

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

S	U	N		L	I	F	E		O	F		C	A	N	A	D	A		P	R	O	S	P	E	R	I	T	Y		
B	A	L	A	N	C	E	D		F	U	N	D		I	N	C	.													

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

S	U	N	L	I	F	E		C	E	N	T	R	E		S	T	H		A	V	E	.		C	O	R	.	
R	I	Z	A	L		D	R	I	V	E	,		B	O	N	I	F	A	C	I	O		G	L	O	B	A	L
C	I	T	Y	,		T	A	G	U	I	G		C	I	T	Y												

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, if Applicable

N/A
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### COMPANY INFORMATION

Company's Email Address

<a href="mailto:sunlife_sec_communications@sunlife.com">sunlife_sec_communications@sunlife.com</a>
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Company's Telephone Number/s

8555-8888
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Mobile Number

0999-991-7178
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No. of Stockholders

54,120
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Annual Meeting  
Month/Day

Every Fourth Monday of May
----------------------------

Fiscal Year  
Month/Day

12/31
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### CONTACT PERSON INFORMATION

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

Name of Contact Person

JEANEMAR S. TALAMAN
---------------------

Email Address

[REDACTED]
------------

Telephone Number/s

8555-8888
-----------

Mobile Number

N/A
-----

Contact Person's Address

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

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

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

## Almer M Doring

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**From:** eafs@bir.gov.ph  
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**To:** PHIL-FIN.SLPBalanced  
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**Subject:** Your BIR AFS eSubmission uploads were received

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Hi SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.,

### Valid files

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Transaction Code: **AFS-0-P23NSWZS0C5J89JEDMNWYZZ3Q07J86K9CF**

Submission Date/Time: **Apr 13, 2024 03:23 PM**

Company TIN: **204-583-064**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

**FILING REFERENCE NO.**

<b>TIN</b>	: 204-583-064-000
<b>Name</b>	: SUN LIFE OF CANADA PROSPERITY BALANCED FUND INC
<b>RDO</b>	: 044
<b>Form Type</b>	: 1702
<b>Reference No.</b>	: <b>462400059072825</b>
<b>Amount Payable (Over Remittance)</b>	: -860,010.00
<b>Accounting Type</b>	: C - Calendar
<b>For Tax Period</b>	: 12/31/2023
<b>Date Filed</b>	: 04/10/2024
<b>Tax Type</b>	: IT

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The Management of Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, in accordance with the Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Navarro Amper & Co., the independent auditor appointed by the stockholders for the periods December 31, 2023 and 2022, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
**Benedicto C. Sison**, Chairman of the Board

  
\_\_\_\_\_  
**Valerie N. Pama**, President

  
\_\_\_\_\_  
**Jeanemar S. Talaman**, Treasurer

Signed this 25th day of March 2024.



APR 01 2024

Subscribed and sworn to me before this \_\_\_ day of \_\_\_\_\_ 2024 CITY OF MAKATI, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government Issued ID	Date/Place Issued
Benedicto C. Sison	[REDACTED]	[REDACTED]
Valerie N. Pama	[REDACTED]	[REDACTED]
Jeanemar S. Talaman	[REDACTED]	[REDACTED]

**WITNESS MY HAND AND SEAL** on the date and place above written:

Doc. No. 188  
Page No. 79  
Book No. XII  
Series of 2024.

**ATTY. GERVACIO B. ORTIZ JR.**  
 Notary Public City of Makati  
 Until December 31, 2024  
 JSP No. 95729- Lifetime Member  
 MCLE Compliance No. VII-0022734  
 valid until April 14, 2025  
 Appointment No. M-39 (2023-2024)  
 PTR No. 10073909 Jan. 2, 2024 / Makati  
 Makati City Roll No. 40091  
 101 Urban Ave. Campos Rueda Bldg.  
 Brgy. Pio Del Pilar, Makati City

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders  
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.  
(An Open-end Investment Company)  
Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive  
Bonifacio Global City, Taguig City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with Philippine Financial Reporting Standards ("PFRS").

#### *Basis for Opinion*

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



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

#### **About Deloitte Philippines**

In the Philippines, services are provided by Navarro Amper & Co., a duly registered professional partnership.



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

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



## Report on Other Legal and Regulatory Requirements

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.  
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024  
TIN 005299331

By:



Lloyd Ryan C. Moraño  
Partner



, issued on March 10, 2023; effective until March 9, 2026  
January 18, 2024, Taguig City

Taguig City, Philippines  
April 8, 2024





**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
(An Open-end Investment Company)

**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Notes	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	P 61,622,135	P 106,451,645
Financial assets at fair value through profit or loss	8	6,333,150,697	6,816,144,279
Financial assets at amortized cost	9	85,735,688	29,436,379
Due from brokers	10	48,501,636	27,066,232
Accrued interest receivable	7	39,091,554	33,282,312
Dividends receivable	8	2,510,356	1,343,978
Other current assets		1,435,337	1,115,757
Total Current Assets		<b>6,572,047,403</b>	7,014,840,582
<b>Non-current Assets</b>			
Financial assets at amortized cost	9	194,504,668	283,403,431
		<b>P6,766,552,071</b>	P7,298,244,013
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	11	P 8,821,588	P 10,198,231
Due to brokers	10	5,883,249	36,230,262
Payable to fund manager	12	12,740,152	14,137,868
Total Current Liabilities		<b>27,444,989</b>	60,566,361
<b>Equity</b>			
Share capital	13	48,379,352	48,379,352
Additional paid-in capital	14	12,264,228,552	12,274,836,993
Retained earnings		5,075,332,510	4,921,885,270
		<b>17,387,940,414</b>	17,245,101,615
Treasury shares	13	<b>(10,648,833,332)</b>	(10,007,423,963)
Total Equity		<b>6,739,107,082</b>	7,237,677,652
		<b>P6,766,552,071</b>	P7,298,244,013
<b>Net Asset Value Per Share</b>	15	P 3.4081	P 3.3296

**See Notes to Financial Statements.**

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
(An Open-end Investment Company)

**STATEMENTS OF COMPREHENSIVE INCOME**

<b>For the Years Ended December 31</b>				
	<b>Notes</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Investment Income - net</b>				
Net realized gains (losses) on investments	8	<b>(P44,613,079)</b>	(P154,232,877)	P 232,002,122
Interest income	16	<b>191,973,530</b>	151,384,788	129,186,839
Dividend income	8	<b>90,997,623</b>	105,641,047	66,670,133
Other income		<b>286,434</b>	2,389	78,656
		<b>238,644,508</b>	102,795,347	427,937,750
<b>Investment Expenses</b>				
Commission	10	<b>13,159,056</b>	16,974,997	16,745,510
Clearing fees		<b>502,367</b>	672,793	1,318,392
		<b>13,661,423</b>	17,647,790	18,063,902
<b>Net Investment Income</b>		<b>224,983,085</b>	85,147,557	409,873,848
<b>Operating Expenses</b>				
Management and transfer fees	12	<b>90,533,496</b>	97,008,634	104,798,295
Distribution fees	12	<b>78,722,950</b>	84,295,168	91,109,061
Provision for expected (reversal of) credit losses	9, 21	<b>(304,618)</b>	(1,577,633)	2,253,583
Custodianship fees		<b>1,141,166</b>	1,598,527	1,086,490
Taxes and licenses		<b>786,365</b>	797,822	812,306
Professional fees		<b>310,774</b>	292,410	283,862
Directors' fees	12	<b>254,740</b>	254,856	375,490
Printing and supplies		<b>28,654</b>	30,799	37,830
Miscellaneous		<b>46,077</b>	53,550	60,971
		<b>171,519,604</b>	182,754,133	200,817,888
<b>Profit (Loss) Before Net Unrealized Gains (Losses) on Investments</b>		<b>53,463,481</b>	(97,606,576)	209,055,960
<b>Net Unrealized Gains (Losses) on Investments</b>	8	<b>145,540,790</b>	(450,210,232)	(142,826,694)
<b>Profit (Loss) Before Tax</b>		<b>199,004,271</b>	(547,816,808)	66,229,266
<b>Income Tax Expense</b>	19	<b>45,557,031</b>	39,098,306	34,017,270
<b>Total Comprehensive Income (Loss) for the Year</b>		<b>P 153,447,240</b>	(P586,915,114)	P 32,211,996
<b>Basic Earnings (Loss) per Share</b>				
	17	<b>P 0.073</b>	(P 0.263)	P 0.014
<b>Diluted Earnings (Loss) per Share</b>				
	17	<b>P 0.073</b>	(P 0.263)	P 0.014

*See Notes to Financial Statements.*

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
(An Open-end Investment Company)

**STATEMENTS OF CHANGES IN EQUITY**

**For the Years Ended December 31**

	<b>Notes</b>	<b>Share Capital</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Treasury Shares</b>	<b>Total</b>
Balance, January 1, 2021	13, 14	P 48,379,352	P12,268,368,511	P5,476,588,388	(P9,222,554,532)	P8,570,781,719
Total Comprehensive Income for the Year		-	-	32,211,996	-	32,211,996
Transactions with owners:	13, 14					
Acquisition of treasury shares during the year		-	-	-	(760,196,234)	(760,196,234)
Reissuance of treasury shares during the year		-	(25,733,334)	-	361,426,247	335,692,913
Total transactions with owners		-	(25,733,334)	-	(398,769,987)	(424,503,321)
Balance, December 31, 2021	13, 14	P48,379,352	P12,242,635,177	P5,508,800,384	(P9,621,324,519)	8,178,490,394
Total Comprehensive Loss for the Year		-	-	(586,915,114)	-	(586,915,114)
Transactions with owners:	13, 14					
Acquisition of treasury shares during the year		-	-	-	(551,623,682)	(551,623,682)
Reissuance of treasury shares during the year		-	32,201,816	-	165,524,238	197,726,054
Total transactions with owners		-	32,201,816	-	(386,099,444)	(353,897,628)
Balance, December 31, 2022	13, 14	P48,379,352	P12,274,836,993	P4,921,885,270	(P10,007,423,963)	P7,237,677,652
Total Comprehensive Income for the Year		-	-	153,447,240	-	153,447,240
Transactions with owners:	13, 14					
Acquisition of treasury shares during the year		-	-	-	(794,350,394)	(794,350,394)
Reissuance of treasury shares during the year		-	(10,608,441)	-	152,941,025	142,332,584
Total transactions with owners		-	(10,608,441)	-	(641,409,369)	(652,017,810)
<b>Balance, December 31, 2023</b>	13, 14	<b>P48,379,352</b>	<b>P12,264,228,552</b>	<b>P5,075,332,510</b>	<b>(P10,648,833,332)</b>	<b>P6,739,107,082</b>

*See Notes to Financial Statements.*

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**

(An Open-end Investment Company)

**STATEMENTS OF CASH FLOWS**

	Notes	For the Years Ended December 31		
		2023	2022	2021
<b>Cash Flows from Operating Activities</b>				
Profit (Loss) before tax		P 199,004,271	(P 547,816,808)	P 66,229,266
Adjustments for:				
Interest income	16	(191,973,530)	(151,384,788)	(129,186,839)
Net unrealized (gains) losses on investments	8	(145,540,790)	450,210,232	142,826,694
Dividend income	8	(90,997,623)	(105,641,047)	(66,670,133)
Net realized (gains) losses on investments	8	44,613,079	154,232,877	(232,002,122)
Provision for (Reversal of) expected credit losses	9, 21	(304,618)	(1,577,633)	2,253,583
Operating cash flows before working capital changes		(185,199,211)	(201,977,167)	(216,549,551)
Decrease (Increase) in:				
Other current assets		(319,580)	(1,701,296)	575,279
Increase (Decrease) in:				
Payable to fund manager		(1,397,716)	(1,619,285)	(947,960)
Accrued expenses and other payables		(1,376,643)	(623,032)	(34,379,786)
Cash used in operations		(188,293,150)	(205,920,780)	(251,302,018)
Acquisitions of financial assets at fair value				
through profit or loss	8	(7,070,554,048)	(11,147,230,177)	(4,135,315,678)
Proceeds from disposal of financial assets at fair value				
through profit or loss	8, 10	7,602,692,924	11,353,512,610	4,101,955,967
Interest received		186,036,253	143,788,661	127,188,999
Dividends received		89,831,245	106,321,845	66,609,417
Income taxes paid		(45,557,031)	(37,478,913)	(34,234,870)
Net cash generated from (used in) operating activities		574,156,193	212,993,246	(125,098,183)
<b>Cash Flows from Investing Activities</b>				
Investment in financial asset at amortized cost	9	-	(38,000,000)	-
Proceeds from principal collections of financial asset at amortized cost	9	33,032,107	174,360,107	632,305,789
Net cash generated from investing activities		33,032,107	136,360,107	632,305,789
<b>Cash Flows from Financing Activities</b>				
Payments for acquisition of treasury shares	13	(794,350,394)	(551,623,682)	(760,196,234)
Proceeds from reissuance of treasury shares	13, 14	142,332,584	197,726,054	335,692,913
Net cash used in financing activities		(652,017,810)	(353,897,628)	(424,503,321)
<b>Net Increase (Decrease) in Cash and cash equivalents</b>		<b>(44,829,510)</b>	<b>(4,544,275)</b>	<b>82,704,285</b>
<b>Cash and cash equivalents, Beginning</b>		<b>106,451,645</b>	<b>110,995,920</b>	<b>28,291,635</b>
<b>Cash and cash equivalents, End</b>		<b>P 61,622,135</b>	<b>P 106,451,645</b>	<b>P 110,995,920</b>

See Notes to Financial Statements.

## **SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**

(An Open-end Investment Company)

### **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021**

#### **1. CORPORATE INFORMATION**

Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1999 and started commercial operations on May 1, 2000. The Company is a registered open-end investment company under the Investment Company Act (Republic Act "R.A." No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). It is engaged in the sale of redeemable shares and is designed to provide total returns consisting of current income and capital growth through investment in a mix of debt and equity securities from both domestic and foreign issuers. As an open-end investment company, its shares are redeemable anytime based on the Net Asset Value Per Share (NAVPS) at the time of redemption.

The Company appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as its fund manager, adviser, administrator, distributor and transfer agent and provider of management, distribution and all required operational services, as disclosed in Note 12.

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

#### **2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION**

##### **Statement of Compliance**

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

##### **Basis of Preparation and Presentation**

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

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

##### **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.

### **3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

#### **Adoption of New and Revised Accounting Standards Effective as at Reporting Period Ended December 31, 2023**

The Company adopted all accounting standards and interpretations as at December 31, 2023. 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 assessed to be applicable to the Company's financial statements, are as follows:

**Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements, Disclosure Initiative – Accounting Policies**  
The Company has adopted the amendments to PAS 1 for the first time in the current year. The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The FSRSC has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in PFRS Practice Statement 2.

Other than the replacement of the term 'Significant Accounting Policies' to 'Material Accounting Policy Transactions' in Note 4, the adoption of amendments has no impact as all material accounting policy information are already disclosed in the notes to the financial statements.

#### **Amendments to PAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules**

The Company has adopted the amendments to PAS 12 for the first time in the current year. The FSRSC amends the scope of PAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in PAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The amendments have no impact on the financial statements as Congress has not enacted a law recognizing the applicability of Pillar Two Reform in the Philippines.

## **New Accounting Standards Effective after the Reporting Period Ended December 31, 2023**

At the date of authorization of these financial statements, the company has not applied the following PFRS pronouncements that have been issued but are not yet effective:

Effective for annual periods beginning on or after January 1, 2024

- Amendments to PAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current
- Amendments to PAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants
- Amendments to PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements
- Amendments to PFRS 16 Leases—Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after January 1, 2025

- Amendments to PAS 21 The Effects of Changes in Foreign Exchange Rates—Lack of Exchangeability
- PFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to PFRS 17)

Effective date is deferred indefinitely

- Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company assessed that the amendments have no material impact on the financial statements.

## **4. MATERIAL ACCOUNTING POLICY INFORMATION**

### **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
- Amortized cost

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

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

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

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

#### 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 group 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.

#### *Amortized cost and effective interest method*

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

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

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.

#### Equity instruments

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

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

Changes in the fair value of financial assets at FVTPL are recognized in net realized gains (losses) on investments in the statement of profit or loss as applicable.

#### *Impairment of financial assets*

The Company recognizes a loss allowance for ECL on investments in debt instruments that are measured at amortized cost and financial assets at FVOCI.



The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow 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 are 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 FVOCI 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.

#### *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, but is transferred to retained earnings.

### **Financial Liabilities and Equity Instruments**

#### 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 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, due to brokers and payable to fund manager.

#### *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

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**

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

#### 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.

#### Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payments have been established, usually at ex-dividend rate, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### Interest income

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

#### Realized gains or losses

Gains or losses arising on the disposal of investments are determined as the difference between the sales proceeds and the carrying amount of the investments and 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 incurred. Expenses in the statements of comprehensive income are presented using the function of expense method. Investment expenses are transaction costs incurred in the purchase and sale of investments. Operating expenses are costs attributable to the administrative and other business expenses of the Company including management fees and custodianship fees.

### **Fair Value**

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**

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

### **Taxation**

Income tax expense represents the sum of the current tax, final tax and deferred tax expense.

#### Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT) rate in July 1, 2020 to June 30, 2023 and 25% RCIT rate or 2% MCIT rate, whichever is higher, effective July 1, 2023, respectively.

#### Final tax

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

#### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax 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 deposit for future subscription 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 share subscriptions.

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

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

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

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

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

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

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

#### 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.

As at December 31, 2023 and 2022, the Company's financial assets measured at FVTPL amounted to P 6,333,150,697 and P6,816,144,279, respectively, as disclosed in Note 8.

As at December 31, 2023 and 2022, the Company's financial assets measured at amortized cost amounted to P 431,966,037 and P480,983,977, respectively, composed of cash and cash equivalents, accrued interest receivable, dividends receivable, financial assets at amortized cost and due from brokers, as disclosed in Notes 6, 7, 8, 9 and 10, respectively.

#### 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 as disclosed in Note 21.

#### Models and assumptions used

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

The Company's model and assumptions used in measuring the fair value of financial assets and estimating ECL are disclosed in Notes 18 and 21, respectively.

#### Puttable shares designated as equity instruments

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

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

- a. it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets;
- b. it is in the class of instruments that is subordinate to all other classes of instruments;
- c. all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- d. apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or



to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments; and

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

As at December 31, 2023 and 2022, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P48,379,352 as disclosed in Note 13.

### **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 December 31, 2023 and 2022, the Company assessed a probability of default of 0.13% and 0.51%, respectively, for all of its financial assets measured at amortized cost.

The assumptions used by the Company in estimating PD is disclosed in Note 21.

#### 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. The categorization of LGD estimates per financial asset measured at amortized cost is disclosed in Note 21.

#### 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. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 21 Credit Risk – ECL measurement, which also sets out the key sensitivities of the ECL to changes in these elements.

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

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

As at December 31, 2023 and 2022, the Company's estimated credit losses for financial instruments measured at amortized cost amounted to P371,332 and P675,950, respectively, as disclosed in Notes 9 and 21.

### 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 the deferred tax assets as at December 31, 2023 and 2022, as disclosed in Note 19.

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

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.

As at December 31, 2023 and 2022, the carrying amounts of investments in debt securities classified as financial assets at FVTPL amounted to P6,333,150,697 and P2,590,779,479, respectively, as disclosed in Note 8.

## **6. CASH AND CASH EQUIVALENTS**

This account consists of:

	<b>2023</b>	2022
Cash in banks	<b>P 61,622,135</b>	P 36,369,166
Cash equivalents	-	70,082,479
	<b>P 61,622,135</b>	P 106,451,645

Cash in banks earned interest amounting to P247,577, P407,709 and P18,526 at average rates of 0.11%, 0.07% and 0.87% in 2023, 2022 and 2021, respectively, as disclosed in Note 16.

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

Cash equivalents earned interest amounting to P13,393,338, P4,983,877 and P601,255 at average rates of 19.11%, 14.22% and 0.02% in 2023, 2022 and 2021, respectively, as disclosed in Note 16. Accrued interest receivable amounted to nil and P25,697 as at December 31, 2023 and 2022, respectively, as disclosed in Note 7.

## **7. ACCRUED INTEREST RECEIVABLE**

This account consists of accrued interest on the following:

	<b>Notes</b>	<b>2023</b>	2022
Fixed-income securities	8	<b>P 32,407,383</b>	P 30,191,989
Corporate loans	9	<b>6,684,171</b>	3,064,626
Cash equivalents	6	-	25,697
		<b>P 39,091,554</b>	P 33,282,312

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2023	2022
Investments in listed equity securities	<b>P 3,641,428,051</b>	P 4,220,961,662
Investments in fixed-income securities	<b>2,691,722,646</b>	2,590,779,479
Investments in UITF	-	4,403,138
	<b>P 6,333,150,697</b>	P 6,816,144,279

Investments in listed-equity securities are composed of ordinary shares.

Investments in fixed income securities are composed of corporate bonds and treasury notes.

Investments in UITF are placed in universal banks and are redeemable anytime.

The Company recognized dividend income from investments in listed equity securities amounting to P 90,997,623, P105,641,047 and P66,670,133 in 2023, 2022 and 2021, respectively. Dividends receivable amounted to P 2,510,356 and P1,343,978 as at December 31, 2023 and 2022, respectively.

Interest income earned on fixed-income securities amounted to P158,781,473, P121,422,459 and P81,317,838 in 2023, 2022 and 2021, respectively, as disclosed in Note 16. Average interest rates earned on these investments are also disclosed in Note 16. Accrued interest receivable amounted to P32,407,383 and P30,191,989 as at December 31, 2023 and 2022, respectively, as disclosed in Note 7.

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

	2023	2022	2021
Net realized gains (losses)			
on investments in:			
Equity securities	<b>P 6,455,568</b>	(P 141,973,945)	P252,043,509
Fixed-income securities	<b>(51,068,647)</b>	(12,258,932)	(20,041,387)
	<b>(44,613,079)</b>	(154,232,877)	232,002,122
Net unrealized gains (losses)			
on investments in:			
Equity securities	<b>5,817,303</b>	(314,966,562)	(64,369,052)
Fixed-income securities	<b>139,723,487</b>	(135,243,670)	(78,457,642)
	<b>145,540,790</b>	(450,210,232)	(142,826,694)
	<b>P 100,927,711</b>	(P 604,443,109)	P 89,175,428

Net gains and losses on investments in equity securities are composed of listed equity shares and UITFs while fixed-income securities are composed of corporate bonds and treasury notes.

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

	2023	2022	2021
Balance, January 1	<b>P 6,816,144,279</b>	P 7,571,984,919	P 7,468,730,328
Additions	<b>7,040,207,035</b>	11,175,560,542	4,137,559,769
Disposal	<b>(7,668,741,407)</b>	(11,481,190,950)	(3,891,478,484)
Unrealized gains (losses)	<b>145,540,790</b>	(450,210,232)	(142,826,694)
Balance, December 31	<b>P 6,333,150,697</b>	P 6,816,144,279	P 7,571,984,919

The following presents the breakdown of the maturity profile of the principal amounts of fixed-income securities:

	<b>2023</b>	2022
Due in one year or less	<b>P 65,570,000</b>	P 336,622,000
Due after one year through five years	<b>1,372,246,120</b>	1,513,454,000
Due after five years through ten years	<b>765,715,000</b>	310,200,000
Due after ten years	<b>415,892,000</b>	496,361,600
	<b>P 2,619,423,120</b>	P 2,656,637,600

## 9. FINANCIAL ASSETS AT AMORTIZED COST - net

The account is composed of investments in the following securities:

	<b>Note</b>	<b>2023</b>	2022
<b>Corporate Loans</b>			
Current		<b>P 85,735,688</b>	P 29,436,379
Non-current		<b>194,876,000</b>	284,079,381
Allowance for impairment	<b>21</b>	<b>(371,332)</b>	(675,950)
		<b>P 280,240,356</b>	P 312,839,810

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

	<b>2023</b>	2022
Principal amounts	<b>P 280,582,400</b>	P313,328,200
Unamortized premium	<b>29,288</b>	187,560
	<b>P 280,611,688</b>	P 313,515,760

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

	<b>Note</b>	<b>2023</b>	2022	2021
Balance, January 1		<b>P 312,839,810</b>	P 447,618,992	P1,065,675,191
Additions		-	38,000,000	-
Repayments		<b>(33,032,107)</b>	(174,360,107)	(632,305,789)
Amortization of premium		<b>128,035</b>	3,292	16,503,173
Reversal of (Provision for) estimated credit loss	<b>21</b>	<b>304,618</b>	1,577,633	(2,253,583)
Balance, December 31		<b>P 280,240,356</b>	P 312,839,810	P 447,618,992

Interest earned on financial assets at amortized cost amounted to P 19,551,142, P24,570,743 and P47,249,220 in 2023, 2022 and 2021, respectively, as disclosed in Note 16. The average interest rates of financial assets at amortized cost investments are also disclosed in Note 16. Accrued interest receivable amounted to P2,697,796 and P3,064,626 as at December 31, 2023 and 2022, respectively, as disclosed in Note 7.

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

	<b>2023</b>	2022	2021
Amortization of discount	<b>P -</b>	P -	P 16,797,836
Amortization of premium	<b>(128,035)</b>	(3,292)	(294,663)
	<b>(P 128,035)</b>	(P 3,292)	P 16,503,173

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

	<b>2023</b>	2022
Due in one year or less	<b>P 85,706,400</b>	P 29,289,800
Due after one year through five years	<b>147,004,000</b>	222,470,400
Due after five years through ten years	<b>47,832,000</b>	61,568,000
Due after ten years	-	-
	<b>P 280,582,400</b>	P313,328,200

The Company holds loans receivables from Angat Hydropower Corporation, Vista Land and Lifescapes, Inc., SM Development Corp., Megawide Constructions Corp. and SL Agritech Corporation that carry interest at variable rates. The weighted average interest rate on these securities is 6.43% and 6.48% as at 2023 and 2022, respectively.

The corporate loans have maturity dates ranging between one to ten years from the end of the reporting period. The counterparties have a minimum A credit rating. None of these assets had been past due or impaired at the end of the reporting period.

#### **10. DUE FROM/TO BROKERS**

Due from brokers account refers to amounts receivable from brokers arising from the sale of investments processed on or before the reporting period, which are settled three days after the transaction date.

Due from brokers amounted to P48,501,636 and P27,066,232 as at December 31, 2023 and 2022, respectively.

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 P5,883,249 and P36,230,262 as at December 31, 2023 and 2022, respectively.

Counterparties to the contract are not allowed to offset payable and receivable arising from the purchase and sale of investments.

Commission expense amounting to P13,159,056, P16,974,997 and P16,745,510 in 2023, 2022 and 2021, respectively, are paid to brokers when buying and selling shares.

#### **11. ACCRUED EXPENSES AND OTHER PAYABLES**

This account consists of:

	<b>2023</b>	2022
Due to investors	<b>P 7,311,667</b>	P 8,563,624
Withholding and documentary stamp taxes	<b>1,111,104</b>	1,231,875
Professional fees	<b>310,774</b>	292,411
Custodianship fees	<b>88,043</b>	110,321
	<b>P 8,821,588</b>	P 10,198,231

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 three days after the transaction date. In line with the announcement of the Securities Clearing Corporation of the Philippines (SCCP) that stock market transaction settlement will change from three (3) clearing days settlement cycle to two (2) clearing days, the Company, effective September 11, 2023, changed the redemption and switch out settlement schedules from three (3) days to two (2) days after the transaction date.

## 12. RELATED PARTY TRANSACTIONS

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

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

Nature of Transaction	Transactions During the Year			Outstanding Payable		Terms	Condition	Notes
	2023	2022	2021	2023	2022			
SLAMCI - Fund Manager Management Distribution and Transfer fees	P 169,256,446	P 181,303,802	P195,907,356	P 12,740,152	P 14,137,868	Non-interest bearing; Annual rate of 2.15% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unsecured; unguaranteed;	a
Key Management Personnel Directors' fees	254,740	254,856	375,490	-	-	Payable on demand; Settled in cash	Unsecured; Unguaranteed;	b
Entities Under Common Control Sun Life Grepa Financial, Inc.						Non-interest bearing; Settled in cash on the day of transaction	Unsecured;	c
Sale	-	-	686,574	-	-			

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

### a. Investment Management

The Company appointed SLAMCI as its fund manager, adviser, administrator, distributor and transfer agent that provides management, distribution and all required operational services. Under the Management and Distribution Agreement (MDA), SLAMCI receives aggregate fees for these services at an annual rate of 2% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day.

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

Management, distribution and transfer fees charged by SLAMCI to the Company in 2023, 2022 and 2021 amounted to P169,256,446, P181,303,802 and P195,907,356, respectively. Accrued management fees as at December 31, 2023 and 2022 amounting to P12,740,152 and P14,137,868, respectively, are shown as "Payable to fund manager" in the statements of financial position.

### b. Remuneration of Directors

Remuneration of directors is presented in the statements of comprehensive income under "Directors' fees" account amounting to P254,740, P254,856 and P375,490 in 2023, 2022 and 2021, respectively, which are usually paid to directors based on the number of meetings held and attended. There were no accrued directors' fees as at December 31, 2023 and 2022.

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

### c. Purchase and Sale of Investments

These types of transactions are buy and sell of the same security between portfolios of two separate affiliated legal entities and whose assets are managed by Investments Department of SLAMCI until July 25, 2021 and Sun Life Investment Management and Trust Corporation from July 26, 2021 onwards. Portfolio Managers determine that this is appropriate and in the best interest of certain portfolios and ensure that the trade will be executed in a manner that is fair and equitable to both parties involved in the cross trade.

## 13. EQUITY

Movements are as follows:

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized: P0.01 par value						
At January 1	<b>5,000,000,000</b>	<b>P 50,000,000</b>	5,000,000,000	P 50,000,000	5,000,000,000	P 50,000,000
Issued and fully paid:						
At December 31	<b>4,837,935,154</b>	<b>P 48,379,352</b>	4,837,935,154	P 48,379,352	4,837,935,154	P 48,379,352
Treasury shares:						
At January 1	<b>2,664,216,848</b>	<b>P 10,007,423,963</b>	2,560,432,100	P 9,621,324,519	2,439,388,957	P 9,222,554,532
Acquired during the year	<b>236,897,250</b>	<b>794,350,394</b>	161,543,191	551,623,682	216,640,849	760,196,234
Reissuance	<b>(40,536,745)</b>	<b>(152,941,025)</b>	(57,758,443)	(165,524,238)	(95,597,706)	(361,426,247)
At December 31	<b>2,860,577,353</b>	<b>P 10,648,833,332</b>	2,664,216,848	P 10,007,423,963	2,560,432,100	P 9,621,324,519

Fully paid ordinary shares with a par value of P0.01 carry one vote per share and a right to dividends.

#### *Incorporation*

The Company was incorporated on December 21, 1999 with 200,000,000 registered shares at an initial par value of P1.00 per share. The SEC approved the change in the par value on October 10, 2008.

#### *Approved changes*

On May 13, 2005 and February 12, 2006, the shareholders and the Board of Directors, respectively, approved the reduction of the par value per share from P1.00 to P0.01.

On May 12, 2006, the shareholders approved the blanket increase of the Company's authorized share capital up to 100,000,000,000 shares.

On April 24, 2007, the Board of Directors approved the first tranche of share capital increase by 3,800,000,000 (from 200,000,000 shares to 4,000,000,000 shares both with par value of P0.01). The SEC approved the increase on October 10, 2008 and the registration statements on November 24, 2010.

On March 22, 2013, the Board of Directors approved the second tranche of share capital increase by 1,000,000,000 (from 4,000,000,000 shares to 5,000,000,000 shares both with par value of P0.01).

On December 26, 2013, the Company filed its application to increase its authorized share capital by 1,000,000,000 shares. Said application was favorably endorsed by the SEC's Corporate Finance Department to the Company Registration and Monitoring Department.

The SEC approved the increase in authorized share capital on January 14, 2014 and the registration statements on July 3, 2014.

#### *Current state*

As at December 31, 2023, the Company has 1,977,357,801 issued and outstanding shares out of 5,000,000,000 authorized share capital with a par value of P0.01 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2010	P2.6305	4,527,863,543	(1,285,564,252)	3,242,299,291
2011	P2.7223	1,042,495,296	(1,099,860,810)	3,184,933,777
2012	P3.4129	1,174,767,734	(861,565,785)	3,498,135,726
2013	P3.3652	501,572,025	-	3,999,707,751
2014	P3.7603	1,259,270,040	(819,345,180)	4,439,632,611
2015	P3.5886	515,695,765	(694,975,648)	4,260,352,728
2016	P3.4914	504,693,229	(1,011,826,420)	3,753,219,537
2017	P3.9963	327,154,676	(854,493,293)	3,225,880,920
2018	P3.6514	507,974,199	(663,354,112)	3,070,501,007
2019	P3.8635	136,914,200	(637,313,671)	2,570,101,536
2020	P3.5733	103,149,322	(274,704,661)	2,398,546,197
2021	P3.5910	95,597,706	(216,640,849)	2,277,503,054
2022	P3.3296	57,758,443	(161,543,191)	2,173,718,306
2023	P3.4081	40,536,745	(236,897,250)	1,977,357,801

The total number of shareholders as at December 31, 2023, 2022 and 2021 are 54,120, 53,601 and 52,846, respectively.

#### *Redeemable shares*

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

a. Distribution of dividends

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

b. Denial of pre-emptive rights

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

c. Right of redemption

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

#### **14. ADDITIONAL PAID - IN CAPITAL**

Additional paid-in capital of P12,264,228,552, P12,274,836,993 and P12,242,635,177 as at December 31, 2023, 2022 and 2021, respectively, pertains to excess payments over par value from investors and from reissuance of treasury shares.

#### **15. NET ASSET VALUE PER SHARE**

NAVPS is computed as follows:

	Note	2023	2022
Total equity		<b>P 6,739,107,082</b>	P 7,237,677,652
Outstanding shares	13	<b>1,977,357,801</b>	2,173,718,306
NAVPS		<b>P 3.4081</b>	P 3.3296

NAVPS is based on issued, outstanding and fully paid shares minus treasury shares. The expected cash outflow on redemption of these shares is equivalent to computed NAVPS as at reporting period.



**16. INTEREST INCOME**

This account consists of interest income on the following:

	Notes	2023	2022	2021
Fixed-income securities	8	<b>P158,781,473</b>	P121,422,459	P 81,317,838
Financial asset at amortized cost	9	<b>19,551,142</b>	24,570,743	47,249,220
Cash equivalents	6	<b>13,393,338</b>	4,983,877	601,255
Cash in banks	6	<b>247,577</b>	407,709	18,526
		<b>P 191,973,530</b>	P 151,384,788	P 129,186,839

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

Average interest rates of investments and cash in banks in 2023, 2022 and 2021 are as follows:

	Notes	2023	2022	2021
Fixed-income securities	8	<b>6.17%</b>	5.94%	6.57%
Financial asset at amortized cost	9	<b>6.43%</b>	5.32%	7.00%
Cash equivalents	6	<b>19.11%</b>	14.22%	0.02%
Cash in banks	6	<b>0.11%</b>	0.07%	0.87%

**17. EARNINGS (LOSS) PER SHARE**

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

	2023	2022	2021
Total comprehensive income (loss) for the year	<b>P 153,447,240</b>	(P 586,915,114)	P 32,211,996
Weighted average number of shares:			
Issued and outstanding	<b>2,100,938,889</b>	2,231,371,273	2,347,365,617
Weighted average number of outstanding shares for the purpose of computing diluted earnings (loss) per share	<b>2,100,938,889</b>	2,231,371,273	2,347,365,617
Basic earnings (loss) per share	<b>P 0.073</b>	(P 0.263)	P 0.014
Diluted earnings (loss) per share	<b>P 0.073</b>	(P 0.263)	P 0.014

As at December 31, 2023 and 2022, the Company has no dilutive potential ordinary shares.

## 18. 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>December 31, 2023</b>		
Investment in listed equity securities	8	<b>P 3,641,428,051</b>
Fixed-income securities	8	<b>2,691,722,646</b>
Investments in UITF	8	-
		<b>P 6,333,150,697</b>
<b>December 31, 2022</b>		
Investments in listed equity securities	8	P 4,220,961,662
Fixed-income securities	8	2,590,779,479
Investments in UITF	8	4,403,138
		<b>P 6,816,144,279</b>

Listed equity securities are valued at quoted prices as at reporting date.

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 mutual fund and in UITFs are valued at their published Net Assets Values Per Unit (NAVPU) as at reporting date.

*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			Total
			Level 1	Level 2	Level 3	
<b>December 31, 2023</b>						
<b>Financial Assets</b>						
Financial asset at amortized cost	9	<b>P280,240,356</b>	P-	P -	<b>P286,505,763</b>	<b>P286,505,763</b>
<b>December 31, 2022</b>						
<b>Financial Assets</b>						
Financial asset at amortized cost	9	P312,839,810	P-	P-	P289,121,035	P289,121,035

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, due from brokers, accrued interest receivable, dividends receivable, accrued expenses and other payables excluding withholding and documentary stamp taxes, due to brokers and payable to fund manager have short-term maturities, hence, their carrying amounts are considered their fair values.

The fair values of corporate loans were determined based on the discounted cash flow analysis using the Company's estimated cost of borrowing of 6.43% and 6.47% in 2023 and 2022, respectively.

There were no transfers between Levels 1, 2 and 3 in 2023 and 2022.

## 19. INCOME TAXES

Details of income tax expense are as follows:

	2023	2022	2021
Final tax	<b>P 45,102,955</b>	P 38,668,675	P 33,874,134
MCIT	<b>454,076</b>	429,631	541,764
Effects of change in tax rate	-	-	(398,628)
	<b>P 45,557,031</b>	P 39,098,306	P 34,017,270

The reconciliation between tax expense and the product of accounting profit (loss) multiplied by 25% in 2023, 2022 and 2021 is as follows:

	2023	2022	2021
Accounting profit (loss) before tax	<b>P 199,004,271</b>	(P547,816,808)	P66,229,266
Tax expense (benefit) at 25%	<b>P 49,751,068</b>	(P136,954,202)	P16,557,317
Adjustment for income subject to lower tax rate	<b>8,817,313</b>	14,425,690	22,180,244
Tax effects of:			
Net realized losses (gains) on investments	<b>11,153,270</b>	38,558,219	(58,000,531)
Net unrealized gains (losses) on investments	<b>(36,385,198)</b>	112,552,558	35,706,674
Unrecognized Net Operating Loss Carry-over (NOLCO)	<b>34,592,063</b>	36,891,080	33,534,567
Dividend income exempt from tax	<b>(22,749,406)</b>	(26,410,262)	(16,667,533)
Unrecognized MCIT	<b>454,076</b>	429,631	541,764
Changes in current tax expense due to the change in income tax rate	-	-	(398,628)
Provision for (Reversal of) estimated credit losses	<b>(76,155)</b>	(394,408)	563,396
	<b>P 45,557,031</b>	P 39,098,306	P 34,017,270

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

Among others, the Act includes the following significant revisions:

1. Effective July 1, 2020, domestic corporations with total assets not exceeding P100 million and net taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% tax income tax rate;
2. MCIT rate is reduced to from 2% to 1% from July 1, 2020 to June 30, 2023;

Details of the Company's NOLCO from previous years are as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2023 Balance
2022	2025	P 147,564,321	P -	P -	<b>P 147,564,321</b>
2023	2026	-	138,368,250	-	<b>138,368,250</b>
		P 147,564,321	P 138,368,250	P -	<b>P 285,932,571</b>

Details of the Company's NOLCO covered by Revenue Regulation (RR) No. 25-2020 is as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2023 Balance
2020	2025	P 113,789,577	P -	P -	P 113,789,577
2021	2026	134,138,266	-	-	134,138,266
		P 247,927,843	P -	P -	P 247,927,843

Pursuant to Section 4 COVID-19 Response and Recovery Interventions paragraph (bbb) of Republic Act No. 11494 also known as "Bayanihan to Recover As One Act" and to RR No. 25-2020 of Bureau of Internal Revenue, the NOLCO incurred by the Company for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Amount	Change in tax rate	Applied Current Year	Expired	Unapplied
2020	2023	P 1,594,511	(P 398,628)	-	P1,195,883	P -
2021	2024	541,764	-	-	-	541,764
2022	2025	429,631	-	-	-	429,631
2023	2026	454,076	-	-	-	454,076
		P 3,019,982	P (398,628)	P-	P1,195,883	P 1,425,471

Deferred tax assets on NOLCO and MCIT were not recognized since Management believes that future taxable income will not be available against which the deferred tax asset can be utilized.

The Company's interest income arising from cash in banks, cash equivalents and fixed-income securities and realized gains on sale of listed equity securities are already subjected to final tax and are therefore excluded from the computation of taxable income subject to RCIT and MCIT.

## 20. CONTINGENCIES

The Company has no pending legal cases as at December 31, 2023 and 2022 that may have a material effect on the Company's financial position and results of operations.

## 21. FINANCIAL RISK MANAGEMENT

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

### Market risk

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

### *Interest rate risk*

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

The primary source of the Company's interest rate risk relates to cash in banks, cash equivalents, fixed-income securities and corporate loans. Interest rates of the financial assets are disclosed in Notes 6 and 16.

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

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

The following table details the increase or decrease in net profit after tax if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2023, 2022 and 2021:

Change in Interest rates	Increase (Decrease) in Net Profit or Loss/Equity		
	2023	2022	2021
+50 basis	<b>(P54,009,253)</b>	(P43,049,498)	(P43,130,823)
-50 basis	<b>58,860,623</b>	44,441,953	46,190,859

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

#### Equity price risk

The Company is exposed to equity price risks arising from investments in listed equity securities and investments in UITF. Investments in listed equity securities could either be held for strategic or trading purposes.

The risk is managed by the Fund Manager by actively monitoring the domestic equity market and movements in NAVPU of investments in UITF. Portfolios are traded based on a combination of regularly-carried out fundamental and technical analyses of share prices.

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPU of investments in UITF had been 2% higher or lower, profit or loss for the years ended December 31, 2023, 2022 and 2021 would have increased or decreased by P71,074,849, P82,472,360 and P103,841,289, respectively.

Other than interest and equity price risks discussed above, there are no other market risks which will significantly affect the Company's performance. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent equity price risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

#### Credit risk

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

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

	Notes	2023	2022
Cash in banks	6	P 61,622,135	P 36,369,166
Cash equivalents	6	-	70,082,479
Financial assets at FVTPL	8	2,691,722,646	2,590,779,479
Financial assets at amortized cost - net	9	280,240,356	312,839,810
Due from brokers	10	48,501,636	27,066,232
Accrued interest receivable	7	39,091,554	33,282,312
Dividends receivable	8	2,510,356	1,343,978
		<b>P 3,123,688,683</b>	<b>P 3,071,763,456</b>

#### *ECL measurement*

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

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

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

#### *Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

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

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

Given that the Company currently has no history of default on their portfolio, a model which incorporates internal default experience is not feasible. For the 12M and Lifetime PD, the Company uses external benchmarking of current internal credit ratings to Standard and Poor's using one-year transition matrices in S&P's Annual Global Corporate Default Study and Rating Transition reports. From the transition matrices, cumulative PDs are identified. The overall PD for a specific time horizon is calculated from the cumulative PD, by determining the marginal PD and taking the conditional probability of default given that it has not yet defaulted prior to the said time horizon. The resulting overall PDs are the values that will act as components in ECL calculation. The Lifetime PD is developed by analysis of the transition matrices over the maximum life of active loans, which is 9 years.

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

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

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

For the 12M and lifetime LGDs, considering the availability of related information, the Company used the external estimates sourced from S&P's.

*Forward-looking information incorporated in the ECL models*

The assessment of significant increase in credit rating and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. The Company assessed that the key economic variables are unemployment rates for 2023 and 2022.

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

In addition to the base economic scenario, the best value economically spanning from the historical years is taken (upside forecasts). A similar approach applies for the downside forecasts. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 2023 and 2022.

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

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at December 31, 2023 and 2022:

	Notes	Internal Credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
<b>2023</b>							
Cash in banks	6	AAA	Stage 1	12-month ECL	P 61,622,135	P -	P 61,622,135
Financial asset at AC	9	A	Stage 1	12-month ECL	160,984,288	169,542	160,814,746
Financial asset at AC	9	AA, A	Stage 2	Lifetime ECL	119,627,400	201,790	119,425,610
Due from brokers	10	AAA	Stage 1	12-month ECL	48,501,636	-	48,501,636
Accrued interest receivable	7	AAA	Stage 1	12-month ECL	39,091,554	-	39,091,554
Dividends receivable	8	AAA	Stage 1	12-month ECL	2,510,356	-	2,510,356
					<b>P 432,337,369</b>	<b>P 371,332</b>	<b>P 431,966,037</b>

	Notes	Internal Credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
2022							
Cash in banks	6	AAA	Stage 1	12-month ECL	P 36,369,166	P -	P 36,369,166
Cash equivalents	6	AAA	Stage 1	12-month ECL	70,082,479	-	70,082,479
Financial asset at AC	9	A	Stage 1	12-month ECL	174,816,759	225,893	138,023,050
Financial asset at AC	9	AA, A	Stage 2	Lifetime ECL	138,699,000	450,057	138,248,943
Due from brokers	10	AAA	Stage 1	12-month ECL	27,066,232	-	27,066,232
Accrued interest receivable	7	AAA	Stage 1	12-month ECL	33,282,312	-	33,282,312
Dividends receivable	8	AAA	Stage 1	12-month ECL	1,343,978	-	1,343,978
					P 481,659,927	P 675,950	P 480,983,977

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

	Gross Carrying Amount			ECL		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
January 1, 2022	P 185,861,574	P 264,011,000	P 449,872,574	P 202,036	P 2,051,547	P 2,253,583
Additions	38,000,000	-	38,000,000	54,092	-	54,092
Disposals	(49,044,815)	(125,312,000)	(174,356,815)	(21,162)	(1,552,871)	(1,574,033)
Transfers between stages	-	-	-	-	-	-
Effect of changes in the model	-	-	-	(9,073)	(48,619)	(57,692)
December 31, 2022	174,816,759	138,699,000	313,515,760	225,893	450,057	675,950
Additions	-	-	-	-	-	-
Disposals	(13,832,471)	(19,071,600)	(32,904,072)	(56,351)	(248,267)	(304,618)
Transfers between stages	-	-	-	-	-	-
December 31, 2023	<b>P 160,984,288</b>	<b>P 119,627,400</b>	<b>P 280,611,688</b>	<b>P 169,542</b>	<b>P 201,790</b>	<b>P 371,332</b>

#### Liquidity risk

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

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

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

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

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

	Less than One Month	One Month to One Year	Total
<b>2023</b>			
Accrued expenses and other payables	<b>P 7,311,667</b>	<b>P 398,817</b>	<b>P 7,710,484</b>
Due to brokers	<b>5,883,249</b>	-	<b>5,883,249</b>
Payable to fund manager	<b>12,740,152</b>	-	<b>12,740,152</b>
	<b>P 25,935,068</b>	<b>P 398,817</b>	<b>P 26,333,885</b>
2022			
Accrued expenses and other payables	P 8,563,624	P 402,732	P 8,966,356
Due to brokers	36,230,262	-	36,230,262
Payable to fund manager	14,137,868	-	14,137,868
	P 58,931,754	P 402,732	P 59,334,486



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.

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

	Average Effective Interest Rate	Less than One Year	One to Five Years	Five to Ten Years	More than Ten Years	Total
<b>2023</b>						
Cash in banks	0.11%	P 61,622,135	P -	P -	P -	P 61,622,135
Financial assets at FVTPL	6.17%	67,191,367	1,377,598,454	768,698,783	417,429,201	2,630,917,805
Financial assets at AC	6.43%	98,611,698	183,75,831	54,203,228	-	171,190,757
Due from brokers		48,501,636	-	-	-	48,501,636
Accrued interest receivable		39,091,554	-	-	-	39,091,554
Dividends receivable		2,510,356	-	-	-	2,510,356
		<b>P 317,528,746</b>	<b>P 1,395,974,285</b>	<b>P 822,902,011</b>	<b>P 417,429,201</b>	<b>P 2,953,834,243</b>
<b>2022</b>						
Cash in banks	0.67%	P 36,369,166	P -	P -	P -	P 36,369,166
Cash equivalents	14.22%	70,082,479	-	-	-	70,082,479
Financial assets at FVTPL	5.94%	471,076,527	1,913,620,590	457,937,654	570,024,692	3,412,659,463
Financial asset at AC	6.48%	45,118,750	253,384,480	61,568,000	-	360,071,230
Due from brokers		27,066,232	-	-	-	27,066,232
Accrued interest receivable		33,282,312	-	-	-	33,282,312
Dividends receivable		1,343,978	-	-	-	1,343,978
		<b>P 684,339,444</b>	<b>P 2,167,005,070</b>	<b>P 519,505,654</b>	<b>P 570,024,692</b>	<b>P 3,940,874,860</b>

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

## 22. CAPITAL RISK MANAGEMENT

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

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

The capital structure of the Company consists of issued capital as disclosed in Note 13.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 13, 14 and 15 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 more than twenty percent (20%) of its net assets in real estate properties and developments, subject to investment restrictions and/or limitations under applicable law, if any;
- It does not purchase or sell commodity futures contracts;

- g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;
- h. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;
- i. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions;
- j. It may use various techniques to hedge investment risks; and
- k. It does not change its investment objectives without the prior approval of a majority of its shareholders and prior notice to the SEC.

The Investment Policies refer to the following:

- a. Investment Objective - To provide moderate growth and a steady income stream through investments in high quality equity securities and high quality corporate and government debt securities.
- b. Benchmark - the fund's performance is measured against 50% PSE Index and 48% Bloomberg Sovereign Bond Index 1-5 Year, net of tax (adjusted by Sun Life) and 2% Philippine Peso Time Deposit Rate 1 Month to 3 Months, net of tax.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitute, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 2% of the net assets attributable to shareholders on each valuation day.

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

As at December 31, 2023 and 2022, the Company is in compliance with the above requirements and minimum equity requirement of the SEC of P50,000,000 pursuant to Section 3 of SEC Memorandum Circular No.33-2020.

The equity ratio at year-end is as follows:

	<b>2023</b>	2022
Equity	<b>P 6,739,107,082</b>	P 7,237,677,652
Total assets	<b>6,766,552,071</b>	7,298,244,013
Equity ratio	<b>0.9959:1</b>	0.9917:1

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

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

The following information on taxes and license fees paid or accrued during the 2023 taxable year is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

*Documentary stamp tax*

Documentary stamp taxes incurred by the Company during 2023 amounted to P 46,131 representing taxes in connection with the issuance of share certificates by the Company to its shareholders. The documentary stamp tax paid by the Company to the BIR includes those charged against the shareholders' investment for share certificate issuances in excess of ten (10) inter-fund transfers per calendar year.

*Other taxes and licenses*

Details of other taxes and licenses and permit fees paid or accrued in 2023 are as follows:

<b>Charged to Operating Expenses</b>	
Business tax	<b>P 696,659</b>
Filing and registration fees	<b>33,075</b>
Residence or community tax	<b>10,500</b>
	<b>P 740,234</b>

*Withholding taxes*

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

	<b>Paid</b>	<b>Accrued</b>	<b>Total</b>
Expanded withholding taxes	<b>P 12,472,398</b>	<b>P 1,107,646</b>	<b>P 13,580,043</b>

*Deficiency tax assessments*

The Company has no tax assessments and tax cases in 2023.

**24. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 25, 2024.

The Board of Directors approved the issuance of the financial statements also on March 25, 2024.

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

To the Board of Directors and Shareholders  
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.  
(An Open-end Investment Company)  
Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive  
Bonifacio Global City, Taguig City

We have audited the financial statements of Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Company") as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated April 8, 2024.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedule showing the reconciliation of the retained earnings available for dividend declaration as at December 31, 2023 and other supplementary information shown in schedules A-H, as required by the Securities and Exchange Commission under the revised Securities Regulation Code Rule 68, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.  
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024  
TIN 005299331

By:



Lloyd Ryan C. Moraño  
Partner



, issued on March 10 2023; effective until March 9, 2026  
January 18, 2024, Taguig City

Taguig City, Philippines  
April 8, 2024

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**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
**RECONCILIATION OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
As at December 31, 2023

	2023
<b>Unappropriated Retained Earnings, beginning of reporting period</b>	<b>(5,114,307,141)</b>
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>	
Reversal of Retained Earnings Appropriations	-
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
	-
<b>Less: Category B: Items that are directly deducted to Unappropriated Retained Earnings</b>	
Dividend declaration during the reporting period	-
Retained Earnings appropriated during the reporting period	-
Effect of restatements or prior-period adjustments	-
Others (describe nature)	-
	-
<b>Unappropriated Retained Earnings, as adjusted</b>	<b>(5,114,307,141)</b>
<b>Add/Less: Net income (loss) for the current year</b>	<b>153,447,240</b>
<b>Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>	
1 Equity in net income of associate/joint venture, net of dividends declared	-
1 Unrealized foreign exchange gain (except those attributable to Cash and Cash Equivalents)	-
1 Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	145,540,790
1 Unrealized fair value gain of Investment Property	-
1 Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
<b>Sub-total</b>	<b>145,540,790</b>
<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>	
1 Realized foreign exchange gain (except those attributable to Cash and Cash Equivalents)	-
1 Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
1 Realized fair value gain of Investment Property	-
1 Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
<b>Sub-total</b>	<b>-</b>
<b>Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>	
1 Reversal of previously recorded foreign exchange gain (except those attributable to Cash and Cash Equivalents)	-
1 Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
1 Reversal of previously recorded fair value gain of Investment Property	-
1 Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
<b>Sub-total</b>	<b>-</b>
<b>Adjusted Net Income/Loss</b>	<b>7,906,450</b>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>	
1 Depreciation on revaluation increment (after tax)	-
<b>Sub-total</b>	<b>-</b>
<b>Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP</b>	
1 Amortization of the effect of reporting relief	-
1 Total amount of reporting relief granted during the year	-
1 Others (describe nature)	-
<b>Sub-total</b>	<b>-</b>
<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>	
1 Net movement of treasury shares (except for reacquisition of redeemable shares)	(641,409,369)
1 Net movement of deferred tax asset not considered in reconciling items under the previous categories	-
1 Net movement in deferred tax assets and liabilities related to same transactions, e.g., set up of ROU and lease liability, set up of asset and asset retirement obligation, and set-up of service concession asset and concession payable.	-
1 Adjustments due to deviation from PFRS/GAAP - gain (loss)	-
1 Others (describe nature)	-
<b>Sub-total</b>	<b>(641,409,369)</b>
<b>Total Retained Earnings, end of the reporting period available for dividend</b>	<b>(5,747,810,060)</b>

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**

Schedule of Financial Soundness Indicators and Financial Ratios

December 31, 2023 and December 31, 2022

	Formula	2023	2022
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	<b>239.46:1</b>	115.82:1
b. Quick ratio	Quick Assets/Current Liabilities	<b>236.02:1</b>	115.32:1
c. Cash ratio	Cash/Current Liabilities	<b>2.25:1</b>	1.76:1
d. Days in receivable	Receivable/Revenue * No. of days	<b>N/A</b>	N/A
e. Working capital ratio	(Current Assets - Current Liabilities)/Current Liabilities	<b>238.46:1</b>	114.82:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	<b>27.42:1</b>	67.65:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	<b>13595.39:1</b>	13758.07:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	<b>N/A</b>	N/A
b. Debt to equity ratio	Total Liabilities/Total Equity	<b>0.01</b>	0.01
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	<b>N/A</b>	N/A
d. Total debt to asset ratio	Total Liabilities/Total Assets	<b>0.01</b>	0.01
Asset to equity ratio	Total Assets/Total Equity	<b>1.01:1</b>	1.01:1
Interest rate coverage ratio	Earning Before Income Tax/Interest Expense	<b>N/A</b>	N/A
<i>Profitability Ratio</i>			
a. Earnings before interest and taxes (EBIT) margin	EBIT/Revenue	<b>83.39%</b>	-532.92%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	<b>83.39%</b>	-532.92%
c. Pre-tax margin	EBT/Revenue	<b>83.39%</b>	-532.92%
d. Effective tax rate	Income Tax/EBIT	<b>22.89%</b>	-7.14%
e. Post-tax margin	Net Income After Tax/Revenue	<b>64.30%</b>	-570.95%
f. Return on equity	Net Income After Tax/Average Common Equity	<b>2.20%</b>	-7.61%
g. Return on asset	NIAT/Average Total Assets	<b>2.18%</b>	-7.57%
Capital intensity ratio	Total Assets/Revenue	<b>28.35:1</b>	71:1
Fixed assets to total assets	Fixed assets/Total assets	<b>N/A</b>	N/A
Dividend payout ratio	Dividends paid/Net Income	<b>N/A</b>	N/A

Sun Life of Canada Prosperity Balanced Fund Inc.

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

As of December 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>						
PIID0527L140	75,715	6,739,107,082	0.00%	73,694	7,237,677,652	0.00%
PIID0527C159	311,682,226	6,739,107,082	4.62%	419,037,466	7,237,677,652	5.79%
PIBD0526D772	131,427,679	6,739,107,082	1.95%	174,876,391	7,237,677,652	2.42%
PIBD0326H014	2,866,055	6,739,107,082	0.04%	149,729,524	7,237,677,652	2.07%
PIID0528I160	274,095,600	6,739,107,082	4.07%	268,517,640	7,237,677,652	3.71%
PIBD0726B627	63,111,488	6,739,107,082	0.94%	158,664,510	7,237,677,652	2.19%
PIBD2027I140	67,547,801	6,739,107,082	1.00%	156,933,084	7,237,677,652	2.17%
PIBD1029A644	224,591,488	6,739,107,082	3.33%	34,875,108	7,237,677,652	0.48%
PIID0528B176	88,355,460	6,739,107,082	1.31%	-	-	-
PH0000057218	76,911,467	6,739,107,082	1.14%	-	-	-
PIBD0729J687	50,467,195	6,739,107,082	0.75%	-	-	-
PIBD2535I071	140,871,445	6,739,107,082	2.09%	-	-	-
PIBD2042K253	149,062,310	6,739,107,082	2.21%	-	-	-
PIBD2535L086	17,030,854	6,739,107,082	1.05%	-	-	-
PH0000057374	349,122,032	6,739,107,082	5.18%	-	-	-
PIBD2039A232	115,540,517	6,739,107,082	1.71%	-	-	-
US718286BM88	-	-	-	252,831,681	7,237,677,652	3.49%
PIBD0325D270	-	-	-	38,212,416	7,237,677,652	0.53%
PIBD2534K062	-	-	-	134,730,786	7,237,677,652	1.86%
<b>Bonds</b>						
SAN MIGUEL CORP SMCMP 5.2704 03/04/27	18,112,351	6,739,107,082	0.27%	16,270,695	7,237,677,652	0.22%
INTL FINANCE CORP 6.3448% 22MAR2033	88,860,737	6,739,107,082	1.32%	98,187,156	7,237,677,652	1.36%
BNPP 7.34% 18NOV2027	108,445,626	6,739,107,082	1.61%	94,837,770	7,237,677,652	1.31%
ING 7.38% 27DEC2028	101,674,637	6,739,107,082	1.51%	-	-	-
PHILIP 577 06/20/2024 (NOM CLN)	65,629,013	6,739,107,082	0.97%	66,140,459	7,237,677,652	0.91%
SM PRIME HOLDINGS INC 5.0583% 25MAR2027	76,981,297	6,739,107,082	1.14%	72,418,800	7,237,677,652	1.00%
ABOITIZ POWER APPM 5.2757 10/14/26	75,643,620	6,739,107,082	1.12%	80,641,860	7,237,677,652	1.11%
SM INVESTMENTS CORP 3.5915 02/18/25	17,681,613	6,739,107,082	0.26%	17,200,469	7,237,677,652	0.24%
CONVERGE ICT SOL CNVRPM 5.5942 04/08/27	21,934,421	6,739,107,082	0.33%	19,546,834	7,237,677,652	0.27%
SAN MIGUEL CORP SMCMP 6 1/4 03/19/23	-	-	-	219,603,120	7,237,677,652	3.03%
NOM 7.46% 20DEC2023	-	-	-	117,450,016	7,237,677,652	1.62%
<b>Equities</b>						
Aboitiz Equity Ventures Inc.	55,805,304	6,739,107,082	0.83%	182,775,136	7,237,677,652	2.53%
Aboitiz Power Corporation	-	-	-	72,945,315	7,237,677,652	1.01%
AC Energy Corporation	-	-	-	20,824,005	7,237,677,652	0.29%
Alliance Global Group Inc.	29,298,672	6,739,107,082	0.43%	26,947,550	7,237,677,652	0.37%
Ayala Corporation	214,986,933	6,739,107,082	3.19%	269,960,935	7,237,677,652	3.73%
Ayala Land Inc.	354,057,808	6,739,107,082	5.25%	281,117,144	7,237,677,652	3.88%
Bank of the Philippine Islands	264,670,797	6,739,107,082	3.93%	319,038,150	7,237,677,652	4.41%
BDO Unibank Inc.	318,530,403	6,739,107,082	4.73%	305,224,182	7,237,677,652	4.22%
Bloomerry Resorts Corporation	54,522,358	6,739,107,082	0.81%	121,390,200	7,237,677,652	1.68%
Century Pacific Food Inc.	101,131,601	6,739,107,082	1.50%	77,536,740	7,237,677,652	1.07%
Converge Information and Communications Technology Solu	-	-	-	19,319,608	7,237,677,652	0.27%
D&L Industries Inc.	-	-	-	47,975,926	7,237,677,652	0.66%
DMCI Holdings Inc.	-	-	-	47,811,600	7,237,677,652	0.66%
Globe Telecom Inc.	83,509,440	6,739,107,082	1.24%	69,339,260	7,237,677,652	0.96%
GT Capital Holdings Inc.	158,327,090	6,739,107,082	2.35%	45,910,335	7,237,677,652	0.63%
International Container Terminal Services Inc.	314,063,612	6,739,107,082	4.66%	217,600,000	7,237,677,652	3.01%
JG Summit Holdings Inc.	73,454,620	6,739,107,082	1.09%	128,482,598	7,237,677,652	1.78%
Jollibee Foods Corporation	123,527,904	6,739,107,082	1.83%	144,421,600	7,237,677,652	2.00%
Manila Electric Company	116,213,538	6,739,107,082	1.72%	105,135,768	7,237,677,652	1.45%
Megaworld Corporation	-	-	-	900	7,237,677,652	0.00%
Metro Pacific Investments Corporation	-	-	-	1,984	7,237,677,652	0.00%
Metropolitan Bank & Trust Company	119,787,090	6,739,107,082	1.78%	184,503,528	7,237,677,652	2.55%
Monde Nissin Corporation	34,921,136	6,739,107,082	0.52%	26,069,024	7,237,677,652	0.36%
PLDT Inc.	96,214,054	6,739,107,082	1.43%	101,028,387	7,237,677,652	1.40%
Puregold Price Club Inc.	-	-	-	76,780	7,237,677,652	0.00%
Robinsons Land Corporation	33,525,008	6,739,107,082	0.50%	25,005,640	7,237,677,652	0.35%
Robinsons Retail Holdings Inc.	-	-	-	24,360	7,237,677,652	0.00%
Security Bank Corporation	20,020	6,739,107,082	0.00%	-	-	-
Semirara Mining & Power Corp.	3,934,073	6,739,107,082	0.06%	-	-	-
SM Investments Corporation	549,490,800	6,739,107,082	8.15%	628,812,000	7,237,677,652	8.69%
SM Prime Holdings Inc.	399,574,514	6,739,107,082	5.93%	503,582,481	7,237,677,652	6.96%
Union Bank of the Philippines	-	-	-	19,561,317	7,237,677,652	0.27%
Universal Robina Corporation	141,861,275	6,739,107,082	2.11%	165,506,560	7,237,677,652	2.29%
Wilcon Depot Inc.	-	-	-	63,032,650	7,237,677,652	0.87%
<b>Investments in UITF</b>						
BPI INVEST MONEY MARKET FUND	-	-	-	1,240,640	7,237,677,652	0.02%

	2023			2022		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
RIZAL PESO CASH MANAGEMENT FUND	-	-	-	3,162,498	7,237,677,652	0.04%
<b>Term Deposit</b>						
RIZAL COMMERCIAL BANKING CORP	-	-	-	70,082,479	7,237,677,652	0.97%
<b>Corporate Loans</b>						
ANGAT HYDROPOWER CORPORATION	104,837,892	6,739,107,082	1.56%	111,978,799	7,237,677,652	1.55%
.VLL 7.125 07/19/2024	18,404,288	6,739,107,082	0.27%	43,039,960	7,237,677,652	0.59%
.SMDC 5.213 01/27/2027	56,627,210	6,739,107,082	0.84%	56,602,308	7,237,677,652	0.78%
MWIDE 08.24.2024	62,798,400	6,739,107,082	0.93%	63,272,835	7,237,677,652	0.87%
SL AGRITECH 7.3278 09/12/2025	37,572,567	6,739,107,082	0.56%	37,945,908	7,237,677,652	0.52%

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

As of December 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>						
PIID0527L140	78,000	360,025,370,000	0.00%	78,000	360,025,370,000	0.00%
PIID0527C159	318,700,000	457,798,870,000	0.07%	438,700,000	457,798,870,000	0.10%
PIBD0526D772	137,300,000	35,000,000,000	0.39%	187,300,000	35,000,000,000	0.54%
PIBD0326H014	2,896,000	45,000,000,000	0.01%	152,896,000	45,000,000,000	0.34%
PIID0528I160	276,000,000	420,448,620,000	0.07%	276,000,000	420,448,620,000	0.07%
PIBD0726B627	62,810,000	35,000,000,000	0.18%	159,000,000	35,000,000,000	0.45%
PIBD2027I140	62,913,000	7,521,930,000	0.84%	146,300,000	7,521,930,000	1.94%
PIBD1029A644	217,600,000	40,000,000,000	0.54%	34,200,000	40,000,000,000	0.09%
PIID0528B176	87,550,000	283,763,660,000	0.03%	-	-	-
PH0000057218	75,450,000	24,793,000,000	0.30%	-	-	-
PIBD0729J687	48,480,000	24,125,000,000	0.20%	-	-	-
PIBD2535I071	122,627,000	62,220,400,000	0.20%	-	-	-
PIBD2042K253	123,915,000	27,597,000,000	0.45%	-	-	-
PIBD2535L086	61,640,000	163,216,530,000	0.04%	-	-	-
PH0000057374	335,733,000	30,000,000,000	1.12%	-	-	-
PIBD2039A232	107,710,000	31,504,000,000	0.34%	-	-	-
US718286BM88	-	-	-	280,000,000	**	0.00%
PIBD0325D270	-	-	-	39,600,000	40,000,000,000	0.10%
PIBD2534K062	-	-	-	118,600,000	28,054,600,000	0.42%
<b>Bonds</b>						
SAN MIGUEL CORP SMCPM 5.2704 03/04/27	18,500,000	**	-	18,500,000	**	0.00%
INTL FINANCE CORP 6.3448% 22MAR2033	88,452,000	**	-	97,761,600	**	0.00%
BNPP 7.34% 18NOV2027	106,980,000	**	-	106,980,000	**	0.00%
ING 7.38% 27DEC2028	99,989,120	**	-	-	-	-
PHILIP 577 06/20/2024 (NOM CLN)	65,570,000	**	-	65,570,000	**	0.00%
SM PRIME HOLDINGS INC 5.0583% 25MAR2027	80,000,000	**	-	80,000,000	**	0.00%
ABOITIZ POWER APPM 5.2757 10/14/26	78,000,000	**	-	78,000,000	**	0.00%
SM INVESTMENTS CORP 3.5915 02/18/25	18,330,000	**	-	18,330,000	**	0.00%
CONVERGE ICT SOL CNVRPM 5.5942 04/08/27	22,200,000	**	-	22,200,000	**	0.00%
SAN MIGUEL CORP SMCPM 6 1/4 03/19/23	-	**	-	220,000,000	**	0.00%
NOM 7.46% 20DEC2023	-	**	-	116,622,000	**	0.00%
<b>Equities (in shares)</b>						
Aboitiz Equity Ventures Inc.	1,251,240	5,619,785,757	0.02%	3,167,680	5,630,225,457	0.06%
Aboitiz Power Corporation	-	-	-	2,142,300	7,358,604,307	0.03%
AC Energy Corporation	-	-	-	2,732,809	39,677,394,773	0.01%
Alliance Global Group Inc.	2,597,400	9,002,953,579	0.03%	2,264,500	9,435,212,379	0.02%
Ayala Corporation	315,693	619,807,425	0.05%	388,433	619,143,083	0.06%
Ayala Land Inc.	10,277,440	14,942,175,713	0.07%	9,127,180	15,064,662,731	0.06%
Bank of the Philippine Islands	2,549,815	5,259,201,283	0.05%	3,127,825	4,513,128,255	0.07%
BDO Unibank Inc.	2,440,846	5,268,357,304	0.05%	2,887,646	4,386,642,196	0.07%
Bloomerry Resorts Corporation	5,540,890	11,430,368,194	0.05%	15,868,000	10,832,700,162	0.15%
Century Pacific Food Inc.	3,267,580	3,542,258,595	0.09%	3,005,300	3,542,258,595	0.08%
Converge Information and Communications Technology Solu	-	-	-	1,216,600	7,266,573,061	0.02%
D&L Industries Inc.	-	-	-	6,072,902	7,142,857,990	0.09%
DMCI Holdings Inc.	-	-	-	3,984,300	13,277,470,000	0.00%
Globe Telecom Inc.	48,552	144,228,604	0.03%	31,807	144,060,544	0.02%
GT Capital Holdings Inc.	268,351	215,284,587	0.12%	105,541	215,284,587	0.05%
International Container Terminal Services Inc.	1,272,543	2,031,988,603	0.06%	1,088,000	2,030,340,949	0.05%
JG Summit Holdings Inc.	1,925,416	7,520,983,658	0.03%	2,554,326	7,520,983,658	0.03%
Jollibee Foods Corporation	491,360	1,119,911,278	0.04%	627,920	1,118,797,149	0.06%
Manila Electric Company	291,262	1,127,098,705	0.03%	351,860	1,127,098,705	0.03%
Megaworld Corporation	-	-	-	450	31,485,239,872	0.00%
Metro Pacific Investments Corporation	-	-	-	580	28,695,934,752	0.00%
Metropolitan Bank & Trust Company	2,335,031	4,497,415,555	0.05%	3,416,732	4,497,415,555	0.08%
Monde Nissin Corporation	4,167,200	17,968,611,496	0.02%	2,352,800	17,968,611,496	0.01%
PLDT Inc.	75,226	216,055,775	0.03%	76,711	216,055,775	0.04%
Puregold Price Club Inc.	-	-	-	2,200	2,880,137,615	0.00%
Robinsons Land Corporation	2,103,200	4,839,141,486	0.04%	1,671,500	5,053,841,085	0.03%



	2023			2022		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
Robinsons Retail Holdings Inc.	-	-	-	280	753,538,887	0.00%
Security Bank Corporation	280	753,538,887	0.00%	-	-	-
Semirara Mining & Power Corp.	130,052	4,250,547,620	0.00%	-	-	-
SM Investments Corporation	630,150	1,222,023,358	-	698,680	1,222,023,358	0.06%
SM Prime Holdings Inc.	12,145,122	28,879,231,694	-	14,185,422	28,879,231,694	0.05%
Union Bank of the Philippines	-	-	-	227,193	2,142,106,764	0.01%
Universal Robina Corporation	1,200,180	2,177,422,968	-	1,216,960	2,178,507,618	0.06%
Wilcon Depot Inc.	-	-	-	2,136,700	4,099,724,116	0.05%
<b>Investments in UITF</b>						
BPI INVEST MONEY MARKET FUND	-	-	-	4,636	149,271,216	0.00%
RIZAL PESO CASH MANAGEMENT FUND	-	-	-	2,720,663	335,575,821	0.81%
<b>Term Deposit</b>						
RIZAL COMMERCIAL BANKING CORP	-	-	-	70,082,479	-	-
<b>Corporate Loans</b>						
ANGAT HYDROPOWER CORPORATION	104,960,000	**	-	112,128,000	**	-
.VLL 7.125 07/19/2024	18,375,000	**	-	42,875,000	**	-
.SMDC 5.213 01/27/2027	56,829,000	**	-	56,886,000	**	-
MWIDE 08.24.2024	62,798,400	**	-	63,439,200	**	-
SL AGRITECH 7.3278 09/12/2025	37,620,000	**	-	38,000,000	**	-
<b>iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets</b>						
As of December 31, 2023 and December 31, 2022						
	<b>2023</b>			<b>2022</b>		
Total Liquid and Semi-Liquid Assets	6,484,876,378			6,984,288,446		
Total Assets	6,766,552,071			7,298,244,013		
Total Investment in Liquid or Semi-Liquid Assets to Total As:	95.84%			99.58%		
<b>iv. Total Operating Expenses to Total Net Worth</b>						
As of December 31, 2023 and December 31, 2022						
	<b>2023</b>			<b>2022</b>		
Total Operating Expenses	171,519,604			182,754,133		
Average Daily Net Worth	7,035,782,405			7,570,965,634		
Total Operating Expenses to Total Net Worth	2.44%			2.41%		
<b>Total Assets to Total Borrowings</b>						
As of December 31, 2023 and December 31, 2022						
	<b>2023</b>			<b>2022</b>		
Total Assets	6,766,552,071			7,298,244,013		
Total Borrowings	27,444,989			60,566,361		
Total Assets to Total Borrowings	24654.96%			12050.00%		

\*\*Data not available

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
**Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**Additional Requirements for Issuers of Securities to the Public  
Required by the Securities and Exchange Commission  
As at December 31, 2023**

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A. Financial Assets	<b><u>2</u></b>
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)	<b><u>N.A.</u></b>
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<b><u>N.A.</u></b>
D. Intangible Assets - Other Assets	<b><u>N.A.</u></b>
E. Long-Term Debt	<b><u>N.A.</u></b>
F. Indebtedness to Related Parties	<b><u>3</u></b>
G. Guarantees of Securities of Other Issuers	<b><u>N.A.</u></b>
H. Capital Stock	<b><u>4</u></b>

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
**Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**SCHEDULE A - FINANCIAL ASSETS**

As at December 31, 2023

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Income Received and Accrued
Treasury Notes Issued by the Nat'l. Government	2,041,402,000	P 2,116,759,332	P117,485,543
<b>Equity shares:</b>			
Aboitiz Equity Ventures Inc.	1,251,240	55,805,304	
Alliance Global Group Inc.	2,597,400	29,298,672	
Ayala Corporation	315,693	214,986,933	
Ayala Land Inc.	10,277,440	354,057,808	
Bank of the Philippine Islands	2,549,815	264,670,797	
BDO Unibank Inc.	2,440,846	318,530,403	
Bloomberry Resorts Corporation	5,540,890	54,522,358	
Century Pacific Food Inc.	3,267,580	101,131,601	
Globe Telecom Inc.	48,552	83,509,440	
GT Capital Holdings Inc.	268,351	158,327,090	
International Container Terminal Services Inc.	1,272,543	314,063,612	
JG Summit Holdings Inc.	1,925,416	73,454,620	
Jollibee Foods Corporation	491,360	123,527,904	
Manila Electric Company	291,262	116,213,538	
Metropolitan Bank & Trust Company	2,335,031	119,787,090	
Monde Nissin Corporation	4,167,200	34,921,136	
PLDT Inc.	75,226	96,214,054	
Robinsons Land Corporation	2,103,200	33,525,008	
Security Bank Corporation	280	20,020	
Semirara Mining & Power Corp.	130,052	3,934,073	
SM Investments Corporation	630,150	549,490,800	
SM Prime Holdings Inc.	12,145,122	399,574,514	
Universal Robina Corporation	1,200,180	141,861,275	
	55,324,829	3,641,428,050	90,997,623
<b>Corporate Bonds and Loans</b>			
SAN MIGUEL CORP SMCPM 5.2704 03/04/27	18,500,000	18,112,351	
INTL FINANCE CORP 6.3448% 22MAR2033	88,452,000	88,860,737	
BNPP 7.34% 18NOV2027	106,980,000	108,445,626	
ING 7.38% 27DEC2028	99,989,120	101,674,637	
PHILIP 577 06/20/2024 (NOM CLN)	65,570,000	65,629,013	
SM PRIME HOLDINGS INC 5.0583% 25MAR2027	80,000,000	76,981,297	
ABOITIZ POWER APPM 5.2757 10/14/26	78,000,000	75,643,620	
SM INVESTMENTS CORP 3.5915 02/18/25	18,330,000	17,681,613	
CONVERGE ICT SOL CNVRPM 5.5942 04/08/27	22,200,000	21,934,421	
ANGAT HYDROPOWER CORPORATION	104,960,000	104,837,892	
.VLL 7.125 07/19/2024	18,375,000	18,404,288	
.SMDC 5.213 01/27/2027	56,829,000	56,627,210	
MWIDE 08.24.2024	62,798,400	62,798,400	
SL AGRITECH 7.3278 09/12/2025	37,620,000	37,572,567	
	858,603,520	855,203,671	60,847,072
<b>TOTAL</b>	<b>2,955,330,349</b>	<b>6,613,391,053</b>	<b>269,330,239</b>

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
**Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**  
**As at December 31, 2023**

Name of Related Party	Relationship	Balance at beginning of period	Balance at end of period
Sun Life Asset Management Company, Inc.	Fund Manager	P14,137,868	P12,740,152
<b>TOTAL</b>		<b>P14,137,868</b>	<b>P12,740,152</b>

**SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.**  
2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City

**SCHEDULE H - CAPITAL STOCK**  
As at December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Share Capital						
Ordinary Shares	5,000,000,000	4,837,935,154	-	528	5	4,837,934,621
Treasury Shares	-	(2,860,577,353)	-	-	-	(2,860,577,353)
<b>TOTAL</b>	<b>5,000,000,000</b>	<b>1,977,357,801</b>	<b>-</b>	<b>528</b>	<b>5</b>	<b>1,977,357,268</b>