COVER SHEET

A199908711
S.E.C. Registration Number

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND INC.

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

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

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

Fiscal Year (Month / Day)	FORM TYPE	Annual Meeting (Month / Day)
12 / 31	SEC FORM 17Q	

Secondary License Type, If Applicable: Mutual Fund Company

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

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, 2017

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, 2017

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)	3,304,373,898 shares (as of March 31, 2017)

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, 2017 AND DECEMBER 31, 2016

	MDAS	(Unaudited) 2017	(Unaudited) 2016
ASSETS			
Current Asset			
Cash	1.1	P 32,799,006	P 28,243,398
Financial assets at fair value through profit and loss	1.2	12,912,517,769	12,549,365,190
Due from brokers	1.3	298,953,609	83,684,111
Accrued interest receivable	1.4	9,947	8,081
Other Assets	1.5	771,993	-
Dividends receivable	1.6	46,162,382	9,591,591
		13,291,214,706	12,670,892,371
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	1.7	40,882,545	11,775,214
Due to brokers	1.8	259,393,333	11,486,904
Payable to fund manager	1.9	27,103,496	27,569,415
Total Current Liabilities		327,379,374	50,831,533
Equity			
Share capital		42,351,121	42,351,121
Additional paid-in capital		12,644,281,755	12,724,565,117
Retained earnings		4,055,742,336	3,455,258,087
Treasury Shares		(3,778,539,880)	(3,602,113,487)
	3.1	12,963,835,332	12,620,060,838
		13,291,214,706	12,670,892,371
Net Assets Value Per Share		P 3.9232	P 3.7454

Total Equity	12,963,835,332	12,620,060,838
Capital Stock - Php 0.01 par value		
Authorized - 4,500,000,000 shares		
Issued and Fully Paid Shares	3,304,373,898	3,369,452,738
NET ASSET VALUE PER SHARE	P 3.9232	P 3.7454

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2017 and MARCH 31, 2016

	MDAS	(Unaudited) 2017	(Unaudited) 2016
REVENUES	2.1	P 102,291,887	(P 203,013)
Investment Expenses			
Commission		6,683,011	6,275,598
Clearing fees		1,090,949	1,004,096
		7,773,960	7,279,693
Net Investment Income		94,517,927	(7,482,707)
OPERATING EXPENSES			
Management Fees		72,115,014	84,497,955
Taxes and Licenses		786,278	198,692
Custodian and Transfer Fees		7,260,522	6,022,874
Directors' Fees		71,786	38,241
Miscellaneous		345,876	434,734
	2.2	80,579,476	91,192,496
PROFIT BEFORE UNREALIZED GAIN/LOSS ON INVESTMENT		13,938,451	(98,675,203)
Unrealized Gain (Loss) on Investments		592,593,585	608,242,068
NET INVESTMENT INCOME BEFORE TAX		606,532,036	509,566,865
PROVISION FOR INCOME TAX		6,047,787	9,455,852
NET PROFIT	2.3	600,484,249	500,111,013
EARNINGS PER SHARE (EPS)		P 0.18	P 0.12

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2017 AND MARCH 31, 2016

	Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2017	P 42,351,121	P12,724,565,117	P3,455,258,087	(P3,602,113,487)	P12,620,060,838
Profit for the period			600,484,249		600,484,249
Transactions with owners:					
Acquisition of Treasury shares during the period				(753,644,250)	(753,644,250)
Reissuance of Treasury shares during the period		(80,283,362)		577,217,856	496,934,494
Total Transactions with owners	-	(80,283,362)	-	(176,426,393)	(256,709,755)
Balance, March 31, 2017	P 42,351,121	P12,644,281,755	P4,055,742,336	(P3,778,539,880)	P12,963,835,332

	Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2016	P 42,351,121	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 the period		(14,540,888)		(533,521,650)	(548,062,538)
Total Transactions with owners	-	(14,540,888)	-	(126,172,013)	(140,712,901)
Balance, March 31, 2016	P 42,351,121	P12,673,465,714	P3,932,632,136	(P618,631,354)	P16,029,817,617

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2017 AND MARCH 31, 2016

	(Unaudited) 2017	(Unaudited) 2016
Cash Flows from Operating Activities		
Net investment income/(loss)	P 600,484,249	P 500,111,013
Changes in operating assets and liabilities		
Sale (Purchase) of financial assets at FVTPL	(363,152,579)	(224,737,692)
(Increase) Decrease in:		
Due from brokers	(215,269,498)	(27,864,272)
Accrued interest receivable	(1,866)	420,080
Other Assets	(771,993)	(1,015,929)
Dividends receivable	(36,570,791)	(81,299,368)
Increase (Decrease) in:		
Accrued expenses	29,107,331	(18,840,803)
Due to brokers	247,906,429	(74,716,751)
Payable to fund manager	(465,919)	(95,517)
Net cash provided (used) in operating activities	261,265,363	71,960,761
Cash Flows From Financing Activities		
Acquisition of Treasury shares during th e period	(753,644,250)	(548,062,538)
Reissuance of Treasury shares during the period	496,934,494	407,349,638
Net cash provided (used) in Financing Activities	(256,709,755)	(140,712,901)
Net Increase (Decrease) in Cash	4,555,608	(68,752,140)
Cash at the Beginning of the Period	28,243,398	130,953,998
Cash at the End of the Period	P 32,799,006	P 62,201,858

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 2016

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 January 1, 2016:

Annual Improvements to PFRSs 2012-2014 Cycle

The annual improvements address the following issues:

Amendments to PFRS 7: *Financial Instruments: Disclosures*

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

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

The amendments did not have a significant 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 other comprehensive income (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 and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of PAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

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

New Accounting Standards Effective after the Reporting Period Ended December 31, 2016

The Company will adopt the following standards/amendments when these become effective:

PFRS 9, *Financial Instruments (2014)*

This standard consists of the following three phases:

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

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

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write done 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. Major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in OCI, unless the presentation of the effect of the change in the liability credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, 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.

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 management does not anticipate that the application of PFRS 9 will have a significant impact on the Company's financial statements as the recognition and measurement of the Company's financial assets and financial liabilities would be the same under both PAS 39 and PFRS 9.

PFRS 16, *Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is not permitted, until IFRS 15, *Revenue from Contracts with Customers*, is adopted.

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

Amendment to PAS 7, *Disclosure Initiative*

The amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

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

Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.

- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

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

IFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

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

The management does not anticipate that the application of the new accounting standard will have a significant impact on the Company's financial statements as the Company does not have complex revenue transactions.

PIC Q&A No. 2016-04 - *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

The management does not anticipate that the application of the new accounting standard will have a significant impact on the Company's financial statements as the Company does not have complex revenue transactions.

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 includes:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

c. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

    - On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

    - Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

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

Amendments to PFRS 4, *Applying PFRS 9 'Financial Instruments' with PFRS 4 'Insurance Contracts'*

The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount reclassified in the reporting period is calculated and the effect of that reclassification on the financial statements.

An entity applies the deferral approach for annual periods beginning on or after 1 January 2018. Predominance is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April 2016. Application of the deferral approach needs to be disclosed together with information that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following 1 January 2018. Predominance is only reassessed if there is a change in the entity's activities.

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

Annual Improvements to PFRSs 2014-2016 Cycle

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

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

Amendments to PFRS 12, *Disclosure of Interests in Other Entities*

The amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those disclosures needed in the summarized financial for subsidiaries, joint ventures and associates, apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The amendments are effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

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

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

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

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

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

Philippine Interpretations IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value ot at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

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

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

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, 2017 and December 31, 2016 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, dividends receivable, due from brokers and accrued interest receivable.

Impairment of financial assets

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

Objective evidence of impairment

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

- significant financial difficulty of the issuer or counter party; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- it has become probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Financial assets carried at amortized cost

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

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

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

Derecognition of financial assets

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

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

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 measured 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 date, 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, final tax 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 taxes 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 at FVTPL

Initial recognition

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

Classification and subsequent measurement

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

The Company's financial assets as at March 31, 2017 and December 31, 2016 consist of financial assets at FVTPL and loans and receivables.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

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

The Company's financial assets classified under this category include investments in listed equity securities, investments in 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.

Current state

As at March 31, 2017, 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, 3,304,373,898 shares have been issued, subscribed and paid-up as of March 31, 2017.

<u>31 March 2017 and 31 March 2016</u>

The Company registered an increase in net assets by PHP 344 Million (3%) from PHP 12.6 Billion in December 2016 to PHP 13 Billion in March 2017. The increase was brought about by the impact of favorable market condition during the period.

Net investment profit for the period March 31, 2017 is PHP 600 Million; PHP 100 Million (20%) higher than last year's profit of PHP 500 Million. The increase was mainly due to realized trading gains from sale 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 2017 and 31 December 2016 Material Changes in the Financial Statements

Statement of Financial Position – March 31, 2017 vs. December 31, 2016

1.1 Cash increased by PHP 5 Million (16%) from PHP 28 Million in December 2016 to PHP 33 Million in March 2017.

1.2 The Financial assets at fair value through profit and loss slightly increased by PHP 363 Million (3%) from PHP 12.5 Billion in December 2016 to PHP 12.9 Billion in March 2017. The increase is attributable to the impact of favorable market condition for the period.

1.3 Due from Brokers increased by PHP 215 Million (257%) from PHP 84 Million in December 2016 to PHP 299 Million in March 2017. This is due to outstanding amounts due from brokers in relation to disposals of investment in equity securities during the period. The proceeds of sales were settled three (3) days after the transaction date.

1.4 Accrued Interest increased by PHP 2 Thousand (23%) from PHP 8 Thousand in December 2016 to PHP 10 Thousand in March 2017. Collection of interest depends on the scheduled interest payments of each asset held.

1.5 Other assets pertain to prepaid expenses to be amortized until the end of accounting period.

1.6 Dividends Receivable increased by PHP 37 Million (381%) from PHP 9 Million to PHP 46 Million. Collection of receivable is dependent on the scheduled payment date of each listed stock from which dividend was received.

1.7 Accrued expenses and other payables increased by PHP 29 Million (247%) from PHP 12 Million to PHP 41 Million. The increase 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 (4) days from the transaction date.

1.8 Due to Brokers significantly increased by PHP 248 Million from PHP 11 Million in December 2016 to PHP 259 Million in March 2017. This is due to higher 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.

1.9 Payable to Fund Manager slightly decreased by PHP 466 Thousand (2%) from PHP 27.5 Million in December 2016 to PHP 27 Million in March 2017 mainly due to lower outstanding recoverable expenses due to SLAMCI for the period.

Average daily net asset value from January to March 2017 and January to March 2016 is PHP 13,056,545,786 and 15,171,797,614, respectively.

Statement of Comprehensive Income for Three Months Ended – March 31, 2017 vs. March 31, 2016

2.1 Revenues significantly increased by PHP 102 Million from loss of PHP (203) Thousand in March 2016 to income of PHP 102 Million in March 2017. The increase was due to trading gains realized from disposals of investments in equity securities and Dividend income earned during the period.

2.2 Decrease in Operating Expenses by PHP 11 Million (12%) from PHP 91 Million to PHP 80 Million was mainly due to lower management fees brought by lower AUM for the period.

2.3 Net investment profit for the period March 31, 2017 is PHP 600 Million; PHP 100 Million (20%) higher than last year's profit of PHP 500 Million. The increase was mainly due to realized trading gains from sale of investments in equity securities.

Statement of Changes in Equity

3.1 Total Equity registered an increase of PHP 344 Million (3%) from PHP 12.6 Billion as of December 31, 2016 to PHP 12.9 Billion as of March 31, 2017.

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 Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements.

Loans and receivables designated as at FVTPL

The Company designated its special savings deposits as 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, 2017 and December 31, 2016 the carrying amounts of special savings deposits amounted to PHP 706,100,000 and PHP 177,200,000, 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:

a. it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets;

b. it is in the class of instruments that is subordinate to all other classes of instruments;

c. all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;

d. apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments; and

e. the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument (excluding any effects of the instrument).

As at March 31, 2017 and December 31, 2016, the recognized equity in the statements of financial position amounted to PHP 12,963,835,332 and PHP 12,620,060,838, respectively.

Key Sources of Estimation Uncertainty

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

Deferred tax assets

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

As at March 31, 2017 and December 31, 2016, the carrying amounts of financial assets carried at fair value through profit and loss subsequent to initial recognition amounted to PHP 12,912,517,769 and PHP 12,549,365,190, respectively. The net unrealized fair value gain/(loss) on investments amounting to PHP 592,593,585 in March 31, 2017 and PHP 608,242,068 in March 31, 2016 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 debt securities and special savings deposits at fair value, which requires use of accounting estimates and judgment. Since market interest rate is a significant component of fair value measurement, fair value would differ if the Company applied a different set of reference rates in the valuation methodology. Any change in the fair value of these financial assets would affect profit or loss and equity.

<u>Compliance with Foreign Account Tax Compliance Act (FATCA)</u>

In accordance with the requirements of the US Internal Revenue Service ("IRS") and the Intergovernmental Agreement ("IGA") 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 has registered with the Internal Revenue Service (IRS) and has obtained its own GIIN as a sponsored entity. Sun Life Asset Management Company, Inc. ("SLAMCI") continues to assume responsibilities for the Fund's FATCA compliance as the Sponsoring Entity and 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, is preparing to comply for FATCA reporting on the date which will be set by the Bureau of Internal Revenue as soon as the IGA has been ratified by the Senate.

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, 2017

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, 2017			December 31, 2016	
	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 Corporation	1,736,253	1,210,168,341	974,959,518	1,961,923	1,285,059,5
Ayala Land Inc.	27,330,920	903,286,906	872,718,339	28,194,820	902,234,24
SM Prime Holdings Inc.	30,927,386	875,245,024	583,770,021	32,637,486	925,272,72
PLDT, INC.	279,336	459,787,056	578,802,627	193,856	264,613,44
JG Summit Holdings Inc.	8,008,650	651,503,678	497,056,262	8,360,900	565,614,86
Universal Robina Corporation	2,146,228	350,908,278	352,926,942	2,887,018	472,027,44
Ayala Corporation	762,625	644,418,125	518,963,088	806,545	589,181,12
Aboitiz Equity Ventures Inc	5,763,350	429,081,408	351,383,351	6,439,490	455,915,89
BDO Unibank Inc.	6,554,542	770,814,139	623,573,983	6,158,549	690,373,34
Metropolitan Bank & Trust Company	7,315,009	585,200,720	619,751,364	6,772,269	491,666,72
Bank of the Philippine Islands	3,925,332	397,243,598	358,689,015	5,566,592	494,313,37
GT Capital Holdings Inc.	397,045	454,616,525	515,889,294	336,515	427,374,05
Jollibee Foods Corporation	1,946,887	384,510,183	380,550,957	1,896,527	367,926,23
Metro Pacific Investments Corporation	89,722,740	540,130,895	499,732,708	88,086,240	586,654,35
Manila Electric Company	579,660	158,826,840	175,982,954	775,990	205,637,35
Energy Development Corporation	10,757,280	64,758,826	66,253,679	19,488,580	100,366,16
Semirara Mining and Power Corporation	2,589,960	382,278,096	323,636,629	2,231,330	290,072,90
Megaworld Corporation	33,705,030	113,923,001	155,807,453	41,925,030	149,672,35
Globe Telecom Inc.	99,295	201,767,440	207,208,252	85,520	129,049,68
Robinsons Land Corporation	3,670,900	84,430,700	98,923,759	4,236,200	110,141,20
International Container Terminal Services Inc.	3,794,840	341,156,116	333,573,921	2,992,110	215,282,31
Aboitiz Power Corporation	3,635,200	151,769,600	153,999,505	5,363,100	223,641,27
First Gen Corporation	8,154,490	170,836,566	192,180,582	8,368,990	184,117,78
DMCI Holdings Inc.	22,172,540	252,766,956	285,066,860	16,101,940	213,511,72
Alliance Global Group Inc.	9,567,540	121,316,407	203,694,079	9,567,540	122,273,16
PETRON CORPORATION	18,773,390	167,083,171	192,112,544	14,162,790	140,919,76
LT Group, Inc.	7,198,000	115,311,960	113,709,951	5,871,500	73,746,04
Robinsons Retail Holdings, Inc.	1,300,450	100,134,650	99,468,894	887,770	65,916,97
Security Bank Corporation	1,527,031	308,460,262	324,177,260	1,607,341	305,394,79
Puregold Price Club Inc.	2,301,200	100,562,440	103,423,015	-	-
Century Pacific Food Inc.	3,736,700	63,150,230	63,327,772	7,785,200	125,964,53
Manila Water Company Inc.	5,475,000	168,630,000	154,668,960	5,802,700	168,278,30
San Miguel Corporation	2,030,850	211,208,400	200,021,340	595,620	54,975,72
D&L Industries, Inc	12,276,200	156,153,264	149,287,616	3,887,500	44,317,50
CEMEX Holdings Philippines, Inc.	1,953,500	13,733,105	22,049,840	12,778,300	141,839,13
Total	342,115,359	12,105,172,904	11,347,342,335	354,813,781	11,583,346,03
	-	0	0		
Investments in UITF					
SB PESO MONEY MARKET FUND	78,716,023	101,244,864	N/A	615,571,967	788,819,15
Other Fixed Income Investments					
Special Savings Account - Hongkong & Shanghai Bank	84,100,000	84,100,000	N/A	37,600,000	37,600,00
Special Savings Account - Citibank	622,000,000	622,000,000	N/A	139,600,000	139,600,00
	706,100,000	706,100,000	-	177,200,000	177,200,00
GRAND TOTAL	1,126,931,382	P12,912,517,769	P11,347,342,335	1,147,585,748	P12,549,365,19

SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC.
Schedule of Financial Ratios
For the Period Ended March 31, 2017 and December 31, 2016

	2017	2016
Current/ Liquidty Ratios		
a. Current ratio	40.6:1	249.27:1
b. Quick ratio	40.6:1	249.27:1
c. Cash ratio	0.11:1	0.56:1
d. Days in receivable	N/A	N/A
e. Working capital ratio	0.98:1	1.00:1
f. Net working capital to sales ratio	126.74:1	22.94:1
g. Defensive Interval Ratio	13,538.91:1	12,593.71:1
Solvency Ratios		
a. Long-term debt to equity ratio	0.00	0.00
b. Debt to equity ratio	0.03	0.00
c. Long term debt to total asset ratio	0.03	0
d. Total debt to asset ratio	0.03	0.00
Asset to equity ratio	1.03	1.00
Interest rate coverage ratio	-	0.00
Profitability Ratio		
a. Earnings before interest and taxes (EBIT) margin	5.93	0.12
amortization (EBITDA) margin	5.93	0.12
c. Pre-tax margin	5.93	0.12
d. Effective tax rate	0.01	66.63%
e. Post-tax margin	5.88	0.04
f. Return on equity	0.05	0.16%
g. Return on asset	0.05	0.16%
Capital intensity ratio	129.94:1	23.03:1
Dividend payout ratio	N/A	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, 2017 and December 31, 2016

	2017			2016		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Treasury Notes (ISIN)						
US718286AP29	304,548	12,963,835,332	0.00%	-	-	-
US718286BC07	742,845	12,963,835,332	0.01%	-	-	-
Equities						
SM Investments Corporation	1,210,168,341	12,963,835,332	9.33%	1,285,059,565	12,620,060,838	10.18%
Ayala Land Inc.	903,286,906	12,963,835,332	6.97%	902,234,240	12,620,060,838	7.15%
SM Prime Holdings Inc.	875,245,024	12,963,835,332	6.75%	925,272,728	12,620,060,838	7.33%
PLDT, INC.	459,787,056	12,963,835,332	3.55%	264,613,440	12,620,060,838	2.10%
JG Summit Holdings Inc.	651,503,678	12,963,835,332	5.03%	565,614,885	12,620,060,838	4.48%
Universal Robina Corporation	350,908,278	12,963,835,332	2.71%	472,027,443	12,620,060,838	3.74%
Ayala Corporation	644,418,125	12,963,835,332	4.97%	589,181,123	12,620,060,838	4.67%
Aboitiz Equity Ventures Inc	429,081,408	12,963,835,332	3.31%	455,915,892	12,620,060,838	3.61%
BDO Unibank Inc.	770,814,139	12,963,835,332	5.95%	690,373,343	12,620,060,838	5.47%
Metropolitan Bank & Trust Company	585,200,720	12,963,835,332	4.51%	491,666,729	12,620,060,838	3.90%
Bank of the Philippine Islands	397,243,598	12,963,835,332	3.06%	494,313,370	12,620,060,838	3.92%
GT Capital Holdings Inc.	454,616,525	12,963,835,332	3.51%	427,374,050	12,620,060,838	3.39%
Jollibee Foods Corporation	384,510,183	12,963,835,332	2.97%	367,926,238	12,620,060,838	2.92%
Metro Pacific Investments Corporation	540,130,895	12,963,835,332	4.17%	586,654,358	12,620,060,838	4.65%
Manila Electric Company	158,826,840	12,963,835,332	1.23%	205,637,350	12,620,060,838	1.63%
Energy Development Corporation	64,758,826	12,963,835,332	0.50%	100,366,187	12,620,060,838	0.80%
Semirara Mining and Power Corporation	382,278,096	12,963,835,332	2.95%	290,072,900	12,620,060,838	2.30%
Megaworld Corporation	113,923,001	12,963,835,332	0.88%	149,672,357	12,620,060,838	1.19%
Globe Telecom Inc.	201,767,440	12,963,835,332	1.56%	129,049,680	12,620,060,838	1.02%
Robinsons Land Corporation	84,430,700	12,963,835,332	0.65%	110,141,200	12,620,060,838	0.87%
International Container Terminal Services Inc.	341,156,116	12,963,835,332	2.63%	215,282,315	12,620,060,838	1.71%
Aboitiz Power Corporation	151,769,600	12,963,835,332	1.17%	223,641,270	12,620,060,838	1.77%
First Gen Corporation	170,836,566	12,963,835,332	1.32%	184,117,780	12,620,060,838	1.46%
DMCI Holdings Inc.	252,766,956	12,963,835,332	1.95%	213,511,724	12,620,060,838	1.69%
Alliance Global Group Inc.	121,316,407	12,963,835,332	0.94%	122,273,161	12,620,060,838	0.97%
PETRON CORPORATION	167,083,171	12,963,835,332	1.29%	140,919,761	12,620,060,838	1.12%
LT Group, Inc.	115,311,960	12,963,835,332	0.89%	73,746,040	12,620,060,838	0.58%
Robinsons Retail Holdings, Inc.	100,134,650	12,963,835,332	0.77%	65,916,923	12,620,060,838	0.52%
Security Bank Corporation	308,460,262	12,963,835,332	2.38%	305,394,790	12,620,060,838	2.42%
Puregold Price Club Inc.	100,562,440	12,963,835,332	0.78%	-	-	-
Century Pacific Food Inc.	63,150,230	12,963,835,332	0.49%	125,964,536	12,620,060,838	1.00%
Manila Water Company Inc.	168,630,000	12,963,835,332	1.30%	168,278,300	12,620,060,838	1.33%
San Miguel Corporation	211,208,400	12,963,835,332	1.63%	54,975,726	12,620,060,838	0.44%
D&L Industries, Inc	156,153,264	12,963,835,332	1.20%	44,317,500	12,620,060,838	0.35%
CEMEX Holdings Philippines, Inc.	13,733,105	12,963,835,332	0.11%	141,839,130	12,620,060,838	1.12%
Investments in UITF						
SB PESO MONEY MARKET FUND	101,244,864	12,963,835,332	0.78%	788,819,156	12,620,060,838	6.25%

ii. **Total Investment of the Fund to the Outstanding Securities of an Investee Company**
As of March 31, 2017 and December 31, 2016

	2017			2016		
	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee
Treasury Notes (ISIN)						
US718286AP29	304,548	**	-	-	-	-
US718286BC07	742,845	**	-	-	-	-
Equities						
SM Investments Corporation	1,736,253	1,204,582,867	0.14%	1,961,923	1,204,582,867	0.16%
Ayala Land Inc.	27,330,920	14,712,682,588	0.19%	28,194,820	14,712,682,588	0.19%
SM Prime Holdings Inc.	30,927,386	28,879,231,694	0.11%	32,637,486	28,879,231,694	0.11%
PLDT, INC.	279,336	216,055,775	0.13%	193,856	216,055,775	0.09%
JG Summit Holdings Inc.	8,008,650	7,162,841,657	0.11%	8,360,900	7,162,841,657	0.12%
Universal Robina Corporation	2,146,228	2,204,161,868	0.10%	2,887,018	2,204,161,868	0.13%
Ayala Corporation	762,625	620,726,154	0.12%	806,545	620,726,154	0.13%
Aboitiz Equity Ventures Inc	5,763,350	5,633,792,557	0.10%	6,439,490	5,633,792,557	0.11%
BDO Unibank Inc.	6,554,542	4,367,335,214	0.15%	6,158,549	4,367,024,454	0.14%
Metropolitan Bank & Trust Company	7,315,009	3,180,172,786	0.23%	6,772,269	3,180,172,786	0.21%
Bank of the Philippine Islands	3,925,332	3,929,090,393	0.10%	5,566,592	3,929,090,393	0.14%
GT Capital Holdings Inc.	397,045	174,300,000	0.23%	336,515	174,300,000	0.19%
Jollibee Foods Corporation	1,946,887	1,080,992,279	0.18%	1,896,527	1,076,583,542	0.18%
Metro Pacific Investments Corporation	89,722,740	31,504,178,752	0.28%	88,086,240	31,504,178,752	0.28%
Manila Electric Company	579,660	1,127,098,705	0.05%	775,990	1,127,098,705	0.07%
Energy Development Corporation	10,757,280	18,737,010,000	0.06%	19,488,580	18,737,010,000	0.10%
Semirara Mining and Power Corporation	2,589,960	1,065,286,430	0.24%	2,231,330	1,065,286,430	0.21%
Megaworld Corporation	33,705,030	32,239,445,872	0.10%	41,925,030	32,239,445,872	0.13%
Globe Telecom Inc.	99,295	132,742,402	0.07%	85,520	132,742,402	0.06%
Robinsons Land Corporation	3,670,900	4,093,830,685	0.09%	4,236,200	4,093,830,685	0.10%

International Container Terminal Services Inc.	3,794,840	2,023,963,543	0.19%	2,992,110	2,023,963,543	0.15%
Aboitiz Power Corporation	3,635,200	7,358,604,307	0.05%	5,363,100	7,358,604,307	0.07%
First Gen Corporation	8,154,490	3,660,943,557	0.22%	8,368,990	3,660,943,557	0.23%
DMCI Holdings Inc.	22,172,540	13,277,470,000	0.17%	16,101,940	13,277,470,000	0.12%
Alliance Global Group Inc.	9,567,540	10,269,827,979	0.09%	9,567,540	10,269,827,979	0.09%
PETRON CORPORATION	18,773,390	9,375,104,497	0.20%	14,162,790	9,375,104,497	0.15%
LT Group, Inc.	7,198,000	10,821,388,889	0.07%	5,871,500	10,821,388,889	0.05%
Robinsons Retail Holdings, Inc.	1,300,450	1,385,000,000	0.09%	887,770	1,385,000,000	0.06%
Security Bank Corporation	1,527,031	753,538,887	0.20%	1,607,341	753,538,887	0.21%
Puregold Price Club Inc.	2,301,200	2,765,381,406	0.08%	-	-	-
Century Pacific Food Inc.	3,736,700	3,542,258,595	0.11%	7,785,200	3,542,258,595	0.22%
Manila Water Company Inc.	5,475,000	2,053,945,884	0.27%	5,802,700	2,053,945,884	0.28%
San Miguel Corporation	2,030,850	2,378,524,978	0.09%	595,620	2,378,524,978	0.03%
D&L Industries, Inc	12,276,200	7,142,857,990	0.17%	3,887,500	7,142,857,990	0.05%
CEMEX Holdings Philippines, Inc.	1,953,500	5,195,395,454	0.04%	12,778,300	5,195,395,454	0.25%
Investments in UITF						
SB PESO MONEY MARKET FUND	78,716,023	25,694,090,000	0.31%	615,571,967	27,435,200,000	2.24%

iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets
As of March 31, 2017 and December 31, 2016

	2017	2016
Total Liquid and Semi-Liquid Assets	13,290,442,713	12,670,892,371
TOTAL ASSETS	13,291,214,706	12,670,892,371
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, 2017 and December 31, 2016

	2017	2016
Total Operating Expenses	80,579,476	362,206,394
Average Daily Net Worth	13,056,545,786	14,736,351,832
Total Operating Expenses to Total Net Worth	0.62%	2.46%

v. Total Assets to Total Borrowings
As of March 31, 2017 and December 31, 2016

	2017	2016
Total Assets	13,291,214,706	12,670,892,371
Total Borrowings	327,379,374	50,831,533
Total Assets to Total Borrowings	4060%	24927%

Sun Life
Asset Management

FUND FACTS
Sun Life of Canada Prosperity Philippine Equity Fund
January 31, 2017

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.

Launch Date	April 5, 2000	Minimum Holding Period	None	Minimum Subscription	PHP 5,000
Fund Size	PHP 13,064,441,268.43	Management and Distribution Fee	2.00%	Minimum Subsequent	PHP 1,000
Net Asset Value Per Share	3.923	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?

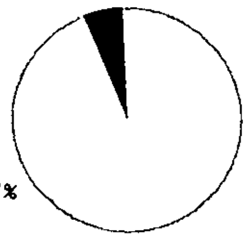
The Sun Life of Canada Prosperity Philippine Equity Fund aims to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.

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.

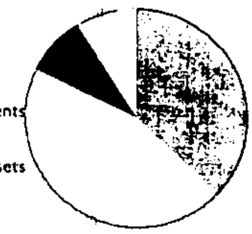
Top Equity Holdings

1. SM Investments Corporation, 9.97%
2. Ayala Land Inc., 7.43%
3. SM Prime Holdings Inc., 7.2%
4. BDO Unibank Inc., 5.66%
5. JG Summit Holdings Inc., 4.71%
6. Ayala Corporation, 4.63%
7. Metropolitan Bank & Trust Company, 4.57%
8. Metro Pacific Investments Corp., 4.56%
9. Universal Robina Corporation, 4.07%
10. Bank of the Philippine Islands, 3.78%

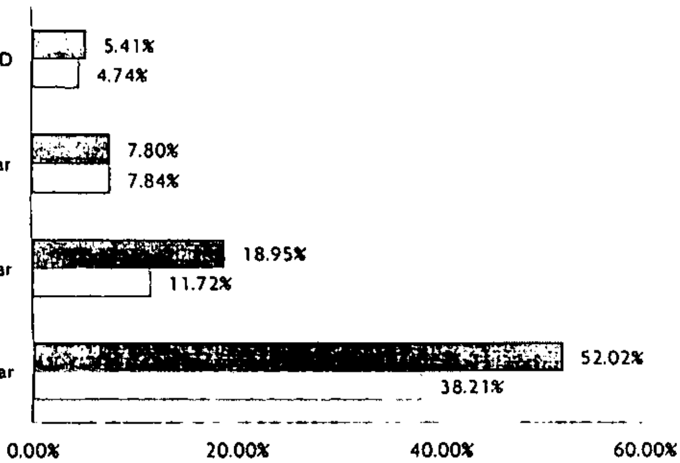
Investment Mix



Sector Allocation



How has the Fund performed?



What is the outlook on the market?

The PSEi had a solid start to the year, jumping 5.7% in the month of January. Bulk of the gains were largely seen during the first trading week of the year as local investors snapped up bargains which were heavily sold down during the last trading weeks of 2016. Foreigners were also net buyers for the first time since August 2016 as net foreign inflows amounted to USD5.8m. However, volumes remained thin for January as average value turnover amounted to only USD119m compared to USD157m for 2016.

For the month, the services (+9.26%) and property sectors (+7.16%) led the gainers while the mining (+1.87%) and industrial sectors (+2.99%) were the laggards.

The fund gained 4.74% on the first month of the year, lagging the PSEi-based benchmark by 67 bps. This is mainly due to allocation and selection effects in the Conglomerates sector, dragged by allocation effect in Telecommunications and Mining/Oil sectors, as well as in Cash. Meanwhile, stock selection in Banks improved the relative performance.

We expect volume to pick up in February as investors start to digest Trump's policies following his inauguration last January. Market players will closely examine if President Trump will follow through on his controversial campaign rhetoric centering on protectionist policies. Domestically, focus will be on corporate earnings with expectations implying an 8% jump YoY for FY16. Moreover, impact of potential protectionist policies may also harm US BPO firms operating in the Philippines and headlines focusing on these will be followed closely as well. In the short term, we expect the PSEi to trade within the 7,000 to 7,400 range.

Sun Life
Asset Management

FUND FACTS
Sun Life of Canada Prosperity Philippine Equity Fund
February 28, 2017

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.

Launch Date	April 5, 2000	Minimum Holding Period	None	Minimum Subscription	PHP 5,000
Fund Size	PHP 12,976,618,110.07	Management and Distribution Fee	2.00%	Minimum Subsequent	PHP 1,000
Net Asset Value Per Share	3.892	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?

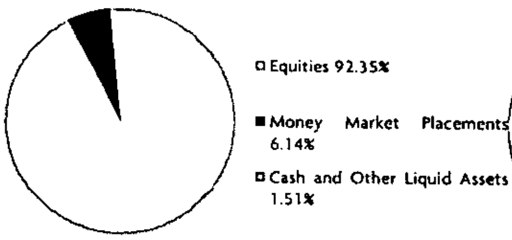
The Sun Life of Canada Prosperity Philippine Equity Fund aims to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.

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.

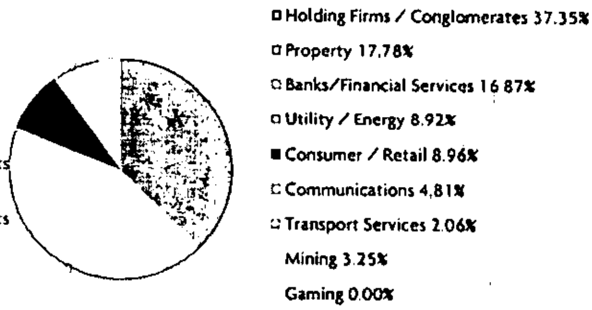
Top Equity Holdings

1. SM Investments Corporation, 9.66%
2. Ayala Land Inc., 7.39%
3. SM Prime Holdings Inc., 7.17%
4. BDO Unibank Inc., 5.86%
5. JG Summit Holdings Inc., 4.62%
6. Ayala Corporation, 4.61%
7. Metropolitan Bank & Trust Co., 4.3%
8. Metro Pacific Investments, 4.23%
9. Universal Robina Corporation, 3.8%
10. GT Capital Holdings Inc., 3.68%

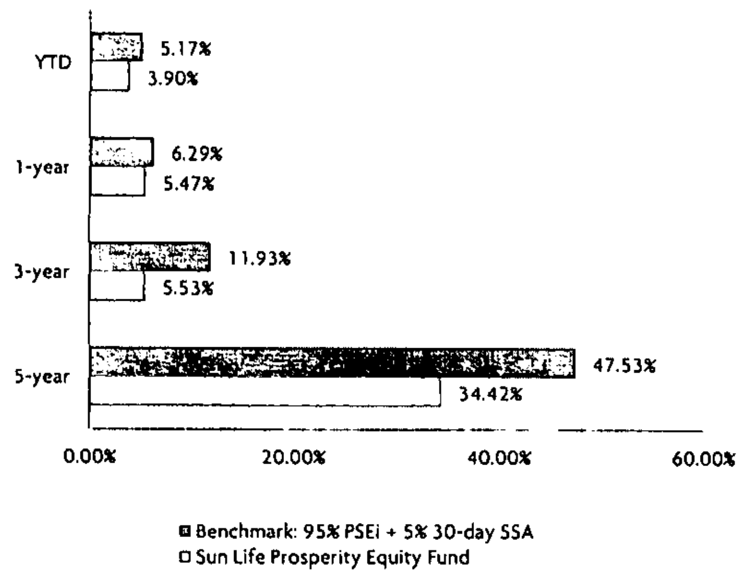
Investment Mix



Sector Allocation



How has the Fund performed?



Market Review

- PSEi was down 0.2% for the month to end at 7,212, still within the past 2-month trading range of 7,100 to 7,400
- Market drivers: (1) Foreigners turned net sellers by $104m; (2) full year 2016 corporate earnings mostly within expectations which grew by 11%
- The fund lost 0.80% for the month, lagging the PSEi-based benchmark by 0.57%
- Financial and Industrial sectors outperformed during the month while Property and Holding sectors lagged

Sun Life Asset Management

FUND FACTS
Sun Life of Canada Prosperity Philippine Equity Fund
March 31, 2017

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.

Launch Date	April 5, 2000	Minimum Holding Period	None	Minimum Subscription	PHP 5,000
Fund Size	PHP 12,963,835,335.57	Management and Distribution Fee	2.00%	Minimum Subsequent	PHP 1,000
Net Asset Value Per Share	3.9232	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?

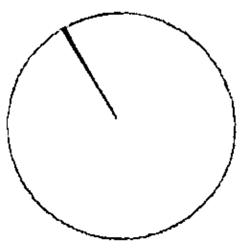
The Sun Life of Canada Prosperity Philippine Equity Fund aims to generate long-term capital appreciation through investment in high-quality equity securities diversified across sectors and issue sizes to provide moderate portfolio volatility.

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.

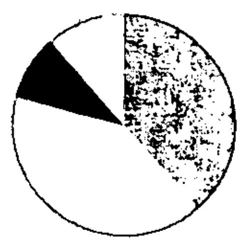
Top Equity Holdings

1. SM Investments Corporation, 9.11%
2. Ayala Land Inc., 6.8%
3. SM Prime Holdings Inc., 6.59%
4. BDO Unibank Inc., 5.8%
5. JG Summit Holdings Inc., 4.9%
6. Ayala Corporation, 4.85%
7. Metropolitan Bank & Trust Co., 4.4%
8. Metro Pacific Investments, 4.06%
9. PLDT, Inc., 3.46%
10. GT Capital Holdings Inc., 3.42%

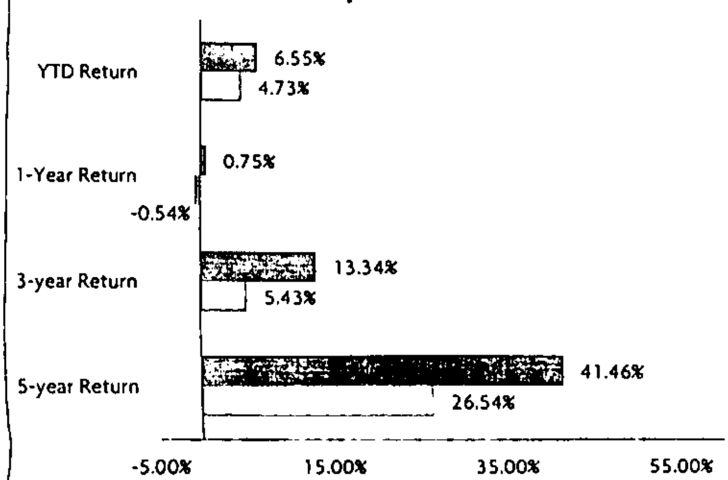
Investment Mix



Sector Allocation



How has the Fund performed?



Market Review

- PSEi was up 1.4% for the month to end at 7,311 despite foreign selling of USD 131m.
- Market drivers: (1) Full-year 2016 earnings were up 17%, ahead of expectations (2) February loans growth up by 17%; and (3) OFW remittances were up by 8.6%.
- The Fund gained 0.81% for the month, lagging the PSEi-based benchmark by 0.50%.
- Services, Holding and Financial sectors outperformed during the month while Property and Mining sectors lagged.