COVER SHEET

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S.E.C. Registration Number

SUN LIFE OF CANADA PROSPERITY BOND FUND INC.

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

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

Jeanemar S. Talaman	555-8888
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17Q		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Mutual Fund Company

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

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: A199908715
File Number: ______

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.
(Company's Full Name)

8th Floor Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City, Philippines

(Company's Address)

555-88-88

(Telephone No.)

December 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q

Form Type

______

Amendment Designation (If applicable)

March 31, 2016

Period Ended Date

OPEN-END INVESTMENT COMPANY

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: March 31, 2016

2. Commission identification number: A199908715 3. BIR Tax Identification No: 204-843-519

4. Exact name of issuer as specified in its charter

Sun Life of Canada Prosperity Bond Fund, Inc.

5. Province, country or other jurisdiction of incorporation or organization 6. Industry Classification Code: (SEC Use Only) [ ]

Philippines

7. Address of issuer's principal office: Postal Code:

8F Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City 1634

8. Issuer's telephone number, including area code

(02) - 555-8888

2. Former name, former address and former fiscal year, if changed since last report

N.A.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares (Unclassified)	1,845,610,836 shares (as of March 31, 2016)

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [x]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

____________ ____________

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes [x] No [ ]

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

Yes [x]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2016 AND DECEMBER 31, 2015

	MDAS	(Unaudited) 2016	(Audited) 2015
ASSETS			
Current Asset			
Cash	1.1	P 70,543,893	38,453,950
Financial assets at fair value through profit and loss	1.3	4,784,110,492	4,657,254,683
Loans receivable	1.2	2,500,000	2,500,000
Accrued interest receivable	1.2	71,819,005	57,950,053
Prepayments and other current assets	1.4	18,213,864	16,787,496
		4,947,187,254	4,772,946,182
Non-current Assets			
Loans receivable - net of current portion	1.2	237,500,000	237,500,000
		5,184,687,254	5,010,446,182
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses	1.5	54,444,863	3,157,981
Payable to Fund Manager	1.6	7,708,812	8,314,643
Total Current Liabilities		62,153,674	11,472,624
		5,122,533,580	4,998,973,558
Equity			
Capital stock		37,303,995	37,303,995
Additional paid in capital		6,872,663,189	7,021,023,033
Retained earnings		3,199,703,837	3,064,054,946
Treasury Shares		(4,987,137,440)	(5,123,408,416)
		5,122,533,580	4,998,973,558
		5,184,687,254	5,010,446,182
Net Assets Value Per Share		P 2.7755	P 2.7023
		-	-
Total Equity		5,122,533,580	4,998,973,558
Capital Stock - Php 1.00 par value			
Authorized - 3,800,000,000 shares			
Issued and Fully Paid Shares		1,845,610,836	1,849,882,086
NET ASSETS VALUE PER SHARE		P 2.7755	P 2.7023

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2016 AND MARCH 31, 2015

	MDAS		(Unaudited) 2016		(Unaudited) 2015
REVENUES	2.1	P	38,412,581	P	131,346,550
OPERATING EXPENSES					
Management Fees			21,013,715		24,365,949
Taxes and Licenses			109,876		81,425
Custodian and Transfer Fees			2,907,616		2,565,695
Directors and Audit Fees			79,416		54,403
Miscellaneous			166,193		327,774
	2.2		24,276,816		27,395,246
PROFIT BEFORE UNREALIZED GAIN/LOSS ON INVESTMENT			14,135,765		103,951,304
Unrealized Gain (Loss) on Investments			129,873,518		(45,467,779)
NET INVESTMENT INCOME BEFORE TAX			144,009,283		58,483,525
PROVISION FOR INCOME TAX			8,360,392		15,191,504
NET PROFIT	2.3		135,648,891		43,292,022
EARNINGS PER SHARE (EPS)			P 0.073		P 0.020

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2016 AND MARCH 31, 2015

	Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2016	P 37,303,995	P7,021,023,033	P3,064,054,946	(P5,123,408,416)	P4,998,973,558
Profit for the period			135,648,891		135,648,891
Transactions with owners:					
Issuance of redeemable shares during the period					-
Redemption of redeemable shares during the period					-
Acquisition of Treasury shares during th e period		(148,359,844)		(155,688,935)	(304,048,779)
Reissuance of Treasury shares during the period				291,959,910	291,959,910
Total Transactions with owners	-	(148,359,844)	-	136,270,976	(12,088,868)
Balance, March 31, 2016	P 37,303,995	P6,872,663,189	P3,199,703,837	(P4,987,137,440)	P5,122,533,581

	Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2015	P 37,303,995	P6,928,363,681	P3,046,056,851	(P4,119,120,255)	P5,892,604,272
Profit for the period			43,292,022		43,292,022
Transactions with owners:					
Issuance of redeemable shares during the period		17,234,328			17,234,328
Redemption of redeemable shares during the period					-
Acquisition of Treasury shares during th e period				(507,119,968)	(507,119,968)
Reissuance of Treasury shares during the period				327,904,959	327,904,959
Total Transactions with owners	-	17,234,328	-	(179,215,009)	(161,980,681)
Balance, March 31, 2015	P 37,303,995	P6,945,598,009	P3,089,348,873	(P4,298,335,264)	P5,773,915,613

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2016 AND MARCH 31, 2015

	(Unaudited) 2016	(Unaudited) 2015
Cash Flows from Operating Activities		
Net investment income/(loss)	P 135,648,891	P 43,292,022
Changes in operating assets and liabilities		
Sale (Purchase) of financial assets at fair value through profit and lc	(126,855,809)	226,259,762
(Increase) Decrease in:		
Accrued interest receivable	(13,868,952)	(83,394,587)
Other Current & Non-Current Assets	(1,426,368)	(1,346,519)
Increase (Decrease) in:		
Accrued expenses	51,286,882	(29,768,642)
Payable to fund manager	(605,831)	(1,080,703)
Net cash provided (used) in operating activities	44,178,812	153,961,333
Cash Flows From Financing Activities		
Reissuance of Treasury shares during the period	291,959,910	327,904,959
Issuance of redeemable shares during the period	-	17,234,328
Acquisition of Treasury shares during th e period	(304,048,779)	(507,119,968)
Net cash provided (used) in Financing Activities	(12,088,868)	(161,980,681)
Net Increase (Decrease) in Cash	32,089,944	(8,019,348)
Cash at the Beginning of the Period	38,453,950	54,377,890
Cash at the End of the Period	P 70,543,894	P 46,358,542

Notes to Financial Statements

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.

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 PFRS 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 amendments require 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 significant effect on the Company's financial statements.

PFRS 9, *Financial Instruments (2014)*

This standard consists of the following three phases:

<u>Phase 1: Classification and measurement of financial assets and financial liabilities</u>

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.

<u>Phase 2: Impairment methodology</u>

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 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.

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 March 31, 2016 and December 31, 2015 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:

a. it has been acquired principally for the purpose of selling in the near future; or

b. 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

c. 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 fixed-income securities, investments in Unit Investment Trust Fund (UITF) and special savings deposits.

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 not discounting will be immaterial.

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or

- breach of contract, such as default or delinquency in interest or principal payments; or

- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or

- it has become probable that the borrower will enter bankruptcy or other financial re-organization; or

- the disappearance of an active market for that financial asset because of financial difficulties; or

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

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.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

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 as 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 accrued payables 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.

<u>Equity instruments</u>

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.

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.

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 are 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.

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.

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 liabilities and assets 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 tax 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 (loss) 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 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 dilutive potential shares.

Net Asset Value per Share

The Company computes its NAVPS by dividing the total net asset value by the number of issued and outstanding shares as at the end of the reporting period.

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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Performance of the Company 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 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.** This 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 ON FVTPL

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:

d. it has been acquired principally for the purpose of selling in the near future; or

e. 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

f. 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 fixed-income securities, investments in Unit Investment Trust Fund (UITF) and special savings deposits.

Incorporation

The Company was incorporated on January 19, 2000 with 200,000,000 authorized shares at an initial par value of P1.00 per share.

Approved Changes

On December 4, 2000, the Board of Directors and the shareholders held a special meeting where all present unanimously voted to increase the Company's authorized share capital by 300,000,000 (from 200,000,000 shares to 500,000,000 shares both with par value of P1.00), which was approved by the SEC on March 30, 2001.

On May 21, 2001, approval was obtained from the shareholders for the blanket increase of the Company's authorized share capital for up to P2,500,000,000 divided into 2,500,000,000 shares with a par value of P1.00.

Also, on May 21, 2001, the Board of Directors voted to increase the Company's authorized share capital by 200,000,000 shares (from 500,000,000 shares to 700,000,000 shares both with par value of P1.00), which was approved by the SEC on July 27, 2001.

On October 10, 2001, the Board of Directors approved to increase the Company's authorized share capital by 200,000,000 shares (from 700,000,000 shares to 900,000,000 shares both with par value of P1.00), which was approved by the SEC on December 21, 2001.

On May 29, 2002, the Board of Directors voted to increase the Company's authorized share capital by 1,600,000,000 shares (from 900,000,000 shares to 2,500,000,000 shares both with par value of P1.00), which was approved by the SEC on July 05, 2002.

On January 07, 2004, the SEC approved the Company's request to increase its authorized share capital by 1,300,000,000 shares (from 2,500,000,000 shares to 3,800,000,000 shares both with par value of P1.00).

On February 17, 2006 and June 28, 2013, the Board of Directors and shareholders, respectively, approved the reduction of the par value per share from P1.00 to P0.01. The SEC approved the change in the par value on May 27, 2014. On October 24, 2014, the application to amend the Registration Statement to reflect the change in par value per share was filed with the SEC. Said application was approved by the SEC on April 20, 2015.

31 March 2016 and 31 March 2015

The Company registered PHP 124 Million (2%) increase in net assets from PHP 5.0 Billion in December 2015 to PHP 5.1 Billion in March 2016. Increase was mainly due to impact of favorable market condition during the period.

Net profit for the three-month period ended March 31, 2016 reached PHP 136 Million, PHP 92 Million (213%) higher than the net profit of PHP 43 Million in the same period last year. The increase was mainly due to unrealized market gains from fixed income investments.

The Company was able to meet all its monetary obligations to its shareholders (for redemption) and creditors for the period covered. It does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities/other persons were created during the reporting period. Likewise, there are 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.

There are no significant elements of income that did not arise from the Company's continuing operations.

Material Changes in the 1st Quarter Financial Statements

Statement of Financial Position -March 31, 2016 vs. December 31, 2015

1.1 Cash increased by PHP 32 Million (83%) from PHP 38 Million to PHP 70 Million at the end of reporting period.

1.2 Receivables increased by PHP 14 Million (24%) from PHP 58 Million to PHP 72 Million mainly due to higher accrued interest from fixed income investments for the period. Collection of interest depends on the scheduled interest payments of each asset held.

1.3 Financial Asset at Fair Value through Profit or Loss increased by PHP 127 Million (3%) from PHP 4.7 Billion to PHP 4.8 Billion. The increase was mainly attributable to impact of favorable market condition during the period.

1.4 Other current assets are prepaid expenses to be amortized until the end of accounting period.

1.5 Increase in Accounts Payable and Accrued Expenses of PHP 51 Million is mainly due to higher Proceeds Payable to Investors. These are amounts payable to investors for redemption of their investments which are processed on or before end of reporting period, and are usually paid three days after transaction date.

1.6 Decrease in Payable to Fund Manager by PHP 0.6 Million (7%) from PHP 8.3 Million to PHP 7.7 Million was mainly attributable to lower outstanding recoverable expenses due to SLAMCI for the period.

Average daily net asset value from January to March 2016 and January to March 2015 is PHP 5,030,911,561 and 5,882,040,722, respectively.

Statement of Comprehensive Income for the Three months ended - March 31, 2016 vs. March 31, 2015

2.1 Revenues decreased by PHP 92 Million (71%) from PHP 131 Million to PHP 38 Million. The decrease is mainly due to lower accrued interest earned from fixed income investment as a result of maturities and disposals during the period.

2.2 Operating Expenses decreased by PHP 3 Million (11%) due to lower management fees brought by lower AUM for the same period last year.

2.3 Net profit for the three-month period ended March 31, 2016 reached PHP 136 Million, PHP 92 Million (213%) higher than the net profit of PHP 43 Million in the same period last year. The increase was mainly due to unrealized market gains from fixed income investments.

Statement of Changes in Equity

1.6 Total Equity registered an increase of 2% from PHP5 Billion as of December 31, 2015 to PHP5.1 Billion as of March 31, 2016.

PART II -RISK MANAGEMENT

Item 1. Financial Risk Exposures of the Company

1. Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: Interest rate risk; credit risk; and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Company' assets and takes 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:

1.1 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.

1.2 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.

1.3 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.

1.4 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.

1.5 Non-guarantee Risk: 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.

1.6 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.

1.7 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.

1.8 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.

2. Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing returns to stakeholders through the optimization of the mix of high-quality debt 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 Company manages capital and NAVPS, 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:

- It does not issue senior securities;

- 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;

- It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;

- It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;

- It does not invest directly in real estate properties and developments;

- It does not purchase or sell commodity futures contracts;

- 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;

- The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions; and

- It does not change its investment objectives without the prior approval of a majority of its shareholders.

The Investment Policies refer to the following:

- Investment Objective - to provide regular interest income and principal preservation through investments in government and high quality corporate debt securities.

- Benchmark - 90% HSBC Liquid Bond Index and 10% 30-day special savings deposits.

- Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes and fixed-income securities 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 at an annual rate of 1.65% of the net assets attributable to shareholders on each valuation day.

As of March 31, 2016 and same period last year, the Company is consistently in compliance with the minimum paid-in capital requirement of the SEC of PHP 50 million.

3. The amount and description of the company's investment in foreign securities:

The Company does not have any investment in foreign securities.

4. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.

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 entity'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 financial asset at 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 of March 31, 2016 and December 31, 2015, carrying amounts of special savings deposits amounted to PHP 1,569,679,000 and PHP 351,920,000, respectively.

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:

- 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;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- 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
- 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 March 31, 2015 and December 31, 2015, the recognized equity in the statements of financial position amounted PHP 5,122,493,487 and PHP 4,998,973,558, respectively.

Key Sources of Estimation Uncertainty

The following are the 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.

As of March 31, 2016 and December 31, 2015, carrying amounts of financial assets carried at fair value subsequent to initial recognition amounted to PHP 5,024,110,492 and PHP 4,657,254,683, respectively. The net unrealized gain (loss) on investments recognized as of March 31, 2016 and March 31, 2015 amounts to PHP 134,217,971 and PHP (45,467,779) respectively.

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

The Company carries its investments in traded debt securities 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.

Estimating allowances for doubtful accounts

The Company estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations. In these cases judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Company used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Compliance with Foreign Account Tax Compliance Act (FATCA)

In accordance with the requirements of the US Internal Revenue Service ("IRS") and the Agreement between the Government of the United States of America and the Government of the Republic of the Philippines to Improve International Tax Compliance and to Implement FATCA which was signed last July 13, 2015, the Fund's sponsoring entity, Sun Life Asset Management Company, Inc. (SLAMCI) completed its registration using the Foreign Account Tax Compliance Act ("FATCA") portal on May 5, 2014. The Fund has yet to register with IRS, since the IRS has not yet issued registration guidelines and has extended the registration deadline for sponsored entities until the end of 2016.

Currently, the Fund, through SLAMCI, has implemented FATCA onboarding processes and procedures as well as system enhancements to monitor its new and pre-existing account holders who are U.S. Persons and have U.S. Indicia.

The Fund, together with its Sponsoring Entity, SLAMCI, are preparing to comply for the FATCA reporting due to the Bureau of Internal Revenue this 2016.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : Sun Life of Canada Prosperity Bond Fund, Inc.

Principal Financial/Accounting Officer/Comptroller:

Signature and Title : Treasurer Candy S. Esteban

Date : May 14, 2016

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.
Schedule of Investments
Investment in Corporate Loans

Name of Issuing Entity and Association of Each Issue	March 31, 2016		December 31, 2015	
	Principal Amount of Bonds and Notes	Amount Shown in Balance Sheet	Principal Amount of Bonds and Notes	Amount Shown in Balance Sheet
Corporate Loans				
Petron Corporation	240,000,000	240,000,000	240,000,000	240,000,000
TOTAL	240,000,000	240,000,000	240,000,000	240,000,000

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.
Schedule of Investments
Financial assets at fair value through profit and loss

Name of Issuing Entity and Association of Each Issue	March 31, 2016		December 31, 2015	
	Principal Amount of Bonds and Notes	Amount Shown in Balance Sheet	Principal Amount of Bonds and Notes	Amount Shown in Balance Sheet
Investments at Fair Value Through P&L				
Special Savings Accounts, Citibank	133,010,000	133,010,000	106,000,000	106,000,000
Special Savings Accounts, SBTC	320,540,000	320,540,000		-
Special Savings Accounts, BDO	250,000,000	250,000,000		-
Special Savings Accounts, Maybank ATR Kim ENG		-	245,920,000	245,920,000
Special Savings Accounts, ANZ	681,529,000	681,529,000		-
Special Savings Accounts, EAST WEST	185,600,000	185,600,000		-
UITF	732,185,752	732,185,752	90,187,202	90,187,202
Treasury Bonds and Notes - Republic of the Philippines	2,453,486,700	2,481,245,740	4,320,115,092	4,215,147,481
TOTAL	4,756,351,453	4,784,110,492	4,762,222,294	4,657,254,683

SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.

Schedule of Financial Soundness Indicators and Financial Ratios

March 31, 2016 and December 31, 2015

	2016	2015
Current/ Liquidty Ratios		
a. Current ratio	79.60:1	416.03:1
b. Quick ratio	79.26:1	414.35:1
c. Cash ratio	1.13:1	3.35:1
d. Days in receivable	N/A	N/A
e. Working capital ratio	0.99:1	1.00:1
f. Net working capital to sales ratio	127.17:1	8.32:1
g. Defensive Interval Ratio	18263.62:1	16,518.95:1
Solvency Ratios		
a. Long-term debt to equity ratio	0.05	0.00
b. Debt to equity ratio	0.01	0.00
c. Long term debt to total asset ratio	0.05	0.00
d. Total debt to asset ratio	0.01	0.00
Asset to equity ratio	1.01:1	1.00
Interest rate coverage ratio	0.00	0.00
Profitability Ratio		
a. Earnings before interest and taxes (EBIT) margin	3.75:1	0.13
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	3.75:1	0.13
c. Pre-tax margin	3.75:1	0.13
d. Effective tax rate	6%	75%
e. Post-tax margin	3.53:1	0.03:1
f. Return on equity	3%	0%
g. Return on asset	3%	0%
Capital intensity ratio	134.97:1	8.75:1
Dividend payout ratio	0.00	N/A

Sun Life of Canada Prosperity Bond Fund Inc.

i. **Percentage of Investment in a Single Enterprise to Net Asset Value**
As of March 31, 2016 and December 31, 2015

	2016			2015		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Treasury Notes (ISIN)						
PIBD2540I116	950,210,333	5,122,533,580	18.55%	910,563,160	4,998,973,558	18.22%
PIBD2031G171	832,147,212	5,122,533,580	16.24%	673,897,257	4,998,973,558	13.48%
PIBD1025I608	116,773,905	5,122,533,580	2.28%	112,998,152	4,998,973,558	2.26%
PIBD0721C574	100,153,348	5,122,533,580	1.96%	98,091,344	4,998,973,558	1.96%
PIBD1024H595	-	-	-	587,155,148	4,998,973,558	11.75%
PIID2537J015	-	-	-	184,475,849	4,998,973,558	3.69%
PIBD0716A488	-	-	-	295,562,235	4,998,973,558	5.91%
PIBD2033C206	-	-	-	261,256,755	4,998,973,558	5.23%
PIID1527C023	-	-	-	227,260,597	4,998,973,558	4.55%
PIID2032C014	-	-	-	161,704,074	4,998,973,558	3.23%
PIBD1022G545	-	-	-	146,230,518	4,998,973,558	2.93%
PIBD2025D103	-	-	-	75,013,119	4,998,973,558	1.50%
Bonds						
PETRON 2017 7%	187,335,000.00	5,122,533,580	3.66%	-	-	-
SMB2021	102,856,700	5,122,533,580	2.01%	103,203,600	4,998,973,558	2.06%
SM Prime Holdings, Inc.	102,712,980.00	5,122,533,580	2.01%	-	-	-
SMBPM 04/22	89,056,254	5,122,533,580	1.74%	88,822,851	4,998,973,558	1.78%
XS0554144831	-	-	-	187,335,000	4,998,973,558	3.75%
QJ9102451	-	-	-	101,577,822	4,998,973,558	2.03%
Investments in UITF						
SBPSOEA	-	-	-	90,187,202	4,998,973,558	1.80%

ii. **Total Investment of the Fund to the Outstanding Securities of an Investee Company**
As of March 31, 2016 and December 31, 2015

	2016			2015		
	Investment of the Fund	Outstanding Securities of an Investee Company	% over Investee	Investment of the Fund	Outstanding Securities of an Investee Company	% over Investee
Treasury Notes (ISIN) (in Amounts)						
PIBD2540I116	943,423,158	142,558,010,000	0.66%	910,563,160	142,558,010,000	0.64%
PIBD2031G171	596,500,000	255,837,150,000	0.23%	673,897,257	255,837,150,000	0.26%
PIBD1025I608	116,652,606	22,180,000,000	0.53%	112,998,152	121,479,520,000	0.09%
PIBD0721C574	100,000,000	72,583,760,000	0.14%	98,091,344	72,583,760,000	0.14%
PIBD1024H595	-	-	-	587,155,148	119,476,330,000	0.49%
PIBD0716A488	-	-	-	295,562,235	87,696,320,000	0.34%
PIBD2033C206	-	-	-	261,256,755	89,250,350,000	0.29%
PIID1527C023	-	-	-	227,260,597	42,534,690,000	0.53%
PIID2537J015	-	-	-	184,475,849	179,131,620,000	0.10%
PIID2032C014	-	-	-	161,704,074	132,682,040,000	0.12%
PIBD1022G545	-	-	-	146,230,518	57,907,890,000	0.25%
PIBD2025D103	-	-	-	75,013,119	3,128,460,000	2.40%
Bonds						
PETRON 2017 7%	181,000,000	**		-	-	-
SM Prime Holdings, Inc.	102,000,000	**		-	-	-
SMB2021	100,000,000	**		103,203,600	**	
SMBPM 04/22	82,300,000	**		88,822,851	**	
XS0554144831	**	**		187,335,000	**	
QJ9102451	**	**		101,577,822	**	
Investments in UITF						
SBPSOEA	-	-	-	90,187,202	14,776,515,184	0.61%

iii. **Total Investment in Liquid or Semi-Liquid Assets to Total Assets**
As of March 31, 2016 and December 31, 2015

	2016	2015
Total Liquid and Semi-Liquid Assets	4,926,473,390	4,772,946,182
Total Assets	5,184,687,254	5,010,446,182
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	95%	95%

iv. **Total Operating Expenses to Total Net Worth**
As of March 31, 2016 and December 31, 2015

	2016	2015
Total Operating Expenses	24,276,816	103,597,230
Average Daily Net Worth	5,030,911,561	5,476,778,613
Total Operating Expenses to Total Net Worth	0.48%	1.89%

v. **Total Assets to Total Borrowings** .
As of March 31, 2016 and December 31, 2015

	2016	2015
Total Assets	5,184,687,254	5,010,446,182
Total Borrowings	62,153,674	11,472,624
Total Assets to Total Borrowings	8342%	43673%

FUND FACTS
Sun Life of Canada Prosperity Bond Fund
31 March 2016

This document contains key information you should know about the Sun Life of Canada Prosperity Bond Fund. You can find more detailed information in the Fund's prospectus. Ask your advisor for a copy, contact the manager, Sun Life Asset Management Company, Inc., at 849-9888 or phil_prosperity@sunlife.com or visit www.sunlifefunds.com.

QUICK FACTS

Launch Date:	April 5, 2000	Minimum Holding Period:	None	Minimum Subscription:	Php 5,000
Fund Size:	Php 5,122,493,486.84	Management and Distribution Fee:	1.50%	Minimum Subsequent:	Php 1,000
Net Asset Value Per Share:	2.7755	Transfer Agency Fee:	0.15%	Risk Classification:	Low to Moderate
Benchmark:	95% HSBC Liquid Bond Index + 5% 30-day SSA	Early Redemption Fee:	None		

What does the Fund invest in?

The Sun Life of Canada Prosperity Bond Fund aims to provide regular interest and principal preservation through investments in government and high quality corporate debt securities.

The Fund is suitable for investors with a low risk tolerance and a medium-term investment horizon. This is for moderately conservative investors who want relatively stable and reasonable returns.

Top Fixed Income Holdings

1. Treasury Notes 2040, 18.33%,
2. Treasury Notes 2031, 16.05%,
3. Treasury Notes 2025, 2.25%,
4. Treasury Notes 2021, 1.93%,

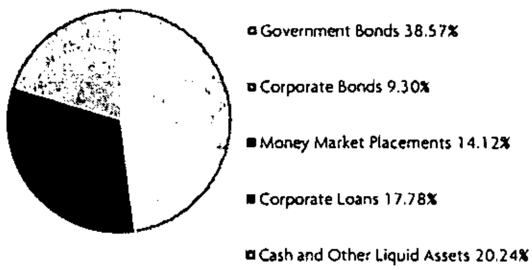
Corporate Bond Holdings

1. Corporate Bonds, 3.61%
2. Corporate Bonds, 1.98%

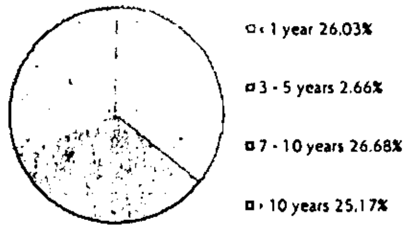
Corporate Loan Holdings

1. Corporate Loans, 6.58%

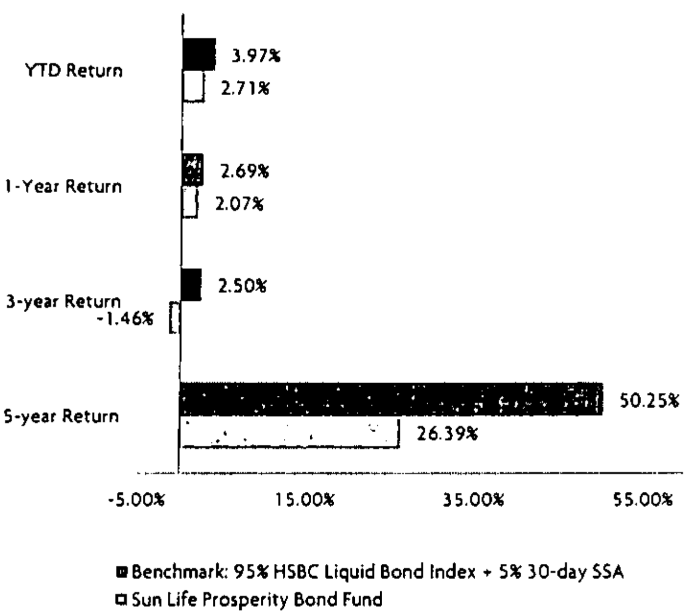
Investment Mix



Maturity Profile



How has the Fund performed?



What is the outlook on the market?

Ten-year and fifteen-year peso government bond yields declined by an average of 18 bps month-on-month following the move in US Treasury yields. Fed's announcement lowering projected number of hikes this year to two stimulated the rally in the bond market. Risk appetite was seen across EM assets with the strengthening of the currency amid the decline of the US dollar. On top of this, the successful re-issue of the FXTN 7-56 (due November 2019) received Php 76.84 billion in tenders for a Php 25 billion size fetching an average yield of 3.250% which was 3 bps lower than May 2015 reissuance. This highlights a resumption of confidence in the peso fixed income market.

The Bond Fund rose 0.94% in March, closing 19 bps behind benchmark because of the funds' cash position.

The Fund will rotate to an accrual-oriented portfolio moving forward.

Sun Life Asset Management

FUND FACTS

Sun Life of Canada Prosperity Bond Fund

29 February 2016

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QUICK FACTS

Launch Date:	April 5, 2000	Minimum Holding Period:	None	Minimum Subscription:	Php 5,000
Fund Size:	Php 5,106,590,059.90	Management and Distribution Fee:	1.50%	Minimum Subsequent:	Php 1,000
Net Asset Value Per Share:	2.7496	Transfer Agency Fee:	0.15%	Risk Classification:	Low to Moderate
Benchmark:	95% HSBC Liquid Bond Index + 5% 30-day SSA	Early Redemption Fee:	None		

What does the Fund invest in?

The Sun Life of Canada Prosperity Bond Fund aims to provide regular interest and principal preservation through investments in government and high quality corporate debt securities.

The Fund is suitable for investors with a low risk tolerance and a medium-term investment horizon. This is for moderately conservative investors who want relatively stable and reasonable returns.

Top Fixed Income Holdings

1. Treasury Notes 2040, 17.54%,
2. Treasury Notes 2031, 13.61%,
3. Treasury Notes 2037, 2.32%,
4. Treasury Notes 2025, 2.25%,
5. Treasury Notes 2021, 1.94%,

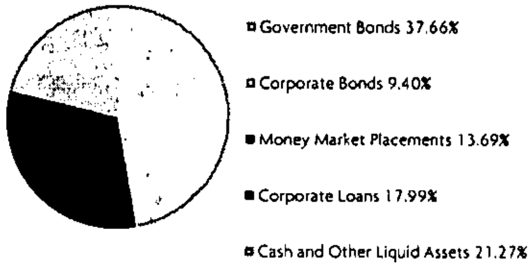
Corporate Bond Holdings

1. Corporate Bonds, 3.66%
2. Corporate Bonds, 2.00%

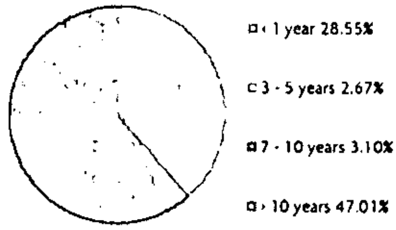
Corporate Loan Holdings

1. Corporate Loans, 6.66%

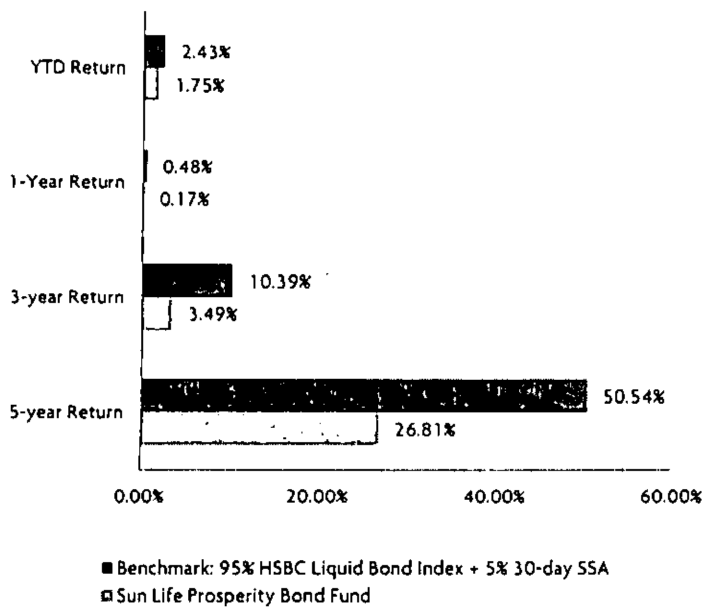
Investment Mix



Maturity Profile



How has the Fund performed?



What is the outlook on the market?

Peso government bond yields declined by an average of 19 bps across the curve month-on-month following the move in US Treasury yields. The surprise move by BOJ to adopt negative interest late January shocked the global market which prompted peso bonds to rally causing a decline in yields. On a month-on-month basis, the 5-year peso GS (FXTN 5-73) closed 14 bps lower, the 10-year peso GS (FXTN 10-60) closed 38 bps lower and the 15-year peso GS (FXTN 2017) closed 57.1 bps lower.

Despite global growth concerns, appetite for peso bonds remain contrary to popular view that investors are going into "safe haven" assets. This is evidenced by the successful auction held mid-February of this year. The auction had received Php 56 billion in tenders for a Php 25 billion peso re-issue size of the FXTN 5-73 (due August 2020) at an average yield of 3.647% which was 15 bps lower than November reissuance at 3.8%. This signals a resumption of confidence in the peso fixed income market.

The Bond Fund returned 1.86% for the month beating the benchmark by more than 30 bps.

The Fund will rotate to an accrual-oriented portfolio moving forward.

Sun Life
Asset Management

FUND FACTS
Sun Life of Canada Prosperity Bond Fund
29 January 2016

This document contains key information you should know about the Sun Life of Canada Prosperity Bond Fund. You can find more detailed information in the Fund's prospectus. Ask your advisor for a copy, contact the manager, Sun Life Asset Management Company, Inc., at 849-9888 or phil_prosperity@sunlife.com or visit www.sunlifefunds.com.

QUICK FACTS

Launch Date:	April 5, 2000	Minimum Holding Period:	None	Minimum Subscription:	Php 5,000
Fund Size:	Php 5,025,687,727.58	Management and Distribution Fee:	1.50%	Minimum Subsequent:	Php 1,000
Net Asset Value Per Share:	2.6994	Transfer Agency Fee:	0.15%	Risk Classification:	Low to Moderate
Benchmark:	95% HSBC Liquid Bond Index + 5% 30-day SSA	Early Redemption Fee:	None		

What does the Fund invest in?

The Sun Life of Canada Prosperity Bond Fund aims to provide regular interest and principal preservation through investments in government and high quality corporate debt securities.

The Fund is suitable for investors with a low risk tolerance and a medium-term investment horizon. This is for moderately conservative investors who want relatively stable and reasonable returns.

Top Fixed Income Holdings

1. Treasury Notes 2040, 16.25%,
2. Treasury Notes 2031, 12.52%,
3. Treasury Notes 2024, 10.85%,
4. Treasury Notes 2033, 4.51%,
5. Treasury Notes 2027, 4.20%,

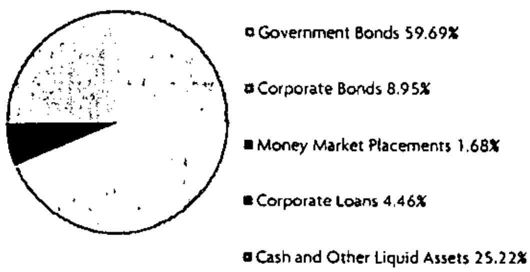
Corporate Bond Holdings

1. Corporate Bonds, 3.48%
2. Corporate Bonds, 1.91%

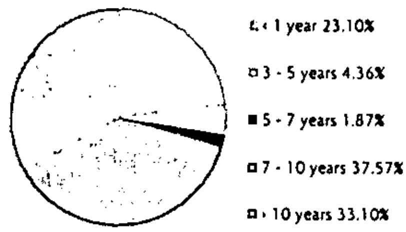
Corporate Loan Holdings

1. Corporate Loans, 4.46%

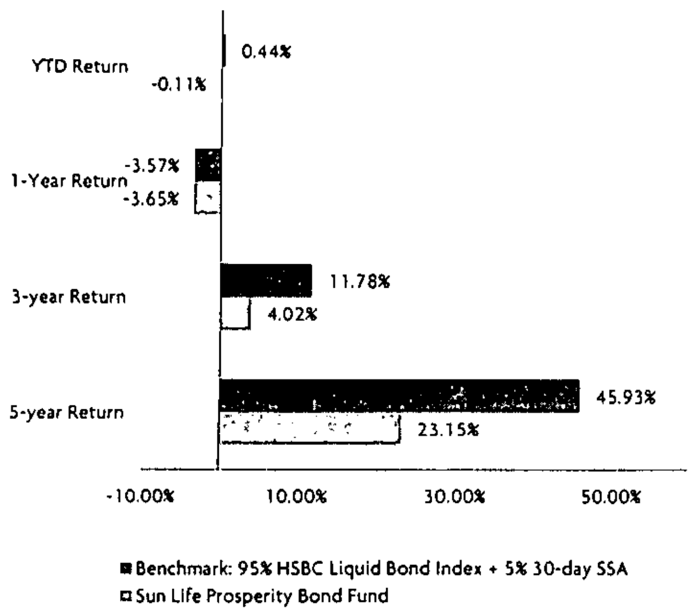
Investment Mix



Maturity Profile



How has the Fund performed?



What is the outlook on the market?

The peso bond market saw short dated bonds rally, outperforming the rest of the curve. It is indicative of a market that is defending itself against global uncertainties as the New Year kick-started with a Chinese stock market rout and a nose dive in oil prices.

Investors also defended themselves against a rise in US interest rates by pricing in at least 2 rate hikes this year by the US Federal Reserve, while the Fed hinted at four. Hence, yields of the reissued 10-year bond (FXTN 10-60) rose to 4.218%, higher by 5 bps versus its yield in the secondary market prior to the auction, and by as much as 60 bps from its issuance.

Buyers emerged towards the latter part of the month after the maturity of the FXTN 7-48 flooded the market with ample cash. In effect, yields fell across the curve with some investors favoring illiquid issues for higher yield pick-up over liquid ones.

The Bond Fund declined by 0.11% on the first month of the year, lagging its benchmark by 56 bps due to effects of mispriced securities at the end of the year.

The Fund will start building its core accrual position.