SECURITIES AND EXCHANGE COMMISSION
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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

Document ID: OST104142026811217711
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

Outlook

SEC eFast Initial Acceptance

From noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Date Tue 4/14/2026 6:00 PM

Dear **SUN LIFE PROSPERITY DYNAMIC FUND, INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

SEC Registration No: CS201215846
Company Name: SUN LIFE PROSPERITY DYNAMIC FUND, INC.
Document Code: AFS

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Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:

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Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF;) 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

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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
C I T Y ,   T A G U I G   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N/A

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
5,003	Every Fourth Wednesday of June	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CANDY S. ESTEBAN	Candy.Esteban@sunlife.com	8555-8888	N/A

Contact Person's Address

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

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

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

Outlook

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Hi SUN LIFE PROSPERITY DYNAMIC FUND, INC.,

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Submission Date/Time: **Apr 13, 2026 10:09 PM**
Company TIN: **008-357-526**

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 008-357-526-000
Name	: SUN LIFE PROSPERITY DYNAMIC FUND, INC.
RDO	: 044
Form Type	: 1702
Reference No.	: 462600071931257
Amount Payable (Over Remittance)	: -10,927.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/10/2026
Tax Type	: IT

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The Management of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2025 and 2024, and for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the Shareholders.

Navarro Amper & Co., the independent auditor appointed by the Shareholders for the years ended December 31, 2025 and 2024, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and Shareholders has expressed its opinion on the fairness of presentation upon completion of such audit.

Benedicto C. Sison, Chairman of the Board

Valerie N. Pama, President

Candy S. Esteban, Treasurer

Signed this 25th day of March 2026.

Sun Life

Subscribed and sworn to me before this MAR 2 5 2026 day of ______ 2026 at MAKATI CITY, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government Issued ID	Date/Place Issued
Benedicto C. Sison	Passport ID P8268568B	24 Nov 2021/DFA Manila
Valerie N. Pama	Passport ID P7158454B	08 July 2021/DFA Manila
Candy S. Esteban	Driver's License N02-95-277891	03 May 2023 / Quezon City

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

Doc. No. 18
Page No. 5
Book No. 21
Series of 2026.

ATTY. ROMEO M. MONFORT
Notary Public City of Makati
Until December 31, 2027
Appointment No. M-029 (2026-2027)
PTR No. 10765527 January 3, 2026
IBP No. 557367 Issued on November 3, 2025
MCLE Compliance No. VIII-0040638 Roll No. 27932
Amorsolo Street, Legazpi Village
Makati City

NavarroAmper&Co.

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

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

BOA/PRC Reg. No. 0004

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, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2025, 2024, and 2023, 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, 2025 and 2024, and its financial performance and its cash flows for the years ended December 31, 2025, 2024, and 2023, 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), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also 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.

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 19 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, October 1, 2024; valid until September 22, 2027
SEC ACR 0004-SEC (Group A), December 7, 2021; valid to audit 2021 to 2025 financial statements

Joeffrey Mark P. Ferrer
Partner
CPA Certificate No. 0115793
BOA/PRC ACR. No. 0004/P-009, October 1, 2024; valid until September 22, 2027
SEC ACR. 115973-SEC (Group A), August 2, 2022; valid to audit 2021 to 2025 financial statements
BIR ACR. No. 08-002552-058-2024, July 16, 2024; effective until July 15, 2027
TIN 211-965-340
PTR No. A-6751963, January 9, 2026, Taguig City

Taguig City, Philippines
March 31, 2026

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	**2025**	2024
ASSETS			
Current Assets			
Cash in banks	6	**P 7,364,431**	P 7,153,138
Financial assets at fair value through profit or loss	7	**447,506,931**	483,840,942
Accrued interest receivable	7	**3,840,878**	2,587,445
Dividends receivable	7	**-**	102,865
Other current assets		**10,927**	10,965
		P458,723,167	P493,695,355
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	8	**P 3,527,642**	P 1,033,807
Payable to fund manager	9	**918,826**	968,306
Total Current Liabilities		**4,446,468**	2,002,113
Equity			
Share capital	10	**35,069,670**	35,069,670
Additional paid-in capital	11	**3,266,403,832**	3,267,784,061
Retained Earnings (Deficit)		**(3,493,490)**	5,954,742
		3,297,980,012	3,308,808,473
Treasury shares	10	**(2,843,703,313)**	(2,817,115,231)
Total Equity		**454,276,699**	491,693,242
		P458,723,167	P493,695,355
Net Asset Value Per Share	12	**P 0.9107**	P 0.9272

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	**2025**	2024	2023
Investment Income				
Net realized gain (losses) on investments	7	**(P 9,252,228)**	P 11,606,744	P 5,499,830
Dividend income	7	**7,821,669**	9,895,217	15,862,157
Interest income	13	**13,683,655**	14,350,028	27,721,192
Other income		**2,792**	846	-
		12,255,888	35,852,835	49,083,179
Investment Expenses				
Commission		**780,603**	843,002	2,993,626
Clearing fees		**44,938**	49,707	129,981
		825,541	892,709	3,123,607
Net Investment Income		**11,430,347**	34,960,126	45,959,572
Operating Expenses				
Management and transfer fees	9	**6,071,193**	7,182,405	13,245,302
Distribution fees	9	**5,279,299**	6,245,570	11,517,654
Directors' fees	9	**514,607**	255,451	255,286
Professional fees		**192,495**	192,495	179,065
Taxes and licenses		**183,083**	183,090	84,519
Custodianship fees		**124,963**	143,382	253,729
Printing and supplies		**6,567**	5,744	4,549
Miscellaneous		**10,989**	14,853	9,392
		12,383,196	14,222,990	25,549,496
Profit (Loss) Before Net Unrealized Gains (Losses) on Investments		**(952,849)**	20,737,136	20,410,076
Net Unrealized Gains (Losses) on Investments	7	**(4,869,892)**	1,649,814	1,270,315
Profit (Loss) Before Tax		**(5,822,741)**	22,386,950	21,680,391
Income Tax Expense	16	**3,625,491**	4,721,921	10,772,972
Total Comprehensive Income (Loss) for the Year	14	**(P 9,448,232)**	P 17,665,029	P 10,907,419
Basic Earnings (Loss) per Share	14	**(P 0.018)**	P 0.029	P 0.009

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, 2023	10,11	P 35,069,670	P 3,267,804,689	(P22,617,706)	(P2,125,104,527)	P 1,155,152,126
Total comprehensive income for the period		-	-	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	10	-		-	(534,484,292)	(534,484,292)
Total transactions with owners		-	(10,985)	-	(534,398,213)	(534,409,198)
Balance, December 31, 2023	10,11	35,069,670	3,267,793,704	(11,710,287)	(2,659,502,740)	631,650,347
Total comprehensive income for the period		-	-	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	10	-		-	(157,729,937)	(157,729,937)
Total transactions with owners		-	(9,643)	-	(157,612,491)	(157,622,134)
Balance, December 31, 2024	10,11	35,069,670	3,267,784,061	5,954,742	(2,817,115,231)	491,693,242
Total comprehensive loss for the period		-	-	(9,448,232)	-	(9,448,232)
Transactions with owners:						
Reissuance of treasury shares during the year		-	(1,380,229)	-	71,602,350	70,222,121
Acquisition of treasury shares during the year	10	-		-	(98,190,432)	(98,190,432)
Total transactions with owners		-	(1,380,229)	-	(26,588,082)	(27,968,311)
Balance, December 31, 2025	10,11	**P35,069,670**	**P3,266,403,832**	**(P 3,493,490)**	**(P2,843,703,313)**	**P454,276,699**

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	**2025**	2024	2023
Cash Flows from Operating Activities				
Profit (Loss) before tax		**(P 5,822,741)**	P 22,386,950	P 21,680,391
Adjustments for:				
Net unrealized (gains) losses on investments	7	**4,869,892**	(1,649,814)	(1,270,315)
Dividend income	7	**(7,821,669)**	(9,895,217)	(15,862,157)
Net realized (gains) losses on investments	7	**9,252,228**	(11,606,744)	(5,499,830)
Interest income	13	**(13,683,655)**	(14,350,028)	(27,721,192)
Operating cash flows before working capital changes		**(13,205,945)**	(15,114,853)	(28,673,103)
Decrease in other current assets		**38**	11	-
Increase (Decrease) in:				
Accrued expenses and other payables		**2,493,835**	(200,190)	(315,945)
Payable to fund manager		**(49,480)**	(214,420)	(1,056,123)
Cash used in operations		**(10,761,552)**	(15,529,452)	(30,045,171)
Acquisition of financial assets at fair value through profit or loss	7	**(658,479,375)**	(437,258,500)	(1,223,165,752)
Proceeds from disposals and maturities of financial assets at fair value through profit or loss		**680,691,266**	577,015,954	1,724,802,841
Interest income received		**12,430,222**	13,920,178	28,400,513
Dividend income received		**7,924,534**	10,003,873	15,818,726
Income taxes paid		**(3,625,491)**	(4,721,921)	(10,772,972)
Net cash generated from operating activities		**28,179,604**	143,430,132	505,038,185
Cash Flows from Financing Activities				
Proceeds from reissuance of treasury shares	10	**70,222,121**	107,803	75,094
Payments on acquisition of treasury shares	10	**(98,190,432)**	(157,729,937)	(534,484,292)
Net cash used in financing activities		**(27,968,311)**	(157,622,134)	(534,409,198)
Net Increase (Decrease) in Cash in banks		**211,293**	(14,192,002)	(29,371,013)
Cash in banks, Beginning		**7,153,138**	21,345,140	50,716,153
Cash in banks, End	6	**P 7,364,431**	P 7,153,138	P 21,345,140

See Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024 AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 and 2023**

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 9.

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, 2025 and 2024, the Company has 5,003 shareholders and 5,000 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 Accounting Standards, 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 2025

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, 2025. Their adoption had no material impact on the disclosures or the amounts reported in these financial statements.

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

The amendments clarify how an entity determines whether a currency is exchangeable in another currency and how it estimates the spot exchange rate when exchangeability is lacking. The amendments also introduce additional disclosure requirements relating to currencies that are not exchangeable.

The Company applied the amendments prospectively from January 1, 2025. The adoption of the amendments did not have a material impact on the Company's financial statements.

New and Revised Accounting Standards Effective after the Reporting Period Ended December 31, 2025

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, 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 17, *Insurance Contracts*
- Amendments to PFRS 17, *Insurance Contracts*
- Amendment to PFRS 17, *Insurance Contracts - Initial Application and PFRS 9, Financial Instruments – Comparative Information*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Translation to Hyperinflationary Presentation Currency*

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.

PFRS 18*, Presentation and Disclosures in Financial Statements*

PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, the FSRSC has made minor amendments to PAS 7 and PAS 33 Earnings per Share.

PFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

The Company is currently assessing the impact of adopting these standards on its financial statements.

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:

- FVTPL
- Amortized cost

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

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

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

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

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the 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, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

<u>Financial liabilities</u>

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 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.

<u>Equity instruments</u>

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) represents accumulated gains (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.

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.

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.

<u>Dividend income</u>

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 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 2% minimum corporate income tax (MCIT), whichever is higher.

In 2023, the Company's current tax expense is calculated using 25% RCIT rate or 1% 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 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.

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, 2025 and 2024, the Company's financial assets measured at FVTPL amounted to P447,506,931 and P483,840,942, respectively, as disclosed in Note 7 while the financial assets measured at amortized cost amounted to P11,205,309 and P9,843,448, respectively, composed of cash in banks, 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, 2025 and 2024, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P35,069,670 as disclosed in Note 10.

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 assets as at December 31, 2025 and 2024, as disclosed in Note 16.

6. CASH IN BANKS

This account consists of cash in banks amounting to P7,364,431 and P7,153,138, respectively, as at December 31, 2025 and 2024.

Cash in banks earned interest amounting to P21,306, P32,682, and P43,047 at average rates of 0.29%, 0.48%, and 0.11% in 2025, 2024 and 2023, respectively, as disclosed in Note 13.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2025	2024
Investments in fixed-income securities	**P267,866,105**	P198,918,670
Investments in listed equity shares	**179,640,826**	284,922,272
	P447,506,931	P483,840,942

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 P7,821,669, P9,895,217, and P15,862,157 in 2025, 2024 and 2023, respectively. Dividends receivable amounted to nil and P102,865 as at December 31, 2025 and 2024, respectively.

Interest income earned on fixed-income securities amounted to P13,662,349, P14,191,431, and P25,487,996 in 2025, 2024 and 2023, respectively, as disclosed in Note 13. Average rates earned on these investments are also disclosed in Note 13. Accrued interest receivable amounted to P3,840,878 and P2,587,445 as at December 31, 2025 and 2024, respectively, presented as accrued interest receivable in the statements of financial position.

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

	2025	2024	2023
Net realized gains (losses) on investments:			
Equity securities	**(P 8,922,432)**	P 12,553,053	(P 1,137,645)
Fixed-income securities	**(329,796)**	(946,309)	6,637,475
	(9,252,228)	11,606,744	5,499,830
Net unrealized gains (losses) on investments:			
Equity securities	**(5,536,059)**	4,812,774	747,455
Fixed-income securities	**666,167**	(3,162,960)	522,860
	(4,869,892)	1,649,814	1,270,315
	(P14,122,120)	P 13,256,558	P 6,770,145

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

	2025	2024	2023
Balance, January 1	**P483,840,942**	P610,341,838	P1,105,460,516
Additions	**658,479,375**	437,258,500	1,222,914,018
Disposal	**(689,943,494)**	(565,409,210)	(1,719,303,011)
Unrealized gains (losses)	**(4,869,892)**	1,649,814	1,270,315
Balance, December 31	**P447,506,931**	P483,840,942	P 610,341,838

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

	2025	2024
Due after one year through five years	**P 74,834,000**	P 18,300,000
Due after five years through ten years	**154,207,000**	122,406,000
Due after ten years	**29,350,000**	44,790,000
	P258,391,000	P185,496,000

8. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2025	2024
Due to investors	**P3,230,095**	P 814,613
Professional fees	**192,495**	99,949
Withholding and documentary stamp taxes	**94,468**	90,757
Custodianship fees	**7,252**	25,799
Others	**3,332**	2,689
	P3,527,642	P1,033,807

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.

9. 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.*

As at December 31, 2025 and 2024, SLAMCI subscribed 75,615,873 and nil shares to the Company respectively representing 15.16% and 0.00% of net assets, respectively.

SLAMCI holds the following number and current value of shares of the Company as at December 31, 2025 and 2024:

Related party	**2025**		2024	
	Number of shares	**Current Value**	Number of shares	Current Value
SLAMCI	**75,615,873**	**P 68,863,376**	-	P -

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**
	2025	2024	2023	**2025**	2024			
SLAMCI – Fund Manager								
Management, Distribution and Transfer fees	**P11,350,492**	P13,427,975	P24,762,956	**P918,826**	P968,306	2.15% of average daily net assets; settled in cash on or before the 15th day of the following month	Unsecured; Unguaranteed	a
Key Management Personnel								
Directors' fees	**P 514,607**	P 255,451	P 255,286	**P -**	P -	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 Implementing Rules and Regulations of the Investments Company Act of 2018 published by the SEC. 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.

b. Remuneration of Directors

Remuneration of directors is usually paid based on the meetings held and attended. There were no accrued Directors' fees as at December 31, 2025 and 2024.

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.

10. EQUITY

Movements are as follows:

	2025		2024		2023	
	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	**2,976,695,050**	**P 2,817,115,231**	2,808,437,502	P2,659,502,740	2,192,658,591	P2,125,104,527
Acquired during the year	**107,093,578**	**98,190,432**	168,375,182	157,729,937	615,865,127	534,484,292
Reissuance	**(75,618,135)**	**(71,602,350)**	(117,634)	(117,446)	(86,216)	(86,079)
At December 31	**3,008,170,493**	**P 2,843,703,313**	2,976,695,050	P2,817,115,231	2,808,437,502	P2,659,502,740

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 the share capital increase. The Company's authorized capital stock has increased from 200,000,000 shares to 2,200,000,000 shares with a par value of ₱0.01 per share. The Securities and Exchange Commission 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, 2025, the Company has 498,796,531 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
2025	**P0.9107**	**75,618,135**	**(107,093,578)**	**498,796,531**

The total number of shareholders as at December 31, 2025, 2024 and 2023 is 5,003, 5,000, and 4,999, 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.

11. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital of P3,266,403,832, P3,267,784,061, and P3,267,793,704 as at December 31, 2025, 2024 and 2023, respectively, pertains to excess payments over par value from investors and from reissuance of treasury shares.

12. NET ASSET VALUE PER SHARE (NAVPS)

NAVPS is computed as follows:

	Note	2025	2024
Total equity		**P454,276,699**	P491,693,242
Outstanding shares	10	**498,796,531**	530,271,974
NAVPS		**P 0.9107**	P 0.9272

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.

13. INTEREST INCOME

This account consists of interest income on the following:

	Notes	2025	2024	2023
Fixed-income securities	7	**P13,662,349**	P14,191,431	P25,487,996
Cash in banks	6	**21,306**	32,682	43,047
Cash equivalents		**-**	125,915	2,190,149
		P13,683,655	P14,350,028	P27,721,192

The Company records interest income at its gross amount, with any applicable final withholding taxes recognized as income tax expense.

Average interest rates of investments, cash in banks and cash equivalents in 2025, 2024 and 2023 are as follows:

	2025	2024	2023
Fixed-income securities	**6.55%**	7.04%	7.13%
Cash in banks	**0.29%**	0.48%	0.11%
Cash equivalents	**-**	1.68%	36.49%

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

	Notes	2025	2024	2023
Financial assets at FVTPL	7	**P13,662,349**	P14,191,431	P25,487,996
Cash and cash equivalents	6	**21,306**	158,597	2,233,196
		P13,683,655	P14,350,028	P27,721,192

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.

14. EARNINGS (LOSS) PER SHARE

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

	2025	2024	2023
Total comprehensive income (loss) for the year	**(P 9,448,232)**	P 17,665,029	P 10,907,419
Weighted average number of issued and outstanding shares	**514,794,369**	603,813,616	1,175,632,707
Basic earnings (loss) per share	**(P 0.018)**	P 0.029	P 0.009

As at December 31, 2025, 2024 and 2023, the Company has no dilutive potential ordinary shares.

15. 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, 2025		
Investments in fixed-income securities	7	**P267,866,105**
Investments in listed equity shares	7	**179,640,826**
		P447,506,931
December 31, 2024		
Investments in fixed-income securities	7	P198,918,670
Investments in listed equity shares	7	284,922,272
		P483,840,942

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, 2025 and 2024. 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.

16. INCOME TAXES

Details of current tax expense are as follows:

	2025	2024	2023
Final tax	**P3,625,453**	P 4,721,910	P10,772,972
MCIT	**38**	11	-
	P3,625,491	P 4,721,921	P10,772,972

The reconciliation between tax expense and the product of accounting profit (loss) multiplied by 25% in 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Accounting profit (loss)	**(P5,822,741)**	P22,386,950	P21,680,391
Tax expense (benefit) at 25%	**(P1,455,685)**	P 5,596,738	P 5,420,098
Adjustment for income subject to lower tax rate	**204,539**	1,134,403	3,842,674
Tax effects of:			
Unrecognized Net Operating Loss Carry-Over (NOLCO)	**3,301,486**	3,778,713	7,168,276
Net realized loss (gain) on investments	**2,313,057**	(2,901,686)	(1,374,958)
Dividend income exempt from tax	**(1,955,417)**	(2,473,804)	(3,965,539)
Net unrealized fair value loss (gains) on investments	**1,217,473**	(412,454)	(317,579)
Unrecognized MCIT	**38**	11	-
	P3,625,491	P 4,721,921	P10,772,972

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 2022 to 2025 are as follows:

Year Incurred	Year of Expiry	Beginning Balance	Additions	Expired	**Ending Balance**
2022	2025	P37,230,031	P -	P37,230,031	**P -**
2023	2026	28,673,103	-	-	**28,673,103**
2024	2027	15,114,853	-	-	**15,114,853**
2025	2028	-	13,205,945	-	**13,205,945**
		P81,017,987	P13,205,945	P37,230,031	**P56,993,901**

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	**Ending Balance**
2020	2025	P35,365,475	P -	P35,365,475	**P -**
2021	2026	39,380,016	-	-	**39,380,016**
		P74,745,491	P -	P35,365,475	**P39,380,016**

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**
2022	2025	P17	P -	P -	P17	P -	**P -**
2024	2027	11	-	-	-	-	**11**
2025	2028	38	-	-	-	-	**38**
		P66	P -	P -	P17	P -	**P49**

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.

17. 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 and fixed-income securities. Interest rates of the financial assets are disclosed in Notes 6, 7, and 13.

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 2025, 2024, and 2023:

Change in Interest rates	**Increase (Decrease) in Net Profit/Equity**		
	2025	2024	2023
+50 basis	**(6,113,422)**	(6,934,696)	(6,934,701)
-50 basis	**6,331,638**	7,261,576	7,261,580

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, 2025, 2024 and 2023 would have increased or decreased by P3,552,577, P5,454,888, and P7,273,990, 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.

<u>Credit risk</u>

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 in banks, 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
2025			
Accrued expenses and other payables	**P3,230,095**	**P203,079**	**P3,433,174**
Payable to fund manager	**918,826**	**-**	**918,826**
	P4,148,921	**P203,079**	**P4,352,000**
2024			
Accrued expenses and other payables	P 843,101	P 99,949	P 943,050
Payable to fund manager	968,306	-	968,306
	P 1,811,407	P 99,949	P 1,911,356

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
2025						
Cash in banks	**0.29%**	**P 7,364,431**	**P -**	**P -**	**P -**	**P 7,364,431**
Financial assets at fair value through profit or loss	**6.55%**	**-**	**74,600,487**	**161,896,135**	**31,369,483**	**267,866,105**
Accrued interest receivable		**3,840,878**	**-**	**-**	**-**	**3,840,878**
Dividends receivable		-	-	-	-	-
		P11,205,309	**P74,600,488**	**P161,896,135**	**P31,369,483**	**P279,071,414**
2024						
Cash in banks	0.48%	P7,153,138	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		2,587,445	-	-	-	2,587,445
Dividends receivable		102,865	-	-	-	102,865
		P9,976,661	P18,824,301	P62,387,737	P105,626,353	P196,815,052

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

18. 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 10.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 10, 11 and 12, 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, 2025 and 2024, 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:

	2025	2024
Equity	**P454,276,699**	P491,693,242
Asset	**458,723,167**	493,695,355
Equity ratio	**0.9903:1**	0.9959:1

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

19. 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 2025 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 2025 amounted to P1 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 2025 are as follows:

Charged to Operating Expenses	
Business permits	**P140,007**
Filing and registration fees	**32,575**
Residence or community tax	**10,500**
	P183,082

Withholding taxes

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

	Paid	Accrued	Total
Expanded withholding taxes	**P867,300**	**P94,468**	**P961,768**

Deficiency tax assessments

The Company has no outstanding tax assessments and tax cases as at December 31, 2025.

20. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements of the Company were approved and authorized for issue by the Board of Directors on March 25, 2026.

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