

COVER SHEET

A199908713

S.E.C. Registration Number

SUN LIFE OF CANADA PROSPERITY
BALANCED FUND INC.

8TH FLR., SUNLIFE CENTRE 5TH
AVE BONIFACIO GLOBAL FORT
BONIFACIO TAGUIG CITY

(Business Address : No. Street City / Town / Province)

Jeanemar S. Talaman
Contact Person

555-8888
Company Telephone Number

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Month Day
Fiscal Year

17-A

FORM TYPE

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Month Day
Annual Meeting

Mutual Fund Company

 Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC Number: A199908713

File Number: _____

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(Company's Full Name)

**8th Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City, Metro Manila, Philippines**

(Company's Address)

555-88-88

(Telephone No.)

December 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-A ANNUAL REPORT

Form Type

Amendment Designation (If applicable)

December 31, 2015

Period Ended Date

OPEN-END INVESTMENT COMPANY

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2015**
2. SEC Identification Number **A199908713** 3. BIR Tax Identification No. **204-583-064**
4. Exact name of registrant as specified in its charter

Sun Life of Canada Prosperity Balanced Fund, Inc.

5. **Metro Manila** Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only) Industry Classification Code:
7. **8/F, Sun Life Centre, 5th Avenue cor. Rizal Drive, Bonifacio Global City, Taguig City 1634** Address of principal office Postal Code
8. **(02) 555-8888** Registrant's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2015)
<u>Common Shares, PHP0.01 Par Value</u>	<u>4,260,352,728 shares</u>

10. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes No

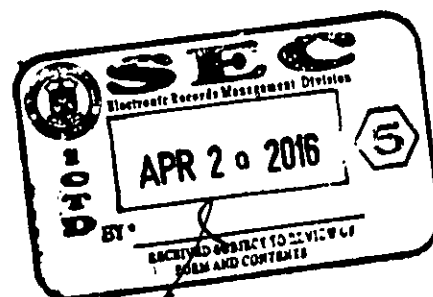
11. Check whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports).

Yes No

(b) Has been subject to such filing requirements for the past 90 days.

Yes No



PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

The Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Fund") is a registered open-end investment company under the Investment Company Act (R.A. 2629) and the Securities Regulation Code (R.A. 8799). It was incorporated on December 21, 1999 under SEC Registration No. A199908713. It is engaged in the sale of its shares of stock, the proceeds of which are invested in a mix of high quality debt and equity securities.

Sun Life Asset Management Company, Inc. ("SLAMCI"), a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. ("SLOCPI"), acts as the Fund Manager and Principal Distributor. For 2015, income of the Fund is composed of the following:

Realized Gain from Sales - Stocks	47.55%
Dividend Income - Common Stock	17.35%
Interest Income - Treasury Notes	18.88%
Interest Income - SSA	1.44%
Interest Income - Bonds	0.67%
Interest Income - Treasury Bills	0.06%
Interest Income - Bank deposits	0.03%

The Fund is currently invested in a mix of high-quality debt and equity securities of domestic issuers. Depending on the state of various world economies and markets, the Fund may invest in non-Philippine investment grade issues. Except obligations of the Philippine Government and its instrumentalities, the Fund does not invest more than fifteen percent (15%) of its net assets in any single enterprise or company. Neither does the total investment of the Fund exceed ten percent (10%) of the outstanding voting securities of any one (1) investee company.

The Company was incorporated on December 21, 1999 with 200,000,000 registered shares at an initial par value of P1.00 per share.

On May 13, 2005 and February 12, 2006, the shareholders and the Board of Directors, respectively, approved the reduction of the par value per share from P1.00 to P0.01. The SEC subsequently approved the change in the par value on October 10, 2008.

On May 12, 2006, the shareholders approved the blanket increase of the Company's authorized share capital up to 100,000,000,000 shares.

On April 24, 2007, the Board of Directors approved the first tranche of share capital increase by 3,800,000,000 (from 200,000,000 shares to 4,000,000,000 shares). The SEC subsequently approved the increase on October 10, 2008 and the registration statements on November 24, 2010.

On March 22, 2013, the Board of Directors approved the second tranche of share capital increase by 1,000,000,000 (from 4,000,000,000 shares to 5,000,000,000 shares both with par value P0.01)

On December 26, 2013, the company filed its application to increase its authorized share capital by 1,000,000,000 shares. Said application was favorably endorsed by the SEC's Corporate Finance Department to the Company Registration and Monitoring Department and was approved on January 24, 2014 by the SEC.

Deposits for Future Stock Subscriptions received amounting to P2,959,291,685 for the increase in the subscribed capital stock is recognized in equity since the Company has met all of the conditions required for such recognition.

The SEC approved the increase on January 14, 2014 and the registration statements on July 3, 2014.

As at December 31, 2015, the Company has 5,000,000,000 authorized and registered shares, each with a par value of P0.01 per share.

The Fund's common shares are available through SLAMCI's registered representatives and eligible securities dealers that have entered into an agreement with SLAMCI to sell shares.

The Fund is part of the eleven (11) Sun Life Prosperity Funds which offer excellent value to investors as a result of SLAMCI's collective experience in fund management, strong investment philosophy, remarkable investment performance and strong organizational structure. However, it should be noted that past performance of any fund manager is no guarantee of future results. It is only an indication of their capabilities to deal with rapid changes in the economy and market conditions in the future.

The Sun Life Prosperity Funds make investing simple, accessible and affordable. The Sun Life Prosperity Funds offer a unique "family of funds" to choose from. The "family of funds" concept allows investors to modify their investment strategies over time, by letting them transfer from one fund to another, as their needs dictate, as much as four times a year without paying any fees.

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost. The first adoption of PAS 32 and PAS 39 in the 2006 audited financial statements resulted in the classification of investments in fixed income securities other than corporate loans as "financial assets at fair value through profit and loss" and its measurement at fair value with the fair value changes reflected in the statements of comprehensive income. Fair value changes therefore affect the ratios related to the Fund's total comprehensive income. The change to marked-to-market thus provides equitable treatment between investors coming in and out of the Fund.

The Fund participates in the mutual funds sector which is a sub-sector of the financial services industry. In recent years, this industry has seen increased liberalization and an influx of competition principally begun during the Ramos administration but carried on with varying intensity during succeeding administrations. There are no national geographical boundaries as the nature of the industry and prevailing technology make it possible for the various players to offer their services to almost any place in the country.

The Fund principally competes directly with the Unit Investment Trust Funds ("UITFs") offered by commercial banks and other mutual funds in the Philippines, namely: the Philam Strategic Growth Fund, Inc. and Philippine Stock Index Fund Corporation. However, the Fund does not have any knowledge on the relative size, financial and market strengths of the Fund's competitors. The Fund principally competes in terms of returns and the associated risks of the return. The Fund's market strength is its wide distribution network that provides strategic distribution of Fund shares and the financial stability and reputation of its Investment Company Adviser. The Fund intends to compete principally based on the reputation of SLAMCI for superior investment performance and corporate governance coupled with its distribution network and superior backroom operations.

There are many potential advantages to investing in mutual funds and in the Offer Shares. However, in deciding to invest, the investor is strongly advised to also consider the risks involved in investing in mutual funds, and in the Offer Shares, as well as the risks that the Fund faces, given its underlying assets whose respective values essentially affect the Fund's overall net asset value.

Market Risk: Interest Rate Risk is a type of Market Risk which is applicable to the Fund's investments in bonds, if any. This refers to the increase/decrease of a bond price due to movement in market factors such as changes in interest rates. A change in

interest rates is the period when interest rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.

Credit Risk: Investments in bonds carry the risk that the issuer of the bonds might default on its interest and principal payments. In the event of default, the Fund's value will be adversely affected and may result in a write-off of the concerned asset held by the Fund. To mitigate the risk, each Issuer/Borrower/Counterparty passes through a stringent credit process to determine whether its credit quality complies with the prescribed standards of the Fund. Further, the credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 10% exposure limit to a single entity is likewise observed.

Liquidity Risk: The Fund is usually able to service redemptions of investors within seven (7) banking days after receipt of the notice of redemption by paying out redemptions from available cash or near cash assets in its portfolio. However, when redemptions exceed the Funds available cash or near cash assets in its portfolio, the Fund will have to sell its other security holdings; and during periods of extreme market volatility, the Fund may not be able to find a buyer for such assets. Consequently, the Fund may not be able to generate sufficient cash from its sale of assets to meet the redemptions within the normal seven (7) banking day period. To mitigate this, the Fund maintains adequate highly liquid assets in the form of cash, cash equivalents and near cash assets in its portfolio. As the Fund's portfolio is composed of liquid assets, liquidity risk is deemed low.

The following are additional risks present in managing the Fund, however, non-quantifiable.

Regulatory Risk: The Fund's investments and operations are subject to various regulations affecting among others, accounting of assets and taxation. These regulations occasionally change, and may result in lower returns or even losses borne by the investors. For example, a higher tax imposed on the sale or purchase of underlying assets of the Fund may result in lower net asset value of the Fund. To mitigate this risk, SLAMCI adopts global best practices. Further, it maintains regular communications with the relevant government agencies to keep itself abreast of the issues giving them concern, and to have the opportunity to help them set standards for good governance. SLAMCI also takes an active participation in the Philippine Investment Funds Association, Inc. ("PIFA"), an association of mutual fund companies in the Philippines.

Non-guarantee: Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation ("PDIC"). Hence, investors carry the risk of losing the value of their investment, without any guaranty in the form of insurance. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.

Dilution Risk: Being an open-end mutual fund, various investors may effectively subscribe to any amount of shares of the Fund. As such, investors face the risk of their investments being diluted as more investors subscribe to shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

Large Transaction Risk: If an investor in a Fund makes a large transaction, the Fund's cash flow may be affected. For example, if an investor redeems a large number of shares of a Fund, that Fund may be forced to sell securities at unfavorable prices to pay for the proceeds of redemption. This unexpected sale may have a negative impact on the net asset value of the Fund.

Fund Manager Risk: The performance of the Fund is also dependent on the Fund Manager's skills. Hence, the Fund may underperform in the market and/or in comparison with similar funds due to investment decisions made by the Fund Manager, and may also fail to meet the Fund's investment objectives. The Board of Directors of the Issuer, however, shall ensure that all investment policies and restrictions enumerated in this Prospectus are strictly followed.

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

Classification of the Fund into high, moderate or low risk investment: In furtherance of its investment objective, that is, to generate income in Philippine Pesos consistent with prudent management of the Fund's assets, the Fund's portfolio may consist of fixed income and other related securities of the Philippine Government, and commercial papers issued by corporations within the Philippines, certificates of deposits, and other short-term instruments. Considering the nature of the aforementioned investments, the Fund is classified as a low-to-moderate risk investment.

The principal competitors of the Fund are mainly the mutual funds offered by the various fund management companies and other similar investment products such as unit investment trusts offered by banks as well as time deposit products. These products compete in terms of overall returns on the investment product, the after-sales service support provided by the administration, and the various fees levied by the Fund.

The Fund's market strength is its wide distribution network that provides strategic distribution of the Fund shares. It competes principally based on the reputation of SLAMCI for superior investment performance and corporate governance coupled with its superior backroom operations.

The Fund does not employ personnel. Day-to-day operations of the Fund are carried out by SLAMCI as governed by the terms and conditions of the Management Agreements between SLAMCI and the Funds.

Item 2. Properties

The Fund has financial assets in the form of cash and fixed income securities only. As prescribed by SEC Rules, all of its assets are held by its custodian banks, the Hong Kong and Shanghai Banking Corporation ("HSBC"), Deutsche Bank and Citibank.

Office space of the Fund is provided by SLAMCI pursuant to the Management Agreement between them. The Fund does not intend to acquire any real property in the course of its business.

Item 3. Legal Proceedings

There is no material pending legal proceeding to which the Fund or any of its affiliates is a party, or of which any of their property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

On November 20, 2015, the Fund held the continuation of its annual stockholders' meeting. In said meeting, the following matters were not approved for failure to meet the required vote of at least 2/3 of the outstanding capital stock as of 31 October 2015:

- a) Amendments of the Article of Section 1, Article I of the By-laws (Date and Time of Annual Stockholders Meeting);
- b) Delegation of the Power to amend Articles I, II, III, IV and VI of the By-Laws to the Board of Directors; and

- c) Amendment of Article III of the Articles of Incorporation, or the amendment of the principal office address to comply with SEC Memorandum Circular No. 6, Series of 2014.

With 1,969,512,475 shares, or 50.02% of outstanding capital stock present or represented by proxy, the following were elected as members of the Board of Directors for the term 2015-2016¹:

- Rizalina G. Mantaring
- Oscar S. Reyes
- Oscar M. Orbos
- Valerie N. Pama

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

1. Market Information

The shares of the Fund are traded over-the-counter. The Fund's common stocks are available through registered representatives and eligible securities dealers that have entered into an agreement to sell shares with the Fund's Principal Distributor, SLAMCI.

The following table shows the ranges of high and low prices (NAVPS) of the Fund's common shares for each quarter within the last two calendar years:

	2015		2014	
	High	Low	High	Low
Q1	3.9537	3.7604	3.5069	3.3179
Q2	4.0004	3.7352	3.6278	3.5159
Q3	3.8413	3.5903	3.7740	3.5800
Q4	3.7289	3.5161	3.8195	3.6363

The Fund's NAVPS is published daily through Business World, PSE Website, Philippine Daily Inquirer and Sun Life Websites.

2. Holders

The Fund has approximately 39,339 shareholders as of December 31, 2015.

On 7 March 2013, SEC en banc approved the confidential treatment of the list of Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners. This is to protect the investors' privacy, which is a privilege they enjoy when they invest in other shared investment vehicles, such as unit investment trust funds, and when they invest in bank deposits.

3. Dividends

The Fund has not declared cash or stock dividends to date, but it has no restrictions that may limit its ability to pay dividends in the future.

The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital

¹ Ms. Ma. Karenina M. Casas earlier stood for election as a member of the Board but she resigned in September 2015 and Mr. Benedicto C. Sison was elected on 07 September 2015 to serve out the remaining term 2015-2016.

expenditure, financial condition, and other factors. The existence of surplus profit arising from the operation of the Fund is needed before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration.

Cash dividends and property dividends may be declared by the Board of Directors and no stockholder approval is required. Stock dividends paid on the Offer Shares are subject to approval by both the Board of Directors and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Fund at a stockholders' meeting called for such purpose.

Under the Corporation Code, Corporations with surplus profit in excess of 100% of its paid-in capital stock are required to declare dividends (cash or stock) and distribute it to its stockholders.

Dividends so declared will be automatically reinvested in additional shares on behalf of the shareholders, without sales charges, at the NAVPS on the payment date established for such dividends. Shareholders may also elect not to have dividends reinvested and receive payment in cash, net of tax.

Item 6. Management's Discussion and Analysis or Plan of Operation.

The Performance of the Fund could be measured by the following indicators:

1. **Increase/Decrease in NAVPS.** NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and outstanding plus the total number of units outstanding due to deposit for future subscriptions (DFFS) and for conversion to shares, if any, as of the end of the reporting day. Any increase or decrease in NAVPS translates to a prospective capital gain or capital loss, respectively, for the Fund's shareholders.
2. **Net Investment Income.** Represents the total earnings of the Fund from its investment securities, less operating expenses and income tax. This gauges how efficiently the Fund has utilized its resources in a given time period.
3. **Assets Under Management (AUM).** These are the assets under the Fund's disposal. This measures investor confidence (increase/decrease brought about by investor subscriptions/redemptions) as well as the growth of the Fund (increase/decrease brought about by its operational income and market valuation of its assets and liabilities).
4. **Cash Flow.** Determines whether the Fund was able to achieve the optimal level of liquidity by being able to meet all its scheduled payments, while maintaining at the same time the maximum investments level and minimum cash level.

Accounting Policies for Financial Assets at Fair Value Through Profit and Loss

Initial recognition

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at FVTPL. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets as at December 31, 2015 and 2014 consist of financial assets at FVTPL and loans and receivables.

Financial assets at FVTPL

The Company classifies financial assets as at FVTPL when the financial asset is either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The Company's financial assets classified under this category include investments in listed equity securities, investments in fixed-income securities, investments in unit investment trust fund (UITF) and special savings deposits.

FINANCIAL MARKETS REVIEW (2015)

PERFORMANCE REVIEW

For the year, the Fund posted a 4.57% y-o-y decrease in its NAVPS to PHP3.5886/share.

Equity portion

The PSEi lost 3.85% for 2015, below the 7,000 mark, to close at 6,952.08 points. Despite the drop, it still managed to outperform its ASEAN peers given the country's favorable fundamentals. First nine months GDP came in at 5.6% while full-year GDP is expected to be within 5.6-6%, behind government's full-year target of 7-8% growth. Growth was one of the strongest in the region and was mainly driven by private consumption and improved government spending. Inflation for 2015 averaged at 1.4%, below the government's target of 2-4%. Modest inflation rate was due to the continued drop in global oil prices which offset inflationary pressures from climate factors. The BSP kept the policy rate (4%), SDA rate

(2.5%), and RRR rate (20%) steady despite the Fed lift-off due to benign inflation and weaker than desired GDP.

For the year, foreigners were net sellers of USD 1.2bn worth of stocks (first outflow since 2008), compared to an inflow of USD 1.25bn in 2014. Locals dominated trading for most of the year accounting for almost 60% of average daily volume.

Best performing sectors were Conglomerates and Property, while the Gaming and Mining & Oil sectors got hit the most.

Fixed income portion

Philippine government securities came firing on all cylinders as the markets opened the year with the strongest start in two years. The yields of FXTN 20-17 and FXTN 10-59, two of the most liquid bonds in the roster, plunged by 100 bps and 50 bps respectively. Demand was fueled by expansionary monetary policy both locally and globally, as well as benign inflation due to low oil and commodity prices.

Towards the second quarter of the year, an assortment of geopolitical risks offshore (the Greek debt crisis and tensions between Ukraine and Russia), as well as a change in the US Federal Reserve's tone regarding monetary policy, unsettled global markets and among the hardest hit were emerging market assets. The peso government securities market likewise reeled from the risk aversion and returned more than half of its gains made in the year. Trading volume also decelerated as most players opted to remain in the sidelines as most were unsure where rates were headed.

The non-restricted trading environment was launched towards the middle of the year, although, more than anything, this was met with reservations as it took a bit of time to assimilate some technical processes. This also took away some daily trading volume off the market.

The Bureau of Treasury finally rolled out its liability management exercise in August and this yielded two new securities, a benchmark 10-year and 25-year bond with coupons of 3.625% and 4.625%. Via the debt swap, the Fund effectively took out a significant chunk of illiquid securities in its portfolio. Despite the improved constituents in the portfolio, thin trading volumes in the market, especially in the last quarter of the year, added volatility to the pricing of the bonds and consequently added volatility to the net asset value of the Fund.

For the majority of the year, the fund positioned its duration anywhere between neutral to overweight as inflation remained docile on account of plunging oil and commodity prices as well as global rates hovering near zero.

OUTLOOK

Equity portion

Philippine GDP is still expected to be one of the strongest in the region, further boosted by the elections in mid-2016. Since 2004, every election year had an annual GDP between 6.5% and 7.6%. OFW remittances are expected to slow down but will be compensated by the increase in BPO revenues. Domestic consumption is expected to be boosted by the upcoming elections while government spending is expected to accelerate. Based on reports, the government is aiming to award at least 60% of the planned public works projects for 2016 before the pre-election ban takes effect. One key indicator to watch out for is inflation as the increase in the prices of LPG, electricity; food prices (due to typhoon) can provide upward inflationary pressure in the coming months. This, however, will remain manageable as crude oil prices may remain low.

The PSEI has been resilient even with external market shocks. During the Global Financial Crisis in 2008, the market has recovered after a year. Since 1992, the local bourse yielded an average of 7% six months before an election took place and 7.75% twelve months after the elections. Capital outflows might continue to persist depending on the perceived pace of Fed tightening, China jitters, and the impact of that to the USD. Despite the expected strength of the USD, the Philippine Peso may remain as one of the more resilient currencies in Asia.

Finally, there are headwinds that may impact local equity market's performance in 2016. Externally, these include (1) strength of the USD which may trigger more capital outflows in Emerging markets; (2) further slowdown in China's economy; (3) deflationary pressure in developed markets; and (4) geopolitical risks. Internally, these include (1) slowing corporate earnings and GDP; (2) election uncertainty; and (3) strengthening El Nino that could affect agricultural output.

Fixed income portion

In tune with global yields, peso short-term rates are expected to commence upward through the course of the year. However, the Bangko Sentral ng Pilipinas is not expected to keep in pace with the US Federal Reserve as inflation as well as growth remains below trend.

Mid-year, the BSP is expected to introduce a new scheme in its suite of monetary policy tools – the term deposit auction (or alternatively, the interest rate corridor). This should contribute an upward thrust on short-term rates (which is currently pegged at SDA rates) and consequently, bank products – deposits and loans, other money market securities, as well as government and corporate securities.

On balance, 2016 will be a challenging year for peso government securities, as well as fixed income instruments in general. The recurring strategy for the year should be prudent management of portfolio interest rate risk and this will be done by shifting away from deriving returns through capital gains and gearing towards accrual income.

FINANCIAL STATEMENTS ANALYSIS

The Fund registered 8% decline in net assets from PHP 17 Billion in 2014 to PHP 15 Billion in 2015. The decline mainly came from the impact of unfavorable market condition during the period.

Net Loss for the year was PHP692 Million, a PHP2.5 Billion drop from net profit of PHP1.9 Billion in 2014. The decrease is attributable mainly to the impact of unfavorable market condition for the period.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

Material Changes in the 2015 Financial Statements

Statement of Financial Position

Cash increased by PHP 39 Million in 2015 from PHP197 Million in 2014 to PHP236 Million in the current year.

Financial Assets at Fair Value through profit or loss decreased by PHP1.7 Million from PHP16.7 Billion in 2014 to PHP15 Billion in 2015. The decrease is attributable mainly to the impact of unfavorable market condition during the period.

Due from Brokers decreased by PHP43 Million from PHP77 Million in 2014 to PHP34 Million in 2015. This is due to the lower outstanding receivables from broker related to the sale of investment in listed equity securities made at, or towards the end of reporting period. Proceeds from such sale are received three (3) days from the transaction date.

Dividends Receivable balance increased from PHP2 Million in 2014 to PHP4 Million in 2015. Collection of receivable is dependent on the scheduled payment date of each listed stock.

Accrued interest receivable increased by PHP 11 Million from PHP 38 Million in 2014 to PHP 49 Million in 2015. Collection of interest receivable from fixed income investments depends on the scheduled coupon payments of each asset held.

Accrued Expenses and Other Payables significantly went down by PHP63 Million from PHP 83 Million to PHP20 Million. This is attributable mainly due to unreleased proceeds of redemptions which are processed on or before the reporting period and paid four (4) days from the transaction date.

Due to Brokers decreased notably by PHP178 Million from PHP182 Million in 2014 to PHP4 Million in 2015. This is due to the lower outstanding receivables from broker related to the purchase of investment in listed equity securities made at, or towards the end of reporting period. Proceeds from such purchase are settled three (3) days from the transaction date.

Payable to Fund Manager decreased by PHP6 Million from PHP38 Million to PHP32 Million. The decrease was mainly due to lower outstanding balance of recoverable expenses due to SLAMCI for the period as well as lower management fees brought by lower AUM for the period.

Statement of Comprehensive Income

Revenues decreased by PHP183 Million (15%) from PHP1.2 Billion to PHP 1 Billion. The decrease was mainly due to lower gains realized from sale of investments during the period and lower dividend income received from investments in equity securities.

Total Operating Expenses slightly decreased by PHP20 Million (5%) from PHP415 Million in 2014 to PHP395 Million in 2015 due to lower management fees brought by lower AUM for the period. Lower Printing and Supplies and lower other miscellaneous expenses incurred during the period also contributed to the decrease.

Net loss of PHP692 Million in the current period was PHP2.6 Billion (137%) lower compared to the net profit of PHP1.9 Billion last year. The decrease is attributable mainly to the impact of unfavorable market condition for the period.

Statement of Changes in Equity

Total equity registered a decrease of 8% from PHP 17 Billion in 2014 to PHP 15 Billion in 2015.

Item 7. Financial Statements

Copies of the following audited financial statements are attached as Exhibits:

1. Statements of Financial Position, 2015, 2014
2. Statements of Comprehensive Income, 2015, 2014, 2013
3. Statements of Changes in Equity, 2015, 2014, 2013
4. Statements of Cash Flows, 2015, 2014, 2013
5. Notes to Financial Statements

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Navarro Amper & Co. /Deloitte Touche Tohmatsu, with address at 19/F Net Lima Plaza, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig City, Philippines, has acted as external auditor of the Fund since the reporting year ended December 31, 2003.

There has been no disagreement with the accountants on any accounting and financial disclosures.

External Audit Services/Audit and Audit-Related Fees

For 2015 and 2014, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements and services normally provided by external auditors in connection with statutory and regulatory filings amounted to PHP202,868 and PHP194,522 respectively, inclusive of VAT and out-of-pocket expenses.

Audit Fees include payments for Agreed-Upon Procedures for the application of ACS Increase of the Fund.

There were no other payments made to the auditor for any other service, including assurance, tax and related services.

External auditors of the Fund are designated in accordance with Section 29 of the ICA subject to ratification at the annual stockholders' meeting by the vote of a majority of the outstanding voting securities attending.

The Fund's Board of Directors has an Audit and Compliance Committee, which is composed of Mr. Melito Salazar, Jr. (independent director) as Chairman, and Atty. Aleli Angela G. Quirino (independent director) and Ms. Rizalina G. Mantaring as members. The Audit and Compliance Committee has considered and endorsed for the approval of the Board of Directors the external auditor's service fees, which were so approved.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

1. Directors and Executive Officers

The Board of Directors is responsible for conducting all businesses of the Fund. It exercises general supervision over the duties performed by the Investment Company Adviser, Distributor, Administrator, Transfer Agent and Custodian of the Fund.

The following are the incumbent Directors and Executive Officers of the Fund as December 31, 2015:

Name	Citizenship	Position	Age	Term of Office	Period Served
Rizalina G. Mantaring	Filipino	Director/Chairman	56	2007-present	8 terms
Benedicto C. Sison	Filipino and American	Director/President	55	2015-present	1 term
Aleli Angela G. Quirino	Filipino	Independent Director	71	2009-present	6 terms
Melito S. Salazar, Jr.	Filipino	Independent Director	66	2014-present	2 terms
Nilo B. Peña	Filipino	Director	78	1999-present	16 terms
Candy S. Esteban	Chinese	Treasurer	38	2015-present	1 term
Jemilyn S. Camania	Filipino	Corporate Secretary	40	2005-present	10 terms

Maria Cecilia V. Soria	Filipino	Asst. Corp. Sec.	39	2013-present	3 terms
Conchitina D.L. Gregorio	Filipino	Compliance Officer	49	2014-present	2 terms

A brief write-up on the business experience of the incumbent directors and executive officers of Sun Life of Canada Prosperity Balanced Fund, Inc. follows:

RIZALINA G. MANTARING
Director/Chairman (2007 to present)

Ms. Mantaring, 56, Filipino, is currently the Chairman of the nine Sun Life Prosperity Funds *i.e.*, Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., and Sun Life Prosperity World Voyager Fund, Inc. (the "11 Sun Life Prosperity Funds"). She is also the Chairman of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present). She serves as the President & CEO of Sun Life of Canada (Philippines), Inc. ("SLOCPI") (2009 to present), Sun Life Financial Plans, Inc. ("SLFPI") (2009 to present) and, a Director of the Sun Life Asset Management Company, Inc. ("SLAMCI") (2007 to present). Ms. Mantaring is Independent Director of Ayala Land, Inc. and Microventures Foundation, Inc. Prior to the foregoing, Ms. Mantaring was Deputy President of the Sun Life Financial Philippines group of companies (2009) and Regional Chief Operations Officer of Sun Life Financial Asia (2008 to 2009). She also served as Chief Operating Officer of SLOCPI (1999 to 2008) and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada (1992 to 1999). Ms. Mantaring received her Bachelor of Science in Electrical Engineering (cum laude) from the University of the Philippines and Master of Science in Computer Science from the State University of New York at Albany. She is also a Fellow, Life Management Institute (with distinction) and Associate, Customer Service (with honors).

BENEDICTO C. SISON
President and Director (2015 to present)

Mr. Sison, 55, is President of the 11 Sun Life Prosperity Funds. He is also the Chief Financial Management and Strategy Officer of Sun Life in the Philippines. Before returning to the Philippines, Mr. Sison was the Chief Financial Officer of Sun Life Financial - Asia based in Hong Kong from 2012 to 2015. Prior to joining Sun Life in 2010 as Chief Financial Officer, Mr. Sison served as Finance Director - Asia Pacific of ConAgra International Food Group (2006 to 2010). He earned a Bachelor of Science degree in Business Administration (magna cum laude) from the University of the Philippines (Diliman) in 1983 and a Master's in Business Administration from the University of California Riverside in 1988. He is a certified public accountant (CPA), a Chartered Global Management Accountant (CGMA), and a member of the American Institute of CPAs (AICPA).

NILO B. PEÑA
Director (1999 to present)

Atty. Peña, 78, Filipino, is a Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (since 2005) and Sun Life of Canada Prosperity Balanced Fund, Inc. (since 1999). He has actively and continuously engaged in the practice of law with the law firm Quasha Ancheta Peña & Nolasco, starting as an underbar (1959-1960), Associate, Partner and currently Senior Partner. He is a member of the Board of Trustees of the St. Luke's Medical Center, Inc. (since 1996) and a member of the Board of Directors of its subsidiary St. Luke's Medical Center (Global City), Inc. He is Chairman of the Medical Centers' Board

Governance Committee. He is also a Trustee of St. Luke's College of Medicine (since 2004) and a Director of SLMC Global City MAB Corp. (since 2005). Atty. Peña is the Chairman of the Board of Trustees of the Standard Chartered Bank Employees' Retirement Fund (since 1992) and Corporate Secretary of QBE Insurance (Philippines), Inc. (since 1998). He was twice the Bar Examiner for Mercantile Law in the Supreme Court Bar Examinations (1997 and 2006). Atty. Peña is a product of the University of the Philippines High School (1953), Associate in Arts (1955) and Bachelor of Laws (1959).

MELITO S. SALAZAR, JR.
Independent Director (2014 to present)

Mr. Melito S. Salazar Jr., 66, Filipino, is Independent Director of Sun Life of Canada Prosperity GS Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., and Sun Life Prosperity World Voyager Fund, Inc.. He is currently the Chairman and Director of the Inter-Asia Development Bank (2010 to present). He is also the Chairman and President of Quickminds Corporation (2011 to present), Chairman of Incite.Gov (2011 to present) and Omnipay (Formerly PVB Card, Inc.) (2014 to present). Among his other positions are: Director of PhilsFirst Insurance Company (2007 to present) and Concepcion Industrial Corporation (2013 to present); Vice- President of the Manila Bulletin (2006 to present); Editor-in-Chief of Philippine Rotary (2011 to present); Dean of Centro Escolar University, School of Accountancy and Management (June 2014 to present); Trustee of University of St. La Salle Bacolod (2009 to present) and Regent of Philippine Normal University System (2014 to present). Prior to these posts, he served as a Monetary Board Member of the Bangko Sentral ng Pilipinas (1999 to 2005), President of the Management Association of the Philippines (2013), President of the Financial Executive Institute of the Philippines (2005), and Chairman of the Chamber of Commerce of the Philippine Islands (2009 to 2012). Mr. Salazar is a BSBA and MBA graduate of the University of the Philippines and attended executive education and training programs at the Harvard Business School, Massachusetts Institute of Technology, University of North Carolina, Chapel Hill and INSEAD in France.

ALELI ANGELA G. QUIRINO
Independent Director (2009 to present)

Atty. Quirino, 71, Filipino, is an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009 to present), Sun Life of Canada Prosperity Bond Fund, Inc. (2000 to present), Sun Life of Canada Money Market Fund, Inc. (2004 to present), Sun Life Prosperity Dynamic Fund, Inc. (2012 to present). She is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present). She is currently a Senior Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law) (2010). She also serves as Treasurer of ACCRAIN Holdings Corp. (2010), and as Director-Treasurer of SysNet Integrators, Inc. (2001 to present), EP2, Inc. (2003 to present), Ideawurx Inc. (2001 to present), and the Intellectual Property Foundation, Inc. (1998 to present), among others. She also serves as a Director of Fila Philippines, Inc. (1993 to present), Anglo-Eastern Crew Management (Phils.), Inc. (1999 to present), Hazama Philippines, Inc. (1995 to present), LNC (SPV)-AMC Corp. (2005 to present), LNC 3 Asset Management, Inc. (2006 to present), Plaka Athena Holdings Corporation (2005 to present) and New Pacific Resources Management (SPV-AMC), Inc. (2007 to present). She is the Chairman of the Intellectual Property Association of the Philippines (2009 to present), President of the Ateneo Law Alumni Foundation, Inc. (2008 to present) and Trustee-Corporate Secretary of Assumption College, Inc. (1996 to present). Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.

CANDY S. ESTEBAN
Treasurer (2015 to present)

Ms. Esteban, 38, is Treasurer of the 11 Sun Life Prosperity Funds and the Sun Life Asset Management Company, Inc. She is concurrently the Head of Financial Planning and Analysis for Sun Life of Canada (Philippines), Inc. Prior to joining the Fund, Ms. Esteban held various positions in Citibank and American Express Bank Philippines, both leading global banking institutions. She is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering and she holds a Master's degree in Business Administration from INSEAD in Singapore and France.

JEMILYN S. CAMANIA
Corporate Secretary (2005 to present)

Atty. Camania, 40, Filipino, is also the Corporate Secretary of SLOCPI (2010 to present), SLFPI (2010 to present), SLAMCI (2005 to present), Sun Life Financial Philippines Holding Co., Inc. (2012), Sun Life Financial-Philippines Foundation, Inc. (2012), the 11 Sun Life Prosperity Funds (2005 to present), GAMC (2011 to present), Great Life (2012), and the 3 Grepalife Funds (2011 to present). She also serves as Assistant Corporate Secretary of SLGFI (2012). She started at Sun Life as Assistant Counsel (2004), became its Counsel (2007 to 2011) and Senior Counsel (2011 to 2012). She is currently Sun Life's Deputy General Counsel (2012 to present). Prior to joining Sun Life, she was an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004). Atty. Camania received her Bachelor of Arts in Psychology (1996) and Bachelor of Laws (2001) from the University of the Philippines. She was called to the Bar in 2002. She is also a Fellow, Life Management Institute (2010) and Professional, Customer Service (with honors) (2011) of LOMA.

MARIA CECILIA V. SORIA
Assistant Corporate Secretary (2012 to present)

Atty. Soria, 39, Filipino, is the Assistant Corporate Secretary of the 11 Sun Life Prosperity Funds (September 2013 to present), and the 3 Grepalife Funds (September 2013 to present). Prior to joining these companies, she worked as Associate, later promoted to Senior Associate, at Tan Venturanza Valdez (May 2010 to August 2013), as Senior Associate at Reyes-Fajardo and Associates (2009 to 2010) and SGV & Co. (2008 to 2009), as Associate at Medialdea Ata Bello & Guevarra (2007-2008), and as Executive Assistant 6 at the Civil Service Commission (2006-2007). Atty. Soria received her Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines. She was admitted to the Philippine Bar in May 2007.

CONCHITINA D.L. GREGORIO
Compliance Officer (2014 to present)

Atty. Gregorio, 48, Filipino, is the Chief Compliance Officer of the 11 Sun Life Prosperity Funds, the 3 Grepalife Funds, SLOCPI, SLFPI, SLAMCI, SLGFI, GAMC, and Great Life. Before joining Sun Life, Atty. Gregorio headed the Compliance Department of Metrobank Card Corporation where she implemented the company's programs on compliance, money laundering & terrorist financing prevention and corporate governance. Atty. Gregorio also spent a number of years as a capital markets specialist and held legal and compliance roles in both the Philippine Stock Exchange and Fixed-Income Exchange. Atty. Gregorio received her Juris Doctor Degree from the Ateneo de Manila University and was admitted to the Philippine Bar in 1992.

2. Significant Employees

The Fund has no significant employees.

3. Family Relationships

There are no family relationships up to fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated by the Fund to become its directors or executive officers.

4. Material Pending Legal Proceedings

The Fund has no knowledge of any material pending legal proceedings, for the past five (5) years and to date, to which any of the directors and executive officers of the Fund is a party of which any of their property is the subject.

There was no bankruptcy petition filed by or against any business of which any of the directors and executive officers of the Fund was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time.

No director or executive officer of the Fund was convicted by final judgment in a criminal proceeding, domestic or foreign and neither is any director or officer subject to any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.

No director or executive officer of the Fund is being subject to any order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities

No director or executive officer of the Fund is being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

1. Compensation of Executive Officers.

The executive officers of the Fund do not receive any form of compensation from their appointment up to the present.

2. Compensation of Directors.

The directors do not receive any form of compensation from inception up to the present other than a PHP20,000.00 per diem for meetings attended. Only the members of the Board who are "external directors", *i.e.*, those who are not officers and/or employees of SLOCPI, receive remuneration for their attendance in regular or special meetings of the Board at the rate of PHP20,000.00 to each director for every meeting attended. Their contributed efforts to the Fund are on a voluntary basis only. Also, the directors or executive officers of the Fund will not participate in any bonus, profit sharing or other compensation plan, pension or retirement plan, contract or arrangement.

However, starting on January 01, 2010, each external director, as defined above, shall also receive a retainer's fee not to exceed PHP15, 000.00 per quarter. Please note that payment of such retainer's fee shall be shared by the Fund with the other Sun Life Prosperity Funds which the external director also serves, provided that each external director shall receive only a maximum of PHP15, 000.00 per quarter from all the Sun Life Prosperity Funds which he serves as director.

Total per diem received by the Fund's directors for the year 2015 and 2014 are PHP 322,021 and PHP366,666, respectively.

The Board has four (4) regular quarterly meetings for 2016, including the organizational board meeting after the annual shareholders' meeting. For the four (4) meetings and with three (3) members of the Board who are external directors entitled to receive a per diem, the Fund forecasts a total directors' per diem of PHP240,000 for the year 2016. The external directors are also forecasted to receive a total of PHP60,000 retainer's fee for 2016.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security ownership of more than 5% of the Fund's outstanding capital stock as of December 31, 2015

<i>Title of Class</i>	<i>Name of Record Owner/Relationship with Issuer</i>	<i>Address</i>	<i>Name of Beneficial Owner/Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Number of Shares Held</i>	<i>Percent of Class</i>
-	-	-	-	-	-	-

On 7 March 2013, SEC en banc approved the confidential treatment of the list of Top 20 shareholders of the Fund, including its the 5% and 10% beneficial owners. This is to protect the investors' privacy, which is a privilege they enjoy when they invest in other shared investment vehicles, such as unit investment trust funds, and when they invest in bank deposits.

This list includes shareholders owning more than 5% of the Fund's outstanding capital stock as of December 31, 2015, if any.

2. Security Ownership of Management as of December 31, 2015:

Title of Class	Name of Beneficial Owner	Number of Shares²	Nature of Ownership	Citizenship	Percent of Class
Common	Rizalina G. Mantaring	1	Beneficial (B) and Record (R)	Filipino	0.00%
Common	Benedicto C. Sison	1	B & R	Filipino and American	0.00%
Common	Aleli Angela G. Quirino	1	B & R	Filipino	0.00%
Common	Melito S. Salazar, Jr.	1	B & R	Filipino	0.00%
Common	Nilo B. Peña	1	B & R	Filipino	0.00%

The above individual owners can be reached at c/o the Corporate Secretary, 6th Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

3. Voting Trust Holders of 5% or More

No holder of 5% or more of the Fund's common shares has any voting trust or similar agreement that vest voting rights or other powers to a voting trustee.

4. Change in Control

The Fund has no knowledge of any arrangement that may result in a change of control of the Fund.

² Number of shares held in their capacity as Director or Chairperson

Item 12. Certain Relationships and Related Transactions

The Fund is not involved in any related transactions.

PART IV - CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

The Fund is committed to performing its obligations following sound standards of business and financial practices and assesses the level of compliance of the Board of Directors and top-level management with its Manual on Corporate Governance through the Corporate Governance Self-Rating Form.

Likewise, the Fund requires the directors to answer a Board Effectiveness Questionnaire to determine their outlook on current practices and further enhance their performance. Internal audit and compliance units of the Fund also actively ensure that the Fund meets its regulatory and moral obligations to the government agencies and the general public, respectively.

There has been no reported incident of any deviation from the Fund's Manual on Corporate Governance. A strong ethical business culture in the performance of duties is continuously upheld and promoted. Nonetheless, the Fund makes an effort to improve corporate governance of the company by holding training sessions for its Board and officers whenever possible.

PART V – EXHIBITS AND SCHEDULES

Audited Financial Statements

1. Statements of Financial Position, 2015, 2014
2. Statements of Comprehensive Income, 2015, 2014, 2013
3. Statements of Changes in Equity, 2015, 2014, 2013
4. Statements of Cash Flows, 2015, 2014, 2013
5. Notes to Financial Statements

- SIGNATURE PAGE FOLLOWS -

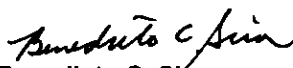
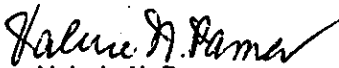
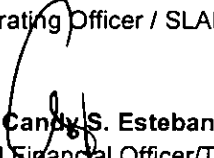
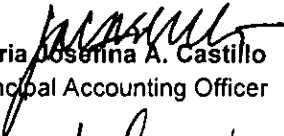


SIGNATURES

Pursuant to the requirements of Section 11 of the RSA and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of QUEZON CITY on APR 29 2016, 2016.

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
Issuer

Pursuant to the requirements of the Revised Securities Act, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

<p> Benedicto C. Sison Principal Executive Officer</p> <p> Valerie N. Pama Principal Operating Officer / SLAMCI President</p> <p> Candy S. Esteban Principal Financial Officer/Treasurer</p>	<p> Maria Josefina A. Castillo Principal Accounting Officer</p> <p> Roselle L. Lustre Controller</p> <p> Maria Cecilia V. Soria Assistant Corporate Secretary</p>
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APR 29 2016

SUBSCRIBED AND SWORN to before me this ____ day of _____ 2016, affiants exhibiting their government issued identification cards, as follows:

Name	Government ID No.	Date of Issue	Place of Issue
Benedicto Sison	Passport No. 488432394	05/09/2013	United States
Valerie N. Pama	Passport No. EB6184455	08/23/2012	Manila
Candy S. Esteban	Driver's License N02-95-277891	05-08-2015	Quezon City
Ma. Josefina Castillo	Passport No. EB5574529	06/05/2012	Manila
Roselle L. Lustre	Passport No. EB8020503	05/02/2013	Manila
Maria Cecilia V. Soria	Passport No. EC2765788	11/19/2014	Manila

Doc. No. 224;
Page No. 45;
Book No. 57;
Series of 2016.

JOEL G. GORDOLA
Notary Public
Commission expires until December 31, 2017
Adm. No. 069, Roll No. 75103; IBP No. 1013094
PTR No. 1871282; 1/04/16; Q.C.
TIN 126-768-809; MCLE No. V-000150
Until 1 # 878 Quirino Highway, Gulod, Navotas

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

S	U	N	L	I	F	E	O	F	C	A	N	A	D	A	P	R	O	S	P	E	R	I	T	Y
B	A	L	A	N	C	E	D	F	U	N	D	I	N	C	.									

Principal Office (No./Street/Barangay/City/Town)Province)

2	T	H	F	L	R	.	,	S	U	N	L	I	F	E	C	E	N	T	R	E	5	T	H
A	V	E	B	O	N	I	F	A	C	I	O	G	L	O	B	A	L	F	O	R	T		
B	O	N	I	F	A	C	I	O	T	A	G	U	I	G	C	I	T	Y					

Form Type	Department requiring the report	Secondary License Type, if Applicable												
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A	A	F	S											

COMPANY INFORMATION

Company's Email Address <input style="width: 100%;" type="text" value="www.sunlife.com"/>	Company's Telephone Number/s <input style="width: 100%;" type="text" value="555-8888"/>	Mobile Number <input style="width: 100%;" type="text"/>
No. of Stockholders <input style="width: 100%;" type="text"/>	Annual Meeting Month/Day <input style="width: 100%;" type="text" value="Every Fourth Monday of May"/>	Fiscal Year Month/Day <input style="width: 100%;" type="text" value="12/31"/>

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person <input style="width: 100%;" type="text" value="BENEDICTO C. SISON"/>	Email Address <input style="width: 100%;" type="text" value="Benedicto.Sison@Sunlife.com"/>	Telephone Number/s <input style="width: 100%;" type="text" value="555-8888"/>	Mobile Number <input style="width: 100%;" type="text"/>
Contact Person's Address <input style="width: 100%;" type="text" value="SF SUNLIFE CENTRE, 5TH AVE BONIFACIO GLOBAL FORT BONIFACIO TAGUIG CITY"/>			

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

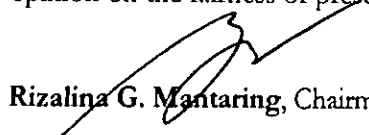
Sun Life Financial

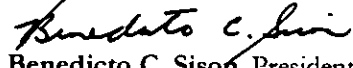
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Sun Life of Canada Prosperity Balanced Fund, Inc.** is responsible for the preparation and fair presentation of the financial statements including the additional components attached therein, as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards. 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 including the additional components attached therein and submits the same to the stockholders.

Navarro Amper & 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.


Rizalina G. Mantaring, Chairman of the Board


Benedicto C. Sison, President


Candy S. Esteban, Treasurer

Signed this 15th day of March

APR 11 2016

Subscribed and sworn to before me this ___ day of _____ 2016 at
QUEZON CITY, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government ID	Date/Place of Issue
Rizalina G. Mantaring	Passport No. EC5964028	11-13-15 / Manila
Benedicto C. Sison	Passport No. 488432394	05-09-13/USA
Candy S. Esteban	Driver's License N02-95-277891	05-08-2015/Quezon City

Doc. No. 44;
Page No. 44;
Book No. 44;
Series of 2016


JOEL G. GORDOLA

Notary Public

Commission expires until December 31, 2017
Adm. No. 089; Roll No. 25103; IBP No. 1013094
PTR No. 1876282; 1/04/16; Q.C.
TIN 126-768-809; MCLE No. V-0001531
Until 1 # 878 Quirino Hwy, Gulod, Novaliches, Q.C.

NavarroAmper & Co.

Navarro Amper & Co.
19th Floor Net Lima Plaza
5th Avenue corner 26th Street
Bonifacio Global City, Taguig 1634
Philippines

Tel: +63 2 581 9000
Fax: +63 2 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITORS

To the Board of Directors and Shareholders
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
(An Open-end Investment Company)
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Gentlemen:

We have examined the financial statements of Sun Life of Canada Prosperity Balanced Fund, Inc. as at and for the year ended December 31, 2015, on which we have rendered the attached report dated March 15, 2016.

In compliance with SRC Rule 68, we are stating that the said Company is a secondary licensee of the Securities and Exchange Commission being an open-end investment company.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:



Francis B. Albalate
Partner

CPA License No. 0088499

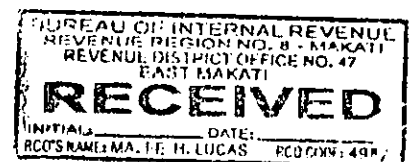
SEC A.N. 0104-AR-4, issued on June 30, 2015; effective until June 29, 2018, Group A

TIN 120319015

BIR A.N. 08-002552-32-2014, issued on October 3, 2014; effective until October 3, 2017

PTR No. A-2798353, issued on January 6, 2016, Taguig City

Taguig City, Philippines
March 15, 2016



APR 13 2016

Deloitte.



Member of Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
(An Open-end Investment Company)
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Financial Statements

We have audited the accompanying financial statements of Sun Life of Canada Prosperity Balanced Fund, Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

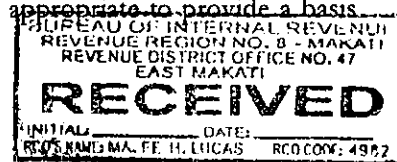
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider 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.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sun Life of Canada Prosperity Balanced Fund, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required By the Bureau of Internal Revenue


Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2015 on taxes and licenses in Note 22 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 supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018

SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:

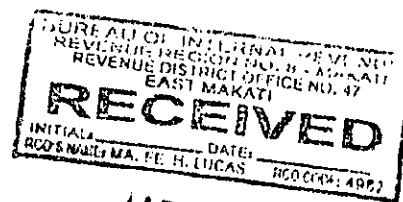

Francis B. Albalate
Partner

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March 15, 2016

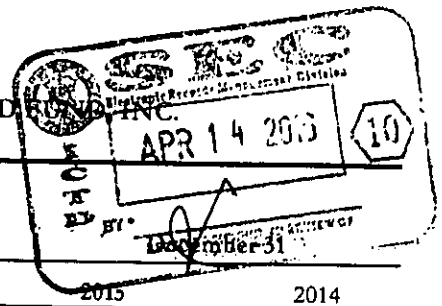


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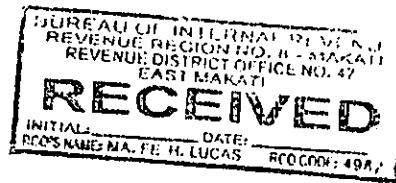
SUN LIFE OF CANADA PROSPERITY BALANCED FUND INC.
 (An Open-end Investment Company)

STATEMENTS OF FINANCIAL POSITION



	Notes	2015	2014
ASSETS			
Current Assets			
Cash in banks	6	P 235,563,695	P 197,346,326
Financial assets at fair value through profit or loss	8	15,022,870,157	16,683,318,087
Due from brokers	9	33,771,247	76,627,788
Accrued interest receivable	7	48,708,432	38,298,111
Dividends receivable	8	3,632,131	2,070,718
Other current assets		6,173	-
		P15,344,551,835	P16,997,661,030
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	10	P 19,925,484	P 82,646,657
Income tax payable		-	31
Due to brokers	9	3,860,854	181,654,394
Payable to fund manager	11	31,980,476	38,072,495
Total Current Liabilities		55,766,814	302,373,577
Equity			
Share capital	12	48,379,352	48,379,352
Additional paid-in capital	11,13	12,448,396,263	12,402,771,900
Retained earnings		4,992,182,027	5,684,330,854
		17,488,957,642	18,135,482,106
Treasury shares	12	(2,200,172,621)	(1,440,194,653)
Total Equity		15,288,785,021	16,695,287,453
		P15,344,551,835	P16,997,661,030
Net Asset Value Per Share	14	P 3.5886	P 3.7605

See Notes to Financial Statements.



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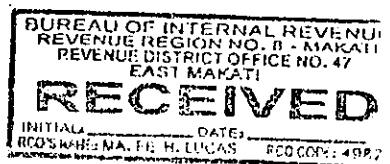
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Notes	2015	2014	2013
Investment Income - net				
Net realized gains on investments	8	P 643,528,210	P 771,002,009	P1,334,269,579
Interest income	15	220,252,326	193,893,440	186,292,645
Dividend income	8	181,264,857	263,477,667	223,824,999
Other income		-	1,565	73,201
		1,045,045,393	1,228,374,681	1,744,460,424
Investment Expenses				
Commission	9	37,917,810	105,187,466	101,416,861
Clearing fees		1,399,251	3,099,472	1,428,986
		39,317,061	108,286,938	102,845,847
Net Investment Income		1,005,728,332	1,120,087,743	1,641,614,577
Operating Expenses				
Management fees	11	388,784,804	405,445,564	382,375,448
Custodianship fees		2,340,325	3,162,872	2,891,777
Printing and supplies		1,567,645	3,160,175	3,569,568
Taxes and licenses		1,334,791	1,359,312	6,875,639
Directors' fees	11	322,021	366,666	365,000
Professional fees		202,868	194,522	383,544
Miscellaneous		85,039	1,316,483	-
		394,637,493	415,005,594	396,460,976
Profit Before Net Unrealized Gains (Losses)				
on Investments		611,090,839	705,082,149	1,245,153,601
Net Unrealized Gains (Losses) on Investments	8	(1,218,808,636)	1,296,804,794	(1,943,395,164)
Profit (Loss) Before Tax		(607,717,797)	2,001,886,943	(698,241,563)
Income Tax Expense	18	84,431,030	130,231,119	184,712,997
Profit (Loss) and Other Comprehensive Income (Loss) for the Year		(P692,148,827)	P1,871,655,824	(P882,954,560)
Basic Earnings (Loss) per Share	16	(P 0.16)	P 0.44	(P 0.23)
Diluted Earnings (Loss) per Share	16	(P 0.16)	P 0.42	(P 0.23)

See Notes to Financial Statements.



APR 13 2016

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
(An Open-end Investment Company)
STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2015, 2014 and 2013

	Notes	Share Capital	Deposits for Future Stock Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2013		P34,981,357	P	P7,208,009,160	P4,695,629,590	P	P11,938,620,107
Loss and other comprehensive loss for the year		-	-	-	(882,954,560)	-	(882,954,560)
Transactions with owners:							
Deposits for future stock subscriptions received	12, 13	-	3,318,705,153	-	-	-	3,318,705,153
Redemption of deposits for future stock subscriptions		-	(359,413,468)	(13,366,850)	-	-	(372,780,318)
Issuance of shares during the year		5,015,721	-	2,103,217,338	-	-	2,108,233,059
Additional capital infusion	11	-	-	122,400,322	-	-	122,400,322
Total transactions with owners		5,015,721	2,959,291,685	2,212,250,810	-	-	5,176,558,216
Balance, December 31, 2013	12, 13	39,997,078	2,959,291,685	9,420,259,970	3,812,675,030	-	16,232,223,763
Profit and other comprehensive income for the year		-	-	-	1,871,655,824	-	1,871,655,824
Transactions with owners:							
Acquisition of treasury shares during the year	12, 13	-	-	-	-	(2,881,884,099)	(2,881,884,099)
Reissuance of treasury shares during the year		-	-	60,392,452	-	1,441,689,446	1,502,081,898
Receipts of deposits for future stock subscriptions		-	1,487,691,164	-	-	-	1,487,691,164
Redemption of deposits for future stock subscriptions		-	(3,966,469,335)	2,449,988,238	-	-	(1,516,481,097)
Issuance of shares during the year		8,382,274	(480,513,514)	472,131,240	-	-	-
Total transactions with owners		8,382,274	(2,959,291,685)	2,982,511,930	-	(1,440,194,653)	(1,408,592,134)
Balance, December 31, 2014	12, 13	48,379,352	-	12,402,771,900	5,684,330,854	(1,440,194,653)	16,695,287,453
Loss and other comprehensive loss for the year		-	-	-	(692,148,827)	-	(692,148,827)
Transactions with owners:							
Acquisition of treasury shares during the year	12, 13	-	-	-	-	(2,654,597,377)	(2,654,597,377)
Reissuance of treasury shares during the year		-	-	45,624,363	-	1,894,619,409	1,940,243,772
Total transactions with owners		-	-	45,624,363	-	(759,977,968)	(714,353,605)
Balance, December 31, 2015	12, 13	P48,379,352	P	P12,448,396,263	P4,992,182,027	(P2,200,172,621)	P15,288,785,021

See Notes to Financial Statements.

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Notes	2015	2014	2013
Cash Flows from Operating Activities				
Profit (Loss) before tax		(P 607,717,797)	P 2,001,886,943	(P 698,241,563)
Adjustments for:				
Net unrealized losses (gains) on investments	8	1,218,808,636	(1,296,804,794)	1,943,395,164
Net realized gains on investments	8	(643,528,210)	(771,002,009)	(1,334,269,579)
Interest income	15	(220,252,326)	(193,893,440)	(186,292,645)
Dividend income	8	(181,264,857)	(263,477,667)	(223,824,999)
Operating cash flows before working capital changes		(433,954,554)	(523,290,967)	(499,233,622)
Decrease (Increase) in:				
Other current assets		(6,173)	44,791	450,853
Due from related parties		-	826,500	(826,500)
Increase (Decrease) in:				
Accrued expenses and other payables		(62,721,173)	78,967,954	(88,747,474)
Payable to fund manager		(6,092,019)	(3,014,012)	12,205,430
Cash used in operations		(502,773,919)	(446,465,734)	(576,151,313)
Acquisitions of financial assets at fair value through profit or loss		(234,584,938,243)	(345,291,928,192)	(368,896,496,272)
Proceeds from disposal of financial assets at fair value through profit or loss		235,535,168,748	346,855,993,707	364,171,345,181
Interest received		209,842,005	193,483,258	184,711,934
Dividends received		179,703,444	267,991,423	217,995,785
Income taxes paid		(84,431,061)	(130,231,119)	(184,712,997)
Net cash from (used in) operating activities		752,570,974	1,448,843,343	(5,083,307,682)
Cash Flows from Financing Activities				
Proceeds from reissuance of treasury shares	12	1,940,243,772	1,502,081,898	-
Proceeds from issuance of shares	12	-	-	2,108,233,059
Payments for acquisition of treasury shares	12	(2,654,597,377)	(2,881,884,099)	-
Receipts of deposits for future stock subscriptions	12	-	1,487,691,164	3,318,705,153
Payments on redemption of deposits for future stock subscriptions		-	(1,516,481,097)	(372,780,318)
Additional capital infusion	11	-	-	122,400,322
Net cash from (used in) financing activities		(714,353,605)	(1,408,592,134)	5,176,558,216
Net Increase in Cash in Banks		38,217,369	40,251,209	93,250,534
Cash in Banks, Beginning		197,346,326	157,095,117	63,844,583
Cash in Banks, End		P 235,563,695	P 197,346,326	P 157,095,117

See Notes to Financial Statements.

Supplemental Information on Non-cash Financing Activity

The Company issued share capital amounting to P8,382,274 in 2014 to subscriptions previously recognized as deposits for future stock subscriptions amounting to P480,513,514, as disclosed in Note 12.

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(An Open-end Investment Company)

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015 AND 2014 AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2015

1. CORPORATE INFORMATION

Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1999 and started commercial operations on May 1, 2000. The Company is a registered open-end investment company under the Investment Company Act (Republic Act "R.A." No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). It is engaged in the sale of redeemable shares and is designed to provide total returns consisting of current income and capital growth through investment in a mix of debt and equity securities from both domestic and foreign issuers. As an open-end investment company, its shares are redeemable anytime based on the Net Asset Value Per Share (NAVPS) at the time of redemption.

The Company appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as its fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all required operational services, as disclosed in Note 11.

The Company's registered office address and principal place of business is at the 2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements of the Company have been prepared on the historical cost basis, except for certain financial assets measured at fair value and certain financial instruments carried at amortized cost.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional Currency

These financial statements are presented in Philippine peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded to the nearest peso, except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2015

The following new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Company effective on January 1, 2015:

Annual Improvements to PFRSs 2010-2012 Cycle

The annual improvements address the following:

Amendment to PFRS 13, *Fair Value Measurement (amendment to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards)*

The amendment clarified that the issuance of PFRS 13 and consequential amendments to PAS 39 and PFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

The amendment did not have a significant impact on the Company's financial statements.

Amendment to PAS 24, Related Party Disclosures

The amendment clarified that a management entity providing key management personnel services to a reporting entity is a related party of that reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The amendment did not have a significant impact on the Company's financial statements.

Annual Improvements to PFRSs 2011-2013 Cycle

These annual improvements address the following:

Amendment to PFRS 13, Fair Value Measurement

The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within PAS 32.

The amendment did not have a significant impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2015

The Company will adopt the following PFRS once these become effective:

Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business such that the acquirer is required to apply all of the principles on business combinations in PFRS 3 and other PFRSs with the exception of those principles that conflict with the guidance in PFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognize deferred taxes;
- recognize any goodwill or bargain purchase gain;
- perform impairment tests for the cash generating units to which goodwill has been allocated; and
- disclose information required relevant for business combinations.

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted but corresponding disclosures are required. The amendments apply prospectively.

The future adoption of the amendments will have no effect on the Company's financial statements.

PFRS 14, *Regulatory Deferral Accounts*

The standard permits an entity which is a first-time adopter of Philippine Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

The standard is effective for annual reporting periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the standard will have no effect on the Company's financial statements.

Amendments to PAS 16, *Property, Plant and Equipment*

These amendments clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate. This is because such method reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 16, *Property, Plant and Equipment* and Amendments to PAS 41, *Agriculture*

The amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with PAS 16. The amendments define bearer plants as living plants that are used in the production or supply of agricultural produce and for which there is only a remote likelihood that the plant will also be sold as agricultural produce.

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 27, *Separate Financial Statements*

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 38, *Intangible Assets*

These amendments introduce rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as in PAS 16, *Property, Plant and Equipment*. However, the IASB states that there are limited circumstances when the presumption can be overcome:

- the intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and
- it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PFRS 10: *Consolidated Financial Statements* and PAS 28: *Investments in Associates and Joint Ventures (2011)*

The amendments include the following:

- Amendment to PAS 28 (2011) so that the current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in PFRS 3, *Business Combinations* and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in PFRS 3, *Business Combinations* is recognized in full.
- Amendment to PFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in PFRS 3, *Business Combinations* to an associate or joint venture is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments are to be effective for annual periods beginning on or after January 1, 2016.

The future adoption of the amendments will have no effect on the Company's financial statements.

Annual Improvements to PFRSs 2012-2014 Cycle

The annual improvements address the following:

Amendment to PFRS 5, Non-current Assets Held for Sale and Discontinued Operations

The amendment introduces specific guidance in PFRS 5 when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendment states that:

- such reclassifications should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and
- assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) should be treated in the same way as assets that cease to be classified as held for sale.

The future adoption of the amendment will have no effect on the Company's financial statements.

Amendments to PFRS 7, Financial Instruments: Disclosures

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. PFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement in asset, for instance, when the amount and/or timing of the servicing fee depend on the amount and/or the timing of the cash flows collected. The amendments add guidance to this effect.

The amendments also clarified the applicability of the disclosure requirements on offsetting financial assets and financial liabilities to be included in condensed interim financial statements. The amendments clarified that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with PAS 34, *Interim Financial Reporting*.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 19, Employee Benefits

The amendments clarified that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendment to PAS 34, *Interim Financial Reporting*

The amendment clarified the requirements relating to information required by PAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendment requires that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The future adoption of the amendment will have no effect on the Company's financial statements.

The above improvements are effective for annual periods beginning on or after January 1, 2016. However, early application of these improvements is permitted.

Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*

The amendments address the issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments clarify the following aspects:

- Whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;
- The interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in PFRS 10; and
- Whether a non-investment entity must 'unwind' the fair value accounting of its joint ventures or associates that are investment entities.

An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by PFRS 12.

These amendments will have no material impact on the Company's financial statements.

Amendments to PAS 1, *Presentation of Financial Statements*

The amendments include the following:

- **Materiality:** The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- **Statement of financial position and statement of profit or loss and other comprehensive income:** The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- **Notes:** The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. The standard also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. Application of the amendments need not be disclosed.

The future adoption of the amendments will have no effect on the Company's financial statements.

PFRS 9, Financial Instruments (2014)

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the outstanding balance must be measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. Under this standard, changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the liability shall be presented in other comprehensive income, unless the presentation in other comprehensive income would create or increase an accounting mismatch. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

Based on Management's assessment, the recognition and measurement of the Company's loans and receivables, financial assets at FVTPL and financial liabilities would be the same under both PAS 39 and PFRS 9.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses. Under this impairment approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The future adoption of the standard shall result in initial measurement of loans and receivables at fair value net of transaction costs and expected credit losses.

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The future adoption of the standard will have no effect on the Company's financial statements since the Company does not apply hedge accounting.

4. SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Initial recognition

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at FVTPL. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets as at December 31, 2015 and 2014 consist of financial assets at FVTPL and loans and receivables.

Financial assets at FVTPL

The Company classifies financial assets as at FVTPL when the financial asset is either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition, it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The Company's financial assets classified under this category include investments in listed equity securities, investments in fixed-income securities, investments in unit investment trust fund (UITF) and special savings deposits. Fair value is determined in the manner described in Note 16.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of net discounting is immaterial.

The Company's financial assets classified under this category include cash in banks, accrued interest receivable, due from brokers, and dividend receivable.

Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

Financial liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities, except for debt instruments classified as at FVTPL.

Financial liabilities are classified as either financial liabilities as at FVTPL or other financial liabilities.

Subsequent measurement

Since the Company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company's financial liabilities classified under this category include accrued expenses and other payables, due to brokers and payable to fund manager.

Derecognition

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Share capital consisting of ordinary shares is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Any excess of proceeds from issuance of shares over its par value is recognized as additional paid-in capital.

Retained earnings

Retained earnings represent accumulated profit attributable to equity holders of the Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Repurchase, disposal and reissuance of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as increase in equity, and the resulting surplus or deficit on the transaction is presented as additional paid-in capital.

Deposits for future stock subscriptions

Deposits for future stock subscriptions are recorded at historical cost. These are classified as equity when all of the following criteria are met:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of the proposed increase has been filed with the SEC.

Deposits for future stock subscriptions are classified as liability, when the above criteria are not met.

Revenue Recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payments have been established, usually at ex-dividend rate, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Realized gains or losses

Gains or losses arising on the disposal of investments are determined as the difference between the sales proceeds and the carrying amount of the investments and is recognized in profit or loss.

Fair value gains or losses

Gains or losses arising from changes in fair values of investments are disclosed under the policy on financial assets.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or, (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the nature of expense method. Investment expenses are transaction costs incurred in the purchase and sale of investments. Operating expenses are costs attributable to administrative and other business expenses of the Company including management fees and custodianship fees.

Fair Value

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax

The corporate income tax currently expensed is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher.

Final tax

Final tax expense represents final taxes withheld on interest income from cash in banks, special savings deposits and fixed-income securities and final taxes withheld on proceeds from sale of listed equity securities.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Earnings (Loss) per Share

The Company computes its basic earnings per share by dividing profit or loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings (loss) per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of deposits for future stock subscriptions which are dilutive potential ordinary shares.

Net Asset Value per Share (NAVPS)

The Company computes its NAVPS by dividing the total net asset value as at the end of the reporting period by the number of issued and outstanding shares and shares to be issued on deposits for future stock subscriptions.

Events After the Reporting Period

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements.

Loans and receivables designated as at FVTPL

The Company designated its special savings deposits as FVTPL since it forms part of a group of managed financial assets whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. The information about the group of managed financial assets is provided internally on that basis to the Company's management.

As at December 31, 2015 and 2014, the carrying amount of special savings deposits designated as financial assets at FVTPL amounted to P799,010,000 and P2,745,110,000, respectively, as disclosed in Note 8.

Puttable shares designated as equity instruments

The Company designated its redeemable share capital as equity instruments when the Company adopted the amendments in PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements: Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*, effective for annual reporting periods beginning on or after January 1, 2009. The Company's share capital met the specified criteria to be presented as equity.

A puttable financial instrument includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset on exercise of the put. As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has met all the following features:

- a. it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets;
- b. it is in the class of instruments that is subordinate to all other classes of instruments;
- c. all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- d. apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments; and
- e. 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 entity over the life of the instrument (excluding any effects of the instrument).

As at December 31, 2015 and 2014, the recognized amount of share capital representing puttable shares in the statements of financial position amounted P48,379,352, as disclosed in Note 12.

Key Sources of Estimation Uncertainty

The following are the Company's key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax assets

The Company reviews the carrying amount at the end of each reporting period 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. There is no assurance that the Company will generate sufficient taxable profit that will allow all or part of its deferred tax assets to be utilized.

Based on Management's expectation of the Company's future taxable income, the Company did not recognize the deferred tax assets as at December 31, 2015 and 2014, as disclosed in Note 18.

Determining fair value of investments in debt securities classified as financial assets as at FVTPL

The Company carries its investments in traded debt securities and special savings deposits at fair value, which requires use of accounting estimates and judgment. Since market interest rate is a significant component of fair value measurement, fair value would differ if the Company applied a different set of reference rates in the valuation methodology. Any change in the fair value of these financial assets would affect profit or loss and equity.

As at December 31, 2015 and 2014, carrying amounts of investments in debt securities classified as financial assets at FVTPL amounted to P4,201,848,258 and P5,749,024,668, respectively, as disclosed in Note 8.

6. **CASH IN BANKS**

Cash in banks earned interest amounting to P270,887, P390,095 and P309,603 at average rates of 0.20% in 2015 and 2014, and 0.27% in 2013, as disclosed in Note 15.

7. **ACCRUED INTEREST RECEIVABLE**

This account consists of accrued interest on the following:

	2015	2014
Fixed-income securities	P47,555,940	P37,403,784
Special savings deposits	1,152,492	894,327
	P48,708,432	P38,298,111

8. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This account consists of:

	2015	2014
Held for trading:		
Investments in listed equity securities	P 7,731,262,688	P10,934,293,419
Investments in fixed-income securities	3,402,838,258	3,003,914,668
Investments in UITF	3,089,759,211	-
	14,223,860,157	13,938,208,087
Designated:		
Special savings deposits	799,010,000	2,745,110,000
	P15,022,870,157	P16,683,318,087

Investments in fixed income securities are composed of corporate bonds and treasury notes.

Investments in UITF are placed in universal banks and are redeemable anytime. Special savings deposits have contractual maturity of three months or less.

The Company recognized dividend income from investments in listed equity securities amounting to P181,264,857, P263,477,667 and P223,824,999 in 2015, 2014 and 2013, respectively. Dividends receivable amounted to P3,632,131 and P2,070,718 as at December 31, 2015 and 2014, respectively.

Interest income earned on fixed-income securities and special savings deposits amounted to P204,964,341 and P15,017,098, respectively, in 2015, P173,682,167 and P19,821,178, respectively, in 2014, and P167,249,592 and P18,733,450, respectively, in 2013, as disclosed in Note 15. Average rates earned on these investments are also disclosed in Note 15.

Net gains (losses) on investments recognized in profit or loss arising from held for trading financial assets are as follows:

	2015	2014	2013
Net realized gains (losses) on investments in:			
Listed equity securities	P 496,962,473	P 775,481,082	P1,084,058,167
Fixed-income securities	146,565,737	(4,479,073)	250,211,412
	643,528,210	771,002,009	1,334,269,579
Net unrealized gains (losses) on investments in:			
Listed equity securities	(889,645,883)	1,338,237,361	(1,764,077,232)
Fixed-income securities	(329,162,753)	(41,432,567)	(179,317,932)
	(1,218,808,636)	1,296,804,794	(1,943,395,164)
	(P 575,280,426)	P2,067,806,803	(P 609,125,585)

The following presents the breakdown of the maturity profile of the principal amounts of special savings deposits and fixed-income securities:

	2015	2014
Due in one year or less	P 799,010,000	P2,745,110,000
Due after one year through five years	25,000,000	80,000,000
Due after five years through ten years	821,489,667	695,489,667
Due after ten years	2,219,461,711	1,594,581,000
	P3,864,961,378	P5,115,180,667

9. DUE FROM/TO BROKERS

Due from brokers account refers to amounts receivable from brokers arising from the sale of investments processed on or before the reporting period, which are settled three days after the transaction date.

Due to brokers account pertains to amounts payable to brokers for the purchase of investments, processed on or before the reporting period, which are settled three days after the transaction date.

Commissions are paid to brokers when buying and selling shares of stock.

10. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	Note	2015	2014
Due to investors		P14,799,577	P77,424,826
Withholding taxes		2,290,848	2,761,189
Custodianship fees		919,798	720,391
Professional fees		202,868	138,410
Directors' fees	11	24,521	-
Documentary stamp taxes		4,853	1,218
Others		1,683,019	1,600,623
		P19,925,484	P82,646,657

Due to investors account pertains to amounts payable to investors for the redemption of their investments processed on or before the reporting period, which are usually paid four days after the transaction date.

Others pertain to payables arising from the reversal of stale checks.

11. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*.

The details of transactions with the related parties and the amounts paid or payable are set out below.

Nature of Transaction	Transactions During the Year			Outstanding Balances		Terms	Condition	Notes
	2015	2014	2013	2015	2014			
SLAMCI - Fund Manager								
Management fees	P388,784,804	P405,445,564	P382,375,448	P31,980,476	P38,072,495	Annual rate of 2.15% of average daily net assets; settled in cash on or before the 15 th day of the following month	Unsecured; non-interest bearing; to be settled in cash	a
SLOCPI - Parent of Fund Manager								
Capital infusion	P -	P -	P 122,400,322	P -	P -	-	-	b
Key Management Personnel								
Directors' fees	P 322,021	P 366,666	P 365,000	P 24,521	P -	Payable on demand	Unsecured	c

Details of the Company's related party transactions are as follows:

a. Investment Management

The Company appointed SLAMCI as its fund manager, adviser, administrator, distributor and transfer agent that provides management, distribution and all required operational services. Under the Management and Distribution Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 2% of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% of the net assets attributable to shareholders on each valuation day.

Management fees charged by SLAMCI to the Company in 2015, 2014 and 2013 amounted to P388,784,804, P405,445,564 and P382,375,448, respectively. Accrued management fees as at December 31, 2015 and 2014 amounting to P31,980,476 and P38,072,495, respectively, are shown as "Payable to Fund Manager" in the statements of financial position.

b. Capital Infusion

In 2013, SLOCPI made a capital infusion of P122,400,322 without receiving shares and therefore was recognized under additional paid-in capital.

c. Remuneration of Directors

Remuneration of directors is presented in the statements of comprehensive income under "Directors' Fees" account amounting to P322,021, P366,666 and P365,000 in 2015, 2014 and 2013, respectively, which are usually paid to Directors based on the meetings held and attended. Accrued director's fees as at December 31, 2015 amounting to P24,521 is shown under "Accrued Expenses and Other Payables" in the statements of financial position.

Except for the Board of Directors, the Company has no key management personnel and employees. Pursuant to the Company's Management and Distribution Agreement with SLAMCI, the latter provides all the staff of the Company, including executive officers and other trained personnel.

12. EQUITY

Movements of share capital and deposits for future stock subscriptions are as follows:

	2015		2014		2013	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized: P0.01 par value						
At January 1	5,000,000,000	P 50,000,000	4,000,000,000	P 40,000,000	4,000,000,000	P 40,000,000
Increase in authorized shares	-	-	1,000,000,000	10,000,000	-	-
	5,000,000,000	P 50,000,000	5,000,000,000	P 50,000,000	4,000,000,000	P 40,000,000
Issued and fully paid:						
At January 1	4,837,935,154	P 48,379,352	3,999,707,751	P 39,997,078	3,498,135,726	P 34,981,357
Issuances during the year	-	-	838,227,403	8,382,274	501,572,025	5,015,721
At December 31	4,837,935,154	P 48,379,352	4,837,935,154	P 48,379,352	3,999,707,751	P 39,997,078
Treasury shares:						
At January 1	398,302,543	1,440,194,653	-	-	-	P -
Acquired during the year	694,975,648	2,654,597,377	819,345,180	P2,881,884,099	-	-
Reissuance	(515,695,765)	(1,894,619,409)	(421,042,637)	(1,441,689,446)	-	-
At December 31	577,582,426	P2,200,172,621	398,302,543	P1,440,194,653	-	P -
Deposits for future stock subscriptions:						
At January 1	-	P -	823,785,564	P2,959,291,685	-	P -
Subscription received	-	-	440,019,484	1,487,691,164	922,061,535	3,318,705,153
Redemptions	-	-	(4,535,008)	(3,966,469,335)	(98,275,971)	(359,413,468)
Transfer from DIFFS to ACS	-	-	(1,259,270,040)	(480,513,514)	-	-
At December 31	-	P -	-	P -	823,785,564	P2,959,291,685

Fully paid ordinary shares with a par value of P .01, carry one vote per share and carry a right to dividends.

Incorporation

The Company was incorporated on December 21, 1999 with 200,000,000 registered shares at an initial par value of P1.00 per share. The SEC approved the change in the par value on October 10, 2008.

Approved changes

On May 13, 2005 and February 12, 2006, the shareholders and the Board of Directors, respectively, approved the reduction of the par value per share from P1.00 to P0.01.

On May 12, 2006, the shareholders approved the blanket increase of the Company's authorized share capital up to 100,000,000,000 shares.

On April 24, 2007, the Board of Directors approved the first tranche of share capital increase by 3,800,000,000 (from 200,000,000 shares to 4,000,000,000 shares both with par value of P0.01). The SEC approved the increase on October 10, 2008 and the registration statements on November 24, 2010.

On March 22, 2013, the Board of Directors approved the second tranche of share capital increase by 1,000,000,000 (from 4,000,000,000 shares to 5,000,000,000 shares both with par value of P0.01).

On December 26, 2013, the Company filed its application to increase its authorized share capital by 1,000,000,000 shares. Said application was favorably endorsed by the SEC's Corporate Finance Department to the Company Registration and Monitoring Department.

Deposits for future stock subscriptions received in 2013 amounting to P2,959,291,685 for the increase in the subscribed capital stock is recognized in equity since the Company has met all of the conditions required for such recognition.

The SEC approved the increase on January 14, 2014 and the registration statements on July 3, 2014.

Current state

As at December 31, 2015, the Company has 5,000,000,000 authorized and registered shares with a par value of P0.01 per share.

The annual summary of the transactions of the Company's outstanding shares is as follows:

Year	NAVPS, end	Issuances	Redemptions	Balances
2010	P2.6305	4,327,864,910	(1,285,564,252)	3,042,300,658
2011	P2.7223	1,042,495,296	(1,099,860,810)	3,184,933,777
2012	P3.4129	1,174,767,734	(861,565,785)	3,498,135,726
2013	P3.3652	501,572,025	-	3,999,707,751
2014	P3.7603	1,259,270,040	(819,345,180)	4,439,632,611
2015	P3.5886	515,695,765	(694,975,648)	4,260,352,728

The total number of shareholders as at December 31, 2015, 2014 and 2013 are 39,339, 28,187 and 32,880, respectively.

Redeemable shares

Redeemable shares carry one vote each, and are subject to the following:

a. Distribution of dividends

Each shareholder has a right to any dividends declared by the Company's Board of Directors and approved by 2/3 of its outstanding shareholders.

b. Denial of pre-emptive rights

No shareholder shall, because of his ownership of the shares, has a pre-emptive or other right to purchase, subscribe for, or take any part of shares or of any other securities convertible into or carrying options or warrants to purchase shares of the registrant.

c. Right of redemption

The holder of any share, upon its presentation to the Company or to any of its duly authorized representatives, is entitled to receive, by way of redemption, approximately his proportionate share of the Company's current net assets or the cash equivalent thereof. Shares are redeemable at any time at their net assets value less any applicable sales charges and taxes.

13. **ADDITIONAL PAID - IN CAPITAL**

Additional paid-in capital of P12,448,396,263, P12,402,771,900, and P9,420,259,970 as at December 31, 2015, 2014 and 2013, respectively, pertains to excess payments over par value from investors, reissuance of treasury shares, and capital infusion.

14. **NET ASSET VALUE PER SHARE**

NAVPS is computed as follows:

	Note	2015	2014
Total equity		P 15,288,785,021	P16,695,287,453
Outstanding shares	12	4,260,352,728	4,439,632,611
NAVPS		P 3.5886	P 3.7605

NAVPS is based on issued, outstanding and fully paid shares minus treasury shares plus shares to be issued on deposits for future stock subscriptions. The expected cash outflow on the redemption of these shares is equivalent to computed NAVPS as at reporting period.

15. **INTEREST INCOME**

This account consists of interest income on the following:

	Notes	2015	2014	2013
Fixed-income securities	8	P204,964,341	P173,682,167	P167,249,592
Special savings deposits	8	15,017,098	19,821,178	18,733,450
Cash in banks	6	270,887	390,095	309,603
		P220,252,326	P193,893,440	P186,292,645

Interest income is recorded gross of final withholding tax which is shown as "Income Tax Expense" account in the statements of comprehensive income.

Average interest rates of investments and cash in banks in 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Fixed-income securities	6.55%	13.01%	8.07%
Special savings deposits	1.48%	1.20%	0.47%
Cash in banks	0.20%	0.20%	0.27%

Interest income earned on financial assets, analyzed by category, is as follows:

	Notes	2015	2014	2013
Financial assets at FVTPL	8	P219,981,439	P193,503,345	P185,983,042
Cash in banks	6	270,887	390,095	309,603
		P220,252,326	P193,893,440	P186,292,645

16. **EARNINGS (LOSS) PER SHARE**

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	2015	2014	2013
Profit (loss) for the year	(P 692,148,827)	P 1,871,655,824	(P 882,954,560)
Weighted average number of shares:			
Issued and outstanding	4,283,183,748	4,280,060,480	3,891,336,850
Potential dilutive shares	-	138,568,049	388,723,630
Weighted average number of outstanding shares for the purpose of computing diluted earnings (loss) per share	4,283,183,748	4,418,628,529	4,280,060,480
Basic earnings (loss) per share	(P 0.16)	P 0.44	(P 0.23)
Diluted earnings (loss) per share	(P 0.16)	P 0.42	(P 0.21)

The deposits for future stock subscriptions as at December 31, 2013 are anti-dilutive, therefore, diluted loss per share is the same as basic earnings per share of (P0.23).

As at December 31, 2015 and 2014 the Company has no dilutive potential ordinary shares.

17. **FAIR VALUE OF FINANCIAL INSTRUMENTS**

Assets and liabilities measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the inputs to fair value are observable.

	Note	Level 1	Level 2	Total
December 31, 2015				
Special savings deposits	8	P -	P 799,010,000	P 799,010,000
Fixed-income securities	8	2,791,725,646	611,112,612	3,402,838,258
Investments in UITF	8	3,089,759,211	-	3,089,759,211
Investments in listed equity securities	8	7,731,262,688	-	7,731,262,688
		P13,612,747,545	P1,410,122,612	P15,022,870,157
December 31, 2014				
Special savings deposits	8	P -	P2,745,110,000	P 2,745,110,000
Fixed-income securities	8	240,738,162	2,763,176,506	3,003,914,668
Investments in listed equity securities	8	10,934,293,419	-	10,934,293,419
		P11,175,031,581	P5,508,286,506	P16,683,318,087

The fair values of the special savings deposits are based on discounted cash flow analysis using prevailing market interest rates.

The fair values of fixed-income securities classified as Level 1 are based on quoted prices of either done deals or bid rates while the fair value of fixed-income securities classified as Level 2 are based on interpolated yields derived from benchmark reference rates.

UITFs are valued at their published Net Assets Values Per Unit (NAVPU) as at reporting date.

Listed equity securities are valued at quoted prices as at reporting date.

Investments in fixed-income securities with a total carrying amount as at December 31, 2015 of P1,354,375,934 were classified under Level 2 in 2014 but were transferred to Level 1 in 2015 since quoted prices of done deals and bid rates have been available as at December 31, 2015 as a result of the increase in the volume of trading of those securities.

Financial assets and liabilities not measured at fair value

The carrying amounts and fair values of the Company's financial assets and financial liabilities are shown below:

	Notes	2015		2014	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets					
Cash in banks		P 235,563,695	P 235,563,695	P197,346,326	P197,346,326
Due from brokers	9	33,771,247	33,771,247	76,627,788	76,627,788
Accrued interest receivable	7	48,708,432	48,708,432	38,298,111	38,298,111
Dividends receivable	8	3,632,131	3,632,131	2,070,718	2,070,718
		P321,675,505	P321,675,505	P314,342,943	P314,342,943
Financial Liabilities					
Accrued expenses and other payables	10	P 17,629,783	P 17,629,783	P 79,884,250	P 79,884,250
Due to brokers	9	3,860,854	3,860,854	181,654,394	181,654,394
Payable to fund manager	11	31,980,476	31,980,476	38,072,495	38,072,495
		P 53,471,113	P 53,471,113	P299,611,139	P299,611,139

The difference between the carrying amount of accrued expenses and other payables disclosed in the statements of financial position and the amount disclosed in this note pertains to withholding taxes and documentary stamp taxes that are not considered financial liabilities.

Cash in banks, due from brokers, accrued interest receivable, dividends receivable, accrued expenses and other payables, due to brokers, and payable to fund manager have short term maturities, hence, their carrying amounts are considered their fair values.

18. INCOME TAXES

Details of income tax expense are as follows:

	2015	2014	2013
Final tax	P84,431,030	P130,231,088	P184,711,533
MCIT	-	31	1,464
	P84,431,030	P130,231,119	P184,712,997

The reconciliation between tax expense and the product of accounting profit (loss) multiplied by 30% is as follows:

	2015	2014	2013
Accounting profit (loss) before tax	(P607,717,797)	P2,001,886,943	(P698,241,563)
Tax expense at 30%	(P182,315,339)	P 600,566,083	(P209,472,469)
Adjustment for income subject to lower tax rate	18,355,332	72,062,586	128,801,780
Tax effects of:			
Unrecognized Net Operating Loss Carry-over (NOLCO)	130,186,366	156,987,760	149,792,047
Unrecognized MCIT	-	31	1,464
Net realized gains on investments	(193,058,463)	(231,300,603)	(400,280,874)
Net unrealized losses (gains) on investments	365,642,591	(389,041,438)	583,018,549
Dividend income exempt from tax	(54,379,457)	(79,043,300)	(67,147,500)
	P 84,431,030	P 130,231,119	P184,712,997

Details of the Company's NOLCO are as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2015 Balance
2012	2015	P 245,127,333	P -	P245,127,333	P -
2013	2016	499,306,823	-	-	499,306,823
2014	2017	523,292,533	-	-	523,292,533
2015	2018	-	433,954,554	-	433,954,554
		P1,267,726,689	P433,954,554	P245,127,333	P1,456,553,910

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Applied Previous Year	Applied Current Year	Expired	Unapplied
2012	2015	P -	P -	(P46,867)	P -
2013	2016	-	-	-	1,464
2014	2017	-	-	-	31
		P -	P -	(P46,867)	P1,495

Deferred tax asset on NOLCO and MCIT were not recognized since Management believes that future taxable income will not be available against which the deferred tax asset can be utilized.

The Company's interest income arising from cash in banks, special savings deposits and fixed-income securities and realized gains on sale of listed equity securities are already subjected to final tax and are therefore excluded from the computation of taxable income subject to RCIT and MCIT.

19. CONTINGENCY

The Company has no pending legal cases as at December 31, 2015 and 2014 that may have a material effect on the Company's financial position and results of operations.

20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, which includes interest rate and equity price risks, credit risk and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Company's assets and take appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and prices of equity securities in the stock market and movements in NAVPU of investments in UITF. There has been no change in the manner in which the Company manages and measures the risk.

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

The primary source of the Company's interest rate risk relates to cash in banks, special savings deposits and fixed-income securities. Interest rates of the financial assets are disclosed in Notes 6 and 15.

The risk is managed by the Fund Manager by actively monitoring the prevailing interest rate environment. The duration of the portfolio is reduced during periods of rising rates and widening credit spreads to maximize interest income potential. Conversely, the same is increased during periods of falling rates and narrowing credit spreads.

A 50 basis points increase or decrease in the interest rates had been determined for sensitivity analysis based on the exposure to interest rates for financial assets at FVIPL and loans and receivables at the end of each reporting period. The same is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonable effect of the maximum possible movement in interest rates.

The following table details the increase or decrease in net income after tax if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2015, 2014, and 2013:

Change in Interest rates	Increase (Decrease) in Net Income or Loss		
	2015	2014	2013
+50 basis	(P100,866,301)	(P86,587,244)	(P104,915,265)
-50 basis	107,360,941	91,032,487	110,698,577

Equity price risk

The Company is exposed to equity price risks arising from investments in listed equity securities and investments in UITF. Investments in listed equity securities could either be held for strategic or trading purposes.

The risk is managed by the Fund Manager by actively monitoring the domestic equity market and movements in NAVPU of investments in UITF. Portfolios are traded based on a combination of regularly-carried out fundamental and technical analyses of stock prices.

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPU of investments in UITF had been 2% higher or lower, profit or loss for the years ended December 31, 2015, 2014 and 2013 would have increased or decreased by P147,846,324, P149,393,939, and P110,951,264, respectively.

Other than interest and equity price risks discussed above, there are no other market risks which will significantly affect the Company's performance.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults, and transacts only with entities that are rated with the equivalent of investment grade of "High" down to "Satisfactory". This information is supplied by independent rating agencies, when available. If the information is not available, the Company uses other publicly available financial information and its own trading records to rate its major counterparties. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The following carrying amounts of financial assets recorded in the financial statements, which represent the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained are as follows:

	Notes	2015	2014
Cash in banks		P 235,563,695	P 197,346,326
Financial assets at FVTPL	8	4,201,848,258	5,749,024,668
Due from brokers	9	33,771,247	76,627,788
Accrued interest receivable	7	48,708,432	38,298,111
Dividends receivable	8	3,632,131	2,070,718
		P4,523,523,763	P6,063,367,611

There were no past due nor impaired financial assets as at December 31, 2015 and 2014.

The following table details the credit quality of the neither past due nor impaired financial assets:

	Notes	Neither Past Due nor Impaired		Total
		High Grade	Satisfactory Grade	
2015				
Cash in banks		P 235,563,695	P -	P 235,563,695
Financial assets at FVTPL	8	4,201,848,258	-	4,201,848,258
Due from brokers	9	-	33,771,247	33,771,247
Accrued interest receivable	7	48,708,432	-	48,708,432
Dividends receivable	8	3,632,131	-	3,632,131
		P4,489,752,516	P33,771,247	P4,523,523,763
2014				
Cash in banks		P 197,346,326	P -	P 197,346,326
Financial assets at FVTPL	8	5,749,024,668	-	5,749,024,668
Due from brokers	9	-	76,627,788	76,627,788
Accrued interest receivable	7	38,298,111	-	38,298,111
Dividends receivable	8	2,070,718	-	2,070,718
		P5,986,739,823	P76,627,788	P6,063,367,611

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

High Grade - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Company has excellent repayment experience.

Satisfactory Grade - applies to financial assets that are performing as expected, including loans and advances to small and medium sized entities and recently established businesses.

Acceptable Grade - applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

Low Grade - applies to risks that are neither past due nor expected to result in loss but where the Company requires a workout of the relationship with counterparties unless an early reduction in risk is achievable.

Liquidity risk

Liquidity risk arises when the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company aims to maintain an appropriate level of liquidity which means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, while not having excessive liquidity.

The Company maintains at least five percent of the fund in liquid/semi-liquid assets in the form of cash in banks and special savings deposits to assure necessary liquidity. This is also in compliance to SEC Circular 12 series of 2013, Amendments to ICA Rule 35-1.

The Fund Manager manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table had been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than One Month	One Month to One Year	Total
2015			
Accrued expenses and other payables	P 16,507,117	P1,122,666	P 17,629,783
Payable to fund manager	31,980,476	-	31,980,476
Due to brokers	3,860,854	-	3,860,854
	P 52,348,447	P1,122,666	P 53,471,113
2014			
Accrued expenses and other payables	P 79,025,449	P 858,801	P 79,884,250
Payable to fund manager	38,072,495	-	38,072,495
Due to brokers	181,654,394	-	181,654,394
	P298,752,338	P 858,801	P299,611,139

The difference between the carrying amount of accrued expenses and other payables disclosed in the statements of financial position and the amount disclosed in this note pertains to withholding taxes and documentary stamp taxes that are not considered financial liabilities.

The following table details the Company's expected maturity for its financial assets. The table had been drawn up based on the contractual maturities of the financial assets including interest that will be earned on those assets, except when the Company anticipates that the cash flows will occur in a different period.

	Average Effective Interest Rate	Less than One Year	One to Five Years	Five to Ten Years	More than Ten Years	Total
2015						
Cash in banks	0.20%	P 235,563,695	P -	P -	P -	P 235,563,695
Financial assets at FVTPL	4.02%	1,178,690,160	772,820,466	1,557,248,942	3,542,392,782	7,051,152,350
Due from brokers		33,771,247	-	-	-	33,771,247
Accrued interest receivable		48,708,432	-	-	-	48,708,432
Dividends receivable		3,632,131	-	-	-	3,632,131
		P1,500,365,665	P772,820,466	P1,557,248,942	P3,542,392,782	P7,372,827,855
2014						
Cash in banks	0.20%	P 197,346,326	P -	P -	P -	P 197,346,326
Financial assets at FVTPL	7.11%	2,923,424,010	784,857,577	1,437,246,259	2,461,949,741	7,607,477,587
Due from brokers		76,627,788	-	-	-	76,627,788
Accrued interest receivable		38,298,111	-	-	-	38,298,111
Dividends receivable		2,070,718	-	-	-	2,070,718
		P3,237,766,953	P784,857,577	P1,437,246,259	P2,461,949,741	P7,921,820,530

The Company expects to meet its obligations from operating cash flows and proceeds from maturing financial assets and sale of financial assets at FVTPL.

21. CAPITAL RISK MANAGEMENT

The Fund Manager manages the Company's capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the mix of high-quality debt and equity securities from domestic issuers.

The Company is guided by its Investment Policies and Legal Limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid-in capital, is held by the pertinent custodian banks.

The capital structure of the Company consists of issued capital as disclosed in Note 12.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 12, 13 and 14 to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

The Company is also governed by the following fundamental investment policies:

- a. It does not issue senior securities;
- b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- e. It does not invest directly in real estate properties and developments;
- f. It does not purchase or sell commodity futures contracts;
- g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;

- h. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions; and
- i. It does not change its investment objectives without the prior approval of a majority of its shareholders.

The Investment Policies refer to the following:

- a. Investment Objective - to provide total returns consisting of current income and capital growth through the investment in a mix of high-quality debt (bonds) and equity (stocks) securities from both domestic and foreign issuers.
- b. Benchmark - the fund's performance is measured against 45% PSE Index and 45% HSBC Liquid Bond Index & 10% 30-day special savings deposits.

The HSBC Liquid Bond Index is designed as a replicable benchmark tracking the return of fixed-rate, straight, Philippine peso-denominated liquid bonds issued by the Philippine government.

- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitute, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 2% of the net assets attributable to shareholders on each valuation day.

As at December 31, 2015 and 2014, the Company is in compliance with the above requirements and minimum equity requirement of the SEC of P50,000,000.

The equity ratio at year-end is as follows:

	2015	2014
Equity	P15,288,785,021	P16,695,287,453
Total assets	15,344,551,835	16,997,661,030
Equity ratio	0.9964:1	0.9822:1

Management believes that the above ratios are within the acceptable range.

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NO. 15-2010

The following information on taxes and license fees paid or accrued during the 2015 taxable year is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Documentary stamp tax

Documentary stamp taxes paid by the Company during 2015 amounted to P65,725 representing taxes paid in connection with the issuance of stock certificates by the Company to its shareholders. The documentary stamp tax paid by the Company to the BIR includes those charged against the shareholder's investment for stock certificate issuances in excess of four inter-fund transfers per calendar year.

Other taxes and licenses

Details of other taxes and licenses and permit fees paid or accrued in 2015 are as follows:

Charged to Operating Expenses	
Business tax	P1,242,981
Residence or community tax	10,500
Filing and registration fees	5,550
Others	10,035
	<hr/>
	P1,269,066

Withholding taxes

Expanded withholding taxes accrued and paid by the Company in 2015 amounted to P30,682,310.

23. **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 15, 2016. The Board of Directors approved the issuance of the financial statements also on March 15, 2016.

* * *

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Shareholders
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
(An Open-end Investment Company)
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

We have audited the financial statements of Sun Life of Canada Prosperity Balanced Fund, Inc. as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 in accordance with Philippine Standards on Auditing, on which we have rendered an unqualified opinion dated March 15, 2016.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedules showing the reconciliation of the retained earnings available for dividend declaration, list of all effective accounting standards and interpretations, and the other supplementary information shown in Schedules A-H as at and for the year ended December 31, 2015, as required by the Securities and Exchange Commission under SRC Rule 68, as amended, are presented for purposes of additional analysis and are not required part of the basic financial statements. These information are the responsibility of Management and have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
TIN 005299331

By:



Francis B. Albalate

Partner

CPA License No. 0088499

SEC A.N. 0104-AR-4, issued on June 30, 2015; effective until June 29, 2018, Group A
TIN 120319015

BIR A.N. 08-002552-32-2014, issued on October 3, 2014; effective until October 3, 2017
PTR No. A-2798353, issued on January 6, 2016, Taguig City

Taguig City, Philippines
March 15, 2016



**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DECLARATION**
As at December 31, 2015

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City

Items	Amount
Unappropriated Retained Earnings, beginning	P 5,684,330,854
Adjustments:	
Accumulated net unrealized fair value gain as of December 31, 2014	(1,276,893,003)
Treasury shares as of December 31, 2014	(1,440,194,653)
Unappropriated Retained Earnings, as adjusted, beginning	P 2,967,243,198
Net income based on the face of AFS	(692,148,827)
Adjustments for non-actual (gains) losses	
Effect of movements in accumulated unrealized gain during the year	1,034,192,637
Net Income Actual/Realized	342,043,810
Less: Treasury shares acquired during the year	(759,977,968)
Unappropriated Retained Earnings, as adjusted, ending	P 2,549,309,040

Sun Life of Canada Prosperity Balanced Fund, Inc.
List of Effective Standards and Interpretations under the Philippine Financial Reporting Standards (PFRS)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	<i>First-time Adoption of Philippine Financial Reporting Standards</i>			✓
	<i>Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>			✓
	<i>Amendments to PFRS 1: Additional Exemptions for First-time Adopters</i>			✓
	<i>Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Government Loans</i>			✓
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PFRS 1: First-Time Adoption of PFRS</i>			✓
	<i>Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 1: First-time Adoption of International Financial Reporting Standards (Changes to the Basis for Conclusions only)</i>			✓
PFRS 2	<i>Share-based Payment</i>			✓
	<i>Amendments to PFRS 2: Vesting Conditions and Cancellations</i>			✓
	<i>Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 2: Definition of Vesting Condition</i>			✓
PFRS 3 (Revised)	<i>Business Combinations</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 3: Accounting for Contingent Consideration</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	<i>Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 3: Scope of Exception for Joint Ventures</i>			✓
PFRS 4	<i>Insurance Contracts</i>			✓
	<i>Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts</i>			✓
PFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>			✓
	<i>Amendment to PFRS 5: Non-current Assets Held for Sale and Discontinued Operations Reclassification Guidance*</i>		✓	
PFRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>			✓
PFRS 7	<i>Financial Instruments: Disclosures</i>	✓		
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets</i>			✓
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition</i>			✓
	<i>Amendments to PFRS 7: Improving Disclosures about Financial Instruments</i>	✓		
	<i>Amendments to PFRS 7: Disclosures - Transfers of Financial Assets</i>			✓
	<i>Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>			✓
	<i>Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures</i>			✓
	<i>Amendments to PFRS 7: Hedge Accounting Disclosures</i>			✓
	<i>Amendments to PFRS 7: Financial Instruments: Disclosures - Servicing Contracts *</i>		✓	
PFRS 8	<i>Operating Segments</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 8: Aggregation of Segments and Reconciliation of Segment Assets</i>			✓
PFRS 9	<i>Financial Instruments: Classification and Measurement of Financial Assets and Liabilities*</i>		✓	
	<i>Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*</i>		✓	
	<i>Amendments to PFRS 9: Phase III - Hedge Accounting Disclosures*</i>		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 9: <i>Minor revisions and Introduction of New Impairment Model*</i>		✓	
PFRS 10	<i>Consolidated Financial Statements</i>			✓
	Amendments to PFRS 10: <i>Consolidated Financial Statement: Transition Guidance</i>			✓
	Amendments to PFRS 10: <i>Transition Guidance and Investment Entities</i>			✓
	Amendments to PFRS 10: <i>Consolidated Financial Statements: Gain or Loss Recognition Resulting from the sale or contribution of a subsidiary to an associate or joint venture. *</i>		✓	
	Amendments to PFRS 10: <i>Investment Entities – Applying the Consolidation Exceptions *</i>		✓	
PFRS 11	<i>Joint Arrangements</i>			✓
	Amendments to PFRS 1: <i>Joint Arrangements: Transition Guidance</i>			✓
	Amendments to PFRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations*</i>		✓	
PFRS 12	<i>Disclosure of Interests in Other Entities</i>			✓
	Amendments to PFRS 12: <i>Disclosure of Interests in Other Entities: Transition Guidance</i>			✓
	Amendments to PFRS 12: <i>Transition Guidance and Investment Entities</i>			✓
	Amendments to PFRS 12: <i>Investment Entities – Applying the Consolidation Exceptions *</i>		✓	
PFRS 13	<i>Fair Value Measurement</i>	✓		
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 13: Fair Value Measurement (Amendments to the Basis of Conclusions Only, with Consequential Amendments to the Bases of Conclusions of Other Standards)</i>	✓		
	<i>Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 13: Portfolio Exception</i>			✓
PFRS 14	<i>Regulatory Deferral Accounts*</i>		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	<i>Presentation of Financial Statements</i>	✓		
	<i>Amendment to PAS 1: Capital Disclosures</i>	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32 and PAS 1: <i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>	✓		
	Amendments to PAS 1: <i>Presentation of Items of Other Comprehensive Income</i>	✓		
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 1: Comparative Information</i>			✓
	Amendments to PAS 1: <i>Presentation of Financial Statements – Clarifications *</i>		✓	
PAS 2	<i>Inventories</i>			✓
PAS 7	<i>Statement of Cash Flows</i>	✓		
PAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓		
PAS 10	<i>Events after the Reporting Period</i>	✓		
PAS 11	<i>Construction Contracts</i>			✓
PAS 12	<i>Income Taxes</i>	✓		
	Amendment to PAS 12: <i>Deferred Tax: Recovery of Underlying Assets</i>			✓
PAS 16	<i>Property, Plant and Equipment</i>			✓
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 16, Servicing Equipment</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation</i>			✓
	Amendments to PAS 16: <i>Clarification of Acceptable Methods of Depreciation *</i>		✓	
	Amendments to PAS 16: <i>Agriculture: Bearer Plants*</i>		✓	
PAS 17	<i>Leases</i>			✓
PAS 18	<i>Revenue</i>	✓		
PAS 19 (Amended)	<i>Employee Benefits (2011)</i>			✓
	Amendments to PAS 19: <i>Defined Benefit Plans: Employee Contributions</i>			✓
	Amendment to PAS 19: <i>Employee Benefits – Discount Rate Based on High Quality Corporate Bonds*</i>		✓	
PAS 20	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 21	<i>The Effects of Changes in Foreign Exchange Rates</i>			✓
	<i>Amendment: Net Investment in a Foreign Operation</i>			✓
PAS 23 (Revised)	<i>Borrowing Costs</i>			✓
PAS 24 (Revised)	<i>Related Party Disclosures</i>	✓		
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 24: Key Management Personnel</i>	✓		
PAS 26	<i>Accounting and Reporting by Retirement Benefit Plans</i>			✓
PAS 27 (Amended)	<i>Separate Financial Statements</i>			✓
	<i>Amendments to PAS 27: Transition Guidance and Investment Entities</i>			✓
	<i>Amendments to PAS 27: Equity Method in Separate Financial Statements*</i>		✓	
PAS 28 (Amended)	<i>Investments in Associates and Joint Ventures</i>			✓
	<i>PAS 28: Investments in Associates and Joint Ventures (2011): Partial Gain or Loss Recognition for Transaction between an Investor and its Associate or JV*</i>		✓	
	<i>Amendments to PAS 28: Investment Entities - Applying the Consolidation Exceptions *</i>		✓	
PAS 29	<i>Financial Reporting in Hyperinflationary Economies</i>			✓
PAS 32	<i>Financial Instruments: Disclosure and Presentation</i>	✓		
	<i>Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation</i>	✓		
	<i>Amendment to PAS 32: Classification of Rights Issues</i>			✓
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 32: Tax Effect of Equity Distributions</i>			✓
	<i>Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities</i>			✓
PAS 33	<i>Earnings per Share</i>	✓		
PAS 34	<i>Interim Financial Reporting</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 34: Interim Reporting of Segment Assets</i>			✓
	<i>Amendment to PAS 34: Interim Financial Reporting: Clarification of Term *</i>		✓	
PAS 36	<i>Impairment of Assets</i>	✓		
	<i>Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets</i>	✓		
PAS 37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	✓		
PAS 38	<i>Intangible Assets</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization</i>			✓
	<i>Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*</i>		✓	
PAS 39	<i>Financial Instruments: Recognition and Measurement</i>	✓		
	<i>Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities</i>	✓		
	<i>Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions</i>			✓
	<i>Amendments to PAS 39: The Fair Value Option</i>			✓
	<i>Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts</i>			✓
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets</i>			✓
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition</i>			✓
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
	<i>Amendment to PAS 39: Eligible Hedged Items</i>			✓
	<i>Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting</i>			✓
	<i>Amendment to PAS 39: Hedge Accounting Application</i>			✓
PAS 40	<i>Investment Property</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	<i>Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PAS 40: Clarifying the Interrelationship of IFRS 3 and LAS 40 When Classifying Property as Investment Property or Owner-Occupied Property</i>			✓
PAS 41	<i>Agriculture</i>			✓
	<i>Amendments to PAS 41: Agriculture: Bearer Plants*</i>		✓	
Philippine Interpretations				
IFRIC 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>			✓
IFRIC 2	<i>Members' Share in Co-operative Entities and Similar Instruments</i>			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
IFRIC 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>			✓
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	<i>PFRS 2- Group and Treasury Share Transactions</i>			✓
IFRIC 12	<i>Service Concession Arrangements</i>			✓
IFRIC 13	<i>Customer Loyalty Programmes</i>			✓
IFRIC 14	<i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>			✓
	<i>Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement</i>			✓
IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>			✓
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>			✓
IFRIC 18	<i>Transfers of Assets from Customers</i>			✓
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>			✓
IFRIC 21	<i>Levies</i>			✓
SIC-7	<i>Introduction of the Euro</i>			✓
SIC-10	<i>Government Assistance - No Specific Relation to Operating Activities</i>			✓
SIC-15	<i>Operating Leases - Incentives</i>			✓
SIC-21	<i>Income Taxes- Recovery of Revalued Non-depreciable Assets</i>			✓
SIC-25	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>			✓
SIC-27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>			✓
SIC-29	<i>Service Concession Arrangements: Disclosures</i>			✓
SIC-31	<i>Revenue - Barter Transactions Involving Advertising Services</i>			✓
SIC-32	<i>Intangible Assets - Web Site Costs</i>			✓
PIC Q&A No. 2006-01	<i>Revenue Recognition for Sales of Property Units Under Pre-Completion Contracts</i>			✓
PIC Q&A No. 2006-02	<i>Clarification of Criteria for Exemption from Presenting Consolidated Financial Statements</i>			✓
PIC Q&A No. 2007-03	<i>Valuation of Bank Real and Other Properties Acquired (ROPA)</i>			✓
PIC Q&A No. 2008-01	<i>Rate Used in Discounting Post-employment Benefit Obligations</i>			✓
PIC Q&A No. 2008-02	<i>Accounting for Government Loans with Low Interest Rates under the Amendments to PAS 20</i>			✓
PIC Q&A No. 2009-01	<i>Financial Statements Prepared on a Basis Other than Going Concern</i>			✓
PIC Q&A No. 2010-01	<i>Rate Used in Determining the Fair Value of Government Securities in the Philippines</i>			✓
PIC Q&A No. 2010-02	<i>Basis of Preparation of Financial Statements</i>	✓		
PIC Q&A No. 2010-03	<i>Current/non-current Classification of a Callable Term Loan</i>			✓
PIC Q&A No. 2011-02	<i>Common Control Business Combinations</i>			✓
PIC Q&A No. 2011-03	<i>Accounting for Inter-company Loans</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PIC Q&A No. 2011-04	<i>Costs of Public Offering of Shares</i>			✓
PIC Q&A No. 2011-05	<i>Fair Value or Revaluation as Deemed Cost</i>			✓
PIC Q&A No. 2011-06	<i>Acquisition of Investment Properties – Asset Acquisition or Business Combination?</i>			✓
PIC Q&A No. 2012-01	<i>Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements</i>			✓
PIC Q&A No. 2012-02	<i>Cost of a New Building Constructed on Site of a Previous Building</i>			✓
PIC Q&A No. 2013-03	<i>Accounting for Employee Benefits under a Defined Contribution Plan Subject to Requirement of Republic Act (RA) 7641: The Philippine Retirement Law</i>			✓

* These are the new and revised accounting standards issued by International Accounting Standard Board (IASB) and Approved by Financial Reporting Standard Council (FRSC) which are effective after the reporting period ended December 31, 2015.

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

**Additional Requirements for Issuers of Securities to the Public
Required by the Securities and Exchange Commission
As at December 31, 2015**

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C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>N.A.</u>
D. Intangible Assets - Other Assets	<u>N.A.</u>
E. Long-Term Debt	<u>N.A.</u>
F. Indebtedness to Related Parties	<u>3</u>
G. Guarantees of Securities of Other Issuers	<u>N.A.</u>
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SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global Taguig City

SCHEDULE A - FINANCIAL ASSETS

As at December 31, 2015

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Income Received and Accrued
Treasury Bonds and Notes Issued by the Nat'l. Government	3,065,951,378	P 3,402,838,258	P204,964,341
Equity shares:			
Ayala Land Inc	20,070,220	691,419,079	
SM Investments Corp.	769,226	664,611,264	
SM Prime Holdings Inc	29,365,772	637,237,252	
Ayala Corporation	661,448	500,054,688	
Phil Long Distance Telephone Co.	241,744	497,992,640	
JG Summit Holdings Inc	5,460,370	400,245,121	
Universal Robina Corporation	2,103,720	391,291,920	
Aboitiz Equity Ventures, Inc.	6,094,070	353,151,357	
Banco de Oro Universal Bank	3,250,886	341,343,030	
Metropolitan Bank & Trust Company	4,225,676	340,166,918	
GT Capital Holdings, Inc.	224,735	296,650,200	
Energy Development Corporation	45,065,000	279,403,000	
Jollibee Foods Corp.	1,160,100	254,061,900	
Manila Electric Company	720,550	230,576,000	
Globe Telecom Inc.	115,395	213,711,540	
Metro Pacific Investments Corporation	38,196,980	198,624,296	
Semirara Mining Corp	1,440,900	196,682,850	
Megaworld Properties & Holdings	43,666,930	185,584,453	
Bank of the Phil Islands	1,919,067	160,913,768	
Int'l Container Terminal Services Inc.	2,187,010	153,746,803	
Robinsons Land Inc	5,475,420	150,574,050	
DMCI Holdings Inc	10,153,180	140,113,884	
Alliance Global Group Inc	7,397,230	119,095,403	
First General Corporation	5,119,640	115,703,864	
Aboitiz Power Corporation	2,306,490	96,180,633	
Petron Corporation	10,267,540	71,770,105	
Security Bank Corporation	350,040	49,705,680	
Bloomberg Resorts Corporation	143,390	650,991	
	248,152,729	7,731,262,688	181,264,857
Investments in UITF			
SB Peso Money Market Fund	1,297,180,537	1,634,907,976	
PNB Institutional Money Market Fund	441,371,626	453,744,156	
BPI Money Market Fund	1,879,617	430,488,682	
Rizal Peso Cash Management Fund	324,457,934	330,384,807	
UCPB Cash Management Fund	191,102,785	240,233,591	
	2,255,992,500	3,089,759,211	
Special savings deposits:			
Maybank Philippines, Inc.	768,010,000	768,010,000	
Citibank NA Manila Branch	3,000,000	3,000,000	
Hongkong and Shanghai Bank Manila Branch	28,000,000	28,000,000	
	799,010,000	799,010,000	15,017,098
TOTAL	6,369,106,607	P15,022,870,157	P401,246,296

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES

As at December 31, 2015

Name of Related Party	Relationship	Balance at beginning of period	Balance at end of period
Sun Life Asset Management Company, Inc. Board of Directors	Fund Manager Directors	P38,072,495 -	P31,980,476 24,521
TOTAL		P38,072,495	P32,004,997

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
 2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

SCHEDULE H - CAPITAL STOCK
 As at December 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Share Capital						
Ordinary Shares	5,000,000,000	4,837,935,154	-	-	5	4,837,935,149
Treasury Shares	-	(577,582,426)	-	-	-	(577,582,426)
TOTAL	5,000,000,000	4,260,352,728		-	5	4,260,352,723

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

Schedule of Financial Soundness Indicators and Financial Ratios

December 31, 2015 and December 31, 2014

	2015	2014
<i>Current/ Liquidity Ratios</i>		
a. Current ratio	275.16:1	56.21:1
b. Quick ratio	275.16:1	56.21:1
c. Cash ratio	4.22:1	0.65:1
d. Days in receivable	N/A	N/A
e. Working capital ratio	1.00:1	0.98:1
f. Net working capital to sales ratio	14.63:1	13.59:1
g. Defensive Interval Ratio	13,997.75:1	14,744.76:1
<i>Solvency Ratios</i>		
a. Long-term debt to equity ratio	0.00	0.00
b. Debt to equity ratio	0.00	0.02
c. Long term debt to total asset ratio	0.00	0.00
d. Total debt to asset ratio	0.00	0.02:1
Asset to equity ratio	1.00:1	1.02:1
Interest rate coverage ratio	0.00	0.00
<i>Profitability Ratio</i>		
a. Earnings before interest and taxes (EBIT) margin	-0.58	1.63:1
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	-0.58	1.63:1
c. Pre-tax margin	-0.58	1.63:1
d. Effective tax rate	-13.89%	6.51%
e. Post-tax margin	-0.66	1.52:1
f. Return on equity	-4.33%	11.37%
g. Return on asset	-4.28%	11.25%
Capital intensity ratio	14.68:1	13.84:1
Dividend payout ratio	N/A	N/A

Sun Life of Canada Prosperity Balanced Fund Inc.

i. Percentage of Investment in a Single Enterprise to Net Asset Value
As of December 31, 2015 and December 31, 2014

	2015			2014		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Treasury Notes (ISIN)						
PIBD2031G171	814,375,349	15,288,785,021	5.33%	228,750,087	16,695,287,453	1.37%
PIBD2540J116	619,424,513	15,288,785,021	4.05%	-	-	-
PIBD1022G545	611,112,611	15,288,785,021	4.00%	629,636,633	16,695,287,453	3.77%
PIID2537J015	455,040,428	15,288,785,021	2.98%	240,738,162	16,695,287,453	1.44%
PIBD2535L086	401,386,668	15,288,785,021	2.63%	462,638,700	16,695,287,453	2.77%
PIBD2035C206	210,747,116	15,288,785,021	1.38%	-	-	-
SMB2021	103,203,600	15,288,785,021	0.68%	99,990,700	16,695,287,453	0.60%
QJ9102451	95,602,656	15,288,785,021	0.63%	-	-	-
PIBD1024H1595	35,410,317	15,288,785,021	0.23%	36,096,704	16,695,287,453	0.22%
US718286BJ59	30,660,000	15,288,785,021	0.20%	-	-	-
XN0554144831	25,875,000	15,288,785,021	0.17%	-	-	-
PIBD2536I097	-	-	-	370,757,963	16,695,287,453	2.22%
PIBD2026A122	-	-	-	255,903,799	16,695,287,453	1.53%
PIBD2525K015	-	-	-	224,876,260	16,695,287,453	1.35%
PIID1527C023	-	-	-	220,052,300	16,695,287,453	1.32%
PIID1526J019	-	-	-	150,416,360	16,695,287,453	0.90%
PIBD0718H1511	-	-	-	83,857,000	16,695,287,453	0.50%
Equities						
Ayala Land Inc	691,419,079	15,288,785,021	4.52%	760,168,541	16,695,287,453	4.55%
SM Investments Corp.	664,611,264	15,288,785,021	4.35%	690,033,605	16,695,287,453	4.13%
SM Prime Holdings Inc	637,237,252	15,288,785,021	4.17%	492,968,955	16,695,287,453	2.95%
Ayala Corporation	500,054,688	15,288,785,021	3.27%	565,408,046	16,695,287,453	3.39%
Phil Long Distance Telephone Co.	497,092,640	15,288,785,021	3.26%	859,955,144	16,695,287,453	5.15%
JG Summit Holdings Inc	400,245,121	15,288,785,021	2.62%	406,161,360	16,695,287,453	2.43%
Universal Robina Corporation	391,291,920	15,288,785,021	2.56%	880,678,960	16,695,287,453	5.28%
Aboitiz Equity Ventures Inc	353,151,356	15,288,785,021	2.31%	5,339,037	16,695,287,453	0.03%
BDO Unbank Inc.	341,343,030	15,288,785,021	2.23%	-	-	-
Metropolitan Bank & Trust Company	340,166,918	15,288,785,021	2.22%	199,664,800	16,695,287,453	1.21%
GT CAPITAL HOLDINGS, INC.	296,650,200	15,288,785,021	1.94%	-	-	-
Energy Development Corporation	279,403,000	15,288,785,021	1.83%	535,414,326	16,695,287,453	3.21%
Jollibee Foods Corp.	254,061,900	15,288,785,021	1.66%	432,377,900	16,695,287,453	2.59%
Manila Electric Company	230,576,000	15,288,785,021	1.51%	101,073,920	16,695,287,453	0.61%
Globe Telecom Inc.	213,711,540	15,288,785,021	1.40%	121,437,350	16,695,287,453	0.73%
Metso Pacific Investments Corporation	198,624,296	15,288,785,021	1.30%	146,583,692	16,695,287,453	0.88%
Semirara Mining Corp	196,682,850	15,288,785,021	1.29%	439,340,900	16,695,287,453	2.63%
Megaworld Corporation	185,584,452	15,288,785,021	1.21%	-	-	-
Bank of the Phil Islands	160,913,768	15,288,785,021	1.05%	448,287,598	16,695,287,453	2.69%
Intl Container Terminal Services Inc.	153,746,803	15,288,785,021	1.01%	335,790,800	16,695,287,453	2.01%
Robinsons Land Inc	150,574,050	15,288,785,021	0.98%	133,339,255	16,695,287,453	0.80%
DMCI Holdings Inc	140,113,884	15,288,785,021	0.92%	486,982,914	16,695,287,453	2.92%
Alliance Global Group Inc	119,095,403	15,288,785,021	0.78%	140,979,669	16,695,287,453	0.84%
First General Corporation	115,703,864	15,288,785,021	0.76%	355,078,830	16,695,287,453	2.13%
Aboitiz Power Corporation	96,180,633	15,288,785,021	0.63%	141,585,015	16,695,287,453	0.85%
PETRON CORPORATION	71,770,105	15,288,785,021	0.47%	112,419,254	16,695,287,453	0.67%
Security Bank Corporation	49,705,680	15,288,785,021	0.33%	298,789,440	16,695,287,453	1.79%
Bloomberg Reuters Corporation	650,991	15,288,785,021	0.00%	387,718,364	16,695,287,453	2.32%
8990 Holdings Inc.	-	-	-	19,952,020	16,695,287,453	0.12%
Banco de Oro Unibank	-	-	-	520,796,333	16,695,287,453	3.12%
Megaworld Properties & Holdings	-	-	-	256,990,734	16,695,287,453	1.54%
Melco Crown (Philippines) Resorts Corporation	-	-	-	376,778,594	16,695,287,453	2.26%
Premium Leisure Corp.	-	-	-	77,288,541	16,695,287,453	0.46%
PUREGOLD PRICE CLUB, INC.	-	-	-	20,058,336	16,695,287,453	0.12%
Robinsons Retail Holdings, Inc.	-	-	-	67,176,180	16,695,287,453	0.40%
SSI Group Inc.	-	-	-	117,675,007	16,695,287,453	0.70%
SB PESO MONEY MARKET FUND	1,634,907,976	15,288,785,021	10.69%	-	-	-
PNB INSTITUTIONAL MONEY MARKET FUND	453,744,156	15,288,785,021	2.97%	-	-	-
BPI MONEY MARKET FUND	430,488,682	15,288,785,021	2.82%	-	-	-
RIZAL PESO CASH MANAGEMENT FUND	330,384,807	15,288,785,021	2.16%	-	-	-
UCPR CASH MANAGEMENT FUND	240,233,591	15,288,785,021	1.57%	-	-	-

ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company
As of December 31, 2015 and December 31, 2014

	2015			2014		
	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee
Treasury Notes (ISIN) (in Amounts)						
PIBD2031G171	814,375,349	255,837,150,000	0.32%	228,750,087	255,837,150,000	0.09%
PIBD25401116	619,424,513	142,558,010,000	0.43%	-	-	-
PIBD1022G545	611,112,611	57,907,890,000	1.06%	629,636,633	62,249,570,000	1.01%
PIHD2537J015	455,040,428	179,131,620,000	0.25%	240,738,162	188,000,000,000	0.13%
PIBD2535L086	401,386,668	163,216,530,000	0.25%	462,838,700	166,010,040,000	0.28%
PIHD2033C206	210,747,116	89,250,350,000	0.24%	-	-	-
SMH2021	103,203,600	-	-	99,990,700	-	-
QJ9102451	95,602,656	-	-	-	-	-
PIBD1024H1595	35,410,317	119,476,330,000	0.03%	36,096,704	140,874,350,000	0.03%
US718286BJ59	30,660,000	-	-	-	-	-
XS0554144831	25,875,000	-	-	-	-	-
PIBD2536I097	-	-	-	370,757,063	33,692,100,000	1.10%
PIHD2026A122	-	-	-	255,903,799	9,195,110,000	2.78%
PIHD2525K015	-	-	-	224,876,260	6,753,460,000	3.33%
PIHD1527C023	-	-	-	220,052,300	44,137,470,000	0.50%
PIHD1526J019	-	-	-	150,416,360	55,143,960,000	0.27%
PIBD0718I1511	-	-	-	83,857,000	89,251,880,000	0.09%
Equities (in shares)						
Megaworld Corporation	43,666,930	32,239,445,872	0.14%	54,912,550	32,231,480,250	0.17%
Metrom Pacific Investments Corporation	38,196,980	27,886,373,752	0.14%	31,866,020	27,866,795,752	0.11%
Energy Development Corporation	45,065,000	18,740,400,000	0.24%	65,294,430	18,750,000,000	0.35%
Ayala Land Inc	20,070,220	14,695,631,367	0.14%	22,556,930	14,675,337,138	0.15%
DMCI Holdings Inc	10,153,180	13,277,470,000	0.08%	31,018,020	13,277,470,000	0.23%
Bloomerry Resorts Corporation	143,390	11,001,717,025	0.00%	31,267,610	11,032,998,225	0.28%
Alliance Global Group Inc	7,397,230	10,269,827,979	0.07%	6,251,870	10,269,827,979	0.06%
PETRON CORPORATION	10,267,540	9,375,104,497	0.11%	10,605,590	9,375,104,497	0.11%
Aboitiz Power Corporation	2,306,490	7,358,604,307	0.03%	3,300,350	7,358,604,307	0.04%
JG Summit Holdings Inc	5,460,370	7,162,841,657	0.08%	6,153,960	7,162,841,657	0.09%
Aboitiz Equity Ventures Inc	6,094,070	5,554,266,807	0.11%	101,310	5,543,666,807	0.00%
Robinsons Land Corporation	5,475,420	4,093,830,685	0.13%	5,031,670	4,093,830,685	0.12%
Bank of the Phil Islands	1,919,067	3,929,090,393	0.05%	4,769,017	3,929,090,393	0.12%
First General Corporation	5,119,640	3,660,943,557	0.14%	13,924,660	3,660,943,557	0.38%
Banco de Oro Universal Bank	3,250,886	3,645,375,218	0.09%	4,743,136	3,580,875,328	0.13%
Metropolitan Bank & Trust Company	4,225,676	3,180,172,786	0.13%	2,405,600	3,180,172,786	0.08%
Universal Robina Corporation	2,103,720	2,181,501,933	0.10%	4,403,260	2,181,501,933	0.21%
Intl Container Terminal Services Inc.	2,187,010	2,033,252,516	0.11%	2,919,920	2,038,196,360	0.14%
Manila Electric Company	720,550	1,127,098,705	0.06%	394,820	1,127,098,705	0.04%
Jollibee Foods Corp.	1,160,100	1,069,703,237	0.11%	2,011,060	1,066,793,940	0.19%
Senirara Mining Corp	1,440,900	1,068,750,000	0.13%	3,093,950	1,068,750,000	0.29%
SM Prime Holdings Inc	29,365,772	803,055,405	3.66%	28,930,103	28,879,137,294	0.10%
SM Investments Corp.	769,226	803,055,405	0.10%	846,667	800,703,188	0.11%
Ayala Corporation	661,448	620,148,280	0.11%	814,709	619,436,152	0.13%
Security Bank Corporation	350,040	602,831,109	0.06%	1,965,720	602,831,109	0.33%
Phil Long Distance Telephone Co.	241,744	216,055,775	0.11%	295,924	216,055,775	0.14%
GT CAPITAL HOLDINGS, INC.	224,735	174,300,000	0.13%	-	-	-
Globe Telecom Inc.	115,395	132,742,402	0.09%	70,195	132,730,878	0.05%
8990 Holdings Inc.	-	-	-	2,802,250	5,517,990,720	0.05%
Meleo Crown (Philippines) Resorts Corporation	-	-	-	27,745,110	4,928,973,460	0.56%
Premium Leisure Corp.	-	-	-	36,285,700	31,627,310,000	0.11%
PUREGOLD PRICE CLUB, INC.	-	-	-	520,320	2,766,281,406	0.02%
Robinsons Retail Holdings, Inc.	-	-	-	887,400	1,385,000,000	0.06%
SSI Group Inc.	-	-	-	11,874,370	3,312,864,430	0.36%
Vista Land & Lifescapes, Inc. (VLL)	-	-	-	13,911,400	8,538,740,614	0.16%
Investments in UITF						
SB PISO MONEY MARKET FUND	1,297,180,537	14,776,515,184	8.78%	-	-	-
PNB INSTITUTIONAL MONEY MARKET FI	441,371,626	5,233,496,719	8.43%	-	-	-
RIZAL PISO CASH MANAGEMENT FUND	324,457,934	3,852,646,113	8.42%	-	-	-
UCPB CASH MANAGEMENT FUND	191,102,785	1,508,002,076	12.67%	-	-	-
BPI MONEY MARKET FUND	1,879,617	4,133,330,000	0.05%	-	-	-

iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets
As of December 31, 2015 and December 31, 2014

	2015	2014
Total Liquid and Semi-Liquid Assets	15,344,551,835	16,997,661,030
Total Assets	15,344,551,835	16,997,661,030
Total Investment in Liquid or Semi-Liquid Assets	100%	100%

iv. **Total Operating Expenses to Total Net Worth**
As of December 31, 2015 and December 31, 2014

	2015	2014
Total Operating Expenses	394,637,493	415,005,594
Average Daily Net Worth	16,145,519,867	16,837,442,649
Total Operating Expenses to Total Net Worth	2.44%	2.46%

Total Assets to Total Borrowings
As of December 31, 2015 and December 31, 2014

	2015	2014
Total Assets	15,344,551,835	16,997,661,030
Total Borrowings	55,766,814	302,373,577
Total Assets to Total Borrowings	27516%	5621%

**Data not available