

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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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
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Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N/A

COMPANY INFORMATION

Company's Email Address

sunlife_sec_communications@sunlife.com

Company's Telephone Number/s

8555-8888

Mobile Number

0999-991-7178

No. of Stockholders

6

Annual Meeting
Month/Day

Every Fourth Wednesday of June

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

JEANEMAR S. TALAMAN

Email Address

Jeanemar.Talaman@sunlife.com

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

Note 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.



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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Company Information

SEC Registration No.: CS201739629

Company Name: SUN LIFE PROSPERITY ACHIEVER FUND 2048, INC.

Industry Classification: J66910

Company Type: Stock Corporation

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Period Covered: December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
SUN LIFE PROSPERITY ACHIEVER FUND 2048, INC.
(An Open-end Investment Company)
Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Prosperity Achiever Fund 2048, 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 ("PSA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines ("Code of Ethics") together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

By:



Lloyd Ryan C. Moraño
Partner
CPA License No. 0108235
TIN 226-565-008
BIR A.N. 08-002552-090-2023, issued on March 10, 2023; effective until March 9, 2026
PTR No. A-6110718, issued on January 18, 2024, Taguig City

Taguig City, Philippines
April 8, 2024



SUN LIFE PROSPERITY ACHIEVER FUND 2048, INC.

(An Open-end Investment Company)

STATEMENTS OF FINANCIAL POSITION**December 31**

	Notes	2023		2022	
		Shareholders	Unit Holders	Shareholders	Unit Holders
ASSET					
Cash and cash equivalents	6	P 697,988	P 925,663	P 697,847	P 1,422,380
Financial assets at fair value through profit or loss	8	54,106,400	46,125,423	52,643,108	45,614,684
Accrued interest receivable	7	-	132,896	-	133,165
Dividends receivable	8	-	39,970	-	15,381
		P54,804,388	P47,223,952	P53,340,955	P47,185,610
LIABILITIES AND EQUITY					
Current Liabilities					
Accrued expenses and other payables	10	P -	P 188,569	P -	P 172,730
Due to brokers	9	-	-	-	541,973
Payable to fund manager	11	-	68,602	-	58,193
Total Current Liabilities		-	257,171	-	772,896
Equity					
Net assets attributable to shareholders		54,804,388	-	53,340,955	-
Net assets attributable to unit holders		-	46,966,781	-	46,412,714
Total Equity	13	54,804,388	46,966,781	53,340,955	46,412,714
		P54,804,388	P47,223,952	P53,340,955	P47,185,610
Net Asset Value Per Share and Per Unit	13	P 1.0961	P 0.8256	P 1.0668	P 0.8225

See Notes to Financial Statements.

SUN LIFE PROSPERITY ACHIEVER FUND 2048, INC.

(An Open-end Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME**For the Years Ended December 31**

	Notes	2023		2022		2021	
		Shareholders	Unit Holders	Shareholders	Unit Holders	Shareholders	Unit Holders
Investment Income (Loss)							
Dividend Income	8	P -	P 1,163,428	P -	P 957,505	P -	P 711,073
Interest Income	14	176	422,527	635	400,535	993	329,194
Net realized gains (losses) on investments	8	-	(726,221)	-	(1,415,679)	-	(322,808)
		176	859,734	635	(57,639)	993	717,459
Investment Expenses							
Commission	9	-	41,334	-	40,097	-	10,004
Clearing fees		-	1,557	-	1,512	-	427
		-	42,891	-	41,609	-	10,431
Net Investment Income (Loss)		176	816,843	635	(99,248)	993	707,028
Operating Expenses							
Management and transfer fees	11	-	405,331	-	407,201	-	408,433
Distribution fees	11	-	326,880	-	328,388	-	329,382
Directors' fees	11	-	236,740	-	254,856	-	375,490
Professional fees		-	166,566	-	151,424	-	156,724
Taxes and licenses		-	62,216	-	58,314	-	55,119
Custodianship fees		-	28,585	-	30,800	-	24,500
Printing and Supplies		-	178	-	177	-	207
Miscellaneous		-	4,154	500	2,238	-	7,641
		-	1,230,650	500	1,233,398	-	1,357,496
Profit Before Net Unrealized Gains (Losses) on Investments		176	(413,807)	135	(1,332,646)	993	(650,468)
Net Unrealized Gains (Loss) on Investments	8	1,463,292	717,505	888,989	(3,463,518)	751,314	(383,068)
Profit (loss) before tax		1,463,468	303,698	889,124	(4,796,164)	752,307	(1,033,536)
Provision for income tax	17	35	129,177	127	122,180	199	77,292
Net Income attributable to shareholders		1,463,433	-	888,997	-	752,108	-
Net Income attributable to unit holders		-	174,521	-	(4,918,344)	-	(1,110,828)
Profit (Loss) for the Year		P 1,463,433	P 174,521	P 888,997	P (4,918,344)	P 752,108	P (1,110,828)
Basic Earnings (Loss) per share / units	15	P0.027	P0.003	P0.017	(P0.089)	P0.014	(P0.021)

See Notes to Financial Statements.

SUN LIFE PROSPERITY ACHIEVER FUND 2048, INC.

(An Open-end Investment Company)

STATEMENTS OF CHANGES IN EQUITY**For the Years Ended December 31, 2023, 2022 and 2021**

Shareholders									
	Notes	Share Capital		Additional Paid-in Capital		Retained Earnings		Total	
Balance, January 1, 2021		P	500,000	P	49,500,000	P	1,699,850	P	51,699,850
Profit for the Year							752,108		752,108
Balance, December 31, 2021	12		500,000		49,500,000		2,451,958		52,451,958
Profit for the Year							888,997		888,997
Balance, December 31, 2022	12		500,000		49,500,000		3,340,955		53,340,955
Profit for the Year							1,463,433		1,463,433
Balance, December 31, 2023	12	P	500,000	P	49,500,000	P	4,804,388	P	54,804,388

Unit Holders									
		Principal		Deficit		Total			
Balance, January 1, 2021		P	52,187,967	P	(3,306,792)	P	48,881,175		
Loss for the year					(1,110,828)		(1,110,828)		
Transactions with owners:									
Contributions from unitholders	12		1,814,647		-		1,814,647		
Withdrawals from unitholders	12		(452,848)		-		(452,848)		
Total Transactions with owners			1,361,799		-		1,361,799		
Balance, December 31, 2021	12		53,549,766		(4,417,620)		49,132,146		
Loss for the year					(4,918,344)		(4,918,344)		
Transactions with owners:									
Contributions from unitholders	12		2,502,667		-		2,502,667		
Withdrawals from unitholders	12		(303,755)		-		(303,755)		
Total Transactions with owners			2,198,912		-		2,198,912		
Balance, December 31, 2022	12		55,748,678		(9,335,964)		46,412,714		
Profit for the year					174,521		174,521		
Transactions with owners:									
Contributions from unitholders	12		655,399		-		655,399		
Withdrawals from unitholders	12		(275,853)		-		(275,853)		
Total Transactions with owners			379,546		-		379,546		
Balance, December 31, 2023	12	P	56,128,224	P	(9,161,443)	P	46,966,781		

See Notes to Financial Statements.

SUN LIFE PROSPERITY ACHIEVER FUND 2048, INC.

(An Open-end Investment Company)

STATEMENTS OF CASH FLOWS

	NOTES	For the Years Ended December 31					
		2023		2022		2021	
		Shareholders	Unit Holders	Shareholders	Unit Holders	Shareholders	Unit Holders
Cash Flows from Operating Activities							
Profit (Loss) before tax		P1,463,468	P303,698	P889,124	(P4,796,164)	P 752,307	(P1,033,536)
Adjustments for:							
Net unrealized losses (gains) on investments	8	(1,463,292)	(717,505)	(888,989)	3,463,518	(751,314)	383,068
Net realized gains on investments	8	-	726,221	-	1,415,679	-	322,808
Interest income	14	(176)	(422,527)	(635)	(400,535)	(993)	(329,194)
Dividend income	8	-	(1,163,428)	-	(957,505)	-	(711,073)
Operating cash flows before working capital changes		-	(1,273,541)	(500)	(1,275,007)	-	(1,367,927)
Increase (Decrease) in:							
Payable to fund manager	11	-	10,409	-	(5,075)	-	3,920
Accrued expenses	10	-	15,839	-	(71,389)	-	116,589
Cash generated from (used in) operations		-	(1,247,293)	(500)	(1,351,471)	-	(1,247,418)
Acquisitions of financial assets at fair value through profit or loss	8	-	(4,758,964)	-	(9,244,454)	-	(3,866,609)
Proceeds from disposal and maturities of financial assets at fair value through profit or loss	8	-	3,697,536	-	7,531,508	-	2,033,507
Interest received	14	176	422,796	635	388,809	993	304,543
Dividends received	8	-	1,138,839	-	956,498	-	716,048
Income taxes paid	17	(35)	(129,177)	(127)	(122,180)	(199)	(77,292)
Net cash generated from (used in) operating activities		141	(876,263)	8	(1,841,290)	794	(2,137,221)
Cash Flows from a Financing Activity							
Contributions from unitholders	12	-	655,399	-	2,502,667	-	1,814,647
Withdrawals from unitholders	12	-	(275,853)	-	(303,755)	-	(452,848)
Net cash generated from financing activities		-	379,546	-	2,198,912	-	1,361,799
Net Increase (Decrease) in Cash		141	(496,717)	8	357,622	794	(775,422)
Cash and Cash Equivalents, Beginning	6	697,847	1,422,380	697,839	1,064,758	697,045	1,840,180
Cash and Cash Equivalents, End	6	P697,988	P925,663	P697,847	P1,422,380	P 697,839	P1,064,758

See Notes to Financial Statements.

SUN LIFE PROSPERITY ACHIEVER FUND 2048, 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 Prosperity Achiever Fund 2048, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 10, 2018. 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 a multi-asset/asset allocation fund which aims to maximize the returns of investors based on a pre-determined target date (Year 2048) that aligns properly with the investment horizon of its investors. Amongst the three (3) Sun Life Prosperity Achiever Funds, this Fund will have a more aggressive portfolio at the onset, which will mostly be allocated into equity securities and other high-yielding instruments due to a longer time horizon. As the Company draws closer to its pre-determined target date, allocation to equity securities and other high-yielding instruments is gradually shifted to fixed income securities, to reduce the overall risk and volatility. The Company started its commercial operations on January 28, 2019.

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 11.

As at December 31, 2023 and 2022, SLAMCI owns 99.99% of the Company's share capital attributable to shareholders. The Company's registered office address and principal place of business is at the Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation and Presentation

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

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

Functional 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.

The Company has adopted the amendments by disclosing 'material accounting policy information' instead of 'significant accounting policy', and removing the accounting policies not considered as material.

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 recognize 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 did not have a material impact to the financial statements of the Company as the Pillar Two legislation has not been enacted or substantially enacted in the jurisdiction where the Company operates.

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

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

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

Management anticipates that the adoption of the new or revised PFRSs in future periods will not have a material impact on the financial statements in the period of their initial adoption.

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,
- Fair value through other comprehensive income (FVTOCI); and
- 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 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, 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

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

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

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 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 (deficit)

Retained earnings (deficit) represent accumulated profit (loss) attributable to equity holders of the Company after deducting dividends declared. Retained earnings (deficit) may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Units of Participation

Represents an undivided interest in the pool of investments assets earmarked for this type of security issued by the Company.

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 recognized revenue when it transfers control of a product or service to a customer.

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.

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 in banks, special savings deposits 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 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 / Unit

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

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

Net Asset Value per Share / Unit

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

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 that have the most significant effect on the amounts recognized in the financial statements.

Business model assessment

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost 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 test 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 attributable to shareholders amounted to P54,106,400 and P52,643,108, respectively, while attributable to unit holders amounted to P46,125,423 and P45,614,684, respectively, as disclosed in Note 8.

Financial assets measured at amortized cost attributable to shareholders amounted to P697,988 and P697,847, respectively, and attributable to unit holders amounted to P1,098,529 and P1,570,926 as at December 31, 2023 and 2022, respectively, composed of cash in banks, cash equivalents, accrued interest receivable and dividends receivable, disclosed in Note 6, 7 and 8, 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 attributable to shareholders representing puttable share in the statements of changes in equity amounted to P500,000, while the amount of contributions attributable to unit holders amounted to P56,128,224 and P55,748,678, respectively, as disclosed in Note 12.

Key Sources of Estimation Uncertainty

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

Deferred tax asset

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

However, there is no assurance that the Company will generate sufficient taxable profit that will allow all or part of its deferred tax asset to be utilized.

Based on Management's expectation of the Company's future taxable income, the Company did not recognize deferred tax asset as at December 31, 2023 and 2022, as disclosed in Note 17.

6. CASH AND CASH EQUIVALENTS

This account consists of:

	2023	2022
Attributable to shareholders		
Cash in banks	P697,988	P697,847
Attributable to unit holders		
Cash in banks	P925,663	P689,294
Cash equivalents	-	733,086
	P925,663	P1,422,380

Cash in banks attributable to shareholders earned interest amounting to P176, P635, and P993 in 2023, 2022 and 2021 respectively, at an average rate of 0.11%, 0.05% and 0.14%, respectively, as disclosed in Note 14.

Cash in banks attributable to unit holders earned interest amounting to P1,026, P1,390, and P1,419 at an average rate of 0.11%, 0.05% and 0.10% in 2023, 2022 and 2021, respectively, as disclosed in Note 14.

Cash equivalents attributable to unit holders earned interest amounting to P6,051, P5,332 and nil at an average rate of 0.83%, 0.10% and nil in 2023, 2022 and 2021, respectively, as disclosed in Note 14.

7. ACCRUED INTEREST RECEIVABLE

This account consists of accrued interest on the following:

	2023	2022
Attributable to unit holders		
Fixed-income securities	P132,896	P133,165

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	Note	2023	2022
Attributable to Shareholders			
Investment in mutual fund	11	P54,106,400	P52,643,108
Attributable to Unit Holders			
Investments in listed equity securities		P39,157,231	P39,412,824
Investments in fixed-income securities		6,968,192	6,201,860
		P46,125,423	P45,614,684

Investment in mutual fund is an investment placed in Sun Life Prosperity Peso Starter Funds, Inc.

Investments in fixed income securities are composed of treasury notes while investments in equity securities are composed of listed equity shares.

The Company recognized dividend income from investments in listed equity securities attributable to unit holders amounting to P1,163,428, P957,505, and P711,073 in 2023, 2022 and 2021, respectively. Dividends receivable attributable to unit holders amounted to P39,970 and P15,381 as at December 31, 2023 and 2022, respectively.

Interest income earned on fixed-income securities attributable to unit holders amounted to P415,450, P393,813, and P327,775 in 2023, 2022 and 2021, respectively, as disclosed in Note 14. Average interest rates earned on these investments are also disclosed in Note 14.

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

	2023	2022	2021
Attributable to Shareholders			
Net unrealized gains on investments	P1,463,292	P888,989	P751,314
Attributable to Unit Holders			
Net realized losses on investments in:			
Equity securities	(P726,221)	(P1,401,740)	(P322,808)
Fixed-income securities	-	(13,939)	-
	(726,221)	(1,415,679)	(322,808)
Net unrealized gains (losses) on investments in:			
Equity securities	814,939	(2,150,850)	331,364
Fixed-income securities	(97,434)	(1,312,668)	(714,432)
	717,505	(3,463,518)	(383,068)
	(P8,716)	(P4,879,197)	(P705,876)

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

	2023	2022	2021
Attributable to shareholders:			
Balance, January 1	P52,643,108	P51,754,119	P51,002,805
Unrealized gains	1,463,292	888,989	751,314
Balance, December 31	P54,106,400	P52,643,108	P51,754,119
Attributable to unit holders:			
Balance, January 1	P45,614,684	P48,238,962	P47,111,736
Additions	4,216,991	9,786,427	3,866,609
Disposal	(4,423,757)	(8,947,187)	(2,356,315)
Unrealized Gains (Losses)	717,505	(3,463,518)	(383,068)
Balance, December 31	P46,125,423	P45,614,684	P48,238,962

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

	2023	2022
Attributable to unit holders		
Due after ten years	P6,968,192	P6,990,000

9. DUE TO BROKERS

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

Due to brokers attributable to unit holders amounted to nil and P541,973 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 attributable to unit holders amounting to P41,334, P40,097, and P10,004 in 2023, 2022 and 2021, respectively, are paid to brokers when buying and selling shares of stock.

10. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2023	2022
Attributable to Unit Holders		
Professional fees	P166,567	P151,424
Withholding and documentary stamp taxes	11,622	11,591
Custodianship fees	5,576	4,800
Supervisory fees	4,804	4,915
	P188,569	P172,730

These payables are non-interest bearing and are normally settled within one year.

In line with the announcement of the Securities Clearing Corporation of the Philippines (SCCP) that stock market transaction settlement will change from four (4) clearing days settlement cycle to three (3) clearing days, the Company, effective September 11, 2023, changed the redemption and switch out settlement schedules from four (4) days to three (3) days after the transaction date.

11. RELATED PARTY TRANSACTIONS

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

The related party below hold the following number of shares and current value of the Company as at December 31, 2023 and 2022:

Related party	2023		2022	
	Number of shares / units	Current Value	Number of shares / units	Current Value
Attributable to shareholders				
SLAMCI	49,999,995	P54,804,383	49,999,995	P53,340,950
Attributable to unit holders				
SLAMCI	50,000,000	P41,278,346	50,000,000	P41,126,642

As at December 31, 2023 and 2022, below is the outstanding investment of the Company in Sun Life Prosperity Peso Starter Fund, Inc.:

	2023		2022		
	Note	Shares	Current Value	Shares	Current Value
Attributable to shareholders					
Investments in mutual fund	8	39,335,805	P54,106,400	39,335,805	P52,643,108

The details and amounts of transactions with related parties attributable to unit holders 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	P732,211	P735,589	P737,815	P68,602	P58,193	Non-interest bearing; Annual rate of 1.40% of average daily net assets; settled in cash on or before the 15 th day of the following month	Unsecured; unguaranteed	a
Key Management Personnel								
Directors' fees	236,740	254,856	375,490	-	-	Payable on demand; to be settled in cash	Unsecured; unguaranteed	b
Entity Under Common Control								
Sun Life of Canada Philippines Inc. Sale	-	-	240,804	-	-	Non-interest bearing; Settled in cash on the day of transaction	Unsecured	c

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

a. Investment Management

On October 4, 2018, 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 1.25% (exclusive of VAT) of the net assets attributable to unit holders 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 unit holders 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 attributable to unit holders charged by SLAMCI to the Company in 2023, 2022 and 2021 amounted to P732,211, P735,589 and P737,815, respectively. Accrued management fees as at December 31, 2023 and 2022 amounting to P68,602 and P58,193, 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 P236,740, P254,856 and P375,490 attributable to unit holders in 2023, 2022 and 2021, respectively. These are 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 of 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.

12. EQUITY

Movements are as follows:

	2023		2022		2021	
	Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount
Attributable to Shareholders:						
Authorized:						
at P0.01 par value	200,000,000	P2,000,000	200,000,000	P2,000,000	200,000,000	P2,000,000
Issued and outstanding	50,000,000	P 500,000	50,000,000	P 500,000	50,000,000	P 500,000
Attributable to Unitholders:						
Offer units:						
at P1.00 initial offer price	100,000,000,000	P100,000,000,000	100,000,000,000	P100,000,000,000	100,000,000,000	P100,000,000,000
Issued and outstanding						
At January 1	56,426,579.11	P55,748,678	53,907,817.87	P53,549,766	52,388,352.91	P52,187,967
Contributions	796,375.65	655,399	2,882,610.46	2,502,667	2,029,415.72	1,814,647
Withdrawals	(332,616.79)	(275,853)	(363,849.22)	(303,755)	(509,950.76)	(452,848)
At December 31	56,890,337.97	P56,128,224	56,426,579.11	P55,748,678	53,907,817.87	P53,549,766

Incorporation

The Company was incorporated on January 10, 2018 with 200,000,000 authorized shares at par value of P0.01 per share attributable to shareholders and 100,000,000,000 offer units at P1.0000 initial offer price per unit.

Current state

As at December 31, 2023, out of the present 200,000,000 authorized shares, the Company has 50,000,000 issued and subscribed shares, with par value of P0.01 per share attributable to shareholders. And out of the present 100,000,000,000 offer units, the Company has 56,890,337.97 subscribed units.

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 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 of the Company, 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.

Redeemable units

Redeemable units refer to units of participation each of which represents an undivided interest in the pool of investment assets earmarked for this type of security issued by a Mutual Fund Company (MFC). The MFC will buy back the redeemable units upon request of the holder.

Additional paid-in capital attributable to shareholders amounting to P49,500,000 as at December 31, 2023 and 2022. However, no corresponding additional paid-in capital is recognized upon issuance of units as these are issued at no par value.

13. NET ASSET VALUE PER SHARE / PER UNIT

NAVPS/NAVPU is computed as follows:

	Note	2023	2022
Attributable to shareholders			
Total equity		P54,804,388	P53,340,955
Issued and fully paid shares	12	50,000,000	50,000,000
NAVPS		P1.0961	P1.0668
Attributable to unit holders			
Total equity		P46,966,781	P46,412,714
Subscribed units	12	56,890,337.97	56,426,579.11
NAVPU		P0.8256	P0.8225

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

14. INTEREST INCOME

This account consists of interest income on the following:

	Notes	2023	2022	2021
Attributable to shareholders				
Cash in banks	6	P 176	P 635	P 993
Attributable to unit holders				
Fixed-income securities	8	P 415,450	P 393,813	P 327,775
Cash in banks	6	1,026	1,390	1,419
Cash equivalents	6	6,051	5,332	-
		P 422,527	P400,535	P329,194

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
Attributable to Shareholders				
Cash in banks	6	0.11%	0.05%	0.14%
Attributable to Unit Holders				
Fixed-income securities	8	6.16%	6.16%	5.50%
Cash in banks	6	0.11%	0.05%	0.10%
Cash equivalents	6	0.83%	0.10%	-

15. EARNINGS (LOSS) PER SHARE / PER UNIT

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

	2023	2022	2021
Attributable to shareholders			
Profit for the year	P 1,463,433	P 888,997	P 752,108
Weighted average number of shares:			
Issued and outstanding	54,114,664	52,895,608	52,084,987
Basic and diluted earnings per share	P 0.027	P 0.017	P 0.014
Attributable to unit holders			
Profit (Loss) for the year	P 174,521	(P4,918,344)	(P1,110,828)
Weighted average number of units:			
Subscribed units	56,647,338.74	55,464,373	52,977,940
Basic and diluted loss per unit	P 0.003	(P 0.089)	(P 0.021)

As at December 31, 2023, 2022 and 2021, the Company has no dilutive potential ordinary shares.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets 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
December 31, 2023			
Attributable to Shareholders:			
Investment in mutual fund	8	P	54,106,400
Attributable to Unitholders:			
Investments in listed equity securities	8	P	39,157,231
Investments in fixed-income securities	8		6,968,192
		P	46,125,423
December 31, 2022			
Attributable to Shareholders:			
Investment in mutual fund	8	P	52,643,108
Attributable to Unitholders:			
Investments in listed equity securities	8	P	39,412,824
Investments in fixed-income securities	8		6,201,860
		P	45,614,684

Investment in mutual funds are valued at their published NAVPS 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.

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

Financial asset and liabilities not measured at fair value

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

17. INCOME TAXES

Details of tax expense are as follows:

	2023	2022	2021
Final tax	P129,212	P122,307	P77,491

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	P1,767,166	(P3,907,040)	(P281,229)
Tax expense (benefit) at 25% in 2023, 2022 and 2021	441,792	(P976,760)	(P70,306)
Adjustment for income subject to lower tax rate	23,536	22,014	(5,055)
Tax effects of:			
Unrecognized net operating loss carry- over (NOLCO)	318,385	318,877	342,422
Net unrealized fair value (gains) losses on investments	(545,199)	643,632	(92,062)
Dividend income exempt from tax	(290,857)	(239,376)	(177,768)
Net realized loss on investments	181,555	353,920	80,260
	P129,212	P122,307	P77,491

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. Minimum corporate income tax (MCIT) rate is reduced to from 2% to 1% from July 422,3881, 2020 to June 30, 2023;
3. Percentage tax for non-VAT taxpayers is reduced from 3% to 1% from July 1, 2020 to June 30, 2023; and
4. Repeal of the improperly accumulated earnings tax.

The tax rate used in the reconciliations above is the corporate tax rate of 25% in 2023, 2022 and 2021 payable by the Company.

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

Year Incurred	Year of Expiry	Beginning Balance	Addition	Expired	2023 Balance
2022	2025	P1,275,007	P -	P -	P1,275,007
2023	2026	-	1,273,541		1,273,541
		P1,275,007	P1,273,541	P -	P2,548,548

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

Year Incurred	Year of Expiry	Beginning Balance	Addition	Expired	2023 Balance
2020	2025	P1,231,403	P -	P -	P 1,231,403
2021	2026	1,367,927	-	-	1,367,927
		P2,599,330	P -	P -	P2,599,330

Pursuant to Section 4 COVID-19 Response and recovery Interventions paragraph (bbbb) of Republic Act No. 11494 also known as "Bayanihan to Recover As One Act" and to RR

No. 25-2021 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.

Deferred tax on NOLCO was not recognized since Management believes that future taxable income will not be available against which the deferred tax 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.

18. 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.

19. 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 takes appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

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 stock market. There has been no change on 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 and fixed-income securities. Interest rates of the financial assets are disclosed in Notes 6, 8 and 14.

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
Attributable to Shareholders			
+50 basis	P2,792	P2,791	P2,791
-50 basis	(2,792)	(2,791)	(2,791)
Attributable to Unit Holders			
+50 basis	(P294,166)	(P263,161)	(P309,265)
-50 basis	311,736	279,390	P329,674

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 period.

Equity price risk

The Company is exposed to equity price risks arising from investments in listed equity securities and investment in mutual funds. 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 NAVPS of investment in mutual fund. Portfolios are traded based on a combination of regularly-carried out fundamental and technical analyses of stock prices.

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPS of investment in mutual fund had been 2% higher or lower, profit or loss for the periods ended December 31, 2023, 2022 and 2021 would have increased or decreased by:

Change in Equity price	Increase (Decrease) in Net Profit or Loss/Equity		
	2023	2022	2021
Attributable to Shareholders:			
+/-200 basis	P1,082,128	P1,052,862	P1,035,082
Attributable to Unit Holders:			
+/-200 basis	P770,865	P783,056	P817,848

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 period.

Credit risk

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

The 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 carrying amount of cash and cash equivalents, accrued interest receivable, and dividends receivable are recorded in the financial statements represents the Company's maximum exposure to credit risk. The Company determined that the credit quality of cash and cash equivalents, accrued interest receivable, and dividends receivable as high grade and low credit risk investments. Therefore, no ECL is recognized for these financial assets.

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 in banks, listed equity securities, government securities 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 risks 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
2023			
Attributable to Unit Holders			
Payable to fund manager	P 68,602	P -	P 68,602
Accrued expenses and other payables	-	176,947	176,947
	P68,602	P176,947	P245,549
2022			
Attributable to Unit Holders			
Payable to fund manager	P 58,193	P -	P 58,193
Due to brokers	541,973	-	541,973
Accrued expenses and other payables	-	161,139	161,139
	P600,166	P161,139	P761,305

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 taxes 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
Attributable to Shareholders						
2023						
Cash in banks	0.11%	P697,988	P -	P -	P -	P 697,988
2022						
Cash in banks	0.05%	P697,847	P -	P -	P -	P697,847
Attributable to Unit Holders						
2023						
Cash in banks	0.11%	P925,663	P -	P -	P -	P925,663
Financial assets at FVTPL	6.16%	4,155	16,618	20,773	7,015,325	7,056,871
Accrued interest receivable		132,896	-	-	-	132,896
Dividends receivable		39,970	-	-	-	39,970
		P1,102,684	P 16,618	P 20,773	P7,015,325	P8,155,400
Attributable to Unit Holders						
2022						
Cash in banks	0.05%	P689,294	P -	P -	P -	P689,294
Cash equivalents	0.10%	733,086	-	-	-	733,086
Financial assets at FVTPL	6.16%	4,155	16,618	20,773	7,019,480	7,061,026
Accrued interest receivable		133,165	-	-	-	133,165
Dividends receivable		15,381	-	-	-	15,381
		P1,575,081	P 16,618	P 20,773	P7,019,480	P8,631,952

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

20. 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 investments in high-quality debt securities.

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 custodian banks.

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

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. Asset class and geographic 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 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;
- It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;
- The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;

- i. The 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 generate long-term capital appreciation through a portfolio of equities, fixed income securities and alternative financial instruments, adjusted accordingly as the target date of the Fund (Year 2048) approaches.
- b. Benchmark - 50% PSEi + 48% Bloomberg Sovereign Bond Index (BPHILR) 1-5 year, net of tax + 2% Philippine Peso TD 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 substitutes and fixed-income securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 1.25% of the net assets attributable to unit holders 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 2021, 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.

The equity ratio at period-end is as follows:

	2023	2022
Attributable to Shareholders		
Net assets attributable to shareholders	P54,804,388	P53,340,955
Total assets attributable to shareholders	54,804,388	53,340,955
Equity ratio	1.0000:1	1.0000:1
Attributable to Unit Holders		
Net assets attributable to unit holders	P46,966,781	P46,412,714
Total assets attributable to unit holders	47,223,952	47,185,610
Equity ratio	0.9946:1	0.9836:1

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

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

The following information on taxes, duties and license fees paid or accrued during the 2023 taxable period 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 P3,289 representing taxes in connection with the issuance of the Company's stock certificates to its shareholders. The documentary stamp tax paid by the Company to the BIR includes those charged against the shareholder's investment for stock certificate issuances in excess of ten (10) inter-fund transfers per calendar year.

Taxes and licenses

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

Charged to Operating Expenses	
Filing and registration fees	P33,075
Business permits	19,124
Supervisory fees	5,028
Residence or community tax	1,700
	P58,927

Withholding taxes

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

	Paid	Accrued	Total
Expanded withholding taxes	P74,800	P11,457	P86,257

Deficiency tax assessments

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

22. 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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