



SECURITIES AND EXCHANGE COMMISSION

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Receipt Date and Time: April 13, 2026 08:00:00 AM

Company Information

SEC Registration No.: A199908713

Company Name: SUN LIFE OF CANADA PROSPERITY BALANCED FUND INC.

Industry Classification: J67000

Company Type: Stock Corporation

Document Information

Document ID: OST104132026811177463

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



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Dear **SUN LIFE OF CANADA PROSPERITY BALANCED 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: A199908713

Company Name: SUN LIFE OF CANADA PROSPERITY BALANCED FUND INC.

Document Code: AFS

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	9	0	8	7	1	3
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Company Name

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

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

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

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

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

54,806

Annual Meeting
Month/Day

Every Fourth Monday of May

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

CANDY S. ESTEBAN

Email Address

--

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.

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Valid files

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- EAFS204583064TCRTY122025-02.pdf
- EAFS204583064RPPTY122025.pdf
- EAFS204583064TCRTY122025-01.pdf
- EAFS204583064ITRTY122025.pdf
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Transaction Code: **AFS-0-97H578B5078BK9C5CNNV2SQZR0MQM4XY3Z**
Submission Date/Time: **Apr 12, 2026 11:25 AM**
Company TIN: **204-583-064**

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Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 204-583-064-000
Name	: SUN LIFE OF CANADA PROSPERITY BALANCED FUND INC
RDO	: 044
Form Type	: 1702
Reference No.	: 462600071879040
Amount Payable (Over Remittance)	: -1,116,733.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/09/2026
Tax Type	: IT

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

The Management of Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 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.

[Signature box]

Benedicto C. Sison, Chairman of the Board

[Signature box]

Valerie N. Pama, President

[Signature box]

Candy S. Esteban, Treasurer

Signed this 25th day of March 2026.




Subscribed and sworn to me before this **MAR 25 2026** day of **MAKATI CITY** 2026 at _____, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government Issued ID	Date/Place Issued
Benedicto C. Sison		
Valerie N. Pama		
Candy S. Esteban		

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

Doc. No. 12
Page No. 9
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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.
(An Open-end Investment Company)
Sun Life Centre, 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 of Canada Prosperity Balanced 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.

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Deloitte.

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 audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA/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

[Redacted]

Joeffrey Mark P. Ferrer

Partner

CPA Certificate No

[Redacted]

BOA/PRC ACR. No. [Redacted]; valid until September 22, 2027

SEC ACR. [Redacted]; valid to audit 2021 to 2025 financial statements

statements

BIR

[Redacted]

; effective until July 15, 2027

TIN

PTR

Taguig City, Philippines

March 31, 2026



SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF FINANCIAL POSITION**December 31**

	Notes	2025	2024
ASSETS			
Current Assets			
Cash in banks	6	P 33,144,961	P 57,115,943
Financial assets at fair value through profit or loss	7	4,678,725,492	5,686,366,438
Financial assets at amortized cost	8	48,689,000	43,313,000
Due from brokers	9	1,000	7,378,700
Accrued interest receivable	7, 8	28,473,329	31,567,860
Dividends receivable	7	-	1,287,350
Other current assets		1,763,439	1,757,774
Total Current Assets		4,790,797,221	5,828,787,065
Non-current Asset			
Financial assets at amortized cost - net	8	93,108,527	146,442,411
		P4,883,905,748	P5,975,229,476
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	10	P 10,182,667	P 9,915,470
Due to brokers	9	-	7,378,700
Payable to fund manager	11	9,946,231	11,831,462
Total Current Liabilities		20,128,898	29,125,632
Equity			
Share capital	12	48,379,352	48,379,352
Additional paid-in capital	13	12,250,108,189	12,254,184,380
Retained earnings		5,150,363,528	5,259,119,441
		17,448,851,069	17,561,683,173
Treasury shares	12	(12,585,074,219)	(11,615,579,329)
Total Equity		4,863,776,850	5,946,103,844
		P4,883,905,748	P5,975,229,476
Net Asset Value Per Share	14	P 3.4235	P 3.4937

See Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31

	Notes	2025	2024	2023
Investment Income - net				
Interest income	15	P 160,959,040	P 182,133,491	P 191,973,530
Net realized gains (loss) on investments	7	(138,315,090)	8,797,244	(44,613,079)
Dividend income	7	86,946,746	96,543,401	90,997,623
Other income		976,549	5,816	286,434
		110,567,245	287,479,952	238,644,508
Investment Expenses				
Commission	9	7,123,358	6,269,985	13,159,056
Clearing fees		417,965	312,423	502,367
		7,541,323	6,582,408	13,661,423
Net Investment Income				
		103,025,922	280,897,544	224,983,085
Operating Expenses				
Management and transfer fees	11	70,759,473	83,980,235	90,533,496
Distribution fees	11	61,529,977	73,026,291	78,722,950
Provision for (reversal of) expected credit losses	8	37,148,884	(114,743)	(304,618)
Custodianship fees		851,993	994,582	1,141,166
Taxes and licenses		756,241	781,568	786,365
Directors fees	11	494,399	254,905	254,740
Professional fees		334,082	334,082	310,774
Printing and supplies		81,809	67,668	28,654
Miscellaneous		1,001,476	85,227	46,077
		172,958,334	159,409,815	171,519,604
Profit (Loss) Before Net Unrealized Gains (Losses) on Investments				
		(69,932,412)	121,487,729	53,463,481
Net Unrealized Gains (Loss) on Investments	7	(2,210,535)	103,651,099	145,540,790
Profit (Loss) Before Tax				
		(72,142,947)	225,138,828	199,004,271
Income Tax Expense	18	36,612,966	41,351,897	45,557,031
Total Comprehensive Income (Loss) for the Period				
		(P108,755,913)	P 183,786,931	P 153,447,240
Basic Earnings (Loss) per Share				
	16	(P 0.068)	P 0.099	P 0.073
Diluted Earnings (Loss) per Share				
	16	(P 0.068)	P 0.099	P 0.073

See Notes to Financial Statements.

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31

	Notes	Share Capital	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2023	12, 13	P48,379,352	P12,274,836,993	P4,921,885,270	(P10,007,423,963)	P7,237,677,652
Total comprehensive income for the period		-	-	153,447,240	-	153,447,240
Transactions with owners:	12, 13					
Acquisition of treasury shares during the period		-	-	-	(794,350,394)	(794,350,394)
Reissuance of treasury shares during the period		-	(10,608,441)	-	152,941,025	142,332,584
Total transactions with owners		-	(10,608,441)	-	(641,409,369)	(652,017,810)
Balance, December 31, 2023	12, 13	48,379,352	12,264,228,552	5,075,332,510	(10,648,833,332)	6,739,107,082
Total comprehensive income for the period		-	-	183,786,931	-	183,786,931
Transactions with owners:	12, 13					
Acquisition of treasury shares during the period		-	-	-	(1,160,147,463)	(1,160,147,463)
Reissuance of treasury shares during the period		-	(10,044,172)	-	193,401,466	183,357,294
Total transactions with owners		-	(10,044,172)	-	(966,745,997)	(976,790,169)
Balance, December 31, 2024	12, 13	48,379,352	12,254,184,380	5,259,119,441	(11,615,579,329)	5,946,103,844
Total comprehensive loss for the period		-	-	(108,755,913)	-	(108,755,913)
Transactions with owners:	12, 13					
Acquisition of treasury shares during the period		-	-	-	(1,060,979,692)	(1,060,979,692)
Reissuance of treasury shares during the period		-	(4,076,191)	-	91,484,802	87,408,611
Total transactions with owners		-	(4,076,191)	-	(969,494,890)	(973,571,081)
Balance, December 31, 2025	12, 13	P48,379,352	P12,250,108,189	P5,150,363,528	(P12,585,074,219)	P4,863,776,850

See Notes to Financial Statements.

SUN LIFE OF CANADA PROSPERITY BALANCED 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 72,142,947)	P 225,138,828	P 199,004,271
Adjustments for:				
Interest income	15	(160,959,040)	(182,133,491)	(191,973,530)
Net realized (gains) losses on investments	7	138,315,090	(8,797,244)	44,613,079
Dividend income	7	(86,946,746)	(96,543,401)	(90,997,623)
Provision for (reversal of) expected credit losses	8	37,148,884	(114,743)	(304,618)
Net unrealized (gains) losses on investments	7	2,210,535	(103,651,099)	(145,540,790)
Operating cash flows before working capital changes		(142,374,224)	(166,101,150)	(185,199,211)
Increase in:				
Other current assets		(5,665)	(322,437)	(319,580)
Increase (Decrease) in:				
Accrued expenses and other payables		267,197	1,093,882	(1,376,643)
Due to brokers		-	1,495,451	-
Payable to fund manager		(1,885,231)	(908,690)	(1,397,716)
Cash used in operations		(143,997,923)	(164,742,944)	(188,293,150)
Acquisitions of financial assets at fair value through profit or loss		(7,512,525,315)	(4,341,954,534)	(7,070,554,048)
Proceeds from disposal of financial assets at fair value through profit or loss		8,379,639,636	5,142,310,072	7,602,692,924
Interest received		164,053,571	189,471,743	186,036,253
Dividends received		88,234,096	97,766,407	89,831,245
Income taxes paid	18	(36,612,966)	(41,351,897)	(45,557,031)
Net cash generated from operating activities		938,791,099	881,498,847	574,156,193
Cash Flows from Investing Activities				
Proceeds from principal collections of loan receivables	8	10,809,000	90,785,130	33,032,107
Net cash generated from investing activities		10,809,000	90,785,130	33,032,107
Cash Flows from Financing Activities				
Proceeds from reissuance of treasury shares		87,408,611	183,357,294	142,332,584
Payments for acquisition of treasury shares		(1,060,979,692)	(1,160,147,463)	(794,350,394)
Net cash used in financing activities		(973,571,081)	(976,790,169)	(652,017,810)
Net Decrease in Cash in banks		(23,970,982)	(4,506,192)	(44,829,510)
Cash in banks, Beginning		57,115,943	61,622,135	106,451,645
Cash in banks, End	6	P 33,144,961	P 57,115,943	P 61,622,135

See Notes to Financial Statements.

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(An Open-end Investment Company)

NOTES TO FINANCIAL STATEMENTS

**AS AT DECEMBER 31, 2025 AND 2024 AND FOR THE YEARS ENDED
December 31, 2025, 2024 and 2023**

1. CORPORATE INFORMATION

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

The Company appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as its fund manager, adviser, administrator, distributor and transfer agent and provider of management, distribution and all required operational services, as disclosed in Note 11.

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 54,806 shareholders and 54,620 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 the fair value of the consideration given in exchange for goods and services.

Functional and Presentation Currency

These financial statements are presented in Philippine peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded to the nearest peso, except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of 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).

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

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

Equity instruments do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVTPL, except where the Company's Management has elected, at initial recognition, to irrevocably designate an equity instrument at FVTOCI. The Company's policy is to designate equity investments as FVTOCI when those investments are held for the purposes other than to generate investment returns.

As at December 31, 2025 and 2024, the Company does not have financial assets classified as FVTOCI.

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.

Impairment of financial assets

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

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

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

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

The Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities 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.

Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Any excess of proceeds from issuance of shares over its par value is recognized as additional paid-in capital.

Retained earnings

Retained earnings 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.

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.

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

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.

Final tax

Final tax represents final taxes withheld on interest income from cash in banks, cash equivalents and fixed-income securities and realized gains on sale of listed equity securities.

Deferred tax

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

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

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

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

Current and deferred taxes for the year

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

Earnings (Loss) per Share

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

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

Net Asset Value per Share (NAVPS)

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Judgments in Applying Accounting Policies

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

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

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 P4,678,725,492 and P5,686,366,438, respectively, as disclosed in Note 7.

As at December 31, 2025 and 2024, the Company's financial assets measured at amortized cost amounted to P203,416,817 and P287,105,264, respectively, composed of cash in banks, accrued interest receivable, dividends receivable, financial assets at amortized cost and due from brokers, as disclosed in Notes 6, 7, 8 and 9, respectively.

Significant increase of credit risk

ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the qualitative and quantitative criteria have been met as disclosed in Note 19.

Models and assumptions used

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

The Company's model and assumptions used in measuring the fair value of financial assets and estimating ECL are disclosed in Notes 17 and 19, respectively.

Puttable shares designated as equity instruments

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

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

- a. it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets;
- b. it is in the class of instruments that is subordinate to all other classes of instruments;
- c. all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- d. apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments; and
- e. the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument (excluding any effects of the instrument).

As at December 31, 2025 and 2024, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P48,379,352 as disclosed in Note 12.

Key Sources of Estimation Uncertainty

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

Estimating loss allowance for ECL

The measurement of the ECL allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 19 Credit Risk – ECL measurement, which also sets out the key sensitivities of the ECL to changes in these elements.

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

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

As at December 31, 2025 and 2024, the Company's allowance for estimated credit losses for financial instruments measured at amortized cost amounted to P37,405,473 and P256,589, respectively, as disclosed in Notes 8 and 19.

Deferred tax assets

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

Based on Management's expectation of the Company's future taxable income, the Company did not recognize the deferred tax assets as at December 31, 2025 and 2024, as disclosed in Note 18.

6. CASH IN BANKS

This account consist of cash in banks amounting to P33,144,961 and P57,115,943 as at December 31, 2025 and 2024, respectively.

Cash in banks earned interest amounting to P178,564, P223,150 and P247,577 at average rates of 0.40%, 0.38% and 0.11% in 2025, 2024 and 2023, respectively, as disclosed in Note 15.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2025	2024
Investments in listed equity securities	P1,983,713,463	P3,204,405,950
Investments in fixed-income securities	2,695,012,029	2,481,960,488
	P4,678,725,492	P5,686,366,438

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

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

The Company recognized dividend income from investments in listed equity securities amounting to P86,946,746, P96,543,401 and P90,997,623 in 2025, 2024 and 2023, respectively. Dividends receivable amounted to nil and P1,287,350 as at December 31, 2025 and 2024, respectively.

Interest income earned on fixed-income securities amounted to P148,858,576, P164,848,084 and P158,781,473 in 2025, 2024 and 2023, respectively, as disclosed in Note 15. Average interest rates earned on these investments are also disclosed in Note 15. Accrued interest receivable amounted to P27,216,841 and P29,605,672 as at December 31, 2025 and 2024, respectively, presented as part of 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 in:			
Equity securities	(P144,911,523)	(P 4,277,213)	P 6,455,568
Fixed-income securities	6,596,433	13,074,457	(51,068,647)
	(138,315,090)	8,797,244	(44,613,079)
Net unrealized gains (losses) on investments in:			
Equity securities	(4,339,392)	134,263,022	5,817,303
Fixed-income securities	2,128,857	(30,611,923)	139,723,487
	(2,210,535)	103,651,099	145,540,790
	(P140,525,625)	P112,448,343	P100,927,711

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

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

	2025	2024	2023
Balance, January 1	P5,686,366,438	P6,333,150,697	P6,816,144,279
Additions	7,505,146,615	4,341,954,534	7,040,207,035
Disposal	(8,510,577,026)	(5,092,389,892)	(7,668,741,407)
Unrealized gains (losses)	(2,210,535)	103,651,099	145,540,790
Balance, December 31	P4,678,725,492	P5,686,366,438	P6,333,150,697

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

	2025	2024
Due in one year or less	P 39,682,000	P 55,570,000
Due after one year through five years	1,948,660,000	1,305,274,120
Due after five years through ten years	574,359,800	758,564,400
Due after ten years	96,004,000	509,200,000
	P2,658,705,800	P2,628,608,520

8. FINANCIAL ASSETS AT AMORTIZED COST - net

The account is composed of investments in the following securities:

	Note	2025	2024
Corporate Loans			
Current		P 48,689,000	P 43,313,000
Non-current		130,514,000	146,699,000
Allowance for impairment	19	(37,405,473)	(256,589)
		P141,797,527	P189,755,411

The following are the principal amounts of investments:

	2025	2024
Principal amounts	P179,203,000	P190,012,000

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

	Note	2025	2024	2023
Balance, January 1		P189,755,411	P280,240,356	P312,839,810
Repayments		(10,809,000)	(90,785,130)	(33,032,107)
Amortization of discount		-	185,442	128,035
Reversal of (provision for) estimated credit losses	19	(37,148,884)	114,743	304,618
Balance, December 31		P141,797,527	P189,755,411	P280,240,356

Interest earned on financial assets at amortized cost amounted to P11,921,900, P16,160,344 and P19,551,142 in 2025, 2024 and 2023, respectively, as disclosed in Note 15. The average interest rates of financial assets at amortized cost investments are also disclosed in Note 15. Accrued interest receivable amounted to P1,256,488 and P1,962,188 as at December 31, 2025 and 2024, respectively, presented as part of accrued interest receivable in the statements of financial position.

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

	2025	2024	2023
Amortization of discount	P -	P185,442	P128,035

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

	2025	2024
Due in one year or less	P 37,240,000	P 37,240,000
Due after one year through five years	56,715,000	56,772,000
Due after five years through ten years	85,248,000	96,000,000
	P179,203,000	P190,012,000

The Company holds loans receivables from Angat Hydropower Corporation, SM Development Corp., and SL Agritech Corporation that carry interest at variable rates. The weighted average interest rate on these securities is 6.63% and 6.79% as at 2025 and 2024, respectively.

The corporate loans have maturity dates ranging between one to ten years from the end of the reporting period. The counterparties have a minimum A credit rating. During the year, the company recognized impairment amounting to P37,240,000.

9. DUE FROM/TO BROKERS

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

Due from brokers amounted to P1,000 and P7,378,700 as at December 31, 2025 and 2024, respectively.

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

Due to brokers amounted to nil and P7,378,700 as at December 31, 2025 and 2024, respectively.

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

Commission expense amounting to P7,123,358, P6,269,985 and P13,159,056 in 2025, 2024 and 2023, respectively, are paid to brokers when buying and selling shares.

10. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2025	2024
Due to investors	P 8,876,923	P8,628,965
Withholding and documentary stamp taxes	876,808	1,026,061
Professional fees	334,081	173,465
Custodianship fees	53,264	55,274
Others	41,591	31,705
	P10,182,667	P9,915,470

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.

11. RELATED PARTY TRANSACTIONS

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

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

Nature of Transaction	Transactions During the Year			Outstanding Payable		Terms	Condition	Notes
	2025	2024	2023	2025	2024			
SLAMCI - Fund Manager								
Management Distribution and Transfer fees	P132,289,450	P157,006,526	P169,256,446	P9,946,231	P11,831,462	Non-interest bearing; Annual rate of 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	P494,399	P254,905	P254,740	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

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

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

12. EQUITY

Movements are as follows:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized:						
P0.01 par value						
At January 1	5,000,000,000	P50,000,000	5,000,000,000	P50,000,000	5,000,000,000	P50,000,000
Issued and fully paid:						
At December 31	4,837,935,154	P48,379,352	4,837,935,154	P48,379,352	4,837,935,154	P48,379,352
Treasury shares:						
At January 1	3,135,969,005	P11,615,579,329	2,860,577,353	P10,648,833,332	2,664,216,848	P10,007,423,963
Acquired during the year	305,492,869	1,060,979,692	326,619,505	1,160,147,463	236,897,250	794,350,394
Reissuance	(24,236,804)	(91,484,802)	(51,227,853)	(193,401,466)	(40,536,745)	(152,941,025)
At December 31	3,417,225,070	P12,585,074,219	3,135,969,005	P11,615,579,329	2,860,577,353	P10,648,833,332

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

Incorporation

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

Approved changes

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

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

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

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

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

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

Current state

As at December 31, 2025, the Company has 1,420,710,084 issued and outstanding shares out of 5,000,000,000 authorized share capital with a par value of P0.01 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2010	P2.6305	4,527,863,543	(1,285,564,252)	3,242,299,291
2011	P2.7223	1,042,495,296	(1,099,860,810)	3,184,933,777
2012	P3.4129	1,174,767,734	(861,565,785)	3,498,135,726
2013	P3.3652	501,572,025	-	3,999,707,751
2014	P3.7603	1,259,270,040	(819,345,180)	4,439,632,611
2015	P3.5886	515,695,765	(694,975,648)	4,260,352,728
2016	P3.4914	504,693,229	(1,011,826,420)	3,753,219,537
2017	P3.9963	327,154,676	(854,493,293)	3,225,880,920
2018	P3.6514	507,974,199	(663,354,112)	3,070,501,007
2019	P3.8635	136,914,200	(637,313,671)	2,570,101,536
2020	P3.5733	103,149,322	(274,704,661)	2,398,546,197
2021	P3.5910	95,597,706	(216,640,849)	2,277,503,054
2022	P3.3296	57,758,443	(161,543,191)	2,173,718,306
2023	P3.4081	40,536,745	(236,897,250)	1,977,357,801
2024	P3.4937	51,227,853	(326,619,505)	1,701,966,149
2025	P3.4235	24,236,804	(305,492,869)	1,420,710,084

The total number of shareholders as at December 31, 2025, 2024 and 2023 are 54,806, 54,620 and 54,120, 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, have 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.

13. ADDITIONAL PAID - IN CAPITAL

Additional paid-in capital of P12,250,108,189, P12,254,184,380 and P12,264,228,552 as at December 31, 2025, 2024 and 2023, respectively, pertains to excess payments over par value from investors and from reissuance of treasury shares.

14. NET ASSET VALUE PER SHARE

NAVPS is computed as follows:

	Note	2025	2024
Total equity		P 4,863,776,850	P 5,946,103,844
Outstanding shares	12	1,420,710,084	1,701,966,149
NAVPS		P 3.4235	P 3.4937

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.

15. INTEREST INCOME

This account consists of interest income on the following:

	Notes	2025	2024	2023
Fixed-income securities	7	P148,858,576	P164,848,084	P158,781,473
Financial asset at amortized cost	8	11,921,900	16,160,344	19,551,142
Cash in banks	6	178,564	223,150	247,577
Cash equivalents		-	901,913	13,393,338
		P160,959,040	P182,133,491	P191,973,530

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 in equivalents in 2025, 2024 and 2023 are as follows:

	Note	2025	2024	2023
Financial asset at amortized cost		6.63%	6.88%	6.43%
Fixed-income securities		6.13%	7.75%	6.17%
Cash in banks	6	0.40%	0.38%	0.11%
Cash equivalents		-	1.68%	19.11%

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

16. EARNINGS (LOSS) PER SHARE

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

	2025	2024	2023
Total comprehensive income (loss) for the year	(P108,755,913)	P 183,786,931	P 153,447,240
Weighted average number of shares:			
Issued and outstanding	1,594,498,561	1,856,695,988	2,100,938,889
Basic earnings (loss) per share	(P 0.068)	P 0.099	P 0.073

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

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value classified under Level 1 and Level 2 based on the degree to which the inputs to fair value are observable.

	Note	Level 1	Level 2	Total
December 31, 2025				
Investment in listed equity securities	7	P1,983,713,463	P -	P1,983,713,463
Fixed-income securities	7	2,623,575,309	71,436,720	2,695,012,029
		P4,607,288,772	P71,436,720	P4,678,725,492
December 31, 2024				
Investments in listed equity securities	7	P3,204,405,950	P -	P3,204,405,950
Fixed-income securities	7	2,193,855,521	288,106,967	2,481,960,488
		P5,398,259,471	P288,106,967	P5,686,366,438

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

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

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into Level 3 fair value measurements for the years ended December 31, 2025 and 2024.

Financial assets and liabilities not measured at fair value

The following financial assets and financial liabilities are not measured at fair values on recurring basis, but the fair value disclosure is required:

	Note	Carrying Amounts	Level 3
December 31, 2025			
Financial Assets			
Financial asset at amortized cost	8	P141,797,527	P133,591,365
December 31, 2024			
Financial Assets			
Financial asset at amortized cost	8	P189,755,411	P189,755,411

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

The fair values of corporate loans were determined based on the discounted cash flow analysis using the Company's estimated cost of borrowing of 6.63% and 6.79% in 2025 and 2024, respectively.

18. INCOME TAXES

Details of income tax expense are as follows:

	2025	2024	2023
Final tax	P36,245,379	P40,866,164	P45,102,955
MCIT	367,587	485,733	454,076
	P36,612,966	P41,351,897	P45,557,031

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) before tax	(P72,142,947)	P225,138,828	P199,004,271
Tax expense (benefit) at 25%	(P18,035,737)	P 56,284,707	P 49,751,068
Adjustment for income subject to lower tax rate	2,720,402	5,474,730	8,817,313
Tax effects of:			
Net realized losses (gains) on investments	34,578,773	(2,199,311)	11,153,270
Unrecognized Net Operating Loss Carry-over (NOLCO)	28,878,773	31,383,349	34,592,063
Dividend income exempt from tax	(21,736,687)	(24,135,850)	(22,749,406)
Provision for (reversal of) estimated credit losses	9,287,221	(28,686)	(76,155)
Net unrealized losses (gains) on investments	552,634	(25,912,775)	(36,385,198)
Unrecognized MCIT	367,587	485,733	454,076
	P36,612,966	P 41,351,897	P 45,557,031

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

Among others, the Act includes the following significant revisions:

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

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

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2025 Balance
2023	2026	P138,368,250	P -	P -	P138,368,250
2024	2027	125,533,397	-	-	125,533,397
2025	2028	-	115,515,093	-	115,515,093
		P263,901,647	P115,515,093	P -	P379,416,740

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

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2025 Balance
2021	2026	P134,138,266	P -	P -	P134,138,266

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	Change in tax rate	Applied Current Year	Expired	Unapplied
2022	2025	P 429,631	P -	P -	P429,631	P -
2023	2026	454,076	-	-	-	454,076
2024	2027	485,733	-	-	-	485,733
2025	2028	367,587	-	-	-	367,587
		P1,737,027	P -	P -	P429,631	P1,307,396

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

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

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 share market and movements in NAVPU of investments in UITF. There has been no change in the manner in which the Company manages and measures the risk.

Interest rate risk

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

The primary source of the Company's interest rate risk relates to cash in banks, cash equivalents, fixed-income securities and corporate loans. Interest rates of the financial assets are disclosed in Notes 6 and 15.

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

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

The following table details the increase or decrease in net profit after tax if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2025, 2024 and 2023:

Change in Interest rates	Increase (Decrease) in Net Profit or Loss/Equity		
	2025	2024	2023
+50 basis	(P42,707,485)	(P55,756,549)	(P54,009,253)
-50 basis	P48,151,075	P58,006,305	P58,860,623

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

Equity price risk

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

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

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPU of investments in UITF had been 2% higher or lower, profit or loss for the years ended December 31, 2025, 2024 and 2023 would have increased or decreased by P39,229,917, P62,544,877 and P71,074,849, respectively.

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

Credit risk

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

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

	Notes	2025	2024
Cash in banks	6	P 33,144,961	P 57,115,943
Financial assets at FVTPL	7	2,695,012,029	2,481,960,488
Financial assets at amortized cost - net	8	141,797,527	189,755,411
Due from brokers	9	1,000	7,378,700
Accrued interest receivable	7, 8	28,473,329	31,567,860
Dividends receivable	7	-	1,287,350
		P2,898,428,846	P2,769,065,752

ECL measurement

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

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

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

Measuring ECL – Explanation of inputs, assumptions and estimation techniques

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

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

Given that the Company currently has no history of default on their portfolio, a model which incorporates internal default experience is not feasible. For the 12M and Lifetime PD, the Company uses external benchmarking of current internal credit ratings to Standard and Poor's using one-year transition matrices in S&P's Annual Global Corporate Default Study and Rating Transition reports. From the transition matrices, cumulative PDs are identified. The overall PD for a specific time horizon is calculated from the cumulative PD, by determining the marginal PD and taking the conditional probability of default given that it has not yet defaulted prior to the said time horizon. The resulting overall PDs are the values that will act as components in ECL calculation. Lifetime PD is developed by analysis of the transition matrices over the maximum life of active loans, which is 6 years.

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

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

The table below summarizes the LGD value for each category of financial assets at amortized costs.

Category	LGD value
Loans	27%

Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit rating and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. The Company assessed that the key economic variables are unemployment rates for 2024 and 2023.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are based on the economic data from the International Monetary Fund (IMF) from year 2025 until 2030. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of EAD and LGD.

In addition to the base economic scenario, the best value economically spanning from the historical years is taken (upside forecasts). A similar approach applies for the downside forecasts. The scenario weightings are determined by a combination of statistical analysis and expert credit judgment, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 2025 and 2024.

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

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at December 31, 2025 and 2024:

	Note	Internal Credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
2025							
Financial asset at AC	8	A	Stage 1	12-month ECL	P 85,248,000	P 92,799	P 85,155,201
Financial asset at AC	8	AAA	Stage 2	Lifetime ECL	56,715,000	72,674	56,642,326
Financial asset at AC	8	AAA	Stage 3	Lifetime ECL	37,240,000	37,240,000	-
					P179,203,000	P37,405,473	P141,797,527
2024							
Financial asset at AC	8	A	Stage 1	12-month ECL	P133,240,000	P113,063	P133,126,937
Financial asset at AC	8	AAA	Stage 2	Lifetime ECL	56,772,000	143,526	56,628,474
					P190,012,000	P256,589	P189,755,411

As at December 31, 2025 and 2024, the Company's financial assets measured at amortized cost amounted to P61,619,290 and P97,349,853, respectively. These amounts consist of cash in banks (Note 6), due from brokers (Note 9), accrued interest receivable (Notes 7 and 8), and dividend receivable (Note 7). Details of the breakdown are disclosed in the respective notes. All financial assets are classified as Stage 1 under PFRS 9. No loss allowance has been recognized as at December 31, 2025 and 2024 as all financial assets have high credit quality and low credit risk accordingly, based on the financial institutions being licensed, regulated banks with strong market reputations, and the related party's solid financial position and historical payment performance and the gross carrying amount equals the net carrying amounts for all financial assets.

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

	Gross Carrying Amount				ECL					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
January 1, 2024	P160,984,288	P119,627,400	P	-	P280,611,688	P169,542	P201,790	P	-	P371,332
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	(27,744,288)	(62,855,400)	-	(90,599,688)	(56,479)	(58,264)	-	-	(114,743)	
Transfers between stages	-	-	-	-	-	-	-	-	-	
December 31, 2024	133,240,000	56,772,000	-	190,012,000	113,063	143,526	-	-	256,589	
Additions	-	-	-	-	-	-	-	-	-	
Disposals	(10,752,000)	(57,000)	-	(10,809,000)	(20,264)	(70,852)	-	-	(91,116)	
Transfers between stages	(37,240,000)	-	37,240,000	-	-	-	37,240,000	-	37,240,000	
December 31, 2025	P85,248,000	P56,715,000	P37,240,000	P179,203,000	P92,799	P72,674	P37,240,000	P37,405,473		

Liquidity risk

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

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

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

The Fund Manager manages liquidity risk by continuously monitoring forecasts 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	P 8,876,923	P428,936	P 9,305,859
Payable to fund manager	9,946,231	-	9,946,231
	P18,823,154	P428,936	P19,252,090
2024			
Accrued expenses and other payables	P 8,628,965	P260,444	P 8,889,409
Due to brokers	7,378,700	-	7,378,700
Payable to fund manager	11,831,462	-	11,831,462
	P27,839,127	P260,444	P28,099,571

The difference between the carrying amount of accrued expenses and other payables disclosed in the statements of financial position and the amount disclosed in this note pertains to withholding and documentary stamp taxes that are not considered financial liabilities.

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

	Average Effective Interest Rate	Less than One Year	One to Five Years	Five to Ten Years	More than Ten Years	Total
2025						
Cash in banks	0.40%	P33,144,961	P -	P -	P -	P 33,144,961
Financial assets at FVTPL	6.13%	39,223,832	1,970,526,426	586,301,425	98,960,346	2,695,012,029
Financial assets at AC	6.63%	37,240,000	56,715,000	85,248,000	-	179,203,000
Due from brokers		1,000	-	-	-	1,000
Accrued interest receivable		28,473,329	-	-	-	28,473,329
		P138,083,122	P2,027,241,426	P671,549,425	P98,960,346	P2,935,834,319
2024						
Cash in banks	0.38%	P57,115,943	P -	P -	P -	P57,115,943
Financial assets at FVTPL	7.75%	18,255,727	1,250,653,721	678,248,612	534,802,428	2,481,960,488
Financial asset at AC	6.88%	43,313,000	106,763,000	39,936,000	-	190,012,000
Due from brokers		7,378,700	-	-	-	7,378,700
Accrued interest receivable		31,567,860	-	-	-	31,567,860
Dividends receivable		1,287,350	-	-	-	1,287,350
		P158,918,580	P1,357,416,721	P718,184,612	P534,802,428	P2,769,322,341

The Company expects to meet its obligations from operating cash flows and proceeds from 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 12.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 12, 13 and 14 to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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

- It does not issue senior securities;
- It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- It does not invest more than twenty percent (20%) of its net assets in real estate properties and developments, subject to investment restrictions and/or limitations under applicable law, if any;
- It does not purchase or sell commodity futures contracts;

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

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

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

As at December 31, 2025 and 2024, the Company is in compliance with the above requirements and minimum equity requirement of the SEC of P50,000,000 pursuant to Section 3 of SEC Memorandum Circular No.33-2020.

The equity ratio at year-end is as follows:

	2025	2024
Equity	P4,863,776,850	P5,946,103,844
Total assets	4,883,905,748	5,975,229,476
Equity ratio	0.9959:1	0.9951:1

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

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

The following information on taxes and license fees paid or accrued during the 2025 taxable year is presented for purposes of filing with the BIR and are not a required part of the basic financial statements.

Documentary stamp tax

Documentary stamp taxes incurred by the Company during 2025 amounted to P16,508 representing taxes in connection with the issuance of share certificates by the Company to its shareholders. The documentary stamp tax paid by the Company to the BIR includes those charged against the shareholders' investment for share certificate issuances in excess of ten (10) inter-fund transfers per calendar year.

Other taxes and licenses

Details of other taxes and licenses and permit fees paid or accrued in 2025 are as follows:

Charged to Operating Expenses	
Business tax	P694,659
Filing and registration fees	35,500
Residence or community tax	2,000
Others	7,575
	P739,734

Withholding taxes

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

	Paid	Accrued	Total
Expanded withholding taxes	P9,765,811	P876,808	P10,642,619

Deficiency tax assessments

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

22. 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.
