COVER SHEET

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S.E.C. Registration Number

SUN LIFE OF CANADA PROSPERITY
PHILIPPINE EQUITY 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

1	2		3	1

Month *Day*

Fiscal Year

SEC FORM 17Q

FORM TYPE

Month *Day*

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

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC Number: A199908711
File Number: __________

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY 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: A199908711   3. BIR Tax Identification No: 204-843-965

4. Exact name of issuer as specified in its charter

Sun Life of Canada Prosperity Philippine Equity 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

9. 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)	4,063,751,201 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 PHILIPPINE EQUITY FUND, INC
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2016 AND DECEMBER 31, 2015

	MDAS	(Unaudited) 2016	(Unaudited) 2015
ASSETS			
Current Asset			
Cash	1.1	P 61,864,132	P 130,953,998
Financial assets at fair value through profit and loss	1.2	15,838,247,415	15,613,509,722
Due from brokers	1.3	98,716,954	70,852,682
Accrued interest receivable	1.4	549,501	971,804
Other Assets	1.5	1,022,104	6,175
Dividends receivable		88,375,176	7,075,808
		16,088,775,282	15,823,370,189
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses	1.7	25,918,726	45,090,893
Due to brokers	1.8	-	74,716,751
Payable to fund manager		33,038,939	33,143,040
Total Current Liabilities		58,957,665	152,950,684
Equity			
Share capital		42,351,121	42,351,121
Additional paid-in capital		12,673,465,714	12,688,006,602
Retained earnings		3,932,632,136	3,432,521,123
Treasury Shares (420,059,117 shares)		(618,631,354)	(492,459,341)
		16,029,817,618	15,670,419,505
		16,088,775,283	15,823,370,189
Net Assets Value Per Share		P 3.9446	P 3.8228
Total Equity		16,029,817,618	15,670,419,505
Capital Stock - Php 0.01 par value			
Authorized - 4,500,000,000 shares			
Issued and Fully Paid Shares		4,063,751,201	4,099,251,621
NET ASSET VALUE PER SHARE		P 3.9446	P 3.8228

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

	Capital Stock	Deposit for Future Stock Subscriptions	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2016	P 42,351,121	P 0	P12,688,006,602	P3,432,521,123	(P492,459,341)	P15,670,419,505
Profit for the period				500,111,013		500,111,013
Transactions with owners:						
Acquisition of Treasury shares during th e period			(14,540,888)		(533,521,650)	(548,062,538)
Reissuance of Treasury shares during the period					407,349,638	407,349,638
Total Transactions with owners	-	-	(14,540,888)	-	(126,172,013)	(140,712,901)
Balance, March 31, 2016	P 42,351,121	P 0	P12,673,465,714	P3,932,632,136	(P618,631,354)	P16,029,817,617

	Capital Stock	Deposit for Future Stock Subscriptions	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2015	P 42,351,052	P 0	P12,743,529,959	P4,498,930,100	(P966,770,863)	P16,318,040,248
Profit for the period				1,237,447,366		1,237,447,366
Transactions with owners:						
Issuance of redeemable shares during the period	69					69
Redemption of redeemable shares during the period			(455,331,101)		(2,256,404,298)	(2,711,735,399)
Acquisition of Treasury shares during th e period					1,960,960,312	1,960,960,312
Total Transactions with owners	69	-	(455,331,101)	-	(295,443,986)	(750,775,018)
Balance, March 31, 2015	P 42,351,121	P 0	P12,288,198,858	P5,736,377,466	(P1,262,214,849)	P16,804,712,596

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY 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	(P13,799,067)	P 508,170,516
OPERATING EXPENSES			
Management Fees		84,497,955	90,987,458
Taxes and Licenses		198,692	785,648
Custodian and Transfer Fees		6,022,874	7,484,247
Directors' Fees		38,241	89,867
Miscellaneous		2,723,471	491,189
	2.2	93,481,233	99,838,408
PROFIT BEFORE UNREALIZED GAIN/LOSS ON INVESTMENT		(107,280,300)	408,332,108
Unrealized Gain (Loss) on Investments		608,242,068	829,393,835
NET INVESTMENT INCOME BEFORE TAX		500,961,768	1,237,725,943
PROVISION FOR INCOME TAX		850,755	278,577
NET PROFIT	2.3	500,111,013	1,237,447,366
EARNINGS PER SHARE (EPS)		P 0.12	P 0.32

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY 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 500,111,013	P1,237,447,366
Changes in operating assets and liabilities		
Sale (Purchase) of financial assets at fair value through profit and loss	(224,737,692)	(756,068,287)
(Increase) Decrease in:		
Due from brokers	(27,864,272)	46,476,236
Accrued interest receivable	422,303	(21,476)
Other Assets	(1,015,929)	(123,214,350)
Dividends receivable	(81,299,368)	(106,040,104)
Increase (Decrease) in:		
Accrued expenses	(19,172,167)	219,271,109
Due to brokers	(74,716,751)	174,626,331
Payable to fund manager	(104,101)	1,820,044
Net cash provided (used) in operating activities	71,623,036	694,296,870
Cash Flows From Financing Activities		
Proceeds from issuance of redeemable shares	-	69
Payments on redemption of redeemable shares	-	(2,711,735,399)
Acquisition of Treasury shares during th e period	(548,062,538)	1,960,960,312
Reissuance of Treasury shares during the period	407,349,638	-
Net cash provided (used) in Financing Activities	(140,712,901)	(750,775,018)
Net Increase (Decrease) in Cash	(69,089,865)	(56,478,148)
Cash at the Beginning of the Period	130,953,998	138,177,416
Cash at the End of the Period	P 61,864,133	P 81,699,268

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 clarify 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:

<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 fair value through profit or loss (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 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 listed equity securities, investments in unit investment in 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 is immaterial.

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

a. the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

b. there is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);

c. there is stockholders' approval of said proposed increase; and

d. 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 payment 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 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 function 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 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 (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 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.

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 the total earnings of the Fund from its investment securities, less operating expenses and income tax. This gauges how efficiently the Fund utilizes 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 on Financial Assets Through Profit or 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 March 31, 2016 and 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:

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 listed equity securities, investments in unit investment in trust fund (UITF) and special savings deposits.

Incorporation

The Company was incorporated on January 17, 2000 with 200,000,000 authorized shares at an initial par value of P1.00 per share.

Approved changes

On May 13, 2005 and February 17, 2006, the Board of Directors and shareholders, respectively, approved the reduction in the par value per share from P1.00 to P0.01.

On May 19, 2006, the shareholders approved the blanket increase of the Company's authorized share capital up to 100,000,000,000 shares with a par value of P0.01 per share.

On April 24, 2007, the Board of Directors approved the first tranche of share capital increase by 1,000,000,000 (from 200,000,000 shares to 1,200,000,000 shares both with par value of P0.01). The SEC approved the increase including the Company's request to reduce the par value of its shares from P1.00 to P0.01 on October 14, 2008 and the registration statements on November 24, 2008.

On December 18, 2009, the Board of Directors approved the second tranche of share capital increase by 1,800,000,000 shares (from 1,200,000,000 shares to 3,000,000,000 shares both with par value of P0.01). The SEC approved the increase on May 10, 2013 and the registration statements on February 28, 2014.

On March 22, 2013, the Board of Directors approved the third tranche of the share capital increase by 1,500,000,000 (from 3,000,000,000 shares to 4,500,000,000 shares both with par value of P0.01). The SEC approved the increase on January 17, 2014 and the registration statements on June 16, 2014.

As at March 31, 2016, the Company has 4,500,000,000 authorized and registered shares, each with a par value of P0.01 per share.

Out of the present authorized capital of the Company, 4,063,751,201 shares have been issued, subscribed and paid-up as of March 31, 2016.

31 March 2016 and 31 March 2015

The Company registered an increase in net assets by PHP 359 Million (2%) from PHP 15.7 Billion in December 2015 to PHP16 Billion in March 2016. The increase was mainly due to net profit earned during the quarter partially offset by the acquisition of treasury shares as of reporting period.

Net investment income for the period March 31, 2016 is PHP 500 Million; PHP 737 Million (60%) lower than last year's profit of PHP 1.2 Billion. The decrease was attributable mainly to the losses realized from disposals of investments in equity securities. 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. 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.

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

31 March 2016 and 31 December 2015 Material Changes in the Financial Statements

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

1.1 Cash decreased by PHP 69 Million (53%) from PHP 131 Million in December 2015 to PHP 62 Million in March 2016 but still liquidity requirements were met.

1.2 The Financial assets at fair value through profit and loss slightly increased by PHP 225 Million (1%) from PHP 15.6 Billion in December 2015 to PHP 15.8 Billion in March 2016. The increase is attributable to the impact of favorable market condition towards the end of reporting period mainly from unrealized market gains recognized for investments in equity securities.

1.3 Due from Brokers increased by PHP 28 Million (39%) from PHP 71 Million in December 2015 to PHP 99 Million in March 2016. This is mainly due to outstanding amounts due from brokers in relation to disposals of investments in equity securities during the period. The proceeds of sales were settled three (3) days from the transaction date.

1.4 Accrued Interest decreased by PHP422 Thousand (43%) from PHP972 Thousand in December 2015 to PHP550 Thousand in March 2016. This is due to lower balance of outstanding interest receivable from investment in special savings deposit at the end of reporting period. Collection of receivable depends on the scheduled interest payments of each asset held.

1.5 Other Assets pertains to prepayments advanced by SLAMCI for expenses incurred by the Fund and will be amortized until the end of accounting period.1.6 Dividends Receivable increased by PHP81 Million from PHP7 Million to PHP88 Million. Collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividend was received.

1.7 Accrued Expenses declined by PHP19 Million (42%) from PHP45 Million to PHP26 Million. The drop was mainly due to Proceeds Payable to Investors. These are amounts payable to investors for redemption of their investments processed on or before end of reporting period, which are usually paid four days from the transaction date.

1.8 Due to Brokers were all paid at the end of reporting period. This account pertains to outstanding payable to brokers related to the purchases of investment in listed equity securities made at, or towards the end of reporting period. Proceeds from purchases are settled three (3) days from the transaction date.

Average daily net asset value from January to March 2016 and January to March 2015 is PHP 15,171,797,614 and 16,473,223,930, respectively.

Statement of Comprehensive Income for Three Months Ended – March 31, 2016 vs. March 31, 2015

2.1 Gross revenues significantly decreased by PHP 522 Million from PHP 508 Million income in March 2015 to PHP 14 Million loss in March 2016. The decrease was due to losses realized from disposals of investments in equity securities during the period.

2.2 Operating Expenses is PHP6 Million (6%) lower from PHP 99 Million in March 2016 to PHP 96 Million in March 2016 was mainly due to lower Management Fees as a result of lower AUM as compared to same period last year.

2.3 Net investment income for the period March 31, 2016 is PHP 500 Million; PHP 737 Million (60%) lower than last year's profit of PHP 1.2 Billion. The decrease was attributable mainly to the losses realized from disposals of investments in equity securities..

Statement of Changes in Equity

1.9 Total Equity registered an increase of PHP 359 Million (2%) from PHP 15.7 Billion as of December 31, 2015 to PHP 16 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: Market risk, which includes fair value interest rate risk and equity price risk; 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 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 Risks: 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. For equity investments, changes in prices of equity refer to the equity investments held by the Fund either for strategic or trading purposes. These equity investments, if any, are subject to the daily price fluctuations, as determined by market forces. Hence, prices may vary as a result of the general economic and political conditions, as well as developments in the company's operations and overall profitability. To manage this risk, the equity investments included in the Fund's portfolio are carefully selected based on their fundamental soundness, and by actively monitoring the Philippine Stock Exchange Index (PSEi). Diversification of the equity investments (not only in terms of the number of stocks but also in terms of industry exposure) is likewise observed.

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:** 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 the returns 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 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 generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.
- Benchmark - 90% PSE 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 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 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. Significant accounting 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 and 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 at March 31, 2016 and December 31, 2015 the carrying amounts of special savings deposits amounted to PHP 1,145,630,000 and PHP 708,890,000, 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, 2016 and December 31, 2015, the recognized equity in the statements of financial position amounted to PHP 16,029,817,618 and PHP 15,670,419,505, 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 at March 31, 2016 and December 31, 2015, the carrying amounts of financial assets carried at fair value through profit and loss subsequent to initial recognition amounted to PHP 15,838,247,415 and PHP 15,613,509,722, respectively. The net unrealized fair value gain/(loss) on investments amounting to PHP 608,242,068 in March 31, 2016 and PHP 829,393,835 in March 31, 2015 respectively, are recognized as part of profit before tax in the statements of comprehensive income.

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

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 Philippine Equity Fund, Inc.

Principal Financial/Accounting Officer/Comptroller:

Signature and Title : Treasurer Candy S. Esteban

Date : May 11, 2016

SUN LIFE OF CANADA PROSPERITY PHIL. EQUITY FUND, INC.
Financial assets at fair value through profit and loss
Marketable Securities - (Curent Marketable Equity Securities and Fixed Income Investments)

Name of Issuing Entity and Association of Each Issue	March 31, 2016			December 31, 2015	
	Number of Shares / Principal Amount of Bonds and Notes	Market Value	Aggregate Cost	Number of Shares / Principal Amount of Bonds and Notes	Market Value
Equity Shares					
SM Investments Corp.	1,505,340	1,429,320,330	1,229,201,730	1,482,995	1,281,307,680
Ayala Land Inc	34,827,420	1,227,666,555	1,087,531,313	39,379,480	1,356,623,086
SM Prime Holdings Inc	52,683,186	1,156,395,933	951,616,543	57,202,486	1,241,293,946
Phil Long Distance Telephone Co.	470,646	931,879,080	1,339,866,939	475,511	979,552,660
JG Summit Holdings Inc	10,703,670	849,336,215	563,180,600	10,636,270	779,638,591
Universal Robina Corporation	3,908,018	847,258,302	599,361,865	4,122,118	766,713,948
Ayala Corporation	1,119,965	839,973,750	747,363,510	1,278,265	966,368,340
Aboitiz Equity Ventures Inc	10,856,240	705,655,600	612,766,562	10,884,290	630,744,606
Banco de Oro Universal Bank	6,128,219	626,916,804	576,064,150	6,128,219	643,462,995
Metropolitan Bank & Trust Company	6,815,239	561,916,456	588,794,061	7,768,829	625,390,735
Bank of the Phil Islands	5,446,152	473,815,224	491,412,007	3,685,802	309,054,498
GT CAPITAL HOLDINGS, INC.	337,865	469,632,350	420,994,838	375,340	495,448,800
Jollibee Foods Corp.	1,902,527	431,873,629	365,558,798	2,251,277	493,029,663
Metro Pacific Investments Corporation	69,604,740	408,579,824	344,857,003	74,634,340	388,098,568
Manila Electric Company	1,200,810	387,861,630	370,366,601	1,447,980	463,353,600
Energy Development Corporation	59,424,780	349,417,706	371,929,777	88,278,800	547,328,560
Semirara Mining Corp	2,515,470	330,281,211	300,958,863	2,823,370	385,390,005
Megaworld Properties & Holdings	69,633,230	288,977,905	320,471,738	83,599,020	355,295,835
Globe Telecom Inc.	130,115	288,855,300	288,047,914	226,525	419,524,300
Robinsons Land Inc	10,115,000	282,208,500	272,579,973	10,706,800	294,437,000
Intl Container Terminal Services Inc.	4,129,950	279,597,615	412,295,806	3,846,060	270,378,018
Aboitiz Power Corporation	6,256,000	274,951,200	256,773,259	3,875,900	161,625,030
First General Corporation	11,017,190	244,030,759	259,324,345	10,244,590	231,527,734
DMCI Holdings Inc	15,578,340	208,749,756	212,487,285	19,908,640	274,739,232
Alliance Global Group Inc	10,482,540	172,961,910	234,746,206	13,109,460	211,062,306
PETRON CORPORATION	11,864,990	122,209,397	125,318,718	19,102,390	133,525,706
LT Group, Inc.	6,364,200	99,281,520	101,069,433	-	-
Robinsons Retail Holdings, Inc.	1,134,660	83,964,840	75,206,537	-	-
Bloomberry Resorts Corporation	433,100	2,230,465	2,265,113	281,470	1,277,874
Security Bank Corporation	1	175	140	797,881	113,299,102
Total	416,589,603	14,375,799,939	13,522,411,627	478,554,108	14,819,492,417
Investments in UITF					
SB PESO MONEY MARKET FUND	250,354,591	316,817,476	316,052,063	67,542,324	85,127,305
Other Fixed Income Investments					
Special Savings Account - Eastwest	613,390,000	613,390,000	N/A	-	-
Special Savings Account - BDO	300,000,000	300,000,000	N/A	-	-
Special Savings Account - Hongkong & Shanghai Bank	143,540,000	143,540,000	N/A	48,000,000	48,000,000
Special Savings Account - Citibank	88,700,000	88,700,000	N/A	50,000,000	50,000,000
Special Savings Account - Maybank		-		610,890,000	610,890,000
	1,145,630,000	1,145,630,000	-	708,890,000	708,890,000
GRAND TOTAL	1,812,574,194	15,838,247,415	13,838,463,690	1,254,986,432	15,613,509,722

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC.

Schedule of Financial Ratios

For the Period Ended March 31, 2016 and December 31, 2015

	2016	2015
Current/ Liquidty Ratios		
a. Current ratio	272.89	103.45
b. Quick ratio	272.89	103.45
c. Cash ratio	1.05:1	0.86:1
d. Days in receivable	N/A	N/A
e. Working capital ratio	1.00:1	0.99:1
f. Net working capital to sales ratio	(1161.66:1)	19.52:1
g. Defensive Interval Ratio	15308.52:1	14,340.47:1
Solvency Ratios		
a. Long-term debt to equity ratio	0.00	0.00
b. Debt to equity ratio	0.01:1	0.01
c. Long term debt to total asset ratio	0.01:1	0.00
d. Total debt to asset ratio	0.01:1	0.01:1
Asset to equity ratio	1.01:1	1.01:1
Interest rate coverage ratio	0.00	0.00
Profitability Ratio		
a. Earnings before interest and taxes (EBIT) margin	(36.31:1)	-1.26:1
amortization (EBITDA) margin	(36.31:1)	-1.26:1
c. Pre-tax margin	(36.31:1)	-1.26:1
d. Effective tax rate	1.00%	-5.52%
e. Post-tax margin	(36.25:1)	-1.33:1
f. Return on equity	1.00%	-6.67%
g. Return on asset	1.00%	-6.59%
Capital intensity ratio	(1165.94:1)	19.71:1
Dividend payout ratio		N/A

Sun Life of Canada Prosperity Philippine Equity 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
Equities						
SM Investments Corp.	1,429,320,330	16,029,817,618	8.92%	1,281,307,680	15,670,419,505	8.18%
Ayala Land Inc	1,227,666,555	16,029,817,618	7.66%	1,356,623,086	15,670,419,505	8.66%
SM Prime Holdings Inc	1,156,395,933	16,029,817,618	7.21%	1,241,293,946	15,670,419,505	7.92%
Phil Long Distance Telephone Co.	931,879,080	16,029,817,618	5.81%	979,552,660	15,670,419,505	6.25%
JG Summit Holdings Inc	849,336,215	16,029,817,618	5.30%	779,638,591	15,670,419,505	4.98%
Universal Robina Corporation	847,258,302	16,029,817,618	5.29%	766,713,948	15,670,419,505	4.89%
Ayala Corporation	839,973,750	16,029,817,618	5.24%	966,368,340	15,670,419,505	6.17%
Aboitiz Equity Ventures Inc	705,655,600	16,029,817,618	4.40%	630,744,606	15,670,419,505	4.03%
Banco de Oro Universal Bank	626,916,804	16,029,817,618	3.91%	643,462,995	15,670,419,505	4.11%
Metropolitan Bank & Trust Company	561,916,456	16,029,817,618	3.51%	625,390,735	15,670,419,505	3.99%
Bank of the Phil Islands	473,815,224	16,029,817,618	2.96%	309,054,498	15,670,419,505	1.97%
GT CAPITAL HOLDINGS, INC.	469,632,350	16,029,817,618	2.93%	495,448,800	15,670,419,505	3.16%
Jollibee Foods Corp.	431,873,629	16,029,817,618	2.69%	493,029,663	15,670,419,505	3.15%
Metro Pacific Investments Corporation	408,579,824	16,029,817,618	2.55%	388,098,568	15,670,419,505	2.48%
Manila Electric Company	387,861,630	16,029,817,618	2.42%	463,353,600	15,670,419,505	2.96%
Energy Development Corporation	349,417,706	16,029,817,618	2.18%	547,328,560	15,670,419,505	3.49%
Semirara Mining Corp	330,281,211	16,029,817,618	2.06%	385,390,005	15,670,419,505	2.46%
SB PESO MONEY MARKET FUND	316,817,476	16,029,817,618	1.98%	85,127,305	15,670,419,505	0.54%
Megaworld Properties & Holdings	288,977,905	16,029,817,618	1.80%	355,295,835	15,670,419,505	2.27%
Globe Telecom Inc.	288,855,300	16,029,817,618	1.80%	419,524,300	15,670,419,505	2.68%
Robinsons Land Inc	282,208,500	16,029,817,618	1.76%	294,437,000	15,670,419,505	1.88%
Intl Container Terminal Services Inc.	279,597,615	16,029,817,618	1.74%	270,378,018	15,670,419,505	1.73%
Aboitiz Power Corporation	274,951,200	16,029,817,618	1.72%	161,625,030	15,670,419,505	1.03%
First General Corporation	244,030,759	16,029,817,618	1.52%	231,527,734	15,670,419,505	1.48%
DMCI Holdings Inc	208,749,756	16,029,817,618	1.30%	274,739,232	15,670,419,505	1.75%
Alliance Global Group Inc	172,961,910	16,029,817,618	1.08%	211,062,306	15,670,419,505	1.35%
PETRON CORPORATION	122,209,397	16,029,817,618	0.76%	133,525,706	15,670,419,505	0.85%
LT Group, Inc.	99,281,520	16,029,817,618	0.62%			
Robinsons Retail Holdings, Inc.	83,964,840	16,029,817,618	0.52%			
Bloomberry Resorts Corporation	2,230,465	16,029,817,618	0.01%	1,277,874	15,670,419,505	0.01%

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 in Shares	Outstanding Securities of an Investee Company	% over Investee	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee
Megaworld Properties & Holdings	69,633,230	32,239,445,872	0.22%	83,599,020	32,239,445,872	0.26%
Metro Pacific Investments Corporation	69,604,740	27,896,823,752	0.25%	74,634,340	27,886,373,752	0.27%
Energy Development Corporation	59,424,780	18,738,400,000	0.32%	88,278,800	18,740,400,000	0.47%
SM Prime Holdings Inc	52,683,186	28,879,231,694	0.18%	57,202,486	803,055,405	7.12%
Ayala Land Inc	34,827,420	14,695,631,367	0.24%	39,379,480	14,695,631,367	0.27%
DMCI Holdings Inc	15,578,340	13,277,470,000	0.12%	19,908,640	13,277,470,000	0.15%
PETRON CORPORATION	11,864,990	9,375,104,497	0.13%	19,102,390	9,375,104,497	0.20%
First General Corporation	11,017,190	3,660,943,557	0.30%	10,244,590	3,660,943,557	0.28%
Aboitiz Equity Ventures Inc	10,856,240	5,554,266,807	0.20%	10,884,290	5,554,266,807	0.20%
JG Summit Holdings Inc	10,703,670	7,162,841,657	0.15%	10,636,270	7,162,841,657	0.15%
Alliance Global Group Inc	10,482,540	10,269,827,979	0.10%	13,109,460	10,269,827,979	0.13%
Robinsons Land Inc	10,115,000	4,093,830,685	0.25%	10,706,800	4,093,830,685	0.26%
Metropolitan Bank & Trust Company	6,815,239	3,180,172,786	0.21%	7,768,829	3,180,172,786	0.24%
LT Group, Inc.	6,364,200	10,821,388,889	0.06%			
Aboitiz Power Corporation	6,256,000	7,358,604,307	0.09%	3,875,900	7,358,604,307	0.05%
Banco de Oro Universal Bank	6,128,219	3,645,375,218	0.17%	6,128,219	3,645,375,218	0.17%
Bank of the Phil Islands	5,446,152	3,929,090,393	0.14%	3,685,802	3,929,090,393	0.09%
Intl Container Terminal Services Inc.	4,129,950	2,034,110,390	0.20%	3,846,060	2,033,252,516	0.19%
Universal Robina Corporation	3,908,018	2,181,501,933	0.18%	4,122,118	2,181,501,933	0.19%
Semirara Mining Corp	2,515,470	1,068,750,000	0.24%	2,823,370	1,068,750,000	0.26%
Jollibee Foods Corp.	1,902,527	1,071,506,671	0.18%	2,251,277	1,069,703,237	0.21%
SM Investments Corp.	1,505,340	803,055,405	0.19%	1,482,995	803,055,405	0.18%
Manila Electric Company	1,200,810	1,127,098,705	0.11%	1,447,980	1,127,098,705	0.13%
Robinsons Retail Holdings, Inc.	1,134,660	1,385,000,000	0.08%			
Ayala Corporation	1,119,965	620,148,280	0.18%	1,278,265	620,148,280	0.21%
Phil Long Distance Telephone Co.	470,646	216,055,775	0.22%	475,511	216,055,775	0.22%
Bloomberry Resorts Corporation	433,100	**	**	281,470	11,001,717,025	0.00%
GT CAPITAL HOLDINGS, INC.	337,865	174,300,000	0.19%	375,340	174,300,000	0.22%
Globe Telecom Inc.	130,115	132,742,402	0.10%	226,525	132,742,402	0.17%
Security Bank Corporation	1	**	**	797,881	602,831,109	0.13%
Investments in UITF						
SB PESO MONEY MARKET FUND	250,354,591	14,776,515,184	1.69%	67,542,324	14,776,515,184	0.46%

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	16,087,753,178	15,823,364,014
TOTAL ASSETS	16,088,775,282	15,823,370,189
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	100%	100%

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

	2016	2015
Total Operating Expenses	93,481,233	397,226,452
Average Daily Net Worth	15,171,797,614	16,252,039,170
Total Operating Expenses to Total Net Worth	0.62%	2.44%

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

	2016	2015
Total Assets	16,088,775,282	15,823,370,189
Total Borrowings	58,957,665	152,950,684
Total Assets to Total Borrowings	27289%	10345%

Sun Life
Asset Management

FUND FACTS
Sun Life of Canada Prosperity Philippine Equity Fund
31 March 2016

This document contains key information you should know about the Sun Life of Canada Prosperity Philippine Equity 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 16,029,796,468.53	Management and Distribution Fee:	2.00%	Minimum Subsequent:	Php 1,000
Net Asset Value Per Share:	3.9446	Transfer Agency Fee:	0.15%	Risk Classification:	Moderate to High
Benchmark	95% PSEi + 5% 30-day SSA	Early Redemption Fee:	None		

What does the Fund invest in?

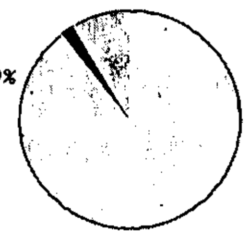
The Sun Life of Canada Prosperity Philippine Equity Fund aims to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.

The Fund is suitable for investors with high risk tolerance and a long-term investment horizon. This is for aggressive investors who are willing to take risks for higher returns.

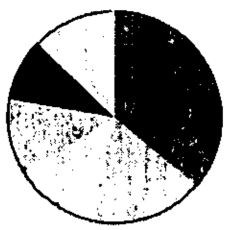
Top Equity Holdings

1. SM Investments Corporation, 8.88%
2. Ayala Land Inc., 7.63%
3. SM Prime Holdings Inc., 7.19%
4. Phil Long Distance Telephone Co., 5.79%
5. JG Summit Holdings Inc., 5.28%
6. Universal Robina Corporation, 5.27%
7. Ayala Corporation, 5.22%
8. Aboitiz Equity Ventures Inc., 4.39%
9. BDO Unibank Inc., 3.90%
10. Metropolitan Bank & Trust Co., 3.49%

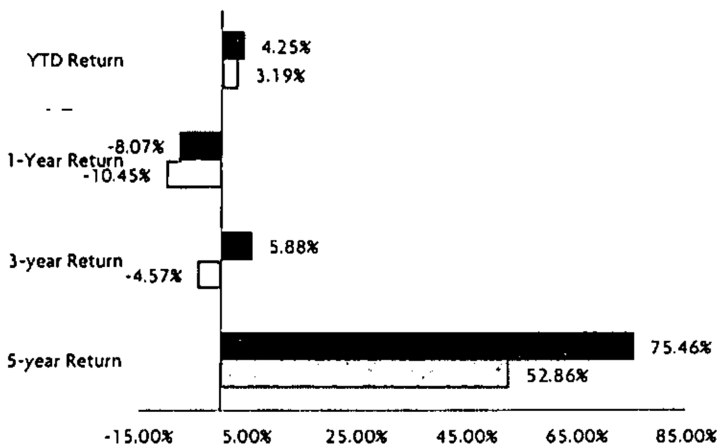
Investment Mix



Sector Allocation



How has the Fund performed?



What is the outlook on the market?

PCOMP rallied 8.9% MoM to close at 7262.30 as foreign funds flowed back into emerging markets after a recovery in commodity prices and dovish comments from the Fed. Foreign inflows amounted to US$203mn in March, reversing the previous two months of outflows and brought YTD inflow to US$76mn.

All sectors closed higher led by Conglomerates (+11.6%), Services (+11.1%) and Properties (+7.8%).

The Equity Fund advanced by 8.37% in March, slightly missing the PSEi-based benchmark by 6 bps. The fund's relative performance was boosted by allocation and selection effects in Banks, but was dragged by allocation effect in Conglomerates and Utilities/Energy, as well as the fund's Cash position.

Local market drivers have quieted down with focus now shifting back to external events. Recently, the Fed assured markets that the central bank would be cautious in raising rates, giving temporary reprieve once again to emerging markets with capital flows flowing back into emerging markets. As election nears, 1Q16 GDP and corporate earnings are likely to receive some boost from accelerated government infrastructure spending and other election-related spending. Furthermore, a pickup in domestic demand is expected on the back of the recently signed executive order that raises the salary of government employees.

Sun Life Asset Management

FUND FACTS
Sun Life of Canada Prosperity Philippine Equity 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 14,919,624,046.82	Management and Distribution Fee:	2.00%	Minimum Subsequent:	Php 1,000
Net Asset Value Per Share:	3.6400	Transfer Agency Fee:	0.15%	Risk Classification:	Moderate to High
Benchmark:	95% PSEi + 5% 30-day SSA	Early Redemption Fee:	None		

What does the Fund invest in?

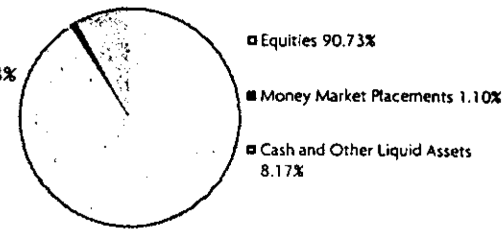
The Sun Life of Canada Prosperity Philippine Equity Fund aims to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.

The Fund is suitable for investors with high risk tolerance and a long-term investment horizon. This is for aggressive investors who are willing to take risks for higher returns.

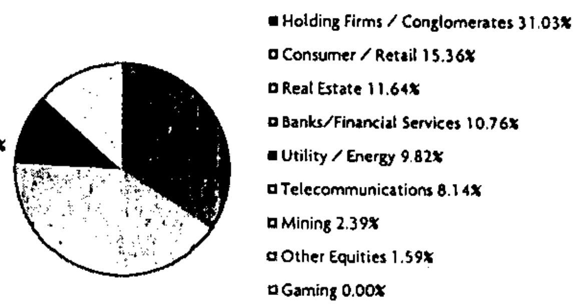
Top Equity Holdings

1. SM Investments Corporation, 8.12%
2. Ayala Land Inc., 8.07%
3. SM Prime Holdings Inc., 7.38%
4. Phil Long Distance Telephone Co., 6.18%
5. Ayala Corporation, 5.31%
6. Universal Robina Corporation, 5.13%
7. JG Summit Holdings Inc., 4.80%
8. Aboitiz Equity Ventures Inc., 4.11%
9. BDO Unibank Inc., 4.02%
10. Metropolitan Bank & Trust Co., 3.89%

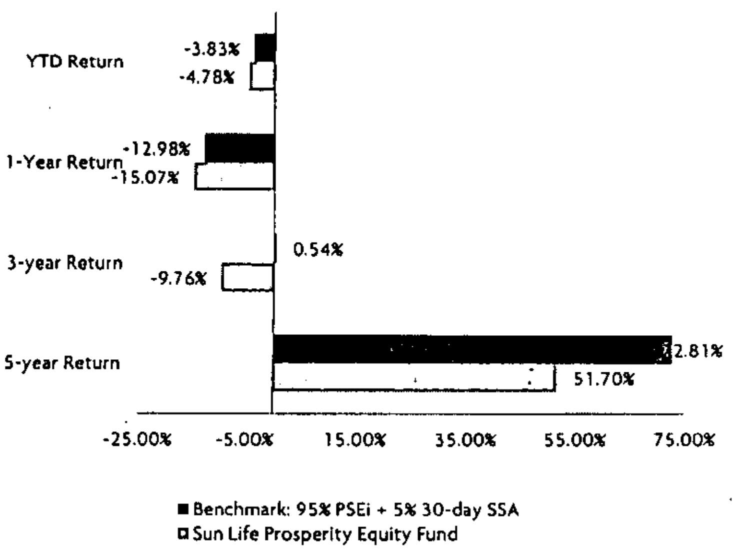
Investment Mix



Sector Allocation



How has the Fund performed?



What is the outlook on the market?

The PSEi closed 0.25% lower in February at 6671.04. Local bourse traded to a high of 6848 during the middle of the month but the rally was capped after TEL reported disappointing 4Q15 figures and surprised the market by guiding a 20% contraction in its 2016 expected income. Foreign funds accelerated their selling activities, which amounted to US$84 this month, bringing YTD outflow to US$127mn

All sectors closed higher except for Services (-7.4%) and Banks (-0.6%). The fund inched up by 0.06% in February, outperforming the benchmark by 0.29%, brought about by allocation effect in Utilities/Energy and Mining/Oil, and selection effect in Banks. Meanwhile, allocation effect in Telecommunications and Consumer/Gaming dragged the performance.

Investors will focus on full-year 2015 earnings reporting season. Consensus estimate is for the market to grow high single digit in terms of aggregate corporate earnings. Most of the companies that have reported their earnings were in-line with estimates, with a few names in the telecommunication and banking sectors missing estimates. Moving forward, election-related spending both on the consumer and government side may boost first quarter GDP and corporate earnings.

Sun Life
Asset Management

FUND FACTS
Sun Life of Canada Prosperity Philippine Equity Fund
29 January 2016

This document contains key information you should know about the Sun Life of Canada Prosperity Philippine Equity 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 14,935,634,175.65	Management and Distribution Fee:	2.00%	Minimum Subsequent:	Php 1,000
Net Asset Value Per Share:	3.6378	Transfer Agency Fee :	0.15%	Risk Classification:	Moderate to High
Benchmark	95% PSEi + 5% 30-day SSA	Early Redemption Fee:	None		

What does the Fund invest in?

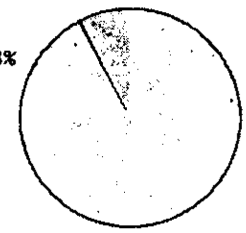
The Sun Life of Canada Prosperity Philippine Equity Fund aims to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.

The Fund is suitable for investors with high risk tolerance and a long-term investment horizon. This is for aggressive investors who are willing to take risks for higher returns.

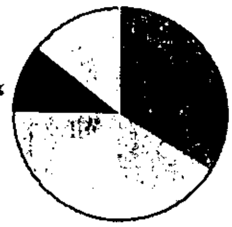
Top Equity Holdings

1. SM Investments Corporation, 8.11%
2. Ayala Land Inc, 8.08%
3. SM Prime Holdings Inc., 7.87%
4. Phil Long Distance Telephone Co., 7.38%
5. Ayala Corporation, 5.32%
6. Universal Robina Corporation, 4.99%
7. JG Summit Holdings Inc., 4.72%
8. Aboitiz Equity Ventures Inc., 4.21%
9. BDO Unibank Inc., 4.14%
10. Metropolitan Bank and Trust Company, 3.65%

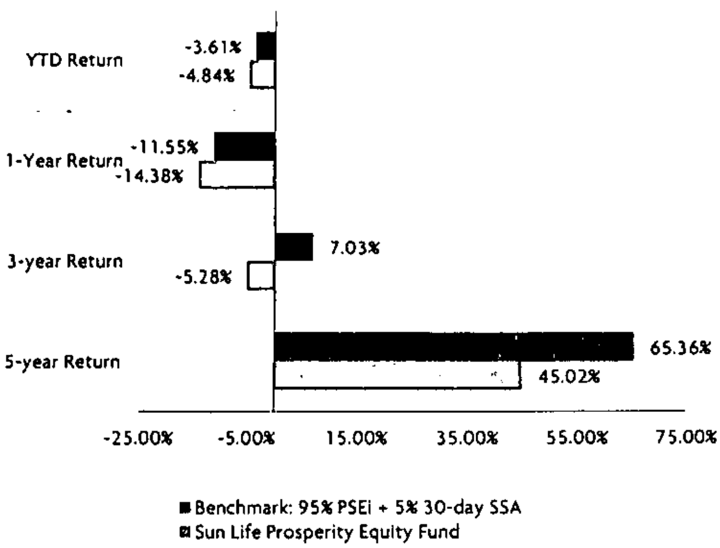
Investment Mix



Sector Allocation



How has the Fund performed?



What is the outlook on the market?

It was a volatile month to start the year with the PSEi dropping to as low as 6,084 during the first three trading weeks before rallying 10% off the lows to close the month at 6687 (-3.8% MoM). Negative overseas headlines weighed down on sentiment for risky assets as oil prices continued to slide and the sell-off in Chinese equities aggravated global risk-off sentiment. Foreign funds were net sellers by US$42.7mn – the 10th straight month of net outflows. All sectors ended lower with the Mining & Oil sector leading the decline at -13.6%

The Equity Fund declined by 4.84% in January, underperforming the PSEi-based benchmark by 1.23%. Stock selection in Utilities/Energy and Conglomerates, as well as allocation effect in Property and Utilities/Energy drove the underperformance, while positive stock selection effect in Consumer pared the underperformance.

With the latest actions from the central banks of Japan and China, and hints of easing from the European central bank, on the back of concerns of an economic slowdown in the world's largest economies and falling oil and commodity prices, equity markets could be subjected to more volatility moving forward. Valuation wise, the market is now beginning to look attractive trading at 15.6X P/E, closer to the 10-year historical average of 15.5X P/E and 5-year historical average of 17.5X P/E. The Philippines continues to stand out among its regional peers given its strong macro fundamentals.