

# COVER SHEET

CS201424696

S.E.C. Registration Number

S	U	N	L	I	F	E	P	R	O	S	P	E	R	I	T	Y	P	H	I	L	I	P	P	I	N	E
S	T	O	C	K	I	N	D	E	X	F	U	N	D	I	N	C	.									

5	T	H	F	L	R	.	S	U	N	L	I	F	E	C	E	N	T	R	E	5	T	H		
A	V	E	B	O	N	I	F	A	C	I	O	G	L	O	B	A	L	F	O	R	T			
B	O	N	I	F	A	C	I	O	T	A	G	U	I	G	C	I	T	Y						

( Business Address : No. Street City / Town / Province )

**Jeanemar S. Talaman**  
Contact Person

**555-8888**  
Company Telephone Number

1	2	3	1
Month		Day	

17-A

Month		Day	

Fiscal Year

FORM TYPE

Annual Meeting

Mutual Fund Company

Secondary License Type, If Applicable

  
Dept. Requiring this Doc.

  
Amended Articles Number/Section

  
Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

  
File Number

LCU

  
Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC Number: CS201424696

File Number: \_\_\_\_\_

**SUN LIFE PROSPERITY PHILIPPINE STOCK INDEX FUND, INC.**  
(Company's Full Name)

**8<sup>th</sup> Floor Sun Life Centre 5<sup>th</sup> Avenue cor Rizal Drive  
Bonifacio Global City, Taguig City, Philippines**

-----  
(Company's Address)

**555-88-88**

-----  
(Telephone No.)

**December 31**

-----  
(Fiscal Year Ending)  
(Month & Day)

**SEC FORM 17-A ANNUAL REPORT**

-----  
Form Type

-----  
Amendment Designation (If applicable)

**December 31, 2015**

-----  
Period Ended Date

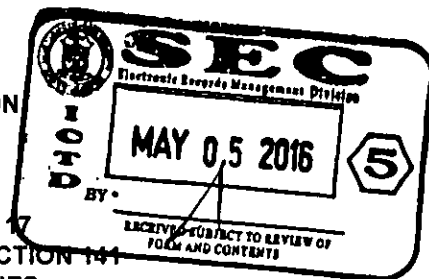
**OPEN-END INVESTMENT COMPANY**

-----  
Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF CORPORATION CODE OF THE PHILIPPINES



1. For the fiscal year ended **December 31, 2015**
2. SEC Identification Number: **CS201424696**. 3. BIR Tax Identification No: **008-930-133**
4. Exact name of issuer as specified in its charter

**Sun Life Prosperity Philippine Stock Index Fund, Inc.**

5. **Metro Manila**  
Province, Country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)  
Industry Classification Code:
7. **8/F, Sun Life Centre, 5<sup>th</sup> Avenue cor. Rizal Drive, Bonifacio Global City, Taguig City 1634**  
Address of principal office Postal Code
8. **(02) 555-8888**  
Registrant's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<b>Title of Each Class</b>	<b>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2015)</b>
<b><u>Common Shares, PHP0.01 Par Value</u></b>	<b><u>1,576,046,343</u></b> <b>shares</b>

10. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes  No

11. Check whether the registrant:

(a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports).

Yes  No

(b) Has been subject to such filing requirements for the past 90 days.

Yes  No

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

The Sun Life Prosperity Philippine Stock Index Fund, Inc. (the "Fund") is a registered open-end investment company under the Investment Company Act (R.A. 2629) and the Securities Regulation Code (R.A. 8799). It was incorporated on December 23, 2014 under SEC Registration No. CS201424696. The investment policy is to invest primarily in common stocks that comprise the PSEI and in cash and/or money market instruments.

Sun Life Asset Management Company, Inc. ("SLAMCI"), a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. ("SLOCPI"), acts as the Fund Manager and Principal Distributor. For 2015, income of the Fund is composed of the following:

Dividend Income - Common Stock	106.45%
Interest Income - SSA	12.17%
Interest Income - Bank deposits	0.49%
Realized Loss from Sales - Stocks	-19.11%

The Fund is currently invested in a mix of high-quality debt and equity securities of domestic issuers. Depending on the state of various world economies and markets, the Fund may invest in non-Philippine investment grade issues. Except obligations of the Philippine Government and its instrumentalities, the Fund does not invest more than ten percent (10%) of its net assets in any single enterprise or company. Neither does the total investment of the Fund exceed ten percent (10%) of the outstanding voting securities of any one (1) investee company.

The Company was incorporated on December 23, 2014 with 400,000,000 authorized shares at an initial par value of P0.01 per share. The SEC subsequently approved the registration on April 28, 2015.

On February 13, 2015, the shareholders approved the blanket increase of the Company's authorized share capital up to 100,000,000,000 shares with a par value of P0.01 per share.

On July 3, 2015, the Board of Directors approved the first tranche of share capital increase by 1,500,000,000 shares (from 400,000,000 shares to 1,900,000,000 shares both with par value of P0.01). The SEC approved the increase on October 8, 2015.

As of December 31, 2015, the Company is still in the process of completing the requirements for the registration of the 1,500,000 shares.

As at December 31, 2015, the Company has 1,900,000,000 authorized shares with a par value of P0.01 per share.

The Fund's common shares are available through SLAMCI's registered representatives and eligible securities dealers that have entered into an agreement with SLAMCI to sell shares.

The Fund is part of the eleven (11) Sun Life Prosperity Funds which offer excellent value to investors as a result of SLAMCI's collective experience in fund management, strong investment philosophy, remarkable investment performance and strong organizational structure. However, it should be noted that past performance of any fund manager is no guarantee of future results. It is only an indication of their capabilities to deal with rapid changes in the economy and market conditions in the future.

The Sun Life Prosperity Funds make investing simple, accessible and affordable. The Sun Life Prosperity Funds offer a unique "family of funds" to choose from. The "family of funds" concept allows investors to modify their investment strategies over time, by letting them transfer from one fund to another, as their needs dictate, as much as four times a year without paying any fees.

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost. The first adoption of PAS 32 and PAS 39 in the 2006

audited financial statements resulted in the classification of investments in fixed income securities other than corporate loans as "financial assets at fair value through profit and loss" and its measurement at fair value with the fair value changes reflected in the statements of comprehensive income. Fair value changes therefore affect the ratios related to the Fund's total comprehensive income. The change to marked-to-market thus provides equitable treatment between investors coming in and out of the Fund.

The Fund participates in the mutual funds sector which is a sub-sector of the financial services industry. In recent years, this industry has seen increased liberalization and an influx of competition principally begun during the Ramos administration but carried on with varying intensity during succeeding administrations. There are no national geographical boundaries as the nature of the industry and prevailing technology make it possible for the various players to offer their services to almost any place in the country.

The Fund principally competes directly with the Unit Investment Trust Funds ("UITFs") offered by commercial banks and other mutual funds in the Philippines, namely: the Philam Strategic Growth Fund, Inc. and Philippine Stock Index Fund Corporation. However, the Fund does not have any knowledge on the relative size, financial and market strengths of the Fund's competitors. The Fund principally competes in terms of returns and the associated risks of the return. The Fund's market strength is its wide distribution network that provides strategic distribution of Fund shares and the financial stability and reputation of its Investment Company Adviser. The Fund intends to compete principally based on the reputation of SLAMCI for superior investment performance and corporate governance coupled with its distribution network and superior backroom operations.

There are many potential advantages to investing in mutual funds and in the Offer Shares. However, in deciding to invest, the investor is strongly advised to also consider the risks involved in investing in mutual funds, and in the Offer Shares, as well as the risks that the Fund faces, given its underlying assets whose respective values essentially affect the Fund's overall net asset value.

**Market Risk:** Interest Rate Risk is a type of Market Risk which is applicable to the Fund's investments in bonds, if any. This refers to the increase/decrease of a bond price due to movement in market factors such as changes in interest rates. A change in interest rates is the period when interest rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.

**Credit Risk:** : Investments in bonds carry the risk that the issuer of the bonds might default on its interest and principal payments. In the event of default, the Fund's value will be adversely affected and may result in a write-off of the concerned asset held by the Fund. To mitigate the risk, each Issuer/Borrower/Counterparty passes through a stringent credit process to determine whether its credit quality complies with the prescribed standards of the Fund. Further, the credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 10% exposure limit to a single entity is likewise observed.

**Liquidity Risk:** The Fund is usually able to service redemptions of investors within seven (7) banking days after receipt of the notice of redemption by paying out redemptions from available cash or near cash assets in its portfolio. However, when redemptions exceed the Funds available cash or near cash assets in its portfolio, the Fund will have to sell its other security holdings; and during periods of extreme market volatility, the Fund may not be able to find a buyer for such assets. Consequently, the Fund may not be able to generate sufficient cash from its sale of assets to meet the redemptions within the normal seven (7) banking day period. To mitigate this, the Fund maintains adequate highly liquid assets in the form of cash, cash equivalents and near cash assets in its portfolio. As the Fund's portfolio is composed of liquid assets, liquidity risk is deemed low.

The following are additional risks present in managing the Fund, however, non-quantifiable.

**Regulatory Risk:** The Fund's investments and operations are subject to various regulations affecting among others, accounting of assets and taxation. These regulations occasionally change, and may result in lower returns or even losses borne by the investors. For example, a

higher tax imposed on the sale or purchase of underlying assets of the Fund may result in lower net asset value of the Fund. To mitigate this risk, SLAMCI adopts global best practices. Further, it maintains regular communications with the relevant government agencies to keep itself abreast of the issues giving them concern, and to have the opportunity to help them set standards for good governance. SLAMCI also takes an active participation in the Philippine Investment Funds Association, Inc. ("PIFA"), an association of mutual fund companies in the Philippines.

**Non-guarantee:** Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation ("PDIC"). Hence, investors carry the risk of losing the value of their investment, without any guaranty in the form of insurance. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.

**Dilution Risk:** Being an open-end mutual fund, various investors may effectively subscribe to any amount of shares of the Fund. As such, investors face the risk of their investments being diluted as more investors subscribe to shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

**Large Transaction Risk:** If an investor in a Fund makes a large transaction, the Fund's cash flow may be affected. For example, if an investor redeems a large number of shares of a Fund, that Fund may be forced to sell securities at unfavorable prices to pay for the proceeds of redemption. This unexpected sale may have a negative impact on the net asset value of the Fund.

**Fund Manager Risk:** The performance of the Fund is also dependent on the Fund Manager's skills. Hence, the Fund may underperform in the market and/or in comparison with similar funds due to investment decisions made by the Fund Manager, and may also fail to meet the Fund's investment objectives. The Board of Directors of the Issuer, however, shall ensure that all investment policies and restrictions enumerated in this Prospectus are strictly followed.

The above risk factors are by no means exhaustive. New and/or unidentified risks may arise given the fast changing financial markets and economic environment.

**Classification of the Fund into high, moderate or low risk investment:** In furtherance of its investment objective, that is, to generate income in Philippine Pesos consistent with prudent management of the Fund's assets, the Fund's portfolio may consist of fixed income and other related securities of the Philippine Government, and commercial papers issued by corporations within the Philippines, certificates of deposits, and other short-term instruments. Considering the nature of the aforementioned investments, the Fund is classified as a low-to-moderate risk investment.

The principal competitors of the Fund are mainly the mutual funds offered by the various fund management companies and other similar investment products such as unit investment trusts offered by banks as well as time deposit products. These products compete in terms of over-all returns on the investment product, the after-sales service support provided by the administration, and the various fees levied by the Fund.

The Fund's market strength is its wide distribution network that provides strategic distribution of the Fund shares. It competes principally based on the reputation of SLAMCI for superior investment performance and corporate governance coupled with its superior backroom operations.

The Fund does not employ personnel. Day-to-day operations of the Fund are carried out by SLAMCI as governed by the terms and conditions of the Management Agreements between SLAMCI and the Funds.

## **Item 2. Properties**

The Fund has financial assets in the form of cash and fixed income securities only. As prescribed by SEC Rules, all of its assets are held by its custodian banks, the Hong Kong and Shanghai Banking Corporation ("HSBC"), Deutsche Bank and Citibank.

Office space of the Fund is provided by SLAMCI pursuant to the Management Agreement between them. The Fund does not intend to acquire any real property in the course of its business.

**Item 3. Legal Proceedings**

There is no material pending legal proceeding to which the Fund or any of its affiliates is a party, or of which any of their property is the subject.

**Item 4. Submission of Matters to a Vote of Security Holders**

- a) No matters were submitted for a vote of security holders during the fourth quarter of 2015.

**PART II - OPERATIONAL AND FINANCIAL INFORMATION**

**Item 5. Market for Registrant's Common Equity and Related Stockholder Matters**

**1. Market Information**

The shares of the Fund are traded over-the-counter. The Fund's common stocks are available through registered representatives and eligible securities dealers that have entered into an agreement to sell shares with the Fund's Principal Distributor, SLAMCI.

The following table shows the ranges of high and low prices (NAVPS) of the Fund's common shares for each quarter in 2015:

	2015	
	High	Low
Q1		
Q2	1.0160	0.9396
Q3	0.9806	0.8764
Q4	0.9395	0.8625

The Fund's NAVPS is published daily through Business World, PSE Website, Philippine Daily Inquirer and Sun Life Websites.

**2. Holders**

The Fund has approximately 7,398 shareholders as of December 31, 2015.

On 7 March 2013, SEC en banc approved the confidential treatment of the list of Top 20 shareholders of the Fund, including the 5% and 10% beneficial owners. This is to protect the investors' privacy, which is a privilege they enjoy when they invest in other shared investment vehicles, such as unit investment trust funds, and when they invest in bank deposits.

**3. Dividends**

The Fund has not declared cash or stock dividends to date, but it has no restrictions that may limit its ability to pay dividends in the future.

The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital expenditure, financial condition, and other factors. The existence of surplus profit arising from the operation of the Fund is needed before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or

profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration.

Cash dividends and property dividends may be declared by the Board of Directors and no stockholder approval is required. Stock dividends paid on the Offer Shares are subject to approval by both the Board of Directors and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Fund at a stockholders' meeting called for such purpose.

Under the Corporation Code, Corporations with surplus profit in excess of 100% of its paid-in capital stock are required to declare dividends (cash or stock) and distribute it to its stockholders.

Dividends so declared will be automatically reinvested in additional shares on behalf of the shareholders, without sales charges, at the NAVPS on the payment date established for such dividends. Shareholders may also elect not to have dividends reinvested and receive payment in cash, net of tax.

#### **Item 6. Management's Discussion and Analysis or Plan of Operation.**

The Performance of the Company could be measured by the following indicators:

1. **Increase/Decrease in Net Assets Value Per Share (NAVPS).** NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and outstanding plus the total number of units outstanding due to deposit for future subscriptions (DFFS) and for conversion to shares, if any, as of the end of the reporting day. Any increase or decrease in NAVPS translates to a prospective capital gain or capital loss, respectively, for the Fund's shareholders.
2. **Net Investment Income.** Represents the total earnings of the Fund from its investment securities, less operating expenses and income tax. This gauges how efficiently the Fund has utilized its resources in a given time period.
3. **Assets Under Management (AUM).** These are the assets under the Fund's disposal. This measures investor confidence (increase/decrease brought about by investor subscriptions/redemptions) as well as the growth of the Fund (increase/decrease brought about by its operational income and market valuation of its assets and liabilities).
4. **Cash Flow.** Determines whether the Fund was able to achieve the optimal level of liquidity by being able to meet all its scheduled payments, while maintaining at the same time the maximum investments level and minimum cash level.

#### **Accounting Policies on Financial Assets through Profit and Loss**

##### *Initial recognition*

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

##### *Classification and subsequent measurement*

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets as at December 31, 2015 and 2014 consist of financial assets at FVTPL and loans and receivables.



### *Financial assets at FVTPL*

The Company classifies financial assets as at FVTPL when the financial asset is either held for trading or designated as such upon initial recognition.

A financial asset is classified as held for trading if:

- a. it has been acquired principally for the purpose of selling in the near future; or
- b. on initial recognition, it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- c. it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and it is permitted that the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss.

The Company's financial assets classified under this category include investments in listed equity securities and special savings deposits.

### **FINANCIAL MARKETS REVIEW (2015)**

#### **PERFORMANCE REVIEW**

The PSEi lost 3.85% for 2015, below the 7,000 mark, to close at 6,952.08 points. Despite the drop, it still managed to outperform its ASEAN peers given the country's favorable fundamentals. First nine months GDP came in at 5.6% while full-year GDP is expected to be within 5.6-6%, behind government's full-year target of 7-8% growth. Growth was one of the strongest in the region and was mainly driven by private consumption and improved government spending. Inflation for 2015 averaged at 1.4%, below the government's target of 2-4%. Modest inflation rate was due to the continued drop in global oil prices which offset inflationary pressures from climate factors. The BSP kept the policy rate (4%), SDA rate (2.5%), and RRR rate (20%) steady despite the Fed lift-off due to benign inflation and weaker than desired GDP.

For the year, foreigners were net sellers of USD 1.2bn worth of stocks (first outflow since 2008), compared to an inflow of USD 1.25bn in 2014. Locals dominated trading for most of the year accounting for almost 60% of average daily volume.

Best performing sectors were Conglomerates and Property, while the Gaming and Mining & Oil sectors got hit the most.

In the end, the Fund posted an 11.76% decrease in its NAVPS to PHP0.8919/share from the time it was launched.

#### **OUTLOOK**

Philippine GDP is still expected to be one of the strongest in the region, further boosted by the elections in mid-2016. Since 2004, every election year had an annual GDP between 6.5% and 7.6%. OFW remittances are expected to slow down but will be compensated by the increase in BPO revenues. Domestic consumption is expected to be boosted by the upcoming elections while government

spending is expected to accelerate. Based on reports, the government is aiming to award at least 60% of the planned public works projects for 2016 before the pre-election ban takes effect. One key indicator to watch out for is inflation as the increase in the prices of LPG, electricity; food prices (due to typhoon) can provide upward inflationary pressure in the coming months. This, however, will remain manageable as crude oil prices may remain low.

The PSEi has been resilient even with external market shocks. During the Global Financial Crisis in 2008, the market has recovered after a year. Since 1992, the local bourse yielded an average of 7% six months before an election took place and 7.75% twelve months after the elections. Capital outflows might continue to persist depending on the perceived pace of Fed tightening, China jitters, and the impact of that to the USD. Despite the expected strength of the USD, the Philippine Peso may remain as one of the more resilient currencies in Asia.

Finally, there are headwinds that may impact local equity market's performance in 2016. Externally, these include (1) strength of the USD which may trigger more capital outflows in Emerging markets; (2) further slowdown in China's economy; (3) deflationary pressure in developed markets; and (4) geopolitical risks. Internally, these include (1) slowing corporate earnings and GDP; (2) election uncertainty; and (3) strengthening El Nino that could affect agricultural output.

## **FINANCIAL STATEMENTS ANALYSIS**

The Fund registered PHP 1.3 Billion increase in net assets from PHP 100 Million in 2014 to PHP 1.4 Billion in 2015. Increase mainly came from the subscriptions for the year.

Net Loss for the year ended at PHP93 Million. The loss was attributable mainly to the impact of unfavorable market condition.

The Fund does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations. No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

### **Material Changes in the 2015 Financial Statements**

#### **Statement of Financial Position**

Cash decreased by PHP 88 Million from PHP100 Million to PHP12 Million but still liquidity requirements were met.

Financial Assets at Fair Value through profit or loss ended at PHP1.4 Billion in 2015 mainly comprised of investments in equity securities..

Accrued interest receivable in 2015 amounted to PHP96 Thousand. This account pertains to interest receivable arising from investment in special savings account.

Dividends Receivable balance is PHP1 Million in 2015. Collection of receivable depends on the scheduled payment date of each listed stock from which dividend was received.

Accrued Expenses and Other Payables significantly went up to PHP3.5 Million from PHP30 Thousand. This is attributable mainly due to unreleased proceeds of redemptions which are processed on or before the reporting period and paid four days after the transaction date.

Due to Brokers in 2015 is PHP13 Million, this pertains to amounts payable to brokers for purchases of investments in listed equity securities processed on or before the reporting period and which are settled three days from the transaction date.

Payable to Fund Manager increased by PHP1.5 Million from PHP200 Thousand to PHP1.7 Million due to higher AUM for the period.

### Statement of Comprehensive Income

Gross Revenues in ended at PHP7 Million in 2015. Dividend income received for the year amounted to PHP 7.6 Million.

Total Operating Expenses increased to PHP11 Million in 2015 from PHP233 Thousand in 2014. The increase was mainly due to higher Management Fees for the period as a result of higher AUM. Filing fees paid to the SEC for the registration of shares of the Fund also contributed to the increase.

Net Loss for the year ended at PHP93 Million. The loss was attributable mainly to the impact of unfavorable market condition.

### Statement of Changes in Equity

Total equity registered an increase of PHP 1.3 Billion from PHP 100 Million in 2014 to PHP 1.4 Billion in 2015.

### **Item 7. Financial Statements**

Copies of the following audited financial statements are attached as Exhibits:

1. Statements of Financial Position, 2015, 2014
2. Statements of Comprehensive Income, 2015, 2014, 2013
3. Statements of Changes in Equity, 2015, 2014, 2013
4. Statements of Cash Flows, 2015, 2014, 2013
5. Notes to Financial Statements

### **Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

Navarro Amper & Co. /Deloitte Touche Tohmatsu, with address at 19/F Net Lima Plaza, 5<sup>th</sup> Avenue corner 26<sup>th</sup> Street, Bonifacio Global City, Taguig City, Philippines, has acted as external auditor of the Fund since the reporting year ended December 31, 2003.

There has been no disagreement with the accountants on any accounting and financial disclosures.

#### **External Audit Services/Audit and Audit-Related Fees**

For 2015 and 2014, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements and services normally provided by external auditors in connection with statutory and regulatory filings amounted to PHP222,566 and PHP30,000 respectively, inclusive of VAT and out-of-pocket expenses.

Audit Fees include payments for Agreed-Upon Procedures for the application of ACS Increase of the Fund.

There were no other payments made to the auditor for any other service, including assurance, tax and related services.

External auditors of the Fund are designated in accordance with Section 29 of the ICA subject to ratification at the annual stockholders' meeting by the vote of a majority of the outstanding voting securities attending.

The Fund's Board of Directors has an Audit and Compliance Committee, which is composed of Mr. Melito Salazar, Jr. (independent director) as Chairman, and Atty. Aleli Angela G. Quirino (independent director) and Ms. Rizalina G. Mantaring as members. The Audit and Compliance Committee has considered and endorsed for the approval of the Board of Directors the external auditor's service fees, which were so approved.

**PART III - CONTROL AND COMPENSATION INFORMATION**

**Item 9. Directors and Executive Officers**

**1. Directors and Executive Officers**

The Board of Directors is responsible for conducting all businesses of the Fund. It exercises general supervision over the duties performed by the Investment Company Adviser, Distributor, Administrator, Transfer Agent and Custodian of the Fund.

The following are the incumbent Directors and Executive Officers of the Fund as December 31, 2015:

Name	Citizenship	Position	Age	Term of Office	Period Served
Rizalina G. Mantaring	Filipino	Director/Chairman	56	2014-present	2 terms
Benedicto C. Sison	Filipino and American	Director/President	55	2015-present	1 term
Aleli Angela G. Quirino	Filipino	Independent Director	71	2014-present	2 terms
Melito S. Salazar, Jr.	Filipino	Independent Director	66	2014-present	2 terms
Nilo B. Peña	Filipino	Director	78	2014-present	2 terms
Candy S. Esteban	Chinese	Treasurer	38	2015-present	1 term
Jemilyn S. Camania	Filipino	Corporate Secretary	40	2014-present	2 terms
Maria Cecilia V. Soria	Filipino	Asst. Corp. Sec.	39	2014-present	2 terms
Conchitina D.L. Gregorio	Filipino	Compliance Officer	48	2014-present	2 term

A brief write-up on the business experience of the incumbent directors and executive officers of Sun Life of Canada Prosperity Index Fund, Inc. follows:

**RIZALINA G. MANTARING**  
*Director/Chairman (2014 to present)*

Ms. Mantaring, 56, Filipino, is currently the Chairman of the nine Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., and Sun Life Prosperity World Voyager Fund, Inc. (the "11 Sun Life Prosperity Funds"). She is also the Chairman of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present). She serves as the President & CEO of Sun Life of Canada (Philippines), Inc. ("SLOCPI") (2009 to present), Sun Life Financial Plans, Inc. ("SLFPI") (2009 to present) and, a Director of the Sun Life Asset Management Company, Inc. ("SLAMCI") (2007 to present). Ms. Mantaring is Independent Director of Ayala Land, Inc. and Microventures Foundation, Inc. Prior to the foregoing, Ms. Mantaring was Deputy President of the Sun Life Financial Philippines group of companies (2009) and Regional Chief Operations Officer of Sun Life Financial Asia (2008 to 2009). She also served as Chief Operating Officer of SLOCPI (1999 to 2008) and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada (1992 to 1999). Ms. Mantaring received her Bachelor of Science in Electrical Engineering (cum laude) from the University of the Philippines and Master of Science in Computer Science from the State University of New York at Albany. She is also a Fellow, Life Management Institute (with distinction) and Associate, Customer Service (with honors).

**BENEDICTO C. SISON**

**President and Director (2015 to present)**

Mr. Sison, 55, is President of the 11 Sun Life Prosperity Funds. He is also the Chief Strategy and Financial Management Officer of Sun Life in the Philippines. Before returning to the Philippines, Mr. Sison was the Chief Financial Officer of Sun Life Financial - Asia based in Hong Kong from 2012 to 2015. Prior to joining Sun Life in 2010 as Chief Financial Officer, Mr. Sison served as Finance Director - Asia Pacific of ConAgra International Food Group (2006 to 2010). He earned a Bachelor of Science degree in Business Administration (magna cum laude) from the University of the Philippines (Diliman) in 1983 and a Master's in Business Administration from the University of California Riverside in 1988. He is a certified public accountant (CPA), a Chartered Global Management Accountant (CGMA), and a member of the American Institute of CPAs (AICPA).

**VALERIE N. PAMA**

**Director (2014 to present)**

Ms. Pama, 52, Filipino, is currently a Director of the 8 Sun Life Prosperity Funds and of the Grepalife Funds i.e. Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation (2011 to present). Ms. Pama was formerly the President of the Sun Life Prosperity Funds and the Grepalife Funds (2011 to 2012). She also served as the Chief Operating Officer of Sun Life Asset Management Company, Inc. (2011 to 2012) before being appointed as its President in 2013. Ms. Pama is a veteran banker, having been in the industry for more than 20 years. She started her career with Citibank N.A. in 1990 as a Management Associate. By the time she retired from Citibank N.A. in 2009, Ms. Pama was the President of Citicorp Financial Services and Insurance Brokerage Inc. Prior to joining Sun Life, Ms. Pama was a product development consultant for ING Bank's Investment Management Group. Ms. Pama has held the chairmanship of the Philippine Investment Funds Association (PIFA) since 2011. Ms. Pama is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering. She obtained her MBA in International Business and Finance, with a minor in Business Economics from Katholieke Universiteit Leuven in Belgium. On her sophomore year in MBA, she was awarded *With Distinction* by the university for her exemplary academic performance.

**MELITO S. SALAZAR, JR.**

**Independent Director (2014 to present)**

Mr. Melito S. Salazar Jr., 66, Filipino, is Independent Director of Sun Life of Canada Prosperity GS Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., and Sun Life Prosperity World Voyager Fund, Inc.. He is currently the Chairman and Director of the Inter-Asia Development Bank (2010 to present). He is also the Chairman and President of Quickminds Corporation (2011 to present), Chairman of Incite.Gov (2011 to present) and Omnipay (Formerly PVB Card, Inc.) (2014 to present). Among his other positions are: Director of PhilsFirst Insurance Company (2007 to present) and Concepcion Industrial Corporation (2013 to present); Vice- President of the Manila Bulletin (2006 to present); Editor-in-Chief of Philippine Rotary (2011 to present); Dean of Centro Escolar University, School of Accountancy and Management (June 2014 to present); Trustee of University of St. La Salle Bacolod (2009 to present) and Regent of Philippine Normal University System (2014 to present). Prior to these posts, he served as a Monetary Board Member of the Bangko Sentral ng Pilipinas (1999 to 2005), President of the Management Association of the Philippines (2013), President of the Financial Executive Institute of the Philippines (2005), and Chairman of the Chamber of Commerce of the Philippine Islands (2009 to 2012). Mr. Salazar is a BSBA and MBA graduate of the University of the Philippines and attended executive education and training programs at the Harvard Business School, Massachusetts Institute of Technology, University of North Carolina, Chapel Hill and INSEAD in France.

**OSCAR M. ORBOS**  
***Independent Director (2014 to present)***

Atty. Orbos, 65, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2000 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2009 to present), Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present), Sun Life Prosperity Philippine Stock Index Fund, Inc. (December 2014 to present), Sun Life Prosperity Dollar Wellspring Fund, Inc. (2015 to present), and Sun Life Prosperity World Voyager Fund, Inc. (2015 to present) Atty. Orbos has a distinguished public service career, which started with his election as Congressman (1987 to 1990 and 1992 to 1995) and then as Governor of the Province of Pangasinan (1995 to 1998). He also served as Secretary of the Department of Transportation and Communication (1990) and then as Executive Secretary (1990 to 1991) under the administration of President Corazon C. Aquino. Atty. Orbos also serves Chairman of the Board of Alpha Insurance & Surety Co., Inc. (2000 to present) and as Partner of Orbos Cabusora & Taguam Law Office (1998 to present). He obtained his BS Economics and Bachelor of Laws from the University of the Philippines.

**CANDY S. ESTEBAN**  
***Treasurer (2015 to present)***

Ms. Esteban, 38, is Treasurer of the 11 Sun Life Prosperity Funds and the Sun Life Asset Management Company, Inc. She is concurrently the Head of Financial Planning and Analysis for Sun Life of Canada (Philippines), Inc. Prior to joining the Fund, Ms. Esteban held various positions in Citibank and American Express Bank Philippines, both leading global banking institutions. She is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering and she holds a Master's degree in Business Administration from INSEAD in Singapore and France.

**JEMILYN S. CAMANIA**  
***Corporate Secretary (2014 to present)***

Atty. Camania, 40, Filipino, is also the Corporate Secretary of SLOCPI (2010 to present), SLFPI (2010 to present), SLAMCI (2005 to present), Sun Life Financial Philippines Holding Co., Inc. (2012), Sun Life Financial-Philippines Foundation, Inc. (2012), the 11 Sun Life Prosperity Funds (2005 to present), GAMC (2011 to present), Great Life (2012), and the 3 Grepalife Funds (2011 to present). She also serves as Assistant Corporate Secretary of SLGFI (2012). She started at Sun Life as Assistant Counsel (2004), became its Counsel (2007 to 2011) and Senior Counsel (2011 to 2012). She is currently Sun Life's Deputy General Counsel (2012 to present). Prior to joining Sun Life, she was an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004). Atty. Camania received her Bachelor of Arts in Psychology (1996) and Bachelor of Laws (2001) from the University of the Philippines. She was called to the Bar in 2002. She is also a Fellow, Life Management Institute (2010) and Professional, Customer Service (with honors) (2011) of LOMA.

**MARIA CECILIA V. SORIA**  
***Assistant Corporate Secretary (2014 to present)***

Atty. Soria, 39, Filipino, is the Assistant Corporate Secretary of the 11 Sun Life Prosperity Funds (September 2013 to present), and the Grepalife Funds (September 2013 to present). Prior to joining these companies, she worked as Associate, later promoted to Senior Associate, at Tan Venturanza Valdez (May 2010 to August 2013), as Senior Associate at Reyes-Fajardo and Associates (2009 to 2010) and SGV & Co. (2008 to 2009), as Associate at Medialdea Ata Bello & Guevarra (2007-2008), and as Executive Assistant 6 at the Civil Service Commission (2006-2007). Atty. Soria received her Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines. She was admitted to the Philippine Bar in May 2007.

**CONCHITINA D.L. GREGORIO**  
**Compliance Officer (2014 to present)**

Atty. Gregorio, 48, Filipino, is the Chief Compliance Officer of the 11 Sun Life Prosperity Funds, the 3 Grealife Funds, SLOCPI, SLFPI, SLAMCI, SLGFI, GAMC, and Great Life. Before joining Sun Life, Atty. Gregorio headed the Compliance Department of Metrobank Card Corporation where she implemented the company's programs on compliance, money laundering & terrorist financing prevention and corporate governance. Atty. Gregorio also spent a number of years as a capital markets specialist and held legal and compliance roles in both the Philippine Stock Exchange and Fixed-Income Exchange. Atty. Gregorio received her Juris Doctor Degree from the Ateneo de Manila University and was admitted to the Philippine Bar in 1992.

**2. Significant Employees**

The Fund has no significant employees.

**3. Family Relationships**

There are no family relationships up to fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated by the Fund to become its directors or executive officers.

**4. Material Pending Legal Proceedings**

The Fund has no knowledge of any material pending legal proceedings, for the past five (5) years and to date, to which any of the directors and executive officers of the Fund is a party of which any of their property is the subject.

There was no bankruptcy petition filed by or against any business of which any of the directors and executive officers of the Fund was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time.

No director or executive officer of the Fund was convicted by final judgment in a criminal proceeding, domestic or foreign and neither is any director or officer subject to any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses.

No director or executive officer of the Fund is being subject to any order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities

No director or executive officer of the Fund is being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

**Item 10. Executive Compensation**

**1. Compensation of Executive Officers.**

The executive officers of the Fund do not receive any form of compensation from their appointment up to the present.

**2. Compensation of Directors.**

The directors do not receive any form of compensation from inception up to the present other than a PHP20,000.00 per diem for meetings attended. Only the members of the Board who are "external directors", *i.e.*, those who are not officers and/or employees of SLOCPI, receive remuneration for their attendance in regular or special meetings of the Board at the rate of PHP20,000.00 to each director for every meeting attended. Their contributed efforts to the Fund are on a voluntary basis only. Also, the directors or executive officers of the Fund will not participate in any bonus, profit sharing or other compensation plan, pension or retirement plan, contract or arrangement.

However, starting on January 01, 2010, each external director, as defined above, shall also receive a retainer's fee not to exceed PHP15, 000.00 per quarter. Please note that payment of such retainer's fee shall be shared by the Fund with the other Sun Life Prosperity Funds which the external director also serves, provided that each external director shall receive only a maximum of PHP15, 000.00 per quarter from all the Sun Life Prosperity Funds which he serves as director.

Total per diem received by the Fund's directors for the year 2015 is PHP 211,875. The Board has four (4) regular quarterly meetings for 2016, including the organizational board meeting after the annual shareholders' meeting. For the four (4) meetings and with three (3) members of the Board who are external directors entitled to receive a per diem, the Fund forecasts a total directors' per diem of PHP240,000 for the year 2016. The external directors are also forecasted to receive a total of PHP60,000 retainer's fee for 2016.

**Item 11. Security Ownership of Certain Beneficial Owners and Management**

**1. Security ownership of more than 5% of the Fund's outstanding capital stock as of December 31, 2014**

<i>Title of Class</i>	<i>Name of Record Owner/Relationship with Issuer</i>	<i>Address</i>	<i>Name of Beneficial Owner/Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Number of Shares Held</i>	<i>Percent of Class</i>
-	-	-	-	-	-	-

On 7 March 2013, SEC en banc approved the confidential treatment of the list of Top 20 shareholders of the Fund, including its the 5% and 10% beneficial owners. This is to protect the investors' privacy, which is a privilege they enjoy when they invest in other shared investment vehicles, such as unit investment trust funds, and when they invest in bank deposits.

**2. Security Ownership of Management as of December 31, 2015:**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Number of Shares<sup>1</sup></b>	<b>Nature of Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Rizalina G. Mantaring	1	Beneficial (B) and Record (R)	Filipino	0.00%
Common	Benedicto C. Sison	1	B & R	Filipino and American	0.00%
Common	Valerie N. Pama	1	B & R	Filipino	0.00%
Common	Melito S. Salazar, Jr.	1	B & R	Filipino	0.00%
Common	Oscar Orbos	1	B & R	Filipino	0.00%

The above individual owners can be reached at c/o the Corporate Secretary, 6<sup>th</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

**3. Voting Trust Holders of 5% or More**

No holder of 5% or more of the Fund's common shares has any voting trust or similar agreement that vest voting rights or other powers to a voting trustee.

**4. Change in Control**

The Fund has no knowledge of any arrangement that may result in a change of control of the Fund.

**Item 12. Certain Relationships and Related Transactions**

<sup>1</sup> Number of shares held in their capacity as Director or Chairperson



The Fund is not involved in any related transactions.

#### **PART IV - CORPORATE GOVERNANCE**

##### **Item 13. Compliance with Leading Practice on Corporate Governance**

The Fund is committed to performing its obligations following sound standards of business and financial practices and assesses the level of compliance of the Board of Directors and top-level management with its Manual on Corporate Governance through the Corporate Governance Self-Rating Form.

Likewise, the Fund requires the directors to answer a Board Effectiveness Questionnaire to determine their outlook on current practices and further enhance their performance. Internal audit and compliance units of the Fund also actively ensure that the Fund meets its regulatory and moral obligations to the government agencies and the general public, respectively.

There has been no reported incident of any deviation from the Fund's Manual on Corporate Governance. A strong ethical business culture in the performance of duties is continuously upheld and promoted. Nonetheless, the Fund makes an effort to improve corporate governance of the company by holding training sessions for its Board and officers whenever possible.

#### **PART V – EXHIBITS AND SCHEDULES**

##### **Audited Financial Statements**

1. Statements of Financial Position, 2015, 2014
2. Statements of Comprehensive Income, 2015, 2014, 2013
3. Statements of Changes in Equity, 2015, 2014, 2013
4. Statements of Cash Flows, 2015, 2014, 2013
5. Notes to Financial Statements

**- SIGNATURE PAGE FOLLOWS -**

**SIGNATURES**

Pursuant to the requirements of Section 11 of the RSA and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 2016.

**SUN LIFE PROSPERITY PHILIPPINE STOCK INDEX FUND, INC.**  
Issuer

Pursuant to the requirements of the Revised Securities Act, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

<p><i>Benedicto C. Sison</i> Benedicto C. Sison Principal Executive Officer</p> <p><i>Valerie N. Pama</i> Valerie N. Pama Principal Operating Officer / SLAMCI President</p> <p><i>Candy S. Esteban</i> Candy S. Esteban Principal Financial Officer/Treasurer</p>	<p><i>Maria Josefina A. Castillo</i> Maria Josefina A. Castillo Principal Accounting Officer</p> <p><i>Roselle L. Lustre</i> Roselle L. Lustre Controller</p> <p><i>Maria Cecilia V. Soria</i> Maria Cecilia V. Soria Assistant Corporate Secretary</p>
--	---

MAY 05 2016

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2016, affiants exhibiting their government issued identification cards, as follows:

Name	Government ID No.	Date of Issue	Place of Issue
Benedicto Sison	Passport No. 488432394	05/09/2013	United States
Valerie N. Pama	Passport No. EB6184455	08/23/2012	Manila
Candy S. Esteban	Driver's License N02-95-277891	05-08-2015	Quezon City
Ma. Josefina Castillo	Passport No. EB5574529	06/05/2012	Manila
Roselle L. Lustre	Passport No. EB8020503	05/02/2013	Manila
Maria Cecilia V. Soria	Passport No. EC2765788	11/19/2014	Manila

Doc. No. 222;  
Page No. 45;  
Book No. 61;  
Series of 2016.

**JOEL G. GORDOLA**  
Notary Public  
Commission expires until December 31, 2017  
Adm. No. 069; Roll No. 25103; IBP No. 1013094  
PTR No. 1876282; 1/04/16; Q.C.  
TIN 126-768-809; MCLE No. V-0001531  
Until 1 # 878 Quirino Highway, Gulod, Novaliches, Q.C