# COVER SHEET

CS201517778

S.E.C. Registration Number

SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND INC.

5TH FLR., SUNLIFE CENTRE 5TH AVE BONIFACIO GLOBAL FORT BONIFACIO TAGUIG CITY

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

Jeanemar S. Talaman

Contact Person

555-8888

Company Telephone Number

12 | 31

*Month* *Day*

Fiscal Year

SEC FORM 17Q

FORM TYPE

*Month* *Day*

Annual Meeting

Mutual Fund Company

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC Number: CS201517778
File Number: __________

SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.
(Company's Full Name)

8th Floor Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City, Philippines

(Company's Address)

555-88-88

(Telephone No.)

December 31

(Fiscal Year Ending)
(Month & Day)

SEC FORM 17-Q

Form Type

Amendment Designation (If applicable)

March 31, 2017

Period Ended Date

OPEN-END INVESTMENT COMPANY

Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended: March 31, 2017

2. Commission identification number: CS201517778. BIR Tax Identification No: 009-123-698

4. Exact name of issuer as specified in its charter

Sun Life Prosperity Dollar Wellspring Fund, Inc.

5. Province, country or other jurisdiction of incorporation or organization

Philippines

6. Industry Classification Code: (SEC Use Only) [ ]

7. Address of issuer's principal office: PostalCode

8F Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City 1634

8. Issuer's telephone number, including area code

(02) - 555-8888

9. Former name, former address and former fiscal year, if changed since last report

N.A.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---|---|
| Common Shares (Unclassified) | 5,801,253 shares (as of March 31, 2017) |

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [x]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

________________ ________________

12. Indicate by check mark whether the registrant:

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

Yes [x ] No [ ]

PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements**

SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017 AND DECEMBER 31, 2016

| In US Dollars | | | (Unaudited) | | (Audited) |
|---|---|---|---|---|---|
| | MDAS | | 2017 | | 2016 |
| **ASSET** | | | | | |
| Cash in bank | 1.1 | $ | 236,330 | $ | 155,808 |
| Financial assets at fair value through profit or loss | 1.2 | | 5,852,686.00 | | 5,445,682 |
| Accrued interest receivable | | | 1 | | 3 |
| Prepayments | 1.3 | | 804 | | |
| Total Assets | | $ | 6,089,821 | $ | 5,601,493 |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Accrued expenses and other payables | 1.4 | $ | 26,916 | $ | 24,921 |
| Payable to fund manager | 1.5 | | 9,370 | | 9,142 |
| Total Current Liabilities | | $ | 36,286 | $ | 34,063 |
| **EQUITY** | | | | | |
| Capital stock | | | 127,627 | | 121,485 |
| Additional paid-in capital | | | 5,744,923 | | 5,460,809 |
| Retained earnings/(Deficit) | | | 180,985 | | (14,864) |
| Total Equity | 1.6 | | 6,053,535 | | 5,567,430 |
| | | $ | 6,089,821 | $ | 5,601,493 |
| Net Asset Value Per Share | | $ | 1.0435 | $ | 1.0082 |

| | | | |
|---|---|---|---|---|
| Total Equity | | 6,053,535 | | 5,567,430 |
| Capital Stock - Php 1.0 par value<br>Authorized - 6,000,000 shares | | | | |
| Total Number of Shares | | 5,801,253 | | 5,522,031 |
| NET ASSET VALUE PER SHARE | $ | 1.0435 | $ | 1.0082 |

SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD MARCH 31, 2017 TO MARCH 31, 2016

| | | | (Unaudited) | | (Audited) |
|---|---|---|---|---|---|
| | MDAS | | 2017 | | 2016 |
| REVENUES | 2.1 | $ | 45,488 | $ | - |
| Operating Expenses | | | | | |
| Management fees | | $ | 23,874 | $ | - |
| Taxes and Licenses | | | 682 | | 511 |
| Directors' fees | | | 820 | | 831 |
| Custodian and Transfer Fees | | | 3,705 | | |
| Miscellaneous | | | 1,574 | | 75 |
| | 2.2 | | 30,655 | | 1,417 |
| Profit Before Net Unrealized Gains (Loss) on Investments | | | 14,833 | | (1,417) |
| Unrealized Gain (Loss) on Investments | | | 181,027 | | - |
| NET INVESTMENT INCOME BEFORE TAX | | | 195,860 | | (1,417) |
| PROVISION FOR INCOME TAX | | | 11 | | - |
| NET PROFIT | 2.3 | $ | 195,849 | $ | (1,417) |
| EARNINGS PER SHARE (EPS) | | $ | 0.035 | $ | 0.001 |

SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD MARCH 31, 2017 TO MARCH 31, 2016

| | Share Capital | Additional Paid-in Capital | Retained Earnings / (Deficit) | Total |
|---|---|---|---|---|
| Balance, January 1, 2017 | $121,485 | $5,460,809 | $ (14,864) | $5,567,430 |
| Profit for the period | | | 195,849 | 195,849 |
| Transactions with owners: | | | | |
| Issuance of shares during the period | 6,142 | 284,114 | | 290,256 |
| Total Transactions with owners | 6,142 | 284,114 | - | 290,256 |
| Balance, March 31, 2017 | $ 127,627 | $ 5,744,923 | $ 180,985 | $ 6,053,535 |

| | Share Capital | Additional Paid-in Capital | Retained Earnings / (Deficit) | Total |
|---|---|---|---|---|
| Balance, January 1, 2016 | $ 33,000 | $ 1,467,000 | $ (13,695) | $ 1,486,305 |
| Loss for the period | - | - | (1,417) | (1,417) |
| Issuance of shares during the period | - | - | - | - |
| Total transactions with owners | - | - | (1,417) | (1,417) |
| Balance, March 31, 2016 | $33,000 | $1,467,000 | $ (15,112) | $1,484,888 |

SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD MARCH 31, 2017 TO MARCH 31, 2016

| | | (Unaudited) | (Audited) |
|---|---|---|---|
| | | 2017 | 2016 |
| **Cash Flows from Operating Activities** | | | |
| Profit (Loss) for the period | $ | 195,849 | ($1,417) |
| Changes in operating assets and liabilities | | | |
| Sale (Purchase) of fixed income securities | | (407,004) | - |
| Operating cash flows before working capital changes | | | |
| (Increase) Decrease in: | | | |
| Prepayments and other current assets | | (802) | - |
| Increase (Decrease) in: | | | |
| Payable to fund manager | | 228 | 1,417 |
| Cash used in operations | | (209,734) | $0 |
| Net cash used in operating activities | | (209,734) | - |
| **Cash Flows from Financing Activity** | | | |
| Issuance of redeemable shares during the period | | 290,256 | 1,500,000 |
| Net cash used in financing activities | | 290,256 | 1,500,000 |
| **Cash in Bank, Beginning** | | 155,808 | - |
| **Net Increase (Decrease) in Cash** | | 80,522.00 | 1,500,000 |
| **Cash in Bank, End** | $ | 236,330 | $ 1,500,000 |

Notes to Financial Statements

**Basis of Preparation and Presentation**

The financial statements of the Company have been prepared on the historical cost basis, except for certain financial assets measured at fair value and certain financial instruments carried at amortized cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Functional 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 to the nearest dollar, except when otherwise indicated.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

**Adoption of New and Revised Accounting Standards Effective in 2016**

The following new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Company effective January 1, 2016:

*Annual Improvements to PFRSs 2012-2014 Cycle*

The annual improvements address the following issues:

Amendments to PFRS 7: *Financial Instruments: Disclosures*

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. PFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement in asset, for instance, when the amount and/or timing of the servicing fee depend on the amount and/or the timing of the cash flows collected. The amendments add guidance to this effect.

The amendments also clarified the applicability of the disclosure requirements on offsetting financial assets and financial liabilities to be included in condensed interim financial statements. The amendments clarified that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with PAS 34, *Interim Financial Reporting*.

The amendments did not have a significant impact on the Company's financial statements.
Amendments to PAS 1: *Presentation of Financial Statements*

The amendments include the following:

- Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements, and (2) clarify that an entity's share of other comprehensive income (OCI) of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of PAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The amendments did not have a significant impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2016

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

PFRS 9, *Financial Instruments (2014)*

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write done for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from PAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk for the liability. Under this standard, such changes are presented in OCI, unless the presentation of the effect of the change in the liability 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. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses, 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.

Phase 3: Hedge accounting
The general hedge accounting requirements for this standard retain the three types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as 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 overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management does not anticipate that the application of PFRS 9 will have a significant impact on the Company's financial statements as the recognition and measurement of the Company's financial assets and financial liabilities would be the same under both PAS 39 and PFRS 9.

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. 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. Earlier application is not permitted, until IFRS 15, *Revenue from Contracts with Customers,* is adopted.

The future adoption of the standard will have no effect on the Company's financial statements.

Amendment to PAS 7, *Disclosure Initiative*

The amendment clarifies that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

The future adoption of the amendment will have no effect on the Company's financial statements.

Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.

- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual reporting periods beginning on or after January 1, 2017. Earlier application is permitted.

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

**New Accounting Standards Issued by International Accounting Standard Board (IASB) which is Effective After the Reporting Period Ended December 31, 2016 but pending for adoption in the Philippines.**

IFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. 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
- Recognise 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 standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The management does not anticipate that the application of the new accounting standard will have a significant impact on the Company's financial statements as the Company does not have complex revenue transactions.

PIC Q&A No. 2016-04 - *Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-completion Contracts*

This interpretation applies to the accounting for revenue from the sale of a residential property unit under pre-completion stage (i.e., construction is on-going or has not yet commenced) by a real estate developer that enters into a Contract to Sell (CTS) with a buyer, and the developer has determined that the contract is within the scope of PFRS 15 by satisfying all the criteria in paragraph 9 of PFRS 15.

This interpretation does not deal with the accounting for other aspects of real estate sales such as variable considerations, financing components, commissions and other contract costs, timing of sales of completed properties, etc.

The management does not anticipate that the application of the new accounting standard will have a significant impact on the Company's financial statements as the Company does not have complex revenue transactions.

Amendments to PFRS 2, *Classification and Measurement of Share-based Payment Transactions*
The amendments to PFRS 2 includes:

a. Accounting for cash-settled share-based payment transactions that contain a performance condition. The amendment added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

b. Classification of share-based payment transactions with net settlement features. The amendment has introduced an exception into PFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment has introduced the following clarifications:

- On modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

- Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.
Amendments to PFRS 4, *Applying PFRS 9 'Financial Instruments' with PFRS 4 'Insurance Contracts'*
The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and

- an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

An entity applies the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount reclassified in the reporting period is calculated and the effect of that reclassification on the financial statements.

An entity applies the deferral approach for annual periods beginning on or after 1 January 2018. Predominance is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April 2016. Application of the deferral approach needs to be disclosed together with information that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following 1 January 2018. Predominance is only reassessed if there is a change in the entity's activities.

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

*Annual Improvements to PFRSs 2014-2016 Cycle*

The annual improvements address the following issues:

Amendments to PFRS 1, *First-time Adoption of International Financial Reporting Standards*

The amendments include the deletion of short-term exemptions stated in the appendix of PFRS 1, because they have now served their intended purpose. The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

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

Amendments to PFRS 12, *Disclosure of Interests in Other Entities*

The amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those disclosures needed in the summarized financial for subsidiaries, joint ventures and associates, apply to an entity's interests that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The amendments are effective for annual periods beginning on or after January 1, 2017 with earlier application permitted.

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

Amendments to PAS 28, *Investments in Associates and Joint Ventures*

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.

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

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*

The amendments in Transfers of Investment Property (Amendments to IAS 40) are:

- Stating that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list

The amendments are effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

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

Philippine Interpretations 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 fair value ot 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 is effective for periods beginning on or after January 1, 2018. Earlier application is permitted.

The future adoption of the interpretation will have no effect on the Company's financial statements.

## SIGNIFICANT ACCOUNTING POLICIES

### 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 measured initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at FVTPL.

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 March 31, 2017 and December 31, 2016 consist of financial assets at fair value through profit or loss 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:

a. it has been acquired principally for the purpose of selling in the near future; or

b. on initial recognition, it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not a financial guarantee contract or a designated and effective 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 and special savings deposits.

*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 not 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 effected.

Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- it has become probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

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 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 measured at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities, except for debt instruments classified as 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 as 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.

*Derecognition*

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

*Ordinary shares*

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.

*Deficit*

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

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

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

**Revenue Recognition**

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.

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 are 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 statement of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the nature of expense method.

**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 expense, final tax and deferred tax.

<u>Current tax</u>

The corporate income tax currently expensed is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement 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.

<u>Final tax</u>

Final tax expense represents final taxes withheld on interest income from cash in banks and special savings deposits.

<u>Deferred tax</u>

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 period

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.

### 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.

### 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.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

1. Increase/Decrease in Net Assets Value Per Share (NAVPS). NAVPS is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and outstanding plus the total number of units outstanding due to deposit for future subscriptions (DFFS) and for conversion to shares, if any, as of the end of the reporting day. Any increase or decrease in NAVPS translates to a prospective capital gain or capital loss, respectively, for the Fund's shareholders.

2. **Net Investment Income.** Represents the total earnings of the Fund from its investment securities, less operating expenses and income tax. This gauges how efficiently the Fund has utilized its resources in a given time period.

3. **Assets Under Management (AUM).** These are the assets under the Fund's disposal. This measures investor confidence (increase/decrease brought about by investor subscriptions/redemptions) as well as the growth of the Fund (increase/decrease brought about by its operational income and market valuation of its assets and liabilities).

4. **Cash Flow.** Determines whether the Fund was able to achieve the optimal level of liquidity by being able to meet all its scheduled payments, while maintaining at the same time the maximum investments level and minimum cash level.

**Accounting Policies on Financial Assets at FVTPL**

*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 measured initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at FVTPL.

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 March 31, 2017 and December 31, 2016 consist of financial assets at fair value through profit or loss 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:

d. it has been acquired principally for the purpose of selling in the near future; or

e. 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

f. it is a derivative that is not a financial guarantee contract or a designated and effective 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 and special savings deposits.

*Incorporation*

The Company was incorporated on September 4, 2015 with 6,000,000 authorized shares with a par value of 1.00. The SEC approved the registration on March 22, 2016.

On March 22, 2016, the SEC approved the permit to offer securities of 6,000,000 shares.

It started its investment operations on April 21, 2016 and its shares became available to the public on May 05, 2016.

*Current state*

As at March 31, 2017, out of the present authorized capital of 6 Million shares the Company has 5,801,253 issued and subscribed shares, each with a par value of P1 per share.

31 March 2017 and 31 December 2016

The net assets of the Company increased by $ 486 Thousand (9%) from $ 5.6 Million in December 2016 to $ 6.1 Million in March 2017. The company started its operation in May 2016 and the increase mainly came from the subscriptions of capital stock.

Net investment income for the period is $ 196 Thousand, $ 197 Thousand increase from December 2016 loss of $ 1 Thousand. The increase was mainly due to realized gains from disposals of fixed income investments for the period.

The Company was able to meet all its monetary obligations to its shareholders (for redemption) and creditors for the period covered. It does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities/other persons were created during the reporting period. There are also no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations and liquidity.

There are no significant elements of income that did not arise from the Company's continuing operations.

**Material Changes in the 1st Quarter Financial Statements**

**Statement of Financial Position – March 31, 2017 vs. December 31, 2016**

1.1 Cash increased by $ 80 Thousand (52%) from $ 156 Thousand in December 2016 to $ 236 Thousand in March 2017 but liquidity requirements were still met.

1.2 Financial Assets at Fair Value through Profit and Loss is higher by $ 407 Thousand (7%) from $ 5.4 Million to $ 5.8 Million mainly due impact of favorable market condition during the period.

1.3 Prepayments pertains to prepaid expenses to be amortized until the end of accounting period.

1.4 Accrued expenses and other payables increased by $ 2 Thousand (8%) from $ 24.9 Thousand to $ 26.9 Thousand. Increase was attributable mainly to accrual of expenses such as custodianship fees, taxes and licenses and printing and supplies for the period.

Average daily net asset value from January to March 2017 is $ 5,763,589.

**Statement of Comprehensive Income For three months ended - March 31, 2017 vs. December 31, 2016**

2.1 Revenues for the period is $ 45 Thousand which pertains to realized gains from disposal of fixed income investments for the period.

2.2 Total Operating Expenses for the period is $ 31 Thousand. These are management and transfer fees paid to the Fund Manager (SLAMCI) as well as custodianship fees for the period.

2.3 Net investment income for the period is $ 196 Thousand, $ 197 Thousand increase from December 2016 loss of $ 1 Thousand. The increase was mainly due to realized gains from disposals of fixed income investments for the period.

**Statement of Changes in Equity**

3.1 Total equity registered an increase of $ 486 Thousand (9%) from $ 5.6 Million in December 2016 to $ 6.1 Million in March 2017.

The capital structure of the Fund consists of issued capital. The $1,500,000 subscription represents seed capital from Sun Life Asset Management Company Inc. The Fund manages capital and Net Asset Value per Share (NAVPS) to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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.

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

## PART II -RISK MANAGEMENT

Item 1. Financial Risk Exposures of the Company

**1. Financial Risk Management Objectives and Policies**

The Company's activities expose it to a variety of financial risks: Market risk, which includes fair value 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:

Interest Rate Risk: Bonds are bought and sold continuously at various interest rates. Market conditions and prevailing interest rates may cause the prices at which the Funds can sell their assets to go down, selling their assets for a price lower than for what they purchased it and incurring losses in the process. These would be reflected as a lower NAVPS, possibly resulting in a decrease in the value of an investment. It is possible that the Funds may sell their assets at a price lower than acquisition cost because the Fund Manager needs cash to pay redemptions or would like to use the money to take advantage of better investment opportunities.

The Funds will manage interest rate risk by actively monitoring the prevailing interest rate environment. During periods of rising rates, falling prices, and widening of credit spreads, the Fund Manager will reduce the duration of the portfolio. During periods of falling rates, rising prices, and narrowing credit spreads, the Fund Manager will increase the duration of the portfolios.

Credit Risk: Investments in bonds carry the risk that the issuer of the bonds might not be able to meet its interest and principal payments. In which case, the value of the bonds will be adversely affected and may result in a write-off of the concerned asset held by the Fund, resulting to a significant decrease in its NAVPS. To mitigate this risk, each Issuer/Borrower/Counterparty passes through a stringent credit process to determine whether its credit quality complies with the prescribed standards of the Fund. The credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 15% exposure limit to a single entity is likewise observed.

Equity Risk: Companies issue equities, or stocks, to help finance their operations and future growth. A company's performance outlook, market activity and the larger economic picture influence its stock price. When the economy is expanding, the outlook for many companies will be positive and the value of their stocks should rise. The opposite is also true. The value of a Fund is affected by changes in the prices of the stocks it holds. The risks and potential rewards are usually greater for small companies, start-ups, resource companies and companies in emerging markets. Investments that are convertible into equity may also be subject to interest rate risk.

Foreign Investment Risk: The Fund invests in securities issued by corporations in, or governments of, countries other than the Philippines. Investing in foreign securities can be beneficial in expanding your investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including:

- companies outside of the Philippines may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in the Philippines;
- the legal systems of some foreign countries may not adequately protect investor rights;
- political, social or economic instability may affect the value of foreign securities;
- foreign governments may make significant changes to tax policies, which could affect the value of foreign securities; and
- foreign governments may impose currency exchange controls that prevent a Fund from taking money out of the country.

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

Geographic Concentration Risk: Some Funds may invest a relatively large portion of their assets in issuers located in a single country, a small number of countries, or a particular geographic region. As a result, the performance of these Funds could be closely tied to the market, currency, economic, political, regulatory, geopolitical or other conditions in such countries or region, and could be more volatile than the performance of funds with more geographically-diversified holdings.

Passive Management Risk: Some Funds may invest in other mutual funds that are not actively managed, such as index funds. Passively managed funds would not sell a security if the security's issuer was in financial trouble, unless the security is removed from the applicable index being replicated. The passively managed fund must continue to invest in the securities of the index, even if the index is performing poorly. That means the passively managed fund won't be able to reduce risk by diversifying its investments into securities listed on other indices. As a result, the performance of a passively managed fund may differ significantly from the performance of an actively managed fund. This may in turn affect the performance of a Fund that invests in such passively managed fund.

Underlying Fund Risk: Some Funds may pursue its investment objectives indirectly by investing in shares of other mutual funds, including exchange-traded funds, in order to gain access to the strategies pursued by those underlying funds. There can be no assurance that any use of such multi-layered fund of fund structures will result in any gains for a Fund. If an underlying fund that is not traded on an exchange suspends redemptions, a Fund will be unable to value part of its portfolio and may be unable to redeem shares. Underlying funds that are traded on an exchange are subject to the following risks that do not apply to conventional mutual funds: (i) an exchange-traded fund's units often trade on the exchange at a premium or discount to the net asset value of such units; (ii) an active trading market for an exchange-traded fund's units may not develop or be maintained, and (iii) there is no assurance that the exchange-traded fund will continue to meet the listing requirements of the exchange.

Liquidity Risk: The Funds are usually able to service redemptions of investors within 7 business days after receiving the notice of redemption by paying out redemptions from available cash or cash equivalents. When redemptions exceed these liquid holdings, the Funds will have to sell less-liquid assets, and during periods of extreme market volatility, the Funds may not be able to find a buyer for such assets. As such, the Funds may not be able to generate enough cash to pay for the redemptions within the normal 7-day period.

Dilution Risk: Being an open-end mutual fund, various investors may effectively subscribe to any amount of shares of the Fund. You then face the risk of your investments being diluted by the shares of the other investors of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

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

Non-Guarantee: Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the PDIC. You carry the risk of losing the value of your investment, without any guarantee in the form of insurance. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.

Not Insured: You should be aware that your investment in the Funds is not insured with the Philippine Deposit Insurance Corporation ("PDIC"). The Fund Manager is prevented by law to guarantee any return.

Regulatory Risk: The Funds' operations are subject to various regulations, such as those affecting accounting of assets and taxation. These regulations do change, and as a result, investors may experience lower investment returns or even losses depending on what such a regulatory change entails. For example, higher taxes would lower returns, and a mandated precautionary loan loss provisions could result in the Fund experiencing a loss in the value of assets

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

Classification of the Fund into high, moderate or low risk investment: Given its investment objective - provide moderate and consistent returns through diversified investments in fixed income securities such as sovereign debt, corporate debt and other non-traditional investments and in equity or equity-linked securities issued by corporations globally, or through diversified investment companies invested in such securities – the Fund is classified as a moderate-risk investment.

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing returns 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.

The Company manages capital and NAVPS to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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

a. It does not issue senior securities;

b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;

c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;

d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;

e. It does not invest more than twenty percent (20%) of its net assets in real estate properties and developments, subject to investment restrictions and/or limitations under applicable law, if any.

f. It does not purchase or sell commodity futures contracts;

g. It does not make any loan to other persons, or to other interested persons such as the members of the Board of Directors, officers of the Fund and any affiliates, or affiliated corporations of the Fund. However, it shall engage in legally permissible lending operations considered by its Board of Directors to be financially solid and sound.

h. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;

i. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions.

j. The Fund may use various techniques to hedge investment risks. and;

k. 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 and consistent returns through diversified investments in fixed income securities such as sovereign debt, corporate debt and other non-traditional investments and in equity or equity-linked securities issued by corporations globally, or through diversified investment companies invested in such securities.

b. Benchmark -65% JP Morgan Global Aggregate Bond Index (JPM GABI) + 30% MSCI All Country World Index (MSCI ACWI) + 5% 30-day USD Deposit Rate.

c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitute, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management, distribution and transfer agency fees each set at an annual rate of 1.65% of the net assets attributable to shareholders on each valuation day.

As at March 31, 2017, the Company is in compliance with the above requirements and minimum equity requirement of the SEC of P50,000,000.

**3. The amount and description of the company's investment in foreign securities:**

As of reporting period March 31, 2017, the Company's investment in listed foreign equity securities are as follows:

| Name of Issuing Entity and Association of Each Issue | March 31, 2017<br>Market Value |
|---|---|
| SCH EQ A USD JAPANESE OPP | 163,877 |
| SCH EQ C USD US LARGE CAP | 611,094 |
| SCH EQ C USD EMERGING MARKETS | 161,267 |
| SCH FI C USD GLOBAL BOND | 882,202 |
| BGF FI A2 USD ASIAN TIGER BOND | 628,270 |
| MFS EQ I1 USD EURO RESEARCH | 252,065 |
| MFS FI I1 USD US TOTAL RETURN | 686,939 |
| MFS FI I1 USD EM DEBT | 612,995 |
| MFS FI I1 USD GL HIGH YIELD | 607,929 |
| MFS EQ I1 USD APAC EX JAPAN | 150,147 |
| JPM EQ C USD US EQUITY | 438,962 |
| BGF FI A2 USD HIGH YIELD BOND | 367,538 |
| | **5,563,286** |

**4. Significant accounting judgments made in classifying a particular financial instrument in the fair value hierarchy.**

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.

<u>Functional currency</u>

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.

<u>Loans and receivables designated as at FVTPL</u>

The Company designated its special savings deposits as financial assets at FVTPL since they form part of a group of managed financial assets whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. The information about the group of managed financial assets is provided internally on that basis to the Company's management.

As at March 31, 2017 and December 31, 2016 the carrying amount of special savings deposits designated as financial assets at FVTPL amounted to $ 289,400 and $239,300, respectively..

*Puttable shares designated as equity instruments*

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

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

a. it entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets;

b. it is in the class of instruments that is subordinate to all other classes of instruments;

c. all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;

d. apart from the contractual obligation for the issuer to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity, and it is not a contract that will or may be settled in the entity's own equity instruments; and

e. the total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument (excluding any effects of the instrument).

As at March 31, 2017 and December 31, 2016, the recognized equity in the statements of financial position amounted to $ 6,053,535 and $ 5,567,430, respectively.

Key Sources of Estimation Uncertainty

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

Deferred tax assets

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

As at March 31, 2017 and December 31, 2016, the carrying amounts of financial assets carried at fair value through profit or loss subsequent to initial recognition amounted to $ 5,852,686 and $ 5,445,682, respectively. The net unrealized fair value gain/(loss) on investments amounting to $ 181,027 in March 31, 2017 is recognized as part of profit before tax in the statements of comprehensive income.

Compliance with Foreign Account Tax Compliance Act (FATCA)

In accordance with the requirements of the US Internal Revenue Service ("IRS") and the Intergovernmental Agreement ("IGA") between the Government of the United States of America and the

Government of the Republic of the Philippines to Improve International Tax Compliance and to Implement FATCA which was signed last July 13, 2015, the Fund has registered with the Internal Revenue Service (IRS) and has obtained its own GIIN as a sponsored entity. Sun Life Asset Management Company, Inc. ("SLAMCI") continues to assume responsibilities for the Fund's FATCA compliance as the Sponsoring Entity and has implemented FATCA onboarding processes and procedures as well as system enhancements to monitor its new and pre-existing account holders who are U.S. Persons and have U.S. Indicia.

The Fund, together with its Sponsoring Entity, SLAMCI, is preparing to comply for FATCA reporting on the date which will be set by the Bureau of Internal Revenue as soon as the IGA has been ratified by the Senate.

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : Sun Life Prosperity Dollar Wellspring Fund, Inc.

Principal Financial/Accounting Officer/Comptroller:

Signature and Title : Treasurer Candy S. Esteban

Date : May 11, 2017

SUN LIFE OF PROSPERITY DOLLAR WELLSPRING FUND, INC.
Schedule of Investments
Financial assets at fair value through profit and loss

| Name of Issuing Entity and Association of Each Issue | March 31, 2017 Number of Shares / Principal Amount of Bonds and Notes | March 31, 2017 Market Value | March 31, 2017 Aggregate Cost | December 31, 2016 Principal Amount of Bonds and Notes | December 31, 2016 Amount Shown in Balance Sheet |
|---|---|---|---|---|---|
| Equities | | | | | |
| FRK EQ I USD US OPPORTUNITIES | - | - | - | 10,635 | 323,202 |
| SCH EQ A USD JAPANESE OPP | 10,697 | 163,877 | 153,664 | 16,707 | 242,252 |
| FRK EQ A USD US OPPORTUNITIES | - | - | - | 16,348 | 195,852 |
| SCH EQ C USD US LARGE CAP | 4,015 | 611,094 | 563,979 | 5,319 | 771,204 |
| SCH EQ C USD EMERGING MARKETS | 10,575 | 161,267 | 147,543 | 12,239 | 162,659 |
| SCH EQ C USD ASIAN EQUITY YLD | - | - | - | 8,704 | 231,698 |
| SCH FI C USD GLOBAL BOND | 67,862 | 882,202 | 875,000 | 10,796 | 136,134 |
| BGF FI A2 USD ASIAN TIGER BOND | 15,982 | 628,270 | 619,967 | 18,489 | 701,829 |
| MFS EQ I1 USD EURO RESEARCH | 1,484 | 252,065 | 237,077 | 1,118 | 176,197 |
| MFS FI I1 USD US TOTAL RETURN | 4,289 | 686,939 | 688,732 | 4,660 | 737,630 |
| MFS FI I1 USD EM DEBT | 2,731 | 612,995 | 594,402 | 2,674 | 576,687 |
| MFS FI I1 USD GL HIGH YIELD | 3,156 | 607,929 | 573,659 | 3,156 | 591,264 |
| BGF FI A2 USD HIGH YIELD BOND | 11,945 | 367,538 | 343,624 | 11,945 | 359,773 |
| JPM EQ C USD US EQUITY | 2,417 | 438,962 | 420,645 | - | - |
| MFS EQ I1 USD APAC EX JAPAN | 636 | 150,147 | 132,411 | - | - |
| Total | 135,789 | 5,563,286 | 5,350,703 | 122,789 | 5,206,382 |
| | - | - | - | | |
| Other Short Term Cash Investment | | | | | |
| Special Savings Accounts, BPI | 289,400 | 289,400 | N/A | 239,300 | 239,300 |
| Total | 289,400 | 289,400 | 9,836,219 | 423,631 | 8,956,896 |
| GRAND TOTAL | 425,189 | 5,852,686 | 15,186,922 | 546,420 | 14,163,278 |

**SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.**
**Schedule of Financial Soundness Indicators and Financial Ratios**
**March 31, 2017 and December 31, 2016**

| | 2017 | 2016 |
|---|---|---|
| *Current/ Liquidty Ratios* | | |
| a. Current ratio | 167.83:1 | 164.45:1 |
| b. Quick ratio | 167.81:1 | 164.45:1 |
| c. Cash ratio | 6.51:1 | 4.57:1 |
| d. Days in receivable | N/A | N/A |
| e. Working capital ratio | 0.99:1 | 0.99:1 |
| f. Net working capital to sales ratio | 133.08:1 | 223.56:1 |
| g. Defensive Interval Ratio | 17,876:74:1 | 35,476.40:1 |
| *Solvency Ratios* | | |
| a. Long-term debt to equity ratio | N/A | N/A |
| b. Debt to equity ratio | 0.01:1 | 0.01:1 |
| c. Long term debt to total asset ratio | N/A | N/A |
| d. Total debt to asset ratio | 0.01:1 | 0.01:1 |
| Asset to equity ratio | 1.01:1 | 1.01:1 |
| Interest rate coverage ratio | N/A | N/A |
| *Profitability Ratio* | | |
| a. Earnings before interest and taxes (EBIT) margin | 4.31 | 0.00 |
| b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin | 4.31 | 0.00 |
| c. Pre-tax margin | 4.31 | 0.00 |
| d. Effective tax rate | 0.01% | -30.59 |
| e. Post-tax margin | 4.31 | -0.05 |
| f. Return on equity | 3.37% | 0.0% |
| g. Return on asset | 3.35% | 0.0% |
| Capital intensity ratio | 133.88 | 224.93 |
| Dividend payout ratio | N/A | N/A |

**SUN LIFE PROSPERITY DOLLAR WELLSPRING FUND, INC.**
**Schedule Required under SRC Rule 68**

**i. Percentage of Investment in a Single Enterprise to Net Asset Value**
**As of March 31, 2017 and December 31, 2016**

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Investment (Market Value) | Net Asset Value | % over NAV | Investment (Market Value) | Net Asset Value | % over NAV |
| **Equities** | | | | | | |
| FRANKLIN TEMPLETON INVESTMENT FUNDS - US OPPORTUNITIES FUND | - | - | - | 323,202 | 5,567,430 | 5.81% |
| SCHRODER INTERNATIONAL SELECTION FUND-JAPANESE OPPORTUNITIES | 163,877 | 6,053,535 | 2.71% | 242251.94 | 5,567,430 | 4.35% |
| FRANKLIN TEMPLETON INVESTMENT FUNDS - US OPPORTUNITIES FUND | - | - | - | 195,852 | 5,567,430 | 3.52% |
| SCHRODER INTERNATIONAL SELECTION FUND-US LARGE CAP | 611,094 | 6,053,535 | 10.09% | 771,204 | 5,567,430 | 13.85% |
| SCHRODER INTERNATIONAL SELECTION FUND-EMERGING MARKETS | 161,267 | 6,053,535 | 2.66% | 162,659 | 5,567,430 | 2.92% |
| SCHRODER INTERNATIONAL SELECTION FUND-ASIAN EQUITY YIELD | - | - | - | 231,698 | 5,567,430 | 4.16% |
| SCHRODER INTERNATIONAL SELECTION FUND-GLOBAL BOND | 882,202 | 6,053,535 | 14.57% | 136,134 | 5,567,430 | 2.45% |
| BLACK ROCK GLOBAL FUNDS-ASIAN TIGER BOND FUND | 628,270 | 6,053,535 | 10.38% | 701,829 | 5,567,430 | 12.61% |
| MFS MERIDIAN FUNDS-EUROPEAN RESEARCH FUND | 252,065 | 6,053,535 | 4.16% | 176,197 | 5,567,430 | 3.16% |
| MFS MERIDIAN FUNDS-US TOTAL RETURN BOND FUND | 686,939 | 6,053,535 | 11.35% | 737,630 | 5,567,430 | 13.25% |
| MFS MERIDIAN FUNDS-EMERGING MARKETS DEBT FUND | 612,995 | 6,053,535 | 10.13% | 576,687 | 5,567,430 | 10.36% |
| MFS MERIDIAN FUNDS-GLOBAL HIGH YIELD FUND | 607,929 | 6,053,535 | 10.04% | 591,264 | 5,567,430 | 10.62% |
| BLACK ROCK GLOBAL FUNDS-US DOLLAR HIGH YIELD BOND FUND | 367,538 | 6,053,535 | 6.07% | 359,773 | 5,567,430 | 6.46% |
| JPMORGAN INVESTMENT FUNDS-US EQUITY FUND | 438,962 | 6,053,535 | 7.25% | - | - | - |
| MFS MERIDIAN FUNDS-ASIA PACIFIC EX-JAPAN FUND | 150,147 | 6,053,535 | 2.48% | - | - | - |

**ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company**
**As of March 31, 2017 and December 31, 2016**

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | Total Investment | Outstanding Securities of an Investee Company | % over Investee | Total Investment | Outstanding Securities of an Investee Company | % over Investee |
| FRANKLIN TEMPLETON INVESTMENT FUNDS - US OPPORTUNITIES FUND | - | - | - | 10,635 | 3,011,000,000 | 0.00% |
| SCHRODER INTERNATIONAL SELECTION FUND-JAPANESE OPPORTUNITIES | 10,697 | 133,144,000,000 | 0.00% | 16,707 | 130,859,000,000 | 0.00% |
| FRANKLIN TEMPLETON INVESTMENT FUNDS - US OPPORTUNITIES FUND | - | - | - | 16,348 | 3,011,000,000 | 0.00% |
| SCHRODER INTERNATIONAL SELECTION FUND-US LARGE CAP | 4,015 | 1,849,000,000 | 0.00% | 5,319 | 1,810,000,000 | 0.00% |
| SCHRODER INTERNATIONAL SELECTION FUND-EMERGING MARKETS | 10,575 | 3,208,000,000 | 0.00% | 12,239 | 3,005,000,000 | 0.00% |
| *SCHRODER INTERNATIONAL* SELECTION FUND-ASIAN EQUITY YIELD | - | - | - | 8,704 | 1,854,000,000 | 0.00% |
| SCHRODER INTERNATIONAL SELECTION FUND-GLOBAL BOND | 67,862 | 2,149,000,000 | 0.00% | 10,796 | 2,128,000,000 | 0.00% |
| BLACK ROCK GLOBAL FUNDS-ASIAN TIGER BOND FUND | 15,982 | 2,745,000,000 | 0.00% | 18,489 | 2,780,000,000 | 0.00% |
| MFS MERIDIAN FUNDS-EUROPEAN RESEARCH FUND | 1,484 | 1,982,000,000 | 0.00% | 1,118 | 1,919,000,000 | 0.00% |
| MFS MERIDIAN FUNDS-US TOTAL RETURN BOND FUND | 4,289 | 701,258,000 | 0.00% | 4,660 | 737,167,000 | 0.00% |
| MFS MERIDIAN FUNDS-EMERGING MARKETS DEBT FUND | 2,731 | 2,838,000,000 | 0.00% | 2,674 | 2,703,000,000 | 0.00% |
| MFS MERIDIAN FUNDS-GLOBAL HIGH YIELD FUND | 3,156 | 731,441,000 | 0.00% | 3,156 | 727,760,000 | 0.00% |
| BLACK ROCK GLOBAL FUNDS-US DOLLAR HIGH YIELD BOND FUND | 11,945 | 3,955,000,000 | 0.00% | 11,945 | 4,062,000,000 | 0.00% |
| JPMORGAN INVESTMENT FUNDS-US EQUITY FUND | 2,417 | 181,550,000 | 0.00% | - | - | - |
| MFS MERIDIAN FUNDS-ASIA PACIFIC EX-JAPAN FUND | 636 | 84,315,000 | 0.00% | - | - | - |

iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets
As of March 31, 2017 and December 31, 2016

| | 2017 | 2016 |
|---|---|---|
| Total Liquid and Semi-Liquid Assets | 6,089,017 | 5,601,493 |
| TOTAL ASSETS | 6,089,821 | 5,601,493 |
| Total Investment in Liquid or Semi-Liquid Assets to Total Assets | 100% | 100% |

iv. **Total Operating Expenses to Total Net Worth**
As of March 31, 2017 and December 31, 2016

| | 2017 | 2016 |
|---|---|---|
| Total Operating Expenses | 30,655 | 56,496 |
| Average Daily Net Worth | 5,763,589 | 3,295,842 |
| Total Operating Expenses to Average Daily Net Worth | 0.53% | 1.71% |

v. **Total Assets to Total Borrowings**
As of March 31, 2017 and December 31, 2016

| | 2017 | 2016 |
|---|---|---|
| Total Assets | 6,089,821 | 5,601,493 |
| Total Borrowings | 36,286 | 34,063 |
| Total Assets to Total Borrowings | 16783% | 16445% |

Sun Life Asset Management

FUND FACTS

Sun Life Prosperity Dollar Wellspring Fund

January 31, 2017

This document contains key information you should know about the Sun Life Prosperity Dollar Wellspring Fund. You can find more detailed information in the Fund's prospectus. Ask your advisor for a copy, contact the manager, Sun Life Asset Management Company, Inc., at 849-9888 or phil_prosperity@sunlife.com or visit www.sunlifefunds.com.

| | | | | | |
|---|---|---|---|---|---|
| Launch Date | May 5, 2016 | Minimum Holding Period | 180 days | Minimum Subscription | USD 1,000 |
| Fund Size | USD 5,690,329.48 | Management and Distribution Fee | 1.50% | Minimum Subsequent | USD 200 |
| Net Asset Value Per Share | 1.0231 | Transfer Agency Fee | 0.15% | Risk Classification | Moderate |
| Benchmark | 65% JPM GABI + 30% MSCI ACWI + 5% 30-day USD Dep Rate | Early Redemption Fee | 1.00% | | |

## What does the Fund invest in?

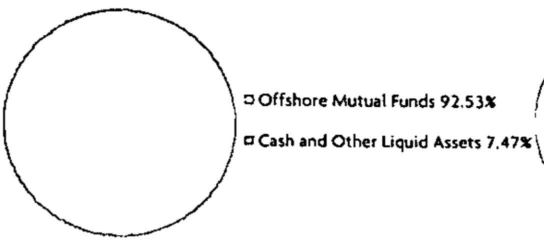
The Sun Life Prosperity Dollar Wellspring Fund aims to provide moderate and consistent returns through diversified investments in fixed income securities such as sovereign debt, corporate debt and other non-traditional investments and in equity or equity-linked securities issued by corporations globally, or through diversified investment companies invested in such securities.

The Fund is suitable for investors with a moderate risk tolerance and medium to long-term investment horizon. This is for investors who want higher yields compared to traditional fixed income securities (e.g. savings accounts, time deposits, bonds) but a lower amount of risk relative to equities.

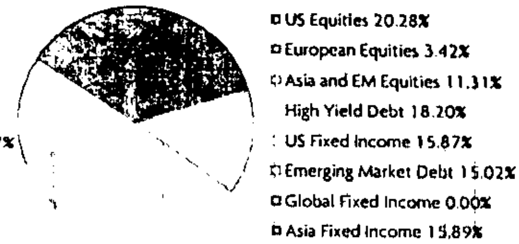
### Top Offshore Mutual Fund Holdings

1. Blackrock - Asian Tiger , 14.7%
2. MFS Meridian - Research Bond, 14.69%
3. MFS Meridian - Emerging Market Debt, 13.9%
4. Schroders - US Large Cap, 11.04%
5. MFS Meridian - Global High Yield, 10.47%

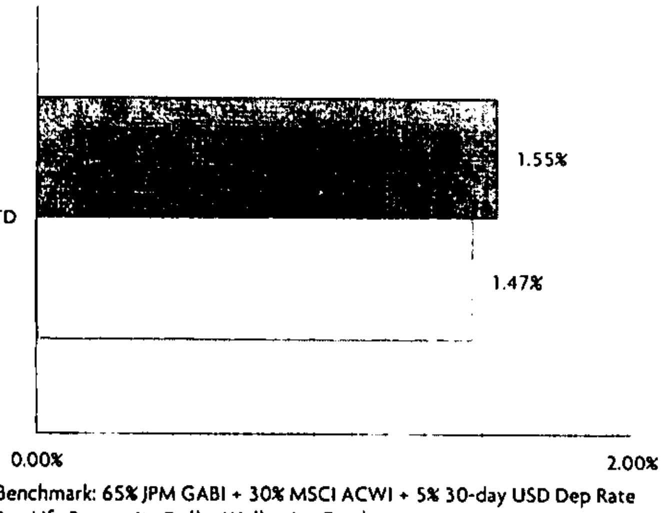
### Investment Mix




### Geographical Allocation




## How has the Fund performed?




Disclaimer: The underlying funds of the Sun Life Prosperity Dollar Wellspring Fund are valued using their respective NAVPS as of previous day due to the time difference between the Philippines and the domicile countries of these funds. Similarly, data for the MSCI ACWI is as of the previous day to provide investors an accurate comparison of fund performance.

## What is the outlook on the market?

In January, the S&P 500 rose 1.79% MoM, while in USD-terms, the Euro Stoxx 600 and Nikkei 225 gained 1.88% and 2.83%, respectively. MSCI Asia ex Japan led all markets, returning 6.19% over the period. 10-year U.S. Treasury yields ended the month slightly higher at 2.4531%, though down from the intra-month high of 2.5116%.

Markets continue to observe foreign policy changes by the United States, following Pres. Trump's decision to abandon the Trans-Pacific Partnership (TPP), a key initiative of the Obama administration. The TPP was envisioned to lower tariffs for members contributing approximately '40% of the world's economy' (NY Times).

The Bloomberg Dollar Spot Index (BBDXY) ended the month 2.61% weaker, unwinding some of its 2016 gains, and partially reflecting some of the concern on 'excessive' isolationist policies by the U.S.

The Fund gained 1.47% MoM, underperforming its benchmark by 8 basis points (bps). All regions rose, led by Asia-Pacific and emerging market equities.

U.S. 4Q16 earnings releases have generally surpassed income and revenue forecasts, with momentum expected to carry over into 2017. Overall inflation expectations remain moderate, providing central banks ample room to adjust monetary policy. Given the current market dynamics, the fund will continue to hold overweight positions in the U.S. and Asia.

Sun Life Asset Management

FUND FACTS

Sun Life Prosperity Dollar Wellspring Fund

February 28, 2017

This document contains key information you should know about the Sun Life Prosperity Dollar Wellspring Fund. You can find more detailed information in the Fund's prospectus. Ask your advisor for a copy, contact the manager, Sun Life Asset Management Company, Inc., at 849-9888 or phil_prosperity@sunlife.com or visit www.sunlifefunds.com.

| | | | | | |
|---|---|---|---|---|---|
| Launch Date | May 5, 2016 | Minimum Holding Period | 180 days | Minimum Subscription | USD 1,000 |
| Fund Size | USD 5,823,340.39 | Management and Distribution Fee | 1.50% | Minimum Subsequent | USD 200 |
| Net Asset Value Per Share | 1.0404 | Transfer Agency Fee | 0.15% | Risk Classification | Moderate |
| Benchmark | 65% JPM GABI + 30% MSCI ACWI + 5% 30-day USD Dep Rate | Early Redemption Fee | 1.00% | | |

## What does the Fund invest in?

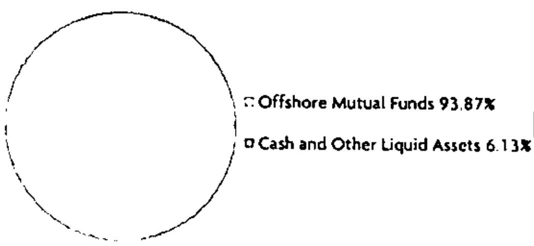
The Sun Life Prosperity Dollar Wellspring Fund aims to provide moderate and consistent returns through diversified investments in fixed income securities such as sovereign debt, corporate debt and other non-traditional investments and in equity or equity-linked securities issued by corporations globally, or through diversified investment companies invested in such securities.

The Fund is suitable for investors with a moderate risk tolerance and medium to long-term investment horizon. This is for investors who want higher yields compared to traditional fixed income securities (e.g. savings accounts, time deposits, bonds) but a lower amount of risk relative to equities.

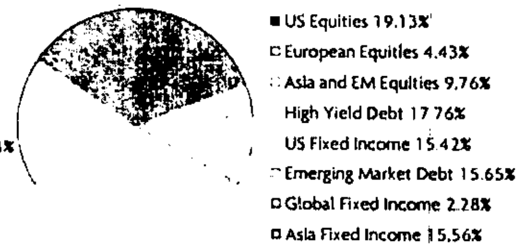
### Top Offshore Mutual Fund Holdings

1. MFS Meridian - Emerging Market Debt, 14.69%
2. Blackrock - Asian Tiger, 14.61%
3. MFS Meridian - Research Bond, 14.47%
4. MFS Meridian - Global High Yield, 10.38%
5. Schroders - US Large Cap, 10.08%

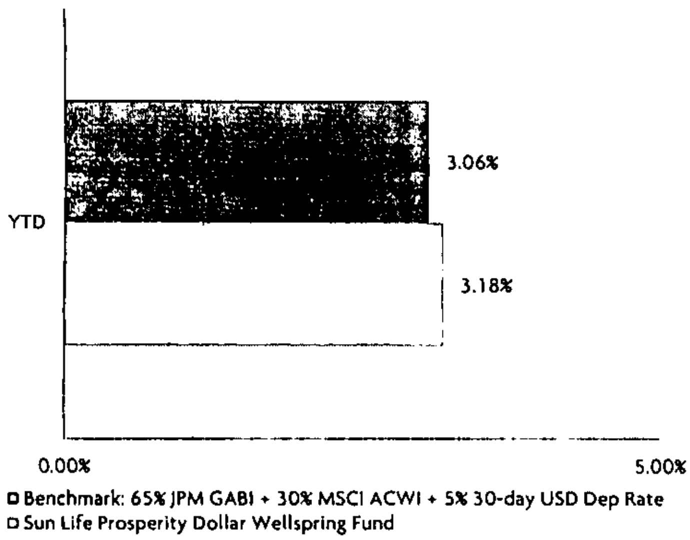
### Investment Mix




### Geographical Allocation




## How has the Fund performed?




Disclaimer: The underlying funds of the Sun Life Prosperity Dollar Wellspring Fund are valued using their respective NAVPS as of previous day due to the time difference between the Philippines and the domicile countries of these funds. Similarly, data for the MSCI ACWI is as of the previous day to provide investors an accurate comparison of fund performance.

## Market Review

- Global equities rose +2.63% in February, outperforming global bonds which gained +0.52%.
- In U.S. dollar terms, U.S. equities were the best performer, gaining +3.69%, beating out Asia ex Japan at +3.33%.
- The U.S. economy added more jobs than expected in January, continuing the momentum from 2016.
- Improved economic data and consumer confidence pushed expectations for a March Fed rate hike to 52%.
- Prospects of higher interest rates may temper foreign appetite for long-term U.S. bonds.
- Risk indicators spiked during the month on concerns anti-EU candidate Marine Le Pen gained in French pre-election surveys.
- The Fund outperformed its benchmark by 21 basis points due to its overweight in large cap equities and emerging market bonds.

# FUNDS FACTS



FUND FACTS
Sun Life Prosperity Dollar Wellspring Fund
March 31, 2017

This document contains key information you should know about the Sun Life Prosperity Dollar Wellspring Fund. You can find more detailed information in the Fund's prospectus. Ask your advisor for a copy, contact the manager, Sun Life Asset Management Company, Inc., at 849-9888 or phil_prosperity@sunlife.com or visit www.sunlifefunds.com.

| | | | | | |
|---|---|---|---|---|---|
| Launch Date | May 5, 2016 | Minimum Holding Period | 180 days | Minimum Subscription | USD 1,000 |
| Fund Size | USD 6,053,533.38 | Management and Distribution Fee | 1.50% | Minimum Subsequent | USD 200 |
| Net Asset Value Per Share | 1.0435 | Transfer Agency Fee | 0.15% | Risk Classification | Moderate |
| Benchmark | 65% JPM GABI + 30% MSCI ACWI + 5% 30-day USD Dep Rate | Early Redemption Fee | 1.00% | | |

## What does the Fund invest in?

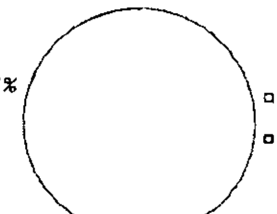
The Sun Life Prosperity Dollar Wellspring Fund aims to provide moderate and consistent returns through diversified investments in fixed income securities such as sovereign debt, corporate debt and other non-traditional investments and in equity or equity-linked securities issued by corporations globally, or through diversified investment companies invested in such securities.

The Fund is suitable for investors with a moderate risk tolerance and medium to long-term investment horizon. This is for investors who want higher yields compared to traditional fixed income securities (e.g. savings accounts, time deposits, bonds) but a lower amount of risk relative to equities.

### Top Offshore Mutual Fund Holdings

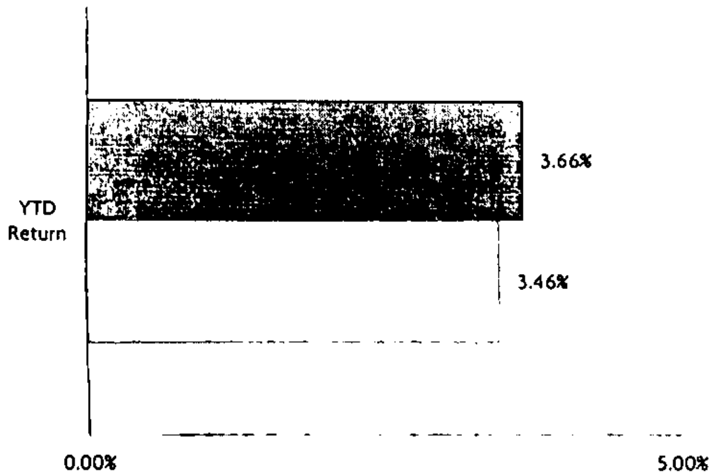
1. Schroders - Global Bond, 14.49%
2. MFS Meridian - Research Bond, 11.28%
3. Blackrock - Asian Tiger, 10.32%
4. MFS Meridian - Emerging Market Debt, 10.07%
5. Schroders - US Large Cap, 10.03%

### Investment Mix




### Geographical Allocation


## How has the Fund performed?




*Disclaimer:* The underlying funds of the Sun Life Prosperity Dollar Wellspring Fund are valued using their respective NAVPS as of previous day due to the time difference between the Philippines and the domicile countries of these funds. Similarly, data for the MSCI ACWI is as of the previous day to provide investors an accurate comparison of fund performance.

## Market Review

- Global equities rose +0.98% in March, outperforming global bonds which gained +0.14%.
- 10-year U.S. treasury yields averaged 2.4754% during the month, up from the 2.4170% in February.
- U.S. consumer confidence data was at a 16-year high in March, highlighting optimism in the Trump administration's pro-growth platform.
- Federal Reserve officials raise interest rates 25 basis points, citing continued improvements in the U.S. economy.
- Global oil prices were generally weaker in March, as concerns OPEC production cuts would not be extended into 2H17.
- The Fund underperformed its benchmark by 34 basis points due to its exposure in U.S. large-cap equities.