



**Sun Life**  
Asset Management

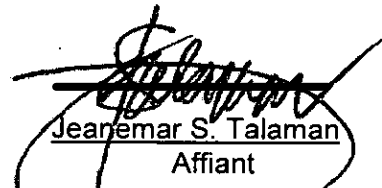
### Certification

I, Jeanemar S. Talaman, the Treasurer of Sun Life Asset Management Company, Inc., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number A199918034 and with principal office at Sun Life Center, 5th Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, on oath state:

- 1) That I have caused this SEC Form 17-Q to be prepared on behalf of Sun Life Prosperity GS Fund, Inc.;
- 2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
- 3) That the company Sun Life Prosperity GS Fund, Inc. will comply with the requirements set forth in SEC Notice dated 14 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

**MAY 16 2023**

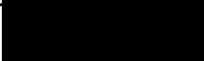
IN WITNESS WHEREOF, I have hereunto set my hand this 16<sup>th</sup> day of May, 2023.

  
Jeanemar S. Talaman  
Affiant

**MAY 16 2023**

**MAKATI CITY**

SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_\_\_, 2023, in \_\_\_\_\_ City, Philippines. Affiant exhibiting his/her government issued identification card:

Name	Government ID No.	Valid Until	Place of Issue
Jeanemar S. Talaman	Driver's License 	05 June 2018	DLRC - Ayala

Doc. No. 129  
Page No. 22  
Book No. 34  
Series of 2023.

**ATTY. ROMEO M. MONEORT**  
Notary Public City of Makati  
Until December 21, 2023  
Appointment No. 172 (2022-2023)  
PTR NO. 9563521 Jan. 3, 2023 Makati City  
IBP No. 1062634 - Jan. 3, 2018  
MCLE NO. VI-0023417 Roll No. 27932  
26 Amorsolo Street Legaspi Village  
Makati City

# COVER SHEET

**CS200417430**

S.E.C. Registration Number

S	U	N	L	I	F	E	P	R	O	S	P	E	R	I	T	Y	G	S	F	U	N	D		
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( Business Address : No. Street City / Town / Province )

<b>Jeanemar S. Talaman</b> Contact Person
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<b>8555-8888</b> Company Telephone Number
--

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1					
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3					
1					
<i>Month</i>	<i>Day</i>				
Fiscal Year					

<b>SEC FORM 17-Q</b>
FORM TYPE

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<i>Month</i>	<i>Day</i>				
Annual Meeting					

Mutual Fund Company
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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="height: 20px;"> </td> </tr> </table>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="height: 20px;"> </td> </tr> </table>	
Domestic	Foreign		

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

<b>STAMPS</b>
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Remarks = pls. use black ink for scanning purposes

SEC Number: CS200417430

File Number: \_\_\_\_\_

**SUN LIFE PROSPERITY GS FUND, INC.**

(Company's Full Name)

**8<sup>th</sup> Floor Sun Life Centre 5<sup>th</sup> Avenue cor Rizal Drive Bonifacio Global City, Taguig City, Philippines**

-----  
(Company's Address)

**8555-8888**

-----  
(Telephone No.)

**December 31**

-----  
(Fiscal Year Ending)  
(Month & Day)

**SEC FORM 17-Q**

-----  
Form Type

-----  
Amendment Designation (If applicable)

**March 31, 2023**

-----  
Period Ended Date

**OPEN-END INVESTMENT COMPANY**

-----  
Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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


1. For the quarterly period ended: March 31, 2023

2. Commission identification number: CS200417430 3. BIR Tax Identification No: 

4. Exact name of issuer as specified in its charter

Sun Life Prosperity GS Fund, Inc.

5. Province, country or other jurisdiction of incorporation  
or organization

6. Industry Classification Code:  
(SEC Use Only) 

Philippines

7. Address of issuer's principal office:

Postal Code

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

8. Issuer's telephone number, including area code

(02) - 8555-8888

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

N.A.

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

Title of Each Class

Number of Shares of Common Stock  
Outstanding and Amount of Debt Outstanding

(as of March 31, 2023)

Common Shares (Unclassified)

80,831,092 shares

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

Yes [ ] No [ x ]

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

\_\_\_\_\_

12. Indicate by check mark whether the registrant:

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

Yes [ x ] No [ ]

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

Yes [ x ] No [ ]

PART A - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUN LIFE PROSPERITY GS FUND, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022

		(Unaudited)	(Audited)
	Notes	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	<b>P 30,226,473</b>	P 6,659,303
Financial assets at fair value through profit or loss	5	<b>114,873,602</b>	130,699,563
Accrued interest receivable	6	<b>704,094</b>	801,045
Other current assets	7	<b>58,606</b>	-
		<b>P145,862,775</b>	P138,159,911
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	8	<b>P 168,424</b>	P 206,748
Payable to fund manager	10	<b>141,287</b>	141,222
Due to brokers	9	<b>6,189,442</b>	-
Income tax payable		<b>18</b>	18
Total Current Liabilities		<b>6,499,171</b>	347,988
<b>Equity</b>			
Share capital	11	<b>4,031,453</b>	4,031,453
Additional paid-in capital	12	<b>516,407,947</b>	516,411,336
Retained earnings		<b>148,823,278</b>	146,512,090
		<b>669,262,678</b>	666,954,879
Treasury shares	11	<b>(529,899,074)</b>	(529,142,956)
Total Equity		<b>139,363,604</b>	137,811,923
		<b>P145,862,775</b>	P138,159,911
<b>Net Asset Value Per Share</b>	13	<b>P 1.7241</b>	P 1.6957
Total Equity		<b>P139,363,604</b>	P137,811,923
Capital Stock - Php 0.01 par value			
Authorized - 1,000,000,000 shares			
Total number of shares outstanding		<b>80,831,092</b>	81,273,395
Net Asset Value Per Share	13	<b>P1.7241</b>	P1.6957

See Notes to Financial Statements.

SUN LIFE PROSPERITY GS FUND, INC.  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2023 AND MARCH 31, 2022

		(Unaudited)	(Unaudited)
	Notes	2023	2022
<b>Investment Income - net</b>			
Net realized losses on investments	5	(P 633,940)	(P 739,080)
Interest income	14	1,418,565	908,877
		<b>784,625</b>	169,797
<b>Operating Expenses</b>			
Management and transfer fees	10	249,717	283,109
Distribution Fees	10	192,090	217,174
Directors' fees	10	63,685	63,767
Taxes and licenses		15,698	15,555
Professional fees		45,479	42,443
Printing and supplies		238	331
Custodianship fees		6,119	5,717
Miscellaneous		6,374	8,099
		<b>579,400</b>	636,195
<b>Profit (Loss) Before Net Unrealized Gains (Losses) on Investments</b>		<b>205,225</b>	(466,398)
<b>Net Unrealized Gains (Losses) on Investments</b>	5	<b>2,389,676</b>	(718,843)
<b>Profit (Loss) Before Tax</b>		<b>2,594,901</b>	(1,185,241)
<b>Income Tax Expense</b>		<b>283,713</b>	181,775
<b>Total Comprehensive Income (Loss)</b>		<b>P 2,311,188</b>	(P 1,367,016)
<b>Basic Earnings (Loss) per Share</b>	15	<b>P 0.029</b>	(P 0.015)

*See Notes to Financial Statements.*

SUN LIFE PROSPERITY GS FUND, INC  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2023 AND MARCH 31, 2022

	NOTE	Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2023		P 4,031,453	P 516,411,336	P 146,512,090	(P529,142,956)	P 137,811,923
Income for the period				2,311,188		2,311,188
Transactions with owners:						
Acquisition of Treasury shares during the period	11	-	-	-	(2,245,624)	(2,245,624)
Reissuance of Treasury shares during the period	11, 12	-	(3,389)	-	1,489,506	1,486,117
Total Transactions with owners		-	(3,389)		(756,118)	(759,507)
<b>Balance, March 31, 2023</b>	<b>11, 12</b>	<b>P 4,031,453</b>	<b>P 516,407,947</b>	<b>P 148,823,278</b>	<b>(P529,899,074)</b>	<b>P 139,363,604</b>

		Capital Stock	Capital paid in excess of par value	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2022		P 4,031,453	P 511,366,437	P 149,265,950	(P502,897,047)	P 161,766,793
Loss for the period				(1,367,016)		(1,367,016)
Transactions with owners:						
Acquisition of Treasury shares during the period		-	-	-	(8,893,583)	(8,893,583)
Reissuance of Treasury shares during the period		-	(4,703)	-	3,079,810	3,075,107
Total Transactions with owners		-	(4,703)	-	(5,813,773)	(5,818,476)
<b>Balance, March 31, 2022</b>		<b>P 4,031,453</b>	<b>P 511,361,734</b>	<b>P 147,898,934</b>	<b>(P508,710,820)</b>	<b>P 154,581,301</b>

SUN LIFE PROSPERITY GS FUND, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE PERIOD ENDED MARCH 31, 2023 AND MARCH 31, 2022

		(Unaudited)	(Unaudited)
	Notes	2023	2022
<b>Cash Flows from Operating Activities</b>			
Profit (Loss) before tax		P 2,594,901	(P 1,185,241)
Adjustments for:			
Net unrealized (gains) losses on investments	5	(2,389,676)	718,843
Net realized losses on investments	5	633,940	739,080
Interest income	14	(1,418,565)	(908,877)
Operating cash flows before working capital changes		(579,400)	(636,195)
Increase in other current assets	7	(58,606)	(58,391)
Increase (Decrease) in:			
Accrued expenses and other payables	8	(38,324)	209,403
Payable to fund manager	10	65	(5,604)
Cash used in operations		(676,265)	(490,787)
Acquisition of financial assets at fair value through profit or loss		(51,791,969)	(116,325,585)
Proceeds from disposals and maturities of financial assets at fair value through profit or loss		75,563,108	119,628,330
Interest received		1,515,516	762,455
Income taxes paid		(283,713)	(181,775)
Net cash generated from operating activities		24,326,677	3,392,638
<b>Cash Flows from Financing Activities</b>			
Proceeds from reissuance of treasury shares	11	1,486,117	3,075,107
Payments on acquisition of treasury shares	11	(2,245,624)	(8,893,583)
Net cash used in financing activities		(759,507)	(5,818,476)
<b>Net Increase (Decrease) in Cash and cash equivalents</b>		<b>23,567,170</b>	<b>(2,425,838)</b>
<b>Cash and cash equivalents, Beginning</b>		<b>6,659,303</b>	<b>8,550,148</b>
<b>Cash and cash equivalents, End</b>	4	P 30,226,473	P 6,124,310



## NOTES TO FINANCIAL STATEMENTS

### 1. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

#### Statement of Compliance

These unaudited condensed consolidated interim financial statements of the Company as at and for the three-month period ended March 31, 2023 have been prepared in accordance with PAS 34, Interim Financial Reporting. These unaudited condensed consolidated interim financial statements do not include all the notes normally included in an annual audited financial report. Accordingly, these unaudited condensed consolidated interim financial statements are to be read in conjunction with the Annual Audited Financial Statements of the Company for the year ended December 31, 2022, which have been prepared in accordance with the Philippine Financial Reporting Standards (PRFS).

#### 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.

In preparing the condensed consolidated interim financial statements, the significant accounting estimates and judgments made by the Company in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended December 31, 2022.

#### Functional and Presentation 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.

### 2. 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
  - 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 the Board of Accountancy.

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 the 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 the Board of Accountancy (BOA) and Financial and Sustainability Reporting Standard Council (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.

### **3. 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;
- FVTOCI; and
- Amortized cost

As at March 31, 2023 and December 31, 2022, the Company does not have financial assets classified as 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 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).

### Debt instruments

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 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, 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 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 comprehensive income 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 expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default 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 statement of financial position*

Loss allowances for ECL are presented in the statement 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.

#### **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.

## **Revenue Recognition**

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

### Transaction price

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

### 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 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, whichever is higher.

#### Final tax

Final tax expense represents final taxes withheld on interest income from cash and cash equivalents and fixed-income securities.

#### Deferred tax

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

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

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

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



#### Current and deferred taxes for the year

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

#### **Earnings (Loss) per Share**

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

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

#### **Net Asset Value per Share (NAVPS)**

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

#### **Events After the Reporting Period**

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

#### **4. CASH AND CASH EQUIVALENTS**

	<b>March 2023</b>	<b>December 2022</b>
Cash in banks	P 793,088	P 5,151,684
Cash equivalents	29,433,385	1,507,619
	<b>P 30,226,473</b>	<b>P 6,659,303</b>

#### **5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>March 2023</b>	<b>December 2022</b>
Investment in fixed-income securities	P 112,508,413	P128,356,349
Investments in Unit Investment Trust Funds (UITFs)	2,365,189	2,343,214
	<b>P 114,873,602</b>	<b>P130,699,563</b>

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

	March 2023	December 2022
Net realized gains (losses) on investments:		
Fixed-income securities	(P 633,940)	(P1,331,831)
UITFs	-	161,463
	<b>(633,940)</b>	<b>(1,170,368)</b>
Net unrealized gains (losses) on investments:		
Fixed-income securities	2,367,701	(2,559,077)
UITFs	21,975	20,826
	<b>2,389,676</b>	<b>(2,538,251)</b>
	<b>P 1,755,736</b>	<b>(P3,708,619)</b>

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

	March 2023	December 2022
Beginning balance	P130,699,563	P153,205,569
Additions	51,791,969	333,510,437
Disposals	(70,007,606)	(353,478,192)
Unrealized losses	2,389,676	(2,538,251)
Ending balance	<b>P 114,873,602</b>	<b>P130,699,563</b>

6. ACCRUED INTEREST RECEIVABLE

	March 2023	December 2022
Fixed-income securities	P 694,680	P 800,492
Cash equivalents	9,414	553
	<b>P 704,094</b>	<b>P 801,045</b>

7. OTHER CURRENT ASSETS

	March 2023	December 2022
Prepaid expense	P 58,606	P -

8. ACCRUED EXPENSES AND OTHER PAYABLES

	March 2023	December 2022
Professional fees	P 131,977	P 166,588
Withholding and documentary stamp taxes	19,298	19,383
Due to investors	15,774	18,736
Custodianship fees	1,375	2,041
	<b>P 168,424</b>	<b>P206,748</b>

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

9. **DUE TO BROKERS**

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

Due to brokers amounted to P 6,189,442 and nil as at March 31, 2023 and December 31, 2022, respectively.

10. **RELATED PARTY TRANSACTIONS**

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

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

Nature of Transaction	Transactions as of end of the Quarter	Outstanding Balances		Terms	Condition
	Q1 2023	Q1 2023	December 2022		
SLAMCI - Fund Manager Management Distribution and Transfer fees	P 441,807	P 141,287	P 141,222	Non-interest bearing; Annual rate of 1.65% of average daily net assets; settled in cash on or before the 15th day of the following month	Unsecured; unguaranteed
Key Management Personnel					
Directors' Fees	P 63,685	P -	P -	Payable on Demand; settled in cash	Unsecured; Unguaranteed

11. **EQUITY**

	2023	
	Shares	Amount
Authorized:		
P0.01 par value		
At January 1	1,000,000,000	P 10,000,000
Fully paid at March 31	403,145,317	P 4,031,453
Treasury shares:		
At January 1	321,871,922	P 529,142,956
Acquired during the period	1,307,783	2,245,624
Reissuance	(865,480)	(1,489,506)
At March 31	322,314,225	P 529,899,074

*Incorporation*

The Company was incorporated on November 3, 2004 with 200,000,000 authorized shares at a par value of P0.01 per share.

*Approved changes*

On September 27, 2011, the shareholders approved the blanket increase of the Company's authorized share capital by 800,000,000 shares (from 200,000,000 shares to 1,000,000,000 shares both with par value of P0.01).

On May 24, 2010, the Board of Directors approved the increase of share capital by 800,000,000 shares (from 200,000,000 shares to 1,000,000,000 shares both with par value of P0.01). The SEC approved the increase on December 18, 2013 and the registration statements on February 28, 2014.

*Current state*

As at March 31, 2023, the Company has 80,831,092 issued and outstanding shares out of 1,000,000,000 authorized shares with a par value of P0.01 per share.

The following table shows the number of institutional and retail investors and the percentage of their investments, and the geographic concentration of investments as of March 31, 2023.

% Ownership of Institutional Investors	% Ownership of Retail Investors
19.07%	80.93%

Area	Percentage of Investments
LUZON	95%
VISAYAS	4%
MINDANAO	1%
TOTAL	100%

**12. ADDITIONAL PAID-IN CAPITAL**

	March 2023	December 2022
APIC	P 516,407,947	P 516,411,336

**13. NET ASSET VALUE PER SHARE**

	March 2023	December 2022
Total equity	P 139,363,604	P 137,811,623
Total Outstanding Shares	80,831,092	81,273,395
NAVPS	P 1.7241	P 1.6957

**Net Asset Value Calculation**

The net asset value shall be calculated by adding:

- The aggregate market value of the portfolio securities and other assets;
- The cash on hand;
- Any dividends on stock trading ex-dividend; and
- Any accrued interest on portfolio securities,

And subtracting:

- Taxes and other charges against the fund not previously deducted;
- Liabilities
- Accrued expenses and fees; and
- Cash held for distribution to investors of the fund on a prior date

## Price Determination Of The Assets Of The Investment Company

The value of the assets of the Investment Company shall be determined based on the following:

- a. If quoted in an organized market, based on official closing price or last known transacted price;
- b. If unquoted or quoted investments where the transacted prices are not represented or not available to the market, based on fair value; Provided further that in determining the fair value of investments, the Fund Manager shall, with due care and good faith:
  - Have reference to the price that the Investment Company would reasonably expect to receive upon the sale of the investment at the time the fair value is determined;
  - Document the basis and approach for determining the fair value.

Below table shows the investment company return information of the Fund in the last five (5) recently completed fiscal years as at March 31, 2023:

	Yields	NAVPS	NAVPS Date
Year on year yield (1-year)	0.7126%	1.7120	March 31, 2022
3 Year - Simple	1.8128%	1.6935	March 31, 2020
5Year - Simple	11.9174%	1.5406	March 28, 2018

## 14. INTEREST INCOME

	March 2023	March 2022
Fixed income securities	P 1,223,604	P 901,305
Cash equivalents	194,132	-
Cash in banks	829	7,572
	<b>P 1,418,565</b>	<b>P 908,877</b>

## 15. EARNINGS (LOSS) PER SHARE

The calculation of the loss per share for the quarter is based on the following data:

	March 2023	March 2022
Total comprehensive income (loss) for the period	P 2,311,188	(P 1,367,016)
Weighted average number of outstanding shares for the purpose of computing earnings (loss) per share	81,018,695	91,815,688
Basic and diluted earnings (loss) per share	<b>P 0.029</b>	<b>(P 0.011)</b>

## 16. 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 classified under level 1 based on the degree to which the inputs to fair value are observable.

	Note	Level 1
<b>March 31, 2023</b>		
Fixed-income securities	5	P 112,508,413
Investments in UITFs	5	2,365,189
		<b>P 114,873,602</b>
<b>December 31, 2022</b>		
Fixed-income securities	5	P128,356,349
Investments in UITFs	5	2,343,214
		<b>P130,699,563</b>

The fair values of fixed-income securities classified as Level 1 are based on quoted prices of either done deals or bid rates.

Investments in UITFs is valued at their published Net Asset Value Per Unit (NAVPU) as at reporting date.

There were no transfers between Levels 1 to 3 in 2023 and 2022.

*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:

	Notes	Carrying Amounts	Fair Values		
			Level 1	Level 2	Total
<b>March 31, 2023</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	4	P 30,226,473	P 30,226,473	P -	P 30,226,473
Accrued interest receivable	6	704,094	-	704,094	704,094
		<b>P 30,930,567</b>	<b>P 30,226,473</b>	<b>P 704,094</b>	<b>P 30,930,567</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	8	P 149,126	P -	P 149,126	P 149,126
Due to brokers	9	6,189,442	-	6,189,442	6,189,442
Payable to fund manager	10	141,287	-	141,287	141,287
		<b>P 6,479,855</b>	<b>P -</b>	<b>P 6,479,855</b>	<b>P 6,479,855</b>
<b>December 31, 2022</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	4	P 6,659,303	P 6,659,303	P -	P 6,659,303
Accrued interest receivable	6	801,045	-	801,045	801,045
		<b>P 7,460,348</b>	<b>P 6,659,303</b>	<b>P 801,045</b>	<b>P 7,460,348</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	8	P 187,365	P -	P 187,365	P 187,365
Payable to fund manager	10	141,222	-	141,222	141,222
		<b>P 328,587</b>	<b>P -</b>	<b>P 328,587</b>	<b>P 328,587</b>

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 that are not considered financial liabilities.

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

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

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

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

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Material Changes in the 1st Quarter Financial Statements

#### Statement of Financial Position and Statements of Changes in Equity – March 31, 2023 vs. December 31, 2022

	31-Mar-23		31-Dec-22		Movement	Percentage (%)	MDAS
	Unaudited		Audited				
Cash and cash equivalents	P 30,226,473		P 6,659,303		P 23,567,170	353.90%	Liquidity requirements are met.
Financial assets at fair value through profit or loss	114,873,602		130,699,563		(15,825,961)	-12.11%	The decrease is due to net disposal of fixed income investments and slightly offset with unrealized gain earned during the period.
Accrued interest receivable	704,094		801,045		(96,951)	-12.10%	Collection of interest depends on the scheduled interest payments of each asset.
Prepayments and other current assets	58,606		-		58,606	-100.00%	This account pertains to prepaid expenses to be amortized until the end of the accounting period.
<b>Total Assets</b>	<b>145,862,775</b>		<b>138,159,911</b>		<b>7,702,864</b>	<b>5.58%</b>	
Accrued expenses and other payables	168,424		206,748		(38,324)	-18.54%	Decrease is due to settlement of audit fee payable and proceeds payable to investors for redemption of their investments processed on or before end of the reporting period, which are usually settled four (4) days after the transaction date.
Payable to fund manager	141,287		141,222		65	0.05%	
Due to brokers	6,189,442		-		6,189,442	-100.00%	This account pertains to amounts payable to brokers for the purchase of investments processed on or before the reporting period, which are settled three days after the transaction date.
Income tax payable	18		18		-	0.00%	
<b>Total Liabilities</b>	<b>6,499,171</b>		<b>347,988</b>		<b>6,151,183</b>	<b>1767.64%</b>	
Share capital	4,031,453		4,031,453		-	0.00%	
Additional paid in capital	516,407,947		516,411,336		(3,389)	0.00%	
Retained earnings	148,823,278		146,512,090		2,311,188	1.58%	Net income for the period.
Treasury Shares	(529,899,074)		(529,142,956)		(756,118)	0.14%	Net acquisition of treasury shares during the period.
<b>Net Assets</b>	<b>145,862,775</b>		<b>138,159,911</b>		<b>1,551,681</b>	<b>1.12%</b>	Increase is mainly due to net income earned and partly offset with the acquisition of treasury shares for the period.
<b>Net Assets Value per Share</b>	<b>P 1.7241</b>		<b>P 1.6957</b>		<b>P 0.0284</b>	<b>1.68%</b>	

There were no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way.

There was no contingent liability reflected in the accompanying interim unaudited financial statements.

The Company does not anticipate having any cash flow or liquidity problems as it complies with the liquidity requirements per ICA-IRR 6.10. The Company was able to meet all its monetary obligations to its shareholders (for redemption) and creditors for the period covered. It does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures, known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net income/revenue from the continuing operations of the Company.

There are no other significant events and transactions from the last annual reporting period that is required for disclosure this quarter.

### Statement of Comprehensive Income for the Three months ended – March 31, 2023 vs. March 31, 2022

	31-Mar-23	31-Mar-22	Movement	Percentage (%)	MDAS
	Unaudited	Unaudited			
Investment Income	P 784,625	P 169,797	P 614,828	362.10%	Increase mainly due to interest income earned from fixed-income securities.
Operating Expenses	579,400	636,195	(56,795)	-8.93%	Lower management fees were brought by lower average AUM for the period compared to the same period last year.
Net Unrealized Gains (Losses) on Investments	2,389,676	(718,843)	3,108,519	-432.43%	The decrease was due to favorable market conditions of the investments during the period.
Provision for Income Tax	283,713	181,775	101,938	56.08%	Final taxes of interest income earned from fixed income investments and term deposits.
Net Investment Income (Loss)	2,311,188	(1,367,016)	3,678,204	-269.07%	

Average daily net asset value from January to March 2023 and January to March 2022 is PHP 139,072,621 and PHP 161,106,532, respectively.

The Company has no unusual nature of transactions or events that affect assets, liabilities, equity, net income or cash flows.

There were no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the accompanying interim unaudited financial statements.

The management of the Fund is of the opinion that there were no income or losses from these items that will have any material effect on its interim unaudited financial statements.

There were no known material events subsequent to the end of the quarterly reporting period that have not been reflected in the Fund's interim unaudited financial statements as at the period ended March 31, 2023. There were no significant elements of income or loss that did not arise from the Company's continuing operations.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.



## PART II – RISK MANAGEMENT

### Item 1. Financial Risk Exposures of the Company

#### 1. Financial Risk Management Objectives and Policies

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

- 1.1 Market Risk:** Interest Rate Risk is a type of Market Risk which is applicable to the Fund's investments in bonds, if any. This refers to the increase/decrease of a bond price due to movement in market factors such as changes in interest rates. A change in interest rates is the period when interest rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.
- 1.2 Credit Risk:** Investments in bonds carry the risk that the issuer of the bonds might default on its interest and principal payments. In the event of default, the Fund's value will be adversely affected and may result in a write-off of the concerned asset held by the Fund. To mitigate the risk, each Issuer/Borrower/Counterparty passes through a stringent credit process to determine whether its credit quality complies with the prescribed standards of the Fund. Further, the credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 10% exposure limit to a single entity is likewise observed.
- 1.3 Liquidity Risk:** The Fund is usually able to service redemptions of investors within seven (7) banking days after receipt of the notice of redemption by paying out redemptions from available cash or near cash assets in its portfolio. However, when redemptions exceed the Funds available cash or near cash assets in its portfolio, the Fund will have to sell its other security holdings; and during periods of extreme market volatility, the Fund may not be able to find a buyer for such assets. Consequently, the Fund may not be able to generate sufficient cash from its sale of assets to meet the redemptions within the normal seven (7) banking day period. To mitigate this, the Fund maintains adequate highly liquid assets in the form of cash, cash equivalents and near cash assets in its portfolio. As the Fund's portfolio is composed of liquid assets, liquidity risk is deemed low.

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

- 1.4 Regulatory Risk:** The Fund's investments and operations are subject to various regulations affecting among others, accounting of assets and taxation. These regulations occasionally change, and may result in lower returns or even losses borne by the investors. For example, a higher tax imposed on the sale or purchase of underlying assets of the Fund may result in lower net asset value of the Fund. To mitigate this risk, SLAMCI adopts global best practices. Further, it maintains regular communications with the relevant government agencies to keep itself abreast of the issues giving them concern, and to have the opportunity to help them set standards for good governance. SLAMCI also takes an active participation in the Philippine Investment Funds Association, Inc. ("PIFA"), an association of mutual fund companies in the Philippines.
- 1.5 Non-guarantee:** Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation ("PDIC"). Hence, investors carry the risk of losing the value of their investment, without any guaranty in the form of insurance. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.
- 1.6 Dilution Risk:** Being an open-end mutual fund, various investors may effectively subscribe to any amount of shares of the Fund. As such, investors face the risk of their investments being diluted as more investors subscribe to shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.
- 1.7 Large Transaction Risk:** If an investor in a Fund makes a large transaction, the Fund's cash flow may be affected. For example, if an investor redeems a large number of shares of a Fund, that Fund may

be forced to sell securities at unfavorable prices to pay for the proceeds of redemption. This unexpected sale may have a negative impact on the net asset value of the Fund.

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

**1.9 Operational Risk:** This is the risk of loss resulting from inadequate or failed internal processes, controls, people, and systems. Categories of operational risks may fall under: sales and distribution, human resources, information technology, processes and people, accounting and finance, model risk, legal and regulatory and third party relationships. The Fund ensures that internal controls and practices are consistent with enterprise wide policies supporting the management of operational risks. The Fund has established business specific guidelines. Comprehensive investment program, including appropriate levels of self-insurance, is maintained to provide protection against potential losses.

## 2. Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the 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 Company manages capital and NAVPS, to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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

- It does not issue senior securities;
- It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- It does not invest directly in real estate properties and developments;
- It does not purchase or sell commodity futures contracts;
- It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;
- The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;
- It does not change its investment objectives without the prior approval of a majority of its shareholders.

The Investment Policies refer to the following:

- Investment Objective - to provide regular returns through investments in credit risk-free government debt securities issued by the Philippine government.
- Benchmark - 98% of the Bloomberg Philippine Sovereign Bond Index 1 to 5 Years, net of tax (adjusted by Sun Life) and 2% Philippine Peso Time Deposit Rate 1 to 3 Months, net of tax
- 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 1.0% of the net assets attributable to shareholders on each valuation day.

In compliance to 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 March 31, 2023 and December 31, 2022, the Company is in compliance with the above requirements and minimum equity requirement of the SEC of P50,000,000.

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

The Company does not have any investment in foreign securities.

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

## **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **Critical Judgments in Applying Accounting Policies**

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

#### **Business model assessment**

Classification and measurement of financial assets depends 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 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 cash flows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL.

### Significant increase of 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.

### 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.

### 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 March 31, 2023 and December 31, 2022, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P4,031,453.

### **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.

#### Probability of default (PD)

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 March 31, 2023 and December 31, 2022, the Company assessed a nil probability of default for all of its financial assets measured at amortized cost.

#### Loss Given Default (LGD)

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.

#### Estimating loss allowance for ECL

The measurement of the ECL allowance 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.

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 March 31, 2023 and December 31, 2022, the Company's financial instrument measured at amortized cost has not experienced a significant increase in its credit risk.

#### Deferred tax assets

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

Based on Management's expectation of the Company's future taxable income, the Company did not recognize deferred tax assets as at March 31, 2023 and December 31, 2022.

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

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

#### Compliance with Foreign Account Tax Compliance Act (FATCA)

In accordance with the requirements of the US Internal Revenue Service ("IRS") and the Intergovernmental Agreement ("IGA") between the Government of the United States of America and the Government of the Republic of the Philippines to Improve International Tax Compliance and to Implement FATCA which was signed last July 13, 2015, the Fund has registered with the Internal Revenue Service (IRS) and has obtained its own Global Intermediary Identification Number ("GIIN") as a sponsored entity. Sun Life Asset Management Company, Inc. ("SLAMCI") continues to assume responsibilities for the Fund's FATCA compliance as the Sponsoring Entity and has implemented FATCA onboarding processes and procedures as well as system enhancements to monitor its new and pre-existing account holders who are U.S. Persons and have U.S. Indicia.

The Fund, together with its Sponsoring Entity, SLAMCI, is preparing to comply for FATCA reporting on the date which will be set by the Bureau of Internal Revenue as soon as the IGA has been ratified by the Senate.

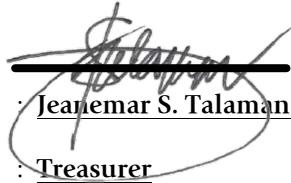
**SIGNATURES**

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

Issuer : Sun Life Prosperity GS Fund, Inc.

Principal Financial/Accounting Officer/Comptroller:

Signature

  
: Jeanemar S. Talaman

Title

: Treasurer

Date

: May 16, 2023

**SUN LIFE PROSPERITY GS FUND, INC.**

Schedule of Financial Soundness Indicators and Financial Ratios

March 31, 2023 and December 31, 2022

	Formula	2023	2022
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	22.44:1	397.02:1
b. Quick ratio	Quick Assets/Current Liabilities	22.43:1	397.02:1
c. Cash ratio	Cash/Current Liabilities	4.65:1	19.14:1
d. Days in receivable	Receivable/Revenue * No. of days	N/A	N/A
e. Working capital ratio	(Current Assets - Current Liabilities)/Current Liabilities	21.44:1	396.02:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	177.62:1	45.89:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	90592.86:1	20857.84:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	N/A	N/A
b. Debt to equity ratio	Total Liabilities/Total Equity	0.05:1	0.00:1
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	0.04:1	0.00:1
Asset to equity ratio	Total Assets/Total Equity	1.05:1	1.00:1
Interest rate coverage ratio	Earning Before Income Tax/Interest Expense	N/A	N/A
<i>Profitability Ratio</i>			
a. Earnings before interest and taxes (EBIT) margin	EBIT/Revenue	330.72%	-63.92%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	330.72%	-63.92%
c. Pre-tax margin	EBIT/Revenue	330.72%	-63.92%
d. Effective tax rate	Income Tax/EBIT	10.93%	-43.46%
e. Post-tax margin	Net Income After Tax/Revenue	294.56%	-91.70%
f. Return on equity	Net Income After Tax/Average Common Equity	1.67%	-1.84%
g. Return on asset	NIAT/Average Total Assets	1.63%	-1.83%
Capital intensity ratio	Total Assets/Revenue	185.9:1	46:1
Dividend payout ratio	Dividends paid/Net Income	N/A	N/A

Sun Life Prosperity GS Fund Inc.

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

As of March 31, 2023 and December 31, 2022

	2023			2022		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
<b>Treasury Notes (ISIN) - Republic of the Philippines</b>						
PHID0525H130	21,217,050	139,363,604	15.22%	20,997,675	137,811,923	15.24%
PHID0527L140	3,409,562	139,363,604	2.45%	3,354,040	137,811,923	2.43%
PHID0324C115	3,409,070	139,363,604	2.45%	32,619,241	137,811,923	23.67%
PIBD0325D270	4,784,360	139,363,604	3.43%	4,728,304	137,811,923	3.43%
PHID0527C159	15,825,833	139,363,604	11.36%	15,569,434	137,811,923	11.30%
PIBD0326H014	5,903,396	139,363,604	4.24%	5,860,071	137,811,923	4.25%
PHID0528H160	14,247,233	139,363,604	10.22%	13,912,327	137,811,923	10.10%
PIBD0726B627	6,551,935	139,363,604	4.70%	6,486,285	137,811,923	4.71%
PIBD2027H140	5,698,735	139,363,604	4.09%	6,114,276	137,811,923	4.44%
PIBD2534K062	-	139,363,604	-	7,838,469	137,811,923	5.69%
PIBD0526D772	8,216,019	139,363,604	5.90%	8,122,929	137,811,923	5.89%
PIBD1029A644	-	139,363,604	-	2,753,298	137,811,923	2.00%
PHID0528B176	10,731,161	139,363,604	7.70%	-	-	-
PIBD1032I695	1,945,988	139,363,604	1.40%	-	-	-
PIBD2535I071	2,028,456	139,363,604	1.46%	-	-	-
PIBD2042K253	5,537,618	139,363,604	3.97%	-	-	-
PIBD2535L086	3,001,997	139,363,604	2.15%	-	-	-
<b>Term Deposits</b>						
METROPOLITAN BANK AND TRUST COMPANY	10,000,000	139,363,604	7.18%	-	-	-
RIZAL COMMERCIAL BANKING CORP.	19,433,385	139,363,604	13.94%	1,507,619	137,811,923	1.09%
<b>Investments in UITF</b>						
BPI INVEST MONEY MARKET FUND	1,185,759	139,363,604	0.85%	1,175,611	137,811,923	0.85%
RIZAL PESO CASH MANAGEMENT FUND	1,163,693	139,363,604	0.84%	1,151,998	137,811,923	0.84%
SB PESO MONEY MARKET FUND	15,737	139,363,604	0.01%	15,605	137,811,923	0.01%

ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company

As of March 31, 2023 and December 31, 2022

	2023			2022		
	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee	Investment of the Fund in Shares	Outstanding Securities of an Investee Company	% over Investee
<b>Treasury Notes (ISIN) - Republic of the Philippines</b>						
PHID0525H130	22,500,000	516,340,790,000	0.00%	22,500,000	516,340,790,000	0.00%
PHID0527L140	3,550,000	360,025,370,000	0.00%	19,800,000	360,025,370,000	0.01%
PHID0324C115	3,500,000	463,321,670,000	0.00%	71,200,000	463,321,670,000	0.02%
PIBD0325D270	4,900,000	25,791,000,000	0.02%	4,900,000	25,791,000,000	0.02%
PHID0527C159	16,300,000	457,798,870,000	0.00%	16,300,000	457,798,870,000	0.00%
PIBD0326H014	5,984,000	45,000,000,000	0.01%	5,984,000	45,000,000,000	0.01%
PHID0528H160	14,300,000	420,448,620,000	0.00%	14,300,000	420,448,620,000	0.00%
PIBD0726B627	6,500,000	30,000,000,000	0.02%	6,500,000	30,000,000,000	0.02%
PIBD2027H140	5,242,000	7,521,930,000	0.07%	5,700,000	7,521,930,000	0.08%
PIBD2534K062	-	28,054,600,000	-	6,900,000	28,054,600,000	0.02%
PIBD0526D772	8,700,000	35,000,000,000	0.02%	8,700,000	35,000,000,000	0.02%
PIBD1029A644	-	40,000,000,000	-	2,700,000	40,000,000,000	0.01%
PHID0528B176	10,659,000	283,763,660,000	0.00%	-	-	-
PIBD1032I695	1,880,000	45,000,000,000	0.00%	-	-	-
PIBD2535I071	1,800,000	62,220,400,000	0.00%	-	-	-
PIBD2042K253	4,805,000	27,597,000,000	0.02%	-	-	-
PIBD2535L086	2,640,000	163,216,530,000	0.00%	-	-	-
<b>Term Deposits</b>						
METROPOLITAN BANK AND TRUST COMPANY	10,000,000	-	-	-	-	-
RIZAL COMMERCIAL BANKING CORP.	19,433,385	-	-	1,507,619	-	-
<b>Investments in UITF</b>						
BPI INVEST MONEY MARKET FUND	4,393	134,928,259	0.00%	4,393	149,271,216	0.00%
RIZAL PESO CASH MANAGEMENT FUND	991,051	312,978,219	0.32%	991,051	335,575,821	0.30%
SB PESO MONEY MARKET FUND	10,696	6,784,347,136	0.00%	10,696	7,963,188,477	0.00%

iii. Total Investment in Liquid or Semi-Liquid Assets to Total Assets

As of March 31, 2023 and December 31, 2022

	2023	2022
Total Liquid and Semi-Liquid Assets	145,804,169	138,159,911
Total Assets	145,862,775	138,159,911
	99.96%	100.00%

iv. Total Operating Expenses to Total Net Worth

As of March 31, 2023 and December 31, 2022

	2023	2022
Total Operating Expenses	579,400	2,384,598
Average Daily Net Worth	139,072,621	144,692,381
Total Operating Expenses to Total Net Worth	0.42%	1.65%

v. Total Assets to Total Borrowings

As of March 31, 2023 and December 31, 2022

	2023	2022
Total Assets	145,862,775	138,159,911
Total Borrowings	6,499,171	347,988
Total Assets to Total Borrowings	2244%	39702%



SUN LIFE PROSPERITY GS FUND, INC.  
Schedule of Investments  
Financial Assets

Name of Issuing Entity and Association of Each Issue	March 31, 2023		December 31, 2022	
	Principal Amount of Bonds and Notes	Amount Shown in Balance Sheet	Principal Amount of Bonds and Notes	Amount Shown in Balance Sheet
<b>Term Deposits</b>				
METROPOLITAN BANK AND TRUST COMPANY		P 10,000,000		P 0
RIZAL COMMERCIAL BANKING CORP.		19,433,385		1,507,619
	-	29,433,385	-	1,507,619
<b>Investments in UITFs</b>				
BPI INVEST MONEY MARKET FUND	4,393	1,185,759	4,393	1,175,611
RIZAL PESO CASH MANAGEMENT FUND	991,051	1,163,693	991,051	1,151,998
SB PESO MONEY MARKET FUND	10,696	15,737	10,696	15,605
	1,006,141	2,365,189	1,006,141	2,343,214
<b>Treasury Bonds and Notes Issued by the Nat'l. Government</b>				
Treasury Notes - Republic of the Philippines	142,693,385	112,508,413	185,484,000	128,356,349
<b>GRAND TOTAL</b>	143,699,525	P 144,306,987	186,490,141	P 132,207,182

This document contains key information clients of Sun Life Prosperity GS Fund should know about. More information can be found in the Fund's prospectus. Ask a Sun Life Financial Advisor or contact Sun Life Asset Management Company, Inc., at 8-849-9888 or PHIL-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	March 1, 2005	<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%
<b>Fund Size</b>	PHP 139,365,178.90	<b>Fund Classification</b>	Fixed Income Fund	<b>Minimum Holding Period</b>	None
<b>Net Asset Value Per Share</b>	1.7242	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	None
<b>Benchmark</b>	98% Bloomberg Sovereign Bond Index 1-5 Year, net of tax (adjusted by Sun Life) + 2% Philippine Peso TD Rate 1 Month to 3 Months, net of tax	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+3 business days
		<b>Management and Distribution Fee</b>	1.00%	<b>Bloomberg Ticker</b>	SNLPRGS PM Equity

## What does the Fund invest in?

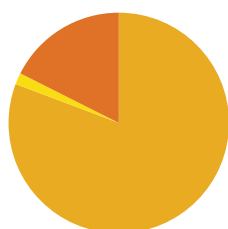
The **Sun Life Prosperity GS (Government Securities) Fund** aims to provide regular returns to investors through investments in Philippine Government debt securities.

The Fund is suitable for investors with a **moderate risk profile** and a short-term investment horizon. This is for investors who are looking for alternative investment options which could offer better returns than a bank savings account. This Fund is also good for those who would like to start investing in mutual funds before venturing into more aggressive and long-term options.

### Top Fixed Income Holdings

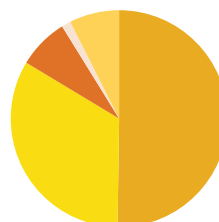
- Treasury Bond 2025, 15.22%
- Treasury Bond 2027, 11.36%
- Treasury Bond 2028, 10.22%
- Treasury Bond 2028, 7.70%
- Time Deposit, 7.13%

### Investment Mix



- Government Bonds, 80.73%
- Money Market Placements, 1.70%
- Time Deposits and Other Liquid Assets, 17.57%

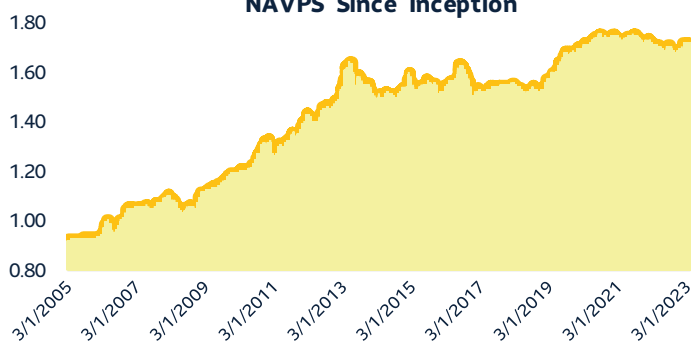
### Maturity Profile



- 0-3 years, 50.23%
- 3-5 years, 33.39%
- 5-7 years, 7.56%
- 7-10 years, 1.37%
- 10-20 years, 7.45%

## How has the Fund performed?

NAVPS Since Inception



### CUMULATIVE PERFORMANCE

	MoM	YTD	1-Year	3-Year	5-Year
<b>Fund</b>	0.22%	1.69%	0.71%	1.81%	11.92%
<b>Benchmark*</b>	0.12%	1.90%	1.12%	7.77%	18.01%

#### Notes:

- Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.
- Benchmark data were based on available information as of extraction date.

#### \*Bond Benchmark Effectivity Date:

HSBC Local Currency Bond Philippines Liquid Total Return: May 25, 2009 to April 30, 2016  
Bloomberg Sovereign Bond Index, net of tax (adjusted by Sun Life): May 1, 2016 to February 28, 2017  
Bloomberg Sovereign Bond Index 1 to 5 Year, net of tax (adjusted by Sun Life): March 1, 2017 to present

## Market Review and Outlook

- Local yields fell after February headline inflation came in below consensus expectation (8.6% year-on-year versus 8.9% year-on-year). Market participants welcomed the deceleration in headline inflation after 11 months of acceleration.
- The Bangko Sentral ng Pilipinas (BSP) downshifted to a 25-basis point rate hike after inflation showed signs of easing.
- The Fund increased duration, to position for potential peak in inflation and eventual turn in policy tightening.
- On a gross-of-fees basis, the Fund leads the benchmark year-to-date due to security selection.

**DISCLAIMER:** Sun Life Asset Management Company, Inc. (SLAMCI) makes no representation as to the accuracy or completeness of the information contained herein. The information contained in this presentation is for information purposes only. It is not intended to provide professional, investment, or any other type of advice or recommendation in relation to purchases or sales of securities whether or not they are related to SLAMCI; it does not constitute any guarantee of performance, and neither does it take into account the particular investment objectives, financial situation or needs of individual recipients. Any opinions or estimates herein reflect our judgment as at the date of this presentation and are subject to change at any time without notice. This material is a copyrighted work. You may not share, distribute, revise, transform, or build upon this material without prior written consent of, and proper attribution to Sun Life. All trademarks are the properties of their respective owners.

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For consumer assistance and financial consumer complaints, you may contact the **Corporate Governance and Finance Department (CGFD)** through [CGFD@sec.gov.ph](mailto:CGFD@sec.gov.ph) or 8818-5952 / 5322-7696 loc. 114.



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<b>Launch Date</b>	March 1, 2005	<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%
<b>Fund Size</b>	PHP 139,277,350.30	<b>Fund Classification</b>	Fixed Income Fund	<b>Minimum Holding Period</b>	None
<b>Net Asset Value Per Share</b>	1.7204	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	None
<b>Benchmark</b>	98% Bloomberg Sovereign Bond Index 1-5 Year, net of tax (adjusted by Sun Life) + 2% Philippine Peso TD Rate 1 Month to 3 Months, net of tax	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+3 business days
		<b>Management and Distribution Fee</b>	1.00%	<b>Bloomberg Ticker</b>	SNLPRGS PM Equity

## What does the Fund invest in?

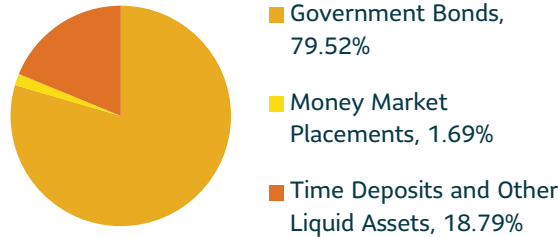
The **Sun Life Prosperity GS (Government Securities) Fund** aims to provide regular returns to investors through investments in Philippine Government debt securities.

The Fund is suitable for investors with a **moderate risk profile** and a short-term investment horizon. This is for investors who are looking for alternative investment options which could offer better returns than a bank savings account. This Fund is also good for those who would like to start investing in mutual funds before venturing into more aggressive and long-term options.

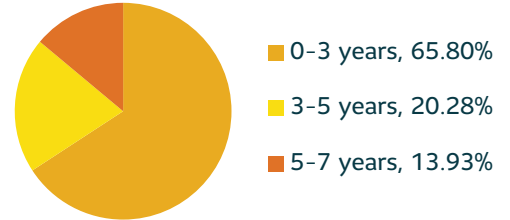
### Top Fixed Income Holdings

1. Treasury Bond 2024, 18.53%
2. Treasury Bond 2025, 15.27%
3. Time Deposit, 12.13%
4. Treasury Bond 2027, 11.36%
5. Treasury Bond 2028, 10.18%

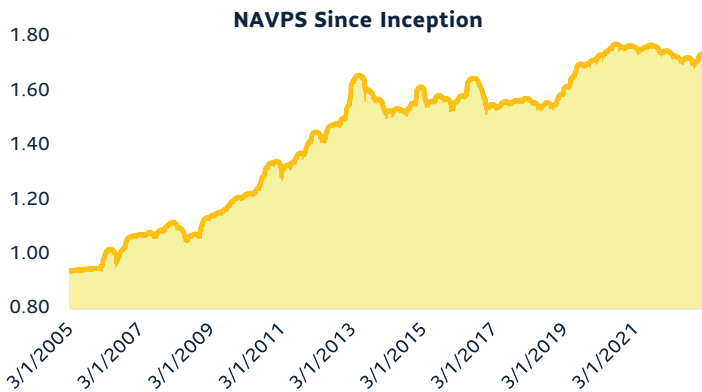
### Investment Mix



### Maturity Profile



## How has the Fund performed?



### CUMULATIVE PERFORMANCE

	MoM	YTD	1-Year	3-Year	5-Year
<b>Fund</b>	-0.20%	1.46%	0.38%	0.56%	10.86%
<b>Benchmark*</b>	-0.01%	1.77%	0.97%	6.71%	18.14%

#### Notes:

- Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.
- Benchmark data were based on available information as of extraction date.

#### \*Bond Benchmark Effectivity Date:

HSBC Local Currency Bond Philippines Liquid Total Return: May 25, 2009 to April 30, 2016  
 Bloomberg Sovereign Bond Index, net of tax (adjusted by Sun Life): May 1, 2016 to February 28, 2017  
 Bloomberg Sovereign Bond Index 1 to 5 Year, net of tax (adjusted by Sun Life): March 1, 2017 to present

## Market Review and Outlook

- Local yields climbed as consumer prices continued their ascent.
- Inflation print of the previous month climbed higher than expectations as food prices and utilities shoot up.
- BSP hiked policy rates by 50 basis points (bps) as a response to hot inflation data and to keep price expectations anchored.
- The Bureau of the Treasury was able to issue PHP 283.76 billion of 5.5-year Retail Treasury Bonds (RTB) at 6.125% coupon, as demand for duration remained strong.
- The Fund will maintain a neutral duration stance to capture accrual. Cash is ready to be deployed depending on developments that relate to inflation, locally and abroad.
- On a gross of fees basis, the Fund returns at par versus benchmark year-to-date.

**DISCLAIMER:** Sun Life Asset Management Company, Inc. (SLAMCI) makes no representation as to the accuracy or completeness of the information contained herein. The information contained in this presentation is for information purposes only. It is not intended to provide professional, investment, or any other type of advice or recommendation in relation to purchases or sales of securities whether or not they are related to SLAMCI; it does not constitute any guarantee of performance; and neither does it take into account the particular investment objectives, financial situation or needs of individual recipients. Any opinions or estimates herein reflect our judgment as at the date of this presentation and are subject to change at any time without notice. This material is a copyrighted work. You may not share, distribute, revise, transform, or build upon this material without prior written consent of, and proper attribution to Sun Life. All trademarks are the properties of their respective owners.

SLAMCI is regulated by the **Securities and Exchange Commission (SEC)**.

For consumer assistance and financial consumer complaints, you may contact the **Corporate Governance and Finance Department (CGFD)** through [CGFD@sec.gov.ph](mailto:CGFD@sec.gov.ph) or 8818-5952 / 5322-7696 loc. 114.



This document contains key information clients of Sun Life Prosperity GS Fund should know about. More information can be found in the Fund's prospectus. Ask a Sun Life Financial Advisor or contact Sun Life Asset Management Company, Inc., at 8-849-9888 or PHIL-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	March 1, 2005	<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%
<b>Fund Size</b>	PHP 140,096,005.41	<b>Fund Classification</b>	Fixed Income Fund	<b>Minimum Holding Period</b>	None
<b>Net Asset Value Per Share</b>	1.7238	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	None
<b>Benchmark</b>	98% Bloomberg Sovereign Bond Index 1-5 Year, net of tax (adjusted by Sun Life) + 2% Philippine Peso TD Rate 1 Month to 3 Months, net of tax	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+3 business days
		<b>Management and Distribution Fee</b>	1.00%	<b>Bloomberg Ticker</b>	SNLPRGS PM Equity

## What does the Fund invest in?

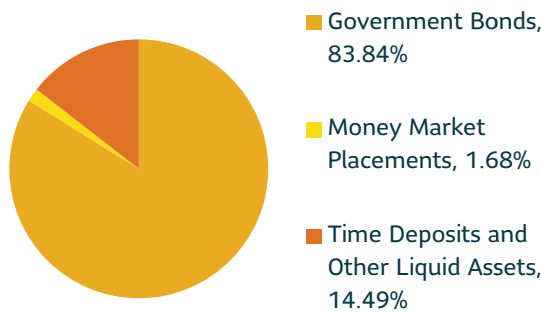
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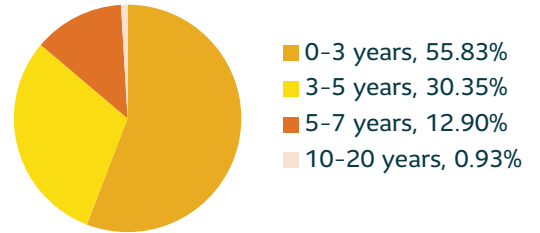
### Top Fixed Income Holdings

1. Treasury Bond 2024, 23.46%
2. Treasury Bond 2025, 15.24%
3. Treasury Bond 2027, 11.37%
4. Time Deposit, 10.60%
5. Treasury Bond 2028, 10.17%

### Investment Mix

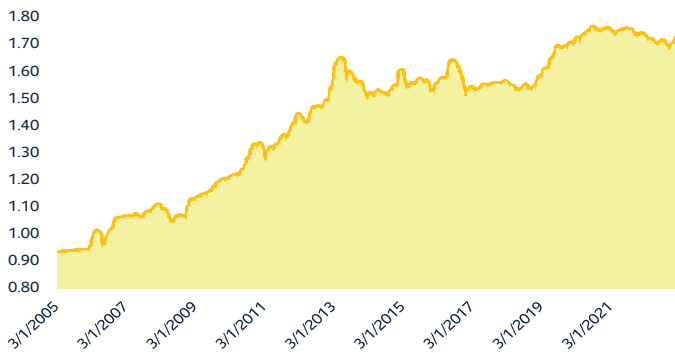


### Maturity Profile



## How has the Fund performed?

NAVPS Since Inception



### CUMULATIVE PERFORMANCE

	MoM	YTD	1-Year	3-Year	5-Year
Fund	1.66%	1.66%	-0.42%	1.83%	10.52%
Benchmark	1.78%	1.78%	0.01%	7.59%	17.52%

**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

#### \*Bond Benchmark Effectivity Date:

HSBC Local Currency Bond Philippines Liquid Total Return: May 25, 2009 to April 30, 2016  
Bloomberg Sovereign Bond Index, net of tax (adjusted by Sun Life): May 1, 2016 to February 28, 2017  
Bloomberg Sovereign Bond Index 1 to 5 Year, net of tax (adjusted by Sun Life): March 1, 2017 to present

## Market Review and Outlook

- Local yields slid across the curve on monetary policy and inflation optimism.
- Market was upbeat all throughout the month as it cheered for the possibility of end of the hiking cycle.
- Bangko Sentral ng Pilipinas (BSP) Governor Felipe Medalla weighed that rate hikes could end as early as the first quarter of the year. Market positioning also showed that players expected inflation to decelerate meaningfully towards the second half of the year.
- Bond auctions statistics showed that investors were very keen to add duration. Yield concessions were absent. Some of the auctions had awards that were even lower than the street levels.
- The Fund is looking to increase its duration via participation in the upcoming Retail Treasury Bond offering. Strong sentiment is seen to continue this February as central banks globally begin to loosen their grips on monetary policy.
- On a gross-of-fees basis, the Fund leads the benchmark year-to-date due to security selection.

**Disclaimer:** Sun Life Asset Management Company, Inc. (SLAMCI) makes no representation as to the accuracy or completeness of the information contained herein. The information contained in this presentation is for information purposes only. It is not intended to provide professional, investment, or any other type of advice or recommendation in relation to purchases or sales of securities whether or not they are related to SLAMCI; it does not constitute any guarantee of performance; and neither does it take into account the particular investment objectives, financial situation or needs of individual recipients. Any opinions or estimates herein reflect our judgment as at the date of this presentation and are subject to change at any time without notice. This material is a copyrighted work. You may not share, distribute, revise, transform, or build upon this material without prior written consent of, and proper attribution to Sun Life. All trademarks are the properties of their respective owners.

## **sunlife\_sec\_communications**

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**From:** sunlife\_sec\_communications  
**Sent:** Tuesday, May 9, 2023 7:08 PM  
**To:** ICTD Submission; CGFD Account  
**Cc:** PHIL-FIN\_FAR2; Jeanemar Talaman  
**Subject:** CGFD\_Sun Life Prosperity GS Fund, Inc.\_SEC Form 17-L\_09May2023  
**Attachments:** Sun Life Prosperity GS Fund, Inc.\_SEC Form 17-L\_09May2023.pdf

To: CORPORATE GOVERNANCE AND FINANCE DEPARTMENT (CGFD)

Good day.

Please see attached SEC Form 17-L of Sun Life Prosperity GS Fund, Inc.

Please let me know once you receive this e-mail and its attachment.

For any queries / additional comments, kindly contact us at the following e-mail addresses below.

Official email address: [sunlife\\_sec\\_communications@sunlife.com](mailto:sunlife_sec_communications@sunlife.com)

Alternative email address: [sunlife\\_sec\\_communications2@sunlife.com](mailto:sunlife_sec_communications2@sunlife.com)

Official email address of authorized filer: [almer.doring@sunlife.com](mailto:almer.doring@sunlife.com)

Thank you.

**Almer M. Doring** | Financial Accounting & Reporting | Finance

T: 632 8555 8888 | E: [almer.doring@sunlife.com](mailto:almer.doring@sunlife.com)

5F Sun Life Centre, Fifth Ave. cor. Rizal Drive, Bonifacio Global City, Taguig 1634



Life's brighter under the sun

## **sunlife\_sec\_communications**

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**From:** ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>  
**Sent:** Tuesday, May 9, 2023 7:09 PM  
**To:** sunlife\_sec\_communications  
**Subject:** Re: CGFD\_Sun Life Prosperity GS Fund, Inc.\_SEC Form 17-L\_09May2023

**CAUTION** This email originated from outside the organization. Please proceed only if you trust the sender.

Thank you for reaching out to [ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph). Your submission is subject for Verification and Review of the Quality of the Attached Document only for **Secondary Reports**. Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order from receipt through the SEC Express System at <https://secexpress.ph/>. Or you may call 8737-8888 for further clarifications.

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### **NOTICE**

Please be informed that selected reports should be filed through ***ELECTRONIC FILING AND SUBMISSION TOOL (EFAST)***. <https://cifss-ost.sec.gov.ph/user/login>

such as: **AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC\_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)**

Further, pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in **PORTABLE DOCUMENT FORMAT (PDF)** Secondary Reports such as:

**17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT**, through email at

[\*\*ictdsubmission@sec.gov.ph\*\*](mailto:ictdsubmission@sec.gov.ph)

FOR **MC28**, please go to SEC website:

[\*\*https://apps010.sec.gov.ph\*\*](https://apps010.sec.gov.ph)



### Certification

I, Jeanemar S. Talaman, the Treasurer of Sun Life Asset Management Company, Inc., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number A199918034 and with principal office at Sun Life Center, 5th Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, on oath state:

- 1) That I have caused this SEC Form 17-L to be prepared on behalf of Sun Life Prosperity GS Fund, Inc.;
- 2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
- 3) That the company Sun Life Prosperity GS Fund, Inc. will comply with the requirements set forth in SEC Notice dated 14 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

**MAY 09 2023**

IN WITNESS WHEREOF, I have hereunto set my hand this 9th day of May 2023.

  
 Jeanemar S. Talaman  
 Affiant

**MAY 09 2023**

**MAKATI CITY**

SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_\_\_, 2023, in \_\_\_\_\_ City, Philippines. Affiant exhibiting his/her government issued identification card:

Name	Government ID No.	Date of Issue	Place of Issue
Jeanemar S. Talaman	Driver's License [REDACTED]	05 June 2018	DLRC - Ayala

Doc. No. 305  
 Page No. 62  
 Book No. 58  
 Series of 2023.

**ATTY. ROMEO M. MONFORT**  
 Notary Public City of Makati  
 Until December 31, 2023  
 Appointment No. 172 (2022-2023)  
 PTR NO. 956357, Jan. 3, 2023 Makati City  
 IBP No. 1062634 - Jan. 3, 2018  
 MCLE NO. VI-0023417 Roll No. 27932  
 26 Amorsolo Street Legaspi Village  
 Makati City

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-L**

**NOTIFICATION OF INABILITY TO FILE ALL OR  
ANY PORTION OF SEC FORM 17-A OR 17-Q**

**GENERAL INSTRUCTIONS**

1. This Form may be signed by an executive officer of the issuer or by any other duly authorized representative. The name and title of the person signing the form shall be typed or printed beneath the signature. If the statement is signed on behalf of the issuer by an authorized representative other than an executive officer, evidence of the representative's authority to sign on behalf of the issuer shall be filed with the Form.
2. One signed original and four conformed copies of this Form and attachments thereto must be completed and filed with the Commission and, where any class of the issuer's securities are listed on a Stock Exchange, one with that Stock Exchange, in accordance with SRC Rule 17-1. The information contained in or filed with the Form will be made a matter of the public record in the Commission's and the Exchange's files.
3. A manually signed copy of the Form and amendments thereto shall be filed with the Stock Exchange if any class of securities of the issuer is listed thereon.
4. One signed original and four conformed copies of amendments to the notifications must also be filed on SEC Form 17-L but need not restate information that has been correctly furnished. The Form shall be clearly identified as an amended notification.
5. If the deadline for filing SEC Form 17-A or 17-Q specified in paragraph 2(b)(ii) of SRC Rule 17-1 is not complied with, a fine will be imposed for each day thereafter that the Form is not filed.



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

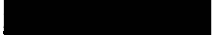
Form 17-A [ ] Form 17-Q [ ✓ ]

Period-Ended Date of required filing **March 31, 2023**

Date of this report **May 09, 2023**


Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates: **SEC FORM 17-Q**

1. SEC Identification Number **CS200417430** 2. BIR Tax Identification No. : 

3. **Sun Life Prosperity GS Fund, Inc.**  
Exact name of issuer as specified in its charter

4. **Bonifacio Global City, Taguig City**  
Province, country or other jurisdiction of incorporation

5. Industry Classification Code:  (SEC Use Only)

6. **8F Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City 1634**

.....  
Address of principal office

.....  
Postal Code

7. **(02) – 8555-8888**  
Issuer's telephone number, including area code

8. **N. A.**  
Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

Yes [ ] No [ X ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

.....  
**Part I - Representations**

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [ ]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [ ✓ ]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

**Part II - Narrative**

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed.)

**The Company's SEC Form 17-Q for the quarter ending March 31, 2023 could not be completed and filed within the prescribed period. The Company has yet to complete the review of its financial statements and required notes disclosures. The Company undertakes to submit the report within five (5) calendar days after the prescribed deadline to the Securities and Exchange Commission.**

**Part III - Other Information**

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

**Jeanemar S. Talaman  
Treasurer, Sun Life Asset Management Company, Inc.  
Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City 1634  
8555-8888**

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [ ✓ ] No [ ] Reports: .....

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [ ] No [ ✓ ]

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

**SIGNATURE**

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Sun Life Prosperity GS Fund, Inc.**

Registrant's full name as contained in charter



**JEANEMAR S. TALAMAN**

**Treasurer, Sun Life Asset Management Company, Inc.**

Date: **May 09, 2023**