(75,000,000)
DEFICIT		
Balance at the beginning of the period	**(1,303,609)**	–
Total comprehensive loss	**(727,739)**	(1,303,609)
	₱47,968,652	₱48,696,391

*The Fund was incorporated and registered with the Philippine Securities and Exchange Commission on August 2, 2012.

See accompanying Notes to Financial Statements.

PHILEQUITY DIVIDEND YIELD FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND
FOR THE PERIOD AUGUST 2 TO DECEMBER 31, 2012*

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Investment loss before income tax	**(₱637,308)**	(₱1,291,405)
Increase in accrued interest receivable	**(24,643)**	–
Increase in accrued expenses and other liabilities	**102,754**	1,352,426
Net cash (used in) generated from operations	**(559,197)**	61,021
Income taxes paid	**(90,431)**	(12,204)
Net cash (used in) provided by operating activities	**(649,628)**	48,817
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of shares	**–**	50,000,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(649,628)**	50,048,817
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**50,048,817**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	**₱49,399,189**	₱50,048,817
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	**₱427,511**	₱61,021

*The Fund was incorporated and registered with the Philippine Securities and Exchange Commission on August 2, 2012.

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philequity Dividend Yield Fund, Inc. (the Fund) was incorporated in the Philippines, and was registered with the Securities and Exchange Commission (SEC) on August 2, 2012, under the Philippine Investment Company Act (ICA) (Republic Act 2629), as an open-end investment company. The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of equity securities. The Parent Company of the Fund is Vantage Equities, Inc. (VEI).

Philequity Management, Inc. (PEMI) serves as the investment manager of the Fund. PEMI is 51%-owned by VEI.

On January 22, 2014, the Fund officially launched its capital shares to the public.

The registered address of the Fund is 2004-A East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

The accompanying financial statements of the Fund were approved and authorized for issue by the board of directors (BOD) on March 27, 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying financial statements of the Fund have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso, which is the Fund's functional currency, and all values are rounded to the nearest peso except when otherwise indicated.

Presentation of Financial Statements
The Fund presents its statement of financial position in order of liquidity.

Statement of Compliance
The financial statements of the Fund have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous financial year, except for the following new and amended Philippine Accounting Standards (PAS) and PFRS which were adopted as of January 1, 2013. The following new and amended standards and interpretations do not have any impact on the accounting policies, financial position or performance of the Fund:

New and Revised Standards

- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests on Other Entities*
- PAS 19, *Employee Benefits* (Revised)

- PAS 27, *Separate Financial Statements* (as revised in 2011)
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)

Annual Improvements to PFRSs (2009-2011 cycle)

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*
- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*
- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*
- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*

PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and
e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments affect disclosures only and have no impact on the Fund's financial position or performance. The Fund does not have financial instruments that are set-off in accordance with PAS 32 or subject to an enforceable master netting arrangement or similar agreement. However these amendments would be considered for future transactions.

PFRS 13, *Fair Value measurement*
It establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13.

Application of PFRS 13 has not materially impacted the fair value measurements of the Fund. Fair Value Information is disclosed in Note 4.

PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income* (Amendments)
The amendments to the standard change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The Fund has no items of other comprehensive income.

Summary of Significant Accounting Policies

<u>Cash and Cash Equivalents</u>
This includes cash in banks and cash equivalents. Cash equivalents represent short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and which are subject to an insignificant risk of changes in value.

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
Date of recognition
Financial instruments within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, are recognized in the statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets and liabilities within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
Financial instruments are initially recognized at fair value of the consideration given. The initial measurement of financial instruments includes transaction costs, except for financial instruments at financial assets through profit or loss (FVPL). The Fund classifies its financial assets in the following categories: financial assets at FVPL, available-for-sale (AFS) investments, held-to-maturity (HTM) investments and loans and receivables. Financial liabilities are classified either as financial liabilities at FVPL or other financial liabilities carried at amortized cost or cost.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of fair value
The Fund measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the statement of financial position on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1 difference') in the profit or loss in the statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Fund determines the appropriate method of recognizing the 'Day 1' amount.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated at FVPL or classified as AFS securities. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR) and using effective interest method. The amortization is included under 'Interest income' in the profit or loss in the statement of comprehensive income. The losses arising from impairment of such loans and receivables are also recognized as 'Provision for (reversal of) impairment and credit losses' in the profit or loss in the statement of comprehensive income.

Other financial liabilities
Issued financial instruments or their components, which are neither held for trading nor designated at FVPL, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Other financial liabilities include liabilities arising from operations or borrowings.

Derecognition of Financial Assets and Liabilities
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership and retained control over the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control over the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive income.

Impairment of Financial Assets
The Fund assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that

loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
If there is objective evidence that an impairment loss on financial assets carried at amortized cost (i.e. receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original EIR. Time value is generally not considered when the effect of discounting is not material. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in profit or loss in the statement of comprehensive income. The asset, together with the associated allowance accounts, is written-off when there is no realistic prospect of future recovery.

The Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss in the statement of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Financial assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Capital Stock and Redeemable Shares
A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation;
- The instrument is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's right to a pro-rata share of the Fund's net assets; and
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

In addition to the instrument having all the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features or meet all the conditions set out above, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable shares subsequently have all the features and meet the conditions set out above, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and resale of redeemable shares are accounted for as equity transactions. Upon sale of shares, the consideration received is included in equity. The amount of shares subscribed is recorded as part of 'Subscribed share capital'. The amount that is not yet collected is presented as 'Subscription receivable'. The 'Subscribed capital stock' will be reversed and reflected as 'Capital stock' and 'Additional paid-in capital' once fully paid and issued.

Redemptions are recorded as charges against equity.

Share Issuance Costs
Share issuance costs such as sales load fee are deducted against 'Additional paid-in capital'. If 'Additional paid-in capital' is not sufficient to absorb share issuance costs, any excess is charged as expense.

Retained Earnings
Amounts included in retained earnings include accumulated investment income from previous periods reduced by excess of redemption costs over the original issuance price of redeemed shares.

Net Asset Value (NAV) Per Share
NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of redeemable shares issued and outstanding as of reporting date.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Fund assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

Interest income
Interest is recognized as the interest accrues, taking into account the effective yield on the asset.

Expense Recognition
Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain that the expense relating to any provision is presented in the profit or loss in the statement of comprehensive income, net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Increase in provision due to time value of money is recorded as interest expense.

Contingent Liabilities and Contingent Assets
Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the statement of financial position but are disclosed when an inflow of economic benefits is probable.

Income Taxes
Current tax
Current tax liabilities for the current and prior periods are measured at the amounts expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax assets however, are not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in profit or loss or other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Loss Per Share

Loss per Share is computed by dividing net loss of the Fund by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

The weighted average number of common shares used in the calculation of Loss per Share is determined on the basis of the weighted average number of shares of the Fund outstanding during the period.

Events After the Reporting Date

Post-year-end events that provide additional information about the Fund’s assets and liabilities at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements, when material.

Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Fund’s financial statements are listed below. The Fund intends to adopt those standards when they become effective. Except when otherwise indicated, the following standards and interpretations issued have no impact on the financial position and performance of the Fund.

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36.

In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Fund's financial position or performance.

Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)
These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Fund since none of the entities in the Fund would qualify to be an investment entity under PFRS 10.

Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Fund does not expect that IFRIC 21 will have material financial impact in future financial statements.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014. The Fund has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Fund's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments have no impact on the Fund's financial position or performance.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Fund as it has no share-based payments.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted) The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Fund shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Fund's financial position or performance.

PFRS 13, *Fair Value Measurement – Short-term Receivables and Payables*
The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

PAS 16, *Property, Plant and Equipment – Revaluation Method – Proportionate Restatement of Accumulated Depreciation*
The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Fund's financial position or performance.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only and have no impact on the Fund's financial position or performance.

PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Fund's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Meaning of 'Effective PFRSs'*
The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Fund as it is not a first-time adopter of PFRS.

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively. The amendment has no significant impact on the Fund's financial position or performance.

PAS 40, *Investment Property*
The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment has no significant impact on the Fund's financial position or performance.

PFRS 9, *Financial Instruments*
PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Fund will not adopt the standard before the completion of the limited amendments and the second phase of the project.

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Fund.

3. **Significant Accounting Judgments and Estimates**

The preparation of the financial statements in accordance with PFRS requires the Fund to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities, if any. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

a. *Going concern*
The management of the Fund has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Fund is not aware of any material uncertainties that may cast significant doubts upon the Fund's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

b. *Classification of financial instruments*
The Fund exercises judgment in classifying a financial instrument, or its component, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, financial liability or equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

Estimates
The key assumptions concerning the future and other key sources of estimation and uncertainty as of reporting date that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Recognition of deferred tax assets
The Fund assesses the carrying amounts of deferred tax assets at the reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be

available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As of December 31, 2013 and 2012, no deferred tax asset is recognized in the statements of financial position (see Note 8).

4. Financial Risk Management Objectives and Policies

The objective of the Fund is to seek long-term capital appreciation through investments in a diversified portfolio of equity securities while taking into consideration the liquidity and safety of its investments to protect the interest of its investors. While awaiting the launching of the Fund to the investing public, its capital has been invested in a savings account.

Governance Framework
The Fund has established a risk management function under Treasury department with clear terms of reference and with the responsibility for developing policies to address market, credit, liquidity and operational risk. It also supports the effective implementation of policies.

The policies define the Fund's identification of risk and its interpretation, setting of limits structure to ensure the appropriate quality and diversification of assets, and specification of reporting requirements.

Regulatory Framework
The operations of the Fund are governed by the provisions of the Investment Company Act (ICA) and the Anti-Money Laundering Law.

The Fund's investment activities are guided by the following limitations/restrictions:

- 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 300.00% for all its borrowings. In the event that such asset coverage shall fall below 300.00%, the Fund shall within three days thereafter reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300.00%.
- The SEC, by order, unless it provides otherwise, the Fund may not engage in margin purchase of securities, commodity futures contracts, precious metals, unlimited liability investments, short selling of currencies, short selling of investments, and other investments as the SEC shall, from time to time prescribe.

Risk Management Policies
The Fund is exposed to financial risk through its financial assets and liabilities. The most significant components of this financial risk are credit risk, liquidity risk and market risk. The BOD reviews and approves policies for managing the aforementioned risks and are summarized below:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Maximum exposure to credit risk
The Fund's maximum exposure to credit risk is limited to the carrying value of its financial assets as of reporting date. The Fund does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

Credit quality per class of financial assets
The Fund rates its financial assets based on internal credit rating system. The Fund only invests in high grade financial assets. High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in local banks belonging to the top twenty banks in terms of resources and profitability. High grade accounts are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Offsetting of financial assets and liabilities
The amendments to PFRS 7, which is effective January 1, 2013, requires the Company to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements.

As of December 31, 2012 and 2012, the Company does not have financial instruments that can be offset under enforceable master netting agreements or similar agreements.

Liquidity risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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.

To limit this risk, the Fund strictly complies with ICA Rule 35-1 which requires all Investment Companies/Mutual Funds to invest at least ten percent of its net assets in liquid/semi-liquid assets. This Rule defines such assets as (a) Treasury notes or bills, certificates of indebtedness issued by the Bangko Sentral ng Pilipinas (BSP) which are short-term, and other government securities; and (b) savings or time deposits with government or commercial banks in the name of the Fund.

Market Risk
Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

As of December 31, 2013 and 2012, the Fund has no significant exposures to credit, liquidity and market risks.

Fair Value of Financial Instruments
Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

As of December 31, 2013 and 2012, the fair values of financial assets and liabilities approximate their carrying values due to the short-term nature of these instruments.

5. Cash and Cash Equivalents

This account consists of:

	2013	2012
Cash on hand and in banks	**₱112,909**	₱50,048,817
Short-term placements	**49,286,280**	–
	₱49,399,189	₱50,048,817

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements are for varying periods of up to three months depending on the immediate cash requirements of the Fund, and earn interest at the prevailing short-term investments rates. The Fund earns interest rates per annum ranging from 1.25% to 1.75% in 2013 and 0.07% in 2012.

Interest income earned on cash and cash equivalents amounted to ₱0.45 million and ₱0.06 million in 2013 and 2012, respectively.

Accrued interest receivable on short-term placements amounted to ₱0.02 million and nil as of December 31, 2013 and 2012, respectively.

6. Accrued Expenses and Other Liabilities

This account consists of:

	2013	2012
Due to related parties (Note 10)	**₱1,357,204**	₱1,291,426
Accrued expenses	**97,976**	61,000
	₱1,455,180	₱1,352,426

7. Equity

Capital Stock
The Fund's capital stock consists of:

	Shares	Amount
Common - ₱1.00 par value		
Authorized	500,000,000	
Subscribed	125,000,000	₱125,000,000
Subscriptions Receivable		(75,000,000)

As of December 31, 2013 and 2012, the Fund has 125,000,000 common shares subscribed at par value, of which 50,000,000 shares were paid and the balance is recorded as 'Subscription receivable' presented as a deduction to 'Subscribed share capital'.

The Fund was registered with the SEC on August 2, 2012.

NAV Per Share
As an open-end investment company, the Fund stands ready at any time for redemptions of its outstanding capital stock at the prevailing NAV per share.

The shares are entitled to payment of a proportionate share of the Fund's NAV on the redemption date or upon winding up of the Fund. The Fund's issued and outstanding shares are redeemed at their NAV calculated in accordance with redemption requirements. The total expected cash outflow on redemption of all the shares equals the Fund's equity. Issuance, repurchase and resale of redeemable shares is based on NAV per share at the date of the transaction.

	2013	2012
NAV attributable to holders of redeemable shares (a)	**₱47,968,652**	₱48,696,391
Number of common shares outstanding (b)	**125,000,000**	125,000,000
NAV per share (a/b)	**₱0.3837**	₱0.3896

Capital Management
The Fund's investment objective is to seek long-term capital appreciation through investment primarily in equity securities of listed Philippine companies while taking into consideration the liquidity and safety of its investments to protect the interest of its investors.

As of December 31, 2013 and 2012, the number of shareholders of the Fund's outstanding redeemable shares is 8 and 12, respectively.

Minimum Capital Requirement
As an investment company registered with the SEC, the Fund must continually comply with the minimum subscribed and paid-up capital of ₱50.0 million as required under Section 12 *Structure and Capitalization of Investment Companies* of the ICA. As of December 31, 2013 and 2012, the Fund has complied with this externally imposed capital requirement.

8. Income Tax

The provision for income tax of the Fund pertains to 20% final taxes paid on interest income from cash in banks.

Republic Act (RA) No. 9337, *An Act Amending National Internal Revenue Code*, provides that RCIT rate shall be 35.00% until December 31, 2008. Starting January 1, 2009, the RCIT rate shall be 30.00%. The National Internal Revenue Code (NIRC) of 1997 also provides for rules on the imposition of a 2.00% MCIT on modified gross income. The MCIT and NOLCO may be applied against the Fund's income tax liability and taxable income, respectively, over a three-year period from the year of inception. Moreover, starting July 1, 2008, the OSD equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT.

In 2013 and 2012, the Fund was not subjected to RCIT or MCIT since the Fund's sole source of income is interest income from cash in bank which is subjected to final tax.

The Fund did not recognize in the statements of financial position deferred tax assets on the carryforward benefit of NOLCO as management believes that future taxable profits may not be sufficient to utilize the tax benefit.

Urecognized deferred tax on NOLCO amounted to ₱0.73 million and ₱0.41 million as of December 31, 2013 and 2012, respectively. As of December 31, 2013, the NOLCO that can be claimed as deduction from regular taxable income as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2012	₱1,352,426	₱–	₱1,352,426	2015
2013	1,089,462	–	1,089,462	2016
	₱2,441,888	₱–	₱2,441,888	

The reconciliation between the Fund's provision for income tax computed at the statutory income tax rate to provision for income tax as shown in the statement of comprehensive income is as follows:

	2013	2012
Income tax computed at statutory income tax rate	**(₱191,192)**	(₱387,422)
Income tax effect of interest income already subjected to final tax	**(45,215)**	(6,102)
Unrecognized deferred tax assets-NOLCO	**326,838**	405,728
	₱90,431	₱12,204

9. **Taxes and Licenses**

This account consists of:

	2013	2012
SEC registration/license fee	**₱505,000**	₱1,009,119
Documentary stamp tax	**375,000**	250,000
Municipal permit	**13,362**	25,721
Fire safety clearance	**1,167**	1,535
Community tax certificate	**524**	510
Bureau of Internal Revenue (BIR) registration/ license fee	**500**	1,891
Others	**325**	–
	₱895,878	₱1,288,776

10. **Related Party Disclosures**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Fund; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the Fund and close members of the family of any such individual.

Related party transactions and balances as of December 31, 2013 and 2012 are as follows:

	December 31, 2013		
	Amount/Volume	**Outstanding Balance**	**Terms and conditions**
Parent Company			
Reimbursement for various expenses and deposit account	**₱64,928**	**₱1,356,354**	Non-interest bearing, unsecured, due on demand and to be settled in cash
Other Related Party			
Reimbursement for various expenses	**850**	**850**	Non-interest bearing, unsecured, due on demand and to be settled in cash

	December 31, 2012		
	Amount/Volume	Outstanding Balance	Terms and conditions
Parent Company			
Reimbursement for various expenses	1,291,426	1,291,426	Non-interest bearing, unsecured, due on demand and to be settled in cash

Due to related parties under ‘Accrued Expenses and Other Liabilities’ amounting to ₱1.36 million and ₱1.29 million as at December 31, 2013 and 2012, respectively, is attributable to initial bank deposit organizational costs such as taxes and licenses, SEC and BIR registration fees initially paid by the Parent Company and other related party for the Fund. Other related party is PEMI.

The Fund has an existing agreement with PEMI to manage the Fund. As of December 31, 2013 and 2012, PEMI has not yet charged the Fund management fee since it has not yet launched its capital shares to the public.

As of December 31, 2013 and December 31, 2012, seven shares of the Fund are held by directors. There were no movements on the number of shares held by the directors in 2013 and 2012.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. An impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. In 2013 and 2012, no provisions for credit losses were provided for the related parties’ transactions.

Compensation of Key Management personnel
The Fund has no key management personnel. The key management functions are being handled by PEMI.

11. Segment Reporting

For management reporting purposes, the Fund is organized into one main operating segment, which invests in equity securities and debt instruments. All of the Fund’s activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statement of the Fund as a whole.

The Fund’s revenue stream is derived solely from interest income from cash in bank (see Note 5).

12. Loss per Share

Loss per Share is calculated by dividing the net loss for the year by the weighted average number of common shares outstanding during the year (adjusted for any stock dividends).

The following table reflects the net loss and share data used in the loss per share computations:

	2013	2012
Net loss	**(₱727,739)**	(₱1,303,609)
Divided by weighted average number of common shares	**125,000,000**	125,000,000
	(₱0.0058)	(₱0.0104)

There were no potential dilutive common shares for the periods ended December 31, 2013 and December 31, 2012.

13. Events After the Reporting Date

On January 22, 2014, the Fund obtained approval from the SEC to launch a new mutual fund that invests in publicly listed companies with a good track record of dividend payout. The Fund was allowed to register 500 million common shares at a par value of ₱1 each representing its authorized capital stock of ₱500 million.

The Fund was also given a license to operate as an open-end investment company or one that regularly sells and redeems its shares based on net asset value per share.

14. Information Required Under Revenue Regulations No. 19-2011 and 15-2010

Supplementary Information Required Under Revenue Regulation No. 19-2011
For the taxable year ended December 31, 2013, the Fund reported the following revenues and expenses for income tax purposes:

Sales/receipts/fees	₱–
Cost of sales/services	–
Non-operating and taxable other income	–
Itemized deductions	1,089,462
	₱1,089,462

The details of Itemized deductions are as follows:

Taxes and licenses	₱895,878
Professional fees	160,760
Miscellaneous	32,824
	₱1,089,462

Supplementary Information Required Under RR No. 15-2010

The Fund also reported and/or paid the following types of taxes during the year:

Sec registration/license fee	₱505,000
Documentary stamp tax	375,000
Municipal permit	14,529
Community tax certificate	524
BIR registration/license fee	500
Others	325
	₱895,878

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Philequity Dividend Yield Fund, Inc.
2004-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

We have audited the financial statements of Philequity Dividend Yield Fund, Inc. (the Fund) as at and for the year ended December 31, 2013, on which we have rendered the attached report dated March 27, 2014.

In compliance with Securities Regulation Code Rule No. 68, we are stating that the Fund has only one (1) stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225212, January 2, 2014, Makati City

March 27, 2014

SGV
Building a better working world

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Philequity Dividend Yield Fund, Inc.
2004-A East Tower, Philippine Stock Exchange Centre
Exchange Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philequity Dividend Yield Fund, Inc. (the Fund), an open-end mutual fund company, as at and for the year ended December 31, 2013 and have issued our report thereon dated March 27, 2014. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Fund's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
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March 27, 2014

PHILEQUITY DIVIDEND YIELD FUND, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2013

Schedules Required under Securities Regulation Code Rule 68

SCHEDULE I

PHILEQUITY DIVIDEND YIELD FUND, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2013

None to report.
The Company posted deficit amounting to ₱2.03 million as of December 31, 2013.

SCHEDULE II

PHILEQUITY DIVIDEND YIELD FUND, INC.
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2013

	December 31, 2013	December 31, 2012
Current Ratio	3,396.41%	3,700.67%
Debt-to-Equity Ratio	3.03%	2.78%
Asset-to-Equity Ratio	103.03%	102.78%
Interest Rate Coverage Ratio	NA	NA
Return on Assets	-1.46%	-2.60%
Return on Equity	-1.51%	-2.68%

SCHEDULE III

PHILEQUITY DIVIDEND YIELD FUND, INC.
OTHER RATIOS REQUIRED FOR MUTUAL FUNDS
DECEMBER 31, 2013

(i) PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET VALUE

Not Applicable

(ii) TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING SHARES OF AN INVESTEE COMPANY

Not Applicable

	December 31, 2013	December 31, 2012
(iii) Total investment in Liquid or Semi-Liquid Assets to Total Assets	99.95%	100.00%
(iv) Total Operating Expenses to Net Worth	2.25%	2.78%
(v) Total Assets to Total Borrowings	3,396.41%	3,700.67%

SCHEDULE III

PHILEQUITY DIVIDEND YIELD FUND, INC.
LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS)
EFFECTIVE AS OF DECEMBER 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary				X
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	X		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans	X		
PFRS 2	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
PFRS 3 (Revised)	Business Combinations			X
PFRS 4	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			X
PFRS 6	Exploration for and Evaluation of Mineral Resources			X
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PFRS 7: Transition			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			X
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	X		
PFRS 8	Operating Segments			X
PFRS 9	Financial Instruments		Not early adopted	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
PFRS 10	Consolidated Financial Statements			X
PFRS 11	Joint Arrangements			X
PFRS 12*	Disclosure of Interests in Other Entities			X
PFRS 13*	Fair Value Measurement	X		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
PAS 2	Inventories			X
PAS 7	Statement of Cash Flows	X		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Balance Sheet Date	X		
PAS 11	Construction Contracts			X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			X
PAS 16	Property, Plant and Equipment			X
PAS 17	Leases			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 18	Revenue	X		
PAS 19	Employee Benefits			X
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			X
PAS 19 (Amended)*	Employee Benefits			X
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates			X
	Amendment: Net Investment in a Foreign Operation			X
PAS 23 (Revised)	Borrowing Costs			X
PAS 24 (Revised)	Related Party Disclosures	X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			X
PAS 27	Consolidated and Separate Financial Statements			X
PAS 27 (Amended)*	Separate Financial Statements	X		
PAS 28	Investments in Associates			X
PAS 28 (Amended)*	Investments in Associates and Joint Ventures			X
PAS 29	Financial Reporting in Hyperinflationary Economies			X
PAS 31	Interests in Joint Ventures			X
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X		
PAS 33	Earnings per Share			X
PAS 34	Interim Financial Reporting			X
PAS 36	Impairment of Assets			X
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets			X
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39: The Fair Value Option			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			X
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			X
	Amendment to PAS 39: Eligible Hedged Items			X
PAS 40	Investment Property			X
PAS 41	Agriculture			X
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			X
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			X
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			X
IFRIC 8	*Scope of PFRS 2*			X
IFRIC 9	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			X
IFRIC 10	*Interim Financial Reporting and Impairment*			X
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			X
IFRIC 12	Service Concession Arrangements			X
IFRIC 13	Customer Loyalty Programmes			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			**X**
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			**X**
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			**X**
IFRIC 17	Distributions of Non-cash Assets to Owners			**X**
IFRIC 18	Transfers of Assets from Customers			**X**
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			**X**
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			**X**
SIC-7	Introduction of the Euro			**X**
SIC-10	Government Assistance - No Specific Relation to Operating Activities			**X**
SIC-12	Consolidation - Special Purpose Entities			**X**
	Amendment to SIC - 12: Scope of SIC 12			**X**
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			**X**
SIC-15	Operating Leases - Incentives			**X**
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			**X**
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			**X**
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			**X**
SIC-29	Service Concession Arrangements: Disclosures.			**X**
SIC-31	Revenue - Barter Transactions Involving Advertising Services			**X**
SIC-32	Intangible Assets - Web Site Costs			**X**

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule A – Financial Assets
December 31, 2013

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income accrued

None to report

(i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.

(ii) State the basis of determining the amounts shown in the column. This column shall be totalled to correspond to the respective balance sheet caption or captions.

(iii) This column may be omitted if all amounts that would be shown are the same as those in the immediately preceding column.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts Collected (ii)	Amounts Written-off (iii)	Current	Not Current	Balance at end of period

None to Report

(i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.
(ii) If collection was other than cash, explain.
(iii) Give reasons for write off.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2013

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected (i)	Amounts Written-off (ii)	Current	Non-Current	Balance at end of period

None to Report

(i) If collection was other than in cash, explain.
(ii) Give reasons for write-off.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule D - Intangible Assets - Other Assets
December 31, 2013

Description [i]	Beginning Balance	Additions at Cost [ii]	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) [iii]	Ending Balance

None to report

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[i] The information required shall be grouped into (a) intangibles shown under the caption intangible assets and (b) deferrals shown under the caption Other Assets in the related balance sheet. Show by major classifications.

[ii] For each change representing other than an acquisition, clearly state the nature of the change and the other accounts affected. Describe cost of additions representing other than cash expenditures.

[iii] If provision for amortization of intangible assets is credited in the books directly to the intangible asset account, the amounts shall be stated with explanations, including the accounts charged. Clearly state the nature of deductions if these represent anything other than regular amortization.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule E - Long-Term Debt
December 31, 2013

Title of issue and type of obligation [i]	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet [ii]	Amount shown under caption "Long-Term Debt" in related balance sheet [iii]	Interest Rate %	Maturity Date

None to report

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[i] Include in this column each type of obligation authorized.
[ii] This column is to be totalled to correspond to the related balance sheet caption.
[iii] Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule F - Indebtedness to Related Parties
(Long-Term loans from Related Companies)
December 31, 2013

Name of Related Parties [(i)]	Balance at beginning of period	Balance at end of period [(ii)]
	None to report	

(i) The related parties named shall be grouped as in Schedule D. The information called for shall be stated for any persons whose investments shown separately in such related schedule.

(ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding [(i)]	Amount owned by person of which statement is filed	Nature of guarantee [(ii)]

None to Report

(i) Indicate in a note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.

(ii) There must be a brief statement of the nature of the guarantee, such as “Guarantee of principal and interest”, “Guarantee of Interest”, or “Guarantee of Dividends”. If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILEQUITY DIVIDEND YIELD FUND, INC.
Schedule H - Capital Stock
December 31, 2013

(Absolute numbers of shares)

Title of Issue [(i)]	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties [(ii)]	Directors, officers and employees	Others [(iii)]
Common	500,000,000	50,000,000	None to Report	49,999,993 shares	7	None to Report

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(i) Include in this column each type of issue authorized
(ii) Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.