



SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.: CS200403363

Company Name: SUN LIFE PROSPERITY PESO STARTER FUND, INC.

Industry Classification: O93099

Company Type: Stock Corporation

Document Information

Document ID: OST104142026811217412

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



SEC eFast Initial Acceptance

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Dear **SUN LIFE PROSPERITY PESO STARTER 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: CS200403363

Company Name: SUN LIFE PROSPERITY PESO STARTER FUND, INC.

Document Code: AFS

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

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SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
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Transaction Code: **AFS-0-NS23V1PS0D6F9HDLQWSMVRQN0N3PM4PM**

Submission Date/Time: **Apr 13, 2026 09:45 PM**

Company TIN: **230-320-863**

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 230-320-863-000
Name	: SUN LIFE PROSPERITY PESO STARTER FUND, INC.
RDO	: 044
Form Type	: 1702
Reference No.	: 462600071818473
Amount Payable (Over Remittance)	: 208,985.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/07/2026
Tax Type	: IT

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 Kawanihan ng Rentas Internas

eFPS Payment Details

TIN : 230 - 320 - 863 - 000
Name : SUN LIFE PROSPERITY PESO STARTER FUND, INC.
Tax Period : 12/31/2025
Reference Number : 462600071818473
Tax Type : IT - Annual Income Tax Return (REGULAR)

Payment Transaction Number	: 265835510						
Date	: 04/07/2026						
Cash Amount Paid	: 208,985.00						
Bank	: 026000 - RCBC						
Origin	Bank Code	Amount	Number	Date	Status	Message	CBR BCS No.
Pending Online Confirmation	026000	208,985.00	-		Unknown	60 - Details of Payment were redirected to the corresponding Bank. Please verify with your Bank.	0
Batch Confirmation	026000	208,985.00	04072026225618383103	04/10/2026	Authorized	0 - Successful	0
Batch Acknowledgment	026000	208,985.00	04072026225618383103	04/10/2026	Authorized	0 - Successful	0

Total Payments (Successful/Unsuccessful): 208,985.00

Total Payments (Successful) : 208,985.00



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

The Management of Sun Life Prosperity Peso Starter 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.

[Redacted signature box]

Benedicto C. Sison, Chairman of the Board

[Redacted signature box]

Valerie N. Pama, President

[Redacted signature box]

Candy S. Esteban, Treasurer

Signed this 25th day of March 2026.




MAR 25 2026

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

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

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

Doc. No. 15
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 PROSPERITY PESO STARTER FUND, INC.
(An Open-end Investment Company)
Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Prosperity Peso Starter 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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Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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



Report on Other Legal and Regulatory Requirements

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

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

Navarro Amper & Co.

BOA/PRC ACR. No. 0004, October 1, 2024; valid until September 22, 2027


SEC ACR 0004-SEC (Group A), December 7, 2021; valid to audit 2021 to 2025 financial statements




Joeffrey Mark P. Ferrer

Partner

CPA Certif

BOA/PRC /  October 1, 2024; valid until September 22, 2027

SEC ACR. ), August 2, 2022; valid to audit 2021 to 2025 financial statements

BIR  2024, July 16, 2024; effective until July 15, 2027

TIN

PTR , 2026, Taguig City

Taguig City, Philippines

March 31, 2026



SUN LIFE PROSPERITY PESO STARTER FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	6	P 1,685,058,086	P 3,271,984,896
Financial assets at fair value through profit or loss	8	7,630,665,592	6,001,030,230
Financial assets at amortized cost - current portion	9	201,432,932	1,817,456,213
Accrued interest receivable	7	222,754,484	176,439,928
Other current assets		-	384,537
Total Current Assets		9,739,911,094	11,267,295,804
Non-current Assets			
Financial assets at amortized cost - net of current portion	9	997,692,944	1,203,093,138
Deferred tax assets	18	15,063,106	15,177,699
Total Non-current Assets		1,012,756,050	1,218,270,837
		P10,752,667,144	P12,485,566,641
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	10	P 53,644,311	P 90,526,899
Payable to fund manager	11	3,944,433	4,868,912
Income tax payable		208,985	-
Total Current Liabilities		57,797,729	95,395,811
Equity			
Share capital	12	199,999,995	199,999,995
Additional paid-in capital	13	19,747,459,950	19,486,030,539
Retained earnings		8,921,517,274	8,471,388,576
		28,868,977,219	28,157,419,110
Treasury shares	12	(18,174,107,804)	(15,767,248,280)
Total Equity		10,694,869,415	12,390,170,830
		P 10,752,667,144	P12,485,566,641
Net Asset Value Per Share	14	P 1.4815	P 1.4258

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER 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	P210,138,520	P418,940,694	P1,142,107,432	
Net realized gains on investments	8	588,570,683	52,218,632	30,384,084	
Other income		4,591	-	-	
		798,713,794	471,159,326	1,172,491,516	
Operating Expenses					
Management and transfer fees	11	36,216,165	48,412,177	102,277,507	
Distribution fees	11	16,461,893	22,005,535	46,489,776	
Reversal of expected credit losses	9, 19	(458,370)	(4,743,564)	(35,325,737)	
Taxes and licenses		960,899	3,441,537	4,574,262	
Custodian fees		647,070	659,109	2,222,487	
Directors' fees	11	555,078	259,222	260,026	
Professional fees		189,483	189,483	430,350	
Printing and supplies		175,160	156,502	413,948	
Miscellaneous		112,986	232,870	60,774	
		54,860,364	70,612,871	121,403,393	
Profit Before Net Unrealized Gains		743,853,430	400,546,455	1,051,088,123	
Net Unrealized Gains (Losses) on Investments	8	(258,726,108)	216,248,777	63,587,283	
Profit Before Tax		485,127,322	616,795,232	1,114,675,406	
Income Tax Expense	18	34,998,624	72,010,471	209,159,167	
Total Comprehensive Income for the Year		P450,128,698	P544,784,761	P905,516,239	
Basic Earnings per Share	16	P 0.055	P 0.047	P 0.047	
Diluted Earnings per Share	16	P 0.055	P 0.047	P 0.020	

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER FUND, INC.

(An Open-end Investment Company)

STATEMENTS OF CHANGES IN EQUITY

	For the Years Ended December 31							
	Notes	Share Capital	Deposits for Future Share Subscriptions	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total	
Balance, January 1, 2023	12, 13	P199,999,995	P25,185,465,266	P 19,834,438,173	P7,021,087,576	(P 3,241,750)	P52,237,749,260	
Total comprehensive income for the year		-	-	-	905,516,239	-	P905,516,239	
Transactions with owners:								
Acquisition of treasury shares during the year	12	-	-	-	-	(30,665,422,788)	(30,665,422,788)	
Reissuance of treasury shares during the year	12	-	-	(478,027,248)	-	23,939,620,920	23,461,593,672	
Redemption of deposit for future share subscriptions		-	(25,185,465,266)	-	-	-	(25,185,465,266)	
Total transactions with owners		-	(25,185,465,266)	(478,027,248)	-	(6,725,801,868)	(32,389,294,382)	
Balance, December 31, 2023	12, 13	199,999,995	-	19,356,410,925	7,926,603,815	(6,729,043,618)	20,753,971,117	
Total comprehensive income for the year		-	-	-	544,784,761	-	544,784,761	
Transactions with owners:								
Acquisition of treasury shares during the year	12	-	-	-	-	(14,132,409,476)	(14,132,409,476)	
Reissuance of treasury shares during the year	12	-	-	129,619,614	-	5,094,204,814	5,223,824,428	
Total transactions with owners		-	-	129,619,614	-	(9,038,204,662)	(8,908,585,048)	
Balance, December 31, 2024	12, 13	199,999,995	-	19,486,030,539	8,471,388,576	(15,767,248,280)	12,390,170,830	
Total comprehensive income for the year		-	-	-	450,128,698	-	450,128,698	
Transactions with owners:								
Acquisition of treasury shares during the year	12	-	-	-	-	(7,380,839,983)	(7,380,839,983)	
Reissuance of treasury shares during the year	12	-	-	261,429,411	-	4,973,980,459	5,235,409,870	
Total transactions with owners		-	-	261,429,411	-	(2,406,859,524)	(2,145,430,113)	
Balance, December 31, 2025	12, 13	P199,999,995	P	-	P19,747,459,950	P8,921,517,274	(P18,174,107,804)	P10,694,869,415

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER 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 before tax		P 485,127,322	P 616,795,232	P 1,114,675,406
Interest income	15	(210,138,520)	(418,940,694)	(1,142,107,432)
Net unrealized (gains) losses on investments	8	258,726,108	(216,248,777)	(63,587,283)
Reversal of expected credit losses	9, 19	(458,370)	(4,743,564)	(35,325,737)
Net realized (gains) losses on investments	8	(588,570,683)	(52,218,632)	(30,384,084)
Operating cash flows before working capital changes		(55,314,143)	(75,356,435)	(156,729,130)
Decrease (Increase) in: Other current assets		384,537	(358,212)	-
Increase (Decrease) in:				
Accrued expenses and other payables		(36,882,588)	(17,000,094)	(105,513,171)
Payable to fund manager		(924,479)	(2,430,317)	(11,955,608)
Cash used in operations		(92,736,673)	(95,145,058)	(274,197,909)
Acquisition of financial assets at fair value through profit or loss	8	(12,636,951,621)	(2,113,148,895)	(4,250,000,000)
Proceeds from maturities and disposals of financial assets at fair value through profit or loss		11,337,160,833	1,075,762,080	7,354,066,395
Interest received		163,823,964	458,468,676	1,404,267,197
Income taxes paid		(34,675,046)	(73,941,984)	(210,987,934)
Net cash generated from (used in) operating activities		(1,263,378,543)	(748,005,181)	4,023,147,749
Cash Flows from Investing Activities				
Acquisition of financial assets at amortized cost	9	(348,217,925)	-	(1,348,000,000)
Maturities of financial assets at amortized cost		2,170,099,771	8,869,729,145	22,062,990,175
Net cash generated from investing activities		1,821,881,846	8,869,729,145	20,714,990,175
Cash Flows from Financing Activities				
Proceeds from reissuance of treasury shares		5,235,409,870	5,223,824,428	23,461,593,672
Payments on acquisition of treasury shares	12	(7,380,839,983)	(14,132,409,476)	(30,665,422,788)
Payments on redemption of deposit for future share subscriptions		-	-	(25,185,465,266)
Net cash used in financing activities		(2,145,430,113)	(8,908,585,048)	(32,389,294,382)
Net Decrease in Cash and Cash Equivalents		(1,586,926,810)	(786,861,084)	(7,651,156,458)
Cash and Cash Equivalents, Beginning		3,271,984,896	4,058,845,980	11,710,002,438
Cash and Cash Equivalents, End		P 1,685,058,086	P 3,271,984,896	P 4,058,845,980

See Notes to Financial Statements.

SUN LIFE PROSPERITY PESO STARTER 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 Prosperity Peso Starter Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on March 5, 2004 and started commercial operations on July 1, 2004. 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 maximize income and is considered consistent with capital protection through investments in fixed-income securities and other related investments issued by the Philippine government, commercial papers issued by corporations within the Philippines, certificates of deposit and other short-term peso-denominated instruments. 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 that provides 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 2nd Floor, 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 74,674 shareholders and 72,947 shareholders, respectively, each holding at least 100 shares of the Company's common shares.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation and Presentation

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

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

Functional and Presentation Currency

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

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of 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 this standard 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 Company 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 and financial assets at FVOCI.

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

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

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

Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECL are presented in the statements 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.

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.

Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Share capital

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

Retained earnings

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

Repurchase, disposal and reissuance of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable cost, net of any tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as increase in equity, and the resulting surplus or deficit on the transaction is presented as additional paid-in capital.

Deposit for future share subscriptions (DFFS)

DFFS is recorded at historical cost. According to Financial Reporting Bulletin (FRB) No. 6 as issued by SEC, it is classified as equity when all of the following criteria are met:

- the unissued authorized capital share of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is Board of Directors' approval on the proposed increase in authorized capital share (for which a deposit was received by the Company);
- there is shareholders' approval of said proposed increase; and
- the application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

DFFS is classified as liability, when the above criteria are not met.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current asset when the cost of services related to the prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Revenue Recognition

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

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Realized gains or losses

Gains or losses arising on the disposal of investments are determined as the difference between the sales proceeds and the carrying amount of the investments and is recognized in profit or loss.

Fair value gains or losses

Gains or losses arising from changes in fair values of investments are disclosed under the policy on financial assets.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when incurred.

Expenses in the statements of comprehensive income are presented using the function of expense method. Investment expenses are transaction costs incurred in the purchase and sale of investments. Operating expenses are costs attributable to the administrative and other business expenses of the Company including management fees and custodianship fees.

Fair Value

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Related Party Transactions

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

Taxation

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

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 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 expense represents final taxes withheld on interest income from cash and cash equivalents and fixed-income securities and final taxes withheld on proceeds from sale of listed equity securities.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is 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 asset and liability 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 asset 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 asset and liability 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 per Share

The Company computes its basic earnings 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 per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of DFFS which are dilutive potential ordinary shares.

Net Asset Value per Share (NAVPS)

The Company computes its NAVPS by dividing the total net asset value as at the end of the reporting period by the number of issued and outstanding shares and shares to be issued on deposit 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 estimates, 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 depend on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

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 cashflows 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 P7,630,665,592 and P6,001,030,230, respectively, as disclosed in Note 8.

As at December 31, 2025 and 2024, the Company's financial assets measured at amortized cost amounted to P3,106,938,446 and P6,468,974,175, respectively, composed of cash and cash equivalents, financial assets at amortized cost, and accrued interest receivable as disclosed in Notes 6, 9, and 7, respectively.

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.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (PHP). The PHP is the currency of the primary economic environment in which the Company operates. It is the currency being used to report the Company's results of operations.

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 P199,999,995 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 for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 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 estimated allowance for credit losses for financial instruments measured at amortized cost amounted to P2,307,056 and P2,765,426, respectively, as disclosed in Notes 9 and 19. Financial assets at amortized cost as at December 31, 2025 and 2024 amounted to P1,199,125,876 and P3,020,549,351, respectively, as disclosed in Note 9. Accrued interest receivable as at December 31, 2025 and 2024 amounted to P222,754,484 and P176,439,928, respectively, as disclosed in Note 7.

Deferred tax asset

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

Total deferred tax assets recognized in the statements of financial position as at December 31, 2025 and 2024 amounted to P15,063,106 and P15,177,699, respectively, as disclosed in Note 18.

6. CASH AND CASH EQUIVALENTS

This account consists of:

	2025	2024
Cash in banks	P 50,687,036	P 307,284,896
Cash equivalents	1,634,371,050	2,964,700,000
	P1,685,058,086	P3,271,984,896

Cash in banks earned interest amounting to P297,691, P786,798, and P2,182,603 at average rates of 0.17%, 0.23% and 0.13% in 2025, 2024 and 2023, respectively, as disclosed in Note 15.

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

Cash equivalents earned interest income amounting to P112,803,926, P186,437,085 and P356,214,353 at average rates of 4.91%, 5.62% and 6.91% in 2025, 2024 and 2023, respectively, as disclosed in Note 15. Accrued interest receivable amounted to P8,170,607 and P1,586,445 as at December 31, 2025 and 2024, respectively, as disclosed in Note 7.

7. ACCRUED INTEREST RECEIVABLE

This account consists of accrued interest on the following:

	Notes	2025	2024
Financial assets at amortized cost	9	P214,583,877	P174,853,483
Cash and cash equivalents	6	8,170,607	1,586,445
		P222,754,484	P176,439,928

Collection of interest depends on the scheduled interest payments of each asset held.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2025	2024
Investments in unit investment trust funds (UITFs)	P 440,630,881	P6,001,030,230
Investment in Treasury bills	7,190,034,711	-
	P7,630,665,592	P6,001,030,230

Investments in UITFs are placed in universal banks and are redeemable anytime. Special savings deposits have contractual maturity of more than three months.

Investments in Treasury bills are zero-coupon debts backed up by government with a maturity of one year or less.

Interest income earned on special savings deposits amounted to P37,835,817, P161,865,960 and P545,859,344 in 2025, 2024 and 2023, respectively, as disclosed in Note 15. Average rates earned on these investments are also disclosed in Note 15. There is no accrued interest receivable as at December 31, 2025 and 2024.

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

	2025	2024	2023
Net realized gains	P588,570,683	P 52,218,632	P30,384,084
Net unrealized gains (losses)	(258,726,108)	216,248,777	63,587,283
	P329,844,575	P268,467,409	P93,971,367

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

	2025	2024	2023
Balance, January 1	P6,001,030,230	P4,695,176,007	P8,704,871,037
Additions	12,636,951,621	2,113,148,895	4,250,000,000
Disposal	(10,748,590,151)	(1,023,543,449)	(8,323,282,313)
Unrealized gains (losses)	(258,726,108)	216,248,777	63,587,283
Balance, December 31	P7,630,665,592	P6,001,030,230	P4,695,176,007

9. FINANCIAL ASSETS AT AMORTIZED COST - net

This account consists of:

	Note	2025	2024
Current			
Corporate bonds		P 201,432,932	P1,817,456,213
Non-current			
Corporate bonds			205,858,564
Treasury notes		1,000,000,000	1,000,000,000
Less: Expected Credit Loss	19	(2,307,056)	(2,765,426)
		997,692,944	1,203,093,138
		P1,199,125,876	P3,020,549,351

The following are the principal amounts and unamortized discount:

	2025	2024
Principal amounts	P1,201,432,932	P3,023,900,000
Unamortized discount	-	(585,223)
	P1,201,432,932	P3,023,314,777

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

	Note	2025	2024	2023
Balance, January 1		P3,020,549,351	P11,885,534,931	P31,565,599,367
Additions		348,217,925	-	1,348,000,000
Maturities		-	(2,060,000,000)	-
Disposal		(2,148,403,636)	(6,805,518,841)	(21,204,739,578)
Amortization of discount (premium) - net		(21,696,134)	(4,210,303)	141,349,404
Provision for ECL	19	458,370	4,743,564	35,325,738
Balance, December 31		P1,199,125,876	P3,020,549,351	P11,885,534,931

No realized gains from sale of financial assets at amortized cost in 2025, 2024, and 2023 are part of the net realized gains on investment as presented in the statements of comprehensive income. The disposal of financial assets of the Company is attributable to an isolated event that is beyond the Company's control, is non-recurring and could not have been reasonably anticipated by the Company. The main reason for the disposal is to raise cash for anticipated redemptions or to shift to higher-rated securities to improve asset quality of the Company.

Interest income earned on financial assets at amortized cost amounted to P59,201,086, P69,850,851 and P237,851,132 in 2025, 2024 and 2023, respectively, as disclosed in Note 15. The average interest rates of financial assets at amortized cost are also disclosed in Note 15. Accrued interest receivable amounted to P214,583,877 and P174,853,483 as at December 31, 2025 and 2024, respectively, as presented as part of the accrued interest receivable in the statement of financial position.

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

	2025	2024	2023
Amortization of discount (premium)	(P21,696,134)	(P4,210,303)	P141,349,404

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 201,432,932	P1,823,900,000
Due after one year through five years	-	200,000,000
Due more than five years	1,000,000,000	1,000,000,000
	P1,201,432,932	P3,023,900,000

10. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2025	2024
Filing and registration fees payable	P48,117,811	P48,117,811
Due to investors	4,014,646	40,937,714
Professional fees	918,830	827,732
Withholding taxes and documentary stamp taxes	437,305	519,118
Custodianship fees	66,658	51,564
Others	89,061	72,960
	P53,644,311	P90,526,899

Filing and registration fees payable pertains to the amount payable to the SEC in relation with the Company's authorized share capital increase application. As at December 31, 2025 and 2024, accrued filing and registration fees payable amounted to P48,117,811, no fees incurred during these years.

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 one day after the transaction date.

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 related parties below hold the following numbers and current values of shares of the Company as at December 31, 2025 and 2024:

Related party	2025		2024	
	Number of shares	Current Values	Number of shares	Current Values
SLOCPI				
ACS	65,354,220	P96,819,042	186,749,786	P266,267,844
Sun Life Prosperity Achiever Fund 2028, Inc.				
ACS	39,335,805	58,274,048	39,335,805	56,084,991
Sun Life Prosperity Achiever Fund 2038, Inc.				
ACS	39,335,805	58,274,048	39,335,805	56,084,991
Sun Life Prosperity Achiever Fund 2048, Inc.				
ACS	39,335,805	58,274,048	39,335,805	56,084,991
Sun Life Holding Co.				
ACS	3,446,418	5,105,698	-	-
Sun Life Grepa Financial, Inc.				
ACS	2,477,859	3,670,825	75,449,504	107,575,903
Sun Life Financial Philippine Foundation, Inc.				
ACS	20,733,967	30,716,346	20,733,967	29,562,490

Subscriptions of related parties classified as DFFS are recorded at historical cost. It will be reclassified into ACS once the SEC approves the application for increase in ACS. These are non-interest bearing and are settled in cash based on the current NAVPS of the Company one day after the date of their redemptions.

The details of transactions and balances with related parties are set out below:

Nature of Transactions	Transactions During the Year			Outstanding Payable		Terms	Condition	Notes
	2025	2024	2023	2025	2024			
SLAMCI – Fund Manager								
Management, distribution and transfer fees	P 52,678,058	P 70,417,712	P 148,767,283	P 3,944,433	P 4,868,912	Non-interest bearing; 0.40% of average daily net assets; settled in cash on or before the 15 th day of the following month	Unsecured; Unguaranteed	a
Key Management Personnel								
Directors' fees	P 555,078	P 259,222	P 260,026	P -	P -	Payable on demand; settled in cash	Unsecured; Unguaranteed	b
Affiliates								
Sun Life Grepa Financial Inc								
Purchase	P -	P 5,460,421	P -	P -	P -	Payable on demand; settled in cash	Unsecured; Unguaranteed	c

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 0.25% 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% 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 of 2018 published by the SEC. The agreements shall remain to continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

b. Remuneration of Directors

Remuneration of directors is usually paid based on the meetings held and attended. There were no outstanding 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.

c. Purchase and Sale of Investments

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

12. EQUITY

Movements are as follows:

	2025		2024		2023	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized:						
At P0.01 par value	20,000,000,000	P200,000,000	20,000,000,000	P 200,000,000	20,000,000,000	P200,000,000
Issued and fully paid:						
At January 1	19,999,999,529	P199,999,995	19,999,999,529	P 199,999,995	19,999,999,529	P199,999,995
Issuances of new shares during the year	-	-	-	-	-	-
At December 31	19,999,999,529	P199,999,995	19,999,999,529	P 199,999,995	19,999,999,529	P199,999,995
Treasury shares:						
At January 1	11,310,156,121	P15,767,248,280	4,913,665,342	P6,729,043,618	2,422,352	P3,241,750
Acquisition	5,081,490,989	7,380,839,983	10,119,963,374	14,132,409,476	22,601,401,810	30,665,422,788
Reissuance	(3,610,811,145)	(4,973,980,459)	(3,723,472,595)	(5,094,204,814)	(17,690,158,820)	(23,939,620,920)
At December 31	12,780,835,965	P18,174,107,804	11,310,156,121	P15,767,248,280	4,913,665,342	P6,729,043,618
DFFS						
At January 1	-	P -	-	P -	19,031,500,211	P25,185,465,266
Receipt	-	-	-	-	-	-
Redemption	-	-	-	-	(19,031,500,211)	(25,185,465,266)
At December 31	-	P -	-	P -	-	-

Incorporation

The Company was incorporated on March 5, 2004 with 100,000,000 authorized shares at par value of P0.01 per share.

Approved changes

On October 27, 2006, the shareholders of the Company approved the blanket increase of the authorized share capital of up to One Hundred billion shares at par value of P0.01 per share. The shareholders also approved the delegation of the approval of the increase in tranches to the Board of Directors.

On April 24, 2007, the Board of Directors approved the first tranche of the increase in the Company's authorized share capital of 300,000,000 shares (from 100,000,000 shares to 400,000,000 shares both with par value of P0.01), the SEC approved the increase on January 14, 2010 and the registration statements on March 11, 2014.

On December 9, 2013, the Board delegated the approval of the implementation in tranches to the Chairman of the Company and the President of the SLAMCI. The delegation was reiterated on April 29, 2014.

On April 29, 2014, the shareholders approved the increase in the Company's authorized share capital of 5,600,000,000 shares (from 400,000,000 shares to 6,000,000,000 shares both with par value of P0.01). The increase will be implemented by the Chairman of the Board of Directors and President of SLAMCI acting jointly in tranches.

On November 10, 2015, the Chairman of the Board of Directors and the President of SLAMCI jointly authorized the increase of 5,600,000,000 shares (from 400,000,000 shares to 6,000,000,000 shares both with par value of P0.01 per share) which was subsequently approved by the SEC on March 14, 2016. The registration statement was approved on December 13, 2016.

On March 13, 2017, the Chairman of the Board of Directors and the President of SLAMCI jointly authorized the increase of 14,000,000,000 shares (from 6,000,000,000 shares to 20,000,000,000 shares both with par value of P0.01 per share).

On October 10, 2017, the SEC approved the additional 14,000,000,000 shares increase in authorized share capital, from 6,000,000,000 shares to 20,000,000,000 shares at a par value of P0.01 per share.

On December 27, 2017, the Company paid P4,759,928 SEC fees for the increase of 14,000,000,000 shares.

On December 31, 2017, the Company reclassified the 14,000,000,000 deposits for future share subscriptions to subscribed share capital.

On May 3, 2019, the SEC approved the registration statement for the 14,000,000,000 shares.

Pending application for 20,000,000,000 additional shares

On September 21, 2017, the Chairman of the Board of Directors and the President of SLAMCI jointly authorized the increase of 30,000,000,000 shares (from 20,000,000,000 shares to 50,000,000,000 shares both with par value of P0.01 per share).

On June 18, 2018, the application of the Company for the 30,000,000,000 additional shares was eventually revised to 15,000,000,000 additional shares. The Chairman of the Board of Directors of the Company and the President of SLAMCI, jointly approved the increase in authorized capital share of the Company by P150,000,000 divided into 15,000,000,000 shares.

On July 3, 2018, the application for the 15,000,000,000 shares increase was presented to SEC.

On September 3, 2019, the application of the Company for the 15,000,000,000 additional shares was increased to 20,000,000,000 additional shares. The Chairman of the Board of Directors of the Company and the President of SLAMCI, jointly approved the fourth tranche of increase in authorized capital share of the Company by P200,000,000 divided into 20,000,000,000 shares.

On November 18, 2019, the application for the 20,000,000,000 shares increase was presented to SEC.

On October 28, 2020, the Company received comments from SEC for the Company's application for increase in ACS of 20,000,000,000 shares.

In February 2021, the Company engaged a professional service firm to render its professional services in providing assistance to the Company in submission of documents as required by the SEC for the approval of 20,000,000,000 additional shares.

On March 4, 2021, the Company submitted to SEC-CRMD the requirements for the approval of 20,000,000,000 additional ACS.

On September 6, 2021, the professional service firm filed a letter of follow-up to SEC - Financial Analysis and Audit Division (FAAD) for the status of all pending ACS increase applications.

On September 7, 2021, the Company received the checklist of requirements and comments from SEC-FAAD.

On November 5, 2021, soft copy of requirements was emailed to SEC and the original documents were subsequently received by SEC on November 10, 2021.

On January 18, 2022, SEC-CGFD requested from the Company the submission of the latest Articles of Incorporation (AOI) and By-laws (BL) for the processing of the CGFD monitoring clearance.

On January 21, 2022, Punongbayan & Araullo (P&A) submitted the requested AOI and BL to the SEC-CGFD.

On February 7, 2022, the Company was advised by P&A that SEC-CRMD sent an update on the request for CGFD monitoring clearance.

On March 24, 2022, P&A submitted to SEC-CGFD the updated AOI and BL for the application of monitoring clearance.

On April 21, 2022, the Company received comments dated April 19, 2022 from SEC-CGFD in relation to the Company's request for clearance.

On May 2, 2022, P&A sent an email to SEC-CGFD requesting to consider the submission of Deed of Undertaking (DoU) similar to that submitted for Sun Life Prosperity World Voyager Fund, Inc. in lieu of immediate compliance with SEC-CGFD's comments in AOI and By-Laws.

On May 6, 2022, the Company received a response from SEC-CGFD that the department is willing to accept a similar Undertaking to submit the amended AOI and BL within 60-days from 2022 ASM and ensure that the Undertaking takes into account the details of the specific application for increase in ACS in the Undertaking (i.e., application for increase in authorized capital share from Two Hundred Million Pesos (P 200,000,000.00) divided into Twenty Billion (20,000,000,000) shares with par value of One Centavo (P 0.01) to Four Hundred Million Pesos (P 400,000,000.00) divided into Forty Billion (40,000,000,000) shares with par value of One Centavo (P 0.01) per share); and to mention to ensure that the Undertaking to obtain shareholder approval for the AOI and BL amendments is for the purpose of complying with SEC-CGFD Comment List dated 19 April 2022.

On June 3, 2022, the Company submitted to SEC-CGFD the copy of filed 2019 GIS and 2021 SEC Form 17-C and latest Deed of Undertaking of Sun Life Prosperity Dollar Starter Fund, Inc. as reference to pattern the Undertaking of the Company. This is in response to SEC-CGFD comment dated April 21, 2022.

On June 13, 2022, the Company received an e-mail from SEC-CGFD acknowledging the receipt of reportorial requirements and they confirm that these reports were timely filed with the Commission. They also confirm that the sample Deed of Undertaking executed for Sun Life Prosperity Dollar Starter Fund, Inc. may be used as reference in drafting the Company's Deed of Undertaking to file its amended articles of incorporation and by-laws, provided that the relevant details are indicated therein (e.g., details of specific application for increase in ACS and date of Comments List being complied with). They requested to submit the undertaking for their review.

On July 8, 2022, P&A submitted the draft undertaking to SEC-CGFD for pre-clearing. SEC-CGFD then acknowledged the receipt and that the e-mail was forwarded to the handling specialist.

On August 3, 2022, SEC-CGFD sent their comments on the draft undertaking, that is to submit the (1) Proposed draft amended AOI incorporating the latest application to increase ACS from

Php669 million to Php1,069 million; and (2) The Company's latest By-Laws, duly approved by the Commission, if there are no changes to be made therein in light of the pending applications for increase in ACS.

On August 10, 2022, the Company submitted to SEC-CGFD the amended By-Laws and the draft Amended AOI reflecting the application in ACS increase from Php669,000,000 to Php1,069,000,000.

On August 23, 2022, P&A forwarded an email from SEC-CGFD (dated 22 August 2023) in relation to the latest Amended AOI from P669,000,000 to P1,069,000,000 ACS increase. The Company is directed to submit its duly signed and notarized Undertaking, a draft of which was submitted last 08 July 2022.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2022) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

Currently, the Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated November 3, 2022.

On 04 October 2024, SLAMCI sent a letter to the SEC requesting to withdraw the application for the 20,000,000,000 shares increase in ACS. The Company reassessed the number of shares applied for increase in ACS, and it was determined that it no longer matches the current DFFS levels of the Company.

On 07 October 2024, the request for withdrawal was acknowledged by SEC-CRMD.

Pending application for 26,900,000,000 additional shares

On October 14, 2020, the Chairman of the Board of Directors and the President of SLAMCI jointly approved the fifth tranche of increase in ACS by 26,900,000,000 shares with par value of P0.01 per share.

On December 29, 2020, the application for the 26,900,000,000 shares increase in authorized capital share was filed with the SEC.

On February 4, 2021, the original copies of the documentary requirements were transmitted to SEC.

SEC advised the Company that this application will be processed upon approval of previous ACS increase application.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2023) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

Currently, the Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated 03 November 2022.

SEC advised the Company that this application will be processed upon approval of previous ACS increase application.

On 04 October 2024, SLAMCI sent a letter to the SEC requesting to withdraw the application for the 26,900,000,000 shares increase in ACS. The Company reassessed the number of shares applied for increase in ACS, and it was determined that it no longer matches the current DFFS levels of the Company.

On 07 October 2024, the request for withdrawal was acknowledged by SEC-CRMD.

Pending application for 40,000,000,000 additional shares

On March 11, 2021, the President of the Company and the President of SLAMCI jointly approved the sixth tranche of increase in ACS by 40,000,000,000 shares at the par value of Php0.01 per share.

On June 28, 2021, the application for the 40,000,000,000 shares increase in ACS was filed with the SEC.

SEC advised the Company that this application will be processed upon approval of previous ACS increase application.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2023) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

The Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated 03 November 2022.

On 16 December 2022, SLAMCI sent a letter to the SEC requesting to withdraw the application for the 300,000,000,000 shares increase in ACS. The Company reassessed the number of shares applied for increase in ACS, and it was determined that it no longer matches the current DFFS levels of the Company.

On 11 August 2023, the request for withdrawal was acknowledged by SEC-CRMD.

On 20 October 2023, the SEC-CRMD granted the request for withdrawal of application for increase in ACS and is considered withdrawn.

On 10 November 2023, the Company was informed through SEC-CGFD's letter dated 3 November 2023 that considering CRMD's approval of request to withdraw the application for increase in ACS, the subject request is hereby noted, subject to the Company's continuous compliance with the reduced allowable number of DFFS equivalent in shares.

Pending application for 25,000,000,000 additional shares

On May 5, 2022, the President of the Company and the President of SLAMCI jointly approved the seventh tranche of increase in ACS by P250,000,000 divided into 25,000,000,000 shares such that the total authorized share capital of the Company is now P1,319,000,000 divided into 131,900,000,000 shares at the par value of Php0.01 per share.

On June 30, 2022, the application for the 25,000,000,000 shares increase in ACS was filed with the SEC which they received and acknowledged on July 4, 2022.

On July 4, 2022, the Company received an email from SEC-FAAD advising the name of the assigned examiner.

On 09 September 2022, the Company filed an application for amendment of the Articles of Incorporation and By-Laws to comply with SEC-CGFD 19 April 2022 list of comments.

On 02 November 2022, P&A received list of comments from SEC CGFD (letter dated 25 Oct 2022) on the ACS increase application and amendment of AOI and By-Laws in compliance with 19 April 2022 List of comments.

The Company is in the process of updating the amended AOI and By-Laws in compliance with CGFD comments dated 03 November 2022.

On 16 December 2022, SLAMCI sent a letter to the SEC requesting to withdraw the application for the 300,000,000,000 shares increase in ACS. The Company reassessed the number of shares applied for increase in ACS, and it was determined that it no longer matches the current DFFS levels of the Company.

On 11 August 2023, the request for withdrawal was acknowledged by SEC-CRMD.

On 20 October 2023, the SEC-CRMD granted the request for withdrawal of application for increase in ACS and is considered withdrawn.

On 10 November 2023, the Company was informed through SEC-CGFD's letter dated 3 November 2023 that considering CRMD's approval of request to withdraw the application for increase in ACS, the subject request is hereby noted, subject to the Company's continuous compliance with the reduced allowable number of DFFS equivalent in shares.

Current state

As at December 31, 2025, the Company has 7,219,163,564 issued and outstanding shares out of the 20,000,000,000 ACS with a par value of P0.01 per share.

DFFS received in cash amounting to nil for December 31, 2025, 2024 and 2023, were classified as equity since the Company has met all of the conditions required for such recognition as disclosed in Note 4. As at December 31, 2025, the DFFS were redeemed.

As of December 31, 2025, the Company have not exceeded the allowable DFFS in shares in compliance with the Exemptive Relief from the amended Financial Reporting Bulletin (FRB) No. 6, approved by the SEC on April 28, 2022.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2009	P1.1141	-	-	99,999,729
2010	P1.1228	956,475,903	(956,477,705)	99,997,927
2011	P1.1268	1,569,004,158	(1,569,009,292)	99,992,793
2012	P1.1296	28,483,419	(28,666,408)	99,809,804
2013	P1.1261	251,357,990	(130,893,159)	220,274,635
2014	P1.1252	589,644,675	(603,224,598)	206,694,712
2015	P1.1395	739,442,729	(583,739,002)	362,398,439
2016	P1.1611	6,692,394,302	(1,062,761,649)	5,992,031,092
2017	P1.1855	21,223,189,136	(7,219,500,981)	19,995,719,247
2018	P1.2192	51,863,229,460	(59,400,728,254)	12,458,220,453
2019	P1.2650	54,444,673,091	(37,953,832,903)	28,949,060,641
2020	P1.2969	96,912,645,083	(62,038,007,124)	63,823,698,600
2021	P1.3156	145,305,942,058	(112,526,780,701)	96,602,859,957
2022	P1.3385	109,737,841,480	(167,311,624,049)	39,029,077,388
2023	P1.3757	17,690,158,820	(41,632,902,021)	15,086,334,187
2024	P1.4258	3,723,472,595	(10,119,963,374)	8,689,843,408
2025	P1.4815	3,610,811,145	(5,081,490,989)	7,219,163,564

The total number of shareholders as at December 31, 2025, 2024 and 2023 is 74,674, 72,947 and 69,934, 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 asset value less any applicable sales charges and taxes.

13. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital of P19,747,459,950, P19,486,030,539 and P19,356,410,925 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)

NAVPS is computed as follows:

	Note	2025	2024
Total equity		P10,694,869,415	P12,390,170,830
Outstanding shares	12	7,219,163,564	8,689,843,408
NAVPS		P 1.4815	P 1.4258

NAVPS is based on issued, outstanding and fully paid shares minus treasury shares plus deposits for future share subscriptions classified as equity. 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
Cash equivalents	6	P112,803,926	P186,437,085	P 356,214,353
Fixed-income securities	9	59,201,086	69,850,851	237,851,132
Special savings deposits	8	37,835,817	161,865,960	545,859,344
Cash in banks	6	297,691	786,798	2,182,603
		P210,138,520	P418,940,694	P1,142,107,432

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

	2025	2024	2023
Special savings deposits	0.00%	0.00%	2.85%
Treasury notes	0.00%	4.61%	2.05%
Treasury bonds	0.15%	3.60%	3.26%
Cash equivalents	4.91%	5.62%	6.91%
Cash in banks	0.17%	0.23%	0.13%

16. EARNINGS PER SHARE

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

	2025	2024	2023
Total comprehensive income for the year	P 450,128,698	P 544,784,761	P 905,516,239
Weighted average number of shares:			
Issued and outstanding	8,161,492,439	11,533,273,008	19,202,141,909
Potential dilutive shares	-	-	25,392,664,188
Weighted average number of outstanding shares for the purpose of computing diluted earnings per share	8,161,492,439	11,533,273,008	44,594,806,097
Basic earnings per share	P 0.055	P 0.047	P 0.047
Diluted earnings per share	P 0.055	P 0.047	P 0.020

As at December 31, 2025 and 2024, the Company has no dilutive potential ordinary shares and the DFFS in 2023 is dilutive therefore diluted earnings per share is lower than the basic earnings per share.

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, levels 1 to 3 based on the degree to which the inputs to fair value are observable.

	Note	Level 1
December 31, 2025		
Investments in UITFs	8	P 440,630,881
Investments in Treasury Bills		7,190,034,711
		<u>P7,630,665,592</u>
December 31, 2024		
Investments in UITFs	8	P6,001,030,230

The fair value of the special savings deposits is approximately the same with its carrying amount since the maturity period of these assets are less than one year.

UITFs and Treasury Bills are valued at their published Net Asset Value per Unit (NAVPU) as at reporting date.

There were no transfers between level 1 and 2 in 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 amount	Level 3
December 31, 2025			
Financial Assets			
Financial assets at amortized cost - net	9	P1,199,125,876	P1,199,125,876
December 31, 2024			
Financial Assets			
Financial assets at amortized cost - net	9	P 3,020,549,351	P 3,020,549,351

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

The fair values of financial assets at amortized cost were determined based on the discounted cash flow analysis using the Company's estimated cost of borrowing of 3.80% and 7.82% in 2025 and 2024, respectively.

There were no transfers between Levels 1, 2 and 3 in 2025 and 2024

18. INCOME TAXES

Details of income tax expense are as follows:

	2025	2024	2023
Current taxes			
Final tax	P34,019,549	P69,435,688	P186,807,427
RCIT	-	-	13,520,306
MCIT	864,482	1,388,892	-
	34,884,031	70,824,580	200,327,733
Deferred tax expense	114,593	1,185,891	8,831,434
Income tax expense	P34,998,624	P72,010,471	P209,159,167

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

	2025	2024	2023
Accounting profit before tax	P485,127,322	P616,795,232	P1,114,675,406
Tax expense at 25%	P121,281,830	P154,198,808	P 278,668,852
Adjustment for income subject to lower tax rate	34,019,549	(16,460,377)	(46,016,843)
Tax effects of:			
Net realized loss on investments	(147,142,670)	(13,054,658)	(7,596,021)
Net unrealized gains (loss) on investments	64,681,527	(54,062,194)	(15,896,821)
Interest income subject to final tax	(41,163,216)	-	-
Unrecognized Net Operating Loss Carry-over (NOLCO)	2,457,122	-	-
Unrecognized MCIT	864,482	1,388,892	-
	P 34,998,624	P 72,010,471	P 209,159,167

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

Among others, the Act includes the following significant revisions:

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

Details of the Company's NOLCO is as follows:

Year Incurred	Year of Expiry	Beginning Balance	Addition	Expired	Ending Balance
2025	2028	P -	P9,828,489	P -	P 9,828,489
		P -	P9,828,489	P -	P 9,828,489

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Amount	Change in Tax Rate	Applied Current Year	Expired	Unapplied
2024	2027	P1,388,892	P -	P -	P -	P1,388,892
2025	2028	864,482	-	-	-	864,482
		P2,253,374	P -	P -	P -	P2,253,374

Deferred tax assets

The following is the composition of deferred tax assets recognized by the Company:

	Taxes and licenses	ECL	Total
January 1, 2023	P14,486,342	P10,708,682	P25,195,024
Charged to profit or loss	-	(8,831,434)	(8,831,434)
December 31, 2023	P14,486,342	P10,708,682	P25,195,024
Charged to profit or loss	-	(1,185,891)	(1,185,891)
December 31, 2024	P14,486,342	P 691,357	P15,177,699
Charged to profit or loss	-	(114,593)	(114,593)
December 31, 2025	P14,486,342	P 576,764	P15,063,106

Based on Management's expectation of the Company's future taxable income, the Company recognizes deferred tax asset only to the extent that future taxable income will be available against which it can be utilized.

The Company's interest income from cash in banks, cash equivalents and financial assets at amortized cost are already subjected to final tax and are therefore excluded from the computation of taxable income for RCIT and MCIT, except for special savings deposits.

Realized gains on redemption of investments in UITFs and sale of treasury notes are exempted from 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, equity price risk, credit risk, 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 movements in NAVPU of investments in UITFs. 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 and cash equivalents, special savings deposits and debt investments at amortized cost. Interest rates of the financial assets are disclosed in Notes 6, 8, 9 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 cash and cash equivalents and financial assets at FVTPL at the end of each reporting period. The same is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonable effect of the maximum possible movement in interest rates.

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

Change in Interest rates	Increase (Decrease) in Net Profit/Loss or Equity		
	2025	2024	2023
+50 basis	(P8,555,096)	P13,029,306	P1,538,062
-50 basis	8,633,973	(13,029,306)	(1,538,062)

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 UITFs.

The risk is managed by the Fund Manager by actively monitoring the movements in NAVPU of investments in UITFs.

Based on the exposure to equity price risk at the end of each reporting period, if NAVPU of investments in UITFs 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 P8,800,280, P119,482,912 and P93,482,832, respectively.

Other than interest and equity price risks discussed above, there are no other market risks which 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 equivalent of investment grade of "High" down to "Satisfactory". This information is supplied by independent rating agencies, when available. If the information is not available, the Company uses other publicly available financial information and its own trading records to rate its major counterparties. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The 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 50,687,036	P 307,284,900
Cash equivalents	6	1,634,371,050	2,964,700,000
Accrued interest receivable	7	222,754,484	176,439,928
Financial assets at amortized cost	9	1,199,125,876	3,020,549,351
		P3,106,938,446	P6,468,974,179

ECL measurement

ECLs are 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	12m 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 S&P'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 PD given that it has not yet defaulted prior to the said time horizon. The resulting overall PDs are the values that will act as components in ECL calculation. The Lifetime PD is developed by analysis of the transition matrices over the maximum life of active loans, which is 8 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 12 month 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 summarized the LGD value for each category of financial assets at amortized costs.

Category	LGD value
Senior Unsecured Notes	48%

Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk 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 in 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 judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 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 assets at amortized cost - current portion	9	AAA	Stage 1	12m ECL	P1,000,000,000	(P2,307,056)	P997,692,944
2024							
Financial assets at amortized cost - net of current portion	9	AA	Stage 1	12m ECL	P1,205,858,564	(P2,765,426)	P1,203,093,138

As at December 31, 2025 and 2024, the Company's financial assets measured at amortized cost consist of cash and cash equivalents (Note 6) and accrued interest receivable (Notes 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 1
January 1, 2025	P 3,023,314,777	P 2,765,426
Disposals and maturities	(1,821,884,815)	(458,370)
December 31, 2025	P1,201,429,962	P2,307,056

There are no transfers between stages of the ECL during the year.

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, investment in UITF, government debt securities, accrued interest receivable, and other collective schemes wholly invested in liquid/semi-liquid assets to assure necessary liquidity. This is also in compliance to Section 6.10 of the Implementing Rules and Regulations of the Investment Company Act series of 2018.

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

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

	Less than One Month	One Month to One Year	Total
2025			
Accrued expenses and other payables	P4,014,646	P1,074,549	P5,089,195
Payable to fund manager	3,944,433	-	3,944,433
	P7,959,079	P1,074,549	P9,033,628
2024			
Accrued expenses and other payables	P40,937,714	P879,296	P41,817,010
Payable to fund manager	4,868,912	-	4,868,912
	P45,806,626	P879,296	P46,685,922

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 and filing and registration fees payable 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 Year to Five Years	More than Five Years	Total
2025					
Cash in banks	0.17%	P 50,687,036	P -	P -	P 50,687,036
Cash equivalents	4.91%	1,634,371,050	-	-	1,634,371,050
Accrued interest receivable	-	222,754,484	-	-	222,754,484
Financial assets at FVTPL	0.15%	7,190,034,711	-	-	7,190,034,711
Financial assets at amortized cost - net	3.80%	201,432,932	-	1,000,000,000	1,201,432,932
		P9,299,280,213	P -	P1,000,000,000	P10,299,280,213
2024					
Cash in banks	0.23%	P 307,284,896	P -	P -	P 307,284,896
Cash equivalents	5.62%	2,964,700,000	-	-	2,964,700,000
Accrued interest receivable	-	176,439,928	-	-	176,439,928
Financial assets at FVTPL	0.00%	6,001,030,230	-	-	6,001,030,230
Financial assets at amortized cost - net	4.45%	1,823,900,000	200,000,000	1,000,000,000	3,023,900,000
		P11,273,355,054	P200,000,000	P1,000,000,000	P12,473,355,054

The Company expects to meet its obligations from operating cash flows, 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 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:

- a. It does not issue senior securities;
- b. It may borrow, on a temporary basis, for the purpose of meeting redemptions and bridging requirements provided that the borrowing period should not exceed one month; and the aggregate borrowings shall not exceed ten percent (10%) of the net assets of the Company.
- c. 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;
- d. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- e. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- f. 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;
- g. It does not purchase or sell commodity futures contracts;
- i. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;
- j. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions.
- k. It may use various techniques to hedge investment risks; and
- l. It does not change its investment objectives without the prior approval of a majority of its shareholders and prior notice to the SEC.

The Investment Policies refer to the following:

- a. Investment Objective - to generate income consistent with prudent management of the Company's assets. The investment policy is to invest in fixed income and other related securities, and commercial papers issued by corporations, certificate of deposits, and other short-term instruments. The Company may invest in domestic or foreign securities, denominated in any currency, but shall not bear any foreign exchange risk.
- b. Benchmark - 100% Philippines Peso TD Rate 1-3 Months, net of tax.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes and fixed-income securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 0.25% 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 2021, 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.

The equity ratio at year-end is as follows:

	2025	2024
Equity	P10,694,869,415	P12,390,170,830
Total assets	10,752,667,144	12,485,566,641
Equity ratio	0.9946:1	0.9924:1

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

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

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

Documentary stamp tax

Documentary stamp taxes incurred by the Company during 2025 amounted to P203,073 representing taxes in connection with the issuance of share certificates by the Company to its shareholders. The documentary stamp tax being paid by the Company to the BIR includes those charged against the shareholder's investment for share certificate issuances in excess of 10 (ten) inter-fund transfers per calendar year.

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid in 2025 are as follows:

Charged to Operating Expenses	
Business tax	P720,251
Filing and registration fees	30,000
Others	7,575
	P757,826

The difference between the taxes and licenses disclosed in the statements of comprehensive income and the amount disclosed in this note pertains to the accrued filing and registration payable to SEC regarding the Company's authorized share increase application as disclosed in Note 10.

Withholding taxes

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

	Paid	Accrued	Total
Expanded withholding taxes	P4,777,787	P437,304	P5,215,091

Deficiency tax assessments

The Company has outstanding tax assessments covering taxable years 2017 and 2018 as of 31 December 2025. On May 2, 2025, the Company filed a Petition for Review with the Court of Tax Appeals (CTA). The Company has not yet received any Decision from the CTA.

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.

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