

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 8 4 6

Company Name

S	U	N	L	I	F	E	P	R	O	S	P	E	R	I	T	Y	D	Y	N	A	M	I	C		
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	5	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

5,000

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

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
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

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Company Information

SEC Registration No.: CS201215846

Company Name: SUN LIFE PROSPERITY DYNAMIC FUND, INC.

Industry Classification: J67020

Company Type: Stock Corporation

Document Information

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Document Type: Financial Statement

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Period Covered: December 31, 2024

Submission Type: Annual

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Elyza Jane Endaya

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Prosperity Dynamic Fund, Inc. (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2024, 2023, and 2022, 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, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023, and 2022, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 17-A Annual Report submission to the SEC, which is prepared by the Management and submitted after the issuance of the audited financial statements with our auditor's report attached thereon.

The SEC Form 17-A is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Accounting 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.

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/PRC ACR. No. 0004, valid until September 22, 2027



Lloyd Ryan C. Moraño

Partner

CPA Certificate No. 0108235

TIN 226-565-008

BIR ACR. No. 08-002552-090-2023, March 10, 2023; effective until March 9, 2026

BOA/PRC ACR. No. 0004/P-014, valid until September 22, 2027

PTR No. A-6396519, January 4, 2025, Taguig City

Taguig City, Philippines

March 31, 2025



SUN LIFE PROSPERITY DYNAMIC FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	6	P 7,153,138	P 21,345,140
Financial assets at fair value through profit or loss	7	483,840,942	610,341,838
Accrued interest receivable	6, 7	2,587,445	2,157,595
Dividends receivable	7	102,865	211,521
Other current assets		10,965	10,976
		P493,695,355	P634,067,070
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	9	P 1,033,807	P 1,233,997
Payable to fund manager	10	968,306	1,182,726
Total Current Liabilities		2,002,113	2,416,723
Equity			
Share capital	11	35,069,670	35,069,670
Additional paid-in capital	12	3,267,784,061	3,267,793,704
Retained Earnings (Deficit)		5,954,742	(11,710,287)
		3,308,808,473	3,291,153,087
Treasury shares	11	(2,817,115,231)	(2,659,502,740)
Total Equity		491,693,242	631,650,347
		P493,695,355	P634,067,070
Net Asset Value Per Share	13	P 0.9272	P 0.9043

See Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Notes	2024	2023	2022
Investment Income				
Net realized gain (losses) on investments	7	P 11,606,744	P 5,499,830	(P 17,640,107)
Dividend income	7	9,895,217	15,862,157	22,524,154
Interest income	14	14,350,028	27,721,192	14,105,706
Other income		846	-	2,400
		35,852,835	49,083,179	18,992,153
Investment Expenses				
Commission	8	843,002	2,993,626	7,166,666
Clearing fees		49,707	129,981	294,288
		892,709	3,123,607	7,460,954
Net Investment Income		34,960,126	45,959,572	11,531,199
Operating Expenses				
Management and transfer fees	10	7,182,405	13,245,302	15,397,950
Distribution fees	10	6,245,570	11,517,654	13,379,468
Directors' fees	10	255,451	255,286	300,345
Professional fees		192,495	179,065	162,787
Taxes and licenses		183,090	84,519	222,376
Custodianship fees		143,382	253,729	291,997
Miscellaneous		14,853	9,392	11,745
Printing and supplies		5,744	4,549	4,809
		14,222,990	25,549,496	29,771,477
Profit (Loss) Before Net Unrealized Gains (Losses) on Investments		20,737,136	20,410,076	(18,240,278)
Net Unrealized Gains (Losses) on Investments	7	1,649,814	1,270,315	(50,529,077)
Profit (Loss) Before Tax		22,386,950	21,680,391	(68,769,355)
Income Tax Expense - Net	17	4,721,921	10,772,972	13,469,385
Total Comprehensive Income (Loss) for the Year	15	P 17,665,029	P 10,907,419	(P 82,238,740)
Basic Earnings (Loss) per Share	15	P 0.029	P 0.009	(P 0.061)

See Notes to Financial Statements.

SUN LIFE PROSPERITY DYNAMIC FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31

	Notes	Share Capital	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Total
Balance, January 1, 2022	11,12	P 35,069,670	P 3,210,061,215	P 59,621,034	(P1,989,974,370)	P 1,314,777,549
Total comprehensive loss for the year		-	-	(82,238,740)	-	(82,238,740)
Transactions with owners:						
Reissuance of treasury shares during the year		-	-	-	105,419	105,419
Acquisition of treasury shares during the year	11	-	57,743,474	-	(135,235,576)	(77,492,102)
Total transactions with owners		-	57,743,474	-	(135,130,157)	(77,386,683)
Balance, December 31, 2022	11,12	35,069,670	3,267,804,689	(22,617,706)	(2,125,104,527)	1,155,152,126
Total comprehensive income for the year		-	-	10,907,419	-	10,907,419
Transactions with owners:						
Reissuance of treasury shares during the year		-	(10,985)	-	86,079	75,094
Acquisition of treasury shares during the year	11	-	-	-	(534,484,292)	(534,484,292)
Total transactions with owners		-	(10,985)	-	(534,398,213)	(534,409,198)
Balance, December 31, 2023	11,12	35,069,670	3,267,793,704	(11,710,287)	(2,659,502,740)	631,650,347
Total comprehensive income for the year		-	-	17,665,029	-	17,665,029
Transactions with owners:						
Reissuance of treasury shares during the year		-	(9,643)	-	117,446	107,803
Acquisition of treasury shares during the year	11	-	-	-	(157,729,937)	(157,729,937)
Total transactions with owners		-	(9,643)	-	(157,612,491)	(157,622,134)
Balance, December 31, 2024	11,12	P35,069,670	P3,267,784,061	P5,954,742	(P2,817,115,231)	P491,693,242

See Notes to Financial Statements.

SUN LIFE PROSPERITY DYNAMIC FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Notes	2024	2023	2022
Cash Flows from Operating Activities				
Profit (Loss) before tax		P 22,386,950	P 21,680,391	(P68,769,355)
Adjustments for:				
Net unrealized (gains) losses on investments	7	(1,649,814)	(1,270,315)	50,529,077
Dividend income	7	(9,895,217)	(15,862,157)	(22,524,154)
Net realized (gains) losses on investments	7	(11,606,744)	(5,499,830)	17,640,107
Interest income	14	(14,350,028)	(27,721,192)	(14,105,706)
Operating cash flows before working capital changes		(15,114,853)	(28,673,103)	(37,230,031)
Decrease in other current assets		11	-	17
Decrease in:				
Accrued expenses and other payables		(200,190)	(315,945)	(5,570,619)
Payable to fund manager		(214,420)	(1,056,123)	(244,762)
Cash used in operations		(15,529,452)	(30,045,171)	(43,045,395)
Acquisition of financial assets at fair value				
through profit or loss		(437,258,500)	(1,223,165,752)	(3,349,812,812)
Proceeds from disposals and maturities of financial assets				
at fair value through profit or loss		577,015,954	1,724,802,841	3,372,160,203
Interest income received		13,920,178	28,400,513	13,563,159
Dividend income received		10,003,873	15,818,726	22,828,693
Income taxes paid		(4,721,921)	(10,772,972)	(13,469,385)
Net cash generated from (used in) operating activities		143,430,132	505,038,185	2,224,463
Cash Flows from Financing Activities				
Proceeds from reissuance of treasury shares	11	107,803	75,094	105,419
Payments on acquisition of treasury shares	11	(157,729,937)	(534,484,292)	(77,492,102)
Net cash generated from (used in) financing activities		(157,622,134)	(534,409,198)	(77,386,683)
Net Decrease in Cash and cash equivalents		(14,192,002)	(29,371,013)	(75,162,220)
Cash and cash equivalents, Beginning		21,345,140	50,716,153	125,878,373
Cash and cash equivalents, End	6	P 7,153,138	P 21,345,140	P 50,716,153

See Notes to Financial Statements.

SUN LIFE PROSPERITY DYNAMIC FUND, INC.

(An Open-end Investment Company)

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024 AND 2023 AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 and 2022

1. CORPORATE INFORMATION

Sun Life Prosperity Dynamic Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 31, 2012. 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 investment of the proceeds in domestic equity securities and/or in government and corporate debt securities. The Company adopted a tactical asset allocation approach in order to have the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed. 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 provides management, distribution and all other required operational services, as disclosed in Note 10.

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.

The Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Revised Securities Regulation Code (SRC), which, among others, defines a public corporation as any corporation with assets of at least P50,000,000 and having 200 or more shareholders, each of whom holds at least 100 shares of its equity securities.

As at December 31, 2024 and 2023, the Company has 5,000 shareholders and 4,999 shareholders, respectively, each holding at least 100 shares of the Company's common shares.

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 the Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy 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 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 Amended Accounting Standards Effective in 2024

In the current year, the Company has applied all amendments to PFRS Accounting Standards that are mandatorily effective for accounting periods beginning on or after January 1, 2024. Their adoption had no material impact on the disclosures or the amounts reported in these financial statements.

New and Revised Accounting Standards Effective after the Reporting Period Ended December 31, 2024

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

Effective for annual period beginning or after January 1, 2025

- Amendments to PAS 21, The Effects of Changes in Foreign Exchange Rates — Lack of Exchangeability

Effective for annual period beginning or after January 1, 2026

- Amendments to PFRS 9, Financial Instruments and PFRS 7, Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 9, Financial Instruments and PFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Effective for annual period beginning or after January 1, 2027

- PFRS 18, Presentation and Disclosure in Financial Statements
- PFRS 19, Subsidiaries without Public Accountability: Disclosures
- PFRS 17, Insurance Contracts
- Amendments to PFRS 17, Insurance Contracts
- Amendment to PFRS 17, Insurance Contracts - Initial Application and PFRS 9, Financial Instruments – Comparative Information

Deferred effectivity

- 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 PFRS Accounting Standards in future periods will not have a material impact on the financial statements in the period of their initial adoption.

4. MATERIAL ACCOUNTING POLICIES

Financial assets

Initial recognition and measurement

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

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

Classification and Subsequent Measurement

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

- Fair Value through Profit or Loss (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 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, 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.

Changes in the fair value of financial assets measured at FVTPL are recognized in the statements of profit or loss. These changes are reported as either net realized gains (losses) or unrealized gains (losses) on investments, as appropriate.

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.

Deficit

Deficit represent accumulated loss attributable to equity holders of the Company after deducting dividends declared. Deficit 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.

Contingent Liabilities and Assets

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

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

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

Revenue Recognition

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

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 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. In 2024, The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate. In 2023, 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 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 DFFS which are dilutive potential ordinary shares.

Net Asset Value per Share (NAVPS)

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

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 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, 2024 and 2023, the Company's financial assets measured at FVTPL amounted to P483,840,942 and P610,341,838, respectively, as disclosed in Note 7 while the financial assets measured at amortized cost amounted to P9,843,448 and P23,714,256, respectively, composed of cash and cash equivalents, accrued interest receivable and dividends receivable as disclosed in Notes 6 and 7.

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, 2024 and 2023, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P35,069,670 as disclosed in Note 11.

Key Sources of Estimation Uncertainty

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

Deferred tax 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 the deferred tax asset as at December 31, 2024 and 2023, as disclosed in Note 17.

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

The Company carries its investments in traded debt securities at fair value, which requires 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, 2024 and 2023, the carrying amounts of investments in debt securities classified as financial assets at FVTPL amounted to P198,918,670 and P237,668,340, respectively, as disclosed in Note 7.

6. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2024	2023
Cash in banks	P 7,153,138	P 6,332,304
Cash equivalents	-	15,012,836
	P 7,153,138	P21,345,140

Cash in banks earned interest amounting to P32,682, P43,047 and P198,005 at average rates of 0.48%, 0.11% and 0.07% in 2024, 2023 and 2022, respectively, as disclosed in Note 14.

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 equivalents if that investment has a maturity of three months or less from the date of acquisition.

Cash equivalents earned interest income amounting P125,915, P2,190,149 and P2,127,259 at average rates of 1.68%, 36.49% and 9.45% in 2024, 2023 and 2022, respectively as disclosed in Note 14. Accrued interest receivable amounted to nil and P5,505 as at December 31, 2024 and 2023.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2024	2023
Investments in listed equity shares	P 284,922,272	P 372,673,498
Investments in fixed-income securities	198,918,670	237,668,340
	P 483,840,942	P 610,341,838

Investments in equity securities are composed of ordinary and preferred shares.

Investments in fixed-income securities include investment in treasury notes.

The Company recognized dividend income from investments in listed equity securities amounting to P9,895,217, P15,862,157 and P22,524,154 in 2024, 2023 and 2022, respectively. Dividends receivable amounted to P102,865 and P211,521 as at December 31, 2024 and 2023, respectively.

Interest income earned on fixed-income securities amounted to P14,191,431, P25,487,996 and P11,780,442 in 2024, 2023 and 2022, respectively, as disclosed in Note 14. Average rates earned on these investments are also disclosed in Note 14.

Accrued interest receivable amounted to P2,587,445 and P2,152,090 as at December 31, 2024 and 2023.

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

	2024	2023	2022
Net realized gains (losses) on investments:			
Equity securities	P 12,553,053	(P 1,137,645)	(P10,350,113)
Fixed-income securities	(946,309)	6,637,475	(7,289,994)
	11,606,744	5,499,830	(17,640,107)
Net unrealized gains (losses) on investments:			
Equity securities	4,812,774	747,455	(52,615,977)
Fixed-income securities	(3,162,960)	522,860	2,086,900
	1,649,814	1,270,315	(50,529,077)
	P 13,256,558	P 6,770,145	(P68,169,184)

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

	2024	2023	2022
Balance, January 1	P 610,341,838	P1,105,460,516	P1,222,649,561
Additions	437,258,500	1,222,914,018	3,323,140,342
Disposal	(565,409,210)	(1,719,303,011)	(3,389,800,310)
Unrealized gains (losses)	1,649,814	1,270,315	(50,529,077)
Balance, December 31	P 483,840,942	P 610,341,838	P1,105,460,516

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

	2024	2023
Due after one year through five years	P 18,300,000	P 69,000,000
Due after five years through ten years	122,406,000	24,850,000
Due after ten years	44,790,000	119,895,000
	P185,496,000	P216,445,000

8. DUE TO BROKERS

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

Due to brokers amounted nil as at December 31, 2024 and 2023.

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

Commissions are paid to brokers when buying and selling shares of stocks. Commission amounted to P843,002, P2,993,626 and P7,166,666 were incurred in 2024, 2023 and 2022, respectively.

9. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2024	2023
Due to investors	P 814,613	P 920,616
Withholding and documentary stamp taxes	90,757	109,443
Professional fees	99,949	179,065
Custodianship fees	25,799	24,873
Others	2,689	-
	P 1,033,807	P 1,233,997

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

10. 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 related parties and the amounts paid or payable are set out below.

Nature of Transaction	Transactions During the Year			Outstanding Payable		Term	Condition	Notes
	2024	2023	2022	2024	2023			
SLAMCI – Fund Manager								
Management, Distribution and Transfer fees	P13,427,975	P24,762,956	P28,777,418	P968,306	P1,182,726	2.15% 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	255,451	255,286	300,345	-	-	Payable on demand; Settled in cash	Unsecured; Unguaranteed	b

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

a. Investment Management

On October 12, 2012, the Company and SLAMCI entered into a Management and Distribution Agreement (MDA) wherein SLAMCI will act as its fund manager, adviser, administrator, distributor and transfer agent and will provide management, distribution and all required operational services. Under the MDA, SLAMCI will receive aggregate fees for these services at an annual rate of 2.00% (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 January 22, 2024, 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 2024, 2023 and 2022 amounted to P13,427,975, P24,762,956 and P28,777,418, respectively. Accrued management fees as at December 31, 2024 and 2023 amounting to P968,307 and P1,182,726, 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 P255,451, P255,286 and P300,345 in 2024, 2023 and 2022 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, 2024 and 2023.

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 staff of the Company, including executive officers and other trained personnel.

11. EQUITY

Movements are as follows:

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized: P0.01 par value						
At December 31	5,200,000,000	P 52,000,000	5,200,000,000	P 52,000,000	5,200,000,000	P 52,000,000
Fully paid:						
At December 31	3,506,967,024	P 35,069,670	3,506,967,024	P 35,069,670	3,506,967,024	P 35,069,670
Treasury shares:						
At January 1	2,808,437,502	P 2,659,502,740	2,192,658,591	P2,125,104,527	2,107,653,044	P1,989,974,370
Acquired during the year	168,375,182	157,729,937	615,865,127	534,484,292	85,116,255	135,235,576
Reissuance	(117,634)	(117,446)	(86,216)	(86,079)	(110,708)	(105,419)
At December 31	2,976,695,050	P 2,817,115,231	2,808,437,502	P2,659,502,740	2,192,658,591	P2,125,104,527

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

Incorporation

The Company was incorporated on August 31, 2012 with 200,000,000 authorized shares at par value of P0.01 per share.

Approved changes

On October 10, 2012, the shareholders approved the blanket increase from 200,000,000 shares to 100,000,000,000 shares with a par value of P0.01 per share. The Board was authorized to implement the increase in tranches.

On March 22, 2013, the Board of Directors approved the first tranche of share capital increase by 2,000,000,000 shares (from 200,000,000 shares to 2,200,000,000 shares with a par value of P0.01 per share). The SEC subsequently approved the increase on January 22, 2014 and the registration statement on July 3, 2014.

Deposits for future stock subscriptions received in cash amounting to P500,000,000 equivalent to 500,000,000 shares from investors in 2013 for the increase in authorized share capital is recognized in equity since the Company has met all of the conditions required for such recognition as disclosed in Note 4.

On August 6, 2013, the Board of Directors approved the second tranche of share capital increase by 3,000,000,000 shares (from 2,200,000,000 shares to 5,200,000,000 shares with a par value of P0.01 per share) which was subsequently approved by the SEC on December 23, 2014. On July 13, 2017, the registration statement was approved by the SEC.

Current state

As at December 31, 2024, the Company has 530,271,974 issued and outstanding shares out of the 5,200,000,000 ACS with a par value of P0.01 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2012	P0.9908	50,000,000	-	50,000,000
2013	P0.9029	-	-	50,000,000
2014	P0.9998	3,503,921,187	(48,031,602)	3,505,889,585
2015	P0.9260	38,792,139	(146,889,954)	3,397,791,770
2016	P0.8962	5,155,668	(324,454,812)	3,078,492,626
2017	P1.0203	18,495,215	(732,722,627)	2,364,265,214
2018	P0.9217	503,652	(450,492,552)	1,914,276,314
2019	P0.9748	-	(376,806,558)	1,537,469,756
2020	P0.8877	-	(35,784,146)	1,501,685,610
2021	P0.9396	16,408,202	(118,779,832)	1,399,313,980
2022	P0.8789	110,708	(85,116,255)	1,314,308,433
2023	P0.9042	86,216	(615,865,127)	698,529,522
2024	P0.9272	117,634	(168,375,182)	530,271,974

The total number of shareholders as at December 31, 2024, 2023 and 2022 is 5,000, 4,999 and 4,998, 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.

12. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital of P3,267,784,061, P3,267,793,704 and P3,267,804,689 as at December 31, 2024, 2023 and 2022, respectively, pertains to excess payments over par value from investors and from reissuance of treasury shares.

13. NET ASSET VALUE PER SHARE (NAVPS)

NAVPS is computed as follows:

	Note	2024	2023
Total equity		P 491,693,245	P 631,650,347
Outstanding shares	11	530,271,974	698,529,522
NAVPS		P 0.9272	P 0.9043

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.

14. INTEREST INCOME

This account consists of interest income on the following:

	Notes	2024	2023	2022
Fixed-income securities	7	P14,191,431	P25,487,996	P11,780,442
Cash in banks	6	32,682	43,047	198,005
Cash equivalents	6	125,915	2,190,149	2,127,259
		P14,350,028	P27,721,192	P14,105,706

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, cash and cash equivalents in 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Fixed-income securities	7.04%	7.13%	6.79%
Cash in banks	0.48%	0.00%	0.07%
Cash equivalents	1.68%	36.49%	9.45%

Interest income earned on financial assets, analyzed by category, is as follows:

	Notes	2024	2023	2022
Financial assets at FVTPL	7	P14,191,431	P25,487,996	P11,780,442
Cash and cash equivalents	6	158,597	2,233,196	2,325,264
		P14,350,028	P27,721,192	P14,105,706

15. EARNINGS (LOSS) PER SHARE

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

	2024	2023	2022
Total comprehensive income (loss) for the year	P 17,665,029	P 10,907,419	(P 82,238,740)
Weighted average number of issued and outstanding shares	603,813,616	1,175,632,707	1,351,713,503
Basic earnings (loss) per share	P 0.029	P 0.009	(P 0.061)

As at December 31, 2024, 2023 and 2022, 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, 2024		
Investments in listed equity shares	7	P284,922,272
Investments in fixed-income securities	7	198,918,670
		P483,840,942
December 31, 2023		
Investments in listed equity shares	7	P 372,673,498
Investments in fixed-income securities	7	237,668,340
		P 610,341,838

The fair values of fixed-income securities are based on quoted prices of done deal rates and bid rates of identical instruments.

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

No transfers in fair value hierarchy were made as at December 31, 2024 and 2023. Total unrealized gain or loss on investments relating to financial assets that are measured at fair value at the end of the reporting period are presented separately in the statements of comprehensive income and disclosed in Note 7.

Financial asset and liabilities not measured at fair value

Cash and cash equivalents, 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.

17. INCOME TAXES

Details of current tax expense are as follows:

	2024	2023	2022
Final tax	P 4,721,910	P10,772,972	P13,469,368
MCIT	11	-	17
	P 4,721,921	P10,772,972	P13,469,385

The reconciliation between tax expense and the product of accounting profit (loss) multiplied by 25% in 2024, 2023 and 2022 is as follows:

	2024	2023	2022
Accounting profit (loss)	P 22,386,950	P21,680,391	(P68,769,355)
Tax expense (benefit) at 25% in 2024 2023 and 2022	P 5,596,738	P 5,420,098	(P17,192,339)
Adjustment for income subject to lower tax rate	1,134,403	3,842,674	9,942,942
Tax effects of:			
Net unrealized fair value loss (gains) on investments	(412,454)	(317,579)	12,632,269
Unrecognized MCIT	11	-	17
Unrecognized Net Operating Loss Carry-Over (NOLCO)	3,778,713	7,168,276	9,307,508
Dividend income exempt from tax	(2,473,804)	(3,965,539)	(5,631,039)
Net realized loss (gain) on investments	(2,901,686)	(1,374,958)	4,410,027
	P 4,721,921	P10,772,972	P13,469,385

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.

Details of the Company's NOLCO from 2019 to 2024 are as follows:

Year Incurred	Year of Expiry	Beginning Balance	Additions	Expired	2024 Balance
2019	2022	P46,370,274	P -	(P46,370,274)	P -
2022	2025	37,230,031	-	-	37,230,031
2023	2026	28,673,104	-	-	28,673,104
2024	2027	-	15,114,852	-	15,114,852
		P112,273,408	P15,114,852	(P46,370,274)	P81,017,986

Details of the Company's NOLCO from 2020 to 2021 covered by Revenue Regulations (RR) No. 25-2020 are as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2024 Balance
2020	2025	P35,365,475	P -	P -	P35,365,475
2021	2026	39,380,016	-	-	39,380,016
		P74,745,491	P -	P -	P74,745,491

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. 25-2020 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	Applied Previous Year	Applied Current Year	Expired	Effects of changes in tax rate	Unapplied
2019	2022	P 57	P -	P -	(P57)	P -	P -
2021	2024	461	-	-	(461)	-	-
2022	2025	17	-	-	-	-	17
2024	2027	11	-	-	-	-	11
		P 545	P -	P -	(P518)	P -	P 28

Deferred tax asset 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.

Realized gains on redemption of investments in mutual funds are exempted from tax and are therefore excluded from the computation of taxable income subject to RCIT and MCIT.

18. CONTINGENCIES

The Company has no pending legal cases as at December 31, 2024 and 2023 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 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 stock market. 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, and fixed-income securities. Interest rates of the financial assets are disclosed in Note 6, 7, 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 if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2024, 2023, and 2022:

Change in Interest rates	Increase (Decrease) in Net Profit/Equity		
	2024	2023	2022
+50 basis	(P 6,934,696)	(P 6,934,701)	(P 11,450,716)
-50 basis	7,261,576	7,261,580	11,999,752

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. Investments in 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. 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 had been 2% higher or lower, profit or loss for the years ended December 31, 2024, 2023 and 2022 would have increased or decreased by P5,454,888, P7,273,990 and P13,396,239, respectively.

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

Credit risk

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

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

Summary rating	S&P rating	Internal credit 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, special savings deposits, 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 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
2024			
Accrued expenses and other payables	P 843,101	P 99,949	P 943,050
Payable to fund manager	968,306	-	968,307
	P1,811,407	P 99,949	P1,911,357
2023			
Accrued expenses and other payables	P 945,489	P179,065	P1,124,554
Payable to fund manager	1,182,726	-	1,182,726
	P2,128,215	P179,065	P2,307,280

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 contractual maturities of the financial assets including interest that will be earned on those assets, except when the Company anticipates that the cash flows will occur in a different period.

	Average Effective Interest Rate	Less than One Year	One Year to Five Years	Five Years to Ten Years	More than Ten Years	Total
2024						
Cash in banks	0.48%	P 7,153,138	P -	P -	P -	P 7,153,138
Financial assets at fair value through profit or loss	7.04%	133,213	18,824,301	62,387,737	105,626,353	186,971,604
Accrued interest receivable		102,865	-	-	-	102,865
Dividends receivable		2,587,445	-	-	-	2,587,445
		P 9,976,661	P 18,824,301	P 62,387,737	P105,626,353	P196,815,052
2023						
Cash in banks	0.00%	P 6,332,304	P -	P -	P -	P 6,332,304
Cash equivalents	36.49%	15,012,836	-	-	-	15,012,836
Financial assets at fair value through profit or loss	7.13%	156,007	69,609,092	28,070,687	120,362,074	218,197,860
Accrued interest receivable		2,157,595	-	-	-	2,157,595
Dividends receivable		211,521	-	-	-	211,521
		P 23,870,263	P 69,609,092	P 28,070,687	P120,362,074	P241,912,116

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

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 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 11.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 11, 12 and 13, to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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

- a. It does not issue senior securities;
- b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- e. It does not invest 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;
- f. It does not purchase or sell commodity futures contracts;
- g. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;
- h. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions;
- i. It may use various techniques to hedge investment risks; and
- j. 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 investment in equity securities and/or in government and corporate debt securities denominated in Philippine Peso.
- b. Benchmark - the Company's performance is measured against 50% PSE Index and 50% Bloomberg Sovereign Bond Index, net of tax.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes, 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 2.00% 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, 2024 and 2023, the Company is in compliance with the above requirements and minimum capital requirement of P50,000,000.

The equity ratio at year-end is as follows:

	2024	2023
Equity	P 491,693,245	P 631,650,347
Asset	493,695,358	634,067,070
Equity ratio	0.9959:1	0.9962:1

The 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 and license fees paid or accrued during the 2024 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 2024 amounted to P9 representing taxes paid 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 shareholder's 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 2024 are as follows:

Charged to Operating Expenses	
Business permits	P 140,007
Annual registration	25,000
Residence or community tax	10,500
Filing and registration fees	7,575
	P 183,082

Withholding taxes

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

	Paid	Accrued	Total
Expanded withholding taxes	P 1,011,197	P 90,757	P 1,101,954

Deficiency tax assessments

The Company has no tax assessments and tax cases in 2024.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved and authorized for issuance by the Board of Director on March 25, 2025.

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