COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	4	0	3	3	6	3

Company Name

SUN LIFE PROSPERITY PESO
STARTER FUND INC.

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

SUN LIFE CENTRE 5TH AVE. COR.
RIZAL DRIVE, BONIFACIO GLOBAL
CITY, TAGUIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
sunlife_sec_communications@sunlife.com	8555-8888	0999-991-7178

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
65,621	Every Fourth Friday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
JEANEMAR S. TALAMAN	Jeanemar.Talaman@sunlife.com	8555-8888	N/A

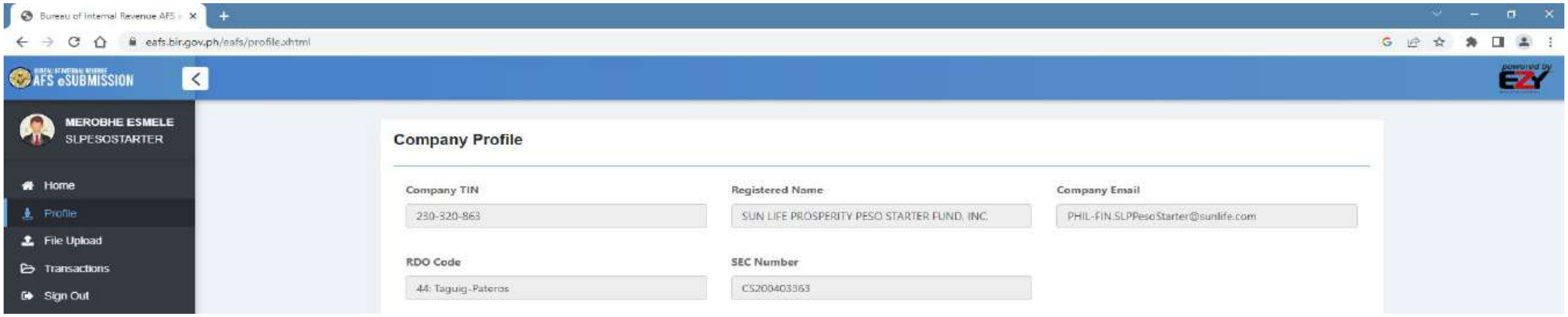
Contact Person's Address

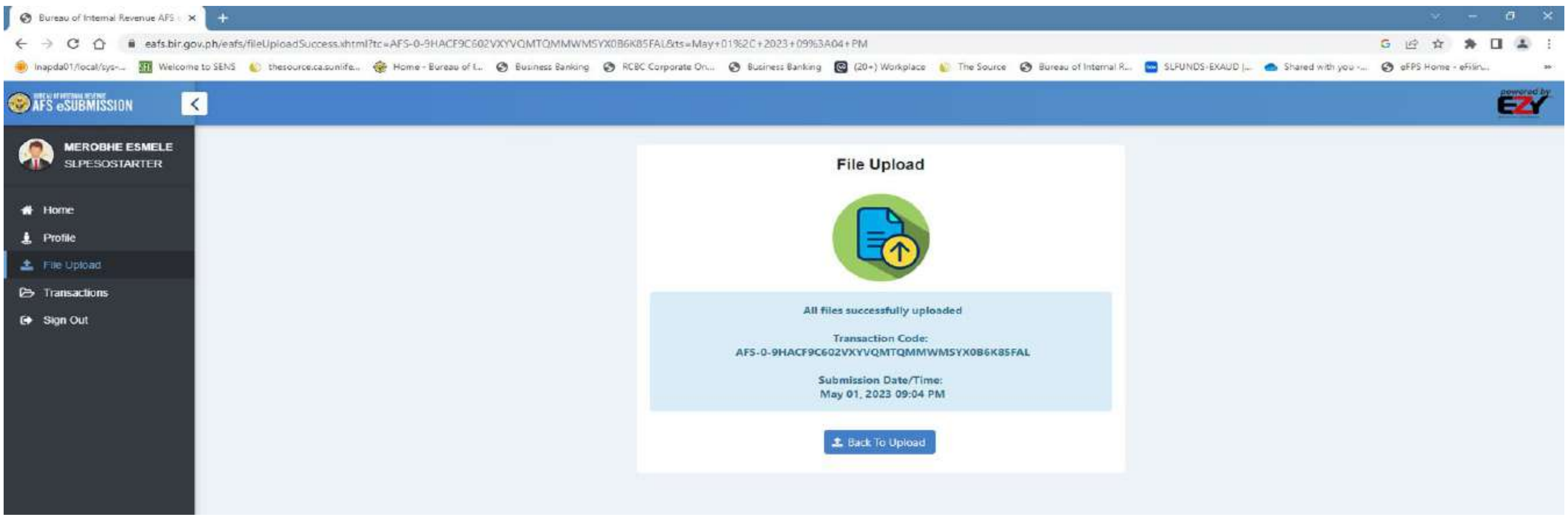
SUN LIFE CENTRE, 5TH AVE. COR. RIZAL DRIVE, BONIFACIO GLOBAL CITY, TAGUIG CITY

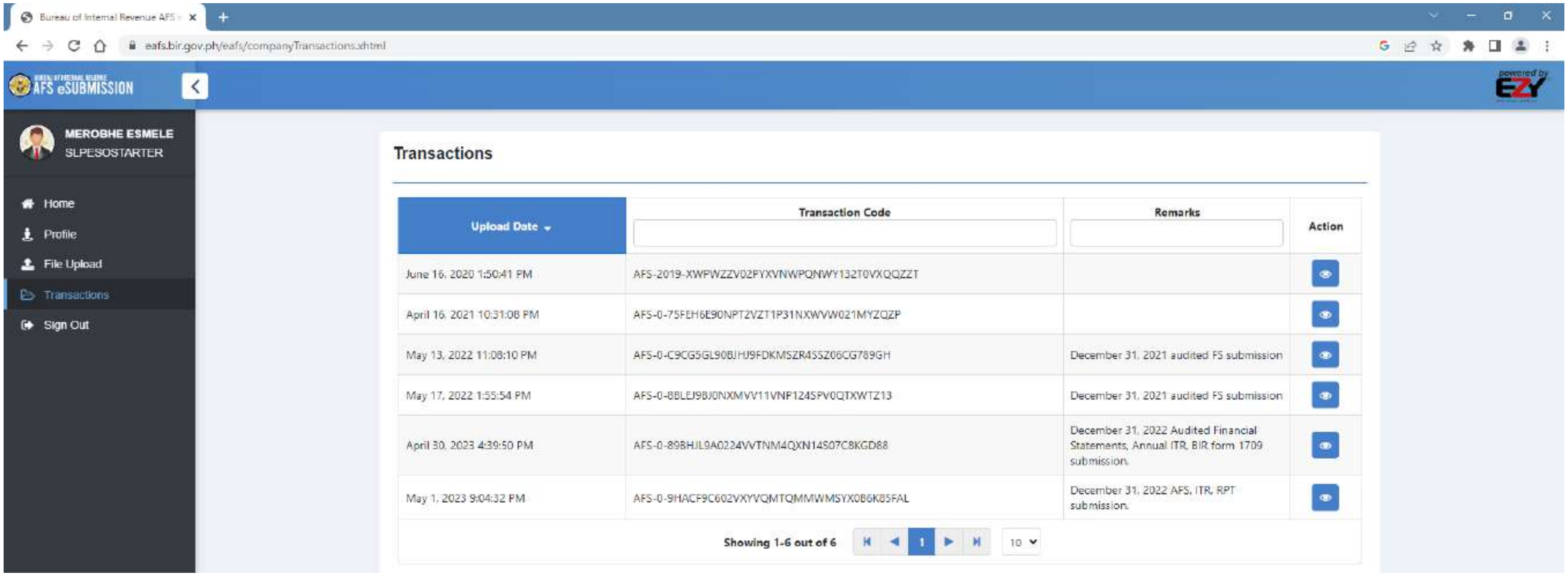
Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commimission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of teh new contact person designated

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Futher, non-receipt of Notice of Defeciencies shall not excuse the corporation from liability for its deficiencies.

2022 AFS filing in BIR eAFS



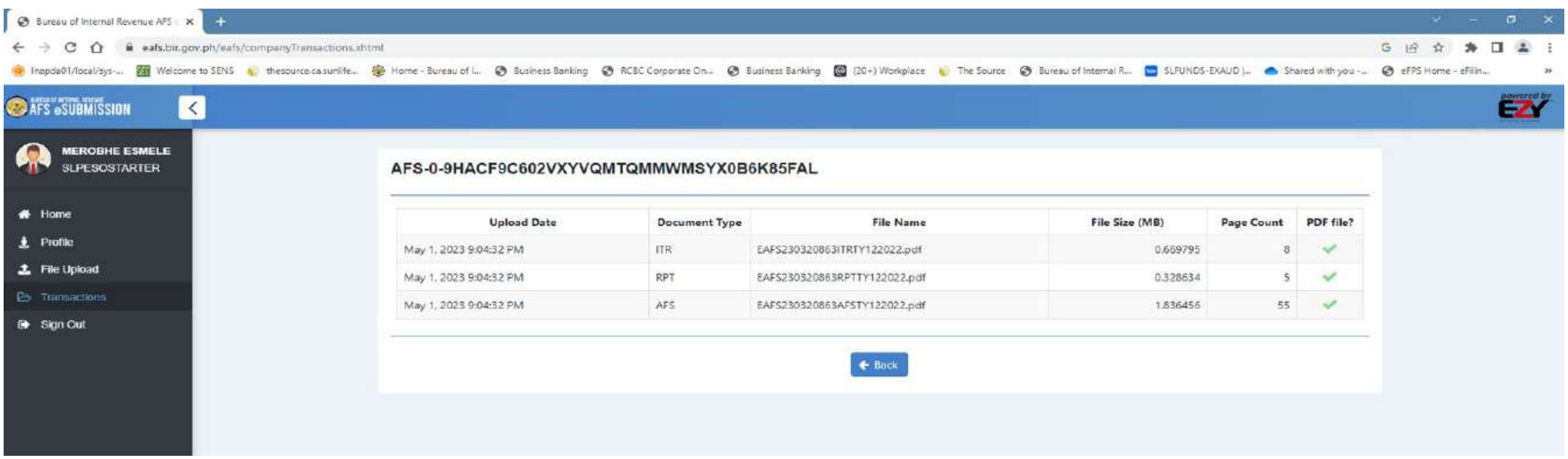




Transactions

Upload Date	Transaction Code	Remarks	Action
June 16, 2020 1:50:41 PM	AFS-2019-XWPWZZV02PYXVNWPQNWY132T0VXQQZZT		
April 16, 2021 10:31:08 PM	AFS-0-75FEH6E90NPT2VZT1P31NXWVW021MYZQZP		
May 13, 2022 11:08:10 PM	AFS-0-C9CG5GL90BJHJ9FDKMSZR4SSZ06CG789GH	December 31, 2021 audited FS submission	
May 17, 2022 1:55:54 PM	AFS-0-8BLEJ9BJ0NXMVV11VNP124SPV0QTXWTZ13	December 31, 2021 audited FS submission	
April 30, 2023 4:39:50 PM	AFS-0-89BHJL9A0224VVTNM4QXN14S07C8KGD88	December 31, 2022 Audited Financial Statements, Annual ITR, BIR form 1709 submission.	
May 1, 2023 9:04:32 PM	AFS-0-9HACF9C602VXYVQMTQMMWMSYX0B6K85FAL	December 31, 2022 AFS, ITR, RPT submission.	

Showing 1-6 out of 6



AFS-0-9HACF9C602VXYVQMTQMMWMSYX0B6K85FAL

Upload Date	Document Type	File Name	File Size (MB)	Page Count	PDF file?
May 1, 2023 9:04:32 PM	ITR	EAFS230320863ITRTY122022.pdf	0.669795	8	✓
May 1, 2023 9:04:32 PM	RPT	EAFS230320863RPTTY122022.pdf	0.328634	5	✓
May 1, 2023 9:04:32 PM	AFS	EAFS230320863AFSTY122022.pdf	1.836456	55	✓

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

June 22, 2021

REVENUE MEMORANDUM CIRCULAR NO. 82-2021

SUBJECT : Absence of Confirmation/Acknowledge Email After Uploading of Documents to eAFS System

TO : All Internal Revenue Officials, Employees and Others Concerned

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There are reported incidents that, due to technical issues in the Bureau's electronic Audited Financial Statements (eAFS) System, certain taxpayers fail to receive confirmation/acknowledgment emails for scanned copies of documents uploaded to the said system. For this reason, these taxpayers cannot present to other offices, such as the Security and Exchange Commission (SEC), any proof of its submission to this Bureau.

Accordingly, in lieu of the confirmation/acknowledgement email, copies of screenshots from the eAFS clearly showing the details contained in each screenshot, illustrated as follows:

Companies

Company TIN ⇕	Registered Name ⇕	RDO Code ⇕
123-456-789		
123-456-789	XYZ COMPANY LTD.	21 - Sta. Cruz

Showing 1-1 out of 1 | 1 | 10

Transactions

Upload Date	Transaction Code	Remarks	Action
May 27, 2021 11:17:21 AM	AFS-0-9GKJCHB7022QMV3WWPYYZP4VM04QVMZQV3		

Showing 1-1 out of 1 | 1 | 10

BUREAU OF INTERNAL REVENUE
RECEIVED
JUL 07 2021
4:20 pm
RECORDS MGT. DIVISION

AFS-0-9GKJCHB7022QMV3WWPYYZP4VM04QVMZQV3

Upload Date	File Name	Document Type	File Size (MB)	Page Count	PDF file?
May 27, 2021 11:17:22 AM	EAFS009295710OTHTY122020.pdf	OTHER	[illegible]	25	
May 27, 2021 11:17:22 AM	EAFS009295710ITRTY122020.pdf	ITR	[illegible]	25	
May 27, 2021 11:17:23 AM	EAFS009295710AFSTY122020.pdf	AFS	[illegible]	[illegible]	

are hereby considered sufficient as proof of submission to this Bureau by the concerned taxpayer of the documents described in the screenshots.

All are enjoined to give this Circular a wide publicity as possible. The provisions of these Circular shall take effect immediately.

CAESAR R. DULAY
Commissioner of Internal Revenue
043987

J-5

BUREAU OF INTERNAL REVENUE
RECEIVED
JUL 07 2021
4:20 pm
RECORDS MGT. DIVISION

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 230-320-863-000
Name	: SUN LIFE PROSPERITY PESO STARTER FUND, INC.
RDO	: 044
Form Type	: 1702
Reference No.	: 462300053337487
Amount Payable (Over Remittance)	: 13,777,605.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2022
Date Filed	: 04/12/2023
Tax Type	: IT

Proceed to Payment

Reference No : 462300053337487
Date Filed : April 12, 2023 11:32 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**	**Annual Income Tax Return** **For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate** *Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For (X) Calendar ( ) Fiscal
2 Year Ended (MM/20YY): 12/2022
3 Amended Return? ( ) Yes (X) No
4 Short Period Return? ( ) Yes (X) No
5 Alphanumeric Tax Code (ATC): IC055 Minimum Corporate Income Tax (MCIT); IC010

Part I - Background Information

6 Taxpayer Identification Number (TIN): 230 - 320 - 863 - 000
7 RDO Code: 044
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*: SUN LIFE PROSPERITY PESO STARTER FUND, INC.
9A Registered Address *(Indicate complete registered address)*: 5F SUN LIFE CENTER 5TH AVE. COR. RIZAL DRIVE FORT BONIFACIO TAGUIG CITY
9B Zipcode: 1630
10 Date of Incorporation/Organization (MM/DD/YYYY):
11 Contact Number: 8866188
12 Email Address: PHIL-FIN_FAR2@sunlife.com
13 Method of Deductions: (X) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		225,103,471
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		211,325,866
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		13,777,605
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		13,777,605

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Valerie N. Pama VALERIE N. PAMA Signature over printed name of President/Principal Officer/Authorized Representative	JEANEMAR S. TALAMAN Signature over printed name of Treasurer/Assistant Treasurer	**22** Number of Attachments
Title of Signatory: PRESIDENT; TIN: 106906963	Title of Signatory: TREASURER; TIN: 936417709	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
230 - 320 - 863 - 000	SUN LIFE PROSPERITY PESO STARTER FUND, INC.

Part IV - Computation of Tax	*(Do NOT enter Centavos)*
27 Sales/Receipts/Revenues/Fees	1,401,409,738
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	1,401,409,738
30 Less: Cost of Sales/Services	238,888,399
31 Gross Income from Operation *(Item 29 Less Item 30)*	1,162,521,339
32 Add: Other Taxable Income Not Subjected to Final Tax	6,724,754
33 Total Taxable Income *(Sum of Items 31 and 32)*	1,169,246,093

Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	268,832,209
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	268,832,209
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction *(40% of Item 33)*	0

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	900,413,884
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	225,103,471
42 MCIT Due *(2% of Item 33)*	11,692,461
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	225,103,471

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	211,325,866
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	211,325,866
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	13,777,605

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
230 - 320 - 863 - 000	SUN LIFE PROSPERITY PESO STARTER FUND, INC.

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	0
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	4,218,331
16 Transportation and Travel	0
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	462,453
c Security Services	0
d MANAGEMENT AND CONSULTATION FEES	171,338,908
e DISTRIBUTION FEES	77,881,322
f CUSTODIANSHIP FEES	13,496,452
g OFFICE SUPPLIES	384,725
h DIRECTORS' FEES	259,940
i OTHERS	790,078
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	268,832,209

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*			0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
230 - 320 - 863 - 000	SUN LIFE PROSPERITY PESO STARTER FUND, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	0
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4		0	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	2,364,805,902
Add: Non-deductible Expenses/Taxable Other Income	
2 NET REALIZED LOSSES ON INVESTMENTS	9,164,228
3 NONDEDUCTIBLE EXPENSES	814,261
4 Total *(Sum of Items 1 to 3)*	2,374,784,391
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME SUBJECT TO FINAL TAX	1,388,411,112
6 OTHERS	85,959,395
6.1 NET UNREALIZED GAINS ON INVESTMENTS	39,938,488
6.2 INTEREST INCOME EXEMPT FROM INCOME TAX	31,521,934
6.3 REVERSAL OF EXPECTED CREDIT LOSSES	14,498,973
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	1,474,370,507
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	900,413,884

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

eFPS Payment Details

TIN : 230 - 320 - 863 - 000
Name : SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Tax Period : 12/31/2022
Reference Number : 462300053337487
Tax Type : IT - Annual Income Tax Return (REGULAR)

Payment Transaction Number	: 233961015
Date	: 04/12/2023
Cash Amount Paid	: 13,777,605.00
Bank	: 026000 - RCBC

Origin	Bank Code	Amount	Number	Date	Status	Message	CBR BCS No.
Pending Online Confirmation	026000	13,777,605.00	-		Unknown	60 - Details of Payment were redirected to the corresponding Bank. Please verify with your Bank.	56607
Batch Confirmation	026000	13,777,605.00	04122023234123782217	04/14/2023	Authorized	0 - Successful	56607
Batch Acknowledgment	026000	13,777,605.00	04122023234123782217	04/14/2023	Authorized	0 - Successful	56607

Total Payments (Successful/Unsuccessful): 13,777,605.00
Total Payments (Successful) : **13,777,605.00**

Print Close

Sun Life

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The Management of Sun Life Prosperity Peso Starter Fund, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020, in accordance with the Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Those charged with governance review and approve the financial statements including the schedules attached therein, and submits the same to the stockholders.

Navarro Amper & Co., the independent auditor appointed by the stockholders for the periods December 31, 2022 and 2021, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

Benedicto C. Sison, Chairman of the Board

Valerie N. Pama, President

Jeanemar S. Talaman, Treasurer

Signed this 8th day of March 2023.

Sun Life

MAR 1 0 2023 CITY OF MAKATI

Subscribed and sworn to me before this ___ day of ______ 2023 at ___________, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government Issued ID	Date/Place Issued
Benedicto C. Sison	Passport ID P8268568B	24 Nov 2021/DFA Manila
Valerie N. Pama	Passport ID P7158454B	8 July 2021/DFA Manila
Jeanemar S. Talaman	Driver's License F03-13-001744	05 June 2018/ DLRC - Ayala

WITNESS MY HAND AND SEAL on the date and place above written:
Doc. No. 110
Page No. 23
Book No. XIII
Series of 2023.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-39 (2023-2024)
PTR No. 9563522 Jan. 3, 2023/ Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Navarro Amper & Co.

Navarro Amper & Co.
19th Floor Six/NEO Building
5th Avenue corner 26th Street
Bonifacio Global City, 1634 Taguig
Philippines

Tel: +63 2 8581 9000
Fax: +63 2 8869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0004-SEC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Prosperity Peso Starter Fund, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2022, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements
TIN 005299331

By:

Joeffrey Mark P. Ferrer
Partner
CPA License No. 0115793
SEC A.N. 115973-SEC, issued on August 2, 2022; Group A, valid to audit 2021 to 2025 financial statements
TIN 211965340
BIR A.N. 08-002552-058-2021, issued on September 8, 2021; effective until September 7, 2024
PTR No. A-5701204, issued on January 12, 2023, Taguig City

Taguig City, Philippines
April 14, 2023

SUN LIFE PROSPERITY PESO STARTER FUND, INC.
(An Open-end Investment Company)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	6	**P 11,710,002,438**	P 24,723,816,674
Financial assets at fair value through profit or loss	8	**8,704,871,037**	46,763,747,555
Financial assets at amortized cost - current portion	9	**15,274,970,365**	31,387,756,217
Accrued interest receivable	7	**478,127,675**	906,936,231
Other current assets		**26,325**	286,973
Total Current Assets		**36,167,997,840**	103,782,543,650
Non-current Asset			
Financial assets at amortized cost - net of current portion	9	**16,290,629,002**	23,494,360,421
Deferred tax assets	18	**25,195,024**	28,819,767
Total Non-current Assets		**16,315,824,026**	23,523,180,188
		P52,483,821,866	P127,305,723,838
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	10	**P 213,040,164**	P 98,854,020
Payable to fund manager	11	**19,254,837**	41,831,358
Income tax payable		**13,777,605**	71,475,494
Total Current Liabilities		**246,072,606**	212,160,872
Equity			
Share capital	12	**199,999,995**	199,999,994
Deposit for future share subscriptions	12	**25,185,465,266**	100,135,343,464
Additional paid-in capital	13	**19,834,438,173**	21,654,070,848
Retained earnings		**7,021,087,576**	5,194,851,220
		52,240,991,010	127,184,265,526
Treasury shares	12	**(3,241,750)**	(90,702,560)
Total Equity		**52,237,749,260**	127,093,562,966
		P 52,483,821,866	P127,305,723,838
Net Asset Value Per Share	14	**P 1.3384**	P 1.3156

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Notes	**2022**	2021	2020
Investment Income - net				
Interest income	15	**P2,821,342,784**	P2,388,401,162	P1,742,874,125
Net realized gains (losses) on investments	8, 9	**(9,164,228)**	14,697,032	119,198,537
Other income		**6,724,754**	390,417	442,324
		2,818,903,310	2,403,488,611	1,862,514,986
Operating Expenses				
Management and transfer fees	11	**335,574,682**	317,531,694	180,086,711
Distribution fees	11	**152,533,947**	144,332,579	81,857,589
Provision for (reversal of) expected credit losses	9, 20	**(14,498,973)**	57,333,701	-
Taxes and licenses	10	**5,032,592**	23,206,826	26,207,743
Custodian fees		**13,496,452**	8,041,116	5,759,668
Professional fees		**462,453**	937,248	420,948
Directors' fees	11	**259,940**	421,308	314,615
Printing and supplies		**384,725**	360,308	227,298
Miscellaneous		**790,078**	528,635	603,828
		494,035,896	552,693,415	295,478,400
Profit Before Net Unrealized Gains		**2,324,867,414**	1,850,795,196	1,567,036,586
Net Unrealized Gains on Investments	8	**39,938,488**	20,285,651	24,082,460
Profit Before Tax		**2,364,805,902**	1,871,080,847	1,591,119,046
Income Tax Expense	18	**538,569,546**	382,285,489	185,389,877
Total Comprehensive Income for the Year		**P 1,826,236,356**	P1,488,795,358	P1,405,729,169
Basic Earnings per Share	16	**P 0.091**	P 0.075	P 0.070
Diluted Earnings per Share	16	**P 0.017**	P 0.015	P 0.032

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER FUND, INC.
(An Open-end Investment Company)

STATEMENTS OF CHANGES IN EQUITY

		For the Years Ended December 31					
	Notes	**Share Capital**	**Deposits for Future Share Subscriptions**	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Shares**	**Total**
Balance, January 1, 2020	12, 13	P199,999,990	P11,288,711,898	P22,831,936,105	P2,300,326,693	(P 980,757)	P36,619,993,929
Total comprehensive income for the year		-	-	-	1,405,729,169	-	1,405,729,169
Transactions with owners:	12						
Issuance of new shares during the year		4		459	-	-	463
Acquisition of treasury shares during the year		-	-	-	-	(15,865,598,919)	(15,865,598,919)
Reissuance of treasury shares during the year		-	-	(190,885,392)	-	15,866,569,302	15,675,683,910
Receipt of deposit for future share subscriptions		-	108,712,159,126	-	-	-	108,712,159,126
Redemption of deposit for future share subscriptions		-	(63,518,781,649)	(257,442,633)	-	-	(63,776,224,282)
Total transactions with owners		4	45,193,377,477	(448,327,566)	-	970,383	44,746,020,298
Balance, December 31, 2020	12, 13	199,999,994	56,482,089,375	22,383,608,539	3,706,055,862	(10,374)	82,771,743,396
Total comprehensive income for the year		-	-	-	1,488,795,358	-	1,488,795,358
Transactions with owners:	12						
Issuance of new shares during the year		-	-	-	-	-	-
Acquisition of treasury shares during the year		-	-	-	-	(9,884,515,045)	(9,884,515,045)
Reissuance of treasury shares during the year		-	-	(218,568,407)	-	9,793,822,859	9,575,254,452
Receipt of deposit for future share subscriptions		-	180,312,804,733	-	-	-	180,312,804,733
Redemption of deposit for future share subscriptions		-	(136,659,550,644)	(510,969,284)	-	-	(137,170,519,928)
Total transactions with owners		-	43,653,254,089	(729,537,691)	-	(90,692,186)	42,833,024,212
Balance, December 31, 2021	12, 13	199,999,994	100,135,343,464	21,654,070,848	5,194,851,220	(90,702,560)	127,093,562,966
Total comprehensive income for the year		-	-	-	1,826,236,356	-	1,826,236,356
Transactions with owners:	12						
Issuance of new shares during the year		1		157	-	-	158
Acquisition of treasury shares during the year		-	-	-	-	(21,550,583,012)	(21,550,583,012)
Reissuance of treasury shares during the year		-	-	(197,664,007)	-	21,638,043,822	21,440,379,815
Receipt of deposit for future share subscriptions		-	123,567,216,505	-	-	-	123,567,216,505
Redemption of deposit for future share subscriptions		-	(198,517,094,703)	(1,621,968,825)	-	-	(200,139,063,528)
Total transactions with owners		1	(74,949,878,198)	(1,819,632,675)	-	87,460,810	(76,682,050,062)
Balance, December 31, 2022	12, 13	**P199,999,995**	**P25,185,465,266**	**P19,834,438,173**	**P7,021,087,576**	**(P3,241,750)**	**P52,237,749,260**

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF CASH FLOWS

	Notes	2022	2021	2020
		For the Years Ended December 31		
Cash Flows from Operating Activities				
Profit before tax		**P 2,364,805,902**	P 1,871,080,847	P 1,591,119,046
Interest income	15	**(2,821,342,784)**	(2,388,401,162)	(1,742,874,125)
Net unrealized gains on investments	8	**(39,938,488)**	(20,285,651)	(24,082,460)
Provision for (reversal of) expected credit losses	9, 20	**(14,498,973)**	57,333,701	-
Net realized (gains) losses on investments	8	**9,164,228**	(14,697,032)	(119,198,537)
Operating cash flows before working capital changes		**(501,810,115)**	(494,969,297)	(295,036,076)
Decrease (Increase) in: Other current assets		**260,648**	39,151,470	(31,527,143)
Increase (Decrease) in:				
Accrued expenses and other payables		**114,186,144**	(50,169,629)	124,775,388
Payable to fund manager		**(22,576,521)**	14,887,288	15,053,594
Cash used in operations		**(409,939,844)**	(491,100,168)	(186,734,237)
Acquisition of financial assets at fair value through profit or loss	8	**(20,751,414,750)**	(46,448,593,117)	(36,207,805,721)
Proceeds from maturities and disposals of financial assets at fair value through profit or loss	8	**58,841,065,528**	12,192,858,409	35,416,787,992
Interest received		**3,250,151,340**	1,930,110,711	1,638,833,656
Income taxes paid		**(592,642,692)**	(327,758,029)	(193,753,609)
Net cash generated from (used in) operating activities		**40,337,219,582**	(33,144,482,194)	467,328,081
Cash Flows from Investing Activities				
Acquisition of financial assets at amortized cost	9	**(53,063,827,953)**	(60,092,114,203)	(47,678,568,292)
Maturities of financial assets at amortized cost	9	**76,394,844,197**	54,163,874,454	14,008,851,798
Net cash generated from (used in) investing activities		**23,331,016,244**	(5,928,239,749)	(33,669,716,494)
Cash Flows from Financing Activities				
Issuance of new shares during the year		**158**	-	463
Proceeds from reissuance of treasury shares	12	**21,440,379,815**	9,575,254,452	15,675,683,910
Payments on acquisition of treasury shares	12	**(21,550,583,012)**	(9,884,515,045)	(15,865,598,919)
Receipt of deposit for future share subscriptions	12	**123,567,216,505**	180,312,804,733	108,712,159,126
Payments on redemption of deposit for future share subscriptions		**(200,139,063,528)**	(137,170,519,928)	(63,776,224,282)
Net cash generated from (used in) financing activities		**(76,682,050,062)**	42,833,024,212	44,746,020,298
Net Increase (Decrease) in Cash and Cash Equivalents		**(13,013,814,236)**	3,760,302,269	11,543,631,885
Cash and Cash Equivalents, Beginning		**24,723,816,674**	20,963,514,405	9,419,882,520
Cash and Cash Equivalents, End		**P11,710,002,438**	P24,723,816,674	P20,963,514,405

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021 AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

1. CORPORATE INFORMATION

Sun Life Prosperity Peso Starter Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 5, 2004 and started commercial operations on July 1, 2004. The Company is a registered open-end investment company under the Investment Company Act (Republic Act "R.A." No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). It is engaged in the sale of redeemable shares and is designed to maximize income and is considered consistent with capital protection through investments in fixed-income securities and other related investments issued by the Philippine government, commercial papers issued by corporations within the Philippines, certificates of deposit and other short-term peso-denominated instruments. As an open-end investment company, its shares are redeemable anytime based on the net asset value per share (NAVPS) at the time of redemption.

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

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

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation and Presentation

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

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

Functional Currency

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

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2022

The Company adopted all accounting standards and interpretations effective as at December 31, 2022. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FSRSC in the Philippines were adopted by the Company and were assessed as not applicable and have no impact on the Company's financial statements.

New Accounting Standards Effective as at Reporting Period Ended December 31, 2022

Amendments to PFRS 3*, References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The adoption of the amendments did not have an effect on the Company's financial statements as the Company did not acquire a business nor in the process of entering into any business combination.

Amendments to PAS 16*, Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2, Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022 with early application permitted.

The adoption of the amendments did not have an effect on the Company's financial statements as the Company did not have property, plant and equipment recorded in its financial statements.

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022 with early application permitted.

The adoption of the amendments did not have an effect on the Company's financial statements as the Company did not issue and entered into onerous contract.

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – *Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to PFRS 9 – *Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

Amendments to PFRS 16 – *Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to PAS 41 – *Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The adoption of the amendments did not have an effect on the Company's financial statements as the Company did not have subsidiary as a first-time adopter; did not derecognize any liabilities; did not have lease contracts and leasehold improvements; and did not have biological assets covered by PAS 41 that need to exclude its cash flows for taxation on its financial statements.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2022

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

PFRS 17 — *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4, Insurance Contracts.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued in June 2020 and adopted by FSRSC in August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2025, as amended by the FSRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Earlier application is permitted.

The future adoption of the standard will have no effect on the Company's financial statements as the Company does not issue insurance contracts.

Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company is not in the process and has no plan to acquire such investments.

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

The Company does not anticipate that the application of the amendments in the future will have an impact on the financial statements since the current classification is not expected to change and that the existing liabilities of the Company are all current.

Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

The amendments are as follows:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The Company does not anticipate that the application of the amendments in the future will have an impact on the financial statements as all material accounting policy information are already disclosed in the notes to the financial statements.

Amendments to *PAS 8, Definition of Accounting Estimates*

With the amendment, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the clarification in the amendment does not change the Company's definition of an accounting estimate.

Amendments to PAS 12 *Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying PFRS 16 at the commencement date of a lease.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities; and
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have transactions that give rise to the recognition of deferred tax asset and liability.

Amendment to PFRS 17*, Initial Application of PFRS 17 and PFRS 9 – Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

The main amendment in Initial Application of PFRS 17 and PFRS 9 — Comparative Information (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9.

Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

There are no changes to the transition requirements in PFRS 9.

The amendment is effective for annual periods beginning on or after January 1, 2025, as amended by the FSRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Still subject to approval of BOA.

The future adoption of the amendment will have no effect on the Company's financial statements as the Company does not issue insurance contracts.

Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

The amendments to PFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retain

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. Still subject to approval of BOA and FSRSC.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have lease liability recorded in its financial statements.

Amendments to IAS 1*, Non-current Liabilities with Covenants*

The amendments to PAS 1 to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments specify that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. Still subject to approval of BOA and FSRSC.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have non-current liability with covenants recorded in its financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Classification and Subsequent Measurement

The Company classifies its financial assets in the following measurement categories:

- FVTPL;
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost

As at December 31, 2022 and 2021, the Company does not have financial assets classified as fair value through FVTOCI.

Classification of financial assets will be driven by the entity's business model for managing the financial assets and the contractual cash flows of the financial assets.

A financial asset is to be measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument represent solely payment of principal and interest (SPPI).

All other debt and equity instruments must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of comprehensive income, except for equity investments that are not held for trading, which may be recorded in the statement of comprehensive income or in reserves (without subsequent recycling to profit or loss).

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- Amortized cost. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVTPL. Assets that do not meet the criteria for amortized cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in finance income.

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired (POCI) financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial instruments other than POCI financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVTPL, except where the Company's Management has elected, at initial recognition, to irrevocably designate an equity instrument at FVTOCI. The Company's policy is to designate equity investments as FVTOCI when those investments are held for the purposes other than to generate investment returns. When the election is used, fair value gains and losses are recognized in other comprehensive income (OCI) and are not subsequently reclassified to profit or loss, including disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognized in net realized gains (losses) on investments in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company recognizes a loss allowance for ECL on investments in debt instruments that are measured at amortized cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

With the exception of POCI financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations; and
- the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfill its obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Write-off

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the PD, LGD (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECL are presented in the statements of financial position as a deduction from the gross carrying amount of the assets.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. 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 a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to 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 an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified 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.

Financial liabilities at FVTPL are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Company assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Since the Company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have 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.

Share capital

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.

Deposit for future share subscriptions

DFFS is recorded at historical cost. According to Financial Reporting Bulletin (FRB) No. 6 as issued by SEC, it is classified as equity when all of the following criteria are met:

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

Deposit for future share subscriptions is classified as liability, when the above criteria are not met.

Prepayments

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

Prepayments are classified in the statements of financial position as current asset when the cost of services related to the prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product or service to a customer.

Interest income

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

Realized gains or losses

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

Fair value gains or losses

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

Other income

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

Expense Recognition

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

Expenses in the statements of comprehensive income are presented using the function of expense method. Investment expenses are transaction costs incurred in the purchase and sale of investments. Operating expenses are costs attributable to the 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, final tax and deferred tax expense.

Current tax

The current tax expense 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 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT), rate in 2022 and 2021 and 30% RCIT rate or 2% MCIT rate, whichever is higher, in 2020, respectively.

Final tax

Final tax expense represents final taxes withheld on interest income from cash and cash equivalents and fixed-income securities and final taxes withheld on proceeds from sale of listed equity securities.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is 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 asset and liability 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 asset 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 asset and liability 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 asset and liability 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 OCI or directly in equity, in which case, the current and deferred taxes are also recognized in OCI or directly in equity, respectively.

Earnings per Share

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

For the purpose of calculating diluted earnings 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 DFFS 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 deposit for future share subscriptions.

Events After the Reporting Period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Judgments in Applying Accounting Policies

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

<u>Business model assessment</u>

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost of FVTOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

The Company measures its financial assets at amortized cost if the financial asset qualifies for both SPPI and business model test. The Company's business model is to hold the asset and to collect its cashflows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL.

As at December 31, 2022 and 2021, the Company's financial assets measured at FVTPL amounted to P8,704,871,037 and P46,763,747,555, respectively, as disclosed in Note 8.

As at December 31, 2022 and 2021, the Company's financial assets measured at amortized cost amounted to P43,753,729,480 and P80,512,869,543, respectively, composed of cash and cash equivalents, financial assets at amortized cost, and accrued receivable as disclosed in Notes 6, 9, and 7, respectively.

Significant increase in credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the qualitative and quantitative criteria have been met as disclosed in Note 20.

As at December 31, 2022 and 2021, the Company's estimated credit losses for financial instruments measured at amortized cost amounted to P42,834,728 and P57,333,701, respectively, as disclosed in Notes 9 and 20.

Models and assumptions used

The Company uses various models and assumptions in measuring the fair value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The Company's model and assumptions used in measuring the fair value of financial assets and estimating ECL are disclosed in Notes 17 and 20, respectively.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (PHP). The PHP is the currency of the primary economic environment in which the Company operates. It is the currency being used to report the Company's results of operations.

Puttable shares designated as equity instruments

The Company's share capital met the specified criteria to be presented as equity. The Company designated its redeemable share capital as equity instruments since the Company's share capital met the criteria specified in PAS 32, *Financial Instruments: Presentation*, to be presented as equity.

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

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

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

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

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

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

As at December 31, 2022 and 2021, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P199,999,995 and P199,999,994, respectively, as disclosed in Note 12.

Key Sources of Estimation Uncertainty

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

<u>Probability of Default (PD)</u>

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As at December 31, 2022 and 2021, the Company assessed a probability of default of 0.14% and 0.10%, respectively, for all of its financial assets measured at amortized cost. The assumptions used by the Company in estimating PD is disclosed in Note 20.

<u>Loss Given Default (LGD)</u>

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The Company uses portfolio averages from external estimates sourced out from Standard and Poor's (S&P) as the LGD estimates. The categorization of LGD estimates per financial asset measured at amortized cost is disclosed in Note 20.

<u>Estimating loss allowance for ECL</u>

The measurement of the ECL for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 20 Credit Risk - ECL measurement, which also sets out the key sensitivities of the ECL to changes in these elements.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

As at December 31, 2022 and 2021, the Company's estimated credit losses for financial instruments measured at amortized cost amounted to P42,834,728 and P57,333,701, respectively, as disclosed in Notes 9 and 20. Financial assets at amortized cost as at December 31, 2022 and 2021 amounted to P31,565,599,367 and P54,882,116,638, respectively, as disclosed in Note 9. Accrued interest receivable as at December 31, 2022 and 2021 amounted to P478,127,675 and P906,936,231, respectively, as disclosed in Note 7.

Deferred tax asset

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 asset to be utilized.

Total deferred tax assets recognized in the statements of financial position as at December 31, 2022 and 2021 amounted to P25,195,024 and P28,819,767, respectively, as disclosed in Note 18.

Determining the fair value of investments in special savings deposits classified as financial assets at FVTPL

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

As at December 31, 2022 and 2021, the carrying amount of special savings deposits classified as financial assets at FVTPL amounted to P5,222,240,650 and P40,377,456,340, respectively, as disclosed in Note 8.

6. CASH AND CASH EQUIVALENTS

This account consists of:

	2022	2021
Cash in banks	**P1,404,102,438**	P8,059,382,274
Cash equivalents	**10,305,900,000**	16,664,434,400
	P11,710,002,438	P24,723,816,674

Cash in banks earned interest amounting to P15,216,691, P2,793,344 and P114,483,942 at average rates of 0.09%, 0.04% and 0.02% in 2022, 2021 and 2020, respectively, as disclosed in Note 15.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

Cash equivalents earned interest income amounting to P502,783,347, P79,462,143 and P837,375 at average rates of 2.06%, 0.50% and 0.95% in 2022, 2021 and 2020, respectively, as disclosed in Note 15. Accrued interest receivable amounted to P4,569,540 and P4,642,271 as at December 31, 2022 and 2021, respectively, as disclosed in Note 7.

7. ACCRUED INTEREST RECEIVABLE

This account consists of accrued interest on the following:

	Notes	**2022**	2021
Financial assets at amortized cost	9	**P473,558,135**	P343,197,598
Cash and cash equivalents	6	**4,569,540**	4,642,271
Special savings deposits	8	**-**	559,096,362
		P478,127,675	P906,936,231

Collection of interest depends on the scheduled interest payments of each asset held.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2022	2021
Special savings deposits	**P5,222,240,650**	P40,377,456,340
Investments in unit investment trust funds (UITFs)	**3,482,630,387**	6,386,291,215
	P8,704,871,037	P46,763,747,555

Investments in UITFs are placed in universal banks and are redeemable anytime. Special savings deposits have contractual maturity of more than three months.

Interest income earned on special savings deposits amounted to P1,610,495,492, P1,012,042,868 and P316,002,876 in 2022, 2021 and 2020, respectively, as disclosed in Note 15. Average rates earned on these investments are also disclosed in Note 15. Accrued interest receivable amounted to nil and P559,096,362 as at December 31, 2022 and 2021, respectively, as disclosed in Note 7.

Net gains on investments recognized in profit or loss arising from financial assets at FVTPL are as follows:

	2022	2021	2020
Net realized gains (losses)	**(P9,164,228)**	P14,697,032	P78,703,452
Net unrealized gains	**39,938,488**	20,285,651	24,082,460
	P30,774,260	P34,982,683	P102,785,912

The movements in the financial assets at FVTPL are summarized as follows:

	2022	2021	2020
Balance, January 1	**P46,763,747,555**	P12,473,030,164	P11,579,226,523
Additions	**20,751,414,750**	46,448,593,117	36,207,805,721
Disposal	**(58,850,229,756)**	(12,178,161,377)	(35,338,084,540)
Unrealized gains	**39,938,488**	20,285,651	24,082,460
Balance, December 31	**P8,704,871,037**	P46,763,747,555	P12,473,030,164

The following table presents the breakdown of maturity profile of the principal amounts of special savings deposits:

	2022	2021
Due in one year or less	**P5,222,240,650**	P40,377,456,340

9. FINANCIAL ASSETS AT AMORTIZED COST - net

This account consists of:

	Note	2022	2021
Current			
Corporate bonds		**P10,361,323,507**	P11,762,070,434
Treasury notes		**4,913,646,858**	7,408,552,358
Treasury bills		**-**	12,217,133,425
		15,274,970,365	31,387,756,217
Non-current			
Corporate bonds		**11,600,609,723**	18,187,128,640
Treasury notes		**4,732,854,007**	5,364,565,482
Less: Allowance for impairment	20	**(42,834,728)**	(57,333,701)
		16,290,629,002	23,494,360,421
		P31,565,599,367	P54,882,116,638

The following are the principal amounts and unamortized premium (discount):

	2022	2021
Principal amounts	**P31,687,841,000**	P54,822,356,000
Unamortized premium (discount)	**(79,406,905)**	117,094,339
	P31,608,434,095	P54,939,450,339

The movements in the financial assets at amortized cost are summarized as follows:

	Note	2022	2021	2020
Balance, January 1		**P54,882,116,638**	P 49,011,210,590	P15,300,999,011
Additions		**53,063,827,953**	60,092,114,203	47,488,702,822
Maturities		**(8,854,360,000)**	(19,264,768,000)	(8,326,292,800)
Disposal		**(67,414,855,870)**	(34,972,379,615)	(5,642,063,913)
Amortization of discount (premium) - net		**(125,628,327)**	73,273,161	189,865,470
Allowance for impairment	20	**14,498,973**	(57,333,701)	-
Balance, December 31		**P31,565,599,367**	P 54,882,116,638	P49,011,210,590

Realized gains from sale of financial assets at amortized cost amounting to nil, nil and P40,495,085 in 2022, 2021, and 2020, respectively, are part of the net realized gains on investment as presented in the statements of comprehensive income. The disposal of financial assets of the Company is attributable to an isolated event that is beyond the Company's control, is non-recurring and could not have been reasonably anticipated by the Company. The main reason for the disposal is to raise cash for anticipated redemptions or to shift to higher-rated securities to improve asset quality of the Company.

Interest income earned on financial assets at amortized cost amounted to P692,847,254 P1,294,102,807 and P1,311,549,932 in 2022, 2021 and 2020, respectively, as disclosed in Note 15. The average interest rates of financial assets at amortized cost are also disclosed in Note 15. Accrued interest receivable amounted to P473,558,135 and P343,197,598 as at December 31, 2022 and 2021, respectively, as disclosed in Note 7.

The amortization of premium and discount of financial assets at amortized cost are summarized as follows:

	2022	2021	2020
Amortization of premium	**(P125,628,327)**	(P136,585,471)	(P100,870,057)
Amortization of discount	**-**	209,858,632	290,735,527
	(P125,628,327)	P73,273,161	P189,865,470

The following presents the breakdown of the maturity profile of the principal amounts of financial assets at amortized cost:

	2022	2021
Due in one year or less	**P15,260,941,000**	P31,411,025,000
Due after one year through five years	**15,426,900,000**	22,338,931,000
Due more than five years	**1,000,000,0000**	1,072,400,000
	P31,687,841,000	P54,822,356,000

10. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2022	2021
Due to investors	**P150,668,220**	P35,802,327
Filing and registration fees payable	**57,945,367**	57,945,367
Withholding taxes and documentary stamp taxes	**2,355,207**	4,622,557
Custodianship fees	**1,435,869**	227,519
Professional fees	**635,501**	256,250
	P213,040,164	P98,854,020

Filing and registration fees payable pertains to the amount payable to SEC in relation with the Company's authorized share capital increase application.

Filing and registration fees incurred in relation with the Company's authorized share capital application amounted to nil and P19,710,716 in 2022 and 2021, respectively. As at December 31, 2022 and 2021, accrued filing and registration fees payable amounted to P57,945,367.

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

11. RELATED PARTY TRANSACTIONS

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

The related parties below hold the following numbers and current values of shares of the Company as at December 31, 2022 and 2021:

Related party	**2022**		2021	
	Number of shares	**Current Values**	Number of shares	Current Values
SLOCPI				
ACS	**2,230,022,521**	**2,984,216,138**	865,136,066	1,138,259,522
DFFS	**1,710,821,734**	**2,289,421,644**	2,895,818,271	3,810,028,099
SLAMCI				
ACS	**142,973,401**	**191,327,005**	142,973,401	188,110,104
Sun Life Prosperity Achiever Fund 2028, Inc.				
ACS	**39,335,805**	**52,639,174**	39,335,805	51,754,119
Sun Life Prosperity Achiever Fund 2038, Inc.				
ACS	**39,335,805**	**52,639,174**	39,335,805	51,754,119
Sun Life Prosperity Achiever Fund 2048, Inc.				
ACS	**39,335,805**	**52,639,174**	39,335,805	51,754,119
Sun Life Financial Philippine Holding Company				
ACS	**-**	**-**	96,294,932	126,695,242
DFFS	**96,301,420**	**128,870,560**	115,207,373	151,578,341
Sun Life Grepa Financial, Inc.				
ACS	**3,807,986**	**5,095,847**	7,301,549	9,606,648
DFFS	**237,309,050**	**317,566,971**	185,065,481	243,490,653
Sun Life Financial Philippine Foundation, Inc.				
ACS	**31,055,172**	**41,558,031**	-	-
DFFS	**-**	**-**	48,003,056	63,157,621
Sun Life Financial Asia Services Limited				
ACS	**-**	**-**	149,594,520	196,821,510
DFFS	**56,541,523**	**75,663,866**	56,570,986	74,430,446
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.				
DFFS	**-**	**-**	98,896,919	130,118,676
Sun Life of Canada Prosperity Bond Fund, Inc.				
DFFS	**-**	**-**	396,180,256	521,254,363
Sun Life of Canada Prosperity Balanced Fund, Inc.				
DFFS	**-**	**-**	339,872,263	447,169,936
Sun Life Prosperity GS Fund, Inc.				
DFFS	**-**	**-**	11,092,799	14,594,796

Subscriptions of related parties classified as DFFS are recorded at historical cost. It will be reclassified into ACS once the SEC approves the application for increase in ACS. These are non-interest bearing and are settled in cash based on the current NAVPS of the Company one day after the date of their redemptions.

The details of transactions and balances with related parties are set out below:

Nature of Transaction	Transactions During the Year 2022	2021	2020	Outstanding Payable 2022	2021	Terms	Condition	Notes
SLAMCI – Fund Manager								
Management, distribution and transfer fees	**P488,108,629**	P461,864,273	P 261,944,300	**P19,254,837**	P41,831,358	Non-interest bearing; 0.40% of average daily net assets; settled in cash on or before the 15th day of the following month	Unsecured; Unguaranteed	a
Key Management Personnel								
Directors' fees	**P259,940**	421,308	314,615	**-**	-	Payable on demand; settled in cash	Unsecured; Unguaranteed	b
Affiliates								
Sun Life Grepa Financial Inc. Purchase	**-**	84,286,333	621,170,208	**-**	-			
Sun Life of Canada Philippines Inc. Purchase	**-**	444,477,005	2,203,265,093	**-**	-			
Sun Life of Canada Prosperity Philippine Equity Fund, Inc. Purchase	**-**	38,059,433	-	**-**	-			c
Sun Life of Canada Prosperity Bond Fund, Inc. Purchase	**-**	-	1,168,367,908	**-**	-			
Sun Life Prosperity Dynamic Fund, Inc. Purchase	**-**	-	91,411,583	**-**	-			
Sun Life Prosperity GS Fund, Inc. Purchase	**-**	-	58,971,516	**-**	-	Non-interest bearing; Settled in cash on the day of transaction	Unsecured; unguaranteed	

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

a. Investment Management

The Company appointed SLAMCI as its fund manager, adviser, administrator, distributor and transfer agent that provides management, distribution and all required operational services.

Under the Management and Distribution Agreement (MDA), SLAMCI receives aggregate fees for these services at an annual rate of 0.25% of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% of the net assets attributable to shareholders on each valuation day.

On July 13, 2022, the Board of Directors of the Company and SLAMCI jointly approved to continue its MDA and Transfer Agency Agreements based on the provisions of ICA 2018 IRR (Implementing Rules and Regulations of the Investment Company Act 2018) published by the SEC on January 11, 2018. The agreements shall remain to continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

Management, distribution and transfer fees charged by SLAMCI to the Company in 2022, 2021 and 2020 amounted to P488,108,629, P461,864,273 and P261,944,300, respectively. Accrued management fees as at December 31, 2022 and 2021 amounting to P19,254,837and P41,831,358 , respectively, are shown as "Payable to fund manager" in the statements of financial position.

b. Remuneration of Directors

Remuneration of directors is presented in the statements of comprehensive income under "Directors' fees" amounting to P259,940, P421,308 and P314,615 in 2022, 2021 and 2020, respectively, which are usually paid to directors based on the meetings held and attended. There were no outstanding accrued directors' fees as at December 31, 2022 and 2021.

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

c. **Purchase and Sale of Investments**

These types of transactions are buy and sell of the same security between portfolios of two separate affiliated legal entities of and whose assets are managed by Investments Department of SLAMCI. Portfolio managers determine that this is appropriate and in the best interest of certain portfolios and ensure that the trade will be executed in a manner that is fair and equitable to both parties involved in the cross trade.

12. EQUITY

Movements are as follows:

	2022		2021		2020	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized:						
At P0.01 par value	**20,000,000,000**	**P200,000,000**	20,000,000,000	P200,000,000	20,000,000,000	P200,000,000
Issued and fully paid:						
At January 1	**19,999,999,406**	**P199,999,994**	19,999,999,406	P199,999,994	19,999,999,042	P199,999,990
Issuances of new shares during the year	**123**	**1**	-	-	364	4
At December 31	**19,999,999,529**	**P199,999,995**	19,999,999,406	P199,999,994	19,999,999,406	P199,999,994
Treasury shares:						
At January 1	**68,957,315**	**P90,702,560**	8,002	P10,374	775,731	P980,757
Acquisition	**16,202,763,716**	**21,550,583,012**	7,568,103,981	9,884,515,045	12,397,719,719	15,865,598,919
Reissuance	**(16,269,298,679)**	**(21,638,043,822)**	(7,499,154,668)	(9,793,822,859)	(12,398,487,448)	(15,866,569,302)
At December 31	**2,422,352**	**P3,241,750**	68,957,315	P90,702,560	8,002	P10,374
DFFS						
At January 1	**76,671,817,866**	**P100,135,343,464**	43,823,707,196	P56,482,089,375	8,949,837,330	P11,288,711,898
Receipt	**93,468,542,678**	**123,567,216,505**	137,806,787,390	180,312,804,733	84,514,157,271	108,712,159,126
Redemption	**(151,108,860,333)**	**(198,517,094,703)**	(104,958,676,720)	(136,659,550,644)	(49,640,287,405)	(63,518,781,649)
At December 31	**19,031,500,211**	**P25,185,465,266**	76,671,817,866	P100,135,343,464	43,823,707,196	P56,482,089,375

Incorporation

The Company was incorporated on March 5, 2004 with 100,000,000 authorized shares at par value of P0.01 per share.

Approved changes

On October 27, 2006, the shareholders of the Company approved the blanket increase of the authorized share capital of up to One Hundred billion shares at par value of P0.01 per share. The shareholders also approved the delegation of the approval of the increase in tranches to the Board of Directors.

On April 24, 2007, the Board of Directors approved the first tranche of the increase in the Company's authorized share capital of 300,000,000 shares (from 100,000,000 shares to 400,000,000 shares both with par value of P0.01), the SEC approved the increase on January 14, 2010 and the registration statements on March 11, 2014.

On December 9, 2013, the Board delegated the approval of the implementation in tranches to the Chairman of the Fund and the President of the SLAMCI. The delegation was reiterated on April 29, 2014.

On April 29, 2014, the shareholders approved the increase in the Company's authorized share capital of 5,600,000,000 shares (from 400,000,000 shares to 6,000,000,000 shares both with par value of P0.01). The increase will be implemented by the Chairman of the Board of Directors and President of SLAMCI acting jointly in tranches.

On November 10, 2015, the Chairman of the Board of Directors and the President of SLAMCI jointly authorized the increase of 5,600,000,000 shares (from 400,000,000 shares to 6,000,000,000 shares both with par value of P0.01 per share) which was subsequently approved by the SEC on March 14, 2016. The registration statement was approved on December 13, 2016.

On March 13, 2017, the Chairman of the Board of Directors and the President of SLAMCI jointly authorized the increase of 14,000,000,000 shares (from 6,000,000,000 shares to 20,000,000,000 shares both with par value of P0.01 per share).

On October 10, 2017, the SEC approved the additional 14,000,000,000 shares increase in authorized share capital, from 6,000,000,000 shares to 20,000,000,000 shares at a par value of P0.01 per share.

On December 27, 2017, the Company paid P4,759,928 SEC fees for the increase of 14,000,000,000 shares.

On December 31, 2017, the Company reclassified the 14,000,000,000 deposit for future share subscriptions to subscribed share capital.

On May 3, 2019, the SEC approved the registration statement for the 14,000,000,000 shares.

Pending application for 20,000,000,000 additional shares

On September 21, 2017, the Chairman of the Board of Directors and the President of SLAMCI jointly authorized the increase of 30,000,000,000 shares (from 20,000,000,000 shares to 50,000,000,000 shares both with par value of P0.01 per share).

On June 18, 2018, the application of the Company for the 30,000,000,000 additional shares was eventually revised to 15,000,000,000 additional shares. The Chairman of the Board of Directors of the Company and the President of SLAMCI, jointly approved the increase in authorized capital share of the Company by P150,000,000 divided into 15,000,000,000 shares.

On July 3, 2018, the application for the 15,000,000,000 shares increase was presented to SEC.

On September 3, 2019, the application of the Company for the 15,000,000,000 additional shares was increased to 20,000,000,000 additional shares. The Chairman of the Board of Directors of the Company and the President of SLAMCI, jointly approved the fourth tranche of increase in authorized capital share of the Company by P200,000,000 divided into 20,000,000,000 shares.

On November 18, 2019, the application for the 20,000,000,000 shares increase was presented to SEC.

On October 28, 2020, the Company received comments from SEC for the Company's application for increase in ACS of 20,000,000,000 shares.

In February 2021, the Company engaged a professional service firm to render its professional services in providing assistance to the Company in submission of documents as required by the SEC for the approval of 20,000,000,0000 additional shares.

On March 4, 2021, the Company submitted to SEC-CRMD the requirements for the approval of 20,000,000,0000 additional ACS.

On September 6, 2021, the professional service firm filed a letter of follow-up to SEC - Financial Analysis and Audit Division (FAAD) for the status of all pending ACS increase applications.

On September 7, 2021, the Company received the checklist of requirements and comments from SEC-FAAD.

On November 5, 2021, soft copy of requirements was emailed to SEC and the original documents were subsequently received by SEC on November 10, 2021.

On January 18, 2022, SEC-CGFD requested from the Company the submission of the latest Articles of Incorporation (AOI) and By-laws (BL) for the processing of the CGFD monitoring clearance.

On January 21, 2022, Punongbayan & Araullo (P&A) submitted the requested AOI and BL to the SEC-CGFD.

On February 7, 2022, the Company was advised by P&A that SEC-CRMD sent an update on the request for CGFD monitoring clearance.

On March 24, 2022, P&A submitted to SEC-CGFD the updated AOI and BL for the application of monitoring clearance.

On April 21, 2022, the Company received comments dated April 19, 2022 from SEC-CGFD in relation to the Company's request for clearance.

On May 2, 2022, P&A sent an email to SEC-CGFD requesting to consider the submission of Deed of Undertaking (DoU) similar to that submitted for Sun Life Prosperity World Voyager Fund, Inc. in lieu of immediate compliance with SEC-CGFD's comments in AOI and By-Laws.

On May 6, 2022, the Company received a response from SEC-CGFD that the department is willing to accept a similar Undertaking to submit the amended AOI and BL within 60-days from 2022 ASM and ensure that the Undertaking takes into account the details of the specific application for increase in ACS in the Undertaking (i.e., application for increase in authorized capital share from Two Hundred Million Pesos (P 200,000,000.00) divided into Twenty Billion (20,000,000,000) shares with par value of One Centavo (P 0.01) to Four Hundred Million Pesos (P 400,000,000.00) divided into Forty Billion (40,000,000,000) shares with par value of One Centavo (P 0.01) per share); and to mention to ensure that the Undertaking to obtain shareholder approval for the AOI and BL amendments is for the purpose of complying with SEC-CGFD Comment List dated 19 April 2022.

On June 3, 2022, the Company submitted to SEC-CGFD the copy of filed 2019 GIS and 2020 SEC Form 17-C and latest Deed of Undertaking of Sun Life Prosperity Dollar Starter Fund, Inc. as reference to pattern the Undertaking of the Company. This is in response to SEC-CGFD comment dated April 21, 2022.

On June 13, 2022, the Company received an e-mail from SEC-CGFD acknowledging the receipt of reportorial requirements and they confirm that these reports were timely filed with the Commission. They also confirm that the sample Deed of Undertaking executed for Sun Life Prosperity Dollar Starter Fund, Inc. may be used as reference in drafting the Company's Deed of Undertaking to file its amended articles of incorporation and by-laws, provided that the relevant details are indicated therein (e.g., details of specific application for increase in ACS and date of Comments List being complied with). They requested to submit the undertaking for their review.

On July 8, 2022, P&A submitted the draft undertaking to SEC-CGFD for pre-clearing. SEC-CGFD then acknowledged the receipt and that the e-mail was forwarded to the handling specialist.

On August 3, 2022, SEC-CGFD sent their comments on the draft undertaking, that is to submit the (1) Proposed draft amended AOI incorporating the latest application to increase ACS from

Php669 million to Php1,069 million; and (2) The Company's latest By-Laws, duly approved by the Commission, if there are no changes to be made therein in light of the pending applications for increase in ACS.

On August 10, 2022, the Company submitted to SEC-CGFD the amended By-Laws and the draft Amended AOI reflecting the application in ACS increase from Php669,000,000 to Php1,069,000,000.

On August 23, 2022, P&A forwarded an email from SEC-CGFD (dated 22 August 2022) in relation to the latest Amended AOI from P669,000,000 to P1,069,000,000 ACS increase. The Company is directed to submit its duly signed and notarized Undertaking, a draft of which was submitted last 08 July 2022.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2022) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

Currently, the Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated November 3, 2022.

Pending application for 26,900,000,000 additional shares

On October 14, 2020, the Chairman of the Board of Directors and the President of SLAMCI jointly approved the fifth tranche of increase in ACS by 26,900,000,000 shares with par value of P0.01 per share.

On December 29, 2020, the application for the 26,900,000,000 shares increase in authorized capital share was filed with the SEC.

On February 4, 2021, the original copies of the documentary requirements were transmitted to SEC.

SEC advised the Company that this application will be processed upon approval of previous ACS increase application.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2022) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

Currently, the Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated 03 November 2022.

SEC advised the Company that this application will be processed upon approval of previous ACS increase application.

Pending application for 40,000,000,000 additional shares

On March 11, 2021, the President of the Company and the President of SLAMCI jointly approved the sixth tranche of increase in ACS by 40,000,000,000 shares at the par value of Php0.01 per share.

On June 28, 2021, the application for the 40,000,000,000 shares increase in ACS was filed with the SEC.

SEC advised the Company that this application will be processed upon approval of previous ACS increase application.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2022) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

The Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated 03 November 2022.

On December 16, 2022, the Company sent a letter to the SEC requesting to withdraw the application for the 40,000,000,000 shares increase in ACS. The Company reassessed the number of shares applied for increase in ACS, and it was determined that it no longer matches the current DFFS levels of the Company.

As of March 8, 2023, the Company is still waiting for the reply from the SEC on the said letter.

Pending application for 25,000,000,000 additional shares

On May 5, 2022, the President of the Company and the President of SLAMCI jointly approved the seventh tranche of increase in ACS by P250,000,000 divided into 25,000,000,000 shares such that the total authorized share capital of the Company is now P1,319,000,000 divided into 131,900,000,000 shares at the par value of Php0.01 per share.

On June 30, 2022, the application for the 25,000,000,000 shares increase in ACS was filed with the SEC which they received and acknowledged on July 4, 2022.

On July 4, 2022, the Company received an email from SEC-FAAD advising the name of the assigned examiner.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2022) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

The Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated 03 November 2022.

On December 16, 2022, the Company sent a letter to the SEC requesting to withdraw the application for the 25,000,000,000 shares increase in ACS. The Company reassessed the number of shares applied for increase in ACS, and it was determined that it no longer matches the current DFFS levels of the Company.

As of March 8, 2023, the Company is still waiting for the reply from the SEC on the said letter.

Current state

DFFS received in cash amounting to P25,185,465,266, P100,135,343,464 and P56,482,089,375 as at December 31, 2022, 2021 and 2020, respectively, were classified as equity since the Company has met all of the conditions required for such recognition as disclosed in Note 4.

As at December 31, 2022, the Company has 19,997,577,177 issued and outstanding shares out of the 20,000,000,000 ACS with a par value of P0.01 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2009	P1.1141	-	-	99,999,729
2010	P1.1228	956,475,903	(956,477,705)	99,997,927
2011	P1.1268	1,569,004,158	(1,569,009,292)	99,992,793
2012	P1.1296	28,483,419	(28,666,408)	99,809,804
2013	P1.1261	251,357,990	(130,893,159)	220,274,635
2014	P1.1252	589,644,675	(603,224,598)	206,694,712
2015	P1.1395	739,442,729	(583,739,002)	362,398,439
2016	P1.1611	6,692,394,302	(1,062,761,649)	5,992,031,092
2017	P1.1855	21,223,189,136	(7,219,500,981)	19,995,719,247
2018	P1.2192	51,863,229,460	(59,400,728,254)	12,458,220,453
2019	P1.2650	54,444,673,091	(37,953,832,903)	28,949,060,641
2020	P1.2969	96,912,645,083	(62,038,007,124)	63,823,698,600
2021	P1.3156	145,305,942,058	(112,526,780,701)	96,602,859,957
2022	P1.3385	109,737,841,480	(167,311,624,049)	39,029,077,388

The total number of shareholders as at December 31, 2022, 2021 and 2020 is 65,621, 57,510 and 47,887, respectively.

Redeemable Shares

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

a. Distribution of dividends

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

b. Denial of pre-emptive rights

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

c. Right of redemption

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

13. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital of P19,834,438,173, P21,654,070,848 and P22,383,608,539 as at December 31, 2022, 2021 and 2020, respectively, pertains to excess payments over par value from investors and from reissuance of treasury shares.

14. NET ASSET VALUE PER SHARE (NAVPS)

NAVPS is computed as follows:

	Note	**2022**	2021
Total equity		**P52,237,749,260**	P127,093,562,966
Outstanding shares	12	**39,029,077,388**	96,602,859,957
NAVPS		**P1.3384**	P1.3156

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

15. INTEREST INCOME

This account consists of interest income on the following:

	Notes	**2022**	2021	2020
Fixed-income securities	9	**P692,847,254**	P1,294,102,807	P1,311,549,932
Special savings deposits	8	**1,610,495,492**	1,012,042,868	316,002,876
Cash equivalents	6	**502,783,347**	79,462,143	837,375
Cash in banks	6	**15,216,691**	2,793,344	114,483,942
		P2,821,342,784	P2,388,401,162	P1,742,874,125

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

Average interest rates of investments and cash in banks in 2022, 2021 and 2020 are as follows:

	Notes	**2022**	2021	2020
Special savings deposits	8	3.63%	2.58%	0.53%
Treasury bills	9	0.00%	3.30%	2.58%
Treasury notes	9	3.12%	2.00%	4.00%
Treasury bonds	9	3.80%	2.42%	4.53%
Cash equivalents	6	2.06%	0.50%	0.95%
Cash in banks	6	0.32%	0.04%	0.02%

16. EARNINGS PER SHARE

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

	2022	2021	2020
Total comprehensive income for the year	**P1,826,236,356**	P1,488,795,358	P1,405,729,169
Weighted average number of shares:			
Issued and outstanding	**19,981,718,487**	19,962,601,601	19,990,178,169
Potential dilutive shares	**84,733,247,966**	77,539,201,952	24,259,561,987
Weighted average number of outstanding shares for the purpose of computing diluted earnings per share	**104,714,966,453**	97,501,803,553	44,249,740,156
Basic earnings per share	**P 0.091**	P 0.075	P 0.070
Diluted earnings per share	**P 0.017**	P 0.015	P 0.032

The DFFS as at December 31, 2022, 2021 and 2020 are dilutive, therefore, diluted earnings per share is lower than the basic earnings per share.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at fair value on a recurring basis

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

	Note	**Level 1**	**Level 2**	**Total**
December 31, 2022				
Special savings deposits	**8**	**P -**	**P5,222,240,650**	**P5,222,240,650**
Investments in UITFs	**8**	**3,482,630,387**	**-**	**3,482,630,387**
		P3,482,630,387	**P5,222,240,650**	**P8,704,871,037**
December 31, 2021				
Special savings deposits	8	P -	P40,377,456,340	P40,377,456,340
Investments in UITFs	8	6,386,291,215	-	6,386,291,215
		P6,386,291,215	P40,377,456,340	P46,763,747,555

The fair value of the special savings deposits is approximately the same with its carrying amount since the maturity period of these assets are less than one year.

UITFs are valued at their published Net Asset Value per Unit (NAVPUs) as at reporting date.

There were no transfers between level 1 and 2 in 2022 and 2021.

Financial assets and liabilities not measured at fair value

The following financial assets and financial liabilities are not measured at fair values on recurring basis but the fair value disclosure is required:

			Fair Values			
	Notes	**Carrying Amounts**	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2022						
Financial Assets						
Cash in banks	6	**P1,404,102,438**	**P1,404,102,438**	**P -**	**P -**	**P1,404,102,438**
Cash equivalents	6	**10,305,900,000**	**-**	**10,305,900,000**	**-**	**10,305,900,000**
Accrued interest receivable	7	**478,127,675**	**-**	**478,127,675**	**-**	**478,127,675**
Financial assets at amortized cost - net	9	**31,565,599,367**	**-**	**-**	**29,933,056,943**	**29,933,056,943**
		P43,753,729,480	**P1,404,102,438**	**P10,784,027,675**	**P29,933,056,943**	**P42,121,187,056**
Financial Liabilities						
Accrued expenses and other payables	10	**P152,739,590**	**P -**	**P152,739,590**	**P -**	**P152,739,590**
Payable to fund manager	11	**19,254,837**	**-**	**19,254,837**	**-**	**19,254,837**
		P171,994,427	**P -**	**P171,994,427**	**P -**	**P171,994,427**
December 31, 2021						
Financial Assets						
Cash in banks	6	P8,059,382,274	P8,059,382,274	P -	P -	P8,059,382,274
Cash equivalents	6	16,664,434,400	-	16,664,434,400	-	16,664,434,400
Accrued interest receivable	7	906,936,231	-	906,936,231	-	906,936,231
Financial assets at amortized cost - net	9	54,882,116,638	-	-	53,854,417,553	53,854,417,553
		P80,512,869,543	P8,059,382,274	P17,571,370,631	P53,854,417,553	P79,485,170,458
Financial Liabilities						
Accrued expenses and other payables	10	P 36,286,096	P -	P 36,286,096	P -	P 36,286,096
Payable to fund manager	11	41,831,358	-	41,831,358	-	41,831,358
		P 78,117,454	P -	P 78,117,454	P -	P 78,117,454

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

Cash in banks, cash equivalents, accrued interest receivable, accrued expenses and other payables and payable to fund manager have short-term maturities, hence, their carrying amounts are their fair values.

The fair values of financial assets at amortized cost were determined based on the discounted cash flow analysis using the Company's estimated cost of borrowing ranging from 7.107% to 6.638% for loans with less than one year maturity and loans maturing in seven years, respectively, for 2022 and 3.93% to 5.44% for loans with less than one year maturity and loans maturing in seven years, respectively, for 2021.

There were no transfers between Levels 1, 2 and 3 in 2022 and 2021.

18. INCOME TAXES

Details of income tax expense are as follows:

	2022	2021	2020
Current taxes			
Final tax	**P309,841,332**	P242,703,498	P188,336,813
RCIT	**225,103,426**	155,628,750	-
MCIT	**-**	(4,316,602)	4,919,870
	534,944,758	394,015,646	193,256,683
Deferred tax benefit (expense)	**3,624,743**	(14,799,112)	(7,866,806)
Effects of change in tax rate	**-**	3,068,955	-
	3,624,743	(11,730,157)	(7,866,806)
Income tax expense	**P538,569,546**	P382,285,489	P185,389,877

The reconciliation between tax expense and the product of accounting profit multiplied by 25% in 2022 and 2021 and 30% in 2020 is as follows:

	2022	2021	2020
Accounting profit before tax	**P2,364,805,902**	P1,871,080,847	P1,591,119,046
Tax expense at 25% in 2022 and 2021 and 30% in 2020	**591,201,431**	467,770,212	477,335,714
Adjustment for income subject to lower tax rate	**(45,141,930)**	(80,068,620)	(248,961,538)
Tax effects of:			
Net unrealized gains on Investments	**(9,984,622)**	(5,071,413)	(7,224,738)
Net realized gains on investments	**2,291,057**	(3,674,258)	(35,759,561)
Changes in tax expense due to the change in income tax rate	**-**	3,068,955	-
Nondeductible expense	**203,565**	260,613	-
	P538,569,546	P382,285,489	P185,389,877

On March 26, 2021, the Republic Act (RA) 11534 also known as "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" Act was passed into law which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time-bound, targeted and performance-based.

Among others, the Act includes the following significant revisions:

1. Effective July 1, 2020, domestic corporations with total assets not exceeding P100 million and net taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% tax income tax rate;

2. MCIT rate is reduced to from 2% to 1% from July 1, 2020 to June 30, 2023;

The tax rate used in the reconciliations above is the corporate tax rate of 25% in 2022 and 2021 and 30% in 2020 payable by the Company.

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Amount	Change in Tax Rate	Applied Current Year	Expired	**Unapplied**
2019	2022	P1,746,752	P -	(P 1,746,752)	P -	**P -**
2020	2023	3,697,994	(1,128,144)	(2,569,850)	-	**-**
		P5,444,746	(P 1,128,144)	(P 4,316,602)	P -	**P -**

Deferred tax assets

The following is the composition of deferred tax assets recognized by the Company:

	Taxes and licenses	MCIT	ECL	NOLCO	Total
January 1, 2020	P4,278,496	P1,746,752	-	P3,197,556	P9,222,804
Charged to profit or loss	7,366,368	3,697,994	-	(3,197,556)	7,866,806
December 31, 2020	11,644,864	5,444,746	-	-	17,089,610
Charged to profit or loss	4,782,289	(4,316,602)	14,333,425	-	14,799,112
Effect of change in tax rate	(1,940,811)	(1,128,144)	-	-	(3,068,955)
December 31, 2021	P14,486,342	P -	P14,333,425	P -	P28,819,767
Charged to profit or loss	-	-	(3,624,743)	-	(3,624,743)
December 31, 2022	**P14,486,342**	**P -**	**P10,708,682**	**P -**	**P25,195,024**

Based on Management's expectation of the Company's future taxable income, the Company recognizes deferred tax asset only to the extent that future taxable income will be available against which it can be utilized.

The Company's interest income from cash in banks, cash equivalents and financial assets at amortized cost are already subjected to final tax and are therefore excluded from the computation of taxable income for RCIT and MCIT, except for special savings deposits.

Realized gains on redemption of investments in UITFs and sale of treasury notes are exempted from tax and are therefore excluded from the computation of taxable income subject to RCIT and MCIT.

19. CONTINGENCIES

The Company has no pending legal cases as at December 31, 2022 and 2021 that may have a material effect on the Company's financial position and results of operations.

20. FINANCIAL RISK MANAGEMENT

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

<u>Market risk</u>

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

Interest rate risk

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

The primary source of the Company's interest rate risk relates to cash and cash equivalents, special savings deposits and debt investments at amortized cost. Interest rates of the financial assets are disclosed in Notes 6, 8, 9 and 15.

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

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

The following table details the increase or decrease in net profit if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2022, 2021 and 2020:

Change in Interest rates	Increase (Decrease) in Net Profit/Loss or Equity		
	2022	2021	2020
+50 basis	**P5,591,256**	P90,157,327	P113,157,962
-50 basis	**(5,591,256)**	(90,157,327)	(113,157,962)

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Equity price risk

The Company is exposed to equity price risks arising from investments in UITFs.

The risk is managed by the Fund Manager by actively monitoring the movements in NAVPU of investments in UITFs.

Based on the exposure to equity price risk at the end of each reporting period, if NAVPU of investments in UITFs had been 2% higher or lower, profit or loss for the years ended December 31, 2022, 2021 and 2020 would have increased or decreased by P69,340,564, P127,153,613 and P78,834,675, respectively.

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

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk

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

The carrying amounts of financial assets recorded in the financial statements represent the Company's maximum exposure to credit risk:

	Notes	2022	2021
Cash in banks	6	**P 1,404,102,438**	P 8,059,382,274
Cash equivalents	6	**10,305,900,000**	16,664,434,400
Accrued interest receivable	7	**478,127,675**	906,936,231
Special savings deposits	8	**5,222,240,650**	40,377,456,340
Financial assets at amortized cost	9	**31,565,599,367**	54,882,116,638
		P 48,975,970,130	P120,890,325,883

ECL measurement

ECLs are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

PFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Stage 1	The counterparty has a low risk of default and does not have any past-due amounts or that the financial instrument is not credit-impaired on initial recognition	12m ECL
Stage 2	There has been a significant increase in credit risk since initial recognition but not yet deemed to be credit-impaired	Lifetime ECL - not credit-impaired
Stage 3	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery or that the financial instrument is credit-impaired	Lifetime ECL - credit-impaired

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is determined by projecting the PD, LGD and exposure at default (EAD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Given that the Company currently has no history of default on their portfolio, a model which incorporates internal default experience is not feasible. For the 12M and Lifetime PD, the Company uses external benchmarking of current internal credit ratings to S&P's using one-year transition matrices in S&P's Annual Global Corporate Default Study and Rating Transition reports. From the transition matrices, cumulative PDs are identified. The overall PD for a specific time horizon is calculated from the cumulative PD, by determining the marginal PD and taking the conditional PD given that it has not yet defaulted prior to the said time horizon. The resulting overall PDs are the values that will act as components in ECL calculation. The Lifetime PD is developed by analysis of the transition matrices over the maximum life of active loans, which is 8 years.

The table below summarizes the current internal credit rating equivalence system of the Company.

Summary rating	Internal credit rating	S&P rating
High	AAA	AAA
High	AA	AA- to AA+
High	A	A- to A+
High	BBB	BBB- to BBB+
Satisfactory	BB	BB- to BB+
Acceptable	B	B- to B+
Low	CCC/C	CCC- to CCC+

The 12m and lifetime EADs are determined based on the contractual repayments owed by the borrower over the 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. The Company does not have an undrawn component for any of its debt instruments.

For the 12m and lifetime LGDs, considering the availability of related information, the Company used the external estimates sourced from S&P's. The table below summarized the LGD value for each category of financial assets at amortized costs.

Category	LGD value
Senior Unsecured Notes	48%

Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. The Company assessed that the key economic variables are unemployment rates in 2022 and 2021.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are based on the economic data from the International Monetary Fund (IMF) from year 2023 until 2027. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of EAD and LGD.

In addition to the base economic scenario, the best value economically spanning from the historical years is taken (upside forecasts). A similar approach applies for the downside forecasts. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 2022 and 2021.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at December 31, 2022 and 2021:

	Notes	Internal credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
2022							
Cash and cash equivalents	6	**AAA**	**Stage 1**	**12m ECL**	**P11,710,002,438**	**P -**	**P11,710,002,438**
Accrued interest receivable	7	**AAA**	**Stage 1**	**12m ECL**	**478,127,675**	**-**	**478,127,675**
Financial assets at amortized cost - current portion	9	**AAA**	**Stage 1**	**12m ECL**	**15,274,970,365**	**-**	**15,274,970,365**
Financial assets at amortized cost - net of current portion	9	**AA**	**Stage 1**	**12m ECL**	**16,333,463,730**	**(42,834,728)**	**16,290,629,002**
					P43,796,564,208	**(P42,834,728)**	**P43,753,729,480**
2021							
Cash and cash equivalents	6	AAA	Stage 1	12m ECL	P24,723,816,674	P -	P24,723,816,674
Accrued interest receivable	7	AAA	Stage 1	12m ECL	906,936,231	-	906,936,231
Financial assets at amortized cost - current portion	9	AAA	Stage 1	12m ECL	31,387,756,217	-	31,387,756,217
Financial assets at amortized cost - net of current portion - net	9	AA	Stage 1	12m ECL	23,551,694,122	(57,333,701)	23,494,360,421
					P80,570,203,244	(P57,333,701)	P80,512,869,543

The movements in the ECL recognized for the year are summarized as follows:

	Gross Carrying Amount Stage 1	ECL Stage 1
January 1, 2022	P54,939,450,339	P57,333,701
Additions	9,728,784,006	37,207,389
Disposals and maturities	(33,059,800,250)	(48,434,935)
Effect of changes in the model	-	(3,271,427)
December 31, 2022	**P31,608,434,095**	**P42,834,728**

There are no transfers between stages of the ECL during the year.

Liquidity risk

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

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

The Company maintains at least ten percent of the fund in liquid/semi-liquid assets in the form of cash and cash equivalents, special savings deposits, investment in UITF, government debt securities, accrued interest receivable, and other collective schemes wholly invested in liquid/semi-liquid assets to assure necessary liquidity. This is also in compliance to Section 6.10 of the Implementing Rules and Regulations of the Investment Company Act series of 2018.

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

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

	Less than One Month	One Month to One Year	Total
2022			
Accrued expenses and other payables	**P150,668,220**	**P2,071,370**	**P152,739,590**
Payable to fund manager	**19,254,837**	**-**	**19,254,837**
	P169,923,057	**P2,071,370**	**P171,994,427**
2021			
Accrued expenses and other payables	P35,802,327	P483,769	P36,286,096
Payable to fund manager	41,831,358	-	41,831,358
	P77,633,685	P483,769	P78,117,454

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

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

	Average Effective Interest Rate	Less than One Year	One Year to Five Years	More than Five Years	Total
2022					
Cash in banks	**0.32%**	**P1,404,102,438**	**P -**	**P -**	**P1,404,102,438**
Cash equivalents	**6.03%**	**10,305,900,000**	**-**	**-**	**10,305,900,000**
Accrued interest receivable		**478,127,675**	-	-	**478,127,675**
Financial assets at FVTPL	**3.63%**	**5,232,432,292**	**-**	**-**	**5,232,432,292**
Financial assets at amortized cost - net	**3.46%**	**16,050,029,840**	**15,842,659,156**	**1,000,000,000**	**32,892,688,996**
		P33,470,592,245	**P15,842,659,156**	**P1,000,000,000**	**P50,313,251,401**
2021					
Cash in banks	0.04%	P8,059,382,274	P -	P -	P 8,059,382,274
Cash equivalents	0.50%	16,664,434,400	-	-	16,664,434,400
Accrued interest receivable		906,936,231	-	-	906,936,231
Financial assets at FVTPL	2.58%	40,750,002,589	-	-	40,750,002,589
Financial assets at amortized cost - net	2.57%	32,234,375,371	22,582,359,488	1,072,400,000	55,889,134,859
		P98,615,130,865	P22,582,359,488	P1,072,400,000	P122,269,890,253

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

21. CAPITAL RISK MANAGEMENT

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

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

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

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

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

a. It does not issue senior securities;

b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;

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

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

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

f. It does not purchase or sell commodity futures contracts;

g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;

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

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

The Investment Policies refer to the following:

a. Investment Objective - to generate income in Philippine Pesos consistent with prudent management of the Fund's assets.

b. Benchmark - 30-day special savings deposits.

c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes and fixed-income 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 0.25% of the net assets attributable to shareholders on each valuation day.

In compliance with SEC Memorandum Circular No. 21, Series of 2019 signed on September 24, 2019 in relation to independent Net Asset Value (NAV) calculation, SLAMCI (Fund Manager) engaged Citibank, N.A. Philippines to service its fund accounting functions including calculation of its NAV every dealing day. In December 2020, SLAMCI implemented the outsourced fund accounting to all Sun Life Prosperity Funds.

As at December 31, 2022 and 2021, the Company is in compliance with the above requirements and minimum equity requirement of the SEC of P50,000,000.

The equity ratio at year-end is as follows:

	2022	2021
Equity	**P52,237,749,260**	P127,093,562,966
Total assets	**52,483,821,866**	127,305,723,838
Equity ratio	**0.9953:1**	0.9983:1

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

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

The following information on taxes, duties and license fees paid or accrued during the 2022 taxable year are presented for purposes of filing with the BIR and are not required part of the basic financial statements.

Documentary stamp tax

Documentary stamp taxes incurred by the Company during 2022 amounted to P1,282,921 representing taxes in connection with the issuance of share certificates by the Company to its shareholders. The documentary stamp tax being paid by the Company to the BIR includes those charged against the shareholder's investment for share certificate issuances in excess of 10 (ten) inter-fund transfers per calendar year.

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid in 2022 are as follows:

Charged to Operating Expenses	
Business tax	**P2,886,635**
Deficiency taxes	**814,261**
Deductible filing and registration fees	**38,275**
Residence or community tax	**10,500**
	P3,749,671

The difference between the taxes and licenses disclosed in the statements of comprehensive income and the amount disclosed in this note pertains to the accrued filing and registration payable to SEC regarding the Company's authorized share increase application as disclosed in Note 10.

Withholding taxes

Withholding taxes paid and accrued and/or withheld consist of:

	Paid	Accrued	Total
Expanded withholding taxes	**P45,806,092**	**P2,139,392**	**P47,945,484**

Deficiency tax assessments

For the taxable year 2017

On November 26, 2020, the BIR issued a formal letter of demand (FLD) and assessment notice for the deficiency in income, expanded withholding and documentary stamp taxes including penalties amounting to P25,738,717 for the taxable year 2017.

The BIR stated disputably that the FLD was received on December 7, 2020 but the Company actually received such letter on January 13, 2021. The Management believes that the Company is not liable for the proposed tax assessments hence, no provision was recognized in 2020.

On January 15, 2021, the Company filed its request for reconsideration on the final decision on the disputed assessment.

On February 26, 2021, the Company received BIR's denial of our request for reconsideration. The Company was able to submit its request for reconsideration in the Office of the Commissioner of Internal Revenue (CIR) last March 26, 2021.

On September 24, 2021, the Company received a warrant of distraint and/or levy (WDL) dated August 16, 2021 from the CIR for the total assessed taxes of P25,738,717.

On October 5, 2021, the Company sent a letter to the Regional Director (RD) of the Revenue Region of Makati, requesting for the cancellation of the WDL issuance.

Management took the option of settling the amount it believes is its actual exposure to stop the issuance of the WDL to the banks. On October 25, 2021, the Company paid P1,421,640 comprising of deficiency expanded withholding tax, surcharge and interest.

On April 27, 2022, the letter to officially forward the docket of the case to the Appellate Division for resolution was signed.

As of March 8, 2023, the request for consideration is still on queue for review of its assigned examiner under the Appellate Division.

For the taxable year 2018

On July 22, 2022, the BIR issued FLD and assessment notice for the deficiency in income, expanded withholding and percentage taxes amounting to P116,179,148 for the taxable year 2018.

On August 8, 2022, the management took the option of settling the amount it believes is its actual exposure, hence, paying a total amount of P1,164,148 comprising of deficiency expanded withholding tax and interest.

On August 19, 2022, the Company requested for reinvestigation from the BIR and submitted the supporting documents for such request on October 18, 2022.

On March 6, 2023, the Company received a final decision on disputed assessment letter from the CIR dated March 1, 2023.

As of March 8, 2023, the Company is in the process of submitting a motion for reconsideration to the CIR.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 8, 2023.

The Board of Directors approved the issuance of the financial statements also on March 8, 2023.

* * *

Navarro Amper & Co.
19th Floor Six/NEO Building
5th Avenue corner 26th Street
Bonifacio Global City, 1634 Taguig
Philippines

Tel: +63 2 8581 9000
Fax: +63 2 8869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0004-SEC

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited the financial statements of Sun Life Prosperity Peso Starter Fund, Inc. (the "Company") as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated April 14, 2023.

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

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements
TIN 005299331

By:

Joeffrey Mark P. Ferrer
Partner
CPA License No. 0115793
SEC A.N. 115973-SEC, issued on August 2, 2022; Group A, valid to audit 2021 to 2025 financial statements
TIN 211965340
BIR A.N. 08-002552-058-2021, issued on September 8, 2021; effective until September 7, 2024
PTR No. A-5701204, issued on January 12, 2023, Taguig City

Taguig City, Philippines
April 14, 2023

Deloitte.

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DECLARATION
As at December 31, 2022

SUN LIFE PROSPERITY MONEY MARKET FUND, INC.
Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City

Items	Amount	
Unappropriated Retained Earnings, beginning	**P**	**5,194,851,220**
Adjustments:		
Accumulated unrealized fair value gain as at December 31, 2021		(54,366,816)
Treasury shares as of December 31, 2021		(90,702,560)
Unappropriated Retained Earnings, as adjusted, beginning		**5,049,781,844**
Net income based on the face of AFS		1,826,236,356
Adjustments for non-actual (gains) losses		
Effects of movements in accumulated unrealized gains during the year		(39,938,488)
Net Income Actual/Realized		**1,786,297,868**
Less: Treasury shares reissued during the year		**87,460,810**
Unappropriated Retained Earnings, as adjusted, ending	**P**	**6,923,540,522**

SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Schedule of Financial Soundness Indicators and Financial Ratios
December 31, 2022 and December 31, 2021

	Formula	2022	2021
Current/ Liquidty Ratios			
a. Current ratio	Current Assets/Current Liabilities	**146.98:1**	489.17:1
b. Quick ratio	Quick Assets/Current Liabilities	**84.91:1**	341.22:1
c. Cash ratio	Cash/Current Liabilities	**47.59:1**	116.53:1
d. Days in receivable	Receivable/Revenue * No. of days	**N/A**	N/A
e. Working capital ratio	(Current Assets- Current Liabilities)/Current Liabilities	**145.98:1**	488.17:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	**12.74:1**	43.09:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operting Expense)	**15224.56:1**	47154.57:1
Solvency Ratios			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	**N/A**	N/A
b. Debt to equity ratio	Total Liabilities/Total Equity	**0.00**	0.00
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	**N/A**	N/A
d. Total debt to asset ratio	Total Liabilities/Total Assets	**0.00**	0.00
Asset to equity ratio	Total Assets/Total Equity	**1.00:1**	1.00:1
Interest rate coverage ratio	Earning Before Income Tax/Interest Expense	**N/A**	N/A
Profitability Ratio			
a. Earnings before interest and taxes (EBIT) margin	EBIT/Revenue	**83.89%**	77.85%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	**83.89%**	77.85%
c. Pre-tax margin	EBIT/Revenue	**83.89%**	77.85%
d. Effective tax rate	Income Tax/EBIT	**22.77%**	20.43%
e. Post-tax margin	Net Income After Tax/Revenue	**64.79%**	61.94%
f. Return on equity	Net Income After Tax/Average Common Equity	**2.04%**	1.42%
g. Return on asset	NIAT/Average Total Assets	**2.03%**	1.42%
Capital intensity ratio	Total Assets/Revenue	**18.62:1**	52.97:1
Fixed assets to total assets	Fixed assets/Total assets	**N/A**	N/A
Dividend payout ratio	Dividends paid/Net Income	**N/A**	N/A

Sun Life Prosperity Peso Starter Fund, Inc.

i. **Percentage of Investment in a Single Enterprise to Net Asset Value**

As of December 31, 2022 and December 31, 2021

	2022			2021		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Treasury Bills - Republic of the Philippines						
PIBL1221A042	-	52,237,749,260	0.00%	514,485,380	127,093,562,966	0.40%
PIBL1221A024	-	52,237,749,260	0.00%	1,439,296,723	127,093,562,966	1.13%
PIBL1221I366	-	52,237,749,260	0.00%	991,216,180	127,093,562,966	0.78%
PIBL1221E208	-	52,237,749,260	0.00%	1,493,203,890	127,093,562,966	1.17%
PIBL1221A033	-	52,237,749,260	0.00%	3,822,000,241	127,093,562,966	3.01%
PIBL1221C120	-	52,237,749,260	0.00%	997,475,100	127,093,562,966	0.78%
PIBL1221E217	-	52,237,749,260	0.00%	995,239,140	127,093,562,966	0.78%
PIBL1221D174	-	52,237,749,260	0.00%	996,287,270	127,093,562,966	0.78%
Treasury Notes (ISIN) - Republic of the Philippines						
PIID1023H046	344,051,619	52,237,749,260	0.66%	-	-	0.00%
PIBD0325D270	594,178,092	52,237,749,260	1.14%	-	-	0.00%
PIBD0523C752	1,206,655,008	52,237,749,260	2.31%	-	-	0.00%
PIID0524C129	568,576,514	52,237,749,260	1.09%	-	-	0.00%
PIID0324C115	1,145,351,390	52,237,749,260	2.19%	-	-	0.00%
PIID0525H130	2,424,748,004	52,237,749,260	4.64%	-	-	0.00%
PIID0323B101	3,362,940,246	52,237,749,260	6.44%	5,364,565,482	127,093,562,966	4.22%
US718286BX44	-	52,237,749,260	0.00%	5,301,792,053	127,093,562,966	4.17%
PIID0522L114	-	52,237,749,260	0.00%	22,906,292	127,093,562,966	0.02%
PIBD0522A747	-	52,237,749,260	0.00%	1,577,285,107	127,093,562,966	1.24%
PIBD0322G247	-	52,237,749,260	0.00%	506,568,905	127,093,562,966	0.40%
Bonds						
SAN MIGUEL CORP SMCPM 6 1/4 03/19/23	800,000,000	52,237,749,260	1.53%	800,000,000	127,093,562,966	0.63%
SM PRIME HLDNGS SMPHPM 6.2223 05/17/22	-	52,237,749,260	0.00%	166,247,477	127,093,562,966	0.13%
SAN MIGUEL CORP SMCPM 4.8243 03/01/22	-	52,237,749,260	0.00%	124,926,846	127,093,562,966	0.10%
SAN MIGUEL CORP SMCPM 5.1923 04/07/22	-	52,237,749,260	0.00%	127,983,596	127,093,562,966	0.10%
BDO UNIBANK INC 4.408% 03AUG2022	-	52,237,749,260	0.00%	800,000,000	127,093,562,966	0.63%
RIZAL COMM BANK RCBPM 4.848 04/07/22	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
SM PRIME HOLDINGS INC 5.0583% 25MAR2027	72,527,522	52,237,749,260	0.14%	72,555,110	127,093,562,966	0.06%
AYALA LAND INC ALIPM 3 06/26/22	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
ABOITIZ POWER APPM 3 1/8 07/06/22	-	52,237,749,260	0.00%	1,240,122,518	127,093,562,966	0.98%
ROBINSONS LAND CORP 3.683% 17JUL2023	1,461,215,274	52,237,749,260	2.80%	1,461,447,750	127,093,562,966	1.15%
SM INVESTMENTS SMPM 2 7/8 01/22/22	-	52,237,749,260	0.00%	1,100,000,000	127,093,562,966	0.87%
SECURITY BK CORP SECBPM 3 1/8 07/24/22	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
VISTA LAND & LIFESCAPE 5.6992% 18JUN2025	1,131,334,065	52,237,749,260	2.17%	1,133,678,131	127,093,562,966	0.89%
RIZAL COMMERCIAL BANKING 3.25% 27JUL2022	-	52,237,749,260	0.00%	1,100,000,000	127,093,562,966	0.87%
BANK OF PHILIPPINE ISLAN 3.05% 07MAY2022	-	52,237,749,260	0.00%	1,100,000,000	127,093,562,966	0.87%
SM INVESTMENTS SMPM 3.3613 04/02/24	-	52,237,749,260	0.00%	1,213,000,000	127,093,562,966	0.95%
SM PRIME HOLDINGS INC 4.8643% 25MAR2025	186,301,597	52,237,749,260	0.36%	187,450,462	127,093,562,966	0.15%
DEL MONTE PHIL DELMPI 3.484 10/30/23	1,900,108,224	52,237,749,260	3.64%	1,900,239,275	127,093,562,966	1.50%
RIZAL COMM BANK RCBPM 3.2 09/30/23	1,200,000,000	52,237,749,260	2.30%	1,200,000,000	127,093,562,966	0.94%
SAN MIGUEL CORP SMCPM 3.3832 07/08/27	2,000,000,000	52,237,749,260	3.83%	2,000,000,000	127,093,562,966	1.57%
SM PRIME HOLDINGS INC 2.4565% 05AUG2023	1,000,000,000	52,237,749,260	1.91%	1,000,000,000	127,093,562,966	0.79%
SMC GLOBAL POWER SMCGL 7.6 04/24/26	214,043,402	52,237,749,260	0.41%	217,825,100	127,093,562,966	0.17%
(HTM)ING BANK NV 2.85 22/07	-	52,237,749,260	0.00%	502,790,000	127,093,562,966	0.40%
EIBKOR 2.8 12/15/22 GMTN	-	52,237,749,260	0.00%	2,000,000,000	127,093,562,966	1.57%
FIRST ABU DHABI FABUH 3.8 04/15/24	2,000,473,140	52,237,749,260	3.83%	2,000,932,810	127,093,562,966	1.57%
GS 3.50 03/31/2023	2,000,000,000	52,237,749,260	3.83%	2,000,000,000	127,093,562,966	1.57%
NOM 2.75% 09SEP2022	-	52,237,749,260	0.00%	1,500,000,000	127,093,562,966	1.18%
EXP-IMP BK KOREA EIBKOR 3.15 12/01/23	2,000,000,000	52,237,749,260	3.83%	2,000,000,000	127,093,562,966	1.57%
N&C Securities (Classic Global Note)	1,000,000,000	52,237,749,260	1.91%	1,000,000,000	127,093,562,966	0.79%
BANK PHILIPP ISL BPIPM 2.8068 01/31/24	650,600,000	52,237,749,260	1.25%	-	-	0.00%
BDO UNIBANK INC BDOPM 2.9 01/28/24	1,350,000,000	52,237,749,260	2.58%	-	-	0.00%
RIZAL COMMERCIAL BANKING 3% 21MAY2024	2,500,000,000	52,237,749,260	4.79%	-	-	0.00%
SM INVESTMENTS CORP 3.5915 02/18/25	495,330,000	52,237,749,260	0.95%	-	-	0.00%
Commercial Papers						
SL AGRITECH CORP SLAGRI 0 12/21/22	-	52,237,749,260	0.00%	967,929,500	127,093,562,966	0.76%

	2022			2021		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Corporate Loans						
ING 3.35% 21FEB2023	594,836,400	52,237,749,260	1.14%	-	-	0.00%
ING BANK 5.05% 06JAN2023	999,804,250	52,237,749,260	1.91%	-	-	0.00%
ING BANK NV INTNED 3.42 01/05/23	999,600,000	52,237,749,260	1.91%	-	-	0.00%
SC 3.35% 13FEB2023	828,000,000	52,237,749,260	1.59%	-	-	0.00%
STANDARD CHARTERED BANK 3.05% 26JAN2023	800,000,000	52,237,749,260	1.53%	-	-	0.00%
STANDARD CHARTERED BANK 3.55% 10JAN2023	1,000,000,000	52,237,749,260	1.91%	-	-	0.00%
ANZ 2.65 06/27/2022	-	52,237,749,260	0.00%	1,001,880,000	127,093,562,966	0.79%
ANZ 2.70 07/11/2022	-	52,237,749,260	0.00%	1,500,752,500	127,093,562,966	1.18%
ANZ 2.85 01/10/2022	-	52,237,749,260	0.00%	250,843,500	127,093,562,966	0.20%
ANZ 2.90 04/25/2022	-	52,237,749,260	0.00%	1,750,788,500	127,093,562,966	1.38%
ANZ 3.05 07/19/2022	-	52,237,749,260	0.00%	1,503,600,000	127,093,562,966	1.18%
ANZ 3.10 04/18/2022	-	52,237,749,260	0.00%	1,002,000,000	127,093,562,966	0.79%
BNP 2.8% 12SEP2022	-	52,237,749,260	0.00%	500,000,000	127,093,562,966	0.39%
CIT 2.30 3/17/2022	-	52,237,749,260	0.00%	971,600,000	127,093,562,966	0.76%
CIT 2.55 03/23/2022	-	52,237,749,260	0.00%	963,700,000	127,093,562,966	0.76%
CIT 2.60 07/01/2022	-	52,237,749,260	0.00%	973,018,280	127,093,562,966	0.77%
CIT 2.65 06/23/2022	-	52,237,749,260	0.00%	964,200,000	127,093,562,966	0.76%
CIT 2.75 06/24/2022	-	52,237,749,260	0.00%	969,200,000	127,093,562,966	0.76%
CIT 3.0 04/15/2022	-	52,237,749,260	0.00%	490,420,260	127,093,562,966	0.39%
CIT 3.0 07/15/2022	-	52,237,749,260	0.00%	498,600,000	127,093,562,966	0.39%
CITI 2.10 1Y	-	52,237,749,260	0.00%	974,000,000	127,093,562,966	0.77%
CITI 2.50 09/07/2022	-	52,237,749,260	0.00%	1,008,612,000	127,093,562,966	0.79%
CITI 2.55 1Y	-	52,237,749,260	0.00%	971,000,000	127,093,562,966	0.76%
DBS 1.85% 28FEB2022	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
DBS 2.5 06/27/2022 A	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
DBS 2.5 06/27/2022 B	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
DBS 2.5% 22MAR2022	-	52,237,749,260	0.00%	2,000,000,000	127,093,562,966	1.57%
DBS 2.51% 26MAY2022	-	52,237,749,260	0.00%	482,000,000	127,093,562,966	0.38%
DBS 2.81 01/10/2022	-	52,237,749,260	0.00%	2,000,000,000	127,093,562,966	1.57%
DBS 3.05 04/15/2022	-	52,237,749,260	0.00%	1,500,000,000	127,093,562,966	1.18%
DBS 3.20 04/20/2022	-	52,237,749,260	0.00%	1,000,000,000	127,093,562,966	0.79%
ING 2.45 02/11/2022	-	52,237,749,260	0.00%	594,119,400	127,093,562,966	0.47%
ING 2.45% 26SEP2022	-	52,237,749,260	0.00%	730,771,000	127,093,562,966	0.57%
ING 2.6% 26SEP2022	-	52,237,749,260	0.00%	727,378,000	127,093,562,966	0.57%
ING 3.15 04/13/2022	-	52,237,749,260	0.00%	250,625,000	127,093,562,966	0.20%
ING BANK NV 1.8% 28FEB2022	-	52,237,749,260	0.00%	729,734,400	127,093,562,966	0.57%
ING BANK NV 2% 02MAR2022	-	52,237,749,260	0.00%	974,060,000	127,093,562,966	0.77%
ING BANK NV 2.75% 06APR2022	-	52,237,749,260	0.00%	719,869,000	127,093,562,966	0.57%
ING BANK NV 2.85 22/07/2022	-	52,237,749,260	0.00%	595,640,400	127,093,562,966	0.47%
ING BANK NV 3.15 22/04/2022	-	52,237,749,260	0.00%	504,100,000	127,093,562,966	0.40%
ING BANK NV INTNED 2.55 09/06/22	-	52,237,749,260	0.00%	493,762,500	127,093,562,966	0.39%
ING BANK NV INTNED 2.95 04/07/22	-	52,237,749,260	0.00%	897,480,000	127,093,562,966	0.71%
ING BANK NV INTNED 3 07/12/22	-	52,237,749,260	0.00%	997,936,000	127,093,562,966	0.79%
SC 2.8% 21SEP2022	-	52,237,749,260	0.00%	500,000,000	127,093,562,966	0.39%
SC 3.15 04/13/22	-	52,237,749,260	0.00%	500,000,000	127,093,562,966	0.39%
SC 3.3% 13APR2022	-	52,237,749,260	0.00%	750,000,000	127,093,562,966	0.59%
SC 3.3% 19APR2022	-	52,237,749,260	0.00%	962,500,000	127,093,562,966	0.76%
STANDARD CHART STANLN 1.595 02/04/22	-	52,237,749,260	0.00%	800,000,000	127,093,562,966	0.63%
STANDARD CHART STANLN 1.815 02/10/22	-	52,237,749,260	0.00%	828,000,000	127,093,562,966	0.65%
STANDARD CHART STANLN 2 3/4 08/31/22	-	52,237,749,260	0.00%	500,000,000	127,093,562,966	0.39%
STANDARD CHART STANLN 3.2 01/04/22	-	52,237,749,260	0.00%	2,100,000,000	127,093,562,966	1.65%
STANDARD CHARTERED BANK 1.895% 22FEB2022	-	52,237,749,260	0.00%	700,000,000	127,093,562,966	0.55%
STANDARD CHARTERED BANK 2.3% 29MAR2022	-	52,237,749,260	0.00%	2,000,000,000	127,093,562,966	1.57%
STANDARD CHARTERED BANK 3.025% 01JUN2022	-	52,237,749,260	0.00%	975,000,000	127,093,562,966	0.77%
Term Deposits						
City Savings Bank	1,000,000,000	52,237,749,260	1.91%	-	-	0.00%
Union Bank of the Philippines	2,502,300,000	52,237,749,260	4.79%	-	-	0.00%
Rizal Commercial Banking Corp (RCBC)	4,112,100,000	52,237,749,260	7.87%	-	-	0.00%
Metropolitan Bank and Trust Company	2,691,500,000	52,237,749,260	5.15%	2,000,400,000	127,093,562,966	1.57%
Maybank Philippines	-	52,237,749,260	0.00%	1,815,000,000	127,093,562,966	1.43%
Rizal Commercial Banking Corporation	-	52,237,749,260	0.00%	3,412,400,000	127,093,562,966	2.68%
Bank of the Philippine Islands	-	52,237,749,260	0.00%	3,706,900,000	127,093,562,966	2.92%
Investments in UITFs						
SB PESO MONEY MARKET FUND	876,123,976	52,237,749,260	1.68%	1,217,627,962	127,093,562,966	0.96%
METRO MONEY MARKET FUND	20,376,155	52,237,749,260	0.04%	523,978,040	127,093,562,966	0.41%
CHINA BANK SHORT TERM FUND	-	52,237,749,260	0.00%	105,432,191	127,093,562,966	0.08%
CHINA BANK MONEY MARKET FUND	2,584,302,636	52,237,749,260	4.95%	2,537,144,529	127,093,562,966	2.00%
BPI INVEST SHORT TERM FUND	1,827,619	52,237,749,260	0.00%	1,804,659	127,093,562,966	0.00%
BPI INVEST MONEY MARKET FUND	-	52,237,749,260	0.00%	2,000,303,835	127,093,562,966	1.57%

ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company
As of December 31, 2022 and December 31, 2021

	Total Investment	Outstanding Securities	% over Investee	Total Investment	Outstanding Securities	% over Investee
Treasury Bills - Republic of the Philippines						
PIBL1221A042	-	**	-	515,035,000	20,000,000,000	2.58%
PIBL1221A024	-	**	-	1,440,000,000	15,000,000,000	9.60%
PIBL1221I366	-	**	-	1,000,000,000	5,000,000,000	20.00%
PIBL1221E208	-	**	-	1,500,000,000	17,000,000,000	8.82%
PIBL1221A033	-	**	-	3,825,000,000	20,000,000,000	19.13%
PIBL1221C120	-	**	-	1,000,000,000	15,000,000,000	6.67%
PIBL1221E217	-	**	-	1,000,000,000	17,000,000,000	5.88%
PIBL1221D174	-	**	-	1,000,000,000	17,000,000,000	5.88%
Treasury Notes (ISIN) - Republic of the Philippines						
PIID1023H046	343,580,000	141,422,520,000	0.24%	-	**	-
PIBD0325D270	600,000,000	25,791,000,000	2.33%	-	**	-
PIBD0523C752	1,200,000,000	12,039,000,000	9.97%	-	**	-
PIID0524C129	550,000,000	235,916,440,000	0.23%	-	**	-
PIID0324C115	1,150,000,000	463,321,670,000	0.25%	-	**	-
PIID0525H130	2,550,000,000	516,340,790,000	0.49%	-	**	-
PIID0323B101	3,356,271,000	267,058,560,000	1.26%	5,256,271,000	310,827,960,000	1.69%
US718286BX44	-	**	-	5,271,000,000	30,800,000,000,000	0.02%
PIID0522L114	-	**	-	23,000,000	255,359,340,000	0.01%
PIBD0522A747	-	**	-	1,575,000,000	15,000,000,000	10.50%
PIBD0322G247	-	**	-	500,000,000	20,000,000,000	2.50%
Bonds						
SAN MIGUEL CORP SMCPM 6 1/4 03/19/23	800,000,000	**	-	800,000,000	**	-
SM PRIME HLDNGS SMPHPM 6.2223 05/17/22	-	**	-	166,200,000	**	-
SAN MIGUEL CORP SMCPM 4.8243 03/01/22	-	**	-	125,000,000	**	-
SAN MIGUEL CORP SMCPM 5.1923 04/07/22	-	**	-	128,000,000	**	-
BDO UNIBANK INC 4.408% 03AUG2022	-	**	-	800,000,000	**	-
RIZAL COMM BANK RCBPM 4.848 04/07/22	-	**	-	1,000,000,000	**	-
SM PRIME HOLDINGS INC 5.0583% 25MAR2027	72,400,000	**	-	72,400,000	**	-
AYALA LAND INC ALIPM 3 06/26/22	-	**	-	1,000,000,000	**	-
ABOITIZ POWER APPM 3 1/8 07/06/22	-	**	-	1,240,000,000	**	-
ROBINSONS LAND CORP 3.683% 17JUL2023	1,461,090,000	**	-	1,461,090,000	**	-
SM INVESTMENTS SMPM 2 7/8 01/22/22	-	**	-	1,100,000,000	**	-
SECURITY BK CORP SECBPM 3 1/8 07/24/22	-	**	-	1,000,000,000	**	-
VISTA LAND & LIFESCAPE 5.6992% 18JUN2025	1,125,000,000	**	-	1,125,000,000	**	-
RIZAL COMMERCIAL BANKING 3.25% 27JUL2022	-	**	-	1,100,000,000	**	-
BANK OF PHILIPPINE ISLAN 3.05% 07MAY2022	-	**	-	1,100,000,000	**	-
SM INVESTMENTS SMPM 3.3613 04/02/24	-	**	-	1,213,000,000	**	-
SM PRIME HOLDINGS INC 4.8643% 25MAR2025	183,570,000	**	-	183,570,000	**	-
DEL MONTE PHIL DELMPI 3.484 10/30/23	1,900,000,000	**	-	1,900,000,000	**	-
RIZAL COMM BANK RCBPM 3.2 09/30/23	1,200,000,000	**	-	1,200,000,000	**	-
SAN MIGUEL CORP SMCPM 3.3832 07/08/27	2,000,000,000	**	-	2,000,000,000	**	-
SM PRIME HOLDINGS INC 2.4565% 05AUG2023	1,000,000,000	**	-	1,000,000,000	**	-
SMC GLOBAL POWER SMCGL 7.6 04/24/26	200,000,000	**	-	200,000,000	**	-
(HTM)ING BANK NV 2.85 22/07	-	**	-	502,790,000	**	-
EIBKOR 2.8 12/15/22 GMTN	-	**	-	2,000,000,000	**	-
FIRST ABU DHABI FABUH 3.8 04/15/24	2,000,000,000	**	-	2,000,000,000	**	-
GS 3.50 03/31/2023	2,000,000,000	**	-	2,000,000,000	**	-
NOM 2.75% 09SEP2022	-	**	-	1,500,000,000	**	-
EXP-IMP BK KOREA EIBKOR 3.15 12/01/23	2,000,000,000	**	-	2,000,000,000	**	-
N&C Securities (Classic Global Note)	1,000,000,000	**	-	1,000,000,000	**	-
BANK PHILIPP ISL BPIPM 2.8068 01/31/24	650,600,000	**	-	-	**	-
BDO UNIBANK INC BDOPM 2.9 01/28/24	1,350,000,000	**	-	-	**	-
RIZAL COMMERCIAL BANKING 3% 21MAY2024	2,500,000,000	**	-	-	**	-
SM INVESTMENTS CORP 3.5915 02/18/25	495,330,000	**	-	-	**	-
Commercial Papers						
SL AGRITECH CORP SLAGRI 0 12/21/22	-	**	-	1,000,000,000	**	-

	2022			2021		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Corporate Loans						
ING 3.35% 21FEB2023	594,836,400	**	-	-	**	-
ING BANK 5.05% 06JAN2023	999,804,250	**	-	-	**	-
ING BANK NV INTNED 3.42 01/05/23	999,600,000	**	-	-	**	-
SC 3.35% 13FEB2023	828,000,000	**	-	-	**	-
STANDARD CHARTERED BANK 3.05% 26JAN2023	800,000,000	**	-	-	**	-
STANDARD CHARTERED BANK 3.55% 10JAN2023	1,000,000,000	**	-	-	**	-
ANZ 2.65 06/27/2022	-	**	-	1,001,880,000	**	-
ANZ 2.70 07/11/2022	-	**	-	1,500,752,500	**	-
ANZ 2.85 01/10/2022	-	**	-	250,843,500	**	-
ANZ 2.90 04/25/2022	-	**	-	1,750,788,500	**	-
ANZ 3.05 07/19/2022	-	**	-	1,503,600,000	**	-
ANZ 3.10 04/18/2022	-	**	-	1,002,000,000	**	-
BNP 2.8% 12SEP2022	-	**	-	500,000,000	**	-
CIT 2.30 3/17/2022	-	**	-	971,600,000	**	-
CIT 2.55 03/23/2022	-	**	-	963,700,000	**	-
CIT 2.60 07/01/2022	-	**	-	973,018,280	**	-
CIT 2.65 06/23/2022	-	**	-	964,200,000	**	-
CIT 2.75 06/24/2022	-	**	-	969,200,000	**	-
CIT 3.0 04/15/2022	-	**	-	490,420,260	**	-
CIT 3.0 07/15/2022	-	**	-	498,600,000	**	-
CITI 2.10 1Y	-	**	-	974,000,000	**	-
CITI 2.50 09/07/2022	-	**	-	1,008,612,000	**	-
CITI 2.55 1Y	-	**	-	971,000,000	**	-
DBS 1.85% 28FEB2022	-	**	-	1,000,000,000	**	-
DBS 2.5 06/27/2022 A	-	**	-	1,000,000,000	**	-
DBS 2.5 06/27/2022 B	-	**	-	1,000,000,000	**	-
DBS 2.5% 22MAR2022	-	**	-	2,000,000,000	**	-
DBS 2.51% 26MAY2022	-	**	-	482,000,000	**	-
DBS 2.81 01/10/2022	-	**	-	2,000,000,000	**	-
DBS 3.05 04/15/2022	-	**	-	1,500,000,000	**	-
DBS 3.20 04/20/2022	-	**	-	1,000,000,000	**	-
ING 2.45 02/11/2022	-	**	-	594,119,400	**	-
ING 2.45% 26SEP2022	-	**	-	730,771,000	**	-
ING 2.6% 26SEP2022	-	**	-	727,378,000	**	-
ING 3.15 04/13/2022	-	**	-	250,625,000	**	-
ING BANK NV 1.8% 28FEB2022	-	**	-	729,734,400	**	-
ING BANK NV 2% 02MAR2022	-	**	-	974,060,000	**	-
ING BANK NV 2.75% 06APR2022	-	**	-	719,869,000	**	-
ING BANK NV 2.85 22/07/2022	-	**	-	595,640,400	**	-
ING BANK NV 3.15 22/04/2022	-	**	-	504,100,000	**	-
ING BANK NV INTNED 2.55 09/06/22	-	**	-	493,762,500	**	-
ING BANK NV INTNED 2.95 04/07/22	-	**	-	897,480,000	**	-
ING BANK NV INTNED 3 07/12/22	-	**	-	997,936,000	**	-
SC 2.8% 21SEP2022	-	**	-	500,000,000	**	-
SC 3.15 04/13/22	-	**	-	500,000,000	**	-
SC 3.3% 13APR2022	-	**	-	750,000,000	**	-
SC 3.3% 19APR2022	-	**	-	962,500,000	**	-
STANDARD CHART STANLN 1.595 02/04/22	-	**	-	800,000,000	**	-
STANDARD CHART STANLN 1.815 02/10/22	-	**	-	828,000,000	**	-
STANDARD CHART STANLN 2 3/4 08/31/22	-	**	-	500,000,000	**	-
STANDARD CHART STANLN 3.2 01/04/22	-	**	-	2,100,000,000	**	-
STANDARD CHARTERED BANK 1.895% 22FEB2022	-	**	-	700,000,000	**	-
STANDARD CHARTERED BANK 2.3% 29MAR2022	-	**	-	2,000,000,000	**	-
STANDARD CHARTERED BANK 3.025% 01JUN2022	-	**	-	68,000,000	**	-
Term Deposits						
City Savings Bank	1,000,000,000	**	-	-	**	-
Union Bank of the Philippines	2,502,300,000	**	-	-	**	-
Rizal Commercial Banking Corp (RCBC)	4,112,100,000	**	-	-	**	-
Metropolitan Bank and Trust Company	2,691,500,000	**	-	2,000,400,000	**	-
Maybank Philippines	-	**	-	1,815,000,000	**	-
Rizal Commercial Banking Corporation	-	**	-	3,412,400,000	**	-
Bank of the Philippine Islands	-	**	-	3,706,900,000	**	-
Investments in UITFs						
SB PESO MONEY MARKET FUND	600,537,375	7,963,188,477	7.54%	847,871,292	16,544,786,392	5.12%
METRO MONEY MARKET FUND	11,720,538	43,357,513,191	0.03%	306,419,906	52,818,886,725	0.58%
CHINA BANK SHORT TERM FUND	-	**	-	87,510,118	19,809,189,499	0.44%
CHINA BANK MONEY MARKET FUND	1,916,996,244	13,645,162,559	14.05%	1,916,996,244	19,693,387,717	9.73%
BPI INVEST SHORT TERM FUND	11,538	423,426,199	0.00%	11,538	505,831,149	0.00%
BPI INVEST MONEY MARKET FUND	-	**	-	7,595,898	235,205,716	3.23%

iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets As of December 31, 2022 and December 31, 2021

	2022	2021
Total Liquid and Semi-Liquid Assets	20,893,001,150	72,394,500,460
TOTAL ASSETS	52,483,821,866	127,305,723,838
Total Liquid and Semi-Liquid Assets to Total Assets	39.81%	56.87%

iv. Total Operating Expenses to Total Net Worth
As of December 31, 2022 and December 31, 2021

	2022	2021
Total Operating Expenses	494,035,896	552,693,415
Average Daily Net Worth	109,375,382,423	101,671,728,531
Total Operating Expenses to Total Net Worth	0.45%	0.54%

v. Total Assets to Total Borrowings
As of December 31, 2022 and December 31, 2021

	2022	2021
Total Assets	52,483,821,866	127,305,723,838
Total Borrowings	246,072,606	212,160,872
Total Assets to Total Borrowings	21329%	60004%

** Figures not available

SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

Additional Requirements for Issuers of Securities to the Public
Required by the Securities and Exchange Commission
As at December 31, 2022

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SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

SCHEDULE A - FINANCIAL ASSETS
As at December 31, 2022

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bills, Notes and Bonds	Amount shown in the Balance Sheet	Income Received and Accrued
Treasury Bills, Notes and Bonds Issued by the Nat'l. Government	9,749,851,000	P9,646,500,872	P750,519,260
Investments in UITF			
SB PESO MONEY MARKET FUND	600,537,375	876,123,976	
METRO MONEY MARKET FUND	11,720,538	20,376,155	
CHINA BANK MONEY MARKET FUND	1,916,996,244	2,584,302,636	
BPI INVEST SHORT TERM FUND	11,538	1,827,619	
	2,529,265,694	3,482,630,387	
Term Deposits			
City Savings Bank	1,000,000,000	1,000,000,000	
Union Bank of the Philippines	2,502,300,000	2,502,300,000	
Rizal Commercial Banking Corp (RCBC)	4,112,100,000	4,112,100,000	
Metropolitan Bank and Trust Company	2,691,500,000	2,691,500,000	
	10,305,900,000	10,305,900,000	502,783,347
Corporate Bonds and Loans			
ING 3.35% 21FEB2023	594,836,400	594,836,400	
ING BANK 5.05% 06JAN2023	999,804,250	999,804,250	
ING BANK NV INTNED 3.42 01/05/23	999,600,000	999,600,000	
SC 3.35% 13FEB2023	828,000,000	828,000,000	
STANDARD CHARTERED BANK 3.05% 26JAN2023	800,000,000	800,000,000	
STANDARD CHARTERED BANK 3.55% 10JAN2023	1,000,000,000	1,000,000,000	
SAN MIGUEL CORP SMCPM 6 1/4 03/19/23	800,000,000	800,000,000	
SM PRIME HOLDINGS INC 5.0583% 25MAR2027	72,400,000	72,527,522	
ROBINSONS LAND CORP 3.683% 17JUL2023	1,461,090,000	1,461,215,274	
VISTA LAND & LIFESCAPE 5.6992% 18JUN2025	1,125,000,000	1,131,334,065	
SM PRIME HOLDINGS INC 4.8643% 25MAR2025	183,570,000	186,301,597	
DEL MONTE PHIL DELMPI 3.484 10/30/23	1,900,000,000	1,900,108,224	
RIZAL COMM BANK RCBPM 3.2 09/30/23	1,200,000,000	1,200,000,000	
SAN MIGUEL CORP SMCPM 3.3832 07/08/27	2,000,000,000	2,000,000,000	
SM PRIME HOLDINGS INC 2.4565% 05AUG2023	1,000,000,000	1,000,000,000	
SMC GLOBAL POWER SMCGL 7.6 04/24/26	200,000,000	214,043,402	
FIRST ABU DHABI FABUH 3.8 04/15/24	2,000,000,000	2,000,473,140	
GS 3.50 03/31/2023	2,000,000,000	2,000,000,000	
EXP-IMP BK KOREA EIBKOR 3.15 12/01/23	2,000,000,000	2,000,000,000	
N&C Securities (Classic Global Note)	1,000,000,000	1,000,000,000	
BANK PHILIPP ISL BPIPM 2.8068 01/31/24	650,600,000	650,600,000	
BDO UNIBANK INC BDOPM 2.9 01/28/24	1,350,000,000	1,350,000,000	
RIZAL COMMERCIAL BANKING 3% 21MAY2024	2,500,000,000	2,500,000,000	
SM INVESTMENTS CORP 3.5915 02/18/25	495,330,000	495,330,000	
	27,160,230,650	27,184,173,873	1,552,823,487
TOTAL	**49,745,247,344**	**P50,619,205,132**	**P2,806,126,093**

SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
As at December 31, 2022

Name of Related Party	Relationship	Balance at beginning of period	Balance at end of period
Sun Life Asset Management Company, Inc.	Fund Manager	P41,831,358	P19,254,837
TOTAL		**P41,831,358**	**P19,254,837**

SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

SCHEDULE H - CAPITAL STOCK
As at December 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Share Capital						
Ordinary Shares	20,000,000,000	96,671,817,272	-	4,626,840,222	5	92,044,977,045
Treasury Shares	-	(2,422,352)	-	-	-	(2,422,352)
TOTAL	**20,000,000,000**	**96,669,394,920**	**-**	**4,626,840,222**	**5**	**92,042,554,693**