

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

	A	2	0	0	2	0	2	0	6	1
--	---	---	---	---	---	---	---	---	---	---

Company Name

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

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

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

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

**COMPANY INFORMATION**

Company's Email Address

<a href="http://www.sunlife.com">www.sunlife.com</a>
--

Company's Telephone Number/s

(632) 555-8888
----------------

Mobile Number

N/A
-----

No. of Stockholders

3,596
-------

Annual Meeting  
Month/Day

Every Fourth Monday of June
-----------------------------

Fiscal Year  
Month/Day

12/31
-------

**CONTACT PERSON INFORMATION**

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

Name of Contact Person

CANDY S. ESTEBAN
------------------

Email Address

<a href="mailto:Candy.Esteban@sunlife.com">Candy.Esteban@sunlife.com</a>
--

Telephone Number/s

555-8888
----------

Mobile Number

N/A
-----

Contact Person's Address

SF SUN LIFE CENTRE, 5TH AVE. CORNER RIZAL DRIVE, BONIFACIO GLOBAL CITY, TAGUIG CITY
---

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

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

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

The Management of Sun Life Prosperity Dollar Advantage 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, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, in accordance with the Philippine Financial Reporting 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.

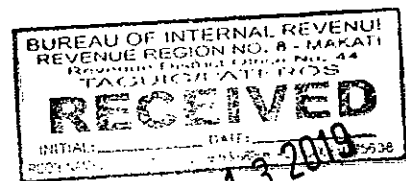
Those charged with governance review and approve the financial statements including the schedules attached therein, and submits the same to the stockholders.

Navarro Amper & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
**Benedicto C. Sison**, Chairman of the Board

  
\_\_\_\_\_  
**Maria Josefina A. Castillo**, President

  
\_\_\_\_\_  
**Candy S. Esteban**, Treasurer



Signed this 12<sup>th</sup> day of March 2019

**MAR 12 2019**

**MAKATI CITY**, subscribed and sworn to before me this \_\_\_ day of \_\_\_\_\_ 2019 at \_\_\_\_\_, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government ID	Date/Place of Issue
Benedicto C. Sison	Passport No. P2684321A	04-11-17/DFA-Manila
Maria Josefina A. Castillo	Passport No. P2050182A	02-28-17/DFA-Manila
Candy S. Esteban	Driver's License N02-95-277891	05-03-2018/Quezon City

Doc. No. 460  
Page No. 94  
Book No. 894  
Series of 2019

**RUBEN M. FRANCIS**  
**NOTARY PUBLIC**  
**UNTIL DEC. 31, 2019**  
IBP NO. 058333 / 01 2019 APPT. NO. H 127  
ROLL NO. 28947 / CE-4 NO. 00332 / H 22 17  
PTR NO. MKT 73335 / 21 2 18 MAKATI CITY

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders  
SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.  
(An Open-end Investment Company)  
Sun Life Centre, 5<sup>th</sup> 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 Dollar Advantage Fund, Inc. (the "Company") which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2018, 2017 and 2016 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018, 2017 and 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

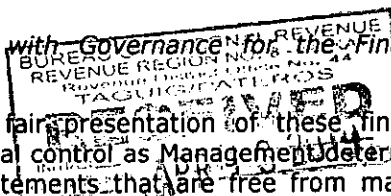
We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *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, 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.



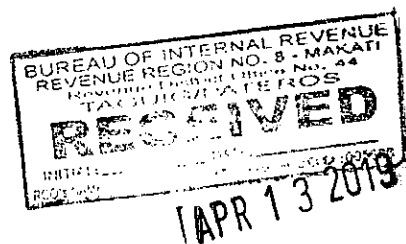
*Auditors' Responsibilities for the Audit of the Financial Statements*

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 auditors' 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 PSA 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 PSA, 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 auditors' 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 auditors' 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*

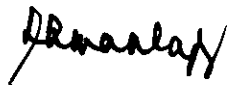
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial 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 Registration No. 0004, valid from November 12, 2018 to July 16, 2021

SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A  
TIN 005299331

By:



Avis B. Manlapaz  
Partner

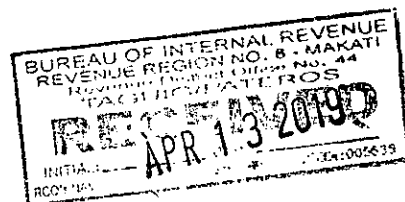
CPA License No. 0074249

SEC A.N. 1669-A, issued on March 13, 2018; effective until March 12, 2021, Group A  
TIN 120964002

BIR A.N. 08-002552-8-2016, issued on October 4, 2016; effective until October 4, 2019

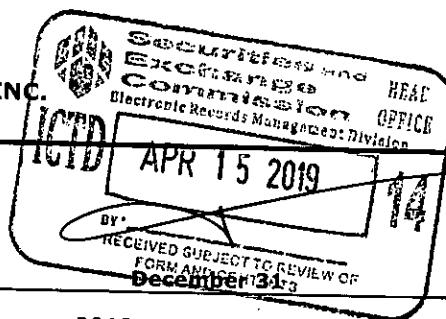
PTR No. A-4255734, issued January 10, 2019, Taguig City

Taguig City, Philippines  
March 12, 2019



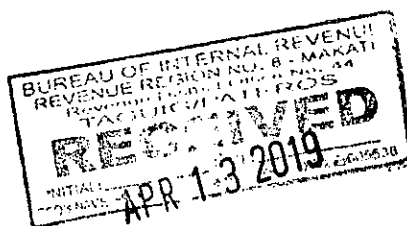
**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**  
(An Open-end Investment Company)

**STATEMENTS OF FINANCIAL POSITION**  
(In US Dollars)



	Notes	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	\$ 1,186,757	\$ 2,221,266
Financial assets at fair value through profit or loss	8	31,122,848	39,668,364
Accrued interest receivable	7	-	6,094
Due from brokers	9	250,000	-
Other current assets		163	37,448
		<b>\$32,559,768</b>	<b>\$41,933,172</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	10	\$ 8,981	\$ 18,892
Income tax payable	18	-	10
Due to brokers	9	16	99,998
Payable to fund manager	11	52,242	65,635
Total Current Liabilities		<b>61,239</b>	<b>184,535</b>
<b>Equity</b>			
Share capital	12	427,393	427,393
Additional paid-in capital	13	56,267,018	54,785,449
Retained earnings		9,790,003	13,287,164
Treasury shares	12	(33,985,885)	(26,751,369)
Total Equity		<b>32,498,529</b>	<b>41,748,637</b>
		<b>\$32,559,768</b>	<b>\$41,933,172</b>
<b>Net Asset Value Per Share</b>	14	<b>\$ 3.3086</b>	<b>\$ 3.6525</b>

See Notes to Financial Statements.

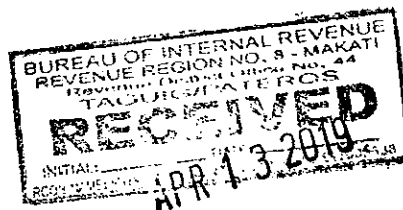


**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**  
(An Open-end Investment Company)

**STATEMENTS OF COMPREHENSIVE INCOME**  
(In US Dollars)

		For the Years Ended December 31		
	Notes	2018	2017	2016
<b>Investment Income - net</b>				
Net realized gains on investments	8	\$1,446,446	\$2,878,874	\$3,001,039
Interest income	15	7,223	69,812	661,053
Others		15,547	518	509
		<b>1,469,216</b>	<b>2,949,204</b>	<b>3,662,601</b>
<b>Investment Expenses</b>				
Commissions	9	1,243	-	-
<b>Net Investment Income</b>		<b>1,467,973</b>	<b>2,949,204</b>	<b>3,662,601</b>
<b>Operating Expenses</b>				
Management fees	11	693,574	757,462	929,763
Custodianship fees		17,298	10,480	9,312
Taxes and licenses		6,047	4,082	3,294
Directors' fees	11	4,279	3,474	4,313
Printing and supplies		3,818	1,316	7,235
Professional fees		2,939	2,847	2,986
Miscellaneous		5,783	9,200	8,215
		<b>733,738</b>	<b>788,861</b>	<b>965,118</b>
<b>Profit Before Net Unrealized Gains (Losses)</b>				
<b>on Investments</b>		<b>734,235</b>	<b>2,160,343</b>	<b>2,697,483</b>
<b>Net Unrealized Gains (Losses) on Investments</b>	8	<b>(4,230,927)</b>	<b>4,476,339</b>	<b>(2,677,745)</b>
<b>Profit (Loss) Before Tax</b>		<b>(3,496,692)</b>	<b>6,636,682</b>	<b>19,738</b>
<b>Income Tax Expense</b>	18	<b>469</b>	<b>438</b>	<b>1,836</b>
<b>Total Comprehensive Income for the Year</b>		<b>(\$3,497,161)</b>	<b>\$6,636,244</b>	<b>\$ 17,902</b>
<b>Basic Earnings (Loss) per Share</b>	16	<b>(\$ 0.3323)</b>	<b>\$ 0.5476</b>	<b>\$ 0.0011</b>
<b>Diluted Earnings (Loss) per Share</b>	16	<b>(\$ 0.3323)</b>	<b>\$ 0.5476</b>	<b>\$ 0.0011</b>

See Notes to Financial Statements.



**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**

(An Open-end Investment Company)

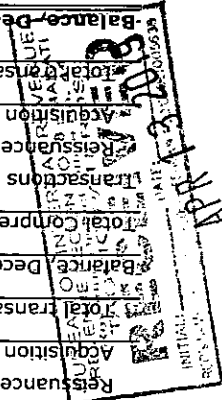
**STATEMENTS OF CHANGES IN EQUITY**

(In US Dollars)

For the Years Ended December 31

	Share	Additional	Retained	Treasury	Total
	Capital	Paid-in	Earnings	Shares	
Balance, January 1, 2016	\$427,393	\$50,018,148	\$6,633,018	(\$ 3,697,338)	\$53,381,221
Total Comprehensive Income for the Year	-	-	17,902	-	17,902
Transactions with owners:					
Reissuance of treasury shares during the year	-	-	-	768,939	2,764,539
Acquisition of treasury shares during the year	-	-	-	(14,067,196)	(14,067,196)
Total transactions with owners	-	-	-	(13,298,257)	(11,302,657)
Balance, December 31, 2016	427,393	52,013,748	6,650,920	(16,995,595)	42,096,466
Total Comprehensive Income for the Year	-	-	6,636,244	-	6,636,244
Transactions with owners:					
Reissuance of treasury shares during the year	-	-	-	4,465,473	7,237,174
Acquisition of treasury shares during the year	-	-	-	(14,221,247)	(14,221,247)
Total transactions with owners	-	-	-	(9,755,774)	(6,984,073)
Balance, December 31, 2017	427,393	54,785,449	13,287,164	(26,751,369)	41,748,637
Total Comprehensive Income for the Year	-	-	(3,497,161)	-	(3,497,161)
Transactions with owners:					
Reissuance of treasury shares during the year	-	-	-	3,874,933	5,356,502
Acquisition of treasury shares during the year	-	-	-	(11,109,449)	(11,109,449)
Total transactions with owners	-	-	-	(7,234,516)	(5,752,947)
Balance, December 31, 2018	\$427,393	\$56,267,018	\$9,790,003	(\$33,985,885)	\$32,498,529

See Notes to Financial Statements.





**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**

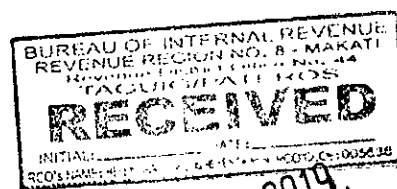
(An Open-end Investment Company)

**STATEMENTS OF CASH FLOWS**

(In US Dollars)

		For the Years Ended December 31		
	Notes	2018	2017	2016
<b>Cash Flows from Operating Activities</b>				
Profit (Loss) before tax		(\$3,496,692)	\$ 6,636,682	\$ 19,738
Adjustments for:				
Net unrealized (gains) losses on investments	8	4,230,927	(4,476,339)	2,677,745
Net realized gains on investments	8	(1,446,446)	(2,878,874)	(3,001,039)
Interest income	15	(7,223)	(69,812)	(661,053)
Operating cash flows before working capital changes		(719,434)	(788,343)	(964,609)
Decrease (Increase) in other current assets		37,307	(37,448)	-
(Decrease) Increase in:				
Accrued expenses and other payables		(9,911)	(10,322)	10,982
Payable to fund manager		(13,393)	(149,849)	130,233
Cash used in operations		(705,431)	(985,962)	(823,394)
Acquisition of financial assets at fair value through profit or loss		(38,197,391)	(88,861,238)	(216,050,086)
Proceeds from disposal and maturity of financial assets at fair value through profit or loss		43,608,444	94,701,784	229,705,914
Interest received		13,317	119,782	858,630
Income taxes paid		(501)	(696)	(1,568)
<b>Net cash generated from operating activities</b>		<b>4,718,438</b>	<b>4,973,670</b>	<b>13,689,496</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from reissuance of treasury shares	12, 13	5,356,502	7,237,174	2,764,539
Payments on acquisition of treasury shares	12	(11,109,449)	(14,221,247)	(14,067,196)
<b>Net cash used in financing activities</b>		<b>(5,752,947)</b>	<b>(6,984,073)</b>	<b>(11,302,657)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>(1,034,509)</b>	<b>(2,010,403)</b>	<b>2,386,839</b>
<b>Cash and Cash Equivalents, Beginning</b>		<b>2,221,266</b>	<b>4,231,669</b>	<b>1,844,830</b>
<b>Cash and Cash Equivalents, End</b>		<b>\$ 1,186,757</b>	<b>\$ 2,221,266</b>	<b>\$ 4,231,669</b>

See Notes to Financial Statements.



APR 13 2019.

**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**  
(An Open-end Investment Company)

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2018 AND 2017 AND FOR THE YEARS ENDED  
DECEMBER 31, 2018, 2017 and 2016**  
(In US Dollars)

**1. CORPORATE INFORMATION**

Sun Life Prosperity Dollar Advantage Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 2002 and started its commercial operations on July 1, 2002. 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 generate total long-term returns consisting of current income and capital growth in United States Dollars through investments in foreign-currency denominated fixed-income securities issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock, convertible securities, depository receipts issued by Philippine and foreign corporations and US-dollar denominated deposits. 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 which 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 2<sup>nd</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

**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 Philippine Financial Reporting Standards (PFRS), which include all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by the SEC.

**Basis of Preparation and Presentation**

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

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

**Functional Currency**

These financial statements are presented in United States dollar (USD), the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest dollar, except when otherwise indicated.

### 3. **ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

#### **Adoption of New and Revised Accounting Standards Effective in 2019**

The Company adopted all accounting standards and interpretations as at December 31, 2018. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were adopted by the Company as at December 31, 2018 and were assessed to be applicable to the Company's financial statements, are as follows:

##### *PFRS 9, Financial Instruments (2014)*

The Company has applied PFRS 9 Financial Instruments (2014) and the related consequential amendments to other PFRS Standards.

The Company has elected to apply the modified retrospective restatement. Consequently, the Company did not restate comparatives in respect of the classification and measurement of financial instruments, impairment of financial assets and general hedge accounting.

Additionally, the Company adopted consequential amendments to PFRS 7, *Financial Instruments: Disclosures* that were applied to the disclosures for 2018.

PFRS 9 introduced new requirements for:

##### (a) Classification and measurement of financial assets and financial liabilities

All recognized financial assets that are within the scope of PFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are measured subsequently at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;
- debt instruments that (i) are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and (ii) have contractual cash flows that are SPPI on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. Specifically, PFRS 9 requires that changes in the fair value of the financial liability attributable to changes in the credit risk of that liability be presented in other comprehensive income (OCI), unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

There were no changes to the classification and measurement of financial liabilities, as the new requirements affect the accounting for financial liabilities that are designated at FVTPL and the Company does not have any such liabilities. The derecognition rules have been transferred from PAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The measurement category and the carrying amounts of financial assets and liabilities in accordance with PAS 39 and PFRS 9 at January 1, 2018 are as follows:

Financial assets	PAS 39		PFRS 9	
	Measurement category	Carrying amounts	Measurement category	Carrying amounts
<b>Cash and cash equivalents</b>	Loans and receivables	\$ 2,221,266	Amortized cost	\$ 2,622,366
<b>Financial assets at FVTPL</b>				
<i>Held for trading</i>				
<i>Global mutual funds</i>	FVTPL	35,739,222	FVTPL	35,739,222
<i>Global exchange traded funds</i>	FVTPL	3,323,900	FVTPL	3,323,900
<i>Investments in fixed income securities</i>	FVTPL	204,142	FVTPL	204,142
<i>Designated Special savings deposit</i>	FVTPL	401,100	If less than 3 months - Amortized cost otherwise, FVTPL	-
<b>Total financial assets at FVTPL</b>		<b>39,668,364</b>		<b>39,267,264</b>
<b>Other financial assets</b>				
<i>Accrued interest receivable</i>	Loans and receivables	6,094	Amortized cost	6,094
<b>Total financial assets</b>		<b>\$41,895,724</b>		<b>\$41,895,724</b>

The Company's financial assets measurement category under PAS 39 as at December 31, 2017 has the same measurement category under PFRS 9. Accordingly, the carrying amount of the financial assets were unchanged as to previous measurement category. Hence, there is no adjustment to be made in the beginning balance of the retained earnings upon transition to PFRS 9 from PAS 39.

#### (b) Impairment of financial assets

The impairment model under this standard reflects expected credit losses (ECL), as opposed to incurred credit losses under PAS 39. Under the impairment approach of this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

In particular, PFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

No loss allowance is to be remeasured upon transition to PFRS 9 from PAS 39 since the financial assets measured at amortized cost do not indicate any possibility of impairment or default of payment. The Company's procedure in the assessment of the impairment allowance was disclosed in Note 4.

### (c) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

The new hedge accounting rules did not have an impact to the Company as there are currently no qualifying transactions.

### *PFRS 15, Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with single standards. An entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

The adoption of the standard did not have a significant impact on the Company's financial statements since the Company's revenue is earned from interest income, realized gains or losses and fair value gains or losses as disclosed in Note 4 which do not arise from contract with customers.

### *Amendments to PFRS 15, Clarifications to PFRS 15*

The amendments in the standard address three topics namely identifying performance obligations, principal versus agent considerations, and licensing and provide some transition relief for modified contracts and completed contracts.

- Added a clarification that the objective of the assessment of a promise to transfer goods or services to a customer is to determine whether the nature of the promise, within the context of the contract, is to transfer each of those goods or services individually or, instead, to transfer a combined item or items to which the promised goods or services are inputs.
- Clarification on how to assess control in determining whether a party providing goods or services is a principal or an agent.
- Clarification on when an entity's activities significantly affect the intellectual property by amending the application guidance.

The adoption of the standard did not have a significant impact on the Company's financial statements since the Company's revenue is earned from interest income, dividend income, realized gains or losses and fair value gains or losses as disclosed in Note 4 which do not arise from contract with customers.

Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability.

The interpretation did not have a significant impact on the Company's financial statements. This is because the Company already accounts for the transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the interpretation.

**New Accounting Standards Effective after the Reporting Period Ended December 31, 2018**

The Company will adopt the following standards when these become effective:

*PFRS 16, Leases*

This standard specifies how a PFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Lessors continue to classify leases as operating or finance, with PFRS 16's approach to lessor accounting substantially unchanged from its predecessor, PAS 17.

The standard is effective for annual reporting periods beginning on or after January 1, 2019.

The future adoption of the standard will have no effect on the Company's financial statements as the Company does not have any existing contracts is, or contains a lease.

*Amendment to PFRS 9, Prepayment Features with Negative Compensation*

The amendments include:

*Changes regarding symmetric prepayment options*

Under the current PFRS 9 requirements, the SPPI condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain).

Prepayment Features with Negative Compensation amends the existing requirements in PFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at FVTOCI) even in the case of negative compensation payments.

Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have financial instruments with prepayment features with negative compensation.

*Clarification regarding the modification of financial liabilities*

The final amendments also contain a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have modification of financial liabilities transaction.

*PAS 28, Long-term Interests in Associates and Joint Ventures*

The amendments are:

Clarification that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The future adoption of the amendments will have no impact on the Company's financial statements as the Company does not have any long-term interest in associates and in joint ventures.

**New Accounting Standards Effective After the Reporting Period Ended December 31, 2018 - Adopted by Financial Reporting Standards Council (FRSC) but pending for approval by Board of Accountancy (BOA)**

The Company will adopt the following standards when these become effective.

*Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments*

This interpretation applies in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under PAS 12, Income Taxes.

An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

- If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.
- If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

An entity has to reassess its judgments and estimates if facts and circumstances change.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The Company is still evaluating the impact of the new accounting standards on the Company's determination of taxable profit/loss, unused tax credit and tax rate.

### *Amendments to PAS 19, Plan Amendment, Curtailment or Settlement*

The amendments in Plan Amendment, Curtailment or Settlement are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company has no existing employees.

### *Annual Improvements to PFRSs 2015-2017 Cycle*

#### *Amendments to PFRS 3 and PFRS 11, Previously held interest in a joint operation*

The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

#### *Amendments to PAS 12, Income tax consequences of payments on financial instruments classified as equity*

The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

#### *Amendments to PAS 23, Borrowing costs eligible for capitalization*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The amendments are effective for periods beginning on or after January 1, 2019. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company has no interest in a joint operation, financial instruments classified as equity and borrowing cost transactions.

#### *PFRS 17, Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.



The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
  - i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
  - ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2021. Earlier application is permitted.

The future adoption of the standard will have no effect on the Company's financial statements as the Company does not issue insurance contracts.

#### Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of 'material':

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 1, 2020. Earlier application is permitted.

The Company will continue its assessment and will finalize the same upon the effectivity of this standard.

## Amendments to PFRS 3, *Definition of Business*

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The Company will continue its assessment and will finalize the same upon the effectivity of this standard.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### Accounting policies applied from January 1, 2018 for Financial Instruments

#### 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 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.

##### Classification and subsequent measurement

From January 1, 2018, the Company has applied PFRS 9 and classifies its financial assets in the following measurement categories:

- FVTPL; and
- FVTOCI, and
- amortized cost.

As at December 31, 2018, the Company does not have financial assets classified as at FVTOCI.

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 SPPI.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, 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).

For financial liabilities that are measured under the fair value option, entities will need to recognize the part of the fair value change that is due to changes in their own credit risk in OCI rather than 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 profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in finance income.

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

### *Amortized cost and effective interest method*

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired (POCI) financial assets, 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, 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.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial instruments other than POCI financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

#### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that 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. When the election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, including disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognized in net realized gains (losses) on investments in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

As at January 1, 2018 and December 31, 2018, the Company does not have financial assets at FVTOCI.

#### *Impairment of financial assets*

The Company recognizes a loss allowance for ECL on investments in debt instruments that are measured at amortized cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

With the exception of POCI financial assets, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the

asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

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.

#### *Default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 1 day on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

#### *Significant increase in credit risk*

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

The Company opted to use the practical expedient for financial assets with low credit risk in assessing the ECL since the financial assets of the Company pertain to cash and cash equivalents, due from brokers and accrued interest receivable, which meet the following requirements:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations; and
- the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

### 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 other comprehensive income 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 other comprehensive income is not subsequently reclassified to profit or loss.

### **Financial Liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company's financial liabilities classified under this category include accrued expenses and other payables, due to brokers and payable to fund manager.

#### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

#### *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.

## **Accounting Policies applied before January 1, 2018 for Financial Instruments**

The Company has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

### **Financial Assets**

#### 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 at 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, 2017 consist of financial assets at FVTPL and loans and receivables.

#### *Financial assets at FVTPL*

The Company classifies financial assets 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:

- it has been acquired principally for the purpose of selling in the near future; or
- 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
- 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 mutual funds, investments in fixed-income securities and special savings deposits. Fair value is determined in the manner described in Note 17.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of net discounting is immaterial.

The Company's financial assets classified under this category include cash in bank and accrued interest receivable.

### Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### *Objective evidence of impairment*

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

### Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.



### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of net discounting is immaterial.

The Company's financial assets classified under this category include cash in bank and accrued interest receivable.

### Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### *Objective evidence of impairment*

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

### Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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 financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

## **Financial Liabilities and Equity Instruments**

### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

### Financial liabilities

#### *Initial recognition*

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities, except for debt instruments classified at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

#### *Subsequent measurement*

Since the Company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company's financial liabilities classified under this category include payable to fund manager and accrued expenses and other payables.

#### *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

#### *Derecognition*

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or has 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

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. 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.

### *Deposits for future stock subscriptions*

Deposits for future stock subscriptions are recorded at historical cost. According to Financial Reporting Bulletin (FRB) No. 6 as issued by SEC, these are classified as equity when all of the following criteria are met:

- the unissued authorized capital stock 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 stock (for which a deposit was received by the Company);
- there is stockholders' 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.

Deposits for future stock subscriptions are classified as liability, when the above criteria are not met.

### **Revenue Recognition**

Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

### Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payments have been established, usually at ex-dividend rate, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

### Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. 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 a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or, (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

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 administrative and other business expenses of the Company including management fees and custodianship fees.

## **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. 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**

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

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 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher.

### Final tax

Final tax expense represents final taxes withheld on interest income from cash in banks, special savings deposits and fixed-income securities and final taxes withheld on proceeds from sale of listed equity securities.

### Deferred tax

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

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

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

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

### Current and deferred taxes for the year

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

### **Foreign Currency**

Transactions in currencies other than functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities when the gains and losses of such non-monetary items are recognized directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

### **Earnings (Loss) 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 (loss) per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of deposits for future stock subscriptions which are dilutive potential ordinary shares.

### **Net Asset Value per Share (NAVPS)**

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

### **Events After the Reporting Period**

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

### **Critical Judgments in Applying Accounting Policies**

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

#### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

The Company measures its financial assets at amortized cost if the financial asset qualifies for both SPPI and business model test. The Company's business model is to hold the asset and to collect its 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, 2018, the Company's financial assets measured at FVTPL and amortized cost amounted to \$31,122,848 and \$1,436,757, respectively.

#### Significant increase of credit risk

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

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the qualitative and quantitative criteria have been met as disclosed in Note 20.

As at December 31, 2018, the Company's financial instrument measured at amortized cost has not experienced a significant increase in its credit risk.

#### 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 Note 20, 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 US dollar (USD). The USD 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 designated its redeemable share capital as equity instruments when the Company adopted the amendments in PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements: Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*, effective for annual reporting periods beginning on or after January 1, 2009. The Company's share capital met the specified criteria 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, 2018 and 2017, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to \$427,393, 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.

#### Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As at December 31, 2018, the Company assessed a nil probability of default for all of its financial assets measured at amortized cost. The assumptions used by the Company in estimating PD is disclosed in Note 20.

#### Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The Company uses portfolio averages from external estimates sourced out from Standard and Poor's (S&P) as the LGD estimates. The categorization of LGD estimates per financial asset measured at amortized cost is disclosed in Note 20.

#### Estimating loss allowance for ECL

The measurement of the expected credit loss allowance 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 20 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.



#### Estimating allowances for doubtful accounts

The Company estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Company uses judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

As at December 31, 2018 and 2017, Management believes that the recoverability of the Company's accrued interest receivable and due from brokers are certain, accordingly, no doubtful accounts expense was recognized in both years. Accrued interest receivable as at December 31, 2018 and 2017 amounted to nil and \$6,094, respectively, as disclosed in Note 7. Due from brokers as at December 31, 2018 and 2017 amounted to \$250,000 and nil, respectively, as disclosed in Note 9.

#### Deferred tax assets

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

Based on Management's expectation of the Company's future taxable income, the Company did not recognize deferred tax assets as at December 31, 2018 and 2017, as disclosed in Note 18.

#### Determining fair value of investments in debt securities and special savings deposits classified at financial assets at FVTPL

The Company carries its investments in traded debt securities and special savings deposits at fair value, which requires use of accounting estimates and judgment. Since market interest rate is a significant component of fair value measurement, fair value would differ if the Company applied a different set of reference rates in the valuation methodology. Any change in the fair value of these financial assets would affect profit or loss and equity.

As at December 31, 2018 and 2017, carrying amounts of investments in debt securities and special savings deposits classified as financial assets at FVTPL amounted to nil and \$605,242, respectively, as disclosed in Note 8.

## **6. CASH AND CASH EQUIVALENTS**

Cash in banks earned interest amounting to \$822, \$733, and \$ 438 at average rates of 0.18%, 0.18%, and 0.14% in 2018, 2017 and 2016, 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 pertain to special savings deposits with maturity period of three to thirty days. As at December 31, 2018, cash equivalents account has a nil balance.

Cash equivalents earned interest amounting to \$604, nil, and nil at average rates of 0.55%, nil, and nil in 2018, 2017 and 2016, respectively, as disclosed in Note 15.

The adoption of PFRS 9 has resulted in changes in classification of special savings account with maturity period of less than 3 months from FVTPL to cash equivalents. The presentation of PFRS 9 impact is disclosed in Note 3.

**7. ACCRUED INTEREST RECEIVABLE**

Accrued interest receivable from fixed-income securities, special savings deposits and cash equivalents amounted to nil, nil and nil, respectively, as at December 31, 2018 and \$6,041, \$53 and nil, respectively, as at December 31, 2017.

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:

	Note	2018	2017
<b>Held-for-trading:</b>			
Global mutual funds		<b>\$28,007,679</b>	\$35,739,222
Global exchange traded funds		<b>2,127,505</b>	3,323,900
Investments in fixed-income securities		-	204,142
Investment in mutual fund	11	<b>987,664</b>	-
		<b>31,122,848</b>	39,267,264
<b>Designated:</b>			
Special savings deposits		-	401,100
		<b>\$31,122,848</b>	\$39,668,364

Held-for-trading financial assets are composed of investments in global traded and mutual funds and fixed-income securities in the form of dollar-denominated government bonds while financial assets designated as FVTPL are composed of dollar-denominated special savings deposits and mutual funds.

Interest income earned on fixed-income securities and special savings deposits amounted to \$5,797 and nil, respectively, in 2018, \$68,696 and \$383, respectively, in 2017, and \$640,724 and \$19,891, respectively, in 2016, as disclosed in Note 15. Average rates earned on these investments are also disclosed in Note 15.

Net gains and losses on investments recognized in profit or loss arising from held-for-trading financial assets are as follows:

	2018	2017	2016
Net realized gains (losses) on investments in:			
Mutual funds	<b>\$1,469,999</b>	\$2,867,740	\$2,168,521
Fixed-income securities	<b>(23,553)</b>	11,134	832,518
	<b>1,446,446</b>	2,878,874	3,001,039
Net unrealized gains (losses) on investments:	<b>(4,230,927)</b>	4,476,339	(2,677,745)
	<b>(\$2,784,481)</b>	\$7,355,213	\$ 323,294

The following table presents the breakdown of maturity profile of the principal amounts of special savings deposits and fixed-income securities:

	2018	2017
Due in one year or less	<b>\$ -</b>	\$601,000

The adoption of PFRS 9 has resulted in changes in classification of special savings account with maturity period of less than 3 months from FVTPL to cash equivalents. The presentation of PFRS 9 impact is disclosed in Note 3.

## 9. DUE FROM/TO BROKERS

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

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

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

Commissions amounting to \$1,243, nil and nil in 2018, 2017 and 2016, respectively, are paid to brokers when buying and selling shares of stock.

## 10. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	Note	2018	2017
Due to investors		\$ 600	\$ 7,232
Withholding and documentary stamp taxes		4,168	5,255
Custodianship fees		2,041	3,362
Professional fees		2,172	2,136
Directors' fees	11	-	907
		<b>\$8,981</b>	<b>\$18,892</b>

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 four days after the transaction date. Other payables are non-interest bearing and are normally settled within one year.

## 11. RELATED PARTY TRANSACTIONS

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

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

Nature of Transaction	Transactions During the Year			Outstanding Balances		Terms	Condition	Note
	2018	2017	2016	2018	2017			
SLAMCI - Fund Manager								
Management Distribution and Transfer fees	\$693,574	\$757,462	\$929,763	\$52,242	\$65,635	Non-interest bearing; 1.65% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unsecured; Unguaranteed	a
Key Management Personnel								
Directors' fees	\$ 4,279	\$ 3,474	\$ 4,313	\$ -	\$ 907	Non-interest bearing; Payable on Demand; Settled in cash	Unsecured; Unguaranteed	b

As at December 31, 2018, below is the outstanding investment of the Company in Sun Life Prosperity Dollar Starter Fund, Inc.:

	Note	Shares	Current Value
Sun Life Prosperity Dollar Starter Fund, Inc.	8	972,493	\$987,664

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, SLAMCI receives aggregate fees for these services at an annual rate of 1.50% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day.

On September 18, 2018, the Company and SLAMCI amended its management, distribution and transfer fee agreement based on the provisions of ICA 2018 IRR (Implementing Rules and Regulations of the Investment Company Act 2018) published by the SEC (Securities and Exchange Commission) on January 11, 2018. The agreements shall remain in effect for a period of 2 years from September 18, 2018 and shall 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 presented in the statements of comprehensive income under "Directors' Fees" amounting to \$4,279, \$3,474 and \$4,313 in 2018, 2017 and 2016, respectively, which are usually paid to Directors based on the number of meetings held and attended. Accrued directors' fees as at December 31, 2018 and 2017 amounting to nil and \$907, respectively, as disclosed in Note 10, are presented under "Accrued expenses and other payables" in the statements of financial position.

Except for the Board of Directors, the Company has no management personnel and employees. Pursuant to the Company's Management and Distribution Agreement with SLAMCI, the latter provides all the staff of the Company, including executive officers and other trained personnel.

**12. EQUITY**

Movements in share capital are as follows:

	2018		2017		2016	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized: at P1.00 par value						
At January 1	33,200,000	P33,200,000	33,200,000	P33,200,000	33,200,000	P33,200,000
At December 31	33,200,000	P33,200,000	33,200,000	P33,200,000	33,200,000	P33,200,000
Issued and fully paid:						
At January 1	21,369,625	\$ 427,393	21,369,625	\$ 427,393	21,369,625	\$ 427,393
At December 31	21,369,625	\$ 427,393	21,369,625	\$ 427,393	21,369,625	\$ 427,393
Treasury shares:						
At January 1	9,939,564	\$26,751,369	7,836,312	\$16,995,595	4,217,580	\$ 3,697,338
Acquisition	3,047,242	11,109,449	4,162,188	14,221,247	4,495,866	14,067,196
Reissuance	(1,439,745)	(3,874,933)	(2,058,936)	(4,465,473)	(877,134)	(768,939)
At December 31	11,547,061	\$33,985,885	9,939,564	\$26,751,369	7,836,312	\$16,995,595

Fully paid ordinary shares with a par value of P1.00 carry one vote per share and a right to dividends.

*Incorporation*

The Company was incorporated on February 13, 2002 with 2,000,000 authorized shares with a par value of P1.00 per share.

### *Approved changes*

On February 14, 2002, the shareholders approved the blanket increase in the Company's authorized share capital up to 22,000,000 shares with a par value of P1.00 per share.

On October 29, 2003, the Board of Directors approved the first tranche of the share capital increase of 2,200,000 shares (from 2,000,000 shares to 4,200,000 shares both with a par value of P1.00), which was approved by the SEC on August 4, 2004.

On February 17, 2006, the Board of Directors approved the second tranche of the share capital increase of 2,000,000 shares (from 4,200,000 shares to 6,200,000 shares both with a par value of P1.00), which was also approved by the SEC on July 13, 2006.

On October 6, 2011, the Board of Directors approved the third tranche of the share capital increase of 12,000,000 shares (from 6,200,000 shares to 18,200,000 shares both with a par value of P1.00), which was approved by the SEC on May 10, 2013.

On April 29, 2014, the Board of Directors approved the increase in authorized shares of 15,000,000 (from 18,200,000 shares to 33,200,000 shares both with a par value of P1.00).

The SEC approved the increase of authorized share capital on October 2, 2014 and the registration statements on March 18, 2015.

### *Current state*

As at December 31, 2018, the Company has 33,200,000 authorized shares, with a par value of P1.00 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Transfer from DFFS	Subscriptions	Balances
2011	\$2.6513	1,481,258	(1,514,158)	-	-	6,161,795
2012	\$2.8819	1,219,254	(1,612,721)	-	-	5,768,328
2013	\$3.1982	1,934,788	(1,503,292)	8,654,928	-	14,854,752
2014	\$3.2074	7,439,942	(4,097,655)	-	3,169,629	21,366,668
2015	\$3.1122	860,225	(5,074,848)	-	-	17,152,045
2016	\$3.1106	877,134	(4,495,866)	-	-	13,533,313
2017	\$3.6525	2,058,936	(4,162,188)	-	-	11,430,061
2018	\$3.3086	1,439,745	(3,047,242)	-	-	9,822,564

The total number of shareholders as at December 31, 2018, 2017 and 2016 are 3,596, 3,444, and 3,290, 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 \$56,267,018, \$54,785,449 and \$52,013,748 as at December 31, 2018, 2017 and 2016, respectively, pertains to excess payments over par value from investors and on reissuance of treasury shares.

**14. NET ASSET VALUE PER SHARE (NAVPS)**

NAVPS is computed as follows:

	Note	2018	2017
Total equity		<b>\$32,498,528</b>	\$41,748,637
Outstanding shares	12	<b>9,822,564</b>	11,430,061
NAVPS		<b>\$3.3086</b>	\$3.6525

NAVPS is based on issued, outstanding and fully paid shares minus treasury share plus shares to be issued on deposits for future stock subscriptions. The expected cash outflow on redemption of these shares is equivalent to the computed NAVPS as at reporting period.

**15. INTEREST INCOME**

This account consists of interest income on the following:

	Notes	2018	2017	2016
Fixed-income securities	8	<b>\$ 5,797</b>	\$68,696	\$640,724
Special savings deposits	8	-	383	19,891
Cash equivalents	6	<b>604</b>	-	-
Cash in banks	6	<b>822</b>	733	438
		<b>\$ 7,223</b>	\$69,812	\$661,053

Interest income is recorded gross of final withholding tax which is shown as "Income Tax Expense" account in the statements of comprehensive income.

Average interest rates of investments and cash and cash equivalents in 2018, 2017 and 2016 are as follows:

	Note	2018	2017	2016
Fixed-income securities		<b>6.05%</b>	7.50%	9.06%
Special savings deposits		-	0.17%	0.05%
Cash equivalents	6	<b>0.55%</b>	-	-
Cash in banks	6	<b>0.18%</b>	0.18%	0.14%

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

	Notes	2018	2017	2016
Financial assets at FVTPL	8	<b>\$ 5,797</b>	\$69,079	\$660,615
Cash and cash equivalents	6	<b>1,426</b>	733	438
		<b>\$ 7,223</b>	\$69,812	\$661,053

**16. EARNINGS (LOSS) PER SHARE**

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

	2018	2017	2016
Total Comprehensive Income for the Year	( <b>\$3,497,161</b> )	\$ 6,636,244	\$ 17,902
Weighted average number of shares:			
Issued and outstanding	<b>10,523,507</b>	12,117,729	16,412,111
Weighted average number of outstanding shares for the purpose of computing diluted earnings (loss) per share	<b>10,523,507</b>	12,117,729	16,412,111
Basic earnings (loss) per share	( <b>\$ 0.3323</b> )	\$ 0.5476	\$ 0.0011
Diluted earnings (loss) per share	( <b>\$ 0.3323</b> )	\$ 0.5476	\$ 0.0011

As at December 31, 2018 and 2017, the Company has no dilutive potential ordinary shares.

**17. FAIR VALUE OF FINANCIAL INSTRUMENTS**

*Assets and liabilities measured at fair value on a recurring basis*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the inputs to fair value are observable.

	Note	Level 1	Level 2	Total
<b>December 31, 2018</b>				
Financial assets at fair value through profit or loss:				
Global mutual funds	8	\$28,007,679	\$ -	\$28,007,679
Global exchange traded funds	8	2,127,505	-	2,127,505
Mutual funds	8	987,664	-	987,664
		<b>\$31,122,848</b>	<b>\$ -</b>	<b>\$31,122,848</b>
<b>December 31, 2017</b>				
Financial assets at fair value through profit or loss:				
Special savings deposits	8	\$ -	\$401,100	\$ 401,100
Fixed-income securities	8	204,142	-	204,142
Global mutual funds	8	35,739,222	-	35,739,222
Global exchange traded funds	8	3,323,900	-	3,323,900
		<b>\$39,267,264</b>	<b>\$401,100</b>	<b>\$39,668,364</b>

In 2017, the fair values of special savings deposits are based on discounted cash flow analysis using prevailing market interest rates. The fair values of fixed-income securities are based on quoted prices in an active market as at reporting date.

Investments in traded and mutual funds are valued at their published NAVPS as at reporting date.

There were no transfers to other levels during the period. Total unrealized gain or loss on investments relating to financial assets that are measured at fair value at the end of the reporting period are presented separately in the statements of comprehensive income and disclosed in Note 8.

*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:

	Notes	2018		2017	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets</b>					
Cash and cash equivalents	6	\$1,186,757	\$1,186,757	\$2,221,266	\$2,221,266
Accrued interest receivable	7	-	-	6,094	6,094
Due from brokers	9	250,000	250,000	-	-
		<b>\$1,436,757</b>	<b>\$1,436,757</b>	<b>\$2,227,360</b>	<b>\$2,227,360</b>
<b>Financial Liabilities</b>					
Due to brokers	9	\$ 16	\$ 16	\$ 99,998	\$ 99,998
Accrued expenses and other payables	10	4,813	4,813	13,637	13,637
Payable to fund manager	11	52,242	52,242	65,635	65,635
		<b>\$ 57,071</b>	<b>\$ 57,071</b>	<b>\$ 179,270</b>	<b>\$ 179,270</b>

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

Cash and cash equivalents, accrued interest receivable, due from brokers, accrued expenses and other payables, payable to fund manager and due to brokers have short-term maturities, hence, their carrying amounts are considered their fair values.

**18. INCOME TAXES**

Details of income tax expense are as follows:

	2018	2017	2016
Final tax	\$196	\$428	\$1,563
MCIT	273	10	273
	<b>\$469</b>	<b>\$438</b>	<b>\$1,836</b>

The reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by 30% is as follows:

	2018	2017	2016
Accounting profit (loss)	<b>(\$3,496,692)</b>	\$6,636,682	\$ 19,738
Tax expense (benefit) at 30%	<b>(\$1,049,008)</b>	\$1,991,005	\$ 5,921
Adjustment for income subject to lower tax rate	<b>(1,970)</b>	(20,515)	(196,753)
Tax effects of:			
Unrecognized Net Operating Loss Carry-Over (NOLCO)	<b>215,830</b>	236,503	285,443
Unrecognized MCIT	<b>273</b>	10	273
Non-deductible expenses			
Net realized gains on investments	<b>(433,934)</b>	(863,663)	(896,372)
Net unrealized gains/losses on investments	<b>1,269,278</b>	(1,342,902)	803,324
	<b>\$ 469</b>	\$ 438	\$ 1,836



Details of the Company's NOLCO are as follows:

Year Incurred	Year of Expiry	Beginning Balance	Additions	Expired	2018 Balance
2015	2018	P 52,936,612	P -	P52,936,612	P -
2016	2019	47,397,926	-	-	<b>47,397,926</b>
2017	2020	39,705,003	-	-	<b>39,705,003</b>
2018	2021	-	37,886,402	-	<b>37,886,402</b>
		<b>P140,039,541</b>	<b>P37,886,402</b>	<b>P52,936,612</b>	<b>P124,989,331</b>

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Amount	Expired	2018 Balance
2015	2018	P 524	P524	P -
2016	2019	13,602	-	<b>13,602</b>
2017	2020	504	-	<b>504</b>
2018	2021	14,382	-	<b>14,382</b>
		<b>P29,012</b>	<b>P524</b>	<b>P28,488</b>

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

The Company's interest income from cash in banks, cash equivalents, and special savings deposits are already subjected to final tax while interest income from fixed-income securities are tax-exempt and are therefore, excluded from the computation of taxable income subject to RCIT or MCIT.

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

## 19. CONTINGENCY

The Company has no pending legal cases as at December 31, 2018 and 2017 that may have a material effect on the Company's financial position and results of operations.

## 20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, which includes interest rate risk and equity price 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 takes 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, process of equity securities in the stock market and movements in NAVPS of investments in mutual funds. The Company has insignificant exposure to foreign exchange risk since foreign currency denominated transactions are minimal. There has been no change on the manner in which the Company manages and measures these risks.

### *Interest rate risk*

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

The primary source of the Company's interest rate risk relates to cash in banks, special savings deposits and fixed-income securities. The interest rates of these financial assets are disclosed in Notes 6 and 15.

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

A 50 basis points increase or decrease in the interest rates had been determined for sensitivity analysis based on the exposure to interest rates for 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 income after tax if interest rate had been 50 basis points higher or lower and all other variables are held constant, the Company's profit or loss for the years ended 2018, 2017 and 2016 would have increased or decreased by:

<b>Change in Interest Rates</b>	<b>Increase (Decrease) in Profit (Loss)</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
+50 basis	<b>\$5,387</b>	\$11,325	(\$ 9,622)
-50 basis	<b>(\$5,387)</b>	(\$11,322)	\$10,673

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 mutual funds.

The risk is managed by the Fund Manager by actively monitoring the domestic equity market and movements in NAVPS of investments in traded and mutual funds.

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPS had been 2% higher or lower, profit or loss for the years ended December 31, 2018, 2017 and 2016 would have increased or decreased by \$610,954, \$766,825 and \$759,319, respectively.

Other than interest and equity price risks discussed above, there are no other market risks which will significantly affect the Company's performance.

### *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 the equivalent of investment grade of "High" down to "Satisfactory". 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	2018	2017
Cash in banks	6	\$1,186,757	\$2,221,266
Due from brokers	9	250,000	-
Financial assets at FVTPL	8	-	605,242
Accrued interest receivable	7	-	6,094
		<b>\$1,436,757</b>	<b>\$2,832,602</b>

In 2018, expected credit losses 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.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

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, 2018:

2018	Notes	External credit rating	Internal credit rating	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
Cash and cash equivalents	6	AAA	Performing	N/A	\$1,186,757	\$ -	\$1,186,757
Due from brokers	9	AAA	Performing	N/A	250,000	-	250,000
					<b>\$1,436,757</b>	<b>\$ -</b>	<b>\$1,436,757</b>

In 2017, the credit quality of those that are neither past due nor impaired financial assets are as follows:

Neither Past Due nor Impaired			
	Notes	High Grade	Total
2017			
Cash and cash equivalents	6	\$2,221,266	\$2,221,266
Financial assets at FVTPL	8	605,242	605,242
Accrued interest receivable	7	6,094	6,094
		<b>\$2,832,602</b>	<b>\$2,832,602</b>

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

*High Grade* - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Company has excellent repayment experience.

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

Summary rating	Internal credit rating	S&P rating
High	AAA	AAA
High	AAA	A
High	AAA	A
High	AAA	BBB
Satisfactory	AA	BB
Acceptable	B	B
Low	CCC/C	CCC/C

*Liquidity risk*

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

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

The Company maintains at least ten percent of the fund in liquid/semi-liquid assets in the form of cash in banks, cash equivalents, investments in traded and mutual funds and other collective schemes wholly invested in liquid/semi-liquid assets to assure necessary liquidity. This is also in compliance to SEC Circular 12 series of 2013, Amendments to ICA Rule 35-1.

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

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

	Less than One Month	One Month to One Year	Total
<b>2018</b>			
Due to brokers	\$ 16	\$ -	\$ 16
Accrued expenses and other payables	600	4,213	4,813
Payable to fund manager	52,242	-	52,242
	<b>\$52,858</b>	<b>\$4,213</b>	<b>\$57,071</b>
<b>2017</b>			
Due to brokers	\$ 99,998	\$ -	\$ 99,998
Accrued expenses and other payables	7,232	6,405	13,637
Payable to fund manager	65,635	-	65,635
	<b>\$172,865</b>	<b>\$6,405</b>	<b>\$179,270</b>

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

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

	Average Effective Interest Rate	Less than One Year
<b>2018</b>		
Cash in banks	0.18%	<b>\$1,186,757</b>
Due from brokers		<b>250,000</b>
		<b>\$1,436,679</b>
<b>2017</b>		
Cash in banks	0.18%	\$2,221,266
Financial assets at FVTPL	1.65%	610,065
Accrued interest receivable		6,094
		<b>\$2,837,425</b>

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

## 21. CAPITAL RISK MANAGEMENT

The Fund Manager manages the Company's capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the mix of high-quality debt and equity securities from domestic issuers.

The Company is guided by its Investment Policies and Legal Limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid in capital, is held by the pertinent custodian banks.

The capital structure of the Company consists of issued capital as disclosed in Note 12.

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

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

- a. It does not issue senior securities;
- b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- e. It does not invest directly in real estate properties and developments;
- f. It does not purchase or sell commodity futures contracts;
- g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;
- h. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions; and
- i. It does not change its investment objectives without the prior approval of a majority of its shareholders.

The Investment Policies refer to the following:

- a. Investment Objective - to provide moderate growth and a steady income stream through investments in US Dollar-denominated fixed income securities issued by the Philippine government, other major economies, or corporations operating therein, and in high quality common stocks and related securities issued by Philippine and foreign corporations, or through diversified investment companies invested in such securities.
- b. Benchmark - 60% Morgan Stanley Capital International All Country World Index (MSCI ACWI) and 35% JP Morgan Global Aggregate Bond Index (JPM GABI) and 5% 30-day USD deposit rate.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 1.5% of the net assets attributable to shareholders on each valuation day.

As at December 31, 2018 and 2017, 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:

	2018	2017
Equity	<b>\$32,498,529</b>	\$41,748,637
Total assets	<b>32,559,768</b>	41,933,172
Equity ratio	<b>0.99:1</b>	0.99:1

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

**22. 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 2018 taxable year is presented for purposes of filing with the BIR and is not a required part of the basic financial statements:

*Documentary stamp tax*

Documentary stamp taxes incurred by the Company during 2018 amounted to P11,748 representing taxes paid in connection with the issuance of stock certificates by the Company to its shareholders. The documentary stamp tax being paid by the Company to the BIR includes those charged against the shareholders' investment for stock certificate issuances in excess of four (4) inter-fund transfers per calendar year.

*Other taxes and licenses*

Details of other taxes and licenses and permit fees paid and accrued in 2018 are as follows:

<b>Charged to Operating Expenses</b>	
Business tax	<b>P190,006</b>
Residence or community tax	<b>10,500</b>
Registration and filing fees	<b>54,595</b>
Others	<b>500</b>
	<b>P255,601</b>

*Withholding taxes*

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

	<b>Paid</b>	<b>Accrued</b>	<b>Total</b>
Expanded withholding taxes	<b>P5,100,977</b>	<b>P219,434</b>	<b>P3,262,011</b>

**23. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 12, 2019.

The Board of Directors approved the issuance of the financial statements also on March 12, 2019.

\* \* \*

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

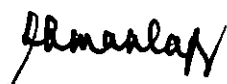
To the Board of Directors and Shareholders  
SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.  
(An Open-end Investment Company)  
Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive  
Bonifacio Global City, Taguig City

We have audited the financial statements of Sun Life Prosperity Dollar Advantage Fund, Inc. (the "Company") as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 in accordance with Philippine Standards on Auditing, on which we have rendered an unqualified opinion dated March 12, 2019.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedule showing the reconciliation of the retained earnings available for dividend declaration, list of all effective accounting standards and interpretations and other supplementary information shown in Schedules A-H as at and for the year ended December 31, 2018, as required by the Securities and Exchange Commission under SRC Rule 68, as amended, is presented for purposes of additional analysis 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 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.  
BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021  
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A  
TIN 005299331

By:



Avis B. Manlapaz  
Partner  
CPA License No. 0074249  
SEC A.N. 1669-A, issued on March 13, 2018; effective until March 12, 2021, Group A  
TIN 120964002  
BIR A.N. 08-002552-8-2016, issued on October 4, 2016; effective until October 4, 2019  
PTR No. A-4255734, issued January 10, 2019, Taguig City

Taguig City, Philippines  
March 12, 2019





**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DECLARATION**

As at December 31, 2018

SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.

2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City

Items	Amount
<b>Unappropriated Retained Earnings, beginning</b>	<b>\$ 13,287,164</b>
<b>Adjustments:</b>	
Accumulated unrealized fair value gain as at December 31, 2017	(4,709,497)
Treasury shares as of December 31, 2017	(26,751,369)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>\$ (18,173,702)</b>
<b>Net income based on the face of AFS</b>	<b>(3,497,161)</b>
<b>Adjustments for non-actual (gains) losses</b>	
Effect of movements in accumulated unrealized gains during the year	4,229,918
<b>Net Income Actual/Realized</b>	<b>732,757</b>
<b>Less: Treasury shares acquired during the year</b>	<b>(7,234,516)</b>
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b>\$ (24,675,461)</b>

**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**

(An Open-end Investment Company)

List of Effective Standards and Interpretations under the Philippine Financial Reporting Standards (PFRS) as at December 31, 2018

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Conceptual Framework for Financial Reporting</b> Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRSs Practice Statement 1 Management Commentary</b>		✓		
<b>PFRSs Practice Statement 2 Making Materiality Judgments</b>		✓		
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	<i>First-time Adoption of Philippine Financial Reporting Standards</i>			✓
	<i>Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>			✓
	<i>Amendments to PFRS 1: Additional Exemptions for First-time Adopters</i>			✓
	<i>Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Government Loans</i>			✓
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PFRS 1: First-Time Adoption of PFRS</i>			✓
	<i>Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 1: First-time Adoption of International Financial Reporting Standards (Changes to the Basis for Conclusions only)</i>			✓
	<i>Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PFRS 1: Deletion of short-term exemptions for first-time adopters</i>			✓
<b>PFRS 2</b>	<i>Share-based Payment</i>			✓
	<i>Amendments to PFRS 2: Vesting Conditions and Cancellations</i>			✓
	<i>Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 2: Definition of Vesting Condition</i>			✓
	<i>Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions</i>			✓
<b>PFRS 3 (Revised)</b>	<i>Business Combinations</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle</i>			

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>	<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
- Amendments to PFRS 3: <i>Accounting for Contingent Consideration in a business combination</i>			✓
Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 3: <i>Scope of Exception for Joint Ventures</i>			✓
Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PFRS 3: <i>Previously held interest in a joint operation*</i>		✓	
Amendments to PFRS 3: <i>Definition of a Business*</i>		✓	
<b>PFRS 4</b>			
<i>Insurance Contracts</i>			✓
Amendments to PAS 39 and PFRS 4: <i>Financial Guarantee Contracts</i>			✓
Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments with PFRS 4, Insurance Contracts</i>			✓
<b>PFRS 5</b>			
<i>Non-current Assets Held for Sale and Discontinued Operations</i>			✓
Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PFRS 5: <i>Changes in methods of disposal</i>			✓
<b>PFRS 6</b>			
<i>Exploration for and Evaluation of Mineral Resources</i>			✓
<b>PFRS 7</b>			
<i>Financial Instruments: Disclosures</i>	✓		
Amendments to PAS 39 and PFRS 7: <i>Reclassification of Financial Assets</i>	✓		
Amendments to PAS 39 and PFRS 7: <i>Reclassification of Financial Assets - Effective Date and Transition</i>	✓		
Amendments to PFRS 7: <i>Improving Disclosures about Financial Instruments</i>	✓		
Amendments to PFRS 7: <i>Disclosures - Transfers of Financial Assets</i>			✓
Amendments to PFRS 7: <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>			✓
Amendments to PFRS 7: <i>Mandatory Effective Date of PFRS 9 and Transition Disclosures</i>			✓
Amendments to PFRS 7: <i>Hedge Accounting Disclosures</i>			✓
Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PFRS 7: <i>Servicing contracts and Applicability of the amendments to PFRS 7 to condensed interim financial statements</i>			✓
<b>PFRS 8</b>			
<i>Operating Segments</i>			✓
Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 8: <i>Aggregation of Operating Segments and Reconciliation of the reportable segments' assets to the entity's assets</i>			✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PFRS 9</b>	<i>Financial Instruments (2014)</i>	✓		
	<i>Amendments to PFRS 9: Prepayment Features with Negative Compensation*</i>		✓	
<b>PFRS 10</b>	<i>Consolidated Financial Statements</i>			✓
	<i>Amendments to PFRS 10: Consolidated Financial Statement: Transition Guidance</i>			✓
	<i>Amendments to PFRS 10: Transition Guidance and Investment Entities</i>			✓
	<i>Amendments to PFRS 10: Sales or contributions of assets between an investor and its associate/joint venture*</i>		✓	
	<i>Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception</i>			✓
<b>PFRS 11</b>	<i>Joint Arrangements</i>			✓
	<i>Amendments to PFRS 1: Joint Arrangements: Transition Guidance</i>			✓
	<i>Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations</i>			✓
	<i>Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PFRS 11: Previously held interest in a joint operation*</i>		✓	
<b>PFRS 12</b>	<i>Disclosure of Interests in Other Entities</i>	✓		
	<i>Amendments to PFRS 12: Disclosure of Interests in Other Entities: Transition Guidance</i>			✓
	<i>Amendments to PFRS 12: Transition Guidance and Investment Entities</i>			✓
	<i>Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception</i>			✓
	<i>Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PFRS 12: Clarification of the scope of the standard</i>			✓
<b>PFRS 13</b>	<i>Fair Value Measurement</i>	✓		
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 13: Fair Value Measurement (Amendments to the Basis of Conclusions only, with consequential amendments to the Bases of Conclusions of other standards)</i>			✓
	<i>Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 13: Portfolio Exception</i>			✓
<b>PFRS 14</b>	<i>Regulatory Deferral Accounts</i>			✓
<b>PFRS 15</b>	<i>Revenue from Contracts with Customers</i>			✓
	<i>Amendments to PFRS 15: Clarifications to PFRS 15</i>			✓
<b>PFRS 16</b>	<i>Leases*</i>		✓	
<b>PFRS 17</b>	<i>Insurance Contracts*</i>		✓	

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	<i>Presentation of Financial Statements</i>	✓		
	<i>Amendment to PAS 1: Capital Disclosures</i>	✓		
	<i>Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation</i>	✓		
	<i>Amendments to PAS 1: Presentation of Items of Other Comprehensive Income</i>	✓		
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 1: Comparative Information</i>	✓		
	<i>Amendments to PAS 1: Disclosure Initiative</i>	✓		
	<i>Amendments to PAS 1: Definition of Material*</i>		✓	
<b>PAS 2</b>	<i>Inventories</i>			✓
<b>PAS 7</b>	<i>Statement of Cash Flows</i>	✓		
	<i>Amendments to PAS 7: Disclosure Initiative</i>	✓		
<b>PAS 8</b>	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓		
	<i>Amendments to PAS 8: Definition of Material*</i>		✓	
<b>PAS 10</b>	<i>Events after the Reporting Period</i>	✓		
<b>PAS 12</b>	<i>Income Taxes</i>	✓		
	<i>Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets</i>			✓
	<i>Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses</i>			✓
	<i>Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PAS 12: Income tax consequences of payments on financial instruments classified as equity*</i>		✓	
<b>PAS 16</b>	<i>Property, Plant and Equipment</i>			✓
	<i>Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 16: Servicing Equipment</i>			✓
	<i>Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation</i>			✓
	<i>Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation</i>			✓
	<i>Amendments to PAS 16: Agriculture: Bearer Plants</i>			✓
<b>PAS 17</b>	<i>Leases</i>			✓
<b>PAS 19 (Amended)</b>	<i>Employee Benefits (2011)</i>			✓
	<i>Amendments to PAS 19: Defined Benefit Plans: Employee Contributions</i>			✓
	<i>Annual Improvements to PFRSs 2012-2014 Cycle</i>			

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
	- Amendments to PAS 19: <i>Discount rate: regional market issue</i>			✓
	Amendments to PAS 19: <i>Plan Amendment, Curtailment or Settlement*</i>		✓	
<b>PAS 20</b>	<i>Accounting for Government Grants and Disclosure of Government Assistance</i>			✓
<b>PAS 21</b>	<i>The Effects of Changes in Foreign Exchange Rates</i>	✓		
	Amendment to PAS 21: <i>Net Investment in a Foreign Operation</i>			✓
<b>PAS 23 (Revised)</b>	<i>Borrowing Costs</i>			✓
	Annual Improvements to PFRSs 2015-2017 Cycle - Amendments to PAS 23: <i>Borrowing costs eligible for capitalization*</i>		✓	
<b>PAS 24 (Revised)</b>	<i>Related Party Disclosures</i>	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 24: <i>Key Management Personnel</i>	✓		
<b>PAS 26</b>	<i>Accounting and Reporting by Retirement Benefit Plans</i>			✓
<b>PAS 27 (Amended)</b>	<i>Separate Financial Statements</i>			✓
	Amendments to PAS 27: <i>Transition Guidance and Investment Entities</i>			✓
	Amendments to PAS 27: <i>Equity Method in Separate Financial Statements</i>			✓
<b>PAS 28 (Amended)</b>	<i>Investments in Associates and Joint Ventures</i>			✓
	Amendments to PAS 28: <i>Investment Entities: Applying the Consolidation Exception</i>			✓
	Amendments to PAS 28: <i>Sales or contributions of assets between an investor and its associate/joint venture*</i>		✓	
	Annual Improvements to PFRSs 2014-2016 Cycle - Amendments to PAS 28: <i>Measuring an associate or joint venture at fair value</i>			✓
	Amendments to PAS 28: <i>Long-term Interests and Joint Ventures *</i>		✓	
<b>PAS 29</b>	<i>Financial Reporting in Hyperinflationary Economies</i>			✓
<b>PAS 32</b>	<i>Financial Instruments: Disclosure and Presentation</i>	✓		
	Amendments to PAS 32 and PAS 1: <i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>	✓		
	Amendment to PAS 32: <i>Classification of Rights Issues</i>			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 32: <i>Tax Effect of Equity Distributions</i>			✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
	Amendments to PAS 32: <i>Offsetting Financial Assets and Financial Liabilities</i>	✓		
<b>PAS 33</b>	<i>Earnings per Share</i>	✓		
<b>PAS 34</b>	<i>Interim Financial Reporting</i>			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 34: <i>Interim Reporting of Segment Assets</i>			✓
	Annual Improvements to PFRSs 2012-2014 Cycle - Amendments to PAS 34: <i>Disclosure of information 'elsewhere in the interim financial report'</i>			✓
<b>PAS 36</b>	<i>Impairment of Assets</i>	✓		
	Amendments to PAS 36: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>			✓
<b>PAS 37</b>	<i>Provisions, Contingent Liabilities and Contingent Assets</i>	✓		
<b>PAS 38</b>	<i>Intangible Assets</i>			✓
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 38: <i>Revaluation Method - Proportionate Restatement of Accumulated Amortization</i>			✓
	Amendments to PAS 38: <i>Clarification of Acceptable Methods of Amortization</i>			✓
<b>PAS 40</b>	<i>Investment Property</i>			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PAS 40: <i>Clarifying the Interrelationship of PFRS 3 and PAS 40 When Classifying Property as Investment Property or Owner-Occupied Property</i>			✓
	Amendments to PAS 40: <i>Transfers of Investment Property</i>			✓
<b>PAS 41</b>	<i>Agriculture</i>			✓
	Amendments to PAS 41: <i>Agriculture: Bearer Plants</i>			✓
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>			✓
<b>IFRIC 2</b>	<i>Members' Share in Co-operative Entities and Similar Instruments</i>			✓
<b>IFRIC 4</b>	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
<b>IFRIC 5</b>	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>			✓
<b>IFRIC 6</b>	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>IFRIC 7</b>	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
<b>IFRIC 8</b>	<i>Scope of PFRS 2</i>			✓
<b>IFRIC 9</b>	<i>Reassessment of Embedded Derivatives</i>			✓
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
<b>IFRIC 10</b>	<i>Interim Financial Reporting and Impairment</i>			✓
<b>IFRIC 12</b>	<i>Service Concession Arrangements</i>			✓
<b>IFRIC 14</b>	<i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>			✓
	<i>Amendments to Philippine Interpretations IFRIC-14: Prepayments of a Minimum Funding Requirement</i>			✓
<b>IFRIC 16</b>	<i>Hedges of a Net Investment in a Foreign Operation</i>			✓
<b>IFRIC 17</b>	<i>Distributions of Non-cash Assets to Owners</i>			✓
<b>IFRIC 19</b>	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	✓		
<b>IFRIC 20</b>	<i>Stripping Costs in the Production Phase of a Surface Mine</i>			✓
<b>IFRIC 21</b>	<i>Levies</i>			✓
<b>IFRIC 22</b>	<i>Foreign Currency Transactions and Advance Consideration</i>	✓		
<b>IFRIC 23</b>	<i>Uncertainty over Income Tax Treatments*</i>		✓	
<b>SIC-7</b>	<i>Introduction of the Euro</i>			✓
<b>SIC-10</b>	<i>Government Assistance - No Specific Relation to Operating Activities</i>			✓
<b>SIC-15</b>	<i>Operating Leases - Incentives</i>			✓
<b>SIC-25</b>	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>			✓
<b>SIC-27</b>	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>			✓
<b>SIC-29</b>	<i>Service Concession Arrangements: Disclosures</i>			✓
<b>SIC-32</b>	<i>Intangible Assets - Web Site Costs</i>			✓
<b>PIC Q&amp;A No. 2006-02</b>	<i>Clarification of criteria for exemption from presenting consolidated financial statements [Amended by PIC Q&amp;A No. 2013-02 and PIC Q&amp;A No. 2017-01]</i>			✓
<b>PIC Q&amp;A No. 2007-03</b>	<i>Valuation of Bank Real and Other Properties Acquired (ROPA)</i>			✓
<b>PIC Q&amp;A No. 2008-01 (Revised)</b>	<i>Rate used in discounting post-employment benefit obligations [Amended by PIC Q&amp;A No. 2016-01]</i>			✓



<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>	<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PIC Q&amp;A No. 2009-01</b>			✓
<b>PIC Q&amp;A No. 2010-02</b>			✓
<b>PIC Q&amp;A No. 2010-03</b>			✓
<b>PIC Q&amp;A No. 2011-02</b>			✓
<b>PIC Q&amp;A No. 2011-03</b>			✓
<b>PIC Q&amp;A No. 2011-04</b>			✓
<b>PIC Q&amp;A No. 2011-05</b>			✓
<b>PIC Q&amp;A No. 2011-06</b>			✓
<b>PIC Q&amp;A No. 2012-01</b>			✓
<b>PIC Q&amp;A No. 2012-02</b>			✓
<b>PIC Q&amp;A No. 2013-02</b>			✓
<b>PIC Q&amp;A No. 2013-03 (Revised)</b>			✓
<b>PIC Q&amp;A No. 2015-01</b>			✓
<b>PIC Q&amp;A 2016-01</b>			✓
<b>PIC Q&amp;A No. 2016-02</b>			✓
<b>PIC Q&amp;A No. 2016-03</b>			✓
<b>PIC Q&amp;A 2016-04</b>			✓
<b>PIC Q&amp;A No. 2017-01</b>		✓	
<b>PIC Q&amp;A No. 2017-02</b>			✓

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>PIC Q&amp;A No. 2017-03</b>	<i>Elimination of profits and losses resulting from transactions between associates and/or joint ventures</i>			✓
<b>PIC Q&amp;A No. 2017-04</b>	<i>Related party relationships between parents, subsidiary, associate and non-controlling shareholder</i>			✓
<b>PIC Q&amp;A No. 2017-05</b>	<i>Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures [Amended by PIC Q&amp;A No. 2018-13]</i>	✓		
<b>PIC Q&amp;A No. 2017-06</b>	<i>Accounting for collector's items</i>			✓
<b>PIC Q&amp;A No. 2017-07</b>	<i>Accounting for reciprocal holdings in associates and joint ventures</i>			✓
<b>PIC Q&amp;A No. 2017-08</b>	<i>Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture</i>			✓
<b>PIC Q&amp;A No. 2017-09</b>	<i>Accounting for payments between and among lessors and lessees</i>			✓
<b>PIC Q&amp;A No. 2017-10</b>	<i>Separation of property and classification as investment property</i>			✓
<b>PIC Q&amp;A No. 2017-11</b>	<i>Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control</i>			✓
<b>PIC Q&amp;A No. 2017-12</b>	<i>Subsequent Treatment of Equity Component Arising from Intercompany Loans</i>			✓
<b>PIC Q&amp;A No. 2018-01</b>	<i>Voluntary changes in accounting policy*</i>		✓	
<b>PIC Q&amp;A No. 2018-02</b>	<i>Non-controlling interests and goodwill impairment test*</i>		✓	
<b>PIC Q&amp;A No. 2018-03</b>	<i>Fair value of property, plant and equipment and depreciated replacement cost*</i>		✓	
<b>PIC Q&amp;A No. 2018-04</b>	<i>Inability to measure fair value reliably for biological assets within the scope of PAS 41, Agriculture*</i>		✓	
<b>PIC Q&amp;A No. 2018-05</b>	<i>Liability arising from maintenance requirement of an asset held under a lease*</i>		✓	
<b>PIC Q&amp;A No. 2018-06</b>	<i>Cost of investment in subsidiaries in separate financial statements when pooling is applied in consolidated financial statements*</i>		✓	
<b>PIC Q&amp;A No. 2018-07</b>	<i>Cost of an associate, joint venture, or subsidiary in separate financial statements [Amended by PIC Q&amp;A No. 2018-13*]</i>		✓	
<b>PIC Q&amp;A No. 2018-08</b>	<i>Accounting for the acquisition of a non-wholly owned subsidiary that is not a business*</i>		✓	
<b>PIC Q&amp;A No.</b>	<i>Classification of deposits and progress payments</i>			

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>2018-09</b>	<i>as monetary or nonmonetary items*</i>		✓	
<b>PIC Q&amp;A No. 2018-10</b>	<i>Scope of disclosure of inventory write-downs*</i>		✓	
<b>PIC Q&amp;A No. 2018-11</b>	<i>Classification of land by real estate developer*</i>		✓	
<b>PIC Q&amp;A No. 2018-12</b>	<i>PFRS 15 implementation issues affecting the real estate industry</i>			✓
<b>PIC Q&amp;A No. 2018-13</b>	<i>Conforming Changes to PIC Q&amp;As – Cycle 2018*</i>		✓	
<b>PIC Q&amp;A No. 2018-14</b>	<i>Accounting for Cancellation of Real Estate Sales*</i>		✓	
<b>PIC Q&amp;A No. 2018-15</b>	<i>Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current*</i>		✓	
<b>PIC Q&amp;A No. 2018-16</b>	<i>Level of fair value hierarchy of government securities using Bloomberg’s standard rule on fair value hierarchy*</i>		✓	

*\* These are the new and revised accounting standards and interpretations that are effective for annual period beginning on or after the reporting period ended December 31, 2018.*

**SUN LIFE PROSPERITY ADVANTAGE FUND, INC.**

Schedule of Financial Soundness Indicators and Financial Ratios

December 31, 2018 and December 31, 2017

	2018	2017
<i>Current/ Liquidity Ratios</i>		
a. Current ratio	531.68:1	227.24:1
b. Quick ratio	531.68:1	224.03:1
c. Cash ratio	19.38:1	12.04:1
d. Days in receivable	N/A	N/A
e. Working capital ratio	1.00:1	1.00:1
f. Net working capital to sales ratio	22.12:1	14.16:1
g. Defensive Interval Ratio	15,974.99:1	19,119.29:1
<i>Solvency Ratios</i>		
a. Long-term debt to equity ratio	0.00	0.00
b. Debt to equity ratio	0.00	0.00
c. Long term debt to total asset ratio	0.00	0.00
d. Total debt to asset ratio	0.00	0.00
Asset to equity ratio	1.00:1	1.00:1
Interest rate coverage ratio	N/A	N/A
<i>Profitability Ratio</i>		
a. Earnings (loss) before interest and taxes (EBIT) margin	-2.38:1	2.25:1
b. Earnings (loss) before interest, taxes and depreciation and	-2.38:1	2.25:1
c. Pre-tax margin	-2.38:1	2.25:1
d. Effective tax rate	0.01%	0.01%
e. Post-tax margin	-2.38:1	2.25:1
f. Return on equity	-9.42%	15.83%
g. Return on asset	-9.39%	15.42%
Capital intensity ratio	22.16	14.22:1
Fixed assets to total assets		
Dividend payout ratio	N/A	N/A

**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**  
**2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**Additional Requirements for Issuers of Securities to the Public  
Required by the Securities and Exchange Commission  
As at December 31, 2018**

**TABLE OF CONTENTS**

	<u>Page</u>
Table of Contents	
A. Financial Assets	<u>2</u>
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)	<u>N.A.</u>
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>N.A.</u>
D. Intangible Assets - Other Assets	<u>N.A.</u>
E. Long-Term Debt	<u>N.A.</u>
F. Indebtedness to Related Parties	<u>3</u>
G. Guarantees of Securities of Other Issuers	<u>N.A.</u>
H. Capital Stock	<u>4</u>

**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**  
**2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**SCHEDULE A - FINANCIAL ASSETS**

As at December 31, 2018

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Income Received and Accrued
<b>Mutual Funds:</b>			
WEL EQ S USD GL QUALITY GROWTH	199,084	\$4,766,089	
SCH EQ C USD US LARGE CAP	24,057	3,792,104	
SCH EQ C USD EMERGING MARKETS	25,952	408,852	
BGF FI A2 USD ASIAN TIGER BOND	13,379	526,048	
MFS EQ I1 USD EURO RESEARCH	11,164	1,966,062	
MSI EQ Z USD US ADVANTAGE	46,707	3,752,463	
MSI FI I USD GLOBAL BOND	47,474	2,136,792	
SPD EQ USD MSCI ACWI ETF	18,850	2,127,505	
PBR EQ Y USD JAPAN SMALL CAP	9,081	708,332	
JPM FI C USD INCOME ACC	25,084	2,897,190	
NOM FI I USD US HIGH YIELD	3,467	978,614	
SUN LIFE PROSPERITY DOLLAR STARTER FUND, INC	972,493	987,664	
PIM FI H USD DIV INC DURATION	217,295	2,855,254	
PIM FI I USD INCOME INSTI ACC	155,059	2,212,689	
PBR EQ Y USD AXJ SMALL CAP	1,732	1,007,193	
<b>TOTAL</b>	<b>1,770,877</b>	<b>31,122,848</b>	<b>\$0</b>

**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**

**2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**

**As at December 31, 2018**

Name of Related Party	Relationship	Balance at beginning of the period	Balance at end of the period
Sun Life Asset Management Company, Inc. Board of Directors	Fund Manager Directors	\$65,635 907	\$52,242 -
<b>TOTAL</b>		<b>\$66,542</b>	<b>\$52,242</b>

**SUN LIFE PROSPERITY DOLLAR ADVANTAGE FUND, INC.**  
**2nd Floor Sun Life Centre, 5th Avenue, Corner Rizal Drive, Bonifacio Global, Taguig City**

**SCHEDULE H - CAPITAL STOCK**  
**As at December 31, 2018**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Share Capital						
Ordinary Shares	33,200,000	21,369,625	-	-	5	21,369,620
Treasury Shares	-	(11,547,061)	-	-	-	(11,547,061)
<b>TOTAL</b>	<b>33,200,000</b>	<b>9,822,564</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>9,822,559</b>



Investment (Market Value)	2018		2017	
	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value
MORGAN STANLEY US ADVANTAGE FUND	3,752,463	11.53%	3,723,051	8.92%
WELINGTON MANAGEMENT FUNDS LUXEMBOURG-WEILINGTON GLOBAL QUALITY GROWTH FUND	476,699	14.67%	5,091,872	12.20%
SCHRODER INTERNATIONAL SELECTION FUND- JAPANESE OPPORTUNITIES	-	0.00%	1,419,578	3.40%
SCHRODER INTERNATIONAL SELECTION FUND-US LARGE CAP	3,792,104	11.67%	2,493,949	5.97%
SCHRODER INTERNATIONAL SELECTION FUND- EMERGING MARKETS	408,852	1.26%	1,281,991	3.07%
BLACK ROCK GLOBAL FUNDS-ASIAN TIGER BOND FUND	526,048	1.62%	2,466,723	5.91%
MFS MERIDIAN FUNDS-EUROPEAN RESEARCH FUND	1,966,062	6.05%	3,888,348	9.31%
MFS MERIDIAN FUNDS-US TOTAL RETURN BOND FUND	-	0.00%	2,563,338	6.14%
MFS MERIDIAN FUNDS-EMERGING MARKETS DEBT FUND	-	0.00%	2,468,356	5.91%
MFS MERIDIAN FUNDS-ASIA PACIFIC EX-JAPAN FUND	-	0.00%	1,250,612	3.00%
JMORGAN INVESTMENT FUNDS-US EQUITY FUND	-	0.00%	2,533,189	6.07%
BLACK ROCK GLOBAL FUNDS-US DOLLAR HIGH YIELD BOND FUND	-	0.00%	298,694	0.72%
SCHRODER INTERNATIONAL SELECTION FUND GLOBAL BOND C ACC	-	0.00%	2,299,566	5.51%
MORGAN STANLEY INVESTMENT FUNDS - GLOBAL BOND FUND	2,136,792	6.58%	2,310,213	5.53%
SCHRODER INTERNATIONAL SELECTION FUND- GLOBAL HIGH YIELD	-	0.00%	1,649,774	3.95%
SPDR ASIA ACWI UCITS ETF	2,127,505	6.55%	3,323,900	7.96%
PINEBRIDGE JAPAN SMALL CAP EQUITY FUND	708,332	2.18%	-	0.00%
JPMORGAN FUNDS-INCOME FUND NOM I USD HIGH YIELD	2,897,190	8.91%	-	0.00%
NOM I USD HIGH YIELD	978,614	3.01%	-	0.00%
SUN LIFE PROSPERITY DOLLAR STARTER FUND, INC	987,664	3.04%	-	0.00%
PINCO GLOBAL INVESTORS SERIES PLC- DIVERSIFIED INCOME DURATION HEDGED FUND	2,855,254	8.79%	-	0.00%
PINCO GLOBAL INVESTORS SERIES PLC- DIVERSIFIED INCOME DURATION HEDGED FUND	2,212,689	6.81%	-	0.00%
PINCO GLOBAL INVESTORS SERIES PLC- DIVERSIFIED INCOME DURATION HEDGED FUND	1,007,193	3.10%	-	0.00%
Bank of the Philippine Islands Special savings deposits	-	0.00%	401,100	0.96%

Long Term Investments  
 Bonds  
 PCORPN 7 1/2 PERP

Equities

ii. **Total Investment of the Fund to the Outstanding Securities of an Investee Company**  
As of December 31, 2018 and December 31, 2017

	2018			2017		
	Total Investment	Outstanding Securities of an Investee Company	% over Investee	Total Investment	Outstanding Securities of an Investee Company	% over Investee
MORGAN STANLEY US ADVANTAGE FUND*	46,707	7,746,959,000	0.00%	45,626	6,657,000,000	0.00%
WELLINGTON MANAGEMENT FUNDS LUXEMBOURG-WELLINGTON GLOBAL QUALITY GROWTH FUND	199,084	3,869,551,000	0.01%	206,735	1,902,000,000	0.01%
SCHRODER INTERNATIONAL SELECTION FUND- JAPANESE OPPORTUNITIES	-	-	0.00%	74,675	252,240,000,000	0.00%
SCHRODER INTERNATIONAL SELECTION FUND-US LARGE CAP	24,057	2,117,634,000	0.00%	14,480	1,960,000,000	0.00%
SCHRODER INTERNATIONAL SELECTION FUND- EMERGING MARKETS	25,952	4,753,543,000	0.00%	67,759	5,410,000,000	0.00%
BLACK ROCK GLOBAL FUNDS-ASIAN TIGER BOND FUND	13,379	2,317,410,000	0.00%	60,772	3,319,000,000	0.00%
MFS MERIDIAN FUNDS-EUROPEAN RESEARCH FUND	11,164	1,793,745,000	0.00%	18,983	1,741,000,000	0.00%
MFS MERIDIAN FUNDS-US TOTAL RETURN BOND FUND	-	-	0.00%	15,479	596,333,000	0.00%
MFS MERIDIAN FUNDS-EMERGING MARKETS DEBT FUND	-	-	0.00%	10,432	3,038,000,000	0.00%
MFS MERIDIAN FUNDS-ASIA PACIFIC EX-JAPAN FUND	-	-	0.00%	4,458	82,773,000	0.01%
JPMORGAN INVESTMENT FUNDS-US EQUITY FUND	-	-	0.00%	11,936	229,639,000	0.01%
BLACK ROCK GLOBAL FUNDS-US DOLLAR HIGH YIELD BOND FUND	-	-	0.00%	9,270	2,708,000,000	0.00%
SCHRODER INTERNATIONAL SELECTION FUND GLOBAL BOND C ACC	-	-	0.00%	168,714	2,335,000,000	0.01%
MORGAN STANLEY INVESTMENT FUNDS - GLOBAL BOND FUND	47,474	592,698,000	0.01%	49,875	731,415,000	0.01%
SCHRODER INTERNATIONAL SELECTION FUND- GLOBAL HIGH YIELD	-	-	0.00%	34,143	2,642,000,000	0.00%
SPDR MSCI ACWI UCITS ETF	18,850	1,463,358,000	0.00%	25,970	1,245,000,000	0.00%
PINEBRIDGE JAPAN SMALL CAP EQUITY FUND	9,081	707,120,000	0.00%	-	-	-
JPMORGAN FUNDS-INCOME FUND	25,084	311,360,000	0.01%	-	-	-
NOM FUND US HIGH YIELD	3,467	4,663,038,000	0.00%	-	-	-
SUN LIFE PROSPERITY DOLLAR STARTER FUND, INC	972,493	5,784,934	16.81%	-	-	-
PIMCO GLOBAL INVESTORS SERIES PLC- DIVERSIFIED INCOME DURATION HEDGED FUND	217,295	1,331,103,000	0.02%	-	-	-
PIM FUND USD INCOME INSTL ACC	155,059	61,373,406,000	0.00%	-	-	-
PBR EQUITY USD ASX SMALL CAP	1,732	652,600,000	0.00%	-	-	-
<b>Bonds</b>						
PCORPM 7 1/2 PERP	-	-	-	204,142	**	-

**Special savings deposits**

Bank of the Philippine Islands	-	-	-	401,100	**	-
--------------------------------	---	---	---	---------	----	---

\*in shares

iii. **Total Investment in Liquid or Semi-Liquid Assets to Total Assets**  
As of December 31, 2018 and December 31, 2017

	2018	2017
Total Liquid and Semi-Liquid Assets	32,559,768	41,933,172
TOTAL ASSETS	32,559,768	41,933,172
Total Investment in Liquid or Semi-Liquid Assets to Total Assets	100%	100%

iv. **Total Operating Expenses to Total Net Worth**  
As of December 31, 2018 and December 31, 2017

	2018	2017
Total Operating Expenses	733,738	788,861
Average Daily Net Worth	37,930,160	40,987,295
Total Operating Expenses to Average Daily Net Worth	1.93%	1.92%

v. **Total Assets to Total Borrowings**

As of December 31, 2018 and December 31, 2017

	2018	2017
Total Assets	32,559,768	41,933,172
Total Borrowings	61,239	184,535
Total Assets to Total Borrowings	53168%	22724%