



SUN LIFE PROSPERITY DYNAMIC FUND, INC.

NOTICE OF ANNUAL SHAREHOLDERS' MEETING

To all shareholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Sun Life Prosperity Dynamic Fund, Inc. shall be held on 13 July 2022 (Wednesday) at 2:00 p.m. via Zoom Webinar at <https://sunlife.co/SLPF-ASHM2022>, to consider the following:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Determination and Certification of Quorum
4. Chairman's Address
5. Review of 2021 Operations
6. 2021 Fund Performance
7. Election of Directors for the 2022 to 2023 term
8. Approval of the Minutes of the 2021 Stockholders' Meetings
9. Confirmation and Ratification of All Acts and Proceedings of the Board and Corporate Officers
10. (Annex A)
11. Appointment of External Auditor
12. Other Matters
  - a. Amendment of Article VI of the Articles of Incorporation to increase the number of directors to six
13. Adjournment

Representatives of Navarro Amper & Co./Deloitte Touche Tohmatsu are expected to be present during the annual meeting to respond to appropriate questions and to make a statement if they so desire.

The Board of Directors has, in accordance with the By-Laws, fixed the close of business on 30 April 2022 as the record date for the determination of the shareholders entitled to notice of and to vote as such in the annual shareholders' meeting and any adjournment thereof.

The Fund will accept proxy votes from its stockholders by emailing [SunLifeFunds@sunlife.com](mailto:SunLifeFunds@sunlife.com) until Sunday, 03 July 2022 (at least 10 days prior to the ASHM). The same shall be remotely validated by the Fund before the close of business hours on or before 08 July 2022 (at least 5 days prior to the ASHM).

Shareholders and/or their proxies must pre-register using the provided link. Identification of the registrant will be verified during the pre-registration process.

Taguig City, Metro Manila, 10 June 2022.

ATTY. ANNA KATRINA C. KABIGTING-IBERO  
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement     Definitive Information Statement

2. Name of Registrant as specified in its charter: Sun Life Prosperity Dynamic Fund, Inc.

3. Province, country or other jurisdiction of incorporation or organization: Philippines

4. SEC Identification Number:    A199908713

5. BIR Tax Identification Code:    204-583-064

6. Address of Principal Office: 8<sup>th</sup> Floor Sun Life Centre, 5<sup>th</sup> Avenue cor Rizal Drive, Bonifacio Global City, Taguig City 1634

7. Registrant's telephone number, including area code:    (632) 8555-8888

8. Date, time, place of the meeting of security holders:

13 July 2022 (Wednesday), 2:00 P.M.  
via Zoom Webinar at <https://sunlife.co/SLPF-ASHM2022>  
to be hosted from 8F Sun Life Centre, 5th Avenue corner Rizal Drive  
Bonifacio Global City, Taguig City 1634

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 15 June 2022

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: Ms. Marleen Kaye Simbillo

Address and Telephone Number: 8<sup>th</sup> Floor Sun Life Centre, 5<sup>th</sup> Avenue cor Rizal Drive, Bonifacio Global City, Taguig City 1634; (632) 8849-9888; marleen.kaye.simbillo@sunlife.com

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of shares of Common Stock Outstanding
Common Shares, PHP0.01 par value	1,353,833,901 shares (as of 31 May 2022)

12. Are any or all of the Company's securities listed on the Philippine Stock Exchange ("PSE")?

Yes                                     No

PART I.  
INFORMATION REQUIRED IN THE INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

a. The annual shareholders' meeting of Sun Life of Canada Prosperity Dynamic Fund, Inc. (the "Company") will be held on 13 July 2022 at 2:00 p.m. via Zoom Webinar at <https://sunlife.co/SLPF-ASHM2022> to be hosted from 8F Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City 1634. The principal office of the Company is located at 8<sup>th</sup> Floor Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City 1634.

b. The approximate date on which the information statement and proxy form ("ASHM materials") will be sent to all shareholders is on 15 June 2022. Shareholders will receive the ASHM materials personally, by mail (by physical or electronic transmission). Further, shareholders will also have access to the ASHM materials via the SLAMCI website.

Item 2. Dissenter's Right of Appraisal. The Revised Corporation Code of the Philippines, specifically its Sections 80 to 85 of Title X, gives a dissenting shareholder or a shareholder who votes against certain corporate actions specified by law, the right to demand payment of the fair market value of his/her shares, commonly referred to as Appraisal Right. There is no matter or item to be submitted to a vote or acted upon in the annual shareholders' meeting of the Company which falls under the instances provided by law when dissenting shareholders can exercise their Appraisal Right.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a. No current director or officer of the Company, or nominee for election as directors of the Company or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

b. No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

A. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. The Company has 1,353,833,901 outstanding common shares as of 31 May 2022. Each common share shall be entitled to one (1) vote with respect to all matters to be taken up during the annual shareholders' meeting.

b. The record date for determining shareholders entitled to notice of and to vote during the annual shareholders' meeting is 30 April 2022.

c. In the forthcoming annual shareholders' meeting, shareholders shall be entitled to elect five (5) members to the Board of Directors. Each shareholder may vote such number of shares for as many as five (5) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one (1) candidate as many votes as the number of his shares multiplied by five (5) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by five (5).

d. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Beneficial Owners. Holders of more than 5%, if any, are included in the list of the Top 20 Shareholders, which is submitted to the SEC through a confidential disclosure.

On 7 March 2013, SEC en banc approved the confidential treatment of the list of Top 20 shareholders of the Sun Life Prosperity Funds, including its 5% and 10% beneficial owners. This is to protect the investors' privacy, which is a privilege they enjoy when they invest in other shared investment vehicles, such as unit investment trust funds, and when they invest in bank deposits. None of the officers listed in Item 5 below own more than 5% of the Company's securities.

2. Security Ownership of Management as of 10 June 2022 follows:

Title of Class	Name of Beneficial Owner	Number of Shares <sup>1</sup>	Nature of Ownership	Citizenship	Percent of Class
Common	Benedicto C. Sison	1	Beneficial (B) and Record (R)	Filipino and American	0.00000%
Common	Valerie N. Pama	1	B & R	Filipino	0.00000%
Common	Aleli Angela G. Quirino (outgoing)	1	B & R	Filipino	0.00000%
Common	Oscar S. Reyes (outgoing)	1	B & R	Filipino	0.00000%
Common	Cesar Luis F. Bate	1	B & R	Filipino	0.00000%
Common	Cielito F. Habito (incoming)	1	B & R	Filipino	0.00%
Common	Teresita J. Herbosa (incoming)	1	B & R	Filipino	0.00%

The above individual owners can be contacted through the Corporate Secretary of the Company, Atty. Kabigting-Ibero, 6<sup>th</sup> Floor Sun Life Centre, 5<sup>th</sup> Avenue cor Rizal Drive, Bonifacio Global City, Taguig City 1634.

3. Voting Trust Holders of 5% or More. No holder of 5% or more of the Company's common shares has any voting trust or similar agreement that vest voting rights or other powers to a voting trustee.

4. Changes in Control. There has been no change in control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

Nominees for Independent Directors, Mr. Cesar Luis F. Bate, Dr. Cielito F. Habito, and Atty. Teresita J. Herbosa, were nominated by Ms. Valerie N. Pama to the Corporate Governance Committee. Ms. Pama is not related to the said nominees. The Corporate Governance Committee, composed of Atty. Quirino as Chairman and Mr. Sison and Mr. Reyes as Members, pre-screens and shortlists all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications of the regulations named above and in accordance with the procedure outlined in the Company's Manual on Corporate Governance ("Manual").

Except for committee members who are independent directors themselves, none of the members of the Corporate Governance Committee are related to the independent directors.

a. The Company's directors—including independent directors—and executive officers are as follows:

Name	Citizenship	Position	Age	Term of Office	Period Served
Benedicto C. Sison	Filipino and American	Director/President Director/Chairman	61	2015 – June 2018 July 2018 - present	5 terms 4 terms

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

Valerie N. Pama	Filipino	Director/President	58	March 2022 – present	
Aleli Angela G. Quirino (outgoing)	Filipino	Independent Director	78	2012-present	10 terms
Oscar S. Reyes (outgoing)	Filipino	Independent Director	76	2012-present	10 terms
Cielito F. Habito (incoming)	Filipino	Independent Director	69		
Teresita J. Herbosa (incoming)	Filipino	Independent Director	71		
Cesar Luis F. Bate	Filipino	Independent Director	61	November 2021 – present	
Sherwin S. Sampang	Filipino	Treasurer	42	November 2021 – present	
Anna Katrina C. Kabigting-Ibero	Filipino	Corporate Secretary	42	April 2020 - present	2 terms
Frances Ianna S. Canto	Filipino	Assistant Corporate Secretary	33	September 2020 – present	2 terms
Jemilyn S. Camania	Filipino	Compliance Officer	46	April 2020 - present	2 terms
Ria V. Mercado	Filipino	Risk Officer	56	2015-present	7 terms

A brief write-up on the business experience of the incumbent and incoming directors and executive officers of the Fund follows:

**BENEDICTO C. SISON**

Chairman (2018 to present)

Director (2015 to 2018)

Mr. Benedicto C. Sison, 61 years old, is the CEO and Country Head of the Sun Life group of companies in the Philippines from 01 July 2018. He is a Director of Sun Life Financial Plans, Inc. (01 July 2018 to present). He is also the Chairman of Sun Life Financial Philippine Holding Company, Inc. (06 December 2021 to present) and serves as the Director and Chairman of the seventeen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., (September 2015 to present), Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc. (2017 to present), and Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc. (2018 to present) and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present). He is also the Director and Chairman of the Grepalife Funds such as Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation (September 2015 to present). He is the Chairman of Sun Life Financial – Philippines Foundation, Inc., (September 2019 to present) where he also serves as Trustee. He was a Senior Advisor to the Board of Trustees of the Philippine Investment Funds Association (PIFA) and served as the President of the Philippine Life Insurance Association (PLIA).

Prior to his current role, Mr. Sison served as the Chief Strategy and Financial Management Officer of Sun Life of Canada (Philippines), Inc. (April 2015 to 2018). He also served as Chief Financial Officer of Sun Life Financial Asia (November 2012 to March 2015), Director of Sun Life Hong Kong Limited (December 4, 2012 to May 14, 2015), Commissioner of PT. Sun Life Indonesia Services (February 21, 2013 to July 5, 2013) and Commissioner of PT. Sun Life Indonesia (April 19, 2013 to April 23, 2015). He was also the Director/CFO and Treasurer of Sun Life Financial Philippine Holding Company, Inc. (September 2010 to December 2013), CFO and Treasurer of Sun Life Financial Plans, Inc. (September 2010 to December 2013), Director of Great Life Financial Assurance Corporation (July 2012 to September 2013) and Chief Financial Officer and Treasurer of Sun Life Asset Management Company, Inc. (September 2010 to June 2013) and Sun Life of Canada (Philippines), Inc. (September 2010 to October 2012). He also served as the Finance Director – Asia Pacific of Con-Agra International Food Group (September 2006 to August 2010).

He brings to the job a wealth of international finance experience gained primarily from ConAgra Brands, Inc., a multi-billion dollar global consumer products company. He held various positions with increasing responsibility in the areas of audit, financial control, planning and management in ConAgra's US, India and Asia-Pacific Operations. He was the Finance Director for the Asia Pacific Region, based in China, prior to joining Sun Life. Mr. Sison also worked in the academe as well as in the aerospace, defense and public transit industries in the USA.

Mr. Sison is a Magna Cum Laude graduate of BS Business Administration from the University of the Philippines (1983). He earned his Master's degree in Business Administration, Major in Finance/Accounting (1988) from the Graduate School of Management of the University of California Riverside. He is a Certified Public Accountant (CPA) and is a member of the American Institute of CPAs.

VALERIE N. PAMA

President / Director (March 2022 to present)

Ms. Valerie N. Pama, 58 years old, is currently the Chief Asset Management Officer ("CAMO") of Sun Life of Canada (Philippines), Inc. Since November 1, 2019, Ms. Pama, in her capacity as CAMO, has been responsible for the expansion and development of the various initiatives to drive the profitability and growth of Sun Life's overall asset management business providing strategic direction and development of long-term plans and policies.

Currently, Ms. Pama is a Member and Trustee of Sun Life Financial-Philippines Foundation, Inc. (October 2020 to present), Member and Trustee of Filipina CEO Circle (2015 and 2018, respectively to present), Member of Management Association of the Philippines (2015 to present) and Financial Executives of the Philippines (2013 to present).

Ms. Pama is also the Chairman and Director of Grepalife Asset Management Corporation (December 2021 to present). She is the President and Director of seventeen (17) Sun Life Prosperity Funds, i.e. Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life of Canada Prosperity Bond, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (March 2022 to present). She is also the Director of BESTSERVE Financial Ltd. (HKG) (January 2021 to present).

Ms. Pama was previously the Director and President of Sun Life Investment Management and Trust Corporation (September 2020 to June 2021), responsible for its establishment and preparations for operations. She was a Director and President of Sun Life Asset Management Company, Inc. ("SLAMCI") (2011 to 2020) and Director and/or President of thirteen (13) Sun Life Prosperity Funds, i.e. Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., (formerly, "Sun Life Prosperity Money Market Fund, Inc."), Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc. and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (2011 to 2020). She was also a Director and/or President of three (3) Grepalife Funds i.e. Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation (formerly, "Grepalife Bond Fund Corporation"), and Grepalife Fixed Income Fund Corporation (2011 to 2018). Ms. Pama was formerly the President of the Sun Life Prosperity Funds and the Grepalife Funds (2011 to 2013).

She also served as the Chief Operating Officer of SLAMCI (2011 to 2012) before being appointed as its President in 2013. With over seven years as President of SLAMCI, Ms. Pama has made tremendous contributions by leading it into becoming the number one non-bank asset management company. Under her vision and leadership, the company achieved great milestones: growing from three (3) mutual funds to sixteen (16) mutual funds to over Php100 Billion

in Assets Under Management (AUM), launch of the Sun Life Prosperity Card, expanding the sales force into having the most number of Mutual Fund-licensed advisors in the industry and garnering numerous awards from the Philippine Investment Funds Association (PIFA). Another noteworthy recognition for SLAMCI under her management was being named the best asset management company for the Philippines from Euromoney's 2018 Private Banking and Wealth Management survey.

Ms. Pama is a veteran banker, having been in the industry for 20 years. She started her career with Citibank N.A. in 1990 as a Management Associate, wherein she obtained exposure in various segments of the business, assuming progressively senior roles over the years. She had worked in treasury/capital markets, loans, equity sales, customer funding sales, brokerage and money market sales. By the time she retired from Citibank N.A. in 2009, Ms. Pama was the President of Citicorp Financial Services and Insurance Brokerage Inc.

Prior to joining Sun Life, Ms. Pama was a Product Development consultant for ING Bank's Investment Management Group.

Ms. Pama was a member of the Board of Trustees of the Philippine Investment Funds Association (PIFA) from 2011 to 2020 and served as its Chairman from 2013 to 2015. This enabled her to represent the mutual fund industry in advocating investor literacy, customer protection and regulatory advancements to government agencies, key market players and the general public.

Ms. Pama is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering. She obtained her Masters in Business Administration in International Business and Finance, with a minor in Business Economics from Katholieke Universiteit Leuven in Belgium. She was awarded With Distinction by the university for her exemplary academic performance on her final year.

**OSCAR S. REYES (outgoing)**

Independent Director (2012 to present)

Mr. Oscar S. Reyes, 76 years old, is an Independent Director of the Sun Life Prosperity Dollar Abundance Fund, Inc. (2006 to present); Sun Life Prosperity Dollar Advantage Fund, Inc. (2002 to present); Sun Life of Canada Prosperity GS Fund, Inc. (2011 to present); Sun Life Prosperity Dynamic Fund, Inc. (2012 to present); Sun Life of Canada Prosperity Balanced Fund, Inc.; Sun Life of Canada Prosperity Philippine Equity Fund, Inc.; Sun Life Prosperity Achiever Fund 2028, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; Sun Life Prosperity Achiever Fund 2048, Inc.; and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (formerly DECA Homebuilder Fund, Inc.) (2018 to present); Sun Life Prosperity Dollar Starter Fund, Inc. (July 2021 to present) and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022). He is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present).

Mr. Reyes' other current positions are: member of the Advisory Board of PLDT, Inc. and Basic Energy Corporation; Member, Advisory Council of the Bank of the Philippine Islands; Chairman, Pepsi Cola Products Philippines, Inc.; Director of PXP Energy Corp. and PLDT Communications and Energy Ventures, Inc.; Independent Director of Cosco Capital Inc., D.M. Wenceslao & Associates Inc., Sun Life Financial Plans, Inc., Pioneer Life Inc., Pioneer Insurance & Surety Corporation, Pioneer Intercontinental Insurance, Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation, Team Energy Corporation, among other firms.

He completed his Bachelor of Arts degree in Economics at the Ateneo de Manila University in 1965 (Cum Laude) and did post-graduate studies at the Ateneo Graduate School of Business, Waterloo Lutheran University in Ontario, Canada and the Harvard Business School in Boston, Massachusetts, USA.

**ALELI ANGELA G. QUIRINO (outgoing)**

Independent Director (2012 to present)

Atty. Aleli Angela G. Quirino, 78 years old, is an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009 to present); Sun Life Prosperity Dynamic Fund, Inc. (2012 to present); Sun Life Prosperity Dollar Starter Fund, Inc. (2017 to present); Sun Life Prosperity GS Fund, Inc.; Sun Life Prosperity Philippine Stock Index Fund, Inc.; Sun Life Prosperity Dollar Wellspring Fund, Inc.; Sun Life Prosperity World Voyager Fund, Inc.; Sun Life Prosperity Achiever Fund 2028, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; Sun Life Prosperity Achiever Fund 2048, Inc.; and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (2018 to present). She is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present).

Atty. Quirino is currently an Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law). She is the Chairman of First Line Healthcare Diagnostics Center, Inc. (2021 to present). She also serves as Director of ELC Beauty, Inc./Estee Lauder Phils. (2002 to present), among others. She also serves as a Director of Neo Pacific Property Management Corporation (2007 to present). She is the Vice-Chairman (2015 to present) of the Board of Trustees and Past President (2009 to 2015) of the Ateneo de Manila Law Alumni Association, Inc., and is a Trustee and Corporate Secretary of the Assumption College, Inc. (1996 to present). She is an Advisory Council Member for AIPPI of the Intellectual Property Association of the Philippines, Inc. (2012 to present). She is the Trustee-Treasurer (1998 to present) of the Intellectual Property Foundation, Inc. She is a Philippine Councillor of the Asian Patent Attorney Association (2004 to present). She is also the Past President of the ASEAN Intellectual Property Association (2017 to 2019) and the ASEAN Philippine Intellectual Property Association, Inc. (2015 to 2017). She is an EXCO member of the Association Internationale de la Propriete Intellectuelle (2004 to present).

Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.

#### CESAR LUIS F. BATE

Independent Director (November 2021 to present)

Mr. Cesar Luis F. Bate, 61 years old, is an Independent Director of twelve (12) Sun Life Prosperity Funds namely: Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., and Sun Life Prosperity Achiever Fund 2028, Inc.

Currently, Mr. Bate is the Managing Director of LMN Advisors/Partners Inc. ("LMN"). He established the consultancy firm LMN in October 2006 after being a stockbroker for 20 years. Prior to LMN, Mr. Bate was head of the Philippine operations of Macquarie Securities Philippines from 2004 to 2006. From 1995 to 2004, he was President of Dutch-owned ING Securities Philippines which was the country's largest stock brokerage house for years under his ten-year tenure. Mr. Bate started his career as a stockbroker with the local house A&A Securities in 1987 and joined British-owned Baring Securities as Head of Philippine sales in 1992.

Mr. Bate is a registered and authorized salesman of A&A Securities, Inc. He is an Independent Director of RM Commercial REIT, Inc. (2021 to present) and Director of Acacia Lane, Inc. (1980 to present). He was also a Member of the Board of Trustees of Jose Rizal University (2007 to 2016).

Mr. Bate graduated with a Bachelor of Science in Management Engineering from Ateneo de Manila University in 1984.

#### CIELITO F. HABITO (incoming)

Independent Director

Dr. Cielito F. Habito, 69 years old, is an Independent Director of Sun Life Prosperity GS Fund, Inc.; Sun Life of Canada Prosperity Balanced Fund, Inc.; Sun Life of Canada Prosperity Philippine Equity Fund, Inc.; Sun Life Prosperity Philippine Stock Index Fund, Inc.; Sun Life Prosperity Dollar Abundance Fund, Inc.; Sun Life Prosperity Dollar Advantage Fund, Inc.;



Sun Life Prosperity Dollar Wellspring Fund, Inc.; Sun Life Prosperity World Voyager Fund, Inc.; Sun Life Prosperity Wellspring Fund, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; and Sun Life Prosperity Achiever Fund 2048, Inc.; (2019 to present); Sun Life of Canada Prosperity Bond Fund, Inc. and Sun Life Prosperity Peso Starter Fund, Inc. (July 2021 to present) and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present)

He is a Professor of Economics at the Ateneo de Manila University, where he is also Director of the Ateneo Center for Economic Research and Development. He also serves as Chairman of Brain Trust Inc., Operation Compassion Philippines, and the Board of Advisers of the Team Energy Center for Bridging Leadership at the Asian Institute of Management; Lead Independent Director of First Gen Corporation; Trustee of the Ramon Magsaysay Award Foundation and the Ramos Peace and Development Foundation; and Member of the Board of Governors of the Management Association of the Philippines, National Advisory Council of WWF-Philippines (also known as Kabang Kalikasan sa Pilipinas), JICA-Philippines Advisory Committee, and the World Bank Civil Society Advisory Group.

He had also previously served in the Boards of Manila Water Company, Metropolitan Bank & Trust Company, Metrobank Card Corporation, Frontier Oil Corporation, Mutual Fund Company of the Philippines, One Wealthy Nation (OWN) Fund, Steel Corporation of the Philippines, Philsteel Holdings, Solidbank and Lepanto Consolidated Mining Co.

He served in the Cabinet of former President Fidel V. Ramos throughout his presidency in 1992-1998 as Secretary of Socioeconomic Planning, and Director-General of the National Economic and Development Authority (NEDA). Before joining government, he was Professor and Chairman at the Department of Economics of the University of the Philippines-Los Baños (UPLB). He also worked as Visiting Fellow of the Asian Development Bank Institute in Tokyo, Visiting Professor at the Asian Institute of Management and De La Salle Graduate School of Business, Visiting Research Fellow at the Center for Southeast Asian Studies in Kyoto University, Teaching Fellow at Harvard University and Research Consultant at the World Bank.

Dr. Habito is the recipient of numerous awards including the Presidential Award (2019) and Most Outstanding Alumnus Award (1993) of the UPLB Alumni Association, Philippine Legion of Honor (1998), The Outstanding Young Men (TOYM) of 1991, and the Gawad Lagablab (Outstanding Alumnus Award) of the Philippine Science High School (1991).

He graduated with a Bachelor of Science in Agriculture, Summa cum laude from the University of the Philippines-Los Baños in 1975. He earned a Master of Economics from the University of New England (Australia) in 1978 and Master of Arts in Economics (1981) and Ph.D. in Economics (1984) from Harvard University.

**TERESITA J. HERBOSA (incoming)**  
Independent Director

Atty. Teresita J. Herbosa, 71 years old, is currently an Independent Director of Sun Life of Canada Prosperity Bond Fund, Inc.; Sun Life Prosperity Peso Starter Fund, Inc. (July 2021 to present) and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present). Presently, she is also a Director of Telecommunications Connectivity Inc. (December 2019 to present) and a member of the Board of Trustees of CHS Alumnae Foundation Inc. (March 2021 to present).

She was the Chairperson of the Securities and Exchange Commission ("SEC") from May 2011 to June 2018, and as such occupied other positions such as member of the Anti-Money Laundering Council, Chairperson of the Credit Information Corporation, the Microfinance NGO Regulatory Council, and the Capital Market Development Forum.

As SEC Chairperson, Atty. Herbosa was involved in the Asean Capital Markets Forum as Chair of its Committee on Corporate Governance responsible for the first Asean Top 50 Publicly Listed Companies. She initiated and proposed significant amendments to the Corporation Code of 1985 to Congress culminating in the enactment of the Revised Corporation Code in February 2019. She also participated in the passage of the Personal Property Securities Act.

As a consequence of the various reforms under Atty. Herbosa's leadership, for two consecutive years, 2015 and 2016, SEC emerged, based on two nationwide surveys, as no.1 in the sincerity rating particularly in the fight against corruption among 35 government agencies.

Prior to her SEC Chairmanship post, she engaged in the private practice of law at the Angara Abello Concepcion Regala & Cruz Law Offices ("ACCRALAW") specializing in litigation and dispute resolution for 33 years and often cited by foreign legal publications as one of the top litigation lawyers of the country.

In July 2019, she re-joined ACCRALAW as Of Counsel, and continues as MCLE and PHILJA lecturer, on corporation and other commercial laws. Presently, she has resumed teaching at UP LAW BGC, DLSU COL BGC and LPU COL Makati.

Atty. Herbosa co-authored in 2019 "The Revised Corporation Code of the Philippines Its Theories and Applications," and relatedly gives lectures. In line with her advocacy, she participated in the UNICEF-sponsored lecture series "Trainers' Course on Child Sensitive Investigation" for three years for more than 1,500 policemen and in the preparation of the video-taped materials shown at the PHILJA training of Family Court judges. She still lectures for PHILJA but this time on financial crimes and corporate and securities fraud.

She has written numerous law articles such as "Comments involving Crimes of Moral Turpitude" and the Foreword Vol 92 July 2019, for the Philippine Law Journal, others on various legal topics for the Philippine Star and contributed "Balancing Ethics and Regulation" for the FINEX anniversary publication "Ethics Black White or Gray" In 2018. From October 2019 to March 2020, she wrote a comprehensive training module for the investigation and prosecution of violations of the Securities Regulation Code in connection with the Anti-Money Laundering Act.

Atty. Herbosa finished AB Political Science cum laude at the University of the Philippines – Diliman, and her Bachelor of Laws cum laude and class salutatorian from the UP College of Law. She also has a Master of Comparative Law degree from the University of Michigan. In 2014, she was awarded the UP Distinguished Alumni Award for Public Service.

#### SHERWIN S. SAMPANG

Treasurer (November 2021 to present)

Mr. Sherwin S. Sampang, 42 years old, is the Treasurer of the Sun Life Prosperity Funds, i.e., the Sun Life Prosperity Dollar Abundance Fund, Inc.; Sun Life Prosperity Dollar Advantage Fund, Inc.; Sun Life of Canada Prosperity Balanced Fund, Inc.; Sun Life of Canada Prosperity Bond Fund, Inc.; Sun Life Prosperity Dynamic Fund, Inc.; Sun Life of Canada Prosperity Philippine Equity Fund, Inc.; Sun Life Prosperity GS Fund, Inc.; Sun Life Prosperity Peso Starter Fund, Inc.; Sun Life Prosperity Philippine Stock Index Fund, Inc.; Sun Life Prosperity Dollar Wellspring Fund, Inc.; Sun Life Prosperity World Voyager Fund, Inc.; Sun Life Prosperity Dollar Starter Fund, Inc.; Sun Life Prosperity World Equity Index Feeder Fund, Inc.; Sun Life Prosperity Achiever Fund 2028, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; Sun Life Prosperity Achiever Fund 2048, Inc.; and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present)

Mr. Sampang is also the Treasurer of Sun Life Financial Plans, Inc. (October 2017 to present). Concurrently, he is Sun Life PH's Head of Financial Planning and Analysis and Treasurer of Sun Life Asset Management Company, Inc. His previous positions in Sun Life include Head of Accounting & Controllership (November 2018 to September 2021) and Head of Finance Systems, Processes and Internal Controls (September 2016 to October 2018).

Mr. Sampang has over 21 years of local and international experience in Finance and Audit. He was the Chief Financial Officer/Head of Finance of QBE Seaboard Insurance Philippines, Inc., prior to joining Sun Life. His experience includes financial management leadership covering financial reporting, budgeting, forecasting, business insights, strategic planning, cost management, business process re-engineering, taxation and treasury. Prior to QBE Seaboard, he was a Director in the assurance practice of PwC Philippines and has acquired extensive international exposure from his 18-month secondment with Deloitte in Boston, MA, USA. He graduated with a degree in Bachelor of Science in

Accountancy from Far Eastern University and attended the Management Development Program of the Asian Institute of Management. He maintains active membership in the Philippine Institute of Certified Public Accountants (PICPA).

JEMILYN S. CAMANIA

Compliance Officer and Data Protection Officer (April 2020 to present)

Atty. Jemilyn S. Camania is the Chief Compliance Officer of the seventeen Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc. (01 April 2020 to present), and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present). She is also the Chief Compliance Officer of Sun Life of Canada (Philippines), Inc.; Sun Life Financial Plans, Inc.; Sun Life Asset Management Company, Inc.; and Sun Life Financial – Philippines Foundation.

Atty. Camania started at Sun Life of Canada (Philippines), Inc. as Assistant Counsel (2004 to 2007), Counsel (2007 to 2011), Senior Counsel (2011 to 2012), and Deputy General Counsel (2012 to 2020) and Head of General Corporate Services (2016 to 2020). She also served as Senior International Counsel for Sun Life Asia (2016 to 2020). She also served as Corporate Secretary of Sun Life of Canada (Philippines), Inc. (2010 to 2020); Sun Life Financial Plans, Inc. (2010 to 2020); Sun Life Asset Management Company, Inc. (2005 to 2020); Sun Life Financial Philippine Holding Company, Inc. (2012 to 2020); Sun Life Financial – Philippines Foundation (2012 to 2020); the sixteen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., (2005 to 2020), Sun Life Prosperity Dynamic Fund, Inc. (2012 to 2020), Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc. (2015 to 2020), Sun Life Prosperity World Equity Index Feeder Fund, Inc., and Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., and Sun Life Prosperity Achiever Fund 2048, Inc. (2018 to 2020); Grepalife Asset Management Corporation (2011 to 2020); the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation (2011 to 2020); and the Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (2011 to 2020). Prior to joining Sun Life, she worked as an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004).

Atty. Camania received her Bachelor of Arts in Psychology (1992) and Bachelor of Laws (2001) degrees from the University of the Philippines (Diliman). She passed the Bar Examinations in 2002. She is also a Fellow, Life Management Institute (2010), Professional, Customer Service (with honors) (2011), and Associate, Insurance Regulatory Compliance (2014) of the Life Office Management Association (LOMA).

ANNA KATRINA C. KABIGTING-IBERO

Corporate Secretary (April 2020 to present)

Atty. Anna Katrina C. Kabigting-Ibero is the Corporate Secretary of the seventeen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (April 2020 to present), Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present), and the three

Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation, (April 2020 to present). She is also the Corporate Secretary of Sun Life of Canada (Philippines), Inc., Sun Life Asset Management Company, Inc., Sun Life Financial Plans, Inc., Grepalife Asset Management Corporation, Sun Life Financial Philippine Holding Company, Inc., Sun Life Financial – Philippines Foundation, Inc., and Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (April 2020 to present). She was appointed as Corporate Secretary of Sun Life Investment Management and Trust Corporation last September 2020.

Prior to joining Sun Life in 2014, Atty. Ibero worked as an Associate Lawyer at the David Cui-David Buenaventura and Ang Law Offices (2006 to 2010). She later joined the Bank of the Philippine Islands as Legal and Compliance Officer of the Bank's Asset Management and Trust Group (2010 to 2014).

Atty. Ibero received her Bachelor of Arts Major in Legal Management (2000) and Bachelor of Laws (2005) from the University of Santo Tomas. She was called to the Bar in 2006.

#### FRANCES IANNA S. CANTO

Assistant Corporate Secretary (September 2020 to present)

Atty. Frances Ianna S. Canto is the Assistant Corporate Secretary of the seventeen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present). She is also the Assistant Corporate Secretary of Sun Life Asset Management Company, Inc. and Sun Life Investment Management and Trust Corporation (September 2020 – present).

Prior to joining Sun Life in May 2020, Atty. Canto worked as a Legal and Compliance Officer of Manulife Philippines (March 2017), where she also served as Assistant Corporate Secretary and Alternate Data Protection Officer. Before joining Manulife, Atty. Canto briefly worked as a consultant with the Office of the Secretary of the Climate Change Commission and prior to that, as an Associate Lawyer at the Medialdea Ata Bello and Suarez Law Office (2013-2016).

Atty. Canto received her Juris Doctor degree from the Ateneo de Manila University. She was admitted to the Bar in May 2014.

#### RIA V. MERCADO

Risk Officer (2015 to present)

Ms. Ria V. Mercado, 46 years old, has been the Head of Risk Management of Sun Life Philippines since 2015. She is also the Risk Officer of the seventeen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., (2015 to present), Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022 to present), and the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation, (July 2019 to present). She is also the Risk Officer of Sun Life Asset Management Company, Inc., Grepalife Asset Management Corporation, Sun Life of Canada (Philippines), Inc., Sun Life

Grepa Financial, Inc. (July 2015 to present) and Sun Life Financial – Philippines Foundation, Inc. (December 2019 to present).

Prior to joining Sun Life in 2015, she was with Deutsche Knowledge Services (DKS), where she was Debt and Client Risk & Control Lead. In this capacity, she was responsible for risk and control initiatives and for proactively identifying and mitigating operations risks through quality assurance initiatives. Prior to DKS, she was with Standard Chartered Bank where she rose from Graduate Associate to AVP – Unit Operational Risk Manager.

Ms. Mercado holds a Master in Business Management degree from the Asian Institute of Management. She is a BS Business Administration graduate of the University of the Philippines (Diliman).

1. Independent Directors. Nominees for Independent Directors were nominated by Management to the Corporate Governance Committee. The nomination is in accordance with the guidelines and requirements set in the Securities and Exchange Commission (SEC) Memorandum Circular Nos. 24 (s. 2019) and 16 (s. 2002) and SRC Rule 38. Qualifications of Directors as enumerated in said circulars are strictly followed.

2. Nomination Process. The Corporate Governance Committee, composed of Atty. Quirino as Chairman and Mr. Sison and Mr. Reyes as Members, pre-screens and shortlists all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications of the regulations named above and in accordance with the procedure outlined in the Company's Manual on Corporate Governance ("Manual").

Except for committee members who are independent directors themselves, none of the members of the Corporate Governance Committee are related to the independent directors. The following Final List of Candidates to the 2022 Board of Directors has been approved:

- 2.1 Mr. Benedicto C. Sison
- 2.2 Ms. Valerie N. Pama
- 2.3 Mr. Cesar Luis F. Bate
- 2.4 Mr. Cielito F. Habito
- 2.5 Atty. Teresita J. Herbosa

Unless marked otherwise, proxies received will be voted for the election of each of the nominees stated in the proxy form.

b. Incorporators. The incorporators of the Company are: Rizalina G. Mantaring, Ma. Karenina M. Casas, Valerie N. Pama, Aleli Angela G. Quirino and Oscar S. Reyes

c. Significant Employees. The Company has no significant employees.

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

e. Involvement in Certain Legal Proceedings. None of the directors or persons nominated to become directors or executive officers of the Company has been involved during the past five (5) years in any legal proceeding which is material to an evaluation of their ability or integrity to serve as such, including, bankruptcy petition, conviction by final judgment, being subject to any order, judgment or decree, or violation of a securities or commodities law.

f. Certain Relationships and Related Transactions. The Company is not involved in any transaction or series of similar transactions, proposed or otherwise, with or involving any of its subsidiaries in which a director, executive officer, or stockholder owns ten percent (10%) or more of total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest during the last two (2) years.

g. Parent of the Company. The Company does not have a parent company.

h. Disagreement of Directors and Executive Officers. None of the directors has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the Company on any matter relating the Company's operations, policies, or practices.

i. Compliance with Leading Practices on Corporate Governance. All of the directors and officers of the Company have attended a seminar on corporate governance given by a SEC-accredited provider. They attend a yearly training on Corporate Governance by a reputable provider, including topics global trends and best practices.

The Board reviews and updates its Manual on Corporate Governance at least annually to ensure that it is kept abreast of global leading practices and principles on good corporate governance. On a yearly basis, the Board Directors each accomplishes a Board Effectiveness Questionnaire to evaluate themselves as individual Directors and as a Board, to determine their skills and level of compliance with the Manual, as well as recommend changes to the Manual and Committee charters. This ensures that they remain independent and effective in implementing their respective mandates and discharging their duties and responsibilities. As a result of the recommendations from the Board on how to better improve Corporate Governance, they now hold a confidential meeting to discuss strategy every year. The Company also has robust and effective risk management policies and procedures in place to identify, mitigate and manage risks arising from the Company's operations. On a yearly basis, the Company's Compliance Officer issues a Certification which confirms that the Company substantially adopted all the provisions in the Manual of Corporate Governance, as prescribed by the SEC. Accounts of deviation, if any, are duly reported by the Compliance Officer, as necessary.

#### Item 6. Compensation of Directors and Executive Officers

a. Compensation of Executive Officers. The executive officers of the Company do not receive any form of compensation from their appointment up to the present.

b. Compensation of Directors. The directors do not receive any form of compensation from inception up to the present other than a PHP 20,000.00 per diem for meetings attended. Only the members of the Board who are "external directors", i.e., those who are not officers and/or employees of SLOCPI, receive remuneration for their attendance in regular or special meetings of the Board at the rate of PHP 20,000.00 to each director for every meeting attended. Their contributed efforts to the Fund are on a voluntary basis only. Also, the directors or executive officers of the Fund will not participate in any bonus, profit sharing or other compensation plan, pension or retirement plan, contract or arrangement.

Each external director, as defined above, also receives a retainer's fee not to exceed PHP 15,000.00 per quarter. Payment of such retainer's fee is shared by the Fund with the other Sun Life Prosperity Funds which the external director also serves, provided that each external director receives a maximum of PHP 15,000.00 per quarter from all the Sun Life Prosperity Funds.

Total per diem received by the Fund's directors for the year 2021 and 2020 are PHP 504,262 and PHP 314,615, respectively.

The Board has four (4) regular quarterly meetings for 2021, including the organizational board meeting after the annual shareholders' meeting. For the four (4) meetings and with four (4) members of the Board who are external directors entitled to receive per diem, the Fund forecasts a total directors' per diem of PHP 320,000 for 2022. The external directors are also forecasted to receive a total of PHP 25,455 as retainer's fees for 2022.

c. Employment Contracts and Termination of Employment and Change-in-Control Arrangements. Other than that previously stated, there are no other standard or consulting arrangements or any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated.

Item 7. Independent Public Accountants. During the two (2) most recent fiscal years, Navarro Amper and Co./Deloitte Touche Tohmatsu served as the Company's principal accountants and external auditors. The signing partner is Mr. Joefrey Mark Ferrer, who has served in said capacity since 2020. The same auditors are being

recommended for re-election at the scheduled annual shareholders' meeting. Representatives of the said firm are expected to be present at the upcoming annual shareholders' meeting to respond to appropriate questions and to make a statement if they so desire.

In compliance with SRC Rule 68, As amended, the Company intends to change external auditors or audit engagement partners, at least once every five (5) years.

**Audit and Audit-Related Fees.** For 2021 and 2020, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements and services normally provided by external auditors in connection with statutory and regulatory filings amounted to PHP 168,484 and PHP 165,892 respectively, inclusive of VAT and out-of-pocket expenses.

The Company's Audit and Compliance Committee hears the client service plan and service fee proposal presented by the external auditor and recommends such for the approval of the Board of Directors if found acceptable. Said Committee is composed of the following: Mr. Reyes as Chairman and Atty. Quirino and Mr. Bate as Members.

Item 8. Compensation Plans. No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed to its directors or employees.

#### B. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange. No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities. No action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information. No action is to be taken with respect to Items 9 or 10. Report on Management's Discussion is attached as part of the annexes to SEC Form Definitive 20-IS.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters. No action is to be taken with respect to any transactions involving the: 1. merger or acquisition of the Company into or with any other person or any other person into or with the Company; 2. acquisition of the Company or any of its security holders of securities of another person; 3. acquisition by the Company of any other going business or of the assets thereof; 4. sale or other transfer of all or any substantial part of the assets of the Company; or 5. liquidation or dissolution of the Company.

Item 13. Acquisition or Disposition of Property. No action is to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts. No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

#### C. OTHER MATTERS

Item 15. Action with Respect to Reports. The minutes of the meeting and related records are available for inspection by any shareholder at the office of the Company during business hours. Management recommends a vote FOR the approval of the minutes of the 2021 Shareholders' Meetings held on 14 July 2021 and 10 September 2021 (continuation). Also submitted for approval is the Annual Report (SEC Form 17A) and the audited Financial Statements for the year ended 31 December 2021 and the Quarterly Report for the First Quarter (SEC Form 17Q1).

Item 16. Matters Not Required to be Submitted. No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, Bylaws, or Other Documents. With respect to amendment of the Company's charter, by-laws, or other documents, Management proposes that stockholders representing majority of the outstanding capital stock approve the amendment of the Articles of Incorporation to increase the number of directors to six (6), pursuant to the requirements of the Implementing Rules and Regulations of the Investment Company Act ("ICA IRR"), that 50% of the Board should be composed of Independent Directors. The proposed amendment is as follows:

"ARTICLE VI. That the number of directors of this Corporation shall be six (6) and the names, nationalities and residences of the first directors of the corporation who are to serve until their successors are elected and qualified as provided by the By-laws are as follows: xxx"

Item 18. Other Proposed Action. Aside from the foregoing, there is no other proposed action.

Item 19. Voting Procedures. All elections and all questions, except as otherwise provided by law, shall be decided by the plurality vote of the shareholders present in person or by proxy; provided that a quorum (10% of the voting stock) is present. In case of election of directors, a majority vote (50% of the voting stock +1) is required.

The right to vote of investors as of the Record Date may be exercised in person, through proxy, or so when so authorized in the By-laws or when approved by the majority of the Board of Directors, through remote communication or in absentia. The Fund will accept proxy votes from its stockholders by emailing SunLifeFunds@sunlife.com until Sunday, 03 July 2022 (at least 10days prior to the ASHM). The same shall be remotely validated by the Fund before the close of business hours on or before 08 July 2022 (at least 5 days prior to the ASHM). Investors who will decide to attend the ASHM via Zoom may also exercise their right to vote in absentia via the Zoom poll functionality available during the conduct of the ASHM. Client identification may be verified during the pre-registration process.

Thereafter, the Corporate Secretary will proceed to count and tabulate the votes casted via remote communication or in absentia, and those who voted through proxy.

## PART II. INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification. The solicitation of proxies is made for and on behalf of Ms. Pama, President of the Company, and the proxy given will be voted in accordance with the authority contained therein. Atty. Anna Katrina C. Kabigting-Ibero, Corporate Secretary, will cast the votes in case of her absence.

Item 2. Instruction. Proxy forms attached to the notice of the annual shareholders' meeting appoint Ms. Pama, President of the Company, to represent and vote all shares registered in the name of the shareholder. The following need to be indicated by the shareholder on the form: a. Date and place the form was signed; b. Shareholder's complete name; and c. Signature.

Upon receipt of a duly completed proxy form through courier, regular mail, fax, or email (sent using the shareholder's registered email address with the Company), the Company will ensure that the forms are in order and that the above requirements have been complied with. Shareholder names and signatures appearing on the proxy form that are irreconcilable against Company records will be considered void.

Should defects be noted on a duly completed proxy form with regard to items (a) and (b) above, the Company has the option to determine ways and means by which the defect could be corrected, in which case the proxy form would be considered valid. Proxy forms not meeting the above requirements would not be counted.

Item 3. Revocability of Proxy. A shareholder giving a proxy has the power to revoke it at any time prior to its exercise by voting in person at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting, or by giving another proxy with a later date provided it is received by the office of the Corporate Secretary not later than ten (10) days prior to the Annual Meeting.



Item 4. Persons Making the Solicitation.

- a. The proxy solicitation is conducted on behalf of the Company by SLAMCI as part of its management services and is to be made through registered mail and courier service. No director of the Company has informed the Company in writing that he intends to oppose any action intended to be taken.
- b. Proxies may also be solicited by SLAMCI employees assigned to Investor Services, without additional compensation, personally or by written communication, telephone or other electronic means. Ms. Marleen Kaye Simbillo has been designated as the contact person for all inquiries related hereto at contact number (632) 8849-9888 with address at 8th Floor Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City 1634, and email address marleen.kaye.simbillo@sunlife.com.
- c. Likewise, no especially engaged employee or paid solicitors are to be involved in this exercise.
- d. The Company will bear the cost of preparing and mailing this proxy statement and other materials furnished to shareholders in connection with the proxy solicitation. The foregoing is estimated to cost about PHP 1,000,000.00 for all the Sun Life Prosperity Funds.

Item 5. Interest of Certain Persons in Matters to be Acted Upon. As of 31 March 2022, records show that SLOCPI owns 33.24 % of the Company's outstanding capital stock. Mr. Benedicto C. Sison, Country Head and CEO of Sun Life of Canada (Philippines), Inc. ("SLOCPI"), has the power to vote of the shares or direct the voting of the shares held by SLOCPI Agents' Provident Plan.

SHAREHOLDERS OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING SHALL BE FURNISHED WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT OR SEC FORM 17-A, UPON WRITTEN REQUEST ADDRESSED TO:

SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
OFFICE OF THE CORPORATE SECRETARY  
6<sup>TH</sup> FLOOR SUN LIFE CENTRE, 5<sup>TH</sup> AVENUE COR RIZAL DRIVE  
BONIFACIO GLOBAL CITY, TAGUIG CITY 1634

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

Sun Life Prosperity Dynamic Fund, Inc.  
Issuer



ATTY. ANNA KATRINA C. KABIGTING-IBERO  
Corporate Secretary

Date: 10 June 2022

# Annex “A”

## ANNEX TO THE AGENDA

Sun Life of Canada Prosperity Bond Fund, Inc.  
Sun Life of Canada Prosperity Balanced Fund, Inc.  
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.  
Sun Life Prosperity Peso Starter Fund, Inc.  
Sun Life Prosperity Dollar Advantage Fund, Inc.  
Sun Life Prosperity Dollar Abundance Fund, Inc.  
Sun Life Prosperity GS Fund, Inc.  
Sun Life Prosperity Dynamic Fund, Inc.  
Sun Life Prosperity Philippine Stock Index Fund, Inc.  
Sun Life Prosperity Dollar Wellspring Fund, Inc.  
Sun Life Prosperity World Voyager Fund, Inc.  
Sun Life Prosperity Dollar Starter Fund, Inc.

### **Acts and Proceedings of the Board and Corporate Officers for Confirmation and Ratification of the Stockholders:**

1. Election and/or appointment of officers, committee members and representatives to the Philippine Investment Funds Association (PIFA)
2. Continuation of the Management Agreement and Distribution Agreement and Transfer Agency Agreement with Sun Life Asset Management Company, Inc. (SLAMCI)
3. Amendment of Prospectus
4. Approval of the 2021 Audited Financial Statements
5. Approval of Manual on Corporate Governance
6. Approval of Board Committee Charters
7. Execution of Deed of Undertaking in relation to the amendment of Sun Life Prosperity Funds<sup>1</sup>
8. Change in Cash/Liquidity and Peso Bond Benchmarks
9. Reduction in Minimum Initial and Subsequent Investment Amounts of Sun Life Prosperity Funds<sup>2</sup>
10. Declaration of Stock Dividends<sup>3</sup>
11. The joint holding of the Sun Life Prosperity Funds’ Annual Stockholders’ Meetings on 13 July 2022 through remote communications in accordance with SEC Memorandum No. 6, dated March 12, 2020, using Zoom’s Video Conferencing facility. Stockholders of record of the Funds as of 30 April 2022 shall be entitled to notice of and to attend and vote at said meeting.

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<sup>1</sup> Sun Life Prosperity Peso Starter, Dollar Starter, Index and World Voyager Funds

<sup>2</sup> Sun Life Prosperity Dollar Abundance, Dollar Advantage, Dollar Wellspring, and World Voyager Funds

<sup>3</sup> Sun Life Prosperity Dollar Wellspring Fund

**(DRAFT) MINUTES OF THE JOINT ANNUAL STOCKHOLDERS' MEETING**

**Sun Life of Canada Prosperity Bond Fund, Inc.**  
**Sun Life of Canada Prosperity Balanced Fund, Inc.**  
**Sun Life of Canada Prosperity Philippine Equity Fund, Inc.**  
**Sun Life Prosperity Dollar Abundance Fund, Inc.**  
**Sun Life Prosperity Dollar Advantage Fund, Inc.**  
**Sun Life Prosperity Peso Starter Fund, Inc.**  
*(formerly, Sun Life Prosperity Money Market Fund, Inc.)*  
**Sun Life Prosperity GS Fund, Inc.**  
**Sun Life Prosperity Dynamic Fund, Inc.**  
**Sun Life Prosperity Philippine Stock Index Fund, Inc.**  
**Sun Life Prosperity Dollar Wellspring Fund, Inc.**  
**Sun Life Prosperity World Voyager Fund, Inc.**  
**Sun Life Prosperity Dollar Starter Fund, Inc.**

Held on 14 July 2021 from 2:00 p.m. to 3:21p.m.  
via Zoom Webinar

**Total number of shares present and represented:** Please see Annex "A"

**Members of the Board  
of Directors Present:**

BENEDICTO C. SISON  
MA. JOSEFINA A. CASTILLO  
GERALD L. BAUTISTA  
OSCAR M. ORBOS\*  
ALELI ANGELA G. QUIRINO\*  
OSCAR S. REYES\*  
CIELITO F. HABITO\*

**Also Present:**

VALERIE N. PAMA  
TERESITA J. HERBOSA  
CANDY S. ESTEBAN  
MICHAEL GERARD D. ENRIQUEZ  
ANNA KATRINA C KABIGTING-IBERO  
FRANCES IANNA S. CANTO  
NAVARRO AMPER & CO./DELOITTE TOUCHE  
TOHMATSU

**1. CALL TO ORDER**

Mr. Benedicto C. Sison, Chairman, called to order the Joint Annual Stockholders' Meeting of the Sun Life of Canada Prosperity Bond Fund, Inc. ("Bond Fund"), Sun Life of Canada Prosperity Balanced Fund, Inc. ("Balanced Fund"), Sun Life of Canada Prosperity Philippine Equity Fund, Inc. ("Philippine Equity Fund"), Sun Life Prosperity Dollar Advantage Fund, Inc. ("Dollar Advantage Fund"), Sun Life Prosperity Dollar Abundance Fund, Inc. ("Dollar Abundance Fund"), Sun Life Prosperity Dynamic Fund, Inc. ("Dynamic Fund"), Sun Life Prosperity GS Fund, Inc. ("GS Fund"), Sun Life Prosperity Peso Starter Fund, Inc. (formerly, Sun Life Prosperity Money Market Fund, Inc.) ("Peso Starter Fund"), Sun Life Prosperity Philippine Stock Index Fund, Inc. ("Philippine Stock Index Fund"), Sun Life Prosperity Dollar Wellspring Fund, Inc. ("Dollar Wellspring Fund"), Sun Life Prosperity World Voyager Fund, Inc. ("World Voyager Fund") and Sun Life Prosperity Dollar Starter Fund, Inc. ("Dollar Starter Fund") which are collectively known

as the Sun Life Prosperity Funds (the "Funds"). He thereafter presided over the same. Atty. Frances Ianna S. Canto, Assistant Corporate Secretary, recorded the minutes thereof.

## **2. PROOF OF NOTICE OF MEETING**

Atty. Anna Katrina Kabigting-Ibero, Corporate Secretary, confirmed that the holding of the virtual annual stockholders meeting is in accordance with the requirements set forth by the Securities and Exchange Commission. Likewise, the necessary approvals from the Board of Directors have been obtained and all requirements have been complied with in order to protect the interests of the stockholders.

Thereafter, she certified that the stockholders of record as of 30 April 2021 were duly notified of the meeting. The notices were sent electronically, posted on the Sun Life Asset Management Corporation, Inc. ("SLAMCI") website, and likewise published in newspapers of general circulation

## **3. CERTIFICATION OF QUORUM**

The Secretary reported the attendance based on the Attendance Sheet as well as the proxies received before the meeting. The attendance is set forth in Annex "A" of the minutes.

## **4. CHAIRMAN'S ADDRESS**

Through a pre-recorded video, Sun Life Prosperity Funds Chairman, Mr. Benedicto C. Sison, welcomed the stockholders to the Sun Life Prosperity Funds' annual meeting.

In his message, Mr. Sison recalled how 2020 was Sun Life Asset Management Company, Inc.'s (SLAMCI) 20<sup>th</sup> anniversary, but due to the pandemic, the planned celebrations for the said milestone had to be put on hold. Instead, the Company focused on delivering the best service possible notwithstanding the unusual circumstances brought about by the pandemic.

According to Mr. Sison, while 2020 presented various challenges, Sun Life's foresight in implementing the Online Payment Page, Auto-Invest Program, Bills Payment Program, SLAMCI Online, and Sun RISE Portal, paid off during the pandemic. He added that these digital capabilities were complemented with constant communications with clients through monthly webinars and regular newsletters shared via email. He also reported that with the recession experienced worldwide, the Company adopted a prudent risk management approach and financial discipline in running the business. Because of these, SLAMCI was able to grow the number of its investors to 170,000 and breached the Php127billion mark of assets under management representing an almost 60% year-on-year growth, which is double than the mutual fund industry growth rate.

Mr. Sison thereafter thanked Mr. Valerie N. Pama, the former president of SLAMCI, for her vision and guidance that paved the way for SLAMCI's stability and resilience. As Ms. Pama takes on another leadership role in Sun Life, Mr. Sison expressed confidence in her successor, Mr. Gerald Bautista. He shared that Mr. Bautista took over SLAMCI amid the pandemic while ensuring that investors are well taken care of.

Finally, Mr. Sison reiterated that Sun Life is anchored on its commitment to be its clients' partner to prosperity. According to him, this commitment is what will guide the organization to

transform with the time not only responding to the changes, but also anticipating them to provide financial solutions in a timely manner.

## 5. REVIEW OF 2020 OPERATIONS

Ms. Candy S. Esteban, Treasurer of the Funds, presented a review of the Funds' operations and financial performance in 2020.

## 6. 2020 FUND PERFORMANCE

Mr. Michael Gerard D. Enriquez made a Video Presentation on the 2020 Fund Performance. After the video presentation, he invited the stockholders to join the Market Outlook Forum which will be held right after the Stockholders' Meeting.

## 7. ELECTION OF DIRECTORS FOR THE TERM 2021 to 2022

The Corporate Secretary informed the Chairman that the voting procedure and resumes of the nominees for directors have been stated in the SEC Form 20-IS and circulated to the stockholders prior to the annual meeting. The Assistant Corporate Secretary explained that eligible stockholders may cast their votes through the poll function of Zoom. She added that the preliminary results of votes on proxies submitted and validated as of 04 July 2021 shall be provided during the meeting, with the final results being reflected in the minutes of the meeting.

With the affirmative vote of 50% + 1 of the outstanding capital stock, the following were elected as members of the Boards of Directors:

**a. SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.**

1. Benedicto C. Sison
2. Ma. Josefina A. Castillo
3. Teresita J. Herbosa (independent)
4. Cielito F. Habito (independent)
5. Oscar M. Orbos (independent)

**b. SUN LIFE PROSPERITY PESO STARTER FUND, INC. (formerly, Sun Life Prosperity Money Market Fund, Inc.)**

1. Benedicto C. Sison
2. Ma. Josefina A. Castillo
3. Gerald L. Bautista
4. Teresita J. Herbosa (independent)
5. Cielito F. Habito (independent)
6. Oscar M. Orbos (independent)

**c. SUN LIFE PROSPERITY DOLLAR STARTER FUND, INC.**

1. Benedicto C. Sison
2. Ma. Josefina A. Castillo
3. Aleli Angela G. Quirino (independent)
4. Oscar S. Reyes (independent)
5. Oscar M. Orbos (independent)

The following Funds failed to secure the required number of votes to elect its Boards of Directors for the term 2021-2022:

- a. Sun Life of Canada Prosperity Balanced Fund, Inc.
- b. Sun Life of Canada Prosperity Philippine Equity Fund, Inc.
- c. Sun Life Prosperity Dollar Advantage Fund, Inc.
- d. Sun Life Prosperity Dollar Abundance Fund, Inc.
- e. Sun Life Prosperity Dynamic Fund, Inc.
- f. Sun Life Prosperity GS Fund, Inc.
- g. Sun Life Prosperity Philippine Stock Index Fund, Inc.
- h. Sun Life Prosperity Dollar Wellspring Fund, Inc.
- i. Sun Life Prosperity World Voyager Fund, Inc.

A continuation of the annual meeting will be held on 10 September 2021 at 10:00 a.m. via Zoom Conference. In the meantime, the present Board of Directors for the above Funds will continue to serve as such until their successors are elected and duly qualified.

**8. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

With a majority vote of the stockholders present or represented during the online meeting, the minutes of the meetings held on 22 July 2020 and 18 September 2020 were approved.

**9. CONFIRMATION AND RATIFICATION OF ALL ACTS AND PROCEEDINGS OF THE BOARD AND CORPORATE OFFICERS**

With a majority vote of the stockholders present or represented during the online meeting, the resolution to approve the confirmation and ratification of all acts and proceedings of the Board of Directors and Officers of the previous year was approved.

**10. APPOINTMENT OF EXTERNAL AUDITOR**

With a majority vote of the stockholders present or represented during the online meeting, the stockholders appointed Navarro Amper and Co./Deloitte Touche Tohmatsu as the Funds' external auditor for 2021.

**11. OTHER MATTERS**

**Amendments of the Articles of Incorporation**

Due to the failure to meet the requirement that 2/3 of the outstanding capital stock should be present in person or by proxy, the agenda to amend Article VI of the Funds'<sup>1</sup> Articles of Incorporation to increase the number of directors to six (6), remain unapproved.

Likewise, due to the failure to meet the requirement that 2/3 of the outstanding capital stock should be present in person or by proxy, the agenda to amend Article III of the Funds'<sup>2</sup>

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<sup>1</sup> *Balanced Fund, Dollar Abundance Fund, Dollar Advantage Fund, Philippine Equity Fund, GS Fund, Dynamic Fund, Stock Index Fund, World Voyager Fund.*

<sup>2</sup> *Balanced Fund, Dollar Abundance Fund, and Philippine Equity Fund.*

Articles of Incorporation to amend the date and time of the annual stockholders meeting, remain unapproved.

### Amendments of the By-Laws

Due to the failure to meet the requirement that majority of the outstanding capital stock should be present in person or by proxy, the agenda to amend Section 1, Article 1 of the By-Laws on the date and time of Annual Stockholders Meeting, and the delegation of power to amend Articles I, II, III, IV, and VI of the By-Laws of Sun Life of Canada Prosperity Balanced Fund, Inc.'s, remain unapproved.

Meanwhile, the following amendments to the respective By-Laws of the Sun Life Prosperity Peso Starter Fund, Inc. and Sun Life Prosperity Dollar Starter Fund, Inc. were approved after obtaining the required 50% +1 affirmative vote of the outstanding capital stock:

- a. Article I (Section 3) with regard to the notice of regular meetings to stockholders be sent out at least 21 calendar days prior to scheduled meeting date);
- b. Article II (Section 1) with regard to the election of Independent Directors in the Board, pursuant to relevant regulations;
- c. Article VIII (Section 1) on the update in the Investment Policy, to align with the provisions of the Investment Company Act-Implementing Rules and Regulations, as amended; and
- d. Article IX (Section 1) on the determination of net asset value, to be consistent with the Investment Company Act-Implementing Rules and Regulations, as amended.

Likewise, the amendments to Article III (Sections 1, 4, 5, and 6) and Article VII (Section 1) of the Sun Life Prosperity Peso Starter Fund, Inc. By-Laws, and Article III (Sections 1 and 6) of the Sun Life Prosperity Fund Dollar Starter By-Laws, on the election of a Compliance Officer as one of the corporate officers, were both approved.

### Amendment of Investment Objective

The amendment of the Investment Objective in the Registration Statement/Prospectus of Sun Life Prosperity Peso Starter Fund, Inc. was approved by at least 50% + 1 of the outstanding capital stock.

## **12. QUESTIONS FROM THE STOCKHOLDERS**

From the Question & Answer Function of the Zoom Webinar Application, the moderator chose the four most-asked questions. The first one was how SLAMCI adjusted to the pandemic in terms of business operations. Mr. Sison responded that the pandemic did not change how the Company prioritizes its clients. As such, various learning sessions and regular market updates were provided during the year. Communication lines with advisors and relationship managers, including opening some Client Service Centers, were done to ensure that investors are always guided. Similarly, advisors and employees were also provided with monthly learning sessions. Mr. Sison added that various processes were improved as the Company embraced going digital. Mr. Gerald L. Bautista, SLAMCI President, chimed in and shared with the stockholders various digital touchpoints to be able to continue servicing the needs of the clients.

The moderator then directed the second question to Mr. Bautista and asked what the stockholders can expect from him as he takes over the mutual fund business of Sun Life. Mr. Bautista replied by first thanking Ms. Pama for the strong business foundation that she established.

Mr. Bautista shared that over the coming months, he intends to continue improving client experience by introducing new initiatives aimed at making investing simple and easy. SLAMCI will also launch new products to meet the growing needs of the investors.

The third question is whether the Company expects the exponential growth of the Peso Starter and Dollar Starter Funds to continue. Ms. Esteban took the question and replied that if the Bangko Sentral ng Pilipinas continue to maintain low rates, then the continued flows into the Starter Funds may be expected. She added that global equity funds such as the World Equity Index Feeder Fund and World Voyager Feeder Fund also reported healthy growth as developed markets recovered faster than the local markets.

Finally, the moderator directed the fourth question of "What investment advice can you give to us investors, given the market conditions?" to Mr. Enriquez. Mr. Enriquez responded that the best strategy is for clients to use Portfolio Diversification and Asset Allocation in their investments as this will reduce their risk. However, he cautioned investors that they should not forget to know their risk profile before investing and to ensure that they are able to tolerate the volatility of the portfolio they are investing in. He again invited the investors to join the Market Forum Outlook that will follow after the Annual Stockholders' Meeting whether Fund Manager of the Sun Life Prosperity Funds will discuss the market in more detail.

### 13. ADJOURNMENT

There being no other matter for discussion, upon motion duly made and seconded, the Joint Annual Stockholders' Meeting of the Sun Life Prosperity Funds was adjourned at 3:21 pm.

**FRANCES IANNA S. CANTO**  
Assistant Corporate Secretary

ATTESTED TO BY:

**BENEDICTO C. SISON**  
*Chairman*  
Sun Life Prosperity Funds\*

**MA. JOSEFINA A. CASTILLO**  
*President*  
Sun Life Prosperity Funds\*

**GERALD L. BAUTISTA**  
*Director*  
Peso Starter Fund

**ALELI ANGELA G. QUIRINO**  
*Independent Director*  
Balanced, GS, Dynamic, Index, Dollar  
Wellspring, World Voyager and Dollar Starter  
Funds

**OSCAR M. ORBOS**  
*Independent Director*

**CIELITO F. HABITO**  
*Independent Director*



Dynamic, Philippine Equity, Stock Index,  
Dollar Abundance, Dollar Advantage, Dollar  
Wellspring, Bond, Peso Starter, World Voyager  
and Dollar Starter Funds

GS, Bond, Balanced, Peso Starter, Philippine  
Equity, Stock Index, Dollar Abundance,  
Dollar Advantage, Dollar Wellspring and  
World Voyager Funds

**OSCAR S. REYES**

*Independent Director*

Balanced, Philippine Equity, Dollar  
Abundance, Dollar Advantage, GS, Dynamic  
and Dollar Starter Funds

**TERESITA J. HERBOSA**

*Independent Director*

Bond and Peso Starter Funds

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## Annex "A"

### 2021 Joint Annual Stockholders' Meetings Stockholders Present and Represented, Per Fund

Sun Life Prosperity Fund	Total Shares Subscribed (Outstanding Capital Stock as of 30 April 2021)	Stockholder Attendance (in shares)	Attendance (in percentage) for Quorum Requirement
Bond Fund	1,552,622,800	828,081,026	53.33%
Balanced Fund	2,337,601,095	564,642,905	24.15%
Equity Fund	2,212,999,881	306,317,863	13.84%
Dollar Advantage Fund	8,251,450	2,242,972	27.18%
Peso Starter Fund	19,997,582,166	18,144,005,268	90.73%
Dollar Abundance Fund	3,793,870	491,405	12.95%
GS Fund	147,011,650	32,778,346	22.30%
Dynamic Fund	1,478,984,971	509,722,359	34.46%
Index Fund	3,175,882,822	1,305,005,045	41.09%
Dollar Wellspring Fund	5,838,470	2,447,555	41.92%
World Voyager Fund	5,999,263	1,305,305	21.76%
Dollar Starter Fund	5,905,673	4,799,580	81.27%

**DRAFT MINUTES OF THE CONTINUATION OF THE  
JOINT ANNUAL STOCKHOLDERS' MEETING**

**Sun Life of Canada Prosperity Balanced Fund, Inc.  
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.  
Sun Life Prosperity Dollar Abundance Fund, Inc.  
Sun Life Prosperity Dollar Advantage Fund, Inc.  
Sun Life Prosperity Dynamic Fund, Inc.  
Sun Life Prosperity GS Fund, Inc.  
Sun Life Prosperity Philippine Stock Index Fund, Inc.  
Sun Life Prosperity Dollar Wellspring Fund, Inc.  
Sun Life Prosperity World Voyager Fund, Inc.**

Held on 10 September 2021 from 10:00 a.m. to 10:27 a.m.  
via Zoom Webinar

**Total number of shares present and represented:** Please see Annex "A"

**Members of the Board  
of Directors Present:**

BENEDICTO C. SISON  
MA. JOSEFINA A. CASTILLO

**Also Present:**

VALERIE N. PAMA  
GERALD L. BAUTISTA  
EDGAR S. TORDESILLAS  
ANNA KATRINA C KABIGTING-IBERO  
FRANCES IANNA S. CANTO  
DINO S. MACASAET  
NICHOLAS R. VELUZ

**1. CALL TO ORDER**

Mr. Benedicto C. Sison, Chairman, called to order the Continuation of the Joint Annual Stockholders' Meeting of the Sun Life of Canada Prosperity Balanced Fund, Inc. ("Balanced Fund"), Sun Life of Canada Prosperity Philippine Equity Fund, Inc. ("Philippine Equity Fund"), Sun Life Prosperity Dollar Advantage Fund, Inc. ("Dollar Advantage Fund"), Sun Life Prosperity Dollar Abundance Fund, Inc. ("Dollar Abundance Fund"), Sun Life Prosperity Dynamic Fund, Inc. ("Dynamic Fund"), Sun Life Prosperity GS Fund, Inc. ("GS Fund"), Sun Life Prosperity Philippine Stock Index Fund, Inc. ("Stock Index Fund"), Sun Life Prosperity Dollar Wellspring Fund, Inc. ("Dollar Wellspring Fund"), and Sun Life Prosperity World Voyager Fund, Inc. ("World Voyager Fund"), which are collectively known as the Sun Life Prosperity Funds (the "Funds"). He thereafter presided over the same. Atty. Frances Ianna Canto, Assistant Corporate Secretary, prepared the minutes thereof.

## 2. PROOF OF NOTICE OF MEETING

Atty. Anna Katrina Kabigting-Ibero, Corporate Secretary, confirmed that the holding of the virtual stockholders meeting is in accordance with the requirements set forth by the Securities and Exchange Commission. Likewise, the necessary approvals from the Board of Directors have been obtained and all requirements have been complied with in order to protect the interests of the stockholders.

She certified that 100% of the stockholders of record as of 30 April 2021 were duly notified of the Joint Annual Stockholders Meeting held last 14 July 2021. For the present continuation meeting, Atty. Ibero informed the Chairperson that additional notices were sent electronically and via SMS.

## 3. DETERMINATION AND CERTIFICATION OF QUORUM

The Secretary reported the attendance based on the Attendance Sheet as well as the proxies received before the meeting. The attendance is set forth in Annex "A" of the minutes.

## 4. ELECTION OF DIRECTORS FOR THE TERM 2021 to 2022

The Chairman stated that based on the records of the Corporation, the following Corporations failed to elect a new set of directors during the Joint Annual Stockholders Meeting last 14 July 2021:

- a. Sun Life of Canada Prosperity Balanced Fund, Inc.
- b. Sun Life of Canada Prosperity Philippine Equity Fund, Inc.
- c. Sun Life Prosperity Dollar Advantage Fund, Inc.
- d. Sun Life Prosperity Dollar Abundance Fund, Inc.
- e. Sun Life Prosperity Dynamic Fund, Inc.
- f. Sun Life Prosperity GS Fund, Inc.
- g. Sun Life Prosperity World Voyager Fund, Inc.
- h. Sun Life Prosperity Philippine Stock Index Fund, Inc.
- i. Sun Life Prosperity Dollar Wellspring Fund, Inc.

As such, their respective Boards of Directors continue to serve in a holdover capacity.

The Corporate Secretary informed the Chairman that the voting procedure and resumes of the nominees for directors have been stated in the SEC Form 20-IS and circulated to the stockholders prior to the annual meeting. The Assistant Corporate Secretary explained that eligible stockholders may cast their votes through the poll function of Zoom. She added that the preliminary results of votes on proxies submitted and validated as of 09 September 2021, including the votes cast last July, shall be provided during the meeting, with the final results being reflected in the minutes of the meeting.

After the casting of the votes by those present, the above-listed Funds still failed to secure the required number of votes to elect its Boards of Directors for the term 2021-2022. Thus, the present Board of Directors for the said Funds would continue to serve as such until their successors are elected and duly qualified in the next annual stockholders' meeting.

5. **OTHER MATTERS**

**Amendments of the Articles of Incorporation**

Due to the failure to meet the requirement that 2/3 of the outstanding capital stock should be present in person or by proxy, the agenda to amend Article VI of the Funds<sup>1</sup> Articles of Incorporation to increase the number of directors to six (6), remain unapproved.

Likewise, due to the failure to meet the requirement that 2/3 of the outstanding capital stock should be present in person or by proxy, the agenda to amend Article III of the Funds<sup>2</sup> Articles of Incorporation to amend the date and time of the annual stockholders meeting, remain unapproved.

**Amendments of the By-Laws**

Due to the failure to meet the requirement that majority of the outstanding capital stock should be present in person or by proxy, the agenda to amend Section 1, Article 1 and Articles I, II, III, IV, and VI of the By-Laws of Sun Life of Canada Prosperity Balanced Fund, Inc.'s on the date and time of Annual Stockholders Meeting and the delegation of power to amend to the Board of Directors, remain unapproved.

6. **ADJOURNMENT**

The Corporate Secretary advised the stockholders present that they may send their questions, comments, clarifications, and suggestions to [SunLifeFunds@sunlife.com](mailto:SunLifeFunds@sunlife.com).

There being no other matter for discussion, upon motion duly made and seconded, the continuation of the Joint Annual Stockholders' Meeting of the Sun Life Prosperity Funds was adjourned at 10:27 a.m.

**FRANCES IANNA S. CANTO**  
Assistant Corporate Secretary

ATTESTED TO BY:

**BENEDICTO C. SISON**  
*Chairman*  
Sun Life Prosperity Funds

**MA. JOSEFINA A. CASTILLO**  
*President*  
Sun Life Prosperity Funds

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<sup>1</sup> *Balanced Fund, Philippine Equity Fund, Dollar Advantage Fund, Dollar Abundance Fund, Dynamic Fund, GS Fund, Stock Index Fund, World Voyager Fund.*

<sup>2</sup> *Balanced Fund, Dollar Abundance Fund, and Philippine Equity Fund.*

## Annex "A"

Continuation of the 2021 Joint Annual Stockholders' Meetings  
Stockholders Present and Represented, Per Fund

Sun Life Prosperity Fund	Total Shares Subscribed (Outstanding Capital Stock as of 30 April 2021)	Stockholder Attendance (in shares)*	Attendance (in percentage) for Quorum Requirement*
Balanced Fund	2,337,601,095	585,324,715	25.04%
Equity Fund	2,212,999,881	323,578,166	14.62%
Dollar Advantage Fund	8,251,450	2,318,830	28.10%
Dollar Abundance Fund	3,793,870	553,739	14.60%
Dynamic Fund	1,478,984,971	523,954,689	35.43%
GS Fund	147,011,650	33,247,579	22.62%
Index Fund	3,175,882,822	1,357,492,737	42.74%
Dollar Wellspring Fund	5,838,470	2,541,927	43.54%
World Voyager Fund	5,999,263	1,366,617	22.78%

\*This includes the proxies received for, and the actual attendance during, the 14 July 2021 Joint Annual Stockholders Meeting.

# SUN LIFE PROSPERITY FUNDS PROXY FORM



I/we, \_\_\_\_\_, hereby nominate, constitute and appoint Ms. VALERIE N. PAMA, President, with right of substitution and revocation, to represent and vote all shares registered in my/our name or owned by me/us and/or such shares as I am/we are authorized to represent and vote in my/our capacity as administrator, executor or attorney-in-fact for any and all matters presented during the Annual Stockholders' Meeting on 13 July 2022, and all adjournments and postponements thereof, in the following funds (please tick all applicable):

Sun Life of Canada Prosperity  
**Balanced Fund, Inc.**

Sun Life of Canada Prosperity  
**Bond Fund, Inc.**

Sun Life of Canada Prosperity  
**Philippine Equity Fund, Inc.**

Sun Life Prosperity  
**Peso Starter Fund, Inc.**

Sun Life Prosperity  
**Dollar Advantage Fund, Inc.**

Sun Life Prosperity  
**Dollar Starter Fund, Inc.**

Sun Life Prosperity  
**Dynamic Fund, Inc.**

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

Sun Life Prosperity  
**World Voyager Fund, Inc.**

Sun Life Prosperity  
**Dollar Wellspring Fund, Inc.**

Sun Life Prosperity  
**Dollar Abundance Fund, Inc.**

Sun Life Prosperity  
**GS Fund, Inc.**

This Proxy revokes all proxies which I/we may have previously executed concerning the above matters. This proxy shall be effective until withdrawn by me/us through notice in writing, or superseded by subsequent proxy, delivered to the Corporate Secretary at least ten (10) days before the Annual Stockholders' Meeting or any adjournments and postponements thereof, but shall cease to apply in instances where I/we personally attend the meeting.

EXECUTED ON \_\_\_\_\_ AT \_\_\_\_\_  
(DATE) (PLACE)

\_\_\_\_\_  
Printed Name and Signature

# BALLOT (VOTING IN ABSENTIA FORM)

I/we, \_\_\_\_\_ hereby vote all shares registered in my/our name or owned by me/us and/or such shares on all matters presented during the Annual Stockholders' Meeting on 13 July 2022, and all adjournments and postponements thereof, in the following funds (please tick all applicable):

- |   |  |
|---|--|
| <input type="checkbox"/> Sun Life of Canada Prosperity Balanced Fund, Inc.          | <input type="checkbox"/> Sun Life Prosperity Dynamic Fund, Inc.                |
| <input type="checkbox"/> Sun Life of Canada Prosperity Bond Fund, Inc.              | <input type="checkbox"/> Sun Life Prosperity Philippine Stock Index Fund, Inc. |
| <input type="checkbox"/> Sun Life of Canada Prosperity Philippine Equity Fund, Inc. | <input type="checkbox"/> Sun Life Prosperity World Voyager Fund, Inc.          |
| <input type="checkbox"/> Sun Life Prosperity Peso Starter Fund, Inc.                | <input type="checkbox"/> Sun Life Prosperity Dollar Wellspring Fund, Inc.      |
| <input type="checkbox"/> Sun Life Prosperity Dollar Advantage Fund, Inc.            | <input type="checkbox"/> Sun Life Prosperity Dollar Abundance Fund, Inc.       |
| <input type="checkbox"/> Sun Life Prosperity Dollar Starter Fund, Inc.              | <input type="checkbox"/> Sun Life Prosperity GS Fund, Inc.                     |

## 1. VOTE FOR NOMINEES (A vote "FOR" the election of the nominees is recommended.)

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <b>For</b>               | <b>Against</b>           |  |
| <input type="checkbox"/> | <input type="checkbox"/> | Authority to vote for all nominees (Please refer to Annex "A") |

## 2. OTHERS (A vote "FOR" the following items is recommended.)

- |                          |                          |   |
|--------------------------|--------------------------|---|
| <b>For</b>               | <b>Against</b>           |   |
| <input type="checkbox"/> | <input type="checkbox"/> | Approval of the Minutes of 2021 Joint Annual Stockholders' Meetings (held on 14 July and 10 September 2021) |
| <input type="checkbox"/> | <input type="checkbox"/> | Confirmation and Ratification of All Acts and Proceedings of the Board and Corporate Officers               |
| <input type="checkbox"/> | <input type="checkbox"/> | Re-appointment of Navarro Amper & Co./Deloitte Touche Tohmatsu as External Auditor for 2022                 |

*Additional Items (for Balanced Fund, Dollar Abundance Fund, Dollar Advantage Fund, Philippine Equity Fund, GS Fund, Dynamic Fund, Stock Index Fund, World Voyager Fund only)*

- |                          |                          |   |
|--------------------------|--------------------------|---|
| <b>For</b>               | <b>Against</b>           |   |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VI of the Articles of Incorporation to increase the number of directors to six (6) |

*Additional Items (For Balanced Fund, Dollar Abundance Fund, and Philippine Equity Fund only)*

- |                          |                          |   |
|--------------------------|--------------------------|---|
| <b>For</b>               | <b>Against</b>           |   |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article III of the Articles of Incorporation to indicate principal office address as Sun Life Centre, Bonifacio Global City, Taguig City |

*Additional Items (For Balanced Fund only)*

- |                          |                          |  |
|--------------------------|--------------------------|--|
| <b>For</b>               | <b>Against</b>           |  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Section 1, Article I of the By-laws (Date and Time of Annual Stockholders Meeting)          |
| <input type="checkbox"/> | <input type="checkbox"/> | Delegation of the Power to amend Articles I, II, III, IV and VI of the By-Laws to the Board of Directors |



*Additional Items (For Dollar Starter Fund, Peso Starter Fund, World Voyager Fund, and Stock Index Fund only)*

For      Against

- |                          |                          |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article II (Primary Purpose) and Article II, paragraph 1 (ii), and paragraph 6 (Secondary Purpose) of the Articles of Incorporation to align with the Investment Company Act and its Implementing Rules and Regulations  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article II, paragraph 9 (Secondary Purpose) of the Articles of Incorporation from the "Corporation Law" to "Revised Corporation Code"  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VII of the Articles of Incorporation to align the conditions for the redemption of shares by a shareholder with the Investment Company Act, its Implementing Rules and Regulations, and other applicable issuances of the Securities and Exchange Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VIII of the Articles of Incorporation to add a description of the features of the Company's shares   |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article I, Sections 1 (Annual Meetings) and 2 (Special Meetings) of the By-Laws to allow for the holding of the stockholders meeting via remote communication; Section 2 (Special Meetings) to align with the Section 49 of the Revised Corporation Code             |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article I, Section 6 (Voting) of the By-Laws to provide for the use of remote communication or in absentia in the conduct of regular and special stockholders' meetings and on the manner of voting in accordance with the Revised Corporation Code                  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article II, Section 1 (Board of Directors) of the By-Laws to include the requirement that at least twenty percent (20%) of the Board of Directors must be composed of independent directors  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article IV, Section 1 (Committees) of the By-Laws to ensure compliance with applicable rules on the composition of committees, changing or discharging of its members, and filling in vacancies  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article IV, Section 2 (Advisory Board) of the By-Laws on the deletion of the Advisory Board  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VI, Section 1 (b) (Management Contracts) of the By-Laws to align with the Investment Company Act and its Implementing Rules and Regulations  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VI, Section 2 (Distribution Contracts) of the By-Laws to align with the Investment Company Act and its Implementing Rules and Regulations  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VII, Section 3 (Lost or Destroyed Certificates) of the By-Laws to refer to the applicable section of the Revised Corporation Code  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VII, Section 6 (Closing of Transfer Books) of the By-Laws to align with the period specified in the Revised Corporation Code   |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VIII, Section 1 (Investment Policy) of the By-Laws to clarify that the Prospectus is as filed with and approved by the Securities and Exchange Commission  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article VIII, Sections 2 (a) (b) and (c) (Restrictions) of the By-Laws to align with the Investment Company Act and its Implementing Rules and Regulations   |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article IX, Section 1 (Net Asset Value) of the By-Laws to clarify that the Prospectus is as filed with and approved by the Securities and Exchange Commission  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article X, Section 1 (Procedure for Redemption) of the By-Laws to align with the grounds for suspension under the Investment Company Act and its Implementing Rules and Regulations  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article X, Section 2 (Payment on Redemption) of the By-Laws to align with the Investment Company Act and its Implementing Rules and Regulations  |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article XI, Section 1 (Custodian) of the By-Laws to align the definition of a Custodian with the definition and qualifications provided by the Investment Company Act and other applicable issuance of the Securities and Exchange Commission                        |
| <input type="checkbox"/> | <input type="checkbox"/> | Amendment of Article XI, Section 2 (Auxiliary Custodian) of the By-Laws to align it with the Investment Company Act and its Implementing Rules and Regulations on outsourcing or delegation of functions of the Custodian   |

- Amendment of Article XI, Section 3 (Auditors) to align it with the Investment Company Act and its Implementing Rules and Regulations and the Securities Regulation Code on the qualifications and appointment of an auditor
- Amendment of Article XIV, Section 1 (Amendments) of the By-Laws to align with the applicable provision of the Revised Corporation Code

***Additional Item (For Dollar Starter Fund, World Voyager Fund and Stock Index Fund only)***

**For      Against**

- Amendment of Article II, Section 2 (Meetings) of the By-Laws to align the period for the notice of meeting of the directors with the Revised Corporation Code
- Amendment of Article II, Section 4 (Compensation) of the By-Laws to expressly state that directors are prohibited from participating in the determination of their own per diems or compensation
- Amendment of Article II, Section 5 (Vacancy) of the By-Laws to align with the Revised Corporation Code on the vacancies in the Board of Directors

***Additional Item (For Peso Starter Fund only)***

**For      Against**

- Amendment of Article II, Section 2 (Nomination and Review Committee) of the By-Laws to include the requirement that the Committee must have at least one (1) member who is an independent director in compliance with the Securities Regulation Code and its Implementing Rules and Regulation
- Amendment of Article II, Section 6 (Compensation) of the By-Laws to expressly state that directors are prohibited from participating in the determination of their per diems or compensation
- Amendment of Article I, Section 3 (Notices) of the By-Laws to align the notice period for stockholders' meetings with the issuances of the Securities and Exchange Commission and to allow for the sending of the notices electronically
- Amendment of Article II, Section 7 (Vacancy) of the By-Laws to align with the Revised Corporation Code on the vacancies in the Board of Directors

***Additional Items (For World Voyager Fund and Stock Index Fund only)***

**For      Against**

- Amendment of Article III, Sections 1 and 6 of the By-Laws in relation to the election of a Compliance Officer as one of the corporate officers

***Additional Items (For Stock Index Fund only)***

**For      Against**

- Amendment of Article I, Section 3 (Notice of Meeting) of the By-Laws to allow for sending of notices electronically

This Form revokes all documents which I/we may have previously executed concerning the above matters. This Form shall be effective until withdrawn by me/us through notice in writing, or superseded by the execution of a subsequent Form, delivered to the Corporate Secretary at least ten (10) days before the Annual Stockholders' Meeting or any adjournments and postponements thereof, but shall cease to apply in instances where I/we personally attend the meeting.

EXECUTED ON \_\_\_\_\_ AT \_\_\_\_\_.

\_\_\_\_\_  
Printed Name and Signature

## ANNEX A:

### NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS FOR 2022

Please tick the box to signify your vote for the nominee. If you have ticked "FOR" under Item 1 of the Ballot (Voting in Absentia Form), we will consider this as a vote FOR all the nominees below.

#### SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Cielito F. Habito
- Teresita J. Herbosa
- Oscar S. Reyes

#### SUN LIFE PROSPERITY DYNAMIC FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Cesar Luis F. Bate
- Cielito F. Habito
- Teresita J. Herbosa

#### SUN LIFE OF CANADA PROSPERITY BOND FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Cesar Luis F. Bate
- Cielito F. Habito
- Teresita J. Herbosa

#### SUN LIFE PROSPERITY PHILIPPINE STOCK INDEX FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Aleli Angela G. Quirino
- Cesar Luis F. Bate
- Cielito F. Habito

#### SUN LIFE OF CANADA PROSPERITY PHILIPPINE EQUITY FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Cesar Luis F. Bate
- Oscar S. Reyes
- Aleli Angela G. Quirino

#### SUN LIFE PROSPERITY WORLD VOYAGER FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Aleli Angela G. Quirino
- Cesar Luis F. Bate
- Cielito F. Habito

#### SUN LIFE PROSPERITY PESO STARTER FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Gerald L. Bautista
- Cesar Luis F. Bate
- Cielito F. Habito
- Teresita J. Herbosa

#### SUN LIFE PROSPERITY DOLLAR WELLSRING FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Aleli Angela G. Quirino
- Cesar Luis F. Bate
- Oscar S. Reyes

#### SUN LIFE PROSPERITY GS FUND, INC.

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Aleli Angela G. Quirino
- Teresita J. Herbosa
- Cielito F. Habito

#### SUN LIFE PROSPERITY DOLLAR ABUNDANCE FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Cielito F. Habito
- Cesar Luis F. Bate
- Oscar S. Reyes

#### SUN LIFE PROSPERITY DOLLAR STARTER FUND, INC.

- Benedicto C. Sison
- Valerie N. Pama
- Aleli Angela G. Quirino
- Teresita J. Herbosa
- Oscar S. Reyes

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

- Benedicto C. Sison
- Valerie N. Pama
- Cesar Luis F. Bate
- Cielito F. Habito
- Teresita J. Herbosa

REPUBLIC OF THE PHILIPPINES )  
 ) S. S.

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR LUIS F. BATE**, Filipino, of legal age and a resident of 7 Beaterio St. Urdaneta Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the following covered companies:

- Sun Life of Canada Prosperity Bond Fund, Inc.
- Sun Life Prosperity Dynamic Fund, Inc.
- Sun Life Prosperity Dollar Advantage Fund, Inc.
- Sun Life Prosperity Dollar Abundance Fund, Inc.
- Sun Life of Canada Prosperity Philippine Equity Fund, Inc.
- Sun Life Prosperity Philippine Stock Index Fund, Inc.
- Sun Life Prosperity Dollar Wellspring Fund, Inc.
- Sun Life Prosperity World Voyager Fund, Inc.
- Sun Life Prosperity World Equity Index Feeder Fund, Inc.
- Sun Life Prosperity Peso Starter Fund, Inc.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position	Period of Service
LMN Advisors/Partners, Inc.	Managing Director	October 2006
RM Commercial REIT, Inc.	Independent Director	2021 to present
Acacia Lane, Inc.	Director	1980 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (collectively, "Covered Companies") as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Covered Companies and their subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. Not Applicable - (For those in government service/affiliated with government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in \_\_\_\_\_, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Covered Companies of any changes in the abovementioned information within five days from its occurrence.

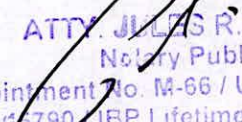
Done on the date and place written below.

  
CESAR LUIS F. BATE  
Affiant

11 MAY 2022

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at PASAY CITY,  
affiant personally appeared before me and exhibited to me his Driver's License with no. N01-89-098279 with expiry date on 24 March 2024

Doc. No. 130  
Page No. 38;  
Book No. 1;  
Series of 2022.

  
ATTY. JULES R. MILAN  
Notary Public  
Appointment No. M-66 / Until 12-31-2022  
Roll No. 46790 / IBP Lifetime No. 04297 / 7-3-03  
PTR O.R. No. 8531012 / 1-4-22 / Pasay City  
MCLF No. VI-0016565 / 01-14-10

REPUBLIC OF THE PHILIPPINES )  
PASAY CITY ) S. S.

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CIELITO F. HABITO**, Filipino, of legal age and a resident of 10071 Mt. Pulog St., Los Baños, Laguna, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the following covered companies:
  - Sun Life of Canada Prosperity Bond Fund, Inc.
  - Sun Life of Canada Prosperity Balanced Fund, Inc.
  - Sun Life Prosperity Dynamic Fund, Inc.
  - Sun Life Prosperity Philippine Stock Index Fund, Inc.
  - Sun Life Prosperity World Voyager Fund, Inc.
  - Sun Life Prosperity Dollar Abundance Fund, Inc.
  - Sun Life Prosperity Dollar Advantage Fund, Inc.
  - Sun Life Prosperity GS Fund, Inc.
  - Sun Life Prosperity Peso Starter Fund, Inc.
  - Sun Life Prosperity Peso Voyager Feeder Fund, Inc.
  - Sun Life Prosperity Achiever Fund 2048, Inc.
  
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Ateneo de Manila University, Department of Economics	Professor	2001 – Present
Ateneo Center for Economic Research and Development	Director	2001 – 2012; 2022 – Present
Management Association of the Philippines	Board of Governors	2022 – Present
Ramon Magsaysay Award Foundation	Member, Board of Trustees	2018 – Present
First Gen Corporation	Lead Independent Director	2016 – Present
Asian Institute of Management – Team Energy Center for Bridging Leadership	Chairman, Board of Advisers	2013 – Present
Japan International Cooperation Agency – Philippines	Member, Advisory Committee	2013 – Present
World Bank Philippines Office	Member, Civil Society Advisory Group	2008 – Present
Operation Compassion Philippines, Inc.	Chairman, Board of Trustees	2006 – Present
Brain Trust Inc.	Chairman	2004 – Present
Ramos Peace and Development Foundation, Inc. (RPDEV)	Foundling Member, Board of Trustees	1998 – Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity Peso Voyager Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc. (collectively, "Covered Companies"), as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Covered Companies and their subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. [NOT APPLICABLE] (For those in government service/affiliated with government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in in \_\_\_\_\_, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Covered Companies of any changes in the abovementioned information within five days from its occurrence.

Done on the date and place indicated below.

**CIELITO F. HABITO**

Affiant

12 MAY 2022

PASAY CITY

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me his Passport with no. P1977324B valid until 16 June 2029 issued in DFA San Pablo.

Doc. No. 5 ;  
 Page No. 21 ;  
 Book No. 14 ;  
 Series of 2022.

ATTY. JULES R. MILAN  
 Notary Public

Appointment No. M-66 / Until 12-31-2022  
 Roll No. 45790 / IBP Lifetime No. 04897 / 7-3-03  
 PTR O.R. No. 8531012 / 1-4-22 / Pasay City  
 MCLE No. VI-0016565 / 01-14-19



**PASAY CITY**

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **TERESITA J. HERBOSA**, Filipino, of legal age and a resident of 8 Abelardo St., San Lorenzo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of the following covered companies:

- o Sun Life of Canada Prosperity Bond Fund, Inc.
- o Sun Life of Canada Prosperity Balanced Fund, Inc.
- o Sun Life Prosperity Dollar Starter Fund, Inc.
- o Sun Life Prosperity GS Fund, Inc.
- o Sun Life Prosperity Dollar Advantage Fund, Inc.
- o Sun Life Prosperity Dynamic Fund, Inc.
- o Sun Life Prosperity Peso Starter Fund, Inc.
- o Sun Life Prosperity Peso Voyager Feeder Fund, Inc.
- o Sun Life Prosperity Achiever Fund 2028, Inc.
- o Sun Life Prosperity Achiever Fund 2038, Inc.

2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Telecommunications Connectivity Inc.	Director	December 2019 to present
CHS Alumnae Foundation Inc.	Trustee	March 2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity Peso Voyager Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., and Sun Life Prosperity Achiever Fund 2038, Inc. (collectively, "Covered Companies"), as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director/officer/substantial shareholder of Covered Companies and their subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. Except for the pending proceedings that are civil or administrative in nature that were initiated during my term as SEC Chairperson and all arising from the performance of my official duties and functions, I hereby confirm that I have not been the subject of any conviction by final judgment nor pending criminal or administrative investigation or proceeding, for any offense punishable by imprisonment of more than 6 years, or involving violation of the Revised Corporation Code or the Securities Regulation Code nor any offense involving fraudulent acts under said laws and other laws, rules or regulations enforced or implemented by the Securities and Exchange Commission (SEC).
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Revised Corporation Code, the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of Covered Companies of any changes in the abovementioned information within five days from its occurrence.


Done on the date and place indicated below.

  
**TERESITA J. HERBOSA**  
 Affiant

**11 MAY 2022**

**SUBSCRIBED AND SWORN** to before me this 11 MAY 2022 in PASAY CITY, affiant exhibiting to me her Driver's License No. N16-78-013976 valid until October 28, 2022.

Doc. No. 131  
 Page No. 38  
 Book No. IV  
 Series of 2022

  
**ATTY. JULES R. MILAN**  
 Notary Public  
 Appointment No. 18-66 / Until 12-31-2022  
 Roll No. 85790 / IBP Lifetime No. 04897 / 7-2-03  
 PTR O.R. No. 8531012 / 1-4-22 / Pasay City  
 MCLE No. VI-0016555 / 01-14-22



### Certification

I, Sherwin S. Sampang, the Treasurer of Sun Life Prosperity Dynamic Fund, Inc., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number CS201215846 and with principal office at Sun Life Center, 5th Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, on oath state:

- 1) That I have caused this SEC Form 17-Q to be prepared on behalf of Sun Life Prosperity Dynamic Fund, Inc.;
- 2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
- 3) That the company Sun Life Prosperity Dynamic Fund, Inc. will comply with the requirements set forth in SEC Notice dated 14 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this 18<sup>th</sup> day of May, 2022.

Sherwin S. Sampang  
Affiant

SUBSCRIBED AND SWORN to before me this MAY 18 2022, 2022, in MAKATI CITY Philippines. Affiant exhibiting his/her government issued identification card:

Name	Government ID No.	Date of Issue	Place of Issue
Sherwin S. Sampang	Passport ID No. P9427178A	06 Nov 2018	DFA NCR East

Doc. No. 277  
Page No. 76  
Book No. 76  
Series of 2022.

**ATTY. GERVACIO B. ORTIZ JR.**  
Notary Public for Makati  
Until December 31, 2022  
IBP No. 05729-Lifetime Member  
MCLB Compliance No. VI-0024312  
Appointment No. M-82-(2021-2022)  
PTR No. 8852511 Jan. 3, 2022  
Makati City Roll No. 40091  
101 Urban Ave. Campus Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City

# COVER SHEET

**CS201215846**

S.E.C. Registration Number

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

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

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

<b>Merobhe T. Esmele</b>
Contact Person

<b>8555-8888</b>
Company Telephone Number

1	2		3	1
Month			Day	

Fiscal Year

<b>SEC FORM 17-Q</b>
FORM TYPE

Month			Day	

Annual Meeting

Mutual Fund Company
---------------------

Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

--

Total No. of Stockholders

Total Amount of Borrowings		

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number											

\_\_\_\_\_ LCU

Document I.D.											

\_\_\_\_\_ Cashier

[----- STAMPS -----]

Remarks = pls. use black ink for scanning purposes

SEC Number: CS201215846

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

SUN LIFE PROSPERITY DYNAMIC FUND, INC.

(Company's Full Name)

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

-----  
(Company's Address)

8555-8888

-----  
(Telephone No.)

December 31

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

SEC FORM 17-Q

-----  
Form Type

-----  
Amendment Designation (If applicable)

March 31, 2022

-----  
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, 2022
2. Commission identification number: CS201215846. BIR Tax Identification No: 008-357-526-000
4. Exact name of issuer as specified in its charter

Sun Life Prosperity Dynamic Fund, Inc.

5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)

Philippines

7. Address of issuer's principal office: PostalCode

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

8. Issuer's telephone number, including area code

(02) - 8555-8888

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 (as of March 31, 2022)
<u>Common Shares (Unclassified)</u>	<u>1,359,015,626 shares</u>

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 [ ]

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

Yes [x] No [ ]

**PART A - FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS AT MARCH 31, 2022 AND DECEMBER 31, 2021**

		(Unaudited)	(Audited)
	Notes	2022	2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash in banks	4	<b>P 38,349,306</b>	P125,878,373
Financial assets at fair value through profit or loss	5	<b>1,190,059,659</b>	1,222,649,561
Accrued interest receivable	6	<b>1,290,162</b>	2,294,369
Dividends receivable	7	<b>2,730,307</b>	472,629
Due from brokers	8	<b>67,006,970</b>	-
Prepayments and other current assets	9	<b>176,369</b>	10,993
		<b>P1,299,612,773</b>	P1,351,305,925
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	10	<b>P 1,668,981</b>	P 7,120,561
Due to brokers	8	<b>11,231,036</b>	26,924,204
Payable to fund manager	11	<b>2,399,924</b>	2,483,611
Total Current Liabilities		<b>15,299,941</b>	36,528,376
<b>Equity</b>			
Share capital	12	<b>35,069,670</b>	35,069,670
Additional paid-in capital	13	<b>3,210,066,912</b>	3,210,061,215
Retained earnings		<b>67,781,948</b>	59,621,034
Treasury shares	12	<b>3,312,918,530</b> <b>(2,028,605,698)</b>	3,304,751,919 (1,989,974,370)
Total Equity		<b>1,284,312,832</b>	1,314,777,549
		<b>P1,299,612,773</b>	P1,351,305,925
<b>Net Asset Value Per Share</b>	14	<b>P 0.9450</b>	P 0.9396
<b>Total Equity</b>		<b>1,284,312,832</b>	1,314,777,549
Capital Stock - Php0.01 per share			
Authorized - 5,200,000,000 shares			
Total number of shares outstanding		<b>1,359,015,626</b>	1,399,313,980
<b>Net Asset Value Per Share</b>	14	<b>P 0.9450</b>	P 0.9396

**See Notes to Financial Statements.**

**SUN LIFE PROSPERITY DYNAMIC FUND, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED MARCH 31, 2022 AND MARCH 31, 2021**

		(Unaudited)	(Unaudited)
	Notes	2022	2021
<b>Investment Income - net</b>			
Net realized gains on investments	5	P 45,503,149	P 21,389,909
Interest income	15	1,942,412	1,673,895
Dividend income		9,820,244	6,955,706
		<b>57,265,805</b>	<b>30,019,510</b>
<b>Investment Expenses</b>			
Commission	8	2,937,529	1,047,989
Clearing fees		109,957	124,383
		<b>3,047,486</b>	<b>1,172,372</b>
<b>Net Investment Income</b>		<b>54,218,319</b>	<b>28,847,138</b>
<b>Operating Expenses</b>			
Management fees	11	4,142,491	4,102,372
Distribution fees	11	3,602,166	3,564,553
Directors fees	11	86,364	63,654
Custodianship fees		85,562	78,227
Taxes and licenses		47,906	45,684
Printing and supplies		1,518	2,431
Professional fees		47,360	43,339
Miscellaneous		2,883	2,326
		<b>8,016,250</b>	<b>7,902,586</b>
<b>Profit Before Net Unrealized Losses on Investments</b>		<b>46,202,069</b>	20,944,552
<b>Net Unrealized Losses on Investments</b>	5	<b>(33,209,862)</b>	(108,859,543)
<b>Profit (Loss) Before Tax</b>		<b>12,992,207</b>	(87,914,991)
<b>Income Tax Expense</b>		<b>4,831,293</b>	1,891,820
<b>Total Comprehensive Income (Loss) for the Period</b>		<b>P 8,160,914</b>	(P89,806,811)
<b>Basic Earnings (Loss) per Share</b>		<b>P0.006</b>	(P0.060)

*See Notes to Financial Statements.*

**SUN LIFE PROSPERITY DYNAMIC FUND, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED MARCH 31, 2022 AND MARCH 31, 2021**

	Notes	Share Capital	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Total
Balance, January 1, 2022	12, 13	P 35,069,670	P3,210,061,215	P 59,621,034	(P1,989,974,370)	P1,314,777,549
Net income for the period		-	-	8,160,914	-	8,160,914
Transactions with owners:	12, 13					
Acquisition of treasury shares during the period		-	-	-	(38,735,555)	(38,735,555)
Reissuance of treasury shares during the period		-	5,697	-	104,227	109,924
Total transactions with owners		-	5,697	-	(38,631,328)	(38,625,631)
<b>Balance, March 31, 2022</b>	12, 13	P35,069,670	P3,210,066,912	P67,781,948	(P2,028,605,698)	P1,284,312,832

	Share Capital	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total
Balance, January 1, 2021	P 35,069,670	P3,210,216,567	(P10,064,538)	(P1,902,187,703)	P1,333,033,996
Net loss for the period	-	-	(89,806,811)	-	(89,806,811)
Transactions with owners:					
Acquisition of treasury shares during the period	-	-	-	(9,571,125)	(9,571,125)
Reissuance of treasury shares during the period	-	(3,602)	-	-	(3,602)
Total transactions with owners	-	(3,602)	-	(9,571,125)	(9,574,727)
Balance, March 31, 2021	P 35,069,670	P3,210,212,965	(P99,871,349)	(P1,911,758,828)	P1,233,652,458

**See Notes to Financial Statements.**



**SUN LIFE PROSPERITY DYNAMIC FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED MARCH 31, 2022 AND MARCH 31, 2021**

		(Unaudited)	(Unaudited)
	Notes	2022	2021
<b>Cash Flows from Operating Activities</b>			
Profit (Loss) before tax		P 12,992,207	(P87,914,991)
Adjustments for:			
Net unrealized losses on investments	5	33,209,862	108,859,543
Net realized gains on investments	5	(45,503,149)	(21,389,909)
Interest income	15	(1,942,412)	(1,673,895)
Dividend income		(9,820,244)	(6,955,706)
Operating cash flows before working capital changes		(11,063,736)	(9,074,958)
Decrease in:			
Other current assets		(165,376)	(107,876)
Increase (Decrease) in:			
Accrued expenses and other payables		(5,451,580)	1,559,733
Payable to fund manager		(83,687)	(152,701)
Cash used in operations		(16,764,379)	(7,775,802)
Acquisitions of financial assets at fair value through profit or loss		(719,632,421)	(420,025,386)
Proceeds from disposal of financial assets at fair value through profit or loss		681,815,472	411,436,182
Interest received		2,946,619	4,021,770
Dividends received		7,562,566	4,074,135
Income taxes paid		(4,831,293)	(1,891,820)
Net cash used in operating activities		(48,903,436)	(10,160,921)
<b>Cash Flows from Financing Activities</b>			
Proceeds from reissuance of treasury shares	12	109,924	(3,602)
Payments for acquisition of treasury shares	12	(38,735,555)	(9,571,125)
Net cash used in financing activities		(38,625,631)	(9,574,727)
<b>Net Decrease in Cash and cash equivalents</b>		<b>(87,529,067)</b>	<b>(19,735,648)</b>
<b>Cash in banks, Beginning</b>		<b>125,878,373</b>	<b>58,203,524</b>
<b>Cash In banks, End</b>	4	<b>P 38,349,306</b>	P 38,467,876

**See Notes to Financial Statements.**

## NOTES TO FINANCIAL STATEMENTS

### 1. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

#### Statement of Compliance

These unaudited condensed consolidated interim financial statements of the Company as at and for the three-month period ended March 31, 2022 have been prepared in accordance with PAS 34, Interim Financial Reporting. These unaudited condensed consolidated interim financial statements do not include all the notes normally included in an annual audited financial report. Accordingly, these unaudited condensed consolidated interim financial statements are to be read in conjunction with the Annual Audited Financial Statements of the Company for the year ended December 31, 2021, which have been prepared in accordance with the Philippine Financial Reporting Standards (PRFS).

#### 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.

In preparing the condensed consolidated interim financial statements, the significant accounting estimates and judgments made by the Company in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended December 31, 2021.

#### Functional and Presentation Currency

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

### 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

#### Adoption of New and Revised Accounting Standards Effective in 2021

The Company adopted all accounting standards and interpretations effective as at December 31, 2021. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed to be applicable to the Company's financial statements and are as follows:

PIC Q&A No. 2020-07, PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020;
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed; and
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the financial statements

For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include “any adjustments recognized in the period for current tax of prior periods” and “the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes”;
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed;
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return;
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates; and
- Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

The interpretation is effective on or after January 29, 2021.

#### **New Accounting Standards Effective after the Reporting Period Ended December 31, 2021**

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

##### *PFRS 17, Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4 Insurance Contracts.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders’ options and guarantees.

An amendment issued on June 2020 and adopted by FRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2025. Earlier application is permitted.

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

##### *Amendments to PFRS 3, References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company is not in the process of and has no plan to enter into business combination.

*Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company is not in the process and has no plan to acquire such investments.

*Amendments to PAS 1, Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Company will continue its assessment and will finalize the same upon the effectivity of these amendments.

*Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The future adoption of the amendment will have no effect on the Company's financial statements as the Company does not have property, plant and equipment recorded in its financial statements.

#### *Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not issue and enter into onerous contracts.

#### *Annual Improvements to PFRS Standards 2018-2020 Cycle*

##### *Amendments to PFRS 1 – Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

##### *Amendments to PFRS 9 – Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

#### *Amendments to PFRS 16 – Lease Incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

#### *Amendments to PAS 41 – Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have subsidiary as first-time adopter; does not derecognize any liabilities, does not have lease contracts and leasehold improvements and does not have biological assets covered by PAS 41 that need to exclude its cash flows for taxation on its financial statements.

#### *Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies*

The amendments are as follows:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The Company will continue its assessment and will finalize the same upon the effectivity of these amendments.

#### *Amendments to PAS 8, Definition of Accounting Estimates*

With the amendment, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the clarification in the amendment did not change the Company's definition of an accounting estimate.

*Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have lease contracts and leasehold improvements and does not recognize deferred assets and liabilities.

*Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 – Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

The main amendment in Initial Application of PFRS 17 and PFRS 9 – Comparative Information (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9.

Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

There are no changes to the transition requirements in PFRS 9.

The amendment is effective for annual periods beginning on or after January 1, 2025, as amended by the FRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Still subject to approval of the Board of Accountancy.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Financial assets

##### Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

##### Classification and subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- FVTPL
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost.

As at March 31, 2022 and December 31, 2021, the Company does not have financial assets classified as FVTOCI.

Classification of financial assets will be driven by the entity's business model for managing the financial assets and the contractual cash flows of the financial assets.

A financial asset is to be measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument represent SPPI.

All other debt and equity instruments must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of comprehensive income, except for equity investments that are not held for trading, which may be recorded in the statement of comprehensive income or in reserves (without subsequent recycling to profit or loss).

##### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

- Amortized cost. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVTPL. Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within other gains/(losses) in period in which it arises. Interest income from these financial assets is included in finance income.



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

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

#### *Amortized cost and effective interest method*

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

For financial instruments other than POCI financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

#### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity instrument at FVTOCI. The Company's policy is to designate equity investments as FVTOCI when those investments are held for the purposes other than to generate investment returns. When the election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognized in net realized gains (losses) on investments in the statement of profit or loss as applicable.

#### *Impairment of financial assets*

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

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

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

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

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

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

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

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

#### *Significant increase in credit risk*

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

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

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

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

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

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

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

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

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

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

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

### *Default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

### *Write-off*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### *Measurement and recognition of expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### *Presentation of allowance for ECL in the statement of financial position*

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

#### *Derecognition*

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

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

## **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 an equity instrument.

### **Financial Liabilities**

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

#### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Company assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Since the company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost.

#### *Financial liabilities measured subsequently at amortized cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

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

#### *Offsetting financial instruments*

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

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

#### *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

#### *Share capital*

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

#### *Retained earnings*

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

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

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

### **Prepayments**

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

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

### **Contingent Liabilities and Assets**

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

### **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.

#### *Transaction price*

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

### Dividend income

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

### Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Realized gains or losses

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

### Fair value gains or losses

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

### Other income

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

### **Expense Recognition**

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

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

### **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

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

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



- Level 3 inputs are unobservable inputs for the asset or liability.

### **Related Party Transactions**

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

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

### **Taxation**

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

#### Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT) rate, whichever is higher.

#### Final tax

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

#### Deferred tax

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

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

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

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

#### Current and deferred taxes for the year

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

### **Earnings (Loss) per Share**

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

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

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

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

#### Events After the Reporting Period

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

#### 4. CASH IN BANKS

	March 2022	December 2021
Cash in banks	P 38,349,306	P 125,878,373

#### 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 2022	December 2021
Investments in listed equity securities	P 911,556,007	P 1,059,130,663
Investments in fixed - income securities	198,424,815	163,518,898
Investment in a mutual fund	80,078,837	-
	P 1,190,059,659	P 1,222,649,561

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

	March 2022	December 2021
Net realized gains on investments in:		
Equity securities	P 45,045,879	P 114,916,334
Fixed- income securities	457,270	3,837,123
	45,503,149	118,753,457
Net unrealized losses on investments in:		
Equity securities	(22,492,681)	(9,550,107)
Fixed- income securities	(10,717,181)	(14,435,872)
	(33,209,862)	(23,985,979)
	P 12,293,287	P 94,767,478

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

	March 2022	December 2021
Balance, January 1	P 1,222,649,561	P 1,297,034,921
Additions	703,939,254	2,000,679,997
Disposal	(703,319,294)	(2,051,079,378)
Unrealized gains (losses)	(33,209,862)	(23,985,979)
Balance, March 31	P 1,190,059,659	P 1,222,649,561

6. ACCRUED INTEREST RECEIVABLE

	March 2022	December 2021
Fixed-income securities	P 1,290,162	P 2,294,369

7. DIVIDENDS RECEIVABLE

	March 2022	December 2021
Dividend receivable	P 2,730,307	P 472,629

8. DUE TO / FROM BROKERS

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

Due from brokers amounted to P67,006,970 and nil as at March 31, 2022 and December 31, 2021, respectively.

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

Due to brokers amounted to P11,231,036 and P26,924,204 as at March 31, 2022 and December 31, 2021, respectively.

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

Commissions are paid to brokers when buying and selling shares of stocks. Commission expenses amounted to P2,937,529 and P1,047,989 were incurred as at March 31, 2022 and 2021, respectively.

9. OTHER CURRENT ASSETS

	March 2022	December 2021
Prepaid Expenses	P 165,376	P -
Prepaid Tax	10,993	10,993
	P 176,369	P 10,993

10. ACCRUED EXPENSES AND OTHER PAYABLES

	March 2022	December 2021
Due to investors	P 1,252,186	P 6,651,444
Withholding and documentary stamp taxes	347,209	308,457
Professional fees	45,917	90,221
Custodianship fees payable	23,665	70,439
	P 1,668,977	P 7,120,561

Due to investors account pertains to amounts payable to investors for the redemption of their investments processed on or before the reporting period, which are usually paid four (4) days after the transaction date.

## 11. RELATED PARTY TRANSACTIONS

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

As at March 31, 2022 and December 31, 2021, SLOCPI held shares representing 33.24% and 32.29% respectively, of net assets attributable to shareholders.

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

Nature of Transaction	Transactions During the Quarter	Outstanding Balance		Term	Condition	Notes
		Q1 2022	Q1 2022			
SLAMCI – Fund Manager						
Management, Distribution and Transfer fees	P 7,744,657	P 2,399,924	P 2,483,611	2.15% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unguaranteed Unsecured;	a
Key Management Personnel						
Directors' fees	P 86,364	P -	P -	Payable on Demand; settled in cash	Unsecured	b

As at March 31, 2022 and December 31, 2021, below is the outstanding investment of the Company in Sun Life Prosperity Peso Starter Fund, Inc..

	March 2022		December 2021	
	Number of Shares	Current Value	Number of Shares	Current Value
Sun Life Prosperity Peso Starter Fund, Inc.	60,642,815	P 80,078,837	-	P -

## 12. EQUITY

	2022	
	Shares	Amount
Authorized:		
At P0.01 par value	5,200,000,000	P 52,000,000
Fully paid:		
At March 31	3,506,967,024	P 35,069,670
Treasury shares:		
At January 1	2,107,653,044	P 1,989,974,370
Acquisition	40,407,770	38,735,555
Reissuance	(109,416)	(104,227)
At March 31	2,147,951,398	P 2,028,605,698

### *Incorporation*

The Company was incorporated on August 31, 2012 with 200,000,000 authorized shares at par value of P0.01 per share.

### *Approved changes*

On October 10, 2012, the shareholders approved the blanket increase from 200,000,000 shares to 100,000,000,000 shares both with a par value of P0.01 per share. The Board was authorized to implement the increase in tranches.

On March 22, 2013, the Board of Directors approved the first tranche of share capital increase by 2,000,000,000 shares (from 200,000,000 shares to 2,200,000,000 shares both with par value of P0.01 per share). The SEC subsequently approved the increase on January 22, 2014 and the registration statement on July 3, 2014.

On August 6, 2013, the Board of Directors approved the second tranche of share capital increase by 3,000,000,000 shares (from 2,200,000,000 shares to 5,200,000,000 shares both with par value of P0.01 per share) which was subsequently approved by the SEC on December 23, 2014. On July 13, 2015, the registration statement was approved by the SEC.

*Current state*

As at March 31, 2022, the Company has 1,359,015,626 issued and outstanding shares out of the 5,200,000,000 ACS with a par value of P0.01 per share.

The following table shows the number of institutional and retail investors and the percentage of their investments, and the geographic concentration of investments as of March 31, 2022.

% Ownership of Institutional Investors	% Ownership of Retail Investors
44.68%	55.32%

Area	Percentage of Investments
LUZON	94%
VISAYAS	4%
MINDANAO	2%
TOTAL	100%

**13. ADDITIONAL PAID-IN CAPITAL**

	March 2022	December 2021
APIC	P 3,210,066,912	P3,210,061,215

**14. NET ASSET VALUE PER SHARE**

	March 2022	December 2021
Total equity	P 1,284,312,832	P 1,314,777,549
Total Outstanding Shares	1,359,015,626	1,399,313,980
NAVPS	P 0.9450	P 0.9396

**Net Asset Value Calculation**

The net asset value shall be calculated by adding:

- The aggregate market value of the portfolio securities and other assets;
- The cash on hand;
- Any dividends on stock trading ex-dividend; and
- Any accrued interest on portfolio securities,

And subtracting:

- Taxes and other charges against the fund not previously deducted;
- Liabilities
- Accrued expenses and fees; and
- Cash held for distribution to investors of the fund on a prior date.

## Price Determination Of The Assets Of The Investment Company

The value of the assets of the Investment Company shall be determined based on the following:

- a. If quoted in an organized market, based on official closing price or last known transacted price;
- b. If unquoted or quoted investments where the transacted prices are not represented or not available to the market, based on fair value; Provided, further that in determining the fair value of investments, the Fund Manager shall, with due care and good faith:
  - Have reference to the price that the Investment Company would reasonably expect to receive upon the sale of the investment at the time the fair value is determined;
  - Document the basis and approach for determining the fair value.

Below table shows the investment company return information of the Fund in the last five (5) recently completed fiscal years as at March 31, 2022:

	Yields	NAVPS	NAVPS Date
Year on year yield (1-year)	14.1856%	P 0.8276	March 31, 2021
3 Year - Simple	-4.3522%	P 0.9880	March 31, 2019
5Year - Simple	2.2838%	P 0.9239	March 31, 2017

## 15. INTEREST INCOME

	March 2022	March 2021
Fixed income securities	P 1,877,762	P1,657,879
Cash in banks	64,650	2,604
Cash equivalents	-	13,411
	<b>P 1,942,412</b>	<b>P1,673,895</b>

## 16. EARNINGS (LOSS) PER SHARE

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

	March 2022	March 2021
Total comprehensive income (loss) for the period	P 8,159,770	(P 89,806,811)
Weighted average number of outstanding shares for the purpose of computing earnings (loss) per share	1,365,942,555	1,494,805,359
Basic and diluted earnings (loss) per share	<b>P 0.006</b>	<b>(P 0.060)</b>

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Note	Total
<b>March 31, 2022</b>		
Investment in listed equity shares	5	P 911,556,007
Investment in fixed-income securities	5	198,424,815
Investments in a mutual fund	5	80,078,837
		<b>P 1,190,059,659</b>
<b>December 31, 2021</b>		
Investment in listed equity shares	5	P1,059,130,663
Investment in fixed-income securities	5	163,518,898
		<b>P1,222,649,561</b>

The fair values of fixed-income securities are based on quoted prices of done deal rates and bid rates of identical instruments.

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

Investments in a mutual fund is valued at its published NAVPS as at reporting date.

No transfers in fair value hierarchy were made as at March 31, 2022 and December 31, 2021.

*Financial assets and liabilities not measured at fair value*

The carrying amounts and fair values of the Company's financial assets and financial liabilities are shown below:

	Note	Carrying Amounts	Fair Values		
			Level 1	Level 2	Total
<b>March 31, 2022</b>					
<b>Financial Assets</b>					
Cash in banks	4	P 38,349,307	P 38,349,307	P -	P 38,349,307
Accrued interest receivable	6	1,290,162	-	1,290,162	1,290,162
Dividends receivable	7	2,730,307	-	2,730,307	2,730,307
Due from brokers	8	67,006,970	-	67,006,970	67,006,970
		<b>P 109,376,746</b>	<b>P 38,349,307</b>	<b>P 71,027,439</b>	<b>P 109,376,746</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	10	P 1,321,768	P -	P 1,321,768	P 1,321,768
Due to brokers	8	11,231,036	-	11,231,036	11,231,036
Payable to fund manager	11	2,399,924	-	2,399,924	2,399,924
		<b>P 14,952,728</b>	<b>P -</b>	<b>P 14,952,728</b>	<b>P 14,952,728</b>

	Note	Carrying Amounts	Fair Values		
			Level 1	Level 2	Total
<b>December 31, 2021</b>					
<b>Financial Assets</b>					
Cash in banks	4	P 125,878,373	P 125,878,373	P -	P 125,878,373
Accrued interest receivable	6	2,294,369	-	2,294,369	2,294,369
Dividends receivable	7	472,629	-	472,629	472,629
		P 128,645,371	P 125,878,373	P 2,766,998	P 128,645,371
<b>Financial Liabilities</b>					
Accrued expenses and other payables	10	P 6,812,104	P -	P 6,812,104	P 6,812,104
Due to brokers	8	26,924,204	-	26,924,204	26,924,204
Payable to fund manager	11	2,483,611	-	2,483,611	2,483,611
		P 36,219,919	P -	P 36,219,919	P 36,219,919

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

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

## 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 shares 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.



**Management's Discussion and Analysis of Financial Condition and Results of Operations**  
**Material Changes in the 1<sup>st</sup> Quarter Financial Statements**

**Statement of Financial Position and Statements of Changes in Equity –31 Mar 2022 vs. 31 Dec 2021**

For the Period Ended	31-Mar-22	31-Dec-21	Movement	Percentage (%)	MDAS
	Unaudited	Audited			
Cash in banks	P 38,349,306	P 125,878,373	P (87,529,067)	-69.53%	Liquidity requirements were met.
Financial assets at fair value through profit or loss	1,190,059,659	1,222,649,561	(32,589,902)	-2.67%	The decrease was mainly due to net disposal of investments in listed equity securities and in fixed-income securities coupled with unrealized losses incurred during the period.
Accrued interest receivable	1,290,162	2,294,369	(1,004,207)	-43.77%	Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	2,730,307	472,629	2,257,678	477.68%	The collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividends were received.
Due from brokers	67,006,970	-	67,006,970	100.00%	This account refers to amounts receivable from brokers arising from the sale of investments processed on or before the reporting period, which are settled three days after the transaction date.
Prepayments and other current assets	176,369	10,993	165,376	1504.38%	This account pertains to prepaid expenses to be amortized until end of the accounting period and prepaid tax to be applied in the future income tax payable of the fund.
<b>Total Assets</b>	<b>1,299,612,773</b>	<b>1,351,305,925</b>	<b>(51,693,152)</b>	<b>-3.83%</b>	
Accrued expenses and other payables	1,668,981	7,120,561	(5,451,580)	-76.56%	The decrease was mainly due to lower outstanding payable to investors for redemption of their investments processed on or before end of the reporting period, which are usually settled four (4) days after the transaction date.
Due to brokers	11,231,036	26,924,204	(15,693,168)	-58.29%	This account pertains to amounts payable to brokers for the purchase of investments processed on or before the reporting period, which are settled three days after the transaction date.
Payable to fund manager	2,399,924	2,483,611	(83,687)	-3.37%	Decrease in average AUM during the period consequently decrease this account.
<b>Total Liabilities</b>	<b>15,299,941</b>	<b>36,528,376</b>	<b>(21,228,435)</b>	<b>-58.11%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,066,912	3,210,061,215	5,697	0.00%	
Retained earnings	67,781,948	59,621,034	8,160,914	13.69%	Net income for the period.
Treasury Shares	(2,028,605,698)	(1,989,974,370)	(38,631,328)	1.94%	Due to net acquisition of treasury shares during the period.
<b>Net Assets</b>	<b>1,284,312,832</b>	<b>1,314,777,549</b>	<b>(30,464,717)</b>	<b>-2.32%</b>	Net acquisition of treasury shares offset with net income earned for the period.
<b>Net Assets Value per Share</b>	<b>P 0.9450</b>	<b>P 0.9396</b>	<b>P 0.0054</b>	<b>0.58%</b>	

There were no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Fund's liquidity in any material way.

There was no contingent liability reflected in the accompanying interim unaudited financial statements.

The Fund does not anticipate having any cash flow or liquidity problems as it complies with the liquidity requirements per ICA-IRR 6.10. The Fund 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.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures, known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net income/revenue from the continuing operations of the Fund.

There are no other significant events and transactions from the last annual reporting period that is required for disclosure this quarter.

## Statement of Comprehensive Income for the Three months ended – 31 Mar 2022 vs. 31 Mar 2021

	31-Mar-22	31-Mar-21	Movement	Percentage (%)	MDAS
	Unaudited	Unaudited			
Investment Income	P 57,265,805	P 30,019,510	P 27,246,295	90.76%	The increase was due to realized trading gains from disposal of investments, higher dividend and interest income earned during the period.
Investment Expenses	3,047,486	1,172,372	1,875,114	159.94%	Higher commission expenses during the period. Dependent on the percentage of the amount of stock trading as sold and purchased for the period.
Operating Expenses	8,016,250	7,902,586	113,664	1.44%	The increase was mainly due to higher management fees brought by higher AUM for the period compared to the same quarter last year.
Net Unrealized Losses on Investments	(33,209,862)	(108,859,543)	75,649,681	-69.49%	The increase in unrealized losses is due to slight favorable market conditions of its investment during the period as compared to prior year in the same period.
Provision for Income Tax	4,831,293	1,891,820	2,939,473	155.38%	Final taxes of interest income earned from fixed income investments and corporate income tax for the period.
Net Investment Income (Loss)	8,160,914	(89,806,811)	97,967,725	109.09%	

Average daily net asset value from January to March 2022 and January to March 2021 is PHP 1,303,901,226 and PHP 1,298,304,676, respectively.

The Fund has no unusual nature of transactions or events that affect assets, liabilities, equity, net income or cash flows.

There were no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Fund which are not reflected in the accompanying interim unaudited financial statements.

The management of the Fund is of the opinion that there were no income or losses from these items that will have any material effect on its interim unaudited financial statements.

There were no known material events subsequent to the end of the quarterly reporting period that have not been reflected in the Fund's interim unaudited financial statements as at the period ended March 31, 2022. There were no significant elements of income or loss that did not arise from the Fund's continuing operations.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

### 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:

**1.1 Market Risk:** Market risk is the risk of possible decline in the value of the Fund due to fluctuations in prices of the fund's assets. Since the Fund may invest in both equity and fixed income securities, it is subject to two types of market risks: (1) Interest Rate Risk applicable to fixed income investments of the Fund; and (2) Equity Price Risk applicable to the equity investments of the Fund.

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

**1.1.b Equity Price Risk:** For equity investments, changes in prices of equity refer to the equity investments held by the Fund either for strategic or trading purposes. These equity investments, if any, are subject to the daily price fluctuations, as determined by market forces. Hence, prices may vary as a result of the general economic and political conditions, as well as developments in the company's operations and overall profitability. To manage this risk, the equity investments included in the Fund's portfolio are carefully selected based on their fundamental soundness.

**1.2 Credit Risk:** Investments in bonds carry the risk that the issuer of the bonds might default on its interest and/or principal payments. In the event of default, the Fund's value will be adversely affected and may result in a write-off of the concerned asset held by the Fund. To mitigate the risk, each Issuer/Borrower/Counterparty passes through a stringent credit evaluation process to determine whether the quality of the bond complies with the prescribed standards of the Fund. Further, the credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 10% exposure limit to a single Issuer/Borrower/Counterparty is likewise observed. It is good to note, however, that the Fund's government securities holdings are considered almost credit risk-free assets as they carry an unconditional guarantee of the Republic of the Philippines.

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

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

**1.4 Regulatory Risk:** The Fund's investments and operations are subject to various regulations affecting among others, accounting and taxation. These regulations occasionally change, and may result in lower returns or even losses borne by the investors. For example, a higher tax imposed on the sale or purchase of underlying assets of the Fund may result in lower net asset value of the Fund. To mitigate this risk, SLAMCI adopts global best practices. Further, it maintains regular communications with the relevant government agencies to keep itself abreast of the issues giving them concern, and to have the opportunity to help them set standards for good governance. SLAMCI also takes an active participation in the Philippine Investment Funds Association, Inc. ("PIFA"), an association of mutual fund companies in the Philippines.

**1.5 Non-guarantee:** Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation ("PDIC"). Hence, investors carry the risk of losing the value of their investment. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.

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

**1.7 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.

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

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

## 2. Capital Risk Management

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

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

The 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:

- It does not issue senior securities;
- It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- It does not invest directly in real estate properties and developments;
- It does not purchase or sell commodity futures contracts;
- It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any affiliates, or affiliated corporations of the Company;
- The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions;
- 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 generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Peso.
- b. Benchmark - the Company's performance is measured against 50% PSE Index and 50% Bloomberg Sovereign Bond Index.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 2.00% of the net assets attributable to shareholders on each valuation day.

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

As at March 31, 2022 and December 31, 2021, the Company is in compliance with the above requirements and minimum capital requirement of P50,000,000.

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

The Company does not have any investment in foreign securities.

### **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.

##### Business model assessment

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

The Company measures its financial assets at amortized cost if the financial asset qualifies for both SPPI and business model test. The Company's business model is to hold the asset and to collect its cash flows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL.

##### Significant increase of credit risk

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

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

As at March 31, 2022 and December 31, 2021, the Company's financial instrument measured at amortized cost has not experienced a significant increase in its credit risk.

### Models and assumptions used

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

### Puttable shares designated as equity instruments

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

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

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

As at March 31, 2022 and December 31, 2021, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P35,069,670.

### **Key Sources of Estimation Uncertainty**

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

#### Probability of default (PD)

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

As at March 31, 2022 and December 31, 2021, the Company assessed a nil probability of default for all of its financial assets measured at amortized cost.

#### Loss Given Default (LGD)

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

The Company uses portfolio averages from external estimates sourced out from Standard and Poor's (S&P) as the LGD estimates.

### Estimating loss allowance for ECL

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

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

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

As at March 31, 2022 and December 31, 2021, the Company has no loss allowance for all of its financial assets measured at amortized cost.

### Deferred tax assets

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

Based on Management's expectation of the Company's future taxable income, the Company did not recognize the deferred tax assets as at March 31, 2022 and December 31, 2021.

### Determining the fair value of investments in debt securities classified as financial assets at FVTPL

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

### 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 Global Intermediary Identification Number ("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 Dynamic Fund, Inc.

Principal Financial/Accounting Officer/Comptroller:

Signature and Title : Treasurer



Sherwin S. Sampang

Date : May 18, 2022



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

Schedule of Financial Soundness Indicators and Financial Ratios

March 31, 2022 and December 31, 2021

	Formula	2022	2021
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	84.94:1	36.99:1
b. Quick ratio	Quick Assets/Current Liabilities	84.93:1	36.99:1
c. Cash ratio	Cash/Current Liabilities	2.51:1	3.45:1
d. Days in receivable	Receivable/Revenue * No. of days	N/A	N/A
e. Working capital ratio	(Current Assets-Current Liabilities)/Current Liabilities	83.94:1	35.99:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	22.43:1	9.06:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	58345.80:1	15,284.07:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	N/A	N/A
b. Debt to equity ratio	Total Liabilities/Total Equity	0.01:1	0.03:1
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	N/A	N/A
d. Total debt to asset ratio	Total Liabilities/Total Assets	0.01:1	0.03:1
Asset to equity ratio	Total Assets/Total Equity	1.01:1	1.03:1
Interest rate coverage ratio	Earning Before Income Tax/Interest Expense	N/A	N/A
<i>Profitability Ratio</i>			
a. Earnings before interest and taxes (EBIT) margin	EBIT/Revenue	22.69%	56.28%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	22.69%	56.28%
c. Pre-tax margin	EBIT/Revenue	22.69%	56.28%
d. Effective tax rate	Income Tax/EBIT	37.19%	14.65%
e. Post-tax margin	Net Income After Tax/Revenue	14.25%	0.48:1
f. Return on equity	Net Income After Tax/Average Common Equity	0.63%	5.26%
g. Return on asset	NIAT/Average Total Assets	0.62%	5.14%
Capital intensity ratio	Total Assets/Revenue	22.69:1	9.31:1
Fixed assets to total assets	Fixed assets/Total assets	N/A	N/A
Dividend payout ratio	Dividends paid/Net Income	N/A	N/A

Sun Life Prosperity Dynamic Fund Inc.  
Schedule Required under SRC Rule 68

i. Percentage of Investment in a Single Enterprise to Net Asset Value

As of March 31, 2022 and December 31, 2021

	2022			2021		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
<b>Equities</b>						
Aboitiz Equity Ventures Inc	49,086,310	1,284,312,832	3.82%	36,020,309	1,314,777,549	2.74%
Aboitiz Power Corporation	18,921,600	1,284,312,832	1.47%	19,108,980	1,314,777,549	1.45%
Alliance Global Group Inc.	12,939,420	1,284,312,832	1.01%	13,349,340	1,314,777,549	1.02%
Ayala Corporation	62,780,560	1,284,312,832	4.89%	57,330,690	1,314,777,549	4.36%
Ayala Land Inc.	85,464,168	1,284,312,832	6.65%	54,104,975	1,314,777,549	4.12%
Bank of the Philippine Islands	51,072,788	1,284,312,832	3.98%	40,309,082	1,314,777,549	3.07%
BDO Unibank Inc.	61,433,863	1,284,312,832	4.78%	64,942,997	1,314,777,549	4.94%
First Gen Corporation	25,032,480	1,284,312,832	1.95%	20,263,660	1,314,777,549	1.54%
First Gen Corporation (FGENG)	525,000	1,284,312,832	0.04%	515,000	1,314,777,549	0.04%
Globe Telecom Inc.	30,708,600	1,284,312,832	2.39%	38,867,400	1,314,777,549	2.96%
Holcim Philippines Inc.	-	-	-	5,682,840	1,314,777,549	0.43%
AC Energy Corporation	7,065,189	1,284,312,832	0.55%	17,063,200	1,314,777,549	1.30%
Century Pacific Food Inc.	-	-	-	29,027,700	1,314,777,549	2.21%
GT Capital Holdings Inc.	14,092,560	1,284,312,832	1.10%	19,299,600	1,314,777,549	1.47%
International Container Terminal Services Inc.	42,424,256	1,284,312,832	3.30%	37,582,000	1,314,777,549	2.86%
JG Summit Holdings Inc.	37,479,985	1,284,312,832	2.92%	26,687,037	1,314,777,549	2.03%
Manila Electric Company	27,848,144	1,284,312,832	2.17%	-	-	-
Megaworld Corporation	18,499,460	1,284,312,832	1.44%	17,967,600	1,314,777,549	1.37%
Metro Pacific Investments Corporation	6,611,658	1,284,312,832	0.51%	12,772,149	1,314,777,549	0.97%
Metropolitan Bank & Trust Company	21,058,080	1,284,312,832	1.64%	25,750,110	1,314,777,549	1.96%
PLDT, INC.	31,139,200	1,284,312,832	2.42%	31,305,924	1,314,777,549	2.38%
Robinsons Retail Holdings, Inc.	5,555,000	1,284,312,832	0.43%	7,899,012	1,314,777,549	0.60%
Security Bank Corporation	6,519,290	1,284,312,832	0.51%	9,054,710	1,314,777,549	0.69%
SM Investments Corporation	79,633,854	1,284,312,832	6.20%	92,400,798	1,314,777,549	7.03%
SM Prime Holdings Inc.	85,361,970	1,284,312,832	6.65%	68,107,473	1,314,777,549	5.18%
Universal Robina Corporation	26,672,030	1,284,312,832	2.08%	21,117,440	1,314,777,549	1.61%
Bloomerry Resorts Corporation	11,026,764	1,284,312,832	0.86%	-	-	-
Puregold Price Club Inc.	-	-	-	7,938,600	1,314,777,549	0.60%
Jollibee Foods Corporation	17,786,250	1,284,312,832	1.38%	18,627,712	1,314,777,549	1.42%
San Miguel Corporation - PHY7501D1293	1,914,411	1,284,312,832	0.15%	2,002,401	1,314,777,549	0.15%
San Miguel Corporation - PHY7501D1111	767,080	1,284,312,832	0.06%	771,652	1,314,777,549	0.06%
Monde Nissin Corporation	-	-	-	26,143,560	1,314,777,549	1.99%
EEl Corporation	5,820,822	1,284,312,832	0.45%	6,697,600	1,314,777,549	0.51%
Wilcon Depot, Inc.	-	-	-	8,174,000	1,314,777,549	0.62%
Sun Life Prosperity Peso Starter Fund, Inc.	80,078,837	1,284,312,832	6.24%	-	-	-
Converge Information and Communications Technology Solutions	-	-	-	50,373,290	1,314,777,549	3.83%
EEl Corporation - PHY2249U1290	11,190,400	1,284,312,832	0.87%	6,918,500	1,314,777,549	0.53%
EEl Corporation - PHY2249U1373	20,270,366	1,284,312,832	1.58%	20,629,250	1,314,777,549	1.57%
Filinvest REIT Corporation	13,947,240	1,284,312,832	1.09%	53,853,500	1,314,777,549	4.10%
MREIT Inc.	16,431,690	1,284,312,832	1.28%	70,112,300	1,314,777,549	5.33%
RL Commercial REIT Inc.	-	-	-	20,358,272	1,314,777,549	1.55%
Citicore Energy REIT Corp	4,475,520	1,284,312,832	0.35%	-	-	-
<b>Treasury Notes (PHILIPPINE GOVERNMENT BOND)</b>						
PIBD0728H654	20,547,443	1,284,312,832	1.60%	11,813,043	1,314,777,549	0.90%
PIBD1031G662	49,016,550	1,284,312,832	3.82%	100,810,500	1,314,777,549	7.67%
PIID0527L140	-	1,284,312,832	0.00%	26,174,200	1,314,777,549	1.99%
PIBD2031G171	23,390,090	1,284,312,832	1.82%	24,721,155	1,314,777,549	1.88%
PIID0527C159	51,502,880	1,284,312,832	4.01%	-	1,314,777,549	0.00%
PIBD1032A675	53,967,852	1,284,312,832	4.20%	-	1,314,777,549	0.00%

ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company

As of March 31, 2022 and December 31, 2021

	2022			2021		
Investment (Shares)	Outstanding Securities	% over Investee	Investment (Shares)	Outstanding Securities	% over Investee	
<b>Equities</b>						
Aboitiz Equity Ventures Inc	824,980	5,630,225,457	0.01%	661,530	5,630,225,457	0.01%
Aboitiz Power Corporation	525,600	7,358,604,307	0.01%	643,400	7,358,604,307	0.01%
Alliance Global Group Inc.	1,033,500	9,465,964,879	0.01%	1,131,300	9,471,352,279	0.01%
Ayala Corporation	76,190	619,703,617	0.01%	68,990	619,703,617	0.01%
Ayala Land Inc.	2,438,350	14,795,594,779	0.02%	1,474,250	14,811,126,679	0.01%
Bank of the Philippine Islands	512,779	4,513,128,255	0.01%	437,429	4,513,128,255	0.01%
BDO Unibank Inc.	462,953	4,385,867,915	0.01%	538,053	4,385,519,015	0.01%
First Gen Corporation	948,200	3,596,575,505	0.03%	727,600	3,596,575,505	0.02%
First Gen Corporation (FGENG)	5,000	3,596,575,505	0.00%	5,000	3,596,575,505	0.00%
Globe Telecom Inc.	12,090	133,619,207	0.01%	11,700	133,619,207	0.01%
Holcim Philippines Inc.	-	-	-	1,029,500	6,452,099,144	0.02%
AC Energy Corporation	809,300	38,315,838,177	0.00%	1,551,200	38,315,838,177	0.00%
Century Pacific Food Inc.	-	-	-	992,400	3,542,258,595	0.03%
GT Capital Holdings Inc.	25,530	215,284,587	0.01%	35,740	215,284,587	0.02%
International Container Terminal Services Inc.	188,720	2,039,880,199	0.01%	187,910	2,038,609,782	0.01%
JG Summit Holdings Inc.	611,419	7,520,983,658	0.01%	503,529	7,520,983,658	0.01%
Manila Electric Company	74,540	1,127,098,705	0.01%	-	-	-
Megaworld Corporation	6,146,000	31,848,056,872	0.02%	5,704,000	31,857,070,872	0.02%
Metro Pacific Investments Corporation	1,739,910	29,668,785,752	0.01%	3,274,910	30,070,247,752	0.01%
Metropolitan Bank & Trust Company	369,440	4,497,415,555	0.01%	462,300	4,497,415,555	0.01%
PLDT, INC.	16,832	216,055,775	0.01%	17,277	216,055,775	0.01%
Robinsons Retail Holdings, Inc.	100,000	1,494,511,940	0.01%	120,780	1,512,010,200	0.01%
Security Bank Corporation	59,810	753,538,887	0.01%	76,090	753,538,887	0.01%
SM Investments Corporation	87,606	1,204,582,867	0.01%	97,986	1,204,582,867	0.01%
SM Prime Holdings Inc.	2,255,270	28,879,231,694	0.01%	2,009,070	28,879,231,694	0.01%
Universal Robina Corporation	220,430	2,190,477,678	0.01%	164,980	2,200,983,378	0.01%
Bloomberry Resorts Corporation	1,612,100	10,861,125,857	0.01%	-	-	-
Puregold Price Club Inc.	-	-	-	202,000	2,883,087,615	0.01%
Jollibee Foods Corporation	79,050	1,110,422,821	0.01%	86,080	1,109,913,214	0.01%
San Miguel Corporation - PHY7501D1293	25,140	2,378,524,978	0.00%	25,140	2,383,896,588	0.00%
San Miguel Corporation - PHY7501D1111	10,160	2,378,524,978	0.00%	10,160	2,383,896,588	0.00%
Monde Nissin Corporation	-	-	-	1,613,800	17,968,611,496	0.01%
EEl Corporation	1,026,600	1,036,281,485	0.10%	1,030,400	1,036,281,485	0.10%
Wilcon Depot, Inc.	-	-	-	268,000	4,099,724,116	0.01%
Sun Life Prosperity Peso Starter Fund, Inc.	60,642,815	95,507,234,757	0.06%	-	-	-
Converge Information and Communications Technology Solutions	-	-	-	1,579,100	7,526,294,461	0.02%
EEl Corporation - PHY2249U1290	107,600	1,036,281,485	0.01%	68,500	1,036,281,485	0.01%
EEl Corporation - PHY2249U1373	184,780	1,036,281,485	0.02%	191,900	1,036,281,485	0.02%
Filinvest REIT Corporation	1,964,400	4,892,777,994	0.04%	7,277,500	4,892,777,994	0.15%
MREIT Inc.	878,700	2,532,121,381	0.03%	3,559,000	2,532,121,381	0.14%
RL Commercial REIT Inc.	-	-	-	2,675,200	9,948,997,197	0.03%
Citicore Energy REIT Corp	1,728,000	6,545,454,004	0.03%	-	-	-
<b>Treasury Notes (PHILIPPINE GOVERNMENT BOND)</b>						
PIBD0728H654	22,300,000	55,000,000,000	0.04%	12,300,000	**	-
PIBD1031G662	55,000,000	40,000,000,000	0.14%	105,000,000	**	-
PHID0527L140	-	-	-	26,000,000	**	-
PIBD2031G171	20,500,000	255,837,150,000	0.01%	20,500,000	**	-
PHID0527C159	52,000,000	60,000,000,000	0.09%	-	255,837,150,000	0.00%
PIBD1032A675	58,150,000	60,000,000,000	0.10%	-	40,000,000,000	0.00%

**iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets**  
As of March 31, 2022 and December 31, 2021

	<b>2022</b>	<b>2021</b>
Total Liquid and Semi-Liquid Assets	1,299,436,404	1,351,294,932
TOTAL ASSETS	1,299,612,773	1,351,305,925
<b>Total Investment in Liquid or Semi-Liquid Assets to Total Assets</b>	<b>100%</b>	<b>100%</b>

**iv. Total Operating Expenses to Total Net Worth**  
As of March 31, 2022 and December 31, 2021

	<b>2022</b>	<b>2021</b>
Total Operating Expenses	8,016,250	31,828,314
Average Daily Net Worth	1,303,901,226	1,270,363,225
Total Operating Expenses to Total Net Worth	0.61%	2.51%

**v. Total Assets to Total Borrowings**  
As of March 31, 2022 and December 31, 2021

	<b>2022</b>	<b>2021</b>
Total Assets	1,299,612,773	1,351,305,925
Total Borrowings	15,299,941	36,528,376
Total Assets to Total Borrowings	8494%	3699%

SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
Financial assets at fair value through profit and loss  
Marketable Securities - (Current Marketable Equity Securities and Fixed Income Investments)

Name of Issuing Entity and Association of Each Issue	March 31, 2022			December 31, 2021	
	Number of Shares / Principal Amount of Bonds and Notes	Market Value	Aggregate Cost	Number of Shares / Principal Amount of Bonds and Notes	Market Value
<b>Treasury Bonds and Notes Issued by the Nat'l Government</b>	207,950,000	P 198,424,815	P 208,955,621	163,800,000	P163,518,898
<b>Equity Shares</b>					
Aboitiz Equity Ventures Inc	824,980	49,086,310	42,908,605	661,530	36,020,309
Aboitiz Power Corporation	525,600	18,921,600	14,806,751	643,400	19,108,980
Alliance Global Group Inc.	1,033,500	12,939,420	11,997,833	1,131,300	13,349,340
Ayala Corporation	76,190	62,780,560	61,735,057	68,990	57,330,690
Ayala Land Inc.	2,438,350	85,464,168	87,923,023	1,474,250	54,104,975
Bank of the Philippine Islands	512,779	51,072,788	45,040,964	437,429	40,309,082
BDO Unibank Inc.	462,953	61,433,863	56,297,292	538,053	64,942,997
First Gen Corporation	948,200	25,032,480	26,850,710	727,600	20,263,660
First Gen Corporation (FGENG)	5,000	525,000	526,170	5,000	515,000
Globe Telecom Inc.	12,090	30,708,600	33,470,771	11,700	38,867,400
Holcim Philippines Inc.	-	-	-	1,029,500	5,682,840
AC Energy Corporation	809,300	7,065,189	8,283,100	1,551,200	17,063,200
Century Pacific Food Inc.	-	-	-	992,400	29,027,700
GT Capital Holdings Inc.	25,530	14,092,560	14,179,998	35,740	19,299,600
International Container Terminal Services Inc.	188,720	42,424,256	28,663,344	187,910	37,582,000
JG Summit Holdings Inc.	611,419	37,479,985	37,069,270	503,529	26,687,037
Manila Electric Company	74,540	27,848,144	27,027,683	-	-
Megaworld Corporation	6,146,000	18,499,460	18,836,721	5,704,000	17,967,600
Metro Pacific Investments Corporation	1,739,910	6,611,658	7,407,533	3,274,910	12,772,149
Metropolitan Bank & Trust Company	369,440	21,058,080	19,788,605	462,300	25,750,110
PLDT, INC.	16,832	31,139,200	26,176,087	17,277	31,305,924
Robinsons Retail Holdings, Inc.	100,000	5,555,000	5,900,000	120,780	7,899,012
Security Bank Corporation	59,810	6,519,290	6,700,409	76,090	9,054,710
SM Investments Corporation	87,606	79,633,854	80,432,590	97,986	92,400,798
SM Prime Holdings Inc.	2,255,270	85,361,970	79,431,589	2,009,070	68,107,473
Universal Robina Corporation	220,430	26,672,030	27,385,849	164,980	21,117,440
Bloomerry Resorts Corporation	1,612,100	11,026,764	9,623,617	-	-
Puregold Price Club Inc.	-	-	-	202,000	7,938,600
Jollibee Foods Corporation	79,050	17,786,250	16,704,432	86,080	18,627,712
San Miguel Corporation - PHY7501D1293	25,140	1,914,411	1,930,411	25,140	2,002,401
San Miguel Corporation - PHY7501D1111	10,160	767,080	772,160	10,160	771,652
Monde Nissin Corporation	-	-	-	1,613,800	26,143,560
EEl Corporation	1,026,600	5,820,822	7,955,506	1,030,400	6,697,600
Wilcon Depot, Inc.	-	-	-	268,000	8,174,000
EEl Corporation - PHY2249U1290	107,600	11,190,400	10,908,800	68,500	6,918,500
EEl Corporation - PHY2249U1373	184,780	20,270,366	19,008,404	191,900	20,629,250
Filinvest REIT Corporation	1,964,400	13,947,240	14,369,125	7,277,500	53,853,500
MREIT Inc.	878,700	16,431,690	14,147,070	3,559,000	70,112,300
RL Commercial REIT Inc.	-	-	-	2,675,200	20,358,272
Citicore Energy REIT Corp	1,728,000	4,475,520	4,406,400	-	-
Converge Information and Communications Technology Solutions	-	-	-	1,579,100	50,373,290
	27,160,979	911,556,007	868,665,876	40,513,704	1,059,130,663
<b>Mutual Fund</b>					
Sun Life Prosperity Peso Starter Fund, Inc.	60,642,815	80,078,837	80,000,000	-	-
<b>GRAND TOTAL</b>	<b>295,753,794</b>	<b>P 1,190,059,659</b>	<b>P 1,157,621,497</b>	<b>204,313,704</b>	<b>P 1,222,649,561</b>

This document contains key information clients of Sun Life Prosperity Dynamic Fund should know about. More information can be found in the Fund's prospectus. Ask a Sun Life Financial Advisor or contact Sun Life Asset Management Company, Inc., at 8-849-9888 or PHIL-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Fund Classification</b>	Multi-Asset Fund	<b>Minimum Holding Period</b>	30 days
<b>Fund Size</b>	PHP 1,284,312,307.31	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	1.00%
<b>Net Asset Value Per Share</b>	0.9450	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+4 business days
<b>Benchmark</b>	50% PSEI + 50% Bloomberg Sovereign Bond Index	<b>Management and Distribution Fee</b>	2.00%	<b>Bloomberg Ticker</b>	SLPDYNA PM Equity
<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%		

## What does the Fund invest in?

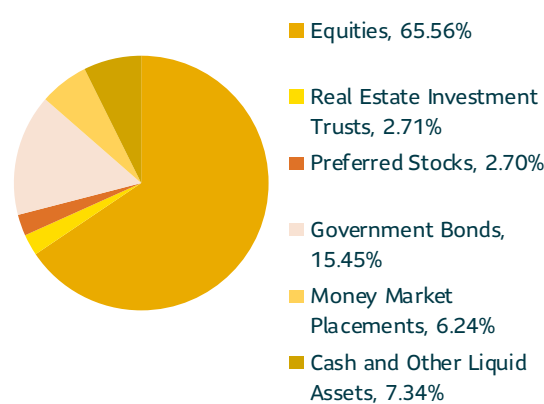
The **Sun Life Prosperity Dynamic Fund** is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending on prevailing market conditions, in order to yield better returns.

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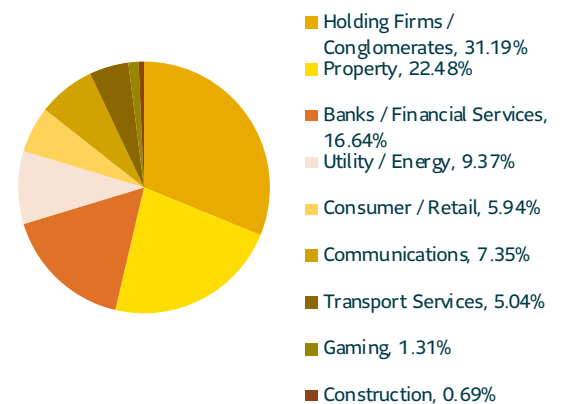
### Top Equity Holdings

1. Ayala Land Inc., 6.65%
2. SM Prime Holdings Inc., 6.65%
3. SM Investments Corporation, 6.20%
4. Ayala Corporation, 4.89%
5. BDO Unibank Inc., 4.78%
6. Bank of the Philippine Islands, 3.98%
7. Aboitiz Equity Ventures Inc., 3.82%
8. International Container Terminal Services Inc., 3.30%
9. JG Summit Holdings Inc., 2.92%
10. PLDT, Inc., 2.42%

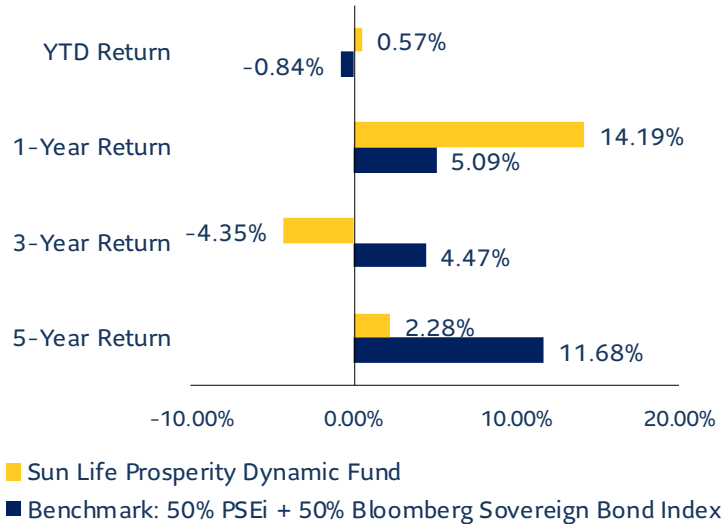
### Investment Mix



### Sector Allocation



## How has the Fund performed?



**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

## Market Review and Outlook

- The PSEI was relatively weak for the month of March as it declined by as much as 6.76% mid-month before closing the period at 7,203.47 (-1.47% month-on-month). The negative sentiment was due to concerns of higher oil and commodity prices as the Ukraine-Russia conflict persists.
- Local yields continue to move up as energy prices remained elevated. Oil prices rallied by 38.6% since the start of the year pushing the March 2022 inflation to 4.0% from 3.0% in February. BSP raised its own inflation forecast to 4.3% in 2022 (from 3.7% in February) and 3.6% for 2023 (from 3.3%).
- SM, meanwhile, was deleted from the FTSE Index after the stock failed to meet the index's liquidity requirements. PHP 11 billion worth of SM shares changed hands last March 18 because of the rebalancing.
- Overall, the Philippine economy is showing some signs of recovery as bank loans grew by another 8.5% in February 2022 from 8.3% in January. This is the seventh straight month of growth since August of last year.
- We remain overweight on equities and underweight on fixed income. Though there are headwinds in the near-term, sustained double-digit corporate earnings growth this year may lend support to stock prices. We are also watchful on local yields as some tenors are now at attractive levels.
- The Fund gained 0.57% year-to-date, surpassing the benchmark (-0.84%) by 141 basis points, due to underweight in fixed income and overweight and selection in Consumer/Retail.

**Disclaimer:** Sun Life Asset Management Company, Inc. (SLAMCI) makes no representation as to the accuracy or completeness of the information contained herein. The information contained in this presentation is for information purposes only. It is not intended to provide professional investment, or any other type of advice or recommendation in relation to purchases or sales of securities whether or not they are related to SLAMCI; it does not constitute any guarantee of performance; and neither does it take into account the particular investment objectives, financial situation or needs of individual recipients. Any opinions or estimates herein reflect our judgment as at the date of this presentation and are subject to change at any time without notice. This material is a copyrighted work. You may not share, distribute, revise, transform, or build upon this material without prior written consent of, and proper attribution to Sun Life. All trademarks are the properties of their respective owners.

This document contains key information clients of Sun Life Prosperity Dynamic Fund should know about. More information can be found in the Fund's prospectus. Ask a Sun Life Financial Advisor or contact Sun Life Asset Management Company, Inc., at 8-849-9888 or PHIL-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Fund Classification</b>	Multi-Asset Fund	<b>Minimum Holding Period</b>	30 days
<b>Fund Size</b>	PHP 1,309,515,355.67	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	1.00%
<b>Net Asset Value Per Share</b>	0.9598	<b>Minimum Subsequent Management and Distribution Fee</b>	2.00%	<b>Redemption Settlement</b>	T+4 business days
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Transfer Agency Fee</b>	0.15%	<b>Bloomberg Ticker</b>	SLPDYNA PM Equity
<b>Fund Structure</b>	Mutual Fund (Shares)				

## What does the Fund invest in?

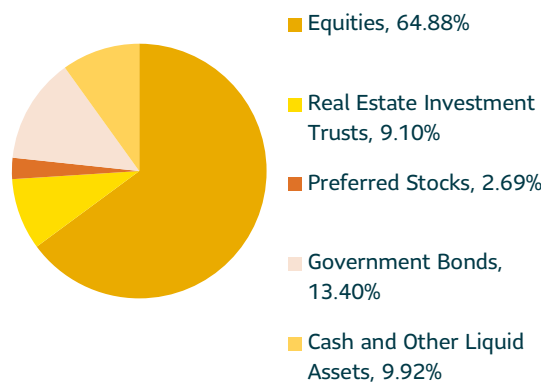
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The Fund's investment objective is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Pesos. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted shift in allocation between equities and fixed-income assets when needed.

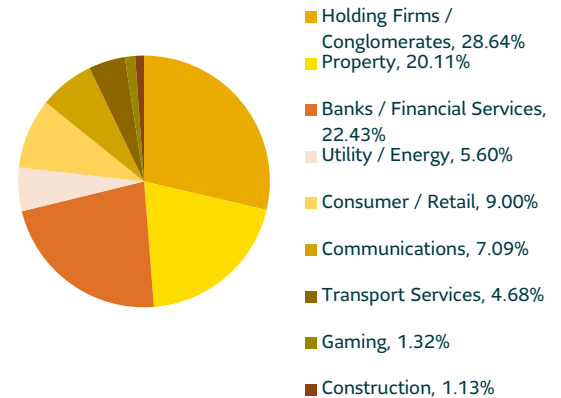
### Top Equity Holdings

1. BDO Unibank Inc., 6.21%
2. Ayala Land Inc., 5.71%
3. SM Prime Holdings Inc., 5.50%
4. SM Investments Corporation, 4.69%
5. Ayala Corporation, 4.11%
6. Bank of the Philippine Islands, 3.96%
7. Filinvest REIT Corp., 3.90%
8. Aboitiz Equity Ventures Inc., 3.90%
9. International Container Terminal Services Inc., 3.04%
10. Megaworld REIT, Inc., 2.86%

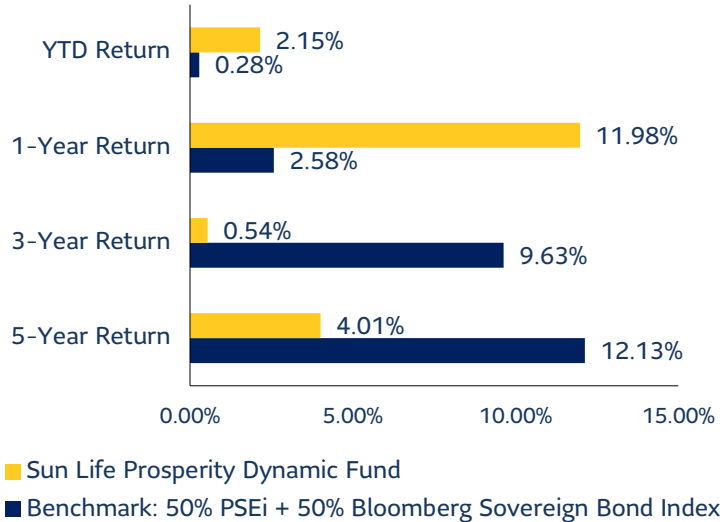
### Investment Mix



### Sector Allocation



## How has the Fund performed?



**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

## Market Review and Outlook

- After a strong start early in February, the PSEi eventually succumbed to selling pressure due to rising geopolitical concerns surrounding Russia's invasion of Ukraine. Month-on-month, the PSEi closed at 7,311.01, 50.64 points or 0.69% lower.
- On the plus side, foreign flows showed a clear shift in direction with a robust USD 141 million in inflows in February versus a USD 56 million in outflows in January, bringing year-to-date flows to positive territory at +USD 87 million. This came on the back of a strong improvement in the country's COVID-19 situation, with daily cases averaging at around 1,000/day at the end of the month versus a peak of 39k the previous month. The improvement in COVID-19 statistics has prompted the government to ease mobility restrictions in Metro Manila further to Alert Level 1.
- FY 2021 earnings results started to trickle in, with banks showing an encouraging pick up in loan growth and improving asset quality. Reopening plays SMPF and JFC have also shown sequential quarter-on-quarter improvement in earnings.
- The local yield curve moved up, with the belly of the curve leading the yield climb. The Bureau of the Treasury's (BTR) new five-year Retail Treasury Bond (RTB) coupon of 4.875% helped bring up the yields of securities on the belly. Despite the huge amount raised on the RTB, the BTR's schedule for March surprised players as it still shows a weekly, instead of bi-weekly, bond schedule. Market players sold securities with 3 to 4-year tenors as bond supply is not expected on that part of the curve. Securities on the long-end of the curve (7 to 10 years) will continue to be pressured, as BTR schedules to have 3 auctions on those tenors. The Fund will be actively-managed as the Ukraine-Russia crisis continues to be fluid. The events there have the potential to impact local sentiment and inflation expectations, especially if oil prices are pressured to stay at elevated levels.
- Looking ahead, while we remain positive on Philippine equities due to the continued reopening story, we turn more cautious given the heightened inflationary risks and increased risk-off sentiment brought about by a protracted conflict between Russia and Ukraine.
- The Fund gained 2.15% year-to-date, surpassing the benchmark (+0.28%) by 187 basis points due to its overweight in Equity and selection in Conglos.

**ANNOUNCEMENT:** Please be advised that effective **April 1, 2022**, the Sun Life Prosperity Dynamic Fund will use **50% PSEi + 50% Bloomberg Sovereign Bond Index, net of tax (adjusted by Sun Life)** as its new benchmark to consider the taxation of the coupons received by bonds.

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<b>Launch Date</b>	July 1, 2014	<b>Fund Classification</b>	Multi-Asset Fund	<b>Minimum Holding Period</b>	30 days
<b>Fund Size</b>	PHP 1,327,933,581.02	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	1.00%
<b>Net Asset Value Per Share</b>	0.9661	<b>Minimum Subsequent Management and Distribution Fee</b>	PHP 1,000	<b>Redemption Settlement</b>	T+4 business days
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Transfer Agency Fee</b>	2.00%	<b>Bloomberg Ticker</b>	SLPDYNA PM Equity
<b>Fund Structure</b>	Mutual Fund (Shares)		0.15%		

## What does the Fund invest in?

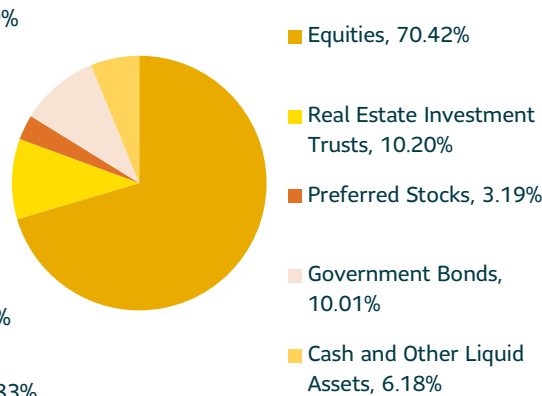
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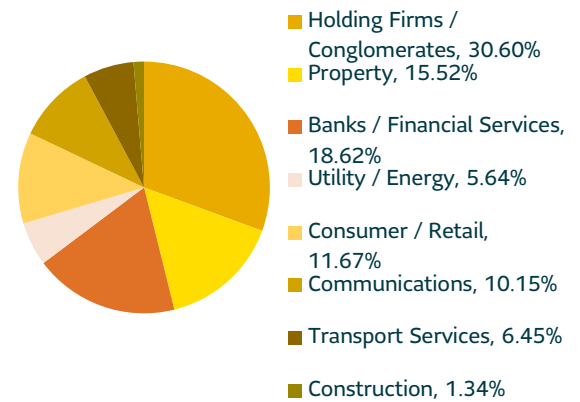
### Top Equity Holdings

1. SM Investments Corporation, 6.29%
2. BDO Unibank Inc., 5.96%
3. Ayala Corporation, 5.14%
4. Filinvest REIT Corp., 4.97%
5. SM Prime Holdings Inc., 4.73%
6. International Container Terminal Services Inc., 4.54%
7. Ayala Land Inc., 4.17%
8. Aboitiz Equity Ventures Inc., 4.11%
9. Megaworld REIT, Inc., 3.86%
10. Bank of the Philippine Islands, 3.83%

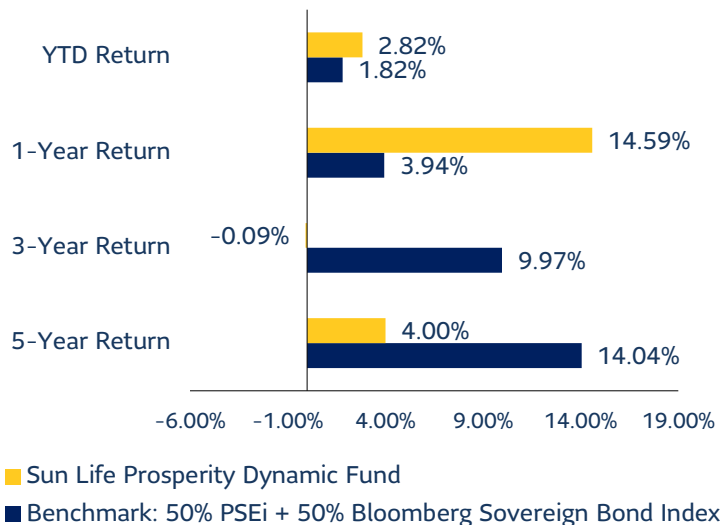
### Investment Mix



### Sector Allocation



## How has the Fund performed?



**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

## Market Review and Outlook

- The bellwether index PSEi managed to close the first month of 2022 with a 3.4% gain at 7,361.65 despite volatility coming from the rise in Omicron cases and a global risk-off sentiment.
- Foreigners started the year off as net sellers for USD 56.3 Million, as the surge in COVID-19 cases earlier in January, coupled with concerns over a U.S. Fed lift-off, prompted investors to continue to take profit on select names.
- Local bond yields followed U.S. rates higher despite the BSP reaffirming it would continue its accommodative policy stance.
- The country's 4Q21 GDP grew 7.7% year-on-year as private consumption accelerated. The full-year 2021 GDP growth stood at 5.6%, beating consensus' 5.1% estimate.
- Looking ahead, we remain positive on the Philippine equities space as mobility restrictions ease following the steep drop in COVID-19 cases. With expectations of further re-opening by the government and continued EPS recovery this year, upside risk remains should we see a reversal of foreign flows inward.
- The Fund gained 2.82% year-to-date, surpassing the benchmark (+1.82%) by 100 basis points due to the overweight in REITs and Equity.

**Disclaimer:** Sun Life Asset Management Company, Inc. (SLAMCI) makes no representation as to the accuracy or completeness of the information contained herein. The information contained in this presentation is for information purposes only. It is not intended to provide professional, investment, or any other type of advice or recommendation in relation to purchases or sales of securities whether or not they are related to SLAMCI; it does not constitute any guarantee of performance; and neither does it take into account the particular investment objectives, financial situation or needs of individual recipients. Any opinions or estimates herein reflect our judgment as at the date of this presentation and are subject to change at any time without notice. This material is a copyrighted work. You may not share, distribute, revise, transform, or build upon this material without prior written consent of, and proper attribution to Sun Life. All trademarks are the properties of their respective owners.



**From:** [ICTD Submission](#)  
**To:** [sunlife\\_sec\\_communications](#)  
**Subject:** Re: CGFD\_Sun Life Prosperity Dynamic Fund, Inc\_SEC Form 17-L\_10May2022  
**Date:** Tuesday, May 10, 2022 11:17:18 AM

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**CAUTION** This email originated from outside the organization. Please proceed only if you trust the sender.

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Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.  
(Subject to Verification and Review of the Quality of the Attached Document)  
Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at [www.sec.gov.ph](http://www.sec.gov.ph)

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## NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at

[ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph)

**Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over- the- counter.**

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC\_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

<https://apps010.sec.gov.ph>

**For your information and guidance.**

**Thank you and keep safe.**



### Certification

I, Sherwin S. Sampang, the Treasurer of Sun Life Prosperity Dynamic Fund, Inc., a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number CS201215846 and with principal office at Sun Life Center, 5th Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, on oath state:

- 1) That I have caused this SEC Form 17-L to be prepared on behalf of Sun Life Prosperity Dynamic Fund, Inc.;
- 2) That I have read and understood its contents which are true and correct based on my own personal knowledge and/or on authentic records;
- 3) That the company Sun Life Prosperity Dynamic Fund, Inc. will comply with the requirements set forth in SEC Notice dated 14 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
- 4) That I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of a filing fee; and
- 5) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of May, 2022.

Sherwin S. Sampang  
 Affiant

SUBSCRIBED AND SWORN to before me this MAY 06 2022 day of \_\_\_\_\_, 2022, in \_\_\_\_\_ **CITY OF MAKATI** City, Philippines. Affiant exhibiting his/her government issued identification card:

Name	Government ID No.	Date of Issue	Place of Issue
Sherwin S. Sampang	Passport ID No. P9427178A	06 Nov 2018	DFA NCR East

Doc. No. 319;  
 Page No. 35;  
 Book No. XIV;  
 Series of 2022.

**ATTY. GERVACIO B. ORTIZ JR.**  
 Notary Public City of Makati  
 Until December 31, 2022  
 IBP No. 05729-Lifetime Member  
 MCLE Compliance No. V1-0024312  
 Appointment No. M-82-(2021-2022)  
 PTR No. 8852511 Jan. 3, 2022  
 Makati City koll No. 40091  
 101 Urban Ave. Campos Rueda Bldg.  
 Brgy. Pio Del Pilar, Makati City

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-L**

**NOTIFICATION OF INABILITY TO FILE ALL OR  
ANY PORTION OF SEC FORM 17-A OR 17-Q**

**GENERAL INSTRUCTIONS**

1. This Form may be signed by an executive officer of the issuer or by any other duly authorized representative. The name and title of the person signing the form shall be typed or printed beneath the signature. If the statement is signed on behalf of the issuer by an authorized representative other than an executive officer, evidence of the representative's authority to sign on behalf of the issuer shall be filed with the Form.
2. One signed original and four conformed copies of this Form and attachments thereto must be completed and filed with the Commission and, where any class of the issuer's securities are listed on a Stock Exchange, one with that Stock Exchange, in accordance with SRC Rule 17-1. The information contained in or filed with the Form will be made a matter of the public record in the Commission's and the Exchange's files.
3. A manually signed copy of the Form and amendments thereto shall be filed with the Stock Exchange if any class of securities of the issuer is listed thereon.
4. One signed original and four conformed copies of amendments to the notifications must also be filed on SEC Form 17-L but need not restate information that has been correctly furnished. The Form shall be clearly identified as an amended notification.
5. If the deadline for filing SEC Form 17-A or 17-Q specified in paragraph 2(b)(ii) of SRC Rule 17-1 is not complied with, a fine will be imposed for each day thereafter that the Form is not filed.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR  
ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A [ ] Form 17-Q [  ]

Period-Ended Date of required filing March 31, 2022

Date of this report May 6, 2022

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates: SEC FORM 17-Q

1. SEC Identification Number CS201215846 2. BIR Tax Identification No. : 008-357-526-000

3. Sun Life Prosperity Dynamic Fund, Inc.  
Exact name of issuer as specified in its charter

4. Bonifacio Global City, Taguig City  
Province, country or other jurisdiction of incorporation

5. Industry Classification Code:  (SEC Use Only)

6. 8F Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City 1634

.....  
Address of principal office

.....  
Postal Code

7. (02) – 8555-8888  
Issuer's telephone number, including area code

8. N. A.  
Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

Yes [ ] No [ X ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

.....  
**Part I - Representations**

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [ ]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [ ✓ ]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

**Part II - Narrative**

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed.)

**The Company's SEC Form 17-Q for the quarter ending March 31, 2022 could not be completed and filed within the prescribed period. The Company has yet to complete the review of its financial statements and required notes disclosures. The Company undertakes to submit the report within five (5) calendar days after the prescribed deadline to the Securities and Exchange Commission.**

**Part III - Other Information**

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

**Sherwin S. Sampang  
Treasurer  
Sun Life Centre 5th Avenue cor Rizal Drive Bonifacio Global City, Taguig City 1634  
8555-8888**

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [ ✓ ] No [ ] Reports: .....

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [ ] No [ ✓ ]

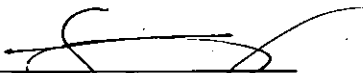
If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

**SIGNATURE**

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Sun Life Prosperity Dynamic Fund, Inc.**

Registrant's full name as contained in charter



**SHERWIN S. SAMPANG**  
Treasurer

Date: **May 6, 2022**

## MANAGEMENT REPORT

### a. **Management's Discussion and Analysis (MD&A) or Plan of Operation.**

#### CORPORATE INFORMATION

Sun Life Prosperity Dynamic Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 31, 2012. The Company is a registered open-end investment company under the Investment Company Act (Republic Act "R.A." No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). It is engaged in the sale of redeemable shares and investment of the proceeds in domestic equity securities and/or in government and corporate debt securities. The Company adopted a tactical asset allocation approach in order to have the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed. As an open-end investment company, its shares are redeemable anytime based on the Net Asset Value Per Share (NAVPS) at the time of redemption.

1. Plan of Operation. For the next twelve (12) months, management will continue its current plan of operation, with a focus on improving cost efficiency.

2. **Management's** Discussion and Analysis. The performance of the Company could be measured by the following indicators:

2.1 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 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 Company's shareholders.

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

2.3 Assets under Management (AUM). The assets under the Company's disposal. This measures the profitability of the Company (increase/decrease brought about by its operational income) as well as investor confidence (increase/decrease brought about by investor subscriptions/redemptions).

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

## FINANCIAL STATEMENT ANALYSIS

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

Material Changes in the 1<sup>st</sup> Quarter Financial Statements

Statement of Financial Position and Statements of Changes in Equity – March 31, 2022 vs. December 31, 2021

For the Period Ended	31-Mar-22	31-Dec-21	Movement	Percentage (%)	MDAS
	Unaudited	Audited			
Cash in banks	P 38,349,306	P 125,878,373	P (87,529,067)	-69.53%	Liquidity requirements were met.
Financial assets at fair value through profit or loss	1,190,059,659	1,222,549,561	(32,589,902)	-2.67%	The decrease was mainly due to net disposal of investments in listed equity securities and in fixed-income securities coupled with unrealized losses incurred during the period.
Accrued interest receivable	1,290,162	2,294,369	(1,004,207)	-43.77%	Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	2,730,307	472,629	2,257,678	477.68%	The collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividends were received.
Due from brokers	67,006,970	-	67,006,970	100.00%	This account refers to amounts receivable from brokers arising from the sale of investments processed on or before the reporting period, which are settled three days after the transaction date.
Prepayments and other current assets	176,369	10,993	165,376	1504.38%	This account pertains to prepaid expenses to be amortized until end of the accounting period and prepaid tax to be applied in the future income tax payable of the fund.
<b>Total Assets</b>	<b>1,299,612,773</b>	<b>1,351,305,925</b>	<b>(51,693,152)</b>	<b>-3.83%</b>	
Accrued expenses and other payables	1,668,981	7,120,561	(5,451,580)	-76.56%	The decrease was mainly due to lower outstanding payable to investors for redemption of their investments processed on or before end of the reporting period, which are usually settled four (4) days after the transaction date.
Due to brokers	11,231,036	26,924,204	(15,693,168)	-58.29%	This account pertains to amounts payable to brokers for the purchase of investments processed on or before the reporting period, which are settled three days after the transaction date.
Payable to fund manager	2,399,924	2,483,611	(83,687)	-3.37%	Decrease in average AUM during the period consequently decrease this account.
<b>Total Liabilities</b>	<b>15,299,941</b>	<b>36,528,376</b>	<b>(21,228,435)</b>	<b>-58.11%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,066,912	3,210,061,215	5,697	0.00%	
Retained earnings	67,781,948	59,521,034	8,160,914	13.69%	Net income for the period.
Treasury Shares	(2,028,605,698)	(1,989,974,370)	(38,631,328)	1.94%	Due to net acquisition of treasury shares during the period.
<b>Net Assets</b>	<b>1,284,312,832</b>	<b>1,314,777,549</b>	<b>(30,464,717)</b>	<b>-2.32%</b>	Net acquisition of treasury shares offset with net income earned for the period.
<b>Net Assets Value per Share</b>	<b>P 0.9450</b>	<b>P 0.9396</b>	<b>P 0.0054</b>	<b>0.58%</b>	



Material Changes in the 2021 Financial Statements

Statement of Financial Position and Statements of Changes in Equity – December 31, 2021 vs. December 31, 2020

For the Period Ended	31-Dec-21	31-Dec-20	Movement	Percentage (%)	MDAS
	Audited	Audited			
Cash and cash equivalents	P125,878,373	P 58,203,524	P 67,674,849	116.27%	Liquidity requirements are met.
Financial assets at fair value through profit or loss	1,222,649,561	1,297,034,921	(74,385,360)	-5.74%	The decrease was mainly due to net disposal of investments in listed equity securities and in fixed-income securities coupled with unrealized losses incurred during the period.
Accrued interest receivable	2,294,369	3,141,400	(847,031)	-26.96%	Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	472,629	851,547	(378,918)	-44.50%	The collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividends were received.
Prepayments and other current assets	10,993	11,454	(461)	-4.02%	This account pertains to prepaid tax to be applied in the future income tax payable of the fund.
<b>Total Assets</b>	<b>1,351,305,925</b>	<b>1,359,242,846</b>	<b>(7,936,921)</b>	<b>-0.58%</b>	
Accrued expenses and other payables	7,120,561	1,545,236	5,575,325	360.81%	The increase was due to settlement of outstanding proceeds payable to investors. These are amounts payable to investors for redemption of their investments processed on or before end of the reporting period, which are usually settled four (4) days after the transaction date.
Due to brokers	26,924,204	22,152,069	4,772,135	21.54%	This account refers to outstanding amounts payable to brokers in relation to purchase of investment in equity securities during the period, which are usually settled three (3) days after the transaction date.
Payable to Fund Manager	2,483,611	2,511,545		0.00%	The decrease was due to lower AUM for the month of December 2021 compared with the AUM of the same month in prior year
<b>Total Liabilities</b>	<b>36,528,376</b>	<b>26,208,850</b>	<b>10,347,460</b>	<b>39.48%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,061,215	3,210,216,567	(155,352)	0.01%	
Retained earnings	59,621,034	(10,064,538)	69,685,572	-692.39%	Net income for the year-ended December 31, 2021.
Treasury Shares	(1,989,974,370)	(1,902,187,703)	(87,786,667)	4.62%	The movement was due to acquisition of treasury shares during the year.
<b>Net Assets</b>	<b>P1,314,777,549</b>	<b>P1,333,033,996</b>	<b>P(18,256,447)</b>	<b>-1.37%</b>	Decrease in net assets was due to acquisition of treasury shares partly offset with net income during the period.
<b>Net Assets Value per Share</b>	<b>P 0.9396</b>	<b>P 0.8877</b>	<b>P 0.0519</b>	<b>5.85%</b>	

There were no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Company's liquidity in any material way.

There was no contingent liability reflected in the accompanying audited financial statements.

The Company does not anticipate having any cash flow or liquidity problems as it complies with the liquidity requirements per ICA-IRR 6.10. 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.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities/other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures, known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net income/revenue from the continuing operations of the Company.

There are no other significant events and transactions from the last annual reporting period that is required for disclosure this year.

Statement of Comprehensive Income for the Three months ended – 31 March 2022 vs. 31 March 2021

	31-Mar-22	31-Mar-21	Movement	Percentage (%)	MDAS
	Unaudited	Unaudited			
Investment Income	P 57,265,805	P 30,019,510	P 27,246,295	90.76%	The increase was due to realized trading gains from disposal of investments, higher dividend and interest income earned during the period.
Investment Expenses	3,047,486	1,172,372	1,875,114	159.94%	Higher commission expenses during the period. Dependent on the percentage of the amount of stock trading as sold and purchased for the period.
Operating Expenses	8,016,250	7,902,586	113,664	1.44%	The increase was mainly due to higher management fees brought by higher AUM for the period compared to the same quarter last year.
Net Unrealized Losses on Investments	(33,209,862)	(108,859,543)	75,649,681	-69.49%	The increase in unrealized losses is due to slight favorable market conditions of its investment during the period as compared to prior year in the same period.
Provision for Income Tax	4,831,293	1,891,820	2,939,473	155.38%	Final taxes of interest income earned from fixed income investments and corporate income tax for the period.
Net Investment Income (Loss)	8,160,914	(89,806,811)	97,967,725	109.09%	

Statement of Comprehensive Income for the Years ended – December 31, 2021 vs. December 31, 2020

For the Period Ended	31-Dec-21	31-Dec-20	Movement	Percentage (%)	MDAS
	Audited	Audited			
Investment Income	P145,071,558	P (98,827,069)	P 243,898,627	-246.79%	The increase was mainly due to realized trading gains from disposal of investments and higher dividend income earned which was partly offset with lower interest income earned during the period.
Investment Expenses	7,607,952	4,026,453	3,581,499	88.95%	Higher commission expenses during the period. Dependent on the percentage of the amount of stock trading as sold and purchased for the period.
Operating Expenses	31,828,314	31,339,022	489,292	1.56%	Higher management fees resulted from higher average AUM compared to same period last year.
Net Unrealized Gains (Losses) on Investments	(23,985,979)	6,611,763	(30,597,742)	-462.78%	Decrease due to lower fair market value of the investments in equity securities during the period.
Provision for Income Tax	11,963,741	7,570,868	4,392,873	58.02%	Final taxes of interest income earned from fixed income investment.
Net Investment Income (Loss)	P 69,685,572	P(135,151,649)	P204,837,221	-151.56%	

Average daily net asset value from January to March 2022 and January to March 2021 is PHP 1,303,901,226 and PHP 1,298,304,676, respectively.

Average daily net asset value in 2021 and 2020 are P 1,270,514,332 and P1,258,868,213, respectively.

The Company has no unusual nature of transactions or events that affect assets, liabilities, equity, net income or cash flows.

There were no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Fund which are not reflected in the accompanying audited financial statements. The management of the Company is of the opinion that there were no income or losses from these items that will have any material effect on its audited financial statements.

There were no known material events subsequent to the end of the quarterly reporting period that have not been reflected in the Fund's interim unaudited financial statements as at the period ended March 31, 2022.

There were no known material events subsequent to the end of the annual reporting period that have not been reflected in the Company's audited financial statements as at the period ended December 31, 2021.

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

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.

#### Top 5 Key Performance Indicators

The performance of a fund is important to its investors. Oftentimes, it is used when making investment decisions. That is why Key Performance Indicators (KPI), a set of quantifiable measures, is necessary to gauge its performance in terms of meeting the Fund's investment objective while consistently following its investment policy. The following are the top 5 KPIs related to the Fund:

1. Total Return. The performance of a mutual fund is always expressed in terms of its total return, which is the sum of the change in a fund's net asset value (NAV), its dividends and its capital gains distributions over a given period of time, net of its expenses.
2. Market Conditions. A fund's true performance potential needs to be evaluated within the context of the market environment prevailing during the different periods used.  
  
It is most relevant to investors to measure the performance of a fund within a 5-year time frame as it will most likely cover a mix of market conditions that may be translated into a more reliable long-term indicator of the fund manager's investment management abilities.
3. Benchmarks. Benchmarking is one of the most important aspects of a mutual fund's total return performance. A fund's performance metrics only have meaning if they are compared to appropriate or benchmarks.

As for the Fund, considering that it is invested in high-quality debt instruments issued by the Republic of the Philippines and prime Philippine companies, its performance is measured against 50% of the Philippine Stock Exchange Index (PSEi) + 50% Bloomberg Philippine Sovereign Bond Index (BPHILR Index).

The PSEi is the main index of the PSE and is the most watched index among the six PSEi Series. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE, thereby providing an overview of the market's overall condition.

The BPHILR Index was identified as a replicable benchmark that appropriately reflects the investor risk profile of the Sun Life Prosperity Dynamic Fund, Inc.

The following table shows how the Fund performed vis-a-vis the benchmark.

<b>Total Return vs Benchmark</b>		
	<b>Benchmark: 50% PSEi + 50% Bloomberg Philippine Sovereign Bond Index</b>	<b>Sun Life Prosperity Dynamic Fund, Inc.</b>
<b>5-Year Return</b>	11.68%	2.28%
<b>3-Year Return</b>	4.47%	-4.35%
<b>1-Year Return</b>	5.09%	14.19%
<b>YTD Return</b>	-0.84%	0.57%

\*As of March 31, 2022

The benchmark may be changed by the Fund's Board of Directors from time to time.

4. Peer Comparisons. Mutual funds are also compared to their peers, or peer groups, and relevant fund categories. For example, it is common for investment research materials to compare a balance fund, like the Fund, to funds similar in nature (peers or peer group). While this information is made available to the Fund's investors, the same may be found in the website of the PIFA at [www.pifa.com.ph](http://www.pifa.com.ph).

	<b>% of MF Industry</b>	<b>YTD</b>	<b>1-Year</b>	<b>3-Year</b>	<b>5-Year</b>
<b>First Metro Save and Learn Balanced Fund, Inc.</b>	0.27%	1.50%	8.51%	1.36%	8.45%
<b>Philam Fund, Inc.</b>	2.49%	0.41%	5.51%	0.18%	3.04%
<b>Sun Life Prosperity Balanced Fund, Inc.</b>	1.79%	0.47%	7.47%	-6.56%	0.14%
<b>Sun Life Prosperity Dynamic Fund, Inc.</b>	0.28%	0.57%	14.19%	-4.35%	2.28%

\*As of March 31, 2022

5. Asset Size. Open-ended mutual funds grow their asset size in two ways:
  - i. Increase in the value of the underlying assets as a result of the strong performance of equity securities and/or bonds in the fund's portfolio. When the underlying assets in a portfolio increase in value, the fund's asset size increases.
  - ii. The inflow of investors' money. This is why a fund's asset size will continue to grow even if it has a negative return.

The increase in a fund's asset size signifies solid fund management skills which, combined with favorable market conditions backed by a strong economic outlook, illustrates how effectively a fund manager has performed and the extent to which value has been added through active management.

The second indicates investor confidence in the fund manager, the Fund, or both.

Most analysts check whether the performance of a mutual fund is attributable to personnel who have since left the fund. While there is no magic number when it comes to fund manager tenure, it should provide some investor comfort to know that with respect to the Fund, the Fund Manager and the Fund's top management have been with the Fund for at least five (5) years. Furthermore, the company, having been in the business for decades combined with a record of consistent strong performance indicates a stability and resilience capable of withstanding the different stages of the business cycle.

3. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure. There have been no changes in and/or any disagreement with accountants on any accounting and financial disclosures and/or on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

b. **Registrant's Common Equity and Related Stockholder Matters**

1. Market Information. Being an investment company that is not listed with the PSE and required to follow rules specific to mutual funds, shares are distributed through its principal distributor, SLAMCI.

The Fund is not listed in the PSE. It is registered as an open-end investment company and follows rules specific to mutual funds. The NAVPS, or the price at which investors may purchase or sell shares of this Fund is available daily, on any business day.

The following table shows the ranges of high and low prices (NAVPS) of the Company's common shares for 2022, 2021 and 2020:

	2022		2021		2020	
	High	Low	High	Low	High	Low
Q1	P0.9739	P0.9114	P0.9066	P0.8206	P0.9754	P0.6595
Q2	-	-	P0.8928	P0.8062	P0.8459	P0.7265
Q3	-	-	P0.9139	P0.8277	P0.8351	P0.7789
Q4	-	-	P0.9588	P0.9085	P0.9047	P0.7872

2. Holders. There are approximately 4,998 stockholders as of 31 May 2022.

c. Dividends. Each shareholder has a right to any dividends declared by the Board of Directors. Dividends must be declared out of surplus. Except for the condition prescribed for the declaration of stock dividends, there are no restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future. The Company has not declared cash dividends to date.

Each shareholder is entitled to vote on matters taken up in the annual shareholders' meeting. Shares held by a shareholder can be redeemed anytime at the shareholder's discretion. However, the shareholders do not enjoy preemptive rights.

There are no provisions in the charter or by-laws that would delay, defer or prevent a change in control of the registrant.

d. Sale of Unregistered or Exempt Securities. There has been no sale of unregistered or exempt securities nor has there been a recent issuance of securities constituting an exempt transaction.

e. Top 20 Shareholders. Please refer to Item 4 (d) (2) of SEC Form Definitive 20-IS.

# COVER SHEET

**CS201215846**

S.E.C. Registration Number

SUNLIFE PROSPERITY DYNAMIC  
FUND INC.

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

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

**Merobhe T. Esmele**

Contact Person

**555-8888**

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

17-A

FORM TYPE

Month

Day

Annual Meeting

Mutual Fund Company

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

\_\_\_\_\_

LCU

Document I.D.

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Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SEC Number CS201215846

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

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

(Company's Full Name)

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

-----  
(Company's Address)

**8555-8888**

-----  
(Telephone No.)

**December 31**

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

**SEC FORM 17-A ANNUAL REPORT**

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Form Type

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Amendment Designation (If applicable)

**December 31, 2021**

-----  
Period Ended Date

**OPEN-END INVESTMENT COMPANY**

-----  
Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2021
2. SEC Identification Number CS201215846 3. BIR Tax Identification No. 008-357-526
4. Exact name of registrant as specified in its charter

Sun Life Prosperity Dynamic Fund, Inc.

5. Metro Manila, Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)  
Industry Classification Code:
7. Sun Life Centre, 5<sup>th</sup> Avenue cor. Rizal Drive, Bonifacio Global City, Taguig City 1634  
Address of principal office Postal Code

8. (02) 8555-8888  
Registrant's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2021)
<u>Common Shares, PHP0.01 Par Value</u>	<u>1,399,313,980 shares</u>

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

Yes  No

11. Check whether the registrant:

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

Yes  No

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

Yes  No



## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

The Sun Life Prosperity Dynamic Fund, Inc. (the "Fund") is a registered open-end investment company under the Investment Company Act (R.A. 2629) and the Securities Regulation Code (R.A. 8799). It was incorporated on August 31, 2012 under SEC Registration No. CS201215846.

Sun Life Asset Management Company, Inc. ("SLAMCI"), a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. ("SLOCPI"), acts as the Fund Manager and Principal Distributor. As of December 31, 2021, SLOCPI owns 32.29% of the Fund's net assets attributable to shareholders. For 2021, income of the Fund is composed of the following:

Trading Gains	81.86%
Dividend income	13.97%
Interest Income from Fixed-Income Securities	4.08%
Interest Income from Bank Deposits	0.08%

The Fund's investment objective is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Pesos. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed.

The Fund was incorporated on August 31, 2012 with 200,000,000 authorized shares at par value of P0.01 per share.

On October 10, 2012, the shareholders approved the blanket increase from 200,000,000 shares to 100,000,000,000 shares both with a par value of P0.01 per share. The Board was authorized to implement the increase in tranches.

On March 22, 2013, the Board of Directors approved the first tranche of share capital increase by 2,000,000,000 shares (from 200,000,000 shares to 2,200,000,000 shares both with par value of P0.01 per share). The SEC subsequently approved the increase on January 22, 2014 and the registration statement on July 3, 2014.

Deposits for future stock subscriptions received in cash amounting to P500,000,000 equivalent to 500,000,000 shares from investors in 2013 for the increase in authorized capital stock is recognized in equity since the Fund has met all of the conditions required for such recognition.

On August 6, 2013, the Board of Directors approved the second tranche of share capital increase by 3,000,000,000 shares (from 2,200,000,000 shares to 5,200,000,000 shares both with par value of P0.01 per share) which was subsequently approved by the SEC on December 23, 2014. On July 13, 2015, the registration statement was approved by the SEC.

As at December 31, 2021, the Fund has 1,399,313,980 issued and outstanding shares out of the 5,200,000,000 ACS with a par value of P0.01 per share.

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

The Fund is part of the sixteen (16) Sun Life Prosperity Funds which offer excellent value to investors as a result of SLAMCI's collective experience in fund management, strong investment philosophy, remarkable investment performance and strong organizational structure. However, it should be noted that past performance of any fund manager is no guarantee of future results. It is only an indication of their capabilities to deal with rapid changes in the economy and market conditions in the future.

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

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost. The first adoption of PAS 32 and PAS 39 in the 2006 audited financial statements resulted in the classification of investments in fixed income securities other than corporate loans as “financial assets at fair value through profit and loss” and its measurement at fair value with the fair value changes reflected in the statements of comprehensive income. Fair value changes therefore affect the ratios related to the Fund’s total comprehensive income. The change to marked-to-market thus provides equitable treatment between investors coming in and out of the Fund. The adoption of PFRS 9 in 2018 did not affect the valuation and accounting of financial assets.

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

The Fund participates in the mutual funds sector which is a sub-sector of the financial services industry. There are no national geographical boundaries as the nature of the industry and prevailing technology make it possible for the various players to offer their services to almost any place in the country.

There are potential advantages in investing in mutual funds; corollary, there are also attendant risks. Below is a summary of some of the risks and their potential effect on the investor:

**Market Risk:** Market risk is the risk of possible decline in the value of the Fund due to fluctuations in prices of the fund’s assets. Since the Fund may invest in both equity and fixed income securities, it is subject to two types of market risks: (1) Interest Rate Risk applicable to fixed income investments of the Fund; and (2) Equity Price Risk applicable to the equity investments of the Fund.

- **Interest Rate Risk:** Interest Rate Risk is a type of Market Risk which is applicable to the Fund’s investments in bonds, if any. This refers to the increase/decrease of a bond price due to movement in market factors such as changes in interest rates. A change in interest rates is the period when interest rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.
- **Equity Price Risk:** For equity investments, changes in prices of equity refer to the equity investments held by the Fund either for strategic or trading purposes. These equity investments, if any, are subject to the daily price fluctuations, as determined by market forces. Hence, prices may vary as a result of the general economic and political conditions, as well as developments in the company’s operations and overall profitability. To manage this risk, the equity investments included in the Fund’s portfolio are carefully selected based on their fundamental soundness.

**Credit Risk:** Investments in bonds carry the risk that the issuer of the bonds might default on its interest and/or principal payments. In the event of default, the Fund’s value will be adversely affected and may result in a write-off of the concerned asset held by the Fund. To mitigate the risk, each Issuer/Borrower/Counterparty passes through a stringent credit evaluation process to determine whether the quality of the bond complies with the prescribed standards of the Fund.

Further, the credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 10% exposure limit to a single Issuer/Borrower/Counterparty is likewise observed. It is good to note, however, that the Fund's government securities holdings are considered almost credit risk-free assets as they carry an unconditional guarantee of the Republic of the Philippines.

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

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

**Regulatory Risk:** The Fund's investments and operations are subject to various regulations affecting among others, accounting and taxation. These regulations occasionally change, and may result in lower returns or even losses borne by the investors. For example, a higher tax imposed on the sale or purchase of underlying assets of the Fund may result in lower net asset value of the Fund. To mitigate this risk, SLAMCI adopts global best practices. Further, it maintains regular communications with the relevant government agencies to keep itself abreast of the issues giving them concern, and to have the opportunity to help them set standards for good governance. SLAMCI also takes an active participation in the Philippine Investment Funds Association, Inc. ("PIFA"), an association of mutual fund companies in the Philippines.

**Non-guarantee:** Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation ("PDIC"). Hence, investors carry the risk of losing the value of their investment. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.

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

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

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

**Operational Risk:** This is the risk of loss resulting from inadequate or failed internal processes, controls, people and systems. Categories of operational risks may fall under: sales and distribution, human resources, information technology, processes and people, accounting and finance, model risk, legal and regulatory and third party relationships. The Fund ensures that internal controls and practices are consistent with enterprise wide policies supporting the management of operational risks. The Fund has established business specific guidelines. Comprehensive investment program, including appropriate levels of self-insurance, is maintained to provide protection against potential losses.

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:** The investment objective of the Fund is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted shift in allocation between equities and fixed-income assets when needed. Considering the nature of these investments, the Fund is for retail and corporate clients and is classified as a growth investment.

**Item 2. Properties**

The Fund has financial assets in the form of cash and fixed income securities, with additional equity stock securities. As prescribed by SEC Rules, all of its assets are held by its custodian bank, Citibank, N.A..

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

**Item 3. Legal Proceedings**

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

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

The Fund held its Annual Stockholders’ Meeting on 14 July 2021 and the continuation thereof on 10 September 2021. Due to the failure to meet the required quorum of at least 2/3 of the outstanding capital stock, the Amendment of Article VI of the Articles of Incorporation to increase the number of directors to six (6) was not approved. The Fund was likewise not able to meet the quorum of a majority of the outstanding capital stock, thus the following will serve as members of the Board of Directors in a holdover capacity for the term 2021-2022, as follows: Benedicto C. Sison, Ma. Josefina A. Castillo, Oscar S. Reyes (independent), Oscar M. Orbos (independent) and Aleli Angela G. Quirino (independent).

**PART II - OPERATIONAL AND FINANCIAL INFORMATION**

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

**1. Market Information**

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

The following table shows the ranges of high and low prices (NAVPS) of the Fund’s common shares for each quarter within the last two calendar years:

	2021		2020	
	High	Low	High	Low
Q1	0.9066	0.8206	0.9754	0.6595
Q2	0.8928	0.8062	0.8459	0.7265
Q3	0.9139	0.8277	0.8351	0.7789
Q4	0.9085	0.9085	0.9047	0.7872

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

Below table shows the investment company return information of the Fund in the last five (5) recently completed fiscal years:

Year on year yield (1-year)	5.8346%
3 Year - Simple	1.9310%
5Year - Simple	4.8310%

## 2. Holders

The Fund has 4,995 shareholders as of December 31, 2021.

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

The following table shows the number of institutional and retail investors and the percentage of their investments, and the geographic concentration of investments as of December 31, 2021.

% Ownership of Institutional Investors	% Ownership of Retail Investors
43.40%	56.60%

Area	Percentage of Investments
LUZON	94%
VISAYAS	4%
MINDANAO	2%
TOTAL	100%

## 3. Dividends

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

The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital expenditure, financial condition, and other factors. The existence of surplus profit arising from the operation of the Fund is needed before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration.

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

Under the Revised Corporation Code, Corporations with surplus profit in excess of 100% of its paid-in capital stock are required to declare dividends (cash or stock) and distribute it to its stockholders. Dividends so declared will be automatically reinvested in additional shares on behalf of the shareholders, without sales charges, at the NAVPS on the payment date established for such dividends. Shareholders may also elect not to have dividends reinvested and receive payment in cash, net of tax.

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

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

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

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

#### Financial assets

##### Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Fund commits to purchase or sell the asset.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL.

##### Classification and subsequent measurement

The Fund classifies its financial assets in the following measurement categories:

- FVTPL,
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost

As at December 31, 2021 and 2020, the Fund does not have financial assets classified as FVTOCI.

Classification of financial assets will be driven by the entity's business model for managing the financial assets and the contractual cash flows of the financial assets.

A financial asset is to be measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument represent solely payment of principal and interest (SPPI).

All other debt and equity instruments must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of comprehensive income, except for equity investments that are not held for trading, which may be recorded in the statement of comprehensive income or in reserves (without subsequent recycling to profit or loss).

## Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Fund classifies its debt instruments:

- Amortized cost. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- FVTPL. Assets that do not meet the criteria for amortized cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within other gains/(losses) in period in which it arises. Interest income from these financial assets is included in finance income.

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

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

### *Amortized cost and effective interest method*

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

For financial instruments other than purchased or originated credit-impaired (POCI) financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

#### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Fund subsequently measures all equity investments at FVTPL, except where the Fund's Management has elected, at initial recognition, to irrevocably designate an equity instrument at FVTOCI. The Fund's policy is to designate equity investments as FVTOCI when those investments are held for the purposes other than to generate investment returns. When the election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Fund's right to receive payment is established.

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

## **FINANCIAL MARKETS REVIEW (2021)**

### **INVESTMENT APPROACH**

The Fund is designed to provide optimum returns consisting of current income and capital growth through investment in a mix of high quality fixed-income and equity instruments from domestic and foreign issuers. Depending on the state of various world economies and markets, the Fund may invest in non-Philippine investment grade issues. The fund ended the year with an equity exposure of 67.23% while 32.77% was in cash and fixed income securities.

### **PERFORMANCE REVIEW**

#### Equity Portion

While the PSEi's performance in 2021 was relatively flat (closing the year out at 7122.63, a mere 0.24% lower than the previous year's close), the year was far from uneventful. For one, the Philippine market saw record capital raising activity with 8 IPOs, 11 follow on offerings, and 4 stock rights offerings. This included including country's largest IPO in history, Monde Nissin's Php 48.6 billion public offer. The PSEi also saw 3 new constituents, AC Energy, Converge ICT, and Wilcon Depot, a testament to the quality and increasing level of interest in relatively new listings.

General market movement for the year was still dominated by COVID-19 related events. In the first quarter, COVID-19's 2<sup>nd</sup> wave post the 2020 holiday season lead to the reinstatement of an Enhanced Community Quarantine, causing a sell off to the year's lows in May. Market forces turned more positive as soon as vaccine supply and inoculation rates ramped up in June, prompting a strong rally from 6,200 to 7,000; however, the Delta-variant-induced 3<sup>rd</sup> wave in July all but erased those gains. August through November saw a strong rally to 7,400 as vaccinations hit the government's target rate of 500k/day and



daily COVID-19 cases fell dramatically. However, concern over the emerging Omicron variant in December again caused some volatility during the last few weeks of the year.

Apart from COVID-19, two other investment themes became apparent in 2021: (1) the emergence of REITs and (2) the market's appreciation of the potential value of e-wallets/fintech. The steep rise REIT popularity came as no surprise amid the volatility in 2021. Investors were particularly attracted to REITs' lower correlation to the general market, stable dividend payments, attractive dividend yields, and potential for asset appreciation. E-wallets on the other hand were direct beneficiaries of the pandemic as it accelerated the adaption and integration of e-commerce in everyday consumer behavior. In 2021 REITs outperformed the PSEi anywhere from 5% to 66% while telcos (the operators the country's two largest of e-wallets) outperformed by 35% to 64% on on price movement alone.

Corporate earnings of PSEi constituents saw a strong rebound in 2021 following the sharp 41% contraction FY2020 due to COVID-19 restrictions. As of 9-months 2021, aggregate earnings have risen 50% from their 2020 levels as the easing mobility restrictions and pent-up consumer demand supported revenue recovery. The sharpest rebounds were seen in the consumer sector as 2020's losses moved back in the black, followed by conglomerates (+92%), Transport (+68%), and Utilities (+54%).

#### Fixed Income Portion

Peso bond yields rose as much as 150 to 200 basis points over the year in response to rising global yields as well as more local lockdowns amidst surging COVID-19 cases. Despite continued support from the Bangko Sentral ng Pilipinas, the extreme rise in global yields was hard for local markets to ignore. Higher-than-expected inflation numbers also contributed to the decline in fixed income assets, though this started to moderate in the latter half of the year. Bond supply issues also plagued the local market, as the Bureau of Treasury continued to borrow heavily from the public due to the additional lockdowns implemented and the country's slow start towards mass inoculation.

For the year, the Fund posted an 5.83% y-o-y increase in its NAVPS to PHP0. 9396/share.

## **OUTLOOK**

#### Equity portion

Local equities are poised to recover in 2022 as mobility restrictions due to COVID-19 pandemic continues to loosen. However, rising inflation due to higher crude oil prices caused by the geopolitical tension between Russia and Ukraine may provide volatility in the near-term. Our in-house PSEi forecast is at 7,900 assuming an earnings growth of 32% and translating to a price-earnings multiple of 18x, slightly lower than the 5-year average of 18.5x. With this backdrop, we prefer companies that may benefit from further reopening of the economy like banks and property and select names in the other sectors that are showing strong earnings momentum or attractive valuation.

#### Fixed income portion

The Bangko Sentral ng Pilipinas is likely to remain accommodative for the first half of 2022 as the local economy gets back on its feet following the increase in COVID-19 vaccination and more relaxed quarantine restrictions. Accruals rather than capital gains will likely be the main driver for any returns in 2022.

## FINANCIAL STATEMENTS ANALYSIS

### Material Changes in the 2021 Financial Statements

#### Statement of Financial Position and Statements of Changes in Equity – 31 December 2021 and 31 December 2020

For the Period Ended	31-Dec-21	31-Dec-20	Movement	Percentage (%)	MDAS
	Audited	Audited			
Cash and cash equivalents	P125,878,373	P 58,203,524	P 67,674,849	116.27%	Liquidity requirements are met.
Financial assets at fair value through profit or loss	1,222,649,561	1,297,034,921	(74,385,360)	-5.74%	The decrease was mainly due to net disposal of investments in listed equity securities and in fixed-income securities coupled with unrealized losses incurred during the period.
Accrued interest receivable	2,294,369	3,141,400	(847,031)	-26.96%	Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	472,629	851,547	(378,918)	-44.50%	The collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividends were received.
Prepayments and other current assets	10,993	11,454	(461)	-4.02%	This account pertains to prepaid tax to be applied in the future income tax payable of the fund.
<b>Total Assets</b>	<b>1,351,305,925</b>	<b>1,359,242,846</b>	<b>(7,936,921)</b>	<b>-0.58%</b>	
Accrued expenses and other payables	7,120,561	1,545,236	5,575,325	360.81%	The increase was due to settlement of outstanding proceeds payable to investors. These are amounts payable to investors for redemption of their investments processed on or before end of the reporting period, which are usually settled four (4) days after the transaction date.
Due to brokers	26,924,204	22,152,069	4,772,135	21.54%	This account refers to outstanding amounts payable to brokers in relation to purchase of investment in equity securities during the period, which are usually settled three (3) days after the transaction date.
Payable to Fund Manager	2,483,611	2,511,545		0.00%	The decrease was due to lower AUM for the month of December 2021 compared with the AUM of the same month in prior year
<b>Total Liabilities</b>	<b>36,528,376</b>	<b>26,208,850</b>	<b>10,347,460</b>	<b>39.48%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,061,215	3,210,216,567	(155,352)	0.01%	
Retained earnings	59,621,034	(10,064,538)	69,685,572	-692.39%	Net income for the year-ended December 31, 2021.
Treasury Shares	(1,989,974,370)	(1,902,187,703)	(87,786,667)	4.62%	The movement was due to acquisition of treasury shares during the year.
<b>Net Assets</b>	<b>P1,314,777,549</b>	<b>P1,333,033,996</b>	<b>P(18,256,447)</b>	<b>-1.37%</b>	Decrease in net assets was due to acquisition of treasury shares partly offset with net income during the period.
<b>Net Assets Value per Share</b>	<b>P 0.9396</b>	<b>P 0.8877</b>	<b>P 0.0519</b>	<b>5.85%</b>	

There were no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Fund's liquidity in any material way.

There was no contingent liability reflected in the accompanying audited financial statements.

The Fund does not anticipate having any cash flow or liquidity problems as it complies with the liquidity requirements per ICA-IRR 6.10. The Fund 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.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Fund with unconsolidated entities/other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures, known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net income/revenue from the continuing operations of the Fund.

There are no other significant events and transactions from the last annual reporting period that is required for disclosure this year.

**Statement of Comprehensive Income for the Years Ended – 31 December 2021 and 31 December 2020**

For the Period Ended	31-Dec-21	31-Dec-20	Movement	Percentage (%)	MDAS
	Audited	Audited			
Investment Income	P145,071,558	P (98,827,069)	P 243,898,627	-246.79%	The increase was mainly due to realized trading gains from disposal of investments and higher dividend income earned which was partly offset with lower interest income earned during the period.
Investment Expenses	7,607,952	4,026,453	3,581,499	88.95%	Higher commission expenses during the period. Dependent on the percentage of the amount of stock trading as sold and purchased for the period.
Operating Expenses	31,828,314	31,339,022	489,292	1.56%	Higher management fees resulted from higher average AUM compared to same period last year.
Net Unrealized Gains (Losses) on Investments	(23,985,979)	6,611,763	(30,597,742)	-462.78%	Decrease due to lower fair market value of the investments in equity securities during the period.
Provision for Income Tax	11,963,741	7,570,868	4,392,873	58.02%	Final taxes of interest income earned from fixed income investment.
Net Investment Income (Loss)	<b>P 69,685,572</b>	<b>P(135,151,649)</b>	<b>P204,837,221</b>	<b>-151.56%</b>	

Average daily net asset value in 2021 and 2020 is P1,270,363,225 and P1,258,868,213, respectively.

The Fund has no unusual nature of transactions or events that affect assets, liabilities, equity, net income or cash flows.

There were no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Fund which are not reflected in the accompanying audited financial statements. The management of the Fund is of the opinion that there were no income or losses from these items that will have any material effect on its audited financial statements.

There were no known material events subsequent to the end of the annual reporting period that have not been reflected in the Fund's audited financial statements as at the period ended December 31, 2021. There were no significant elements of income or loss that did not arise from the Fund's continuing operations.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Fund.

The Fund is governed by the following fundamental investment policies:

1. The Fund shall not issue senior securities.
2. The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).
3. The Fund shall not participate in any underwriting or selling group in connection with the public distribution of securities, except its own capital stock.
4. The Fund will generally maintain a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
5. The Fund shall 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.
6. The Fund shall not purchase or sell commodity futures contracts.
7. The proportion of the Fund's assets that shall be invested in each type of security shall be determined from time to time, as warranted by economic and investment conditions.
8. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions.
9. The Fund may use various techniques to hedge investment risks.
10. The Fund will not change its investment objectives without the prior approval of a majority of its shareholders.

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

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

1. Statements of Financial Position, 2021, 2020
2. Statements of Comprehensive Income, 2021, 2020, 2019
3. Statements of Changes in Equity, 2021, 2020, 2019
4. Statements of Cash Flows, 2021, 2020, 2019
5. Notes to Financial Statements

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

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

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

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

For 2021 and 2020, aggregate fees billed for professional services rendered by the external auditor for the audit of the Fund's annual financial statements and services normally provided by external auditors in connection with statutory and regulatory filings amounted to P168,484 and P165,892 respectively, inclusive of VAT and out-of-pocket expenses.

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

The Fund’s Board of Directors has an Audit and Compliance Committee, which is composed of Mr. Oscar Reyes (independent director) as Chairman, and Atty. Aleli Angela G. Quirino (independent director), and Atty. Oscar M. Orbos (independent director) as members. The Audit and Compliance Committee has considered and endorsed for the approval of the Board of Directors the external auditor’s service fees, which were so approved.

**PART III - CONTROL AND COMPENSATION INFORMATION**

**Item 9. Directors and Executive Officers**

**1. Directors and Executive Officers**

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

The following are the incumbent Directors and Executive Officers of the Fund:

<b>Name</b>	<b>Citizenship</b>	<b>Position</b>	<b>Age</b>	<b>Term of Office</b>	<b>Period Served</b>
Benedicto C. Sison	Filipino and American	Director/President Director/Chairman	61	2015 - June 2018 July 2018 - present	4 terms 4 terms
Valerie N. Pama	Filipino	Director/ President	58	March 2022 – present	
Aleli Angela G. Quirino	Filipino	Independent Director	77	2012 to present	10 terms
Oscar S. Reyes	Filipino	Independent Director	75	2012 to present	10 terms
Cesar Luis F. Bate	Filipino	Independent Director	61	November 2021 – present	
Sherwin S. Sampang	Filipino	Treasurer	42	November 2021 – present	
Jemilyn S. Camania	Filipino	Compliance Officer	46	April 2020 – present	2 terms
Anna Katrina C. Kabigting-Ibero	Filipino	Corporate Secretary	42	April 2020 – present	2 terms
Frances Ianna S. Canto	Filipino	Assistant Corporate Secretary	33	September 2020 – present	2 terms
Ria V. Mercado	Filipino	Risk Officer	46	2015-present	7 terms

A brief write-up on the business experience of the incumbent directors and executive officers of the Fund follows:

**BENEDICTO C. SISON**

Chairman (2018 to present)  
Director (2015 to 2018)

Mr. Benedicto C. Sison is the CEO and Country Head of the Sun Life group of companies in the Philippines from 01 July 2018. He is also the President of Sun Life Financial Philippine Holding Company, Inc. (December 2015 to present) and serves as the Director and Chairman of the seventeen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., (September 2015 to present), Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc. (2017 to present), Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund

2048, Inc. (2018 to present), and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022). He is also the Director and Chairman of the Grepalife Funds such as Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation (September 2015 to present). He is the Vice President of Sun Life Financial – Philippines Foundation, Inc., (September 2015 to present) where he also served as Trustee (September 2010 to September 2013). He is currently a Senior Advisor to the Board of Trustees of the Philippine Investment Funds Association (PIFA) and Treasurer of the Philippine Life Insurance Association (PLIA).

Prior to his current role, Mr. Sison served as the Chief Strategy and Financial Management Officer of Sun Life of Canada (Philippines), Inc. (April 2015 to 2018). He also served as Chief Financial Officer of Sun Life Financial Asia (November 2012 to March 2015), Director of Sun Life Hong Kong Limited (December 4, 2012 to May 14, 2015), Commissioner of PT. Sun Life Indonesia Services (February 21, 2013 to July 5, 2013) and Commissioner of PT. Sun Life Indonesia (April 19, 2013 to April 23, 2015). He was also the Director/CFO and Treasurer of Sun Life Financial Philippine Holding Company, Inc. (September 2010 to December 2013), CFO and Treasurer of Sun Life Financial Plans, Inc. (September 2010 to December 2013), Director of Great Life Financial Assurance Corporation (July 2012 to September 2013) and Chief Financial Officer and Treasurer of Sun Life Asset Management Company, Inc. (September 2010 to June 2013) and Sun Life of Canada (Philippines), Inc. (September 2010 to October 2012). He also served as the Finance Director – Asia Pacific of Con-Agra International Food Group (September 2006 to August 2010).

He brings to the job a wealth of international finance experience gained primarily from ConAgra Foods, Inc., a multi-billion dollar global consumer products company. He held various positions with increasing responsibility in the areas of audit, financial control, planning and management in ConAgra's US, India and Asia-Pacific Operations. He was the Finance Director for the Asia Pacific Region, based in China, prior to joining Sun Life. Benedict also worked in the academe as well as in the aerospace, defense and public transit industries in the USA.

Mr. Sison is a Magna Cum Laude graduate of BS Business Administration from the University of the Philippines (1983). He earned his Master's degree in Business Administration, Major in Finance/Accounting (1988) from the Graduate School of Management of the University of California Riverside. He is a Certified Public Accountant (CPA) and is a member of the American Institute of CPAs.

**VALERIE N. PAMA**

President / Director (March 2022 – present)

Ms. Valerie N. Pama is currently the Chief Asset Management Officer (“CAMO”) of Sun Life of Canada (Philippines), Inc. Since November 1, 2019, Ms. Pama, in her capacity as CAMO, has been responsible for the expansion and development of the various initiatives to drive the profitability and growth of Sun Life's overall asset management business providing strategic direction and development of long-term plans and policies.

Currently, Ms. Pama is a Member and Trustee of Sun Life Financial-Philippines Foundation, Inc. (October 2020 to present), Member and Trustee of Filipina CEO Circle (2015 and 2018, respectively to present), Member of Management Association of the Philippines (2015 to present) and Financial Executives of the Philippines (2013 to present).

Ms. Pama is also the Chairman and Director of Grepalife Asset Management Corporation (December 2021 to present). She is the President and Director of seventeen (17) Sun Life Prosperity Funds, i.e. Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life of Canada Prosperity Bond, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life

Prosperity Achiever Fund 2048, Inc., and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (March 2022 to present). She is also the Director of BESTSERVE Financial Ltd. (HKG) (January 2021 to present)

Ms. Pama was previously the Director and President of Sun Life Investment Management and Trust Corporation (September 2020 to June 2021), responsible for its establishment and preparations for operations.

She also served as the Chief Operating Officer of SLAMCI (2011 to 2012) before being appointed as its President in 2013. With over seven years as President of SLAMCI, Ms. Pama has made tremendous contributions by leading it into becoming the number one non-bank asset management company. Under her vision and leadership, the company achieved great milestones: growing from three (3) mutual funds to sixteen (16) mutual funds to over Php100 Billion in Assets Under Management (AUM), launch of the Sun Life Prosperity Card, expanding the sales force into having the most number of Mutual Fund-licensed advisors in the industry and garnering numerous awards from the Philippine Investment Funds Association (PIFA). Another noteworthy recognition for SLAMCI under her management was being named the best asset management company for the Philippines from Euromoney's 2018 Private Banking and Wealth Management survey.

Ms. Pama is a veteran banker, having been in the industry for 20 years. She started her career with Citibank N.A. in 1990 as a Management Associate, wherein she obtained exposure in various segments of the business, assuming progressively senior roles over the years. She had worked in treasury/capital markets, loans, equity sales, customer funding sales, brokerage and money market sales. By the time she retired from Citibank N.A. in 2009, Ms. Pama was the President of Citicorp Financial Services and Insurance Brokerage Inc.

Prior to joining Sun Life, Ms. Pama was a Product Development consultant for ING Bank's Investment Management Group.

Ms. Pama was a member of the Board of Trustees of the Philippine Investment Funds Association (PIFA) from 2011 to 2020 and served as its Chairman from 2013 to 2015. This enabled her to represent the mutual fund industry in advocating investor literacy, customer protection and regulatory advancements to government agencies, key market players and the general public.

Ms. Pama is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering. She obtained her Masters in Business Administration in International Business and Finance, with a minor in Business Economics from Katholieke Universiteit Leuven in Belgium. She was awarded With Distinction by the university for her exemplary academic performance on her final year.

**ALELI ANGELA G. QUIRINO**

Independent Director (2012 to present)

Atty. Aleli Angela G. Quirino, is an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc. (2010 to present); Sun Life Prosperity GS Fund, Inc.; Sun Life Prosperity Philippine Stock Index Fund, Inc.; Sun Life Prosperity Dollar Wellspring Fund, Inc.; Sun Life Prosperity World Voyager Fund, Inc.; Sun Life Prosperity Dynamic Fund, Inc.; Sun Life Prosperity Dollar Starter Fund, Inc.; Sun Life Prosperity Achiever Fund 2028, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; Sun Life Prosperity Achiever Fund 2048, Inc.; and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (July 2021). She is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation ("Grepalife Funds") (2011 to present).

Atty. Quirino is currently an Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law). She also serves as Director of ELC Beauty, Inc./Estee Lauder Phils. (2002 to present), among others. She also serves as a Director of Neo Pacific Property Management Corporation (2007 to present). She is the Vice-Chairman (2015 – present) of the Board of Trustees and Immediate Past President (2009 to 2015) of the Ateneo de Manila Law Alumni Association, Inc., and is a Trustee and

Corporate Secretary of the Assumption College, Inc. (1996 to present). She is an Advisory Council Member (2012-present) and Vice-President for AIPPI of the Intellectual Property Association of the Philippines, Inc. (2012 to present). She is the Trustee-Treasurer (1998 to present) of the Intellectual Property Foundation, Inc. She is a Philippine Councillor of the Asian Patent Attorney Association (2004 to present). She is also the Immediate Past President of the ASEAN Intellectual Property Association (2017-2019) and the ASEAN Philippine Intellectual Property Association, Inc. (2015 to 2017). She is an EXCO member of the Association Internationale de la Propriete Intellectuelle (2004 to present).

Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.

**OSCAR S. REYES**

Independent Director (2012 to present)

Atty. Aleli Angela G. Quirino, is an Independent Director of Sun Life of Canada Prosperity Balanced Fund, Inc. (2010 to present); Sun Life Prosperity GS Fund, Inc.; Sun Life Prosperity Philippine Stock Index Fund, Inc.; Sun Life Prosperity Dollar Wellspring Fund, Inc.; Sun Life Prosperity World Voyager Fund, Inc.; Sun Life Prosperity Dynamic Fund, Inc.; Sun Life Prosperity Dollar Starter Fund, Inc.; Sun Life Prosperity Achiever Fund 2028, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; Sun Life Prosperity Achiever Fund 2048, Inc.; and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (July 2021). She is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation (“Grepalife Funds”) (2011 to present).

Atty. Quirino is currently an Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law). She also serves as Director of ELC Beauty, Inc./Estee Lauder Phils. (2002 to present), among others. She also serves as a Director of Neo Pacific Property Management Corporation (2007 to present). She is the Vice-Chairman (2015 – present) of the Board of Trustees and Immediate Past President (2009 to 2015) of the Ateneo de Manila Law Alumni Association, Inc., and is a Trustee and Corporate Secretary of the Assumption College, Inc. (1996 to present). She is an Advisory Council Member (2012-present) and Vice-President for AIPPI of the Intellectual Property Association of the Philippines, Inc. (2012 to present). She is the Trustee-Treasurer (1998 to present) of the Intellectual Property Foundation, Inc. She is a Philippine Councillor of the Asian Patent Attorney Association (2004 to present). She is also the Immediate Past President of the ASEAN Intellectual Property Association (2017-2019) and the ASEAN Philippine Intellectual Property Association, Inc. (2015 to 2017). She is an EXCO member of the Association Internationale de la Propriete Intellectuelle (2004 to present).

Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.

**CESAR LUIS F. BATE**

Independent Director (November 2021 to present)

Mr. Cesar Luis F. Bate is an Independent Director of twelve (12) Sun Life Prosperity Funds namely: Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., and Sun Life Prosperity Achiever Fund 2028, Inc.

Currently, Mr. Bate is the Managing Director of LMN Advisors/Partners Inc. (“LMN”). He established the consultancy firm LMN in October 2006 after being a stockbroker for 20 years. Prior to LMN, Mr. Bate was head of the Philippine operations of Macquarie Securities Philippines from 2004 to 2006. From 1995 to 2004, he was President of Dutch-owned ING Securities Philippines which was the country's largest stock brokerage house for years under his ten-year tenure. Mr. Bate started his career as a



stockbroker with the local house A&A Securities in 1987 and joined British-owned Baring Securities as Head of Philippine sales in 1992.

Bate is a registered and authorized salesman of A&A Securities, Inc. He is an Independent Director of RM Commercial REIT, Inc. (2021 to present) and Director of Acacia Lane, Inc. (1980 to present). He was also a Member of the Board of Trustees of Jose Rizal University (2007 to 2016).

Mr. Bate graduated with a Bachelor of Science in Management Engineering from Ateneo de Manila University in 1984.

**SHERWIN S. SAMPANG**

Treasurer (November 2021 – present)

Mr. Sherwin S. Sampang is the Treasurer of the Sun Life Prosperity Funds, i.e., the Sun Life Prosperity Dollar Abundance Fund, Inc.; Sun Life Prosperity Dollar Advantage Fund, Inc.; Sun Life of Canada Prosperity Balanced Fund, Inc.; Sun Life of Canada Prosperity Bond Fund, Inc.; Sun Life Prosperity Dynamic Fund, Inc.; Sun Life of Canada Prosperity Philippine Equity Fund, Inc.; Sun Life Prosperity GS Fund, Inc.; Sun Life Prosperity Peso Starter Fund, Inc.; Sun Life Prosperity Philippine Stock Index Fund, Inc.; Sun Life Prosperity Dollar Wellspring Fund, Inc.; Sun Life Prosperity World Voyager Fund, Inc.; Sun Life Prosperity Dollar Starter Fund, Inc.; Sun Life Prosperity World Equity Index Feeder Fund, Inc.; Sun Life Prosperity Achiever Fund 2028, Inc.; Sun Life Prosperity Achiever Fund 2038, Inc.; and Sun Life Prosperity Achiever Fund 2048, Inc.

Mr. Sherwin S. Sampang is Sun Life Philippines' Head of Financial Planning & Analysis (October 2021 to present). Concurrently, Mr. Sampang is the Treasurer of Sun Life Financial Plans, Inc. (October 2017 to present). He joined Sun Life as Head of Finance Systems, Processes and Internal Controls (September 2016 to October 2018). He later assumed the role of Head of Accounting and Controllershship (November 2018 to September 2021).

Mr. Sampang has over 20 years of local and international experience in Finance and Audit. Prior to joining Sun Life, he was the Head of Finance of QBE Seaboard Insurance Philippines, Inc. His experience includes financial management leadership covering financial reporting, budgeting, forecasting, strategic planning, cost management, business process re-engineering, taxation and treasury. Prior to QBE Seaboard, he was a Director in the assurance practice of PwC Philippines and has acquired extensive international exposure from his 18-month secondment with Deloitte in Boston, MA, USA. He graduated with a degree in Bachelor of Science in Accountancy from Far Eastern University and attended the Management Development Program of the Asian Institute of Management. Mr. Sampang maintains active membership in the Philippine Institute of Certified Public Accountants (PICPA) and is currently a Board of Director of the Philippine Federation of Pre-Need Plan Companies, Inc.

**JEMILYN S. CAMANIA**

Compliance Officer and Data Protection Officer (April 2020 to present)

Atty. Jemilyn S. Camania is the Chief Compliance Officer of Sun Life of Canada (Philippines), Inc.; Sun Life Financial Plans, Inc.; Sun Life Asset Management Company, Inc.; Sun Life Financial – Philippines Foundation; and the sixteen Sun Life Prosperity Funds, i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc. (01 April 2020 to present), and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022).

Atty. Camania started at Sun Life of Canada (Philippines), Inc. as Assistant Counsel (2004 to 2007), Counsel (2007 to 2011), Senior Counsel (2011 to 2012), and Deputy General Counsel (2012 to 2020) and Head of General Corporate Services (2016 to 2020). She also served as Senior International Counsel for Sun Life Asia (2016 to 2020). She also served as Corporate Secretary of Sun Life of Canada (Philippines), Inc. (2010 to 2020); Sun Life Financial Plans, Inc. (2010 to 2020); Sun Life Asset Management Company, Inc. (2005 to 2020); Sun Life Financial Philippine Holding Company, Inc. (2012 to 2020); Sun Life Financial – Philippines Foundation (2012 to 2020); the sixteen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., (2005 to 2020), Sun Life Prosperity Dynamic Fund, Inc. (2012 to 2020), Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc. (2015 to 2020), Sun Life Prosperity World Equity Index Feeder Fund, Inc., and Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., and Sun Life Prosperity Achiever Fund 2048, Inc. (2018 to 2020); Grepalife Asset Management Corporation (2011 to 2020); the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation (2011 to 2020); and the Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (2011 to 2020). Prior to joining Sun Life, she worked as an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004).

Atty. Camania received her Bachelor of Arts in Psychology (1992) and Bachelor of Laws (2001) degrees from the University of the Philippines (Diliman). She passed the Bar Examinations in 2002. She is also a Fellow, Life Management Institute (2010), Professional, Customer Service (with honors) (2011), and Associate, Insurance Regulatory Compliance (2014) of the Life Office Management Association (LOMA).

**ANNA KATRINA C. KABIGTING-IBERO**

Corporate Secretary (April 2020 to present)

Atty. Anna Katrina C. Kabigting-Ibero is the Corporate Secretary of the sixteen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (April 2020 to present), Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022), and the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation, (April 2020 to present). She is also the Corporate Secretary of Sun Life of Canada (Philippines), Inc., Sun Life Asset Management Company, Inc., Sun Life Financial Plans, Inc., Grepalife Asset Management Corporation, Sun Life Financial Philippine Holding Company, Inc., Sun Life Financial – Philippines Foundation, Inc., and Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (April 2020 to present). She was appointed as Corporate Secretary of Sun Life Investment Management and Trust Corporation last September 2020.

Prior to joining Sun Life in 2014, Atty. Ibero worked as an Associate Lawyer at the David Cui-David Buenaventura and Ang Law Offices (2006 to 2010). She later joined the Bank of the Philippine Islands as Legal and Compliance Officer of the Bank's Asset Management and Trust Group (2010 to 2014).

Atty. Kabigting-Ibero received her Bachelor of Arts Major in Legal Management (2000) and Bachelor of Laws (2005) from the University of Santo Tomas. She was called to the Bar in 2006.

**FRANCES IANNA S. CANTO**

Assistant Corporate Secretary (September 2020 to present)

Atty. Frances Ianna S. Canto is the Assistant Corporate Secretary of the sixteen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc. and Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022). She is also the Assistant Corporate Secretary of Sun Life Asset Management Company, Inc. and Sun Life Investment Management and Trust Corporation (September 2020 – present).

Prior to joining Sun Life in May 2020, Atty. Canto worked as a Legal and Compliance Officer of Manulife Philippines (March 2017), where she also served as Assistant Corporate Secretary and Alternate Data Protection Officer. Before joining Manulife, Atty. Canto briefly worked as a consultant with the Office of the Secretary of the Climate Change Commission and prior to that, as an Associate Lawyer at the Medialdea Ata Bello and Suarez Law Office (2013-2016).

Atty. Canto received her Juris Doctor degree from the Ateneo de Manila University. She was admitted to the Bar in May 2014.

**RIA V. MERCADO**

Risk Officer (2015-present)

Ms. Ria V. Mercado has been the Head of Risk Management of Sun Life Philippines since 2015. She is also the Risk Officer of the sixteen Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (2015-present), Sun Life Prosperity Peso Voyager Feeder Fund, Inc. (January 2022), and the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation, (July 2019 to present). She is also the Risk Officer of Sun Life Asset Management Company, Inc., Grepalife Asset Management Corporation, Sun Life of Canada (Philippines), Inc., Sun Life Grepalife Financial, Inc. (July 2015 to present) and Sun Life Financial – Philippines Foundation, Inc. (December 2019 to present).

Prior to joining Sun Life in 2015, she was with Deutsche Knowledge Services (DKS), where she was Debt and Client Risk & Control Lead. In this capacity, she was responsible for risk and control initiatives and for proactively identifying and mitigating operations risks through quality assurance initiatives. Prior to DKS, she was with Standard Chartered Bank where she rose from Graduate Associate to AVP – Unit Operational Risk Manager.

Ms. Mercado holds a Master in Business Management degree from the Asian Institute of Management. She is a BS Business Administration graduate of the University of the Philippines (Diliman).

## **2. Incorporators**

The following are the incorporators of the Company:

- Rizalina G. Mantaring
- Ma. Karenina M. Casas
- Valerie N. Pama
- Aleli Angela G. Quirino
- Oscar S. Reyes

## **3. Significant Employees**

The Fund has no significant employees.

## **4. Family Relationships**

None of the current directors or officers is related to each other up to the 4<sup>th</sup> civil degree of affinity or consanguinity.

## **5. Material Pending Legal Proceedings**

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

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

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

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

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

## **Item 10. Executive Compensation**

### **1. Compensation of Executive Officers.**

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

## 2. Compensation of Directors.

The directors do not receive any form of compensation from inception up to the present other than a P20,000 per diem for meetings attended. Only the members of the Board who are “external directors”, *i.e.*, those who are not officers and/or employees of SLOCPI, receive remuneration for their attendance in regular or special meetings of the Board at the rate of P20,000 to each director for every meeting attended. Their contributed efforts to the Fund are on a voluntary basis only. Also, the directors or executive officers of the Fund will not participate in any bonus, profit sharing or other compensation plan, pension or retirement plan, contract or arrangement.

However, starting January 01, 2010, each external director, as defined above, also receives a retainer’s fee not to exceed P15,000 per quarter. Payment of such retainer’s fee is shared by the Fund with the other Sun Life Prosperity Funds which the external director also serves, provided that each external director receives a maximum of P15,000 per quarter from all the Sun Life Prosperity Funds.

Total per diem received by the Fund’s directors for the year 2021 and 2020 are P504,262 and P314,615, respectively.

The Board had four (4) regular quarterly meetings for 2021, including the organizational board meeting after the annual shareholders’ meeting. For the four (4) meetings and with four (4) members of the Board who are external directors entitled to receive per diem, the Fund forecasts a total directors’ per diem of P320,000 for 2022. The external directors are also forecasted to receive a total of P25,455 as retainer’s fees for 2022.

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

#### 1. Security ownership of more than 5% of the Fund’s outstanding capital stock as of December 31, 2021:

<i>Title of Class</i>	<i>Name of Record Owner/Relationship with Issuer</i>	<i>Address</i>	<i>Name of Beneficial Owner/Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Number of Shares Held</i>	<i>Percent of Class</i>
Common	Sun Life of Canada (Philippines), Inc. Affiliate	6/F, Sun Life Centre, 5 <sup>th</sup> Ave. corner Rizal Drive, Bonifacio Global City, Taguig City	Sun Life of Canada (Philippines), Inc	Dutch	451,789,223	32.29%

Mr. Benedicto C. Sison, Country Head and CEO of SLOCPI, has the power to vote or dispose of the shares or direct the voting or disposition of the shares held by SLOCPI. The directors may be reached through the Corporate Secretary, 6<sup>th</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

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

## 2. Security Ownership of Management as of December 31, 2021:

Title of Class	Name of Owner	Number of Shares <sup>1</sup>	Nature of Ownership	Citizenship	Percent of Class
Common	Aleli Angela G. Quirino	1	Beneficial (R) and Record (R)	Filipino	0.00000%
Common	Oscar S. Reyes	1	R	Filipino	0.00000%
Common	Benedicto C. Sison	1	R	Filipino and American	0.00000%
Common	Candy S. Esteban	1	R	Chinese	0.00000%
Common	Cesar Luis F. Bate	1	R	Filipino	0.00000%

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

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

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

## 4. Change in Control

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

## Item 12. Certain Relationships and Related Transactions

The following are the interlocking directors and officers of SLOCPI and the Fund.

Director/Officer	Fund	SLOCPI
Benedicto C. Sison	Chairman and Director	Director
Valerie N. Pama	President/Director	Chief Asset Management Officer
Jemilyn S. Camania	Compliance Officer and Data Protection Officer	Compliance Officer and Data Protection Officer
Sherwin S. Sampangq	Treasurer	Controller
Anna Katrina C. Kabigting-Ibero	Corporate Secretary	Corporate Secretary
Frances Ianna S. Canto	Assistant Corporate Secretary	Assistant Corporate Secretary
Ria V. Mercado	Risk Officer	Risk Officer

Other than these interlocking directors and officers, management and members of the Board of Directors of the Fund are not involved in any companies that the Fund deals with.

## PART IV - CORPORATE GOVERNANCE

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

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

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

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

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

#### **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 Global Intermediary Identification Number ("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.

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

#### **A. Audited Financial Statements**

1. Statements of Financial Position, 2021, 2020
2. Statements of Comprehensive Income, 2021, 2020, 2019
3. Statements of Changes in Equity, 2021, 2020, 2019
4. Statements of Cash Flows, 2021, 2020, 2019
5. Notes to Financial Statements

#### **B. Reports on SEC Form 17-C**

**- SIGNATURE PAGE FOLLOWS –**

**SIGNATURES**

Pursuant to the requirements of Section 11 of the RSA and Section 177 of the Revised Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 2022.

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

Issuer

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

By:

*Valerie N. Pama*  
Valerie N. Pama

Principal Accounting Officer/President

*Gerald L. Bautista*  
Gerald L. Bautista

Principal Operating Officer / SLAMCI President

*Candy S. Esteban*

Candy S. Esteban

Principal Accounting Officer/CFO

*Sherwin S. Sampang*  
Sherwin S. Sampang

Principal Financial Officer/Treasurer/Comptroller

*Anna Katrina C. Kabigting-Ibero*

Anna Katrina C. Kabigting-Ibero

Corporate Secretary

MAY 12 2022

**MAKATI CITY**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_ day of \_\_\_\_\_ 2022, affiants exhibiting their government issued identification cards, as follows:

Name	Government ID No.	Date of Issue	Place of Issue
Valerie N. Pama	Passport No. P7158454B	07/08/2021	DFA Manila
Gerald L. Bautista	Passport No. P9687638B	04/20/2022	DFA Manila
Candy S. Esteban	Driver's License N02-95-277891	05/08/2018	Quezon City
Sherwin S. Sampang	Passport No. P9427178A	11/06/2018	DFA NCR East
Anna Katrina C. Kabigting-Ibero	Driver's License N02-96-324358	08/30/2017	Makati City

Doc. No. 369  
Page No. 21  
Book No. 29  
Series of 2022.

ATTY. RONALDO M. MENDOZA  
 Notary Public for the State of Makati City  
 Extended until June 30, 2022  
 (Signature)  
 PUNONG KATAKATAHAN NG LALAKI NG LALAKI NG LALAKI  
 (Signature)  
 PUNONG KATAKATAHAN NG LALAKI NG LALAKI NG LALAKI  
 (Signature)  
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 (Signature)  
 PUNONG KATAKATAHAN NG LALAKI NG LALAKI NG LALAKI  
 (Signature)





This document contains key information clients of Sun Life Prosperity Dynamic Fund should know about. More information can be found in the Fund's prospectus. Ask a Sun Life Financial Advisor or contact Sun Life Asset Management Company, Inc., at 8-849-9888 or PHIL-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Fund Classification</b>	Multi-Asset Fund	<b>Minimum Holding Period</b>	30 days
<b>Fund Size</b>	PHP 1,314,784,480.01	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	1.00%
<b>Net Asset Value Per Share</b>	0.9396	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+4 business days
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Management and Distribution Fee</b>	2.00%		
<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%		

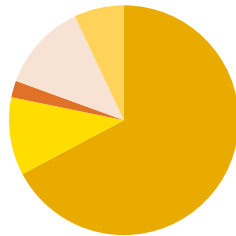
## What does the Fund invest in?

The **Sun Life Prosperity Dynamic Fund** is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending on prevailing market conditions. In order to yield better returns.

The Fund's investment objective is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Pesos. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted shift in allocation between equities and fixed-income assets when needed.

### Top Equity Holdings

1. SM Investments Corporation, 7.03%
2. Megaworld REIT, Inc., 5.33%
3. SM Prime Holdings Inc., 5.18%
4. BDO Unibank Inc., 4.94%
5. Ayala Corporation, 4.36%
6. Ayala Land Inc., 4.12%
7. Filinvest REIT Corp., 4.10%
8. Converge ICT Solutions, 3.83%
9. Bank of the Philippine Islands, 3.07%
10. Globe Telecom Inc., 2.96%

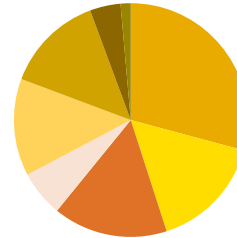


### Investment Mix

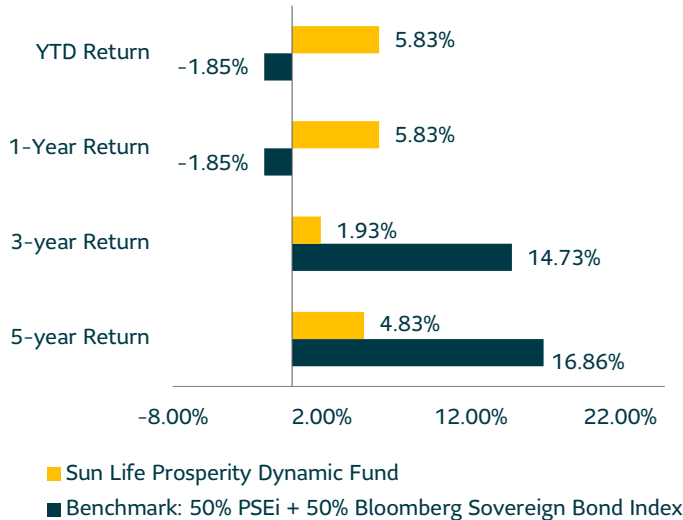
- Equities, 67.23%
- Real Estate Investment Trusts, 10.98%
- Preferred Stocks, 2.35%
- Government Bonds, 12.44%
- Cash and Other Liquid Assets, 7.01%

### Sector Allocation

- Holding Firms / Conglomerates, 29.17%
- Property, 15.86%
- Banks / Financial Services, 15.84%
- Utility / Energy, 6.38%
- Consumer / Retail, 13.45%
- Communications, 13.64%
- Transport Services, 4.25%
- Construction, 1.40%



## How has the Fund performed?



**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

## Market Review and Outlook

- The PSEi ended the year at 7,122.63, down 1.1% in December, as the increase in new cases from the Omicron variant prompted investors to take profit from recent gains. For the year, the local bourse was almost flat at -0.24%.
- Bond prices rallied in December as inflation continued to trend lower.
- Foreign inflows in December was huge at USD 1.72 Billion, which reduced net foreign outflow for the year to USD 4.5 Million.
- BSP kept policy rate steady at 2% while December inflation continued to decline to 3.6% from 4.2% in November.
- We expect market players to maintain a cautious stance in the short-term due to the rise in new cases. Immediate support is at 7,000 level.
- The Fund gained 5.83% year-to-date, surpassing the benchmark (-1.85%) by 768 basis points due to overweight in Equity and REITs, and selection in Telcos.

**Disclaimer:** Sun Life Asset Management Company, Inc. (SLAMCI) makes no representation as to the accuracy or completeness of the information contained herein. The information contained in this presentation is for information purposes only. It is not intended to provide professional, investment, or any other type of advice or recommendation in relation to purchases or sales of securities whether or not they are related to SLAMCI; it does not constitute any guarantee of performance; and neither does it take into account the particular investment objectives, financial situation or needs of individual recipients. Any opinions or estimates herein reflect our judgment as at the date of this presentation and are subject to change at any time without notice. This material is a copyrighted work. You may not share, distribute, revise, transform, or build upon this material without prior written consent of, and proper attribution to Sun Life. All trademarks are the properties of their respective owners.



This document contains key information clients of Sun Life Prosperity Dynamic Fund should know about. More information can be found in the Fund's prospectus. Ask a Sun Life Mutual Fund Advisor or contact Sun Life Asset Management Company, Inc., at 8-849-9888 or PHIL-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Fund Classification</b>	Multi-Asset Fund	<b>Minimum Holding Period</b>	30 days
<b>Fund Size</b>	PHP 1,320,754,208.07	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	1.00%
<b>Net Asset Value Per Share</b>	0.9385	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+4 business days
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Management and Distribution Fee</b>	2.00%		
<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%		

## What does the Fund invest in?

The **Sun Life Prosperity Dynamic Fund** is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending on prevailing market conditions, in order to yield better returns.

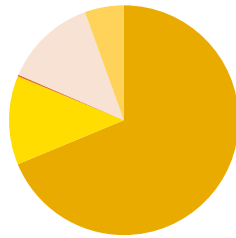
The Fund's investment objective is to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Pesos. The Fund will adopt a tactical asset allocation approach by having the ability to switch between equities, bonds, and cash with a wider range in the permitted shift in allocation between equities and fixed-income assets when needed.

### Top Equity Holdings

1. SM Investments Corporation, 8.20%
2. SM Prime Holdings Inc., 5.18%
3. Ayala Land Inc., 5.15%
4. Megaworld REIT, Inc., 4.94%
5. Converge ICT Solutions, 4.87%
6. BDO Unibank Inc., 4.80%
7. Ayala Corporation, 4.60%
8. Filinvest REIT Corp., 3.60%
9. Robinsons Land (RL) Commercial REIT, Inc., 3.17%
10. Bank of the Philippine Islands, 3.01%

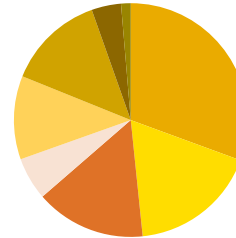
### Investment Mix

- Equities, 68.74%
- Real Estate Investment Trusts, 12.49%
- Preferred Stocks, 0.25%
- Government Bonds, 13.01%
- Cash and Other Liquid Assets, 5.50%

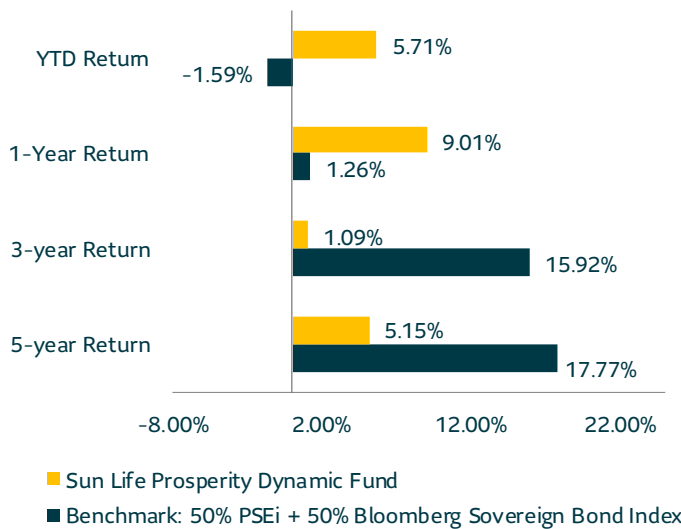


### Sector Allocation

- Holding Firms / Conglomerates, 30.59%
- Property, 17.77%
- Banks / Financial Services, 15.27%
- Utility / Energy, 5.93%
- Consumer / Retail, 11.55%
- Communications, 13.48%
- Transport Services, 4.08%
- Construction, 1.33%



## How has the Fund performed?



**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

## Market Review

- The PSEi opened the month strong, running up more than 5% to a year-to-date high of 7,441.67 as quarantine restrictions eased in Metro Manila following improving COVID-19 cases and vaccination rates. However, the emergence of the Omicron variant towards the end of the month dampened sentiment. Month-on-month, the PSEi closed at a level of 7,200.88, +2.07% or 146.18 points higher.
- Foreign inflows continued this month to the tune of USD 5.11 Million following the addition of ACEN and MONDE into the MSCI Index. However, year-to-date tally continues to show a net outflow of USD 1.7 Billion.
- Yields across the curve climb as BTR issues five-year Retail Treasury Bonds (RTB). Front-end yields lead the ascent as their yields align with the yield of the new RTB. Securities on the belly up to the long-end find some support as demand for RTB is better than expected and issued yield is in the middle of the range.
- Key macro indicators also proved positive with a strong 3Q GDP print of 7.2% driven by private consumption, well above consensus forecast of 4.9%. October inflation also beat expectation at 4.6% versus 4.9% consensus.
- The Fund gained 5.71% year-to-date, surpassing the benchmark (-1.59%) by 730 basis points due to overweight in REITs, Telcos, and Equity.

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<b>Launch Date</b>	July 1, 2014	<b>Fund Classification</b>	Multi-Asset Fund	<b>Minimum Holding Period</b>	30 days
<b>Fund Size</b>	PHP 1,295,964,051.39	<b>Minimum Subscription</b>	PHP 1,000	<b>Early Redemption Fee</b>	1.00%
<b>Net Asset Value Per Share</b>	0.9185	<b>Minimum Subsequent</b>	PHP 1,000	<b>Redemption Settlement</b>	T+4 business days
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Management and Distribution Fee</b>	2.00%		
<b>Fund Structure</b>	Mutual Fund (Shares)	<b>Transfer Agency Fee</b>	0.15%		

## What does the Fund invest in?

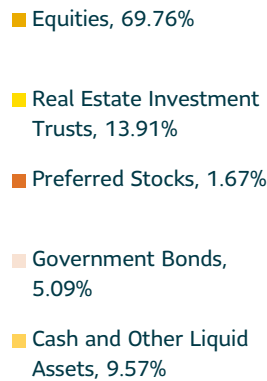
The **Sun Life Prosperity Dynamic Fund** is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending on prevailing market conditions, in order to yield better returns.

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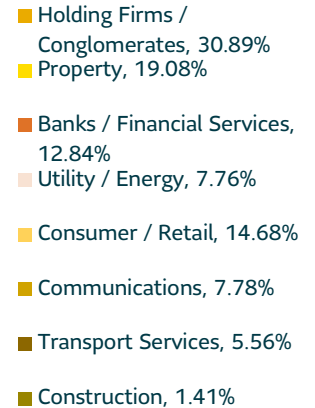
### Top Equity Holdings

1. SM Investments Corporation, 8.23%
2. Ayala Land Inc., 5.59%
3. SM Prime Holdings Inc., 5.53%
4. Megaworld REIT, Inc., 4.97%
5. BDO Unibank Inc., 4.92%
6. Ayala Corporation, 4.84%
7. International Container Terminal Services Inc., 3.88%
8. Filinvest REIT Corp., 3.57%
9. Robinsons Land (RL) Commercial REIT, Inc., 3.09%
10. JG Summit Holdings Inc., 2.67%

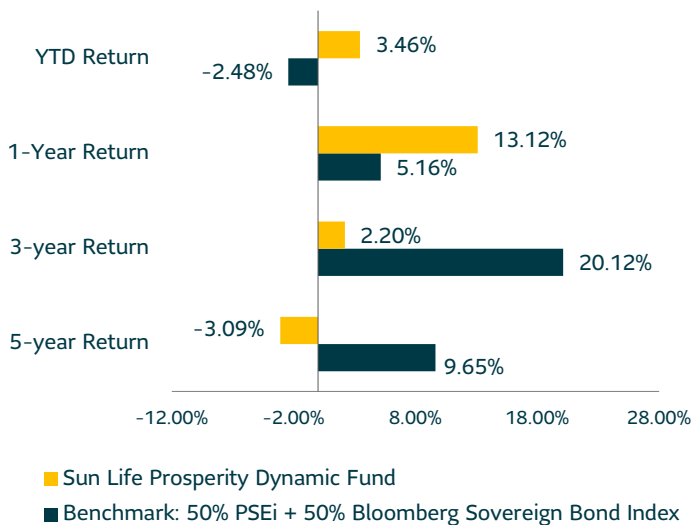
### Investment Mix



### Sector Allocation



## How has the Fund performed?



**Note:** Year-to-date (YTD) returns are computed as the return from the last business day of the previous year to the last business day of the reporting month.

## Market Review

- The PSEi breached the 7,000 resistance level to end October at 7,054.70, up 1.46% month-on-month amid declining COVID-19 cases, easing quarantine restrictions, and healthy 3Q21 earnings outlook. Local yields continued to climb, with the belly of the curve climbing the most.
- Foreign funds flow reverted to net buying during the month for USD 8 million. However, year-to-date tally continues to show a net outflow of USD 1.7 billion.
- October inflation rate decelerated to 4.6%, lower from last month's 4.8% and consensus' estimate of 4.9%.
- The Fund gained 3.46% year-to-date, surpassing the benchmark (-2.48%) by 5.94% due to overweight in Equities, allocation in REITs, and selection in Telcos. However, selection in Banks, underweight allocation in short-term fixed income, and overweight allocation in Construction slightly detracted performance.

**Notice on the Change in Dynamic Fund's Strategy:** As allowed by the Fund's investment objective, we have increased the target equity exposure of the Sun Life Prosperity Dynamic Fund from 50-70% to 50-90%.

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**Date:** Saturday, May 14, 2022 1:47:18 AM

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Greetings!

**SEC Registration No:** CS201215846  
**Company Name:** SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
**Document Code:** AFS

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Another email will be sent as proof of review and acceptance.

Thank you.

**SECURITIES AND EXCHANGE COMMISSION**  
Secretariat Building, PICC Complex,  
Roxas Boulevard, Pasay City,  
1307, Metro Manila, Philippines

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# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 8 4 6

Company Name

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

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

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

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N/A

### COMPANY INFORMATION

Company's Email Address

[sunlife\\_sec\\_communications@sunlife.com](mailto:sunlife_sec_communications@sunlife.com)

Company's Telephone Number/s

8555-8888

Mobile Number

0999-991-7178

No. of Stockholders

4,995

Annual Meeting  
Month/Day

Every Fourth Wednesday of June

Fiscal Year  
Month/Day

12/31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

SHERWIN S. SAMPANG

Email Address

[Sherwin.Sampang@sunlife.com](mailto:Sherwin.Sampang@sunlife.com)

Telephone Number/s

8555-8888

Mobile Number

N/A

Contact Person's Address

SUN LIFE CENTRE, 5TH AVE. COR. RIZAL DRIVE, BONIFACIO GLOBAL CITY, TAGUIG CITY

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

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

**From:** [Ezekiel O Andasan](#)  
**To:** [PHIL-FIN\\_FAR2](#)  
**Subject:** FW: Your BIR AFS eSubmission uploads were received  
**Date:** Thursday, May 12, 2022 8:40:54 PM

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**From:** eafs@bir.gov.ph <eafs@bir.gov.ph>  
**Sent:** Thursday, May 12, 2022 7:33 PM  
**To:** Ezekiel O Andasan <Ezekiel.Andasan@sunlife.com>  
**Cc:** Ezekiel O Andasan <Ezekiel.Andasan@sunlife.com>  
**Subject:** Your BIR AFS eSubmission uploads were received

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**Valid files**

- EAFS008357526ITRTY122021.pdf
- EAFS008357526AFSTY122021.pdf
- EAFS008357526RPTTY122021.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-867AAFJ0FK59CDDQT13PT3R0Q114NST1**

Submission Date/Time: **May 12, 2022 07:33 PM**

Company TIN: **008-357-526**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The Management of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, in accordance with the Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Navarro Amper & Co., the independent auditor appointed by the stockholders for the periods December 31, 2021 and 2020, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

Handwritten signature of Benedicto C. Sison in cursive.

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

Handwritten signature of Valerie N. Pama in cursive.

**Valerie N. Pama**, President

Handwritten signature of Sherwin S. Sampang in cursive.

**Sherwin S. Sampang**, Treasurer

Signed this 9th day of March 2022.



MAR 09 2022

MAKATI CITY

Subscribed and sworn to me before this \_\_\_ day of \_\_\_\_\_ 2022 at \_\_\_\_\_, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government Issued ID	Date/Place Issued
Benedicto C. Sison	Passport ID P8268568B	24 Nov 2021/DFA Manila
Valerie N. Pama	Passport ID P7158454B	8 July 2021/DFA Manila
Sherwin S. Sampang	Passport ID P9427178A	06 Nov 2018/DFA NCR East

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

Doc. No. 228

Page No. 47

Book No. 17

Series of 2022.

**ATTY. ROMEO M. MONFORT**

Notary Public City of Makati

Extended Until Dec 30, 2022

Reg. No. 3795

Office No. 800, 10th Floor, 2022 Makati City

Appointment No. M-133 (2020-2021)

Reg. No. 104130 Jan. 3, 2018

MCLE NO. A-8623417 (Roll No. 27932

101 Urban Ave. Campos Rueda Bldg.

Brgy. Pio Del Pilar, Makati City

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Sun Life Prosperity Dynamic Fund, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019, in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

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

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

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

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

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



### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



## Report on Other Legal and Regulatory Requirements

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

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

Navarro Amper & Co.

BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024

SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements

TIN 005299331

By:



Joe Jeffrey Mark P. Ferrer

Partner

CPA License No. 0115793

SEC A.N. 1767-A, issued on August 27, 2019; effective until August 26, 2022, Group A

TIN 211965340

BIR A.N. 08-002552-058-2021, issued on September 8, 2021; effective until October 8, 2024

PTR No. A-5334284, issued on January 4, 2022, Taguig City

Taguig City, Philippines

April 29, 2022



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

(An Open-end Investment Company)

**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Notes	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	P 125,878,373	P 58,203,524
Financial assets at fair value through profit or loss	7	1,222,649,561	1,297,034,921
Accrued interest receivable	7	2,294,369	3,141,400
Dividends receivable	7	472,629	851,547
Prepayments and other current assets		10,993	11,454
		<b>1,351,305,925</b>	<b>P1,359,242,846</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	9	P 7,120,561	P 1,545,236
Due to brokers	8	26,924,204	22,152,069
Payable to fund manager	10	2,483,611	2,511,545
Total Current Liabilities		<b>36,528,376</b>	26,208,850
<b>Equity</b>			
Share capital	11	35,069,670	35,069,670
Additional paid-in capital	12	3,210,061,215	3,210,216,567
Retained earnings (deficit)		59,621,034	(10,064,538)
		<b>3,304,751,919</b>	3,235,221,699
Treasury shares	11	<b>(1,989,974,370)</b>	(1,902,187,703)
Total Equity		<b>1,314,777,549</b>	1,333,033,996
		<b>1,351,305,925</b>	<b>P1,359,242,846</b>
<b>Net Asset Value Per Share</b>	13	<b>P 0.9396</b>	P 0.8877

*See Notes to Financial Statements.*

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

**STATEMENTS OF COMPREHENSIVE INCOME**

		<b>For the Years Ended December 31</b>		
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Investment Income - net</b>				
Net realized gain (losses) on investments	7	<b>P 118,753,457</b>	(P132,647,348)	P 69,927,403
Dividend income	7	<b>20,272,632</b>	19,538,317	24,808,497
Interest income	14	<b>6,045,469</b>	14,281,962	22,657,214
Other income		-	-	63
		<b>145,071,558</b>	(98,827,069)	117,393,177
<b>Investment Expenses</b>				
Commission	8	<b>7,102,832</b>	3,721,157	3,997,725
Clearing fees		<b>505,120</b>	305,296	241,949
		<b>7,607,952</b>	4,026,453	4,239,674
<b>Net Investment Income (Loss)</b>				
		<b>137,463,606</b>	(102,853,522)	113,153,503
<b>Operating Expenses</b>				
Management fees	10	<b>16,395,045</b>	16,205,136	21,863,882
Distribution fees	10	<b>14,253,837</b>	14,090,232	19,012,071
Directors' fees	10	<b>504,262</b>	314,615	314,615
Custodianship fees		<b>299,806</b>	293,060	385,705
Taxes and licenses		<b>189,121</b>	248,726	248,175
Professional fees		<b>168,484</b>	165,892	202,899
Printing and supplies		<b>5,812</b>	9,305	50,839
Miscellaneous		<b>11,947</b>	12,056	56,184
		<b>31,828,314</b>	31,339,022	42,134,370
<b>Profit (Loss) Before Net Unrealized Gains (Losses) on Investments</b>				
		<b>105,635,292</b>	(134,192,544)	71,019,133
<b>Net Unrealized Gains (Losses) on Investments</b>	7	<b>(23,985,979)</b>	6,611,763	47,708,673
<b>Profit (Loss) Before Tax</b>				
		<b>81,649,313</b>	(127,580,781)	118,727,806
<b>Income Tax Expense</b>	17	<b>11,963,741</b>	7,570,868	9,975,989
<b>Total Comprehensive Income (Loss) for the Year</b>				
	15	<b>P 69,685,572</b>	(P 135,151,649)	P 108,751,817
<b>Basic Earnings (Loss) per Share</b>				
	15	<b>P 0.048</b>	(P 0.089)	P 0.062
<b>Diluted Earnings (Loss) per share</b>				
	15	<b>P 0.048</b>	(P 0.089)	P 0.062

See Notes to Financial Statements.

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

**STATEMENTS OF CHANGES IN EQUITY**

For the Years Ended December 31

	Notes	Share Capital	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Total
Balance, January 1, 2019		P 35,069,670	P 3,210,216,567	P 16,335,294	(P1,497,246,504)	P 1,764,375,027
Total comprehensive income for the year		-	-	108,751,817	-	108,751,817
Transactions with owners:						
Acquisition of treasury shares during the year	11	-	-	-	(374,423,150)	(374,423,150)
Total transactions with owners		-	-	-	(374,423,150)	(374,423,150)
Balance, December 31, 2019	11,12	35,069,670	3,210,216,567	125,087,111	(1,871,669,654)	1,498,703,694
Total comprehensive loss for the year		-	-	(135,151,649)	-	(135,151,649)
Transactions with owners:						
Acquisition of treasury shares during the year	11	-	-	-	(30,518,049)	(30,518,049)
Total transactions with owners		-	-	-	(30,518,049)	(30,518,049)
Balance, December 31, 2020	11,12	35,069,670	3,210,216,567	(10,064,538)	(1,902,187,703)	1,333,033,996
Total comprehensive income for the year		-	-	69,685,572	-	69,685,572
Transactions with owners:						
Reissuance of treasury shares during the year		-	(155,352)	-	15,564,638	15,409,286
Acquisition of treasury shares during the year	11	-	-	-	(103,351,305)	(103,351,305)
Total transactions with owners		-	(155,352)	-	(87,786,667)	(87,942,019)
<b>Balance, December 31, 2021</b>	<b>11,12</b>	<b>P35,069,670</b>	<b>P3,210,061,215</b>	<b>P59,621,034</b>	<b>(P1,989,974,370)</b>	<b>P1,314,777,549</b>

See Notes to Financial Statements.

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

(An Open-end Investment Company)

**STATEMENTS OF CASH FLOWS**

		<b>For the Years Ended December 31</b>		
	<b>Notes</b>	<b>2021</b>	2020	2019
<b>Cash Flows from Operating Activities</b>				
Profit (Loss) before tax		<b>P 81,649,313</b>	(P 127,580,781)	P 118,727,806
Adjustments for:				
Net unrealized (gains) losses on investments	7	<b>23,985,979</b>	(6,611,763)	(47,708,673)
Net realized (gains) losses on investments	7	<b>(118,753,457)</b>	132,647,348	(69,927,403)
Dividend income	7	<b>(20,272,632)</b>	(19,538,317)	(24,808,497)
Interest income	14	<b>(6,045,469)</b>	(14,281,962)	(22,657,214)
Operating cash flows before working capital changes		<b>(39,436,266)</b>	(35,365,475)	(46,373,981)
Decrease in Prepayments and other current assets		<b>461</b>	-	7,477
Increase (Decrease) in:				
Accrued expenses and other payables		<b>5,575,325</b>	(374,293)	(11,229,877)
Payable to fund manager		<b>(27,934)</b>	(305,992)	(957,284)
Cash used in operations		<b>(33,888,414)</b>	(36,045,760)	(58,553,665)
Acquisition of financial assets at fair value through profit or loss	7,8	<b>(1,995,907,862)</b>	(1,200,297,470)	(1,213,905,727)
Proceeds from disposals and maturities of financial assets at fair value through profit or loss	7	<b>2,169,832,835</b>	1,263,262,424	1,582,635,358
Interest income received		<b>6,892,500</b>	16,741,688	20,037,893
Dividend income received		<b>20,651,550</b>	21,003,646	25,823,295
Income taxes paid		<b>(11,963,741)</b>	(7,570,868)	(9,975,989)
Net cash generated from operating activities		<b>155,616,868</b>	57,093,660	346,061,165
<b>Cash Flows from Financing Activities</b>				
Proceeds from reissuance of treasury shares	11	<b>15,409,286</b>	-	-
Payments on acquisition of treasury shares	11	<b>(103,351,305)</b>	(30,518,049)	(374,423,150)
Net cash used in financing activities		<b>(87,942,019)</b>	(30,518,049)	(374,423,150)
<b>Net Increase (Decrease) in Cash and cash equivalents</b>		<b>67,674,849</b>	26,575,611	(28,361,985)
<b>Cash and cash equivalents, Beginning</b>		<b>58,203,524</b>	31,627,913	59,989,898
<b>Cash and cash equivalents, End</b>	6	<b>P 125,878,373</b>	P 58,203,524	P 31,627,913

*See Notes to Financial Statements.*



## **SUN LIFE PROSPERITY DYNAMIC FUND, INC.**

(An Open-end Investment Company)

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### **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021 AND 2020 AND FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 and 2019**

#### **1. CORPORATE INFORMATION**

Sun Life Prosperity Dynamic Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 31, 2012. The Company is a registered open-end investment company under the Investment Company Act (Republic Act "R.A." No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). It is engaged in the sale of redeemable shares and investment of the proceeds in domestic equity securities and/or in government and corporate debt securities. The Company adopted a tactical asset allocation approach in order to have the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed. As an open-end investment company, its shares are redeemable anytime based on the Net Asset Value Per Share (NAVPS) at the time of redemption.

The Company appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as its fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all other required operational services, as disclosed in Note 10.

The Company's registered office address and principal place of business is at the Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

#### **2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION**

##### **Statement of Compliance**

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

##### **Basis of Preparation and Presentation**

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

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

##### **Functional and Presentation Currency**

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

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

#### **Adoption of New and Revised Accounting Standards Effective in 2021**

The Company adopted all accounting standards and interpretations effective as at December 31, 2021. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were assessed to be applicable to the Company's financial statements and are as follows:

*PIC Q&A No. 2020-07, PAS 12, Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020;
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed; and
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the financial statements

For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes";
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed;
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return;
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates; and
- Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

The interpretation is effective on or after January 29, 2021.

The Management assessed that CREATE bill has no impact on the Company's income tax expense, net income and net assets following the provisions of PIC Q&A 2020-07 since the Company's income are all subjected to final taxes.

#### **New Accounting Standards Effective after the Reporting Period Ended December 31, 2021**

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

*PFRS 17, Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4, *Insurance Contracts*.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2025. Earlier application is permitted.

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

#### *Amendments to PFRS 3, References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The future adoption of the amendment 0073 will have no effect on the Company's financial statements as the Company is not in the process of and has no plan to enter into business combination.

#### *Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company is not in the process and has no plan to acquire such investments.

#### *Amendments to PAS 1, Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2025, with early application permitted.

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

#### *Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2, *Inventories*.

The amendments also clarify the meaning of testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have property, plant and equipment recorded in its financial statements.

#### *Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not issue and enter into onerous contract.

#### *Annual Improvements to PFRS Standards 2018-2020 Cycle*

##### *Amendments to PFRS 1, Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

##### *Amendments to PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

##### *Amendments to PFRS 16, Lease incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

#### Amendments to PAS 41, *Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13, *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have subsidiary as a first time adopter; does not derecognize any liabilities; does not have lease contracts and leasehold improvements; and does not have biological assets covered by PAS 41 that need to exclude its cash flows for taxation on its financial statements.

#### Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments are as follows:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The Company will continue its assessment and will finalize the same upon the effectivity of these amendments.

#### Amendments to PAS 8, *Definition of Accounting Estimates*

With the amendment, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the clarification in the amendment did not change the Company's definition of an accounting estimate.

*Amendments to PAS 12 Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying PFRS 16 at the commencement date of a lease.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have lease contracts and leasehold improvements and does not recognize deferred assets and liabilities.

*Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 – Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

The main amendment in Initial Application of PFRS 17 and PFRS 9 – Comparative Information (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9.

Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

There are no changes to the transition requirements in PFRS 9

The amendment is effective for annual periods beginning on or after January 1, 2025, as amended by the FRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Still subject to approval of the Board of Accountancy.

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

##### **Classification and Subsequent Measurement**

The Company classifies its financial assets in the following measurement categories:

- FVTPL,
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost

As at December 31, 2021 and 2020, the Company does not have financial assets classified as FVTOCI.

Classification of financial assets will be driven by the entity's business model for managing the financial assets and the contractual cash flows of the financial assets.

A financial asset is to be measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument represent solely payment of principal and interest (SPPI).

All other debt and equity instruments must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of comprehensive income, except for equity investments that are not held for trading, which may be recorded in the statement of comprehensive income or in reserves (without subsequent recycling to profit or loss).

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

- Amortized cost. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



- FVTPL. Assets that do not meet the criteria for amortized cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within other gains/(losses) in period in which it arises. Interest income from these financial assets is included in finance income.

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

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

#### *Amortized cost and effective interest method*

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

For financial instruments other than purchased or originated credit-impaired (POCI) financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVTPL, except where the Company's Management has elected, at initial recognition, to irrevocably designate an equity instrument at FVTOCI. The Company's policy is to designate equity investments as FVTOCI when those investments are held for the purposes other than to generate investment returns. When the election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognized in net realized gains (losses) on investments in the statement of profit or loss as applicable.

### *Impairment of financial assets*

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

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

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

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

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

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

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

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

### *Significant increase in credit risk*

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

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

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

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

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

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

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

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

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

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

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

#### *Default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

#### *Write-off*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### *Measurement and recognition of expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### *Presentation of allowance for ECL in the statements of financial position*

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

### Derecognition

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

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

## **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 an equity instrument.

### Financial liabilities

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

### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Company assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Since the company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost.

### *Financial liabilities measured subsequently at amortized cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

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

### *Offsetting financial instruments*

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

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

### *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

### *Share capital*

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

### *Retained earnings (Deficit)*

Retained earnings (deficit) represent accumulated profit (loss) attributable to equity holders of the Company after deducting dividends declared. Retained earnings (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.

### **Prepayments**

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

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

### **Contingent Liabilities and Assets**

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

### **Revenue Recognition**

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

### Dividend income

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

### Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Realized gains or losses

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

### Fair value gains or losses

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

### Other income

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

## **Expense Recognition**

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

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

## **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.



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

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

### **Related Party Transactions**

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

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

### **Taxation**

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

#### Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT), rate and 30% RCIT rate or 2% MCIT rate, whichever is higher, in 2021 and 2020, respectively.

#### Final tax

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

#### Deferred tax

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

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

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

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

#### Current and deferred taxes for the year

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

#### **Earnings (Loss) per Share**

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

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

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

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

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

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

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

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

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

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

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

### Business model assessment

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

The Company measures its financial assets at amortized cost if the financial asset qualifies for both SPPI and business model test. The Company's business model is to hold the asset and to collect its cash flows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL.

As at December 31, 2021 and 2020, the Company's financial assets measured at FVTPL amounted to P1,222,649,561 and P1,297,034,921, respectively, as disclosed in Note 7 while the financial assets measured at amortized cost amounted to P128,645,371 and P62,196,471, respectively, composed of cash in banks, accrued interest receivable and dividends receivable as disclosed in Notes 6 and 7.

### Significant increase of credit risk

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

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

As at December 31, 2021 and 2020, the Company's financial instrument measured at amortized cost has not experienced a significant increase in its credit risk.

### Models and assumptions used

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

The Company's model and assumptions used in measuring the fair value of financial assets and estimating ECL are disclosed in Notes 16 and 19, respectively.

### Puttable shares designated as equity instruments

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

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

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

As at December 31, 2021 and 2020, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P35,069,670 as disclosed in Note 11.

### **Key Sources of Estimation Uncertainty**

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

#### Probability of default (PD)

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

As at December 31, 2021 and 2020, the Company assessed a PD for all of its financial assets measured at amortized cost. The assumptions used by the Company in estimating PD are disclosed in Note 19.

#### Loss Given Default (LGD)

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

The Company uses portfolio averages from external estimates sourced out from Standard and Poor's (S&P's) as the LGD estimates. The categorization of LGD estimates per financial asset measured at amortized cost is disclosed in Note 19.

#### Estimating loss allowance for ECL

The measurement of the ECL for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 20 Credit Risk - ECL measurement, which also sets out the key sensitivities of the ECL to changes in these elements.

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

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

As at December 31, 2021 and 2020, Management believes that the recoverability of the Company's receivables is certain, accordingly, no doubtful accounts expense was recognized in both years. Financial assets at amortized cost amounted to P128,645,371 and P62,196,471 as at December 31, 2021 and 2020, as disclosed in Notes 6, 7 and 8.

#### Deferred tax asset

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

Based on Management's expectation of the Company's future taxable income, the Company did not recognize the deferred tax asset as at December 31, 2021 and 2020, as disclosed in Note 17.

#### Determining fair value of investments in debt securities classified as financial assets at FVTPL

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

As at December 31, 2021 and 2020, the carrying amounts of investments in debt securities classified as financial assets at FVTPL amounted to P163,518,898 and P160,864,435, respectively, as disclosed in Note 7.

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

This account consists of cash in banks as of December 31, 2021 and 2020. Total interest earned from cash in banks amounting to P122,073, P3,841 and P11,574 at average rates of 0.13%, 0.01% and 0.19% in 2021, 2020 and 2019, respectively, as disclosed in Note 14.

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

Cash equivalents earned interest income amounting P286, P390,337 and P534,170 at average rates of nil, 2.58% and 1.31% in 2021, 2020 and 2019, respectively as disclosed in Note 14.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2021	2020
Investments in listed equity shares	<b>P1,059,130,663</b>	P1,114,054,143
Investments in fixed-income securities	<b>163,518,898</b>	160,864,435
Investments in mutual funds	-	22,116,343
	<b>P1,222,649,561</b>	P1,297,034,921

Investments in equity securities are composed of ordinary and preferred shares.

Investments in fixed-income securities include investment in treasury notes.

Investment in mutual funds are investments to Sun Life Prosperity Funds.

The Company recognized dividend income from investments in listed equity securities amounting to P20,272,632, P19,538,317 and P24,808,497 in 2021, 2020 and 2019, respectively. Dividends receivable amounted to P472,629 and P851,547 as at December 31, 2021 and 2020, respectively.

Interest income earned on fixed-income securities amounted to P5,923,110, P13,887,784 and P22,107,763 in 2021, 2020 and 2019, respectively, as disclosed in Note 14. Average rates earned on these investments are also disclosed in Note 14.

Accrued interest receivable amounted to P2,294,369 and P3,141,400 as at December 31, 2021 and 2020.

Interest income earned on designated special savings deposits amounted to nil in 2021 and 2020, and P3,707 in 2019, as disclosed in Note 14. Average interest earned on these investments are also disclosed in Note 14.

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

	2021	2020	2019
Net realized gains (losses)			
on investments:			
Equity securities	<b>P114,916,334</b>	(P151,747,320)	P 33,197,991
Fixed-income securities	<b>3,837,123</b>	19,099,972	36,729,412
	<b>118,753,457</b>	(132,647,348)	69,927,403
Net unrealized gains (losses)			
on investments:			
Equity securities	<b>(9,550,107)</b>	(1,749,629)	28,454,584
Fixed-income securities	<b>(14,435,872)</b>	8,361,392	19,254,089
	<b>(23,985,979)</b>	6,611,763	47,708,673
	<b>P94,767,478</b>	(P126,035,585)	P117,636,076

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

	2021	2020	2019
Balance, January 1	<b>P 1,297,034,921</b>	P1,466,366,989	P1,714,976,946
Additions	<b>2,000,679,997</b>	1,219,965,941	1,216,389,325
Disposal	<b>(2,051,079,378)</b>	(1,395,909,772)	(1,512,707,955)
Unrealized gains (losses)	<b>(23,985,979)</b>	6,611,763	47,708,673
Balance, December 31	<b>P 1,222,649,561</b>	P1,297,034,921	P1,466,366,989

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

	<b>2021</b>	2020
Due after five years through ten years	<b>P163,800,000</b>	P 16,000,000
Due after ten years	-	105,500,000
	<b>P163,800,000</b>	P121,500,000

#### **8. DUE TO BROKERS**

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

Due to brokers amounted to P26,924,204 and P22,152,069 as at December 31, 2021 and 2020, respectively.

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

Commissions are paid to brokers when buying and selling shares of stocks. Commission amounted to P7,102,832, P3,721,157 and P3,997,725 were incurred in 2021, 2020 and 2019, respectively.

#### **9. ACCRUED EXPENSES AND OTHER PAYABLES**

This account consists of:

	<b>2021</b>	2020
Due to investors	<b>P6,651,444</b>	P1,142,596
Withholding and documentary stamp taxes	<b>308,457</b>	236,011
Professional fees	<b>90,221</b>	115,829
Custodianship fees payable	<b>70,439</b>	50,800
	<b>P7,120,561</b>	P1,545,236

Due to investors account pertains to amounts payable to investors for the redemption of their investments processed on or before the reporting period, which are usually paid four days after the transaction date.

## 10. RELATED PARTY TRANSACTIONS

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

As at December 31, 2021 and 2020, SLOCPI held shares representing 32.29% and 30.09% respectively, of net assets attributable to shareholders.

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

Nature of Transaction	Transactions During the Year			Outstanding Payable		Term	Condition	Notes
	2021	2020	2019	2021	2020			
SLAMCI – Fund Manager								
Management, Distribution and Transfer fees	<b>P30,648,882</b>	P30,295,368	P40,875,953	<b>P2,483,611</b>	P2,511,545	2.15% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unsecured; Unguaranteed	<b>a</b>
Key Management Personnel								
Directors' fees	<b>504,262</b>	314,615	314,615	-	-	Payable on demand; Settled in cash	Unsecured; Unguaranteed	<b>b</b>
Entities under Common Control								
Sun Life Prosperity Achiever Fund 2028, Inc. Sale	-	1,096,613	-	-	-			
Sun Life Grepa Financial Inc. Sale	-	2,193,226	30,000,000	-	-			
Purchase	-	14,890,919	-	-	-			
Sun Life of Canada Philippines Inc. Sale	<b>10,651,486</b>	119,418,083	244,500,000	-	-	Non-interest bearing; Settled in cash on the day of transaction	Unsecured; Unguaranteed	<b>c</b>
Purchase	-	51,793,634	201,884,750	-	-			
Sun Life Prosperity Philippine Equity Fund, Inc. Sale	-	-	72,000,000	-	-			
Purchase	-	-	20,000,000	-	-			
Sun Life Prosperity Peso Starter Fund, Inc. Sale	-	91,411,583	115,860,000	-	-			

As at December 31, 2021 and 2020, below is the outstanding investment of the Company in Sun Life Prosperity Peso Starter Fund, Inc. to comply with the liquidity requirement rule of SEC Investment Company Act - Implementing Rules and Regulation as amended.

	2021		2020	
	Number of Shares	Current Value	Number of Shares	Current Value
Sun Life Prosperity Peso Starter Fund, Inc.	-	<b>P -</b>	17,058,498	P22,116,343

Details of the Company's related party transactions are as follows:

### a. Investment Management

On October 12, 2012, the Company and SLAMCI entered into a Management and Distribution Agreement (MDA) wherein SLAMCI will act as its fund manager, adviser, administrator, distributor and transfer agent and will provide management, distribution and all required operational services. Under the MDA, SLAMCI will receive aggregate fees for these services at an annual rate of 2.00% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day.

On January 1, 2018, the Company and SLAMCI made amendments to their agreement changing the fee rate of management, distribution and transfer fees from



2.65% to 2.15%. The agreements shall remain in effect for a period of 2 years from such date and shall continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

On September 22, 2020, the Company and SLAMCI amended its MDA and Transfer Agency Agreement based on the provisions of ICA 2018 IRR (Implementing Rules and Regulations of the Investment Company Act 2018) published by the SEC on January 11, 2018. The agreements shall remain in effect for a period of 2 years from July 31, 2020 and shall continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

Management, distribution and transfer fees charged by SLAMCI to the Company in 2021, 2020 and 2019 amounted to P30,648,882, P30,295,368 and P40,875,953, respectively. Accrued management fees as at December 31, 2021 and 2020 amounting to P2,483,611 and P2,511,545, respectively, are shown as "Payable to Fund Manager" in the statements of financial position.

#### b. Remuneration of Directors

Remuneration of directors is presented in the statements of comprehensive income under "Directors' Fees" account amounting to P504,262, P 314,615 and P314,615 in 2021, 2020 and 2019 respectively, which are usually paid to directors based on the number of meetings held and attended. There were no accrued Directors' fees as at December 31, 2021 and 2020.

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

#### c. Purchase and Sale of Investments

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

## 11. EQUITY

Movements are as follows:

	2021		2020		2019	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized: P0.01 par value						
At December 31	<b>5,200,000,000</b>	<b>P 52,000,000</b>	5,200,000,000	P 52,000,000	5,200,000,000	P 52,000,000
Fully paid:						
At December 31	<b>3,506,967,024</b>	<b>P 35,069,670</b>	3,506,967,024	P 35,069,670	3,506,967,024	P 35,069,670
Treasury shares:						
At January 1	<b>2,005,281,414</b>	<b>P1,902,187,703</b>	1,969,497,268	P1,871,669,654	1,592,690,710	P1,497,246,504
Acquired during the year	<b>118,779,832</b>	<b>103,351,305</b>	35,784,146	30,518,049	376,806,558	374,423,150
Reissuance	<b>(16,408,202)</b>	<b>(15,564,638)</b>	-	-	-	-
At December 31	<b>2,107,653,044</b>	<b>P1,989,974,370</b>	2,005,281,414	P1,902,187,703	1,969,497,268	P1,871,669,654

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

#### *Incorporation*

The Company was incorporated on August 31, 2012 with 200,000,000 authorized shares at par value of P0.01 per share.

### *Approved changes*

On October 10, 2012, the shareholders approved the blanket increase from 200,000,000 shares to 100,000,000,000 shares with a par value of P0.01 per share. The Board was authorized to implement the increase in tranches.

On March 22, 2013, the Board of Directors approved the first tranche of share capital increase by 2,000,000,000 shares (from 200,000,000 shares to 2,200,000,000 shares with a par value of P0.01 per share). The SEC subsequently approved the increase on January 22, 2014 and the registration statement on July 3, 2014.

Deposits for future stock subscriptions received in cash amounting to P500,000,000 equivalent to 500,000,000 shares from investors in 2013 for the increase in authorized capital stock is recognized in equity since the Company has met all of the conditions required for such recognition as disclosed in Note 4.

On August 6, 2013, the Board of Directors approved the second tranche of share capital increase by 3,000,000,000 shares (from 2,200,000,000 shares to 5,200,000,000 shares with a par value of P0.01 per share) which was subsequently approved by the SEC on December 23, 2014. On July 13, 2017, the registration statement was approved by the SEC.

### *Current state*

As at December 31, 2021, the Company has 1,399,313,980 issued and outstanding shares out of the 5,200,000,000 ACS with a par value of P0.01 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2012	P0.9908	50,000,000	-	50,000,000
2013	P0.9029	-	-	50,000,000
2014	P0.9998	3,503,921,187	( 48,031,602)	3,505,889,585
2015	P0.9260	38,792,139	(146,889,954)	3,397,791,770
2016	P0.8962	5,155,668	(324,454,812)	3,078,492,626
2017	P1.0203	18,495,215	(732,722,627)	2,364,265,214
2018	P0.9217	503,652	(450,492,552)	1,914,276,314
2019	P0.9748	-	(376,806,558)	1,537,469,756
2020	P0.8877	-	( 35,784,146)	1,501,685,610
2021	P0.9396	16,408,610	(118,779,832)	1,399,313,980

The total number of shareholders as at December 31, 2021, 2020 and 2019 is 4,995, 4,988 and 4,978, respectively.

### *Redeemable shares*

Redeemable shares carry one vote each, and are subject to the following:

a. Distribution of dividends

Each shareholder has a right to any dividends declared by the Company's Board of Directors and approved by 2/3 of its outstanding shareholders.

b. Denial of pre-emptive rights

No shareholder shall, because of his ownership of the shares, have a pre-emptive or other right to purchase, subscribe for, or take any part of shares or of any other securities convertible into or carrying options or warrants to purchase shares of the registrant.

c. Right of redemption

The holder of any share, upon its presentation to the Company or to any of its duly authorized representatives, is entitled to receive, by way of redemption, approximately his proportionate share of the Company's current net assets or the cash equivalent thereof. Shares are redeemable at any time at their net assets value less any applicable sales charges and taxes.

**12. ADDITIONAL PAID-IN CAPITAL**

Additional paid-in capital of P3,210,061,215 as at December 31, 2021 and P3,210,216,567 as at December 31, 2020 and 2019, pertains to excess payments over par value from investors and from reissuance of treasury shares.

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

NAVPS is computed as follows:

	Note	2021	2020
Total equity		<b>P1,314,777,549</b>	P1,333,033,996
Outstanding shares	11	<b>1,399,313,980</b>	1,501,685,610
NAVPS		<b>P 0.9396</b>	P 0.8877

NAVPS is based on issued, outstanding and fully paid shares minus treasury shares. The expected cash outflow on redemption of these shares is equivalent to computed NAVPS as at reporting period.

**14. INTEREST INCOME**

This account consists of interest income on the following:

	Notes	2021	2020	2019
Fixed-income securities	7	<b>P5,923,110</b>	P13,887,784	P22,107,763
Cash in banks	6	<b>122,073</b>	3,841	11,574
Cash equivalents	6	<b>286</b>	390,337	534,170
Special savings deposit		-	-	3,707
		<b>P6,045,469</b>	P14,281,962	P22,657,214

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

Average interest rates of investments, cash and cash equivalents in 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Fixed-income securities	<b>5.09%</b>	7.33%	6.26%
Cash in banks	<b>0.13%</b>	0.01%	0.19%
Cash equivalents	-	2.58%	1.31%
Special savings deposit	-	-	4.50%

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

	Notes	2021	2020	2019
Financial assets at FVTPL	7	<b>P5,923,110</b>	P13,887,784	P22,111,470
Cash and cash equivalents	6	<b>122,359</b>	394,178	545,744
		<b>P6,045,469</b>	P14,281,962	P22,657,214

## 15. EARNINGS (LOSS) PER SHARE

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

	2021	2020	2019
Total comprehensive income (loss) for the year	<b>P 69,685,572</b>	(P 135,151,649)	P 108,751,817
Weighted average number of issued and outstanding shares	<b>1,452,629,129</b>	1,518,286,617	1,741,097,344
Basic earnings (loss) per share	<b>P 0.048</b>	(P 0.089)	P 0.062
Diluted earnings (loss) per share	<b>P 0.048</b>	(P 0.089)	P 0.062

As at December 31, 2021, 2020 and 2019, the Company has no dilutive potential ordinary shares.

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

*Assets measured at fair value on a recurring basis*

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

	Note	Level 1
<b>December 31, 2021</b>		
Investments in listed equity shares	7	<b>P1,059,130,663</b>
Investments in fixed-income securities	7	<b>163,518,898</b>
Investments in mutual funds	7	-
		<b>P1,222,649,561</b>
December 31, 2020		
Investments in listed equity shares	7	P 1,114,054,143
Investments in fixed-income securities	7	160,864,435
Investments in mutual funds	7	22,116,343
		P 1,297,034,921

The fair values of fixed-income securities are based on quoted prices of done deal rates and bid rates of identical instruments.

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

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

No transfers in fair value hierarchy were made as at December 31, 2021 and 2020. Total unrealized gain or loss on investments relating to financial assets that are measured at fair value at the end of the reporting period are presented separately in the statements of comprehensive income and disclosed in Note 7.

*Financial asset and liabilities not measured at fair value*

The carrying amounts and fair values of the Company's financial assets and financial liabilities are shown below:

	Notes	Carrying Amounts	Fair Values		
			Level 1	Level 2	Total
December 31, 2021					
<b>Financial Assets</b>					
Cash in banks	6	P125,878,373	P125,878,373	P -	P125,878,373
Accrued interest receivable	7	2,294,369	-	2,294,369	2,294,369
Dividends receivable	7	472,629	-	472,629	472,629
		<b>P128,645,371</b>	<b>P125,878,373</b>	<b>P 2,766,998</b>	<b>P128,645,371</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	9	P 6,812,104	P -	P 6,812,104	P 6,812,104
Due to brokers	8	26,924,204	-	26,924,204	26,924,204
Payable to fund manager	10	2,483,611	-	2,483,611	2,483,611
		<b>P 36,219,919</b>	<b>P -</b>	<b>P36,219,919</b>	<b>P 36,219,919</b>
December 31, 2020					
<b>Financial Assets</b>					
Cash in banks	6	P58,203,524	P58,203,524	P -	P58,203,524
Accrued interest receivable	7	3,141,400	-	3,141,400	3,141,400
Dividends receivable	7	851,547	-	851,547	851,547
		<b>P62,196,471</b>	<b>P58,203,524</b>	<b>P 3,992,947</b>	<b>P62,196,471</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	9	P 1,309,225	P -	P 1,309,225	P 1,309,225
Due to brokers	8	22,152,069	-	22,152,069	22,152,069
Payable to fund manager	10	2,511,545	-	2,511,545	2,511,545
		<b>P25,972,839</b>	<b>P -</b>	<b>P25,972,839</b>	<b>P25,972,839</b>

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

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

There were no transfers between Level 1 and 2 in 2021 and 2020.

## 17. INCOME TAXES

Details of current tax expense are as follows:

	2021	2020	2019
Final tax	<b>P11,963,280</b>	P7,570,868	P9,975,932
MCIT	<b>461</b>	-	57
	<b>P11,963,741</b>	<b>P7,570,868</b>	<b>P9,975,989</b>

The reconciliation between tax expense and the product of accounting profit (loss) multiplied by 25% in 2021 and 30% in 2020 and 2019 is as follows:

	2021	2020	2019
Accounting profit (loss)	<b>P 81,649,313</b>	(P127,580,781)	P118,727,806
Tax expense (benefit) at 25% in 2021 and 30% in 2020 and 2019	<b>P 20,412,328</b>	(P 38,274,234)	P 35,618,342
Adjustment for income subject to lower tax rate	<b>10,465,976</b>	3,286,279	3,179,880
Tax effects of:			
Net unrealized fair value loss (gains) on investments	<b>5,996,494</b>	(1,983,529)	(14,312,602)
Unrecognized MCIT	<b>461</b>	-	57
Unrecognized Net Operating Loss Carry-Over (NOLCO)	<b>9,845,004</b>	10,609,643	13,911,082
Dividend income exempt from tax	<b>(5,068,158)</b>	(5,861,495)	(7,442,549)
Net realized loss (gain) on investment	<b>(29,688,364)</b>	39,794,204	(20,978,221)
	<b>P 11,963,741</b>	P 7,570,868	P 9,975,989

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

Among others, the Act includes the following significant revisions:

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

The tax rate used in the reconciliations above is the corporate tax rate of 25% in 2021 and 30% in 2020 and 2019 payable by the Company.

Details of the Company's NOLCO from 2018 to 2019 are as follows:

Year Incurred	Year of Expiry	Beginning Balance	Additions	Expired	2021 Balance
2018	2021	P 55,241,773	P -	P55,241,773	<b>P -</b>
2019	2022	46,370,274	-	-	<b>46,370,274</b>
		P101,612,047	P -	P55,241,773	<b>P 46,370,274</b>

Details of the Company's NOLCO from 2020 to 2021 covered by Revenue Regulation (RR) No. 25-2020 is as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2021 Balance
2020	2025	P35,365,475	P -	P -	<b>P35,365,475</b>
2021	2026	-	39,380,016	-	<b>39,380,016</b>
		P35,365,475	P39,380,016	P -	<b>P74,745,491</b>

Pursuant to Section 4 COVID-19 Response and Recovery Interventions paragraph (bbbb) of Republic Act No. 11494 also known as "Bayanihan to Recover As One Act" and to RR No. 25-2020 of Bureau of Internal Revenue, the NOLCO incurred by the Company for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Balance	Addition	Expired	2021 Balance
2018	2021	P1,024	P-	P1,024	P -
2019	2022	57	-	-	57
2021	2024	-	461	-	461
		P1,081	P461	P1,024	P518

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

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

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

## 18. CONTINGENCIES

The Company has no pending legal cases as at December 31, 2021 and 2020 that may have a material effect on the Company's financial position and results of operations.

## 19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, which includes interest rate, and equity price risks, credit risk and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Company's assets and take appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

### Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and prices of equity securities in the stock market and movements in NAVPU of investments in UITF. There has been no change in the manner in which the Company manages and measures the risk.

### *Interest rate risk*

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

The primary source of the Company's interest rate risk relates to cash in banks and fixed-income securities. Interest rates of the financial assets are disclosed in Note 14.

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

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

The following table details the increase or decrease in net profit if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2021, 2020, and 2019:

Change in Interest rates	Increase (Decrease) in Net Profit/Equity		
	2021	2020	2019
+50 basis	<b>(P4,109,631)</b>	(P5,927,278)	(P8,822,842)
-50 basis	<b>4,273,642</b>	6,264,720	9,336,437

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

#### *Equity price risk*

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

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

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPU of investments in UITF had been 2% higher or lower, profit or loss for the years ended December 31, 2021, 2020 and 2019 would have increased or decreased by P20,672,536, P22,176,230 and P23,086,403, respectively.

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

#### Credit risk

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

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

	Notes	2021	2020
Cash in banks	6	<b>P125,878,373</b>	P 58,203,524
Financial assets at FVTPL	7	<b>163,518,898</b>	160,864,435
Accrued interest receivable	7	<b>2,294,369</b>	3,141,400
Dividends receivable	7	<b>472,629</b>	851,547
		<b>P292,164,269</b>	P223,060,906



### *ECL measurement*

In 2021 and 2020, ECLs are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

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

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

### *Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

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

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

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

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

<b>Summary rating</b>	<b>Internal credit rating</b>	<b>S&amp;P rating</b>
High	AAA	AAA
High	AA	AA- to AA+
High	A	A- to A+
High	BBB	BBB- to BBB+
Satisfactory	BB	BB- to B+
Acceptable	B	B- to B+
Low	CCC/C	CCC- to CCC+

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

For the 12M and lifetime LGDs, considering the availability of related information, the Company use the external estimates sourced from Standard and Poor's.

*Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. The Company assessed that the key economic variables are unemployment rates for 2021 and 2020.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are based on the economic data from the International Monetary Fund (IMF) from year 2022 until 2026. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of EAD and LGD.

In addition to the base economic scenario, the best value economically spanning from the historical years is taken (upside forecasts). A similar approach applies for the downside forecasts. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 2021 and 50% for the base scenario, and 25% for each of the upside and downside forecast in 2020.

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

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at December 31, 2021 and 2020:

	Notes	Internal Credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
<b>2021</b>							
Cash in banks	6	AAA	Stage 1	12m	<b>P125,878,373</b>	<b>P -</b>	<b>P125,878,373</b>
Accrued interest receivable	7	AAA	Stage 1	12m	<b>2,294,369</b>	<b>-</b>	<b>2,294,369</b>
Dividends receivable	8	AAA	Stage 1	12m	<b>472,629</b>	<b>-</b>	<b>472,629</b>
					<b>P128,645,371</b>	<b>P -</b>	<b>P128,645,371</b>
<b>2020</b>							
Cash in banks	6	AAA	Stage 1	12m	P58,203,524	P -	P58,203,524
Accrued interest receivable	7	AAA	Stage 1	12m	3,141,400	-	3,141,400
Dividends receivable	8	AAA	Stage 1	12m	851,547	-	851,547
					P62,196,471	P -	P62,196,471

Liquidity risk

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

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

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

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

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

	Less than One Month	One Month to One Year	Total
<b>2021</b>			
Accrued expenses and other payables	<b>P 6,651,444</b>	<b>P160,660</b>	<b>P 6,812,104</b>
Due to brokers	<b>26,924,204</b>	-	<b>26,924,204</b>
Payable to fund manager	<b>2,483,611</b>	-	<b>2,483,611</b>
	<b>P36,059,259</b>	<b>P160,660</b>	<b>P36,219,919</b>
<b>2020</b>			
Accrued expenses and other payables	P 1,142,597	P166,628	P 1,309,225
Due to brokers	22,152,069	-	22,152,069
Payable to fund manager	2,511,545	-	2,511,545
	P25,806,211	P166,628	P25,972,839

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

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

	Average Effective Interest Rate	Less than One Year	One Year to Five Years	Five Years to Ten Years	More than Ten Years	Total
<b>2021</b>						
Cash in banks	<b>0.13%</b>	<b>P125,878,373</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P125,878,373</b>
Financial assets at fair value through profit or loss	<b>5.09%</b>	<b>7,503,750</b>	<b>30,015,000</b>	<b>191,680,723</b>	-	<b>229,199,473</b>
Accrued interest receivable		<b>2,294,369</b>	-	-	-	<b>2,294,369</b>
Dividends receivable		<b>472,629</b>	-	-	-	<b>472,629</b>
		<b>P136,149,121</b>	<b>P30,015,000</b>	<b>P191,680,723</b>	<b>P -</b>	<b>P357,844,844</b>
<b>2020</b>						
Cash in banks	0.01%	P58,203,524	P -	P -	P -	P 58,203,524
Financial assets at fair value through profit or loss	7.33%	8,790,000	35,160,000	57,786,164	140,225,151	241,961,315
Accrued interest receivable		3,141,400	-	-	-	3,141,400
Dividends receivable		851,547	-	-	-	851,546
		P70,986,471	P35,160,000	P 57,786,164	P 140,225,151	P304,157,785

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

## **20. CAPITAL RISK MANAGEMENT**

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

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

The capital structure of the Company consists of issued capital as disclosed in Note 11.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 11, 12 and 13, to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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

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

The Investment Policies refer to the following:

- a. Investment Objective - to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Peso.
- b. Benchmark - the Company's performance is measured against 50% PSE Index and 50% Bloomberg Sovereign Bond Index.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 2.00% of the net assets attributable to shareholders on each valuation day.

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

As at December 31, 2021 and 2020, the Company is in compliance with the above requirements and minimum capital requirement of P50,000,000.

The equity ratio at year-end is as follows:

	<b>2021</b>	2020
Equity	<b>P1,314,777,549</b>	P 1,333,033,996
Asset	<b>1,351,305,925</b>	1,359,242,846
Equity ratio	<b>0.9730:1</b>	0.9807:1

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

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

The following information on taxes and license fees paid or accrued during the 2021 taxable year is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### *Documentary stamp tax*

Documentary stamp taxes incurred by the Company during 2021 amounted to P1,238 representing taxes paid in connection with the issuance of stock certificates by the Company to its shareholders. The documentary stamp tax paid by the Company to the BIR includes those charged against the shareholder's investment for stock certificate issuances in excess of ten (10) inter-fund transfers per calendar year.

### *Other taxes and licenses*

Details of other taxes and licenses and permit fees paid or accrued in 2021 are as follows:

<b>Charged to Operating Expenses</b>	
Business tax	<b>P142,808</b>
Filing and registration fees	<b>34,575</b>
Residence or community tax	<b>10,500</b>
	<b>P187,883</b>

### *Withholding taxes*

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

	<b>Paid</b>	<b>Accrued</b>	<b>Total</b>
Expanded withholding taxes	<b>P2,370,835</b>	<b>P225,034</b>	<b>P2,595,869</b>

### *Deficiency tax assessments*

The Company has no tax assessments and tax cases in 2021.

## **22. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 9, 2022

The Board of Directors approved the issuance of the financial statements also on March 9, 2022.

\* \* \*

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited the financial statements of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated April 29, 2022.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedule showing the reconciliation of the retained earnings available for dividend declaration and other supplementary information shown in schedules A-H, as required by the Securities and Exchange Commission under the SRC Rule 68, as Revised, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information are the responsibility of Management and have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.  
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024  
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements  
TIN 005299331

By:



Joe Jeffrey Mark P. Ferrer  
Partner  
CPA License No. 0115793  
SEC A.N. 1767-A, issued on August 27, 2019; effective until August 26, 2022, Group A  
TIN 211965340  
BIR A.N. 08-002552-058-2021, issued on September 8, 2021; effective until October 8, 2024  
PTR No. A-5334284, issued on January 4, 2022, Taguig City

Taguig City, Philippines  
April 29, 2022



**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DECLARATION**

As at December 31, 2021

SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City

Items	Amount
<b>Unappropriated Retained Earnings, beginning</b>	<b>P (10,064,538)</b>
<b>Adjustments:</b>	
Accumulated unrealized fair value gains as at December 31, 2020	(87,159,514)
Treasury shares as of December 31, 2020	(1,902,187,703)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>P (1,999,411,755)</b>
<b>Net income based on the face of AFS</b>	<b>69,685,572</b>
<b>Adjustments for non-actual (gains) losses</b>	
Effect of movements in accumulated unrealized gains during the year	(23,985,979)
<b>Net Income Actual/Realized</b>	<b>45,699,593</b>
<b>Less: Treasury shares acquired during the year</b>	<b>(87,786,667)</b>
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b>P (2,041,498,829)</b>

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

Schedule of Financial Soundness Indicators and Financial Ratios

December 31, 2021 and December 31, 2020

	Formula	2021	2020
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	36.99:1	51.86:1
b. Quick ratio	Quick Assets/Current Liabilities	36.99:1	51.86:1
c. Cash ratio	Cash/Current Liabilities	3.45:1	2.22:1
d. Days in receivable	Receivable/Revenue * No. of days	N/A	N/A
e. Working capital ratio	(Current Assets-Current Liabilities)/Current Liabilities	35.99:1	50.86:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	9.06:1	-13.49:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	15,284.07:1	15,613.87:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	N/A	N/A
b. Debt to equity ratio	Total Liabilities/Total Equity	0.03:1	0.02:1
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	N/A	N/A
d. Total debt to asset ratio	Total Liabilities/Total Assets	0.03:1	0.02:1
Asset to equity ratio	Total Assets/Total Equity	1.03:1	1.02:1
Interest rate coverage ratio	Earning Before Income Tax/Interest Expense	0.00	0.00
<i>Profitability Ratio</i>			
a. Earnings before interest and taxes (EBIT) margin	EBIT/Revenue	56.28%	129.00%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	56.28%	129.00%
c. Pre-tax margin	EBIT/Revenue	56.28%	129.00%
d. Effective tax rate	Income Tax/EBIT	14.65%	-5.93%
e. Post-tax margin	Net Income After Tax/Revenue	0.48:1	1.37:1
f. Return on equity	Net Income After Tax/Average Common Equity	5.26%	-9.55%
g. Return on asset	NIAT/Average Total Assets	5.14%	-9.43%
Capital intensity ratio	Total Assets/Revenue	9.31:1	-13.75:1
Fixed assets to total assets	Fixed assets/Total assets	N/A	N/A
Dividend payout ratio	Dividends paid/Net Income	N/A	N/A



Sun Life Prosperity Dynamic Fund Inc.  
Schedule Required under SRC Rule 68

i. Percentage of Investment in a Single Enterprise to Net Asset Value  
As of December 31, 2021 and December 31, 2020

	2021			2020		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
<b>Equities</b>						
Aboitiz Equity Ventures Inc	36,020,309	1,314,777,549	2.74%	21,064,050	1,333,033,996	1.58%
Aboitiz Power Corporation	19,108,980	1,314,777,549	1.45%	9,396,045	1,333,033,996	0.70%
Alliance Global Group Inc.	13,349,340	1,314,777,549	1.02%	26,728,960	1,333,033,996	2.01%
Ayala Corporation	57,330,690	1,314,777,549	4.36%	78,201,120	1,333,033,996	5.87%
Ayala Land Inc.	54,104,975	1,314,777,549	4.12%	126,943,375	1,333,033,996	9.52%
Bank of the Philippine Islands	40,309,082	1,314,777,549	3.07%	48,595,968	1,333,033,996	3.65%
BDO Unibank Inc.	64,942,997	1,314,777,549	4.94%	68,607,572	1,333,033,996	5.15%
DMCI Holdings Inc.	-	1,314,777,549	0.00%	5,094	1,333,033,996	0.00%
First Gen Corporation	20,263,660	1,314,777,549	1.54%	27,209,790	1,333,033,996	2.04%
First Gen Corporation (FGENG)	515,000	1,314,777,549	0.04%	564,500	1,333,033,996	0.04%
Globe Telecom Inc.	38,867,400	1,314,777,549	2.96%	18,138,050	1,333,033,996	1.36%
Holcim Philippines Inc.	5,682,840	1,314,777,549	0.43%	4,592,875	1,333,033,996	0.34%
AC Energy Corporation	17,063,200	1,314,777,549	1.30%	-	1,333,033,996	0.00%
Century Pacific Food Inc.	29,027,700	1,314,777,549	2.21%	-	1,333,033,996	0.00%
GT Capital Holdings Inc.	19,299,600	1,314,777,549	1.47%	15,578,550	1,333,033,996	1.17%
International Container Terminal Services Inc.	37,582,000	1,314,777,549	2.86%	58,230,250	1,333,033,996	4.37%
JG Summit Holdings Inc.	26,687,037	1,314,777,549	2.03%	56,524,548	1,333,033,996	4.24%
Manila Electric Company	-	1,314,777,549	0.00%	13,610,120	1,333,033,996	1.02%
Megaworld Corporation	17,967,600	1,314,777,549	1.37%	-	1,333,033,996	0.00%
Metro Pacific Investments Corporation	12,772,149	1,314,777,549	0.97%	9,890,695	1,333,033,996	0.74%
Metropolitan Bank & Trust Company	25,750,110	1,314,777,549	1.96%	19,475,303	1,333,033,996	1.46%
PLDT, INC.	31,305,924	1,314,777,549	2.38%	21,482,880	1,333,033,996	1.61%
Robinsons Land Corporation	-	1,314,777,549	0.00%	15,670,637	1,333,033,996	1.18%
Robinsons Retail Holdings, Inc.	7,899,012	1,314,777,549	0.60%	15,763,150	1,333,033,996	1.18%
San Miguel Corporation	-	1,314,777,549	0.00%	6,744,465	1,333,033,996	0.51%
Security Bank Corporation	9,054,710	1,314,777,549	0.69%	17,062,220	1,333,033,996	1.28%
SM Investments Corporation	92,400,798	1,314,777,549	7.03%	125,330,324	1,333,033,996	9.40%
SM Prime Holdings Inc.	68,107,473	1,314,777,549	5.18%	107,009,595	1,333,033,996	8.03%
Universal Robina Corporation	21,117,440	1,314,777,549	1.61%	42,234,875	1,333,033,996	3.17%
Bloomberry Resorts Corporation	-	1,314,777,549	0.00%	28,034,648	1,333,033,996	2.10%
Puregold Price Club Inc.	7,938,600	1,314,777,549	0.60%	2,050	1,333,033,996	0.00%
San Miguel Corporation (SMC2F)	-	1,314,777,549	0.00%	17,911,183	1,333,033,996	1.34%
San Miguel Corporation (SMC2H)	-	1,314,777,549	0.00%	987,480	1,333,033,996	0.07%
San Miguel Corporation (SMC2I)	-	1,314,777,549	0.00%	2,265,600	1,333,033,996	0.17%
San Miguel Corporation (SMC2E)	-	1,314,777,549	0.00%	188,500	1,333,033,996	0.01%
San Miguel Corporation (SMC2G)	-	1,314,777,549	0.00%	2,463,500	1,333,033,996	0.18%
Jollibee Foods Corporation	18,627,712	1,314,777,549	1.42%	-	1,333,033,996	0.00%
Vista Land & Lifescapes Inc.	-	1,314,777,549	0.00%	12,397,320	1,333,033,996	0.93%
San Miguel Corporation - PHY7501D1293	2,002,401	1,314,777,549	0.15%	-	1,333,033,996	0.00%
San Miguel Corporation - PHY7501D1111	771,652	1,314,777,549	0.06%	-	1,333,033,996	0.00%
Monde Nissin Corporation	26,143,560	1,314,777,549	1.99%	-	1,333,033,996	0.00%
EEL Corporation	6,697,600	1,314,777,549	0.51%	3,900,501	1,333,033,996	0.29%
All Home Corp	-	1,314,777,549	0.00%	4,230,045	1,333,033,996	0.32%
Wilcon Depot, Inc.	8,174,000	1,314,777,549	0.62%	11,005,280	1,333,033,996	0.83%
Sun Life Prosperity Peso Starter Fund, Inc.	-	1,314,777,549	0.00%	22,116,343	1,333,033,996	1.66%
AREIT, Inc.	-	1,314,777,549	0.00%	55,057,665	1,333,033,996	4.13%
Converge Information and Communications Technology Solutions	50,373,290	1,314,777,549	3.83%	20,955,360	1,333,033,996	1.57%
EEL Corporation - PHY2249U1290	6,918,500	1,314,777,549	0.53%	-	1,333,033,996	0.00%
EEL Corporation - PHY2249U1373	20,629,250	1,314,777,549	1.57%	-	1,333,033,996	0.00%
Filinvest REIT Corporation	53,853,500	1,314,777,549	4.10%	-	1,333,033,996	0.00%
MREIT Inc.	70,112,300	1,314,777,549	5.33%	-	1,333,033,996	0.00%
RL Commercial REIT Inc.	20,358,272	1,314,777,549	1.55%	-	1,333,033,996	0.00%
<b>Treasury Notes</b>						
PHY6972HKH84	11,813,043	1,314,777,549	0.90%	-	1,333,033,996	0.00%
PHY6972HKC97	100,810,500	1,314,777,549	7.67%	-	1,333,033,996	0.00%
PHY6972HLA23	26,174,200	1,314,777,549	1.99%	-	1,333,033,996	0.00%
PHY6972FPV67	24,721,155	1,314,777,549	1.88%	-	1,333,033,996	0.00%
PIBD2031G171	-	1,314,777,549	0.00%	62,511,995	1,333,033,996	4.69%
PIBD1029A644	-	1,314,777,549	0.00%	19,912,640	1,333,033,996	1.49%
PIBD2039A232	-	1,314,777,549	0.00%	78,439,800	1,333,033,996	5.88%

ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company

As of December 31, 2021 and December 31, 2020

	2021			2020		
	Investment (Shares)	Outstanding Securities	% over Investee	Investment (Shares)	Outstanding Securities	% over Investee
<b>Equities</b>						
Aboitiz Equity Ventures Inc	661,530	5,630,225,457	0.01%	445,800	5,630,225,457	0.01%
Aboitiz Power Corporation	643,400	7,358,604,307	0.01%	353,900	7,358,604,307	0.00%
Alliance Global Group Inc.	1,131,300	9,471,352,279	0.01%	2,521,600	9,676,914,079	0.03%
Ayala Corporation	68,990	619,703,617	0.01%	94,560	627,415,324	0.02%
Ayala Land Inc.	1,474,250	14,811,126,679	0.01%	3,103,750	14,730,395,599	0.02%
Bank of the Philippine Islands	437,429	4,513,128,255	0.01%	597,369	4,513,103,261	0.01%
BDO Unibank Inc.	538,053	4,385,519,015	0.01%	642,393	4,384,474,515	0.01%
DMCI Holdings Inc.	-	-	0.00%	900	13,277,470,000	0.00%
First Gen Corporation	727,600	3,596,575,505	0.02%	966,600	3,597,914,505	0.03%
First Gen Corporation (FGENG)	5,000	3,596,575,505	0.00%	5,000	66,603,840	0.01%
Globe Telecom Inc.	11,700	133,619,207	0.01%	8,935	133,432,727	0.01%
Holcim Philippines Inc.	1,029,500	6,452,099,144	0.02%	633,500	6,452,099,144	0.01%
AC Energy Corporation	1,551,200	38,315,838,177	0.00%	-	-	0.00%
Century Pacific Food Inc.	992,400	3,542,258,595	0.03%	-	-	0.00%
GT Capital Holdings Inc.	35,740	215,284,587	0.02%	26,630	215,284,587	0.01%
International Container Terminal Services Inc.	187,910	2,038,609,782	0.01%	471,500	2,044,311,325	0.02%
JG Summit Holdings Inc.	503,529	7,520,983,658	0.01%	789,449	7,520,983,658	0.01%
Manila Electric Company	-	-	0.00%	46,610	1,127,098,705	0.00%
Megaworld Corporation	5,704,000	31,857,070,872	0.02%	-	-	0.00%
Metro Pacific Investments Corporation	3,274,910	30,070,247,752	0.01%	2,310,910	30,668,798,752	0.01%
Metropolitan Bank & Trust Company	462,300	4,497,415,555	0.01%	397,050	4,497,415,555	0.01%
PLDT, INC.	17,277	216,055,775	0.01%	16,032	216,055,775	0.01%
Robinsons Land Corporation	-	-	0.00%	739,181	5,193,830,685	0.01%
Robinsons Retail Holdings, Inc.	120,780	1,512,010,200	0.01%	242,510	1,551,006,880	0.02%
San Miguel Corporation	-	-	0.00%	52,650	2,378,524,978	0.00%
Security Bank Corporation	76,090	753,538,887	0.01%	127,330	753,538,887	0.02%
SM Investments Corporation	97,986	1,204,582,867	0.01%	-	-	0.00%
SM Prime Holdings Inc.	2,009,070	28,879,231,694	0.01%	119,476	1,204,582,867	0.01%
Universal Robina Corporation	164,980	2,200,983,378	0.01%	2,779,470	28,879,231,694	0.01%
Bloomberry Resorts Corporation	-	-	0.00%	276,950	2,204,161,868	0.01%
Puregold Price Club Inc.	202,000	2,883,087,615	0.01%	3,456,800	10,959,899,892	0.03%
San Miguel Corporation (SMC2F)	-	-	0.00%	50	2,884,232,615	0.00%
San Miguel Corporation (SMC2H)	-	-	0.00%	231,710	223,333,500	0.10%
San Miguel Corporation (SMC2I)	-	-	0.00%	12,660	164,000,000	0.01%
San Miguel Corporation (SMC2E)	-	-	0.00%	29,500	169,333,400	0.02%
San Miguel Corporation (SMC2G)	-	-	0.00%	2,500	134,000,100	0.00%
Jollibee Foods Corporation	86,080	1,109,913,214	0.01%	32,500	66,666,600	0.05%
Vista Land & Lifescapes Inc.	-	-	0.00%	-	-	0.00%
San Miguel Corporation - PHY7501D1293	25,140	2,383,896,588	0.00%	2,649,000	12,698,007,676	0.02%
San Miguel Corporation - PHY7501D1111	10,160	2,383,896,588	0.00%	-	-	0.00%
Monde Nissin Corporation	1,613,800	17,968,611,496	0.01%	-	-	0.00%
EEl Corporation	1,030,400	1,036,281,485	0.10%	-	-	0.00%
All Home Corp	-	-	0.00%	513,900	1,036,281,485	0.05%
Wilcon Depot, Inc.	268,000	4,099,724,116	0.01%	462,300	3,750,000,002	0.01%
Sun Life Prosperity Peso Starter Fund, Inc.	-	-	0.00%	651,200	4,099,724,116	0.02%
AREIT, Inc.	-	-	0.00%	17,058,498	19,999,991,404	0.09%
Converge Information and Communications Technology Solutions	1,579,100	7,526,294,461	0.02%	1,875,900	1,025,656,435	0.18%
EEl Corporation - PHY2249U1290	68,500	1,036,281,485	0.01%	1,406,400	7,526,294,461	0.02%
EEl Corporation - PHY2249U1373	191,900	1,036,281,485	0.02%	-	**	0.00%
Filinvest REIT Corporation	7,277,500	4,892,777,994	0.15%	-	**	0.00%
MREIT Inc.	3,559,000	2,532,121,381	0.14%	-	**	0.00%
RL Commercial REIT Inc.	2,675,200	9,948,997,197	0.03%	-	**	0.00%
<b>Treasury Notes</b>						
PHY6972HKH84	12,300,000	**	-	-	**	-
PHY6972HKC97	105,000,000	**	-	-	**	-
PHY6972HLA23	26,000,000	**	-	-	**	-
PHY6972FPV67	20,500,000	**	-	-	**	-
PIBD2031G171	-	255,837,150,000	0.00%	45,500,000	255,837,150,000	0
PIBD1029A644	-	40,000,000,000	0.00%	16,000,000	40,000,000,000	0
PIBD2039A232	-	31,504,000,000	0.00%	60,000,000	31,504,000,000	0

**iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets**

As of December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Total Liquid and Semi-Liquid Assets	1,351,294,932	1,359,231,392
TOTAL ASSETS	1,351,305,925	1,359,242,846
<b>Total Investment in Liquid or Semi-Liquid Assets to Total Assets</b>	100%	100%

**iv. Total Operating Expenses to Total Net Worth**

As of December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Total Operating Expenses	31,828,314	31,339,022
Average Daily Net Worth	1,270,363,225	1,258,868,213
Total Operating Expenses to Total Net Worth	2.51%	2.49%

**v. Total Assets to Total Borrowings**

As of December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Total Assets	1,351,305,925	1,359,242,846
Total Borrowings	36,528,376	26,208,850
Total Assets to Total Borrowings	3699%	5186%

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

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

**Additional Requirements for Issuers of Securities to the Public  
Required by the Securities and Exchange Commission  
As at December 31, 2021**

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

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

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

**SCHEDULE A - FINANCIAL ASSETS**

**As at December 31, 2021**

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Income Received and Accrued
Treasury Notes Issued by the Nat'l. Government	163,800,000	P 163,518,898	P 5,923,110
<b>Equity shares:</b>			
Aboitiz Equity Ventures Inc	661,530	36,020,309	
Aboitiz Power Corporation	643,400	19,108,980	
Alliance Global Group Inc.	1,131,300	13,349,340	
Ayala Corporation	68,990	57,330,690	
Ayala Land Inc.	1,474,250	54,104,975	
Bank of the Philippine Islands	437,429	40,309,082	
BDO Unibank Inc.	538,053	64,942,997	
First Gen Corporation	727,600	20,263,660	
First Gen Corporation (FGENG)	5,000	515,000	
Globe Telecom Inc.	11,700	38,867,400	
Holcim Philippines Inc.	1,029,500	5,682,840	
AC Energy Corporation	1,551,200	17,063,200	
Century Pacific Food Inc.	992,400	29,027,700	
GT Capital Holdings Inc.	35,740	19,299,600	
International Container Terminal Services Inc.	187,910	37,582,000	
JG Summit Holdings Inc.	503,529	26,687,037	
Megaworld Corporation	5,704,000	17,967,600	
Metro Pacific Investments Corporation	3,274,910	12,772,149	
Metropolitan Bank & Trust Company	462,300	25,750,110	
PLDT, INC.	17,277	31,305,924	
Robinsons Retail Holdings, Inc.	120,780	7,899,012	
Security Bank Corporation	76,090	9,054,710	
SM Investments Corporation	97,986	92,400,798	
SM Prime Holdings Inc.	2,009,070	68,107,473	
Universal Robina Corporation	164,980	21,117,440	
Puregold Price Club Inc.	202,000	7,938,600	
Jollibee Foods Corporation	86,080	18,627,712	
San Miguel Corporation - PHY7501D1293	25,140	2,002,401	
San Miguel Corporation - PHY7501D1111	10,160	771,652	
Monde Nissin Corporation	1,613,800	26,143,560	
EEI Corporation	1,030,400	6,697,600	
Wilcon Depot, Inc.	268,000	8,174,000	
Converge Information and Communications Technology Solutions	1,579,100	50,373,290	
EEI Corporation - PHY2249U1290	68,500	6,918,500	
EEI Corporation - PHY2249U1373	191,900	20,629,250	
Filinvest REIT Corporation	7,277,500	53,853,500	
MREIT Inc.	3,559,000	70,112,300	
RL Commercial REIT Inc.	2,675,200	20,358,272	
	40,513,704	1,059,130,663	20,272,632
<b>TOTAL</b>	<b>204,313,704</b>	<b>P 1,222,649,561</b>	<b>P26,195,742</b>

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

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

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**

**As at December 31, 2021**

Name of Related Party	Relationship	Balance at beginning of period	Balance at end of period
Sun Life Asset Management Company, Inc.	Fund Manager	P2,511,545	P2,483,611

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

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

**SCHEDULE H - CAPITAL STOCK**

**As at December 31, 2021**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Share Capital						
Ordinary Shares	5,200,000,000	3,506,967,024	-	-	5	3,506,967,019
Treasury Shares	-	(2,107,653,044)	-	-	-	(2,107,653,044)
<b>TOTAL</b>	<b>5,200,000,000</b>	<b>1,399,313,980</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>1,399,313,975</b>

**COVER SHEET**

**C S 2 0 1 2 1 5 8 4 6**

SEC Identification Number

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

(Company's Full Name)

**S U N L I F E C E N T R E 5<sup>TH</sup> A V E .**  
**C O R . R I Z A L D R I V E , B O N I F A C I O**  
**G L O B A L C I T Y , T A G U I G C I T Y**

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

**Anna Katrina C. Kabigting - Ibero**  
 (Contact Person)

**555-8888**  
 (Company Telephone Number)

**S E C F O R M 1 7 - C**

**1 2**    **3 1**  
 Month    Day  
 (Fiscal Year)

(Form Type)

**4th Wednesday of June**  
 Month    Day  
 (Annual Meeting)

\_\_\_\_\_  
 (Secondary License Type, If Applicable)

\_\_\_\_\_  
 Dept. Requiring this Doc.

\_\_\_\_\_  
 Amended Articles Number/Section

\_\_\_\_\_  
 Total No. of Stockholders

Total Amount of Borrowings

_____	_____
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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

\_\_\_\_\_  
 LCU

\_\_\_\_\_  
 Document ID

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 Cashier

STAMPS



SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-C  
CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (c) THEREUNDER

1. **12 March 2021**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CS201215846**    3. BIR Tax Identification No. **008-357-526-000**
4. **Sun Life Prosperity Dynamic Fund, Inc.**  
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. **Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City,**    **1634**  
Address of principal office    Postal Code
8. **(632) 8555-8888**  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 28 February 2021)
<b>Common (Unclassified)</b>	<b>1,495,011,019</b>

10. Indicate the item numbers reported herein:

**Item 9 (b) - Other Events.** During the regular meeting of the Board of Directors of the Issuer held on 09 March 2021 via Zoom Video Conference, where a quorum was present and acting throughout, the following were approved:

1. The 2020 Audited Financial Statements, as endorsed by its Audit and Compliance Committee;
2. Amended delegation of the power to amend the prospectus;
3. Amended delegation of the power to apply for increase in the authorized capital stock;
4. The holding of the Annual Stockholders' Meeting on 14 July 2021 through remote communications in accordance with SEC Memorandum No. 6, dated March 12, 2020, using Zoom's Video Conferencing facility. Attached herein as Annex A is the Internal Procedures for the conduct of the 2021 Annual Stockholders' Meeting;
5. The closing of the Issuer's Stock & Transfer Book on 30 April 2021 for the purpose of determining the stockholders entitled to notice of, to attend and vote at the annual stockholders' meeting; and
6. The Manual on Corporate Governance and the respective charters of the Board Committees, without any changes.

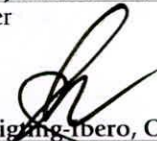
The Board of Directors was likewise informed that its Fund Manager, Sun Life Asset Management Company, Inc., had approved a fund management outsourcing arrangement to be entered into at a later time. The Board of Directors approved the necessary activities, such as access to the Corporation's pertinent accounts, in preparation for this arrangement.

Finally, the Audit and Compliance Committee, acting as the Independent Oversight Entity, approved the delegation of the power to suspend the redemption of shares/units of the Corporation.

**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 hereunto duly authorized.

**Sun Life Prosperity Dynamic Fund, Inc.**  
Issuer



**Anna Katrina C. Kabigting-Ibero, Corporate Secretary**  
Signature and Title

Date: **12 March 2021**

## Annex A: 2021 Annual Stockholders' Meeting Internal Procedures

1. **Date, Time and Venue of the Meeting.** The 2021 Sun Life Prosperity Funds Annual Stockholders' Meeting ("ASHM") will be held at 02:00 P.M. on Wednesday, 14 July 2021 via *Zoom Video Communications* ("*Zoom*"). Present during the said meeting will be the Board of Directors, Officers, and Stockholders of the Sun Life Prosperity Funds ("Funds").
2. **Notices of the Meeting.** The investors of the Funds as of 30 April 2021 ("Record Date") will be notified of the date, time, *Zoom* link, and other relevant information related to the ASHM no later than 14 June 2021 through electronic mail for investors with e-mail address/es on record. Notices of the Meeting will also be published in the website of Sun Life Asset Management ([www.sunlifefunds.com](http://www.sunlifefunds.com)), and in the business section of two (2) newspaper of general circulation, in print and online format, for two (2) consecutive dates prior to 14 June 2021.
3. **Registration.** Prior the ASHM, investors as of Record Date should pre-register using the link that will be provided through various communication channels. Client identification may be verified during the pre-registration process.
4. **Right to Vote.** The right to vote of investors as of the Record Date may be exercised in person, through proxy, or so when so authorized in the bylaws, through remote communication or *in absentia*. The Funds will accept votes from its stockholders by emailing [SunLifeFunds@sunlife.com](mailto:SunLifeFunds@sunlife.com) until Tuesday, 13 July 2021 (one business day prior to the ASHM). Investors who will decide to attend the ASHM via *Zoom* may also exercise their right to vote via the *Zoom* poll functionality available during the conduct of the ASHM.
5. **ASHM Conduct.** Suitable equipment and facilities will be available during the conduct of the ASHM. Participating investors will have the opportunity to read and hear the discussions substantially using *Zoom*. There will be both live and pre-recorded audio and visual presentations from the Officers and Directors of the Funds. Investors may be able to ask questions during the entire conduct of the ASHM. The audio and video of the ASHM via *Zoom* will be recorded, and this will be made available to clients after the meeting for thirty (30) days via the official Sun Life You Tube Channel.
6. **Quorum and Minutes of the Meeting.** The Corporate Secretary of the Funds will determine quorum in the meetings, as well as the voting results regarding the matters discussed in the ASHM. She will also be responsible for the preparation of the Minutes of the Meeting, and this will be forwarded to the stockholders for their approval in the next ASHM.
7. **Others.** Sun Life shall address any administrative, technical and logical issues as to the conduct of the said meeting. Should any stoppage or stoppage occur, the audio and visual recording shall start where it was interrupted, with the Chairman/Corporate Secretary acknowledging where in the agenda they left off.

COVER SHEET

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SEC Identification Number

SUN LIFE PROSPERITY  
DYNAMIC FUND, INC.

(Company's Full Name)

SUN LIFE CENTRE 5<sup>TH</sup> AVE.  
COR. RIZAL DRIVE, BONIFACIO  
GLOBAL CITY, TAGUIG CITY

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

FRANCES IANNA S. CANTO

(Contact Person)

555-8888

(Company Telephone Number)

SEC FORM 17-C

1 2

Month

3 1

Day

(Fiscal Year)

(Form Type)

4th Wednesday of June

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-C  
CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (c) THEREUNDER

1. 19 July 2021  
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201215846    3. BIR Tax Identification No. 008-357-526-000
4. Sun Life Prosperity Dynamic Fund, Inc.  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, 1634  
Address of principal office Postal Code
8. (632) 8555-8888  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 30 June 2021)
<u>Common (Unclassified)</u>	<u>1,435,927,124</u>

10. Indicate the item numbers reported herein: **Items 4(b), 4(b)(i) and 9(b).**

A. During the Annual Stockholders' Meeting of the Issuer held on 14 July 2021 at 2:00 p.m. via Zoom Video Conference, during which 509,722,359 shares or 34.46% of the outstanding capital stock ("OCS") as of 30 April 2021 were present in person or by proxy, the following events transpired:

**Item 4(b). Election of Directors.** Due to the failure to meet the requirement that 50%+1 share of the OCS should be present in person or by proxy, no election of members of the Board of Directors could be held. The following shall continue to serve as directors until the continuation of the Annual Stockholders' Meeting on 10 September 2021, 10:00 a.m. via Zoom, and until their successors have been duly elected and qualified:

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Oscar M. Orbos (independent)
- Aleli Angela G. Quirino (independent)
- Oscar S. Reyes (independent)

The independent directors will submit the required certification within 30 days from date of the annual stockholders' meeting.

**Item 9(b). Other Events.** The stockholders present or represented unanimously approved the following:

1. The minutes of the 2020 annual stockholders' meetings;
2. All acts and proceedings of the Board and Corporate Officers (confirmation and ratification thereof); and
3. Appointment of Navarro, Amper & Co. (Deloitte Touche Tohmatsu) as external auditor for 2021.

Due to the failure to meet the requirement that 2/3 of the OCS should be present in person or by proxy the amendment of Article VI of the Articles of Incorporation to increase the number of directors to six (6) was not approved by the stockholders.

The foregoing shall be resubmitted for approval in the continuation of the Annual Stockholders' Meeting on 10 September 2021, details of which have been stated above.

B. During the continuation of the Joint Regular Meeting of the Board of Directors immediately after the annual stockholders' meeting, the following events transpired:

**Item 4(b)(i).** The following were unanimously elected/appointed by the Board:

Chairman:	Benedicto C. Sison
President:	Maria Josefina A. Castillo
Treasurer:	Candy S. Esteban
Corporate Secretary:	Anna Katrina C. Kabigting-Ibero
Asst. Corp. Secretary:	Frances Ianna S. Canto
Compliance Officer:	Ma. Jemilyn S. Camania
Data Protection Officer:	Ma. Jemilyn S. Camania
Risk Officer:	Ria V. Mercado
Internal Auditor:	Joel O. Bungabong
Corporate Governance Committee:	Aleli Angela G. Quirino (Chairman), Benedicto C. Sison and Oscar S. Reyes; and
Audit and Compliance Committee:	Oscar S. Reyes (Chairman), Oscar M. Orbos and Aleli Angela G. Quirino
Representatives to the Philippine Investment Funds Association, Inc.:	
Primary:	President/Maria Josefina A. Castillo
Alternate:	Any one (1) of the following: President (Sun Life Asset Management Company, Inc.) General Counsel (Sun Life Financial Philippines) Treasurer/Chief Financial Officer (SLAMC) Head (Bank and Alternative Distribution, SLAMC) Head (MF Agency Sales, SLAMC)


**Item 9 (b). Other Events.** The Board unanimously confirmed the continuation of the Management Agreement, Distribution Agreement and Transfer Agency Agreement with Sun Life Asset Management Company, Inc

#### 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 hereunto duly authorized.

Sun Life Prosperity Dynamic Fund, Inc.  
Issuer

Date: 19 July 2021

  
Frances Ianna S. Canto, Assistant Corporate Secretary  
Signature and Title

COVER SHEET

C S 2 0 1 2 1 5 8 4 6

SEC Identification Number

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

(Company's Full Name)

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

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

Anna Katrina C. Kabigting-Ibero

(Contact Person)

555-8888 loc. 5699

(Company Telephone Number)

SEC 17 - C

1 2

Month

3 1

Day

(Fiscal Year)

(Form Type)

4th Wed. of June

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION  
 SEC FORM 17-C  
 CURRENT REPORT UNDER SECTION 17  
 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (c) THEREUNDER

1. 15 September 2021  
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201215846      3. BIR Tax Identification No. 008-357-526-000
4. Sun Life Prosperity Dynamic Fund, Inc.  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City,      1634  
Address of principal office      Postal Code
8. (632) 8555-8888  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 31 August 2021)
<u>Common (Unclassified)</u>	<u>1,424,293,758</u>

10. Indicate the item numbers reported herein: **Item 4 (b), and Item 9(b).**

A. During the continuation of the Annual Stockholders' Meeting of the Issuer held on 10 September 2021 at 10:00 a.m. via Zoom Webinar, the following events transpired:

**Item 4(b). Election of Directors.** Due to the failure to meet the requirement that 50%+1 share of the OCS should be present in person or by proxy, no election of members of the Board of Directors could be held. The following shall continue to serve as directors in holdover capacity: Benedicto C. Sison, Maria Josefina A. Castillo, Oscar M. Orbos (independent), Aleli Angela G. Quirino (independent) and Oscar S. Reyes (independent).

**Item 9(b). Other Events.** Due to the failure to meet the requirement that 2/3 of the OCS should be present in person or by proxy, the Amendment of Article VI of the Articles of Incorporation to increase the number of directors to six (6) was not approved by the stockholders:

The above shall be carried over to the agenda of the next Annual Stockholders' Meeting for approval.

**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 hereunto duly authorized.

**Sun Life Prosperity Dynamic Fund, Inc.**

Issuer



Date: 15 September 2021

**Anna Katrina C. Kabigting-Ibero, Corporate Secretary**  
Signature and Title



COVER SHEET

C S 2 0 1 2 1 5 8 4 6

SEC Identification Number

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

(Company's Full Name)

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

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

FRANCES IANNA S. CANTO  
(Contact Person)

8555-8888  
(Company Telephone Number)

SEC FORM 17-C

1 2 3 1  
Month Day  
(Fiscal Year)

(Form Type)

4th Wednesday of June  
Month Day  
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-C  
CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (c) THEREUNDER

1. 13 October 2021  
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201215846    3. BIR Tax Identification No. 008-357-526-000
4. Sun Life Prosperity Dynamic Fund, Inc.  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code:
7. Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, 1634  
Address of principal office Postal Code
8. (632) 8555-8888  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 30 September 2021)
<u>Common (Unclassified)</u>	<u>1,421,831,941</u>


10. Indicate the item numbers reported herein: **Item 4 (a). Resignation, Removal or Election of Registrant's Directors or Officers.**

Atty. Oscar M. Orbos has resigned as Independent Director of the Sun Life Prosperity Funds effective 08 October 2021 after his decision to run for election as a Congressman. The company is already in the process of searching for a replacement to fill in this vacancy in the Board of Directors

**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 hereunto duly authorized.

Sun Life Prosperity Dynamic Fund, Inc.  
Issuer



Frances Ianna S. Canto, Assistant Corporate Secretary  
Signature and Title

Date: 13 October 2021

COVER SHEET

C S 2 0 1 2 1 5 8 4 6

SEC Identification Number

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

(Company's Full Name)

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

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

Anna Katrina C. Kabigting-Ibero

(Contact Person)

555-8888 loc. 5699

(Company Telephone Number)

SEC 17 - C

1 2

Month

(Fiscal Year)

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Day

(Form Type)

4th Wed. of June

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-C  
CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (c) THEREUNDER

1. 23 November 2021  
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201215846      3. BIR Tax Identification No. 008-357-526-000
4. Sun Life Prosperity Dynamic Fund, Inc.  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines      6.   (Use Only)  
Province, country or other jurisdiction of      Industry Classification Code:  
incorporation
7. Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City,      1634  
Address of principal office      Postal Code
8. (632) 8555-8888  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 31 October 2021)
<u>Common (Unclassified)</u>	<u>1,411,008,760</u>

10. Indicate the item numbers reported herein: **Items 4 (b) (i).**

During the Special Meeting of the Board of Directors of the Issuer held on 19 November 2021 at 5:15 p.m. via Zoom Meeting Conference, where a quorum was present and acting throughout, the following matters were unanimously approved:

**Item 4 (b) (i). Resignation, Removal or Election of Registrant's Directors or Officers.**

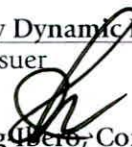
1. Election of Mr. Cesar Luis F. Bate as replacement Independent Director, in lieu of Atty. Oscar M. Orbos, to serve the unexpired portion of the term of the latter, and until his successor is elected and qualified;
2. Appointment of Mr. Bate to the Audit and Compliance Committee, in lieu of Atty. Oscar M. Orbos., to serve the unexpired portion of the term of the latter, and until his successor is elected and qualified;
3. Resignation of Ms. Maria Josefina A. Castillo as Director and President effective 19 November 2021;
4. Election of Ms. Candy S. Esteban as replacement Director and President, to serve the unexpired portion of Ms. Castillo's term, and until her successor is elected and qualified; and
5. Appointment of Mr. Sherwin S. Sampang as Treasurer, to replace Ms. Esteban effective 19 November 2021.

Please refer to Annex "A" for a summary of their professional and business experience.

**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 hereunto duly authorized.

Sun Life Prosperity Dynamic Fund, Inc.  
Issuer



Date: 23 November 2021

Anna Katrina C. Kabigting Ureta, Corporate Secretary  
Signature and Title

**CESAR LUIS F. BATE**

7 Beaterio Street, Urdaneta Village, Makati City Philippines  
Telephone No (632) 8896 9675  
Office landline (632) 8864 0808  
Mobile No (63917) 5625 6021

**EXPERIENCE**

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**Managing Director**  
**LMN Advisors/Partners Inc.**

Louie established the consultancy firm LMN Advisors/Partners Inc., in October 2006 after being a stockbroker for 20 years. Prior to LMN, Louie was head of the Philippine operations of Macquarie Securities Philippines from 2004 to 2006. From 1995 to 2004, He was president of Dutch-owned ING Securities Philippines which was the country's largest stock brokerage house for four years under his ten-year tenure. He started his career as a stockbroker with the local house A&A Securities in 1987 and joined British-owned Baring Securities as Head of Philippine sales in 1992. Louie is presently a registered and authorized salesman of A&A Securities, Inc., as such he actively advises high-net worth individuals and two institutions. He also handles discretionary accounts.

**Independent Director 2021**  
**RL Commercial REIT, Inc.**

**Director 1980 – present**  
**Acacia Lane, Inc.**

**Trustee 2007 – 2016**  
**Jose Rizal University**

**EDUCATION**

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**1984 BS Management Engineering**  
**Ateneo de Manila University**

**FAMILY**

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Born March 24, 1961  
Married September 2000 to Ana Melissa Tang Yao  
Has four boys ages 12 to 19

**OTHERS**

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Collects Philippine Art

## **CANDY S. ESTEBAN**

### **Academic Background**

Candy is a Master of Business Administration (MBA) from INSEAD. She also holds a bachelor's degree in Management Engineering from the Ateneo De Manila University.

### **Professional Career**

Candy was the Head for Financial Planning and Analysis for the Sun Life group of companies where she led strategic and business planning, management reporting and expense management activities. She was also the Treasurer for Sun Life of Asset Management Company, Inc. (SLAMCI) and the 16 Sun Life Prosperity Funds (SLP Funds). In this role, Candy co-managed the day to day activities of treasury operations, as well as financial accounting and reporting for SLAMCI and the SLP Funds.

Before joining Sun Life, Candy held various positions in the Philippine business of Citigroup. From 2006 to 2014 – she led business planning and analysis functions for the Wealth Management business of Citibank Philippines covering the Deposits, Investments, Personal Loans and Insurance. Candy was also the Chief Financial Officer for Citibank Savings Incorporated (CSI) from 2011 to March 2014 where she covered the financial management of the legal vehicle CSI, including local regulatory, US GAAP reporting, and compliance to internal and external regulations. She was one of the key members in the sale and transition of CSI to a local Philippine bank in 2014.

Candy also held the position of Lead Finance Office at American Express Bank from 2004-2006 where she supported the Commercial Cards business for the Philippines, Thailand, Indonesia and Malaysia, and the Wealth Management business in the Philippines. Her first role after graduating from the Ateneo was as a Management Reporting Officer/Business Process Analyst for the financial reporting shared services division of Citigroup where she led automation and financial reporting for various countries in the Central and Eastern Europe, Middle East and Africa (CEEMEA), and Southeast Asia region.

SHERWIN S. SAMPANG

Mr. Sherwin S. Sampang is Sun Life PH's Head of Financial Planning & Analysis (October 2021 to present). Concurrently, Mr. Sampang is the Treasurer of Sun Life Financial Plans, Inc. (October 2017 to present). He joined Sun Life as Head of Finance Systems, Processes and Internal Controls (September 2016 to October 2018). He later assumed the role of Head of Accounting and Controllershship (November 2018 to September 2021).

Mr. Sampang has over 20 years of local and international experience in Finance and Audit. Prior to joining Sun Life, he was the Head of Finance of QBE Seaboard Insurance Philippines, Inc. His experience includes financial management leadership covering financial reporting, budgeting, forecasting, strategic planning, cost management, business process re-engineering, taxation and treasury. Prior to QBE Seaboard, he was a Director in the assurance practice of PwC Philippines and has acquired extensive international exposure from his 18-month secondment with Deloitte in Boston, MA, USA. He graduated with a degree in Bachelor of Science in Accountancy from Far Eastern University and attended the Management Development Program of the Asian Institute of Management. Mr. Sampang maintains active membership in the Philippine Institute of Certified Public Accountants (PICPA) and is currently a Board of Director of the Philippine Federation of Pre-Need Plan Companies, Inc.

COVER SHEET

C S 2 0 1 2 1 5 8 4 6

SEC Identification Number

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

(Company's Full Name)

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

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

Anna Katrina C. Kabigting-Ibero

(Contact Person)

555-8888 loc. 5699

(Company Telephone Number)

SEC 17 - C

1 2

Month

(Fiscal Year)

3 1

Day

(Form Type)

4th Wed. of June

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS



SECURITIES AND EXCHANGE COMMISSION  
 SEC FORM 17-C  
 CURRENT REPORT UNDER SECTION 17  
 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2 (c) THEREUNDER

1. 17 December 2021  
Date of Report (Date of earliest event reported)
2. SEC Identification Number CS201215846      3. BIR Tax Identification No. 008-357-526-000
4. Sun Life Prosperity Dynamic Fund, Inc.  
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines      6.  se Only)  
Province, country or other jurisdiction of      Industry Classification Code:  
incorporation
7. Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City,      1634  
Address of principal office      Postal Code
8. (632) 8555-8888  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 30 November 2021)
<u>Common (Unclassified)</u>	<u>1,407,352,598</u>

10. Indicate the item numbers reported herein: **Items 9 (b)**

During the Regular Meeting of the Board of Directors of the Issuer held on 14 December 2021 at 11:30 a.m. via Zoom Meeting Conference, where a quorum was present and acting throughout, the Board of Directors unanimously approved:

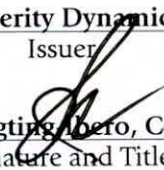
**Item 9 (b). Other events.** Amendment of Prospectus. (1) Approve, confirm, ratify the existing securities offered by the Sun Life Prosperity Funds, and authorize the filing of the individual Registration Statements and Prospectuses of the Funds, as amended, to the Securities and Exchange Commission; and (2) Approve the disclosures contained in the individual Registration Statements and Prospectus, and assume responsibility for the information contained therein.

**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 hereunto duly authorized.

Sun Life Prosperity Dynamic Fund, Inc.  
Issuer

Date: 17 December 2021

  
Anna Katrina C. Kabigting Ibero, Corporate Secretary  
Signature and Title

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 1 5 8 4 6

Company Name

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

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

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

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N/A

### COMPANY INFORMATION

Company's Email Address

[sunlife\\_sec\\_communications@sunlife.com](mailto:sunlife_sec_communications@sunlife.com)

Company's Telephone Number/s

8555-8888

Mobile Number

0999-991-7178

No. of Stockholders

4,995

Annual Meeting  
Month/Day

Every Fourth Wednesday of June

Fiscal Year  
Month/Day

12/31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

SHERWIN S. SAMPANG

Email Address

[Sherwin.Sampang@sunlife.com](mailto:Sherwin.Sampang@sunlife.com)

Telephone Number/s

8555-8888

Mobile Number

N/A

Contact Person's Address

SUN LIFE CENTRE, 5TH AVE. COR. RIZAL DRIVE, BONIFACIO GLOBAL CITY, TAGUIG CITY

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

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

**From:** [Ezekiel O Andasan](#)  
**To:** [PHIL-FIN\\_FAR2](#)  
**Subject:** FW: Your BIR AFS eSubmission uploads were received  
**Date:** Thursday, May 12, 2022 8:40:54 PM

---

**From:** eafs@bir.gov.ph <eafs@bir.gov.ph>  
**Sent:** Thursday, May 12, 2022 7:33 PM  
**To:** Ezekiel O Andasan <Ezekiel.Andasan@sunlife.com>  
**Cc:** Ezekiel O Andasan <Ezekiel.Andasan@sunlife.com>  
**Subject:** Your BIR AFS eSubmission uploads were received

**CAUTION** This email originated from outside the organization. Please proceed only if you trust the sender.

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Hi SUN LIFE PROSPERITY DYNAMIC FUND, INC.,

**Valid files**

- EAFS008357526ITRTY122021.pdf
- EAFS008357526AFSTY122021.pdf
- EAFS008357526RPTTY122021.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-867AAFJ0FK59CDDQT13PT3R0Q114NST1**

Submission Date/Time: **May 12, 2022 07:33 PM**

Company TIN: **008-357-526**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

=====  
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=====

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

The Management of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, in accordance with the Philippine Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Navarro Amper & Co., the independent auditor appointed by the stockholders for the periods December 31, 2021 and 2020, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

Handwritten signature of Benedicto C. Sison in cursive.

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

Handwritten signature of Valerie N. Pama in cursive.

**Valerie N. Pama**, President

Handwritten signature of Sherwin S. Sampang in cursive.

**Sherwin S. Sampang**, Treasurer

Signed this 9th day of March 2022.

MAR 09 2022

MAKATI CITY

Subscribed and sworn to me before this \_\_\_ day of \_\_\_\_\_ 2022 at \_\_\_\_\_, affiants exhibiting to me competent evidence of identity, as follows:

Name	Government Issued ID	Date/Place Issued
Benedicto C. Sison	Passport ID P8268568B	24 Nov 2021/DFA Manila
Valerie N. Pama	Passport ID P7158454B	8 July 2021/DFA Manila
Sherwin S. Sampang	Passport ID P9427178A	06 Nov 2018/DFA NCR East

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

Doc. No. 228

Page No. 47

Book No. 17

Series of 2022.

**ATTY. ROMEO M. MONFORT**

Notary Public City of Makati

Extended Until Dec 30, 2022

Reg. No. 3795

Office: 800, J. P. Rizal St., 1209 Makati City

Appointment No. M-133 (2020-2021)

Reg. No. 104130 Jan. 3, 2018

MCLE NO. A-8623417 (Roll No. 27932)

101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Sun Life Prosperity Dynamic Fund, Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019, in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

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

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

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

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

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



### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





## Report on Other Legal and Regulatory Requirements

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

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

Navarro Amper & Co.

BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024

SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements

TIN 005299331

By:



Joeffrey Mark P. Ferrer

Partner

CPA License No. 0115793

SEC A.N. 1767-A, issued on August 27, 2019; effective until August 26, 2022, Group A

TIN 211965340

BIR A.N. 08-002552-058-2021, issued on September 8, 2021; effective until October 8, 2024

PTR No. A-5334284, issued on January 4, 2022, Taguig City

Taguig City, Philippines

April 29, 2022



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

(An Open-end Investment Company)

**STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	
	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	<b>P 125,878,373</b>	P 58,203,524
Financial assets at fair value through profit or loss	7	<b>1,222,649,561</b>	1,297,034,921
Accrued interest receivable	7	<b>2,294,369</b>	3,141,400
Dividends receivable	7	<b>472,629</b>	851,547
Prepayments and other current assets		<b>10,993</b>	11,454
		<b>1,351,305,925</b>	P1,359,242,846
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	9	<b>P 7,120,561</b>	P 1,545,236
Due to brokers	8	<b>26,924,204</b>	22,152,069
Payable to fund manager	10	<b>2,483,611</b>	2,511,545
Total Current Liabilities		<b>36,528,376</b>	26,208,850
<b>Equity</b>			
Share capital	11	<b>35,069,670</b>	35,069,670
Additional paid-in capital	12	<b>3,210,061,215</b>	3,210,216,567
Retained earnings (deficit)		<b>59,621,034</b>	(10,064,538)
		<b>3,304,751,919</b>	3,235,221,699
Treasury shares	11	<b>(1,989,974,370)</b>	(1,902,187,703)
Total Equity		<b>1,314,777,549</b>	1,333,033,996
		<b>1,351,305,925</b>	P1,359,242,846
<b>Net Asset Value Per Share</b>	13	<b>P 0.9396</b>	P 0.8877

*See Notes to Financial Statements.*

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

**STATEMENTS OF COMPREHENSIVE INCOME**

		<b>For the Years Ended December 31</b>		
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Investment Income - net</b>				
Net realized gain (losses) on investments	7	<b>P 118,753,457</b>	(P132,647,348)	P 69,927,403
Dividend income	7	<b>20,272,632</b>	19,538,317	24,808,497
Interest income	14	<b>6,045,469</b>	14,281,962	22,657,214
Other income		-	-	63
		<b>145,071,558</b>	(98,827,069)	117,393,177
<b>Investment Expenses</b>				
Commission	8	<b>7,102,832</b>	3,721,157	3,997,725
Clearing fees		<b>505,120</b>	305,296	241,949
		<b>7,607,952</b>	4,026,453	4,239,674
<b>Net Investment Income (Loss)</b>				
		<b>137,463,606</b>	(102,853,522)	113,153,503
<b>Operating Expenses</b>				
Management fees	10	<b>16,395,045</b>	16,205,136	21,863,882
Distribution fees	10	<b>14,253,837</b>	14,090,232	19,012,071
Directors' fees	10	<b>504,262</b>	314,615	314,615
Custodianship fees		<b>299,806</b>	293,060	385,705
Taxes and licenses		<b>189,121</b>	248,726	248,175
Professional fees		<b>168,484</b>	165,892	202,899
Printing and supplies		<b>5,812</b>	9,305	50,839
Miscellaneous		<b>11,947</b>	12,056	56,184
		<b>31,828,314</b>	31,339,022	42,134,370
<b>Profit (Loss) Before Net Unrealized Gains (Losses) on Investments</b>				
		<b>105,635,292</b>	(134,192,544)	71,019,133
<b>Net Unrealized Gains (Losses) on Investments</b>	7	<b>(23,985,979)</b>	6,611,763	47,708,673
<b>Profit (Loss) Before Tax</b>				
		<b>81,649,313</b>	(127,580,781)	118,727,806
<b>Income Tax Expense</b>	17	<b>11,963,741</b>	7,570,868	9,975,989
<b>Total Comprehensive Income (Loss) for the Year</b>				
	15	<b>P 69,685,572</b>	(P 135,151,649)	P 108,751,817
<b>Basic Earnings (Loss) per Share</b>				
	15	<b>P 0.048</b>	(P 0.089)	P 0.062
<b>Diluted Earnings (Loss) per share</b>				
	15	<b>P 0.048</b>	(P 0.089)	P 0.062

See Notes to Financial Statements.

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

**STATEMENTS OF CHANGES IN EQUITY**

For the Years Ended December 31

	Notes	Share Capital	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Total
Balance, January 1, 2019		P 35,069,670	P 3,210,216,567	P 16,335,294	(P1,497,246,504)	P 1,764,375,027
Total comprehensive income for the year		-	-	108,751,817	-	108,751,817
Transactions with owners:						
Acquisition of treasury shares during the year	11	-	-	-	(374,423,150)	(374,423,150)
Total transactions with owners		-	-	-	(374,423,150)	(374,423,150)
Balance, December 31, 2019	11,12	35,069,670	3,210,216,567	125,087,111	(1,871,669,654)	1,498,703,694
Total comprehensive loss for the year		-	-	(135,151,649)	-	(135,151,649)
Transactions with owners:						
Acquisition of treasury shares during the year	11	-	-	-	(30,518,049)	(30,518,049)
Total transactions with owners		-	-	-	(30,518,049)	(30,518,049)
Balance, December 31, 2020	11,12	35,069,670	3,210,216,567	(10,064,538)	(1,902,187,703)	1,333,033,996
Total comprehensive income for the year		-	-	69,685,572	-	69,685,572
Transactions with owners:						
Reissuance of treasury shares during the year		-	(155,352)	-	15,564,638	15,409,286
Acquisition of treasury shares during the year	11	-	-	-	(103,351,305)	(103,351,305)
Total transactions with owners		-	(155,352)	-	(87,786,667)	(87,942,019)
<b>Balance, December 31, 2021</b>	<b>11,12</b>	<b>P35,069,670</b>	<b>P3,210,061,215</b>	<b>P59,621,034</b>	<b>(P1,989,974,370)</b>	<b>P1,314,777,549</b>

See Notes to Financial Statements.

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

(An Open-end Investment Company)

**STATEMENTS OF CASH FLOWS**

		<b>For the Years Ended December 31</b>		
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>				
Profit (Loss) before tax		<b>P 81,649,313</b>	(P 127,580,781)	P 118,727,806
Adjustments for:				
Net unrealized (gains) losses on investments	7	<b>23,985,979</b>	(6,611,763)	(47,708,673)
Net realized (gains) losses on investments	7	<b>(118,753,457)</b>	132,647,348	(69,927,403)
Dividend income	7	<b>(20,272,632)</b>	(19,538,317)	(24,808,497)
Interest income	14	<b>(6,045,469)</b>	(14,281,962)	(22,657,214)
Operating cash flows before working capital changes		<b>(39,436,266)</b>	(35,365,475)	(46,373,981)
Decrease in Prepayments and other current assets		<b>461</b>	-	7,477
Increase (Decrease) in:				
Accrued expenses and other payables		<b>5,575,325</b>	(374,293)	(11,229,877)
Payable to fund manager		<b>(27,934)</b>	(305,992)	(957,284)
Cash used in operations		<b>(33,888,414)</b>	(36,045,760)	(58,553,665)
Acquisition of financial assets at fair value through profit or loss	7,8	<b>(1,995,907,862)</b>	(1,200,297,470)	(1,213,905,727)
Proceeds from disposals and maturities of financial assets at fair value through profit or loss	7	<b>2,169,832,835</b>	1,263,262,424	1,582,635,358
Interest income received		<b>6,892,500</b>	16,741,688	20,037,893
Dividend income received		<b>20,651,550</b>	21,003,646	25,823,295
Income taxes paid		<b>(11,963,741)</b>	(7,570,868)	(9,975,989)
Net cash generated from operating activities		<b>155,616,868</b>	57,093,660	346,061,165
<b>Cash Flows from Financing Activities</b>				
Proceeds from reissuance of treasury shares	11	<b>15,409,286</b>	-	-
Payments on acquisition of treasury shares	11	<b>(103,351,305)</b>	(30,518,049)	(374,423,150)
Net cash used in financing activities		<b>(87,942,019)</b>	(30,518,049)	(374,423,150)
<b>Net Increase (Decrease) in Cash and cash equivalents</b>		<b>67,674,849</b>	26,575,611	(28,361,985)
<b>Cash and cash equivalents, Beginning</b>		<b>58,203,524</b>	31,627,913	59,989,898
<b>Cash and cash equivalents, End</b>	6	<b>P 125,878,373</b>	P 58,203,524	P 31,627,913

*See Notes to Financial Statements.*

## **SUN LIFE PROSPERITY DYNAMIC FUND, INC.**

(An Open-end Investment Company)

### **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2021 AND 2020 AND FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 and 2019**

#### **1. CORPORATE INFORMATION**

Sun Life Prosperity Dynamic Fund, Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 31, 2012. The Company is a registered open-end investment company under the Investment Company Act (Republic Act "R.A." No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). It is engaged in the sale of redeemable shares and investment of the proceeds in domestic equity securities and/or in government and corporate debt securities. The Company adopted a tactical asset allocation approach in order to have the ability to switch between equities, bonds, and cash with a wider range in the permitted allocation between equities and fixed-income assets when needed. As an open-end investment company, its shares are redeemable anytime based on the Net Asset Value Per Share (NAVPS) at the time of redemption.

The Company appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as its fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all other required operational services, as disclosed in Note 10.

The Company's registered office address and principal place of business is at the Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

#### **2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION**

##### **Statement of Compliance**

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

##### **Basis of Preparation and Presentation**

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

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

##### **Functional and Presentation Currency**

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

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

#### **Adoption of New and Revised Accounting Standards Effective in 2021**

The Company adopted all accounting standards and interpretations effective as at December 31, 2021. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were assessed to be applicable to the Company's financial statements and are as follows:

*PIC Q&A No. 2020-07, PAS 12, Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill*

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020;
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed; and
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the financial statements

For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include "any adjustments recognized in the period for current tax of prior periods" and "the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes";
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed;
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return;
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates; and
- Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation.

The interpretation is effective on or after January 29, 2021.

The Management assessed that CREATE bill has no impact on the Company's income tax expense, net income and net assets following the provisions of PIC Q&A 2020-07 since the Company's income are all subjected to final taxes.

#### **New Accounting Standards Effective after the Reporting Period Ended December 31, 2021**

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

*PFRS 17, Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4, *Insurance Contracts*.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2025. Earlier application is permitted.

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

#### *Amendments to PFRS 3, References to the Conceptual Framework*

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, *Levies*, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The future adoption of the amendment 0073 will have no effect on the Company's financial statements as the Company is not in the process of and has no plan to enter into business combination.

#### *Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.



The future adoption of the amendments will have no effect on the Company's financial statements as the Company is not in the process and has no plan to acquire such investments.

#### Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2025, with early application permitted.

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

#### Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2, *Inventories*.

The amendments also clarify the meaning of testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have property, plant and equipment recorded in its financial statements.

#### *Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not issue and enter into onerous contract.

#### *Annual Improvements to PFRS Standards 2018-2020 Cycle*

##### *Amendments to PFRS 1, Subsidiary as a first-time adopter*

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

##### *Amendments to PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

##### *Amendments to PFRS 16, Lease incentives*

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

#### Amendments to PAS 41, *Taxation in fair value measurements*

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13, *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have subsidiary as a first time adopter; does not derecognize any liabilities; does not have lease contracts and leasehold improvements; and does not have biological assets covered by PAS 41 that need to exclude its cash flows for taxation on its financial statements.

#### Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

The amendments are as follows:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The Company will continue its assessment and will finalize the same upon the effectivity of these amendments.

#### Amendments to PAS 8, *Definition of Accounting Estimates*

With the amendment, accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the clarification in the amendment did not change the Company's definition of an accounting estimate.

*Amendments to PAS 12 Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying PFRS 16 at the commencement date of a lease.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company does not have lease contracts and leasehold improvements and does not recognize deferred assets and liabilities.

*Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 – Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.

The main amendment in Initial Application of PFRS 17 and PFRS 9 – Comparative Information (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9.

Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

There are no changes to the transition requirements in PFRS 9

The amendment is effective for annual periods beginning on or after January 1, 2025, as amended by the FRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Still subject to approval of the Board of Accountancy.

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

##### **Classification and Subsequent Measurement**

The Company classifies its financial assets in the following measurement categories:

- FVTPL,
- Fair value through other comprehensive income (FVTOCI); and
- Amortized cost

As at December 31, 2021 and 2020, the Company does not have financial assets classified as FVTOCI.

Classification of financial assets will be driven by the entity's business model for managing the financial assets and the contractual cash flows of the financial assets.

A financial asset is to be measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument represent solely payment of principal and interest (SPPI).

All other debt and equity instruments must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of comprehensive income, except for equity investments that are not held for trading, which may be recorded in the statement of comprehensive income or in reserves (without subsequent recycling to profit or loss).

##### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

- Amortized cost. Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTPL. Assets that do not meet the criteria for amortized cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within other gains/(losses) in period in which it arises. Interest income from these financial assets is included in finance income.

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

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

#### *Amortized cost and effective interest method*

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

For financial instruments other than purchased or originated credit-impaired (POCI) financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

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

### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at FVTPL, except where the Company's Management has elected, at initial recognition, to irrevocably designate an equity instrument at FVTOCI. The Company's policy is to designate equity investments as FVTOCI when those investments are held for the purposes other than to generate investment returns. When the election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVTPL are recognized in net realized gains (losses) on investments in the statement of profit or loss as applicable.

### *Impairment of financial assets*

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

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

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

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

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

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

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

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

### *Significant increase in credit risk*

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

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

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

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

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

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

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

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

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

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



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

#### *Default*

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

#### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

#### *Write-off*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### *Measurement and recognition of expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### *Presentation of allowance for ECL in the statements of financial position*

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

### Derecognition

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

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

## **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 an equity instrument.

### Financial liabilities

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

### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Company assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Since the company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost.

### *Financial liabilities measured subsequently at amortized cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

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

### *Offsetting financial instruments*

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

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

### *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

### *Share capital*

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

### *Retained earnings (Deficit)*

Retained earnings (deficit) represent accumulated profit (loss) attributable to equity holders of the Company after deducting dividends declared. Retained earnings (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.

### **Prepayments**

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

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

### **Contingent Liabilities and Assets**

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized, but are disclosed only when an inflow of economic benefits is probable. When the realization of income is virtually certain, asset should be recognized.

### **Revenue Recognition**

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

### Dividend income

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

### Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Realized gains or losses

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

### Fair value gains or losses

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

### Other income

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

## **Expense Recognition**

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

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

## **Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis.

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

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

### **Related Party Transactions**

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

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

### **Taxation**

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

#### Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 1% minimum corporate income tax (MCIT), rate and 30% RCIT rate or 2% MCIT rate, whichever is higher, in 2021 and 2020, respectively.

#### Final tax

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

#### Deferred tax

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

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

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

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

#### Current and deferred taxes for the year

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

#### **Earnings (Loss) per Share**

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

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

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

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

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

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

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

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

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

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

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

### Business model assessment

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

The Company measures its financial assets at amortized cost if the financial asset qualifies for both SPPI and business model test. The Company's business model is to hold the asset and to collect its cash flows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL.

As at December 31, 2021 and 2020, the Company's financial assets measured at FVTPL amounted to P1,222,649,561 and P1,297,034,921, respectively, as disclosed in Note 7 while the financial assets measured at amortized cost amounted to P128,645,371 and P62,196,471, respectively, composed of cash in banks, accrued interest receivable and dividends receivable as disclosed in Notes 6 and 7.

### Significant increase of credit risk

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

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

As at December 31, 2021 and 2020, the Company's financial instrument measured at amortized cost has not experienced a significant increase in its credit risk.

### Models and assumptions used

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

The Company's model and assumptions used in measuring the fair value of financial assets and estimating ECL are disclosed in Notes 16 and 19, respectively.



### Puttable shares designated as equity instruments

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

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

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

As at December 31, 2021 and 2020, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P35,069,670 as disclosed in Note 11.

### **Key Sources of Estimation Uncertainty**

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

#### Probability of default (PD)

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

As at December 31, 2021 and 2020, the Company assessed a PD for all of its financial assets measured at amortized cost. The assumptions used by the Company in estimating PD are disclosed in Note 19.

#### Loss Given Default (LGD)

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

The Company uses portfolio averages from external estimates sourced out from Standard and Poor's (S&P's) as the LGD estimates. The categorization of LGD estimates per financial asset measured at amortized cost is disclosed in Note 19.

#### Estimating loss allowance for ECL

The measurement of the ECL for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 20 Credit Risk - ECL measurement, which also sets out the key sensitivities of the ECL to changes in these elements.

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

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

As at December 31, 2021 and 2020, Management believes that the recoverability of the Company's receivables is certain, accordingly, no doubtful accounts expense was recognized in both years. Financial assets at amortized cost amounted to P128,645,371 and P62,196,471 as at December 31, 2021 and 2020, as disclosed in Notes 6, 7 and 8.

#### Deferred tax asset

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

Based on Management's expectation of the Company's future taxable income, the Company did not recognize the deferred tax asset as at December 31, 2021 and 2020, as disclosed in Note 17.

#### Determining fair value of investments in debt securities classified as financial assets at FVTPL

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

As at December 31, 2021 and 2020, the carrying amounts of investments in debt securities classified as financial assets at FVTPL amounted to P163,518,898 and P160,864,435, respectively, as disclosed in Note 7.

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

This account consists of cash in banks as of December 31, 2021 and 2020. Total interest earned from cash in banks amounting to P122,073, P3,841 and P11,574 at average rates of 0.13%, 0.01% and 0.19% in 2021, 2020 and 2019, respectively, as disclosed in Note 14.

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

Cash equivalents earned interest income amounting P286, P390,337 and P534,170 at average rates of nil, 2.58% and 1.31% in 2021, 2020 and 2019, respectively as disclosed in Note 14.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account consists of:

	2021	2020
Investments in listed equity shares	<b>P1,059,130,663</b>	P1,114,054,143
Investments in fixed-income securities	<b>163,518,898</b>	160,864,435
Investments in mutual funds	-	22,116,343
	<b>P1,222,649,561</b>	P1,297,034,921

Investments in equity securities are composed of ordinary and preferred shares.

Investments in fixed-income securities include investment in treasury notes.

Investment in mutual funds are investments to Sun Life Prosperity Funds.

The Company recognized dividend income from investments in listed equity securities amounting to P20,272,632, P19,538,317 and P24,808,497 in 2021, 2020 and 2019, respectively. Dividends receivable amounted to P472,629 and P851,547 as at December 31, 2021 and 2020, respectively.

Interest income earned on fixed-income securities amounted to P5,923,110, P13,887,784 and P22,107,763 in 2021, 2020 and 2019, respectively, as disclosed in Note 14. Average rates earned on these investments are also disclosed in Note 14.

Accrued interest receivable amounted to P2,294,369 and P3,141,400 as at December 31, 2021 and 2020.

Interest income earned on designated special savings deposits amounted to nil in 2021 and 2020, and P3,707 in 2019, as disclosed in Note 14. Average interest earned on these investments are also disclosed in Note 14.

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

	2021	2020	2019
Net realized gains (losses)			
on investments:			
Equity securities	<b>P114,916,334</b>	(P151,747,320)	P 33,197,991
Fixed-income securities	<b>3,837,123</b>	19,099,972	36,729,412
	<b>118,753,457</b>	(132,647,348)	69,927,403
Net unrealized gains (losses)			
on investments:			
Equity securities	<b>(9,550,107)</b>	(1,749,629)	28,454,584
Fixed-income securities	<b>(14,435,872)</b>	8,361,392	19,254,089
	<b>(23,985,979)</b>	6,611,763	47,708,673
	<b>P94,767,478</b>	(P126,035,585)	P117,636,076

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

	2021	2020	2019
Balance, January 1	<b>P 1,297,034,921</b>	P1,466,366,989	P1,714,976,946
Additions	<b>2,000,679,997</b>	1,219,965,941	1,216,389,325
Disposal	<b>(2,051,079,378)</b>	(1,395,909,772)	(1,512,707,955)
Unrealized gains (losses)	<b>(23,985,979)</b>	6,611,763	47,708,673
Balance, December 31	<b>P 1,222,649,561</b>	P1,297,034,921	P1,466,366,989

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

	<b>2021</b>	2020
Due after five years through ten years	<b>P163,800,000</b>	P 16,000,000
Due after ten years	-	105,500,000
	<b>P163,800,000</b>	P121,500,000

#### **8. DUE TO BROKERS**

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

Due to brokers amounted to P26,924,204 and P22,152,069 as at December 31, 2021 and 2020, respectively.

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

Commissions are paid to brokers when buying and selling shares of stocks. Commission amounted to P7,102,832, P3,721,157 and P3,997,725 were incurred in 2021, 2020 and 2019, respectively.

#### **9. ACCRUED EXPENSES AND OTHER PAYABLES**

This account consists of:

	<b>2021</b>	2020
Due to investors	<b>P6,651,444</b>	P1,142,596
Withholding and documentary stamp taxes	<b>308,457</b>	236,011
Professional fees	<b>90,221</b>	115,829
Custodianship fees payable	<b>70,439</b>	50,800
	<b>P7,120,561</b>	P1,545,236

Due to investors account pertains to amounts payable to investors for the redemption of their investments processed on or before the reporting period, which are usually paid four days after the transaction date.

## 10. RELATED PARTY TRANSACTIONS

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

As at December 31, 2021 and 2020, SLOCPI held shares representing 32.29% and 30.09% respectively, of net assets attributable to shareholders.

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

Nature of Transaction	Transactions During the Year			Outstanding Payable		Term	Condition	Notes
	2021	2020	2019	2021	2020			
SLAMCI – Fund Manager								
Management, Distribution and Transfer fees	<b>P30,648,882</b>	P30,295,368	P40,875,953	<b>P2,483,611</b>	P2,511,545	2.15% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unsecured; Unguaranteed	<b>a</b>
Key Management Personnel								
Directors' fees	<b>504,262</b>	314,615	314,615	-	-	Payable on demand; Settled in cash	Unsecured; Unguaranteed	<b>b</b>
Entities under Common Control								
Sun Life Prosperity Achiever Fund 2028, Inc. Sale	-	1,096,613	-	-	-			
Sun Life Grepa Financial Inc. Sale	-	2,193,226	30,000,000	-	-			
Purchase	-	14,890,919	-	-	-			
Sun Life of Canada Philippines Inc. Sale	<b>10,651,486</b>	119,418,083	244,500,000	-	-	Non-interest bearing; Settled in cash on the day of transaction	Unsecured; Unguaranteed	<b>c</b>
Purchase	-	51,793,634	201,884,750	-	-			
Sun Life Prosperity Philippine Equity Fund, Inc. Sale	-	-	72,000,000	-	-			
Purchase	-	-	20,000,000	-	-			
Sun Life Prosperity Peso Starter Fund, Inc. Sale	-	91,411,583	115,860,000	-	-			

As at December 31, 2021 and 2020, below is the outstanding investment of the Company in Sun Life Prosperity Peso Starter Fund, Inc. to comply with the liquidity requirement rule of SEC Investment Company Act - Implementing Rules and Regulation as amended.

	2021		2020	
	Number of Shares	Current Value	Number of Shares	Current Value
Sun Life Prosperity Peso Starter Fund, Inc.	-	<b>P -</b>	17,058,498	P22,116,343

Details of the Company's related party transactions are as follows:

### a. Investment Management

On October 12, 2012, the Company and SLAMCI entered into a Management and Distribution Agreement (MDA) wherein SLAMCI will act as its fund manager, adviser, administrator, distributor and transfer agent and will provide management, distribution and all required operational services. Under the MDA, SLAMCI will receive aggregate fees for these services at an annual rate of 2.00% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day.

On January 1, 2018, the Company and SLAMCI made amendments to their agreement changing the fee rate of management, distribution and transfer fees from

2.65% to 2.15%. The agreements shall remain in effect for a period of 2 years from such date and shall continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

On September 22, 2020, the Company and SLAMCI amended its MDA and Transfer Agency Agreement based on the provisions of ICA 2018 IRR (Implementing Rules and Regulations of the Investment Company Act 2018) published by the SEC on January 11, 2018. The agreements shall remain in effect for a period of 2 years from July 31, 2020 and shall continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

Management, distribution and transfer fees charged by SLAMCI to the Company in 2021, 2020 and 2019 amounted to P30,648,882, P30,295,368 and P40,875,953, respectively. Accrued management fees as at December 31, 2021 and 2020 amounting to P2,483,611 and P2,511,545, respectively, are shown as "Payable to Fund Manager" in the statements of financial position.

#### b. Remuneration of Directors

Remuneration of directors is presented in the statements of comprehensive income under "Directors' Fees" account amounting to P504,262, P 314,615 and P314,615 in 2021, 2020 and 2019 respectively, which are usually paid to directors based on the number of meetings held and attended. There were no accrued Directors' fees as at December 31, 2021 and 2020.

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

#### c. Purchase and Sale of Investments

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

## 11. EQUITY

Movements are as follows:

	2021		2020		2019	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized: P0.01 par value						
At December 31	<b>5,200,000,000</b>	<b>P 52,000,000</b>	5,200,000,000	P 52,000,000	5,200,000,000	P 52,000,000
Fully paid:						
At December 31	<b>3,506,967,024</b>	<b>P 35,069,670</b>	3,506,967,024	P 35,069,670	3,506,967,024	P 35,069,670
Treasury shares:						
At January 1	<b>2,005,281,414</b>	<b>P1,902,187,703</b>	1,969,497,268	P1,871,669,654	1,592,690,710	P1,497,246,504
Acquired during the year	<b>118,779,832</b>	<b>103,351,305</b>	35,784,146	30,518,049	376,806,558	374,423,150
Reissuance	<b>(16,408,202)</b>	<b>(15,564,638)</b>	-	-	-	-
At December 31	<b>2,107,653,044</b>	<b>P1,989,974,370</b>	2,005,281,414	P1,902,187,703	1,969,497,268	P1,871,669,654

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

#### *Incorporation*

The Company was incorporated on August 31, 2012 with 200,000,000 authorized shares at par value of P0.01 per share.

### *Approved changes*

On October 10, 2012, the shareholders approved the blanket increase from 200,000,000 shares to 100,000,000,000 shares with a par value of P0.01 per share. The Board was authorized to implement the increase in tranches.

On March 22, 2013, the Board of Directors approved the first tranche of share capital increase by 2,000,000,000 shares (from 200,000,000 shares to 2,200,000,000 shares with a par value of P0.01 per share). The SEC subsequently approved the increase on January 22, 2014 and the registration statement on July 3, 2014.

Deposits for future stock subscriptions received in cash amounting to P500,000,000 equivalent to 500,000,000 shares from investors in 2013 for the increase in authorized capital stock is recognized in equity since the Company has met all of the conditions required for such recognition as disclosed in Note 4.

On August 6, 2013, the Board of Directors approved the second tranche of share capital increase by 3,000,000,000 shares (from 2,200,000,000 shares to 5,200,000,000 shares with a par value of P0.01 per share) which was subsequently approved by the SEC on December 23, 2014. On July 13, 2017, the registration statement was approved by the SEC.

### *Current state*

As at December 31, 2021, the Company has 1,399,313,980 issued and outstanding shares out of the 5,200,000,000 ACS with a par value of P0.01 per share.

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

Year	NAVPS, end	Issuances	Redemptions	Balances
2012	P0.9908	50,000,000	-	50,000,000
2013	P0.9029	-	-	50,000,000
2014	P0.9998	3,503,921,187	( 48,031,602)	3,505,889,585
2015	P0.9260	38,792,139	(146,889,954)	3,397,791,770
2016	P0.8962	5,155,668	(324,454,812)	3,078,492,626
2017	P1.0203	18,495,215	(732,722,627)	2,364,265,214
2018	P0.9217	503,652	(450,492,552)	1,914,276,314
2019	P0.9748	-	(376,806,558)	1,537,469,756
2020	P0.8877	-	( 35,784,146)	1,501,685,610
2021	P0.9396	16,408,610	(118,779,832)	1,399,313,980

The total number of shareholders as at December 31, 2021, 2020 and 2019 is 4,995, 4,988 and 4,978, respectively.

### *Redeemable shares*

Redeemable shares carry one vote each, and are subject to the following:

a. Distribution of dividends

Each shareholder has a right to any dividends declared by the Company's Board of Directors and approved by 2/3 of its outstanding shareholders.

b. Denial of pre-emptive rights

No shareholder shall, because of his ownership of the shares, have a pre-emptive or other right to purchase, subscribe for, or take any part of shares or of any other securities convertible into or carrying options or warrants to purchase shares of the registrant.

c. Right of redemption

The holder of any share, upon its presentation to the Company or to any of its duly authorized representatives, is entitled to receive, by way of redemption, approximately his proportionate share of the Company's current net assets or the cash equivalent thereof. Shares are redeemable at any time at their net assets value less any applicable sales charges and taxes.

**12. ADDITIONAL PAID-IN CAPITAL**

Additional paid-in capital of P3,210,061,215 as at December 31, 2021 and P3,210,216,567 as at December 31, 2020 and 2019, pertains to excess payments over par value from investors and from reissuance of treasury shares.

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

NAVPS is computed as follows:

	Note	2021	2020
Total equity		<b>P1,314,777,549</b>	P1,333,033,996
Outstanding shares	11	<b>1,399,313,980</b>	1,501,685,610
NAVPS		<b>P 0.9396</b>	P 0.8877

NAVPS is based on issued, outstanding and fully paid shares minus treasury shares. The expected cash outflow on redemption of these shares is equivalent to computed NAVPS as at reporting period.

**14. INTEREST INCOME**

This account consists of interest income on the following:

	Notes	2021	2020	2019
Fixed-income securities	7	<b>P5,923,110</b>	P13,887,784	P22,107,763
Cash in banks	6	<b>122,073</b>	3,841	11,574
Cash equivalents	6	<b>286</b>	390,337	534,170
Special savings deposit		-	-	3,707
		<b>P6,045,469</b>	P14,281,962	P22,657,214

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

Average interest rates of investments, cash and cash equivalents in 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Fixed-income securities	<b>5.09%</b>	7.33%	6.26%
Cash in banks	<b>0.13%</b>	0.01%	0.19%
Cash equivalents	-	2.58%	1.31%
Special savings deposit	-	-	4.50%

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

	Notes	2021	2020	2019
Financial assets at FVTPL	7	<b>P5,923,110</b>	P13,887,784	P22,111,470
Cash and cash equivalents	6	<b>122,359</b>	394,178	545,744
		<b>P6,045,469</b>	P14,281,962	P22,657,214



## 15. EARNINGS (LOSS) PER SHARE

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

	2021	2020	2019
Total comprehensive income (loss) for the year	<b>P 69,685,572</b>	(P 135,151,649)	P 108,751,817
Weighted average number of issued and outstanding shares	<b>1,452,629,129</b>	1,518,286,617	1,741,097,344
Basic earnings (loss) per share	<b>P 0.048</b>	(P 0.089)	P 0.062
Diluted earnings (loss) per share	<b>P 0.048</b>	(P 0.089)	P 0.062

As at December 31, 2021, 2020 and 2019, the Company has no dilutive potential ordinary shares.

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

*Assets measured at fair value on a recurring basis*

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

	Note	Level 1
<b>December 31, 2021</b>		
Investments in listed equity shares	7	<b>P1,059,130,663</b>
Investments in fixed-income securities	7	<b>163,518,898</b>
Investments in mutual funds	7	-
		<b>P1,222,649,561</b>
December 31, 2020		
Investments in listed equity shares	7	P 1,114,054,143
Investments in fixed-income securities	7	160,864,435
Investments in mutual funds	7	22,116,343
		P 1,297,034,921

The fair values of fixed-income securities are based on quoted prices of done deal rates and bid rates of identical instruments.

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

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

No transfers in fair value hierarchy were made as at December 31, 2021 and 2020. Total unrealized gain or loss on investments relating to financial assets that are measured at fair value at the end of the reporting period are presented separately in the statements of comprehensive income and disclosed in Note 7.

*Financial asset and liabilities not measured at fair value*

The carrying amounts and fair values of the Company's financial assets and financial liabilities are shown below:

	Notes	Carrying Amounts	Fair Values		
			Level 1	Level 2	Total
December 31, 2021					
<b>Financial Assets</b>					
Cash in banks	6	P125,878,373	P125,878,373	P -	P125,878,373
Accrued interest receivable	7	2,294,369	-	2,294,369	2,294,369
Dividends receivable	7	472,629	-	472,629	472,629
		<b>P128,645,371</b>	<b>P125,878,373</b>	<b>P 2,766,998</b>	<b>P128,645,371</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	9	P 6,812,104	P -	P 6,812,104	P 6,812,104
Due to brokers	8	26,924,204	-	26,924,204	26,924,204
Payable to fund manager	10	2,483,611	-	2,483,611	2,483,611
		<b>P 36,219,919</b>	<b>P -</b>	<b>P36,219,919</b>	<b>P 36,219,919</b>
December 31, 2020					
<b>Financial Assets</b>					
Cash in banks	6	P58,203,524	P58,203,524	P -	P58,203,524
Accrued interest receivable	7	3,141,400	-	3,141,400	3,141,400
Dividends receivable	7	851,547	-	851,547	851,547
		<b>P62,196,471</b>	<b>P58,203,524</b>	<b>P 3,992,947</b>	<b>P62,196,471</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	9	P 1,309,225	P -	P 1,309,225	P 1,309,225
Due to brokers	8	22,152,069	-	22,152,069	22,152,069
Payable to fund manager	10	2,511,545	-	2,511,545	2,511,545
		<b>P25,972,839</b>	<b>P -</b>	<b>P25,972,839</b>	<b>P25,972,839</b>

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

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

There were no transfers between Level 1 and 2 in 2021 and 2020.

## 17. INCOME TAXES

Details of current tax expense are as follows:

	2021	2020	2019
Final tax	<b>P11,963,280</b>	P7,570,868	P9,975,932
MCIT	<b>461</b>	-	57
	<b>P11,963,741</b>	<b>P7,570,868</b>	<b>P9,975,989</b>

The reconciliation between tax expense and the product of accounting profit (loss) multiplied by 25% in 2021 and 30% in 2020 and 2019 is as follows:

	2021	2020	2019
Accounting profit (loss)	<b>P 81,649,313</b>	(P127,580,781)	P118,727,806
Tax expense (benefit) at 25% in 2021 and 30% in 2020 and 2019	<b>P 20,412,328</b>	(P 38,274,234)	P 35,618,342
Adjustment for income subject to lower tax rate	<b>10,465,976</b>	3,286,279	3,179,880
Tax effects of:			
Net unrealized fair value loss (gains) on investments	<b>5,996,494</b>	(1,983,529)	(14,312,602)
Unrecognized MCIT	<b>461</b>	-	57
Unrecognized Net Operating Loss Carry-Over (NOLCO)	<b>9,845,004</b>	10,609,643	13,911,082
Dividend income exempt from tax	<b>(5,068,158)</b>	(5,861,495)	(7,442,549)
Net realized loss (gain) on investment	<b>(29,688,364)</b>	39,794,204	(20,978,221)
	<b>P 11,963,741</b>	P 7,570,868	P 9,975,989

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

Among others, the Act includes the following significant revisions:

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

The tax rate used in the reconciliations above is the corporate tax rate of 25% in 2021 and 30% in 2020 and 2019 payable by the Company.

Details of the Company's NOLCO from 2018 to 2019 are as follows:

Year Incurred	Year of Expiry	Beginning Balance	Additions	Expired	2021 Balance
2018	2021	P 55,241,773	P -	P55,241,773	<b>P -</b>
2019	2022	46,370,274	-	-	<b>46,370,274</b>
		P101,612,047	P -	P55,241,773	<b>P 46,370,274</b>

Details of the Company's NOLCO from 2020 to 2021 covered by Revenue Regulation (RR) No. 25-2020 is as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2021 Balance
2020	2025	P35,365,475	P -	P -	<b>P35,365,475</b>
2021	2026	-	39,380,016	-	<b>39,380,016</b>
		P35,365,475	P39,380,016	P -	<b>P74,745,491</b>

Pursuant to Section 4 COVID-19 Response and Recovery Interventions paragraph (bbbb) of Republic Act No. 11494 also known as "Bayanihan to Recover As One Act" and to RR No. 25-2020 of Bureau of Internal Revenue, the NOLCO incurred by the Company for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Details of MCIT are as follows:

Year Incurred	Year of Expiry	Balance	Addition	Expired	2021 Balance
2018	2021	P1,024	P-	P1,024	P -
2019	2022	57	-	-	57
2021	2024	-	461	-	461
		P1,081	P461	P1,024	P518

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

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

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

## 18. CONTINGENCIES

The Company has no pending legal cases as at December 31, 2021 and 2020 that may have a material effect on the Company's financial position and results of operations.

## 19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, which includes interest rate, and equity price risks, credit risk and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Company's assets and take appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

### Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and prices of equity securities in the stock market and movements in NAVPU of investments in UITF. There has been no change in the manner in which the Company manages and measures the risk.

### *Interest rate risk*

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

The primary source of the Company's interest rate risk relates to cash in banks and fixed-income securities. Interest rates of the financial assets are disclosed in Note 14.

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

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

The following table details the increase or decrease in net profit if interest rates had been 50 basis points higher or lower and all other variables are held constant for the years ended 2021, 2020, and 2019:

Change in Interest rates	Increase (Decrease) in Net Profit/Equity		
	2021	2020	2019
+50 basis	<b>(P4,109,631)</b>	(P5,927,278)	(P8,822,842)
-50 basis	<b>4,273,642</b>	6,264,720	9,336,437

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

#### *Equity price risk*

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

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

Based on the exposure to equity price risks at the end of each reporting period, if equity prices and NAVPU of investments in UITF had been 2% higher or lower, profit or loss for the years ended December 31, 2021, 2020 and 2019 would have increased or decreased by P20,672,536, P22,176,230 and P23,086,403, respectively.

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

#### Credit risk

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

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

	Notes	2021	2020
Cash in banks	6	<b>P125,878,373</b>	P 58,203,524
Financial assets at FVTPL	7	<b>163,518,898</b>	160,864,435
Accrued interest receivable	7	<b>2,294,369</b>	3,141,400
Dividends receivable	7	<b>472,629</b>	851,547
		<b>P292,164,269</b>	P223,060,906

### *ECL measurement*

In 2021 and 2020, ECLs are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

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

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

### *Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

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

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

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

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

<b>Summary rating</b>	<b>Internal credit rating</b>	<b>S&amp;P rating</b>
High	AAA	AAA
High	AA	AA- to AA+
High	A	A- to A+
High	BBB	BBB- to BBB+
Satisfactory	BB	BB- to B+
Acceptable	B	B- to B+
Low	CCC/C	CCC- to CCC+

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

For the 12M and lifetime LGDs, considering the availability of related information, the Company use the external estimates sourced from Standard and Poor's.

*Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. The Company assessed that the key economic variables are unemployment rates for 2021 and 2020.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are based on the economic data from the International Monetary Fund (IMF) from year 2022 until 2026. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of EAD and LGD.

In addition to the base economic scenario, the best value economically spanning from the historical years is taken (upside forecasts). A similar approach applies for the downside forecasts. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 2021 and 50% for the base scenario, and 25% for each of the upside and downside forecast in 2020.

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

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at December 31, 2021 and 2020:

	Notes	Internal Credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
<b>2021</b>							
Cash in banks	6	AAA	Stage 1	12m	<b>P125,878,373</b>	<b>P -</b>	<b>P125,878,373</b>
Accrued interest receivable	7	AAA	Stage 1	12m	<b>2,294,369</b>	<b>-</b>	<b>2,294,369</b>
Dividends receivable	8	AAA	Stage 1	12m	<b>472,629</b>	<b>-</b>	<b>472,629</b>
					<b>P128,645,371</b>	<b>P -</b>	<b>P128,645,371</b>
<b>2020</b>							
Cash in banks	6	AAA	Stage 1	12m	P58,203,524	P -	P58,203,524
Accrued interest receivable	7	AAA	Stage 1	12m	3,141,400	-	3,141,400
Dividends receivable	8	AAA	Stage 1	12m	851,547	-	851,547
					P62,196,471	P -	P62,196,471

Liquidity risk

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

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

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

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

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

	Less than One Month	One Month to One Year	Total
<b>2021</b>			
Accrued expenses and other payables	<b>P 6,651,444</b>	<b>P160,660</b>	<b>P 6,812,104</b>
Due to brokers	<b>26,924,204</b>	-	<b>26,924,204</b>
Payable to fund manager	<b>2,483,611</b>	-	<b>2,483,611</b>
	<b>P36,059,259</b>	<b>P160,660</b>	<b>P36,219,919</b>
<b>2020</b>			
Accrued expenses and other payables	P 1,142,597	P166,628	P 1,309,225
Due to brokers	22,152,069	-	22,152,069
Payable to fund manager	2,511,545	-	2,511,545
	P25,806,211	P166,628	P25,972,839

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

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

	Average Effective Interest Rate	Less than One Year	One Year to Five Years	Five Years to Ten Years	More than Ten Years	Total
<b>2021</b>						
Cash in banks	<b>0.13%</b>	<b>P125,878,373</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P125,878,373</b>
Financial assets at fair value through profit or loss	<b>5.09%</b>	<b>7,503,750</b>	<b>30,015,000</b>	<b>191,680,723</b>	-	<b>229,199,473</b>
Accrued interest receivable		<b>2,294,369</b>	-	-	-	<b>2,294,369</b>
Dividends receivable		<b>472,629</b>	-	-	-	<b>472,629</b>
		<b>P136,149,121</b>	<b>P30,015,000</b>	<b>P191,680,723</b>	<b>P -</b>	<b>P357,844,844</b>
<b>2020</b>						
Cash in banks	0.01%	P58,203,524	P -	P -	P -	P 58,203,524
Financial assets at fair value through profit or loss	7.33%	8,790,000	35,160,000	57,786,164	140,225,151	241,961,315
Accrued interest receivable		3,141,400	-	-	-	3,141,400
Dividends receivable		851,547	-	-	-	851,546
		P70,986,471	P35,160,000	P 57,786,164	P 140,225,151	P304,157,785

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



## **20. CAPITAL RISK MANAGEMENT**

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

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

The capital structure of the Company consists of issued capital as disclosed in Note 11.

The Fund Manager manages the Company's capital and NAVPS, as disclosed in Notes 11, 12 and 13, to ensure that the Company's net asset value remains competitive and appealing to prospective investors.

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

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

The Investment Policies refer to the following:

- a. Investment Objective - to generate long-term capital appreciation through investment in equity securities and/or in government and corporate debt securities denominated in Philippine Peso.
- b. Benchmark - the Company's performance is measured against 50% PSE Index and 50% Bloomberg Sovereign Bond Index.
- c. Asset Allocation Range - the Company allocates its funds available for investments among cash and other deposit substitutes, fixed-income securities and equity securities based on certain proportion as approved by Management.

Other matters covered in the investment policy include the fees due to be paid to the Fund Manager with management and distribution fees each set at an annual rate of 2.00% of the net assets attributable to shareholders on each valuation day.

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

As at December 31, 2021 and 2020, the Company is in compliance with the above requirements and minimum capital requirement of P50,000,000.

The equity ratio at year-end is as follows:

	<b>2021</b>	2020
Equity	<b>P1,314,777,549</b>	P 1,333,033,996
Asset	<b>1,351,305,925</b>	1,359,242,846
Equity ratio	<b>0.9730:1</b>	0.9807:1

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

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

The following information on taxes and license fees paid or accrued during the 2021 taxable year is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### *Documentary stamp tax*

Documentary stamp taxes incurred by the Company during 2021 amounted to P1,238 representing taxes paid in connection with the issuance of stock certificates by the Company to its shareholders. The documentary stamp tax paid by the Company to the BIR includes those charged against the shareholder's investment for stock certificate issuances in excess of ten (10) inter-fund transfers per calendar year.

### *Other taxes and licenses*

Details of other taxes and licenses and permit fees paid or accrued in 2021 are as follows:

<b>Charged to Operating Expenses</b>	
Business tax	<b>P142,808</b>
Filing and registration fees	<b>34,575</b>
Residence or community tax	<b>10,500</b>
	<b>P187,883</b>

### *Withholding taxes*

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

	<b>Paid</b>	<b>Accrued</b>	<b>Total</b>
Expanded withholding taxes	<b>P2,370,835</b>	<b>P225,034</b>	<b>P2,595,869</b>

### *Deficiency tax assessments*

The Company has no tax assessments and tax cases in 2021.

## **22. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 9, 2022

The Board of Directors approved the issuance of the financial statements also on March 9, 2022.

\* \* \*

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited the financial statements of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") as at December 31, 2021 and 2020, and for the years ended December 31, 2021, 2020 and 2019, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated April 29, 2022.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedule showing the reconciliation of the retained earnings available for dividend declaration and other supplementary information shown in schedules A-H, as required by the Securities and Exchange Commission under the SRC Rule 68, as Revised, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information are the responsibility of Management and have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.  
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024  
SEC A.N. 0004-SEC, issued on December 7, 2021; Group A, valid to audit 2021 to 2025 financial statements  
TIN 005299331

By:



Joe Jeffrey Mark P. Ferrer  
Partner

CPA License No. 0115793

SEC A.N. 1767-A, issued on August 27, 2019; effective until August 26, 2022, Group A  
TIN 211965340

BIR A.N. 08-002552-058-2021, issued on September 8, 2021; effective until October 8, 2024  
PTR No. A-5334284, issued on January 4, 2022, Taguig City

Taguig City, Philippines  
April 29, 2022



**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DECLARATION**

As at December 31, 2021

SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City

Items	Amount
<b>Unappropriated Retained Earnings, beginning</b>	<b>P (10,064,538)</b>
<b>Adjustments:</b>	
Accumulated unrealized fair value gains as at December 31, 2020	(87,159,514)
Treasury shares as of December 31, 2020	(1,902,187,703)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>P (1,999,411,755)</b>
<b>Net income based on the face of AFS</b>	<b>69,685,572</b>
<b>Adjustments for non-actual (gains) losses</b>	
Effect of movements in accumulated unrealized gains during the year	(23,985,979)
<b>Net Income Actual/Realized</b>	<b>45,699,593</b>
<b>Less: Treasury shares acquired during the year</b>	<b>(87,786,667)</b>
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b>P (2,041,498,829)</b>

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

Schedule of Financial Soundness Indicators and Financial Ratios

December 31, 2021 and December 31, 2020

	Formula	2021	2020
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	36.99:1	51.86:1
b. Quick ratio	Quick Assets/Current Liabilities	36.99:1	51.86:1
c. Cash ratio	Cash/Current Liabilities	3.45:1	2.22:1
d. Days in receivable	Receivable/Revenue * No. of days	N/A	N/A
e. Working capital ratio	(Current Assets-Current Liabilities)/Current Liabilities	35.99:1	50.86:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	9.06:1	-13.49:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	15,284.07:1	15,613.87:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	N/A	N/A
b. Debt to equity ratio	Total Liabilities/Total Equity	0.03:1	0.02:1
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	N/A	N/A
d. Total debt to asset ratio	Total Liabilities/Total Assets	0.03:1	0.02:1
Asset to equity ratio	Total Assets/Total Equity	1.03:1	1.02:1
Interest rate coverage ratio	Earning Before Income Tax/Interest Expense	0.00	0.00
<i>Profitability Ratio</i>			
a. Earnings before interest and taxes (EBIT) margin	EBIT/Revenue	56.28%	129.00%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	56.28%	129.00%
c. Pre-tax margin	EBIT/Revenue	56.28%	129.00%
d. Effective tax rate	Income Tax/EBIT	14.65%	-5.93%
e. Post-tax margin	Net Income After Tax/Revenue	0.48:1	1.37:1
f. Return on equity	Net Income After Tax/Average Common Equity	5.26%	-9.55%
g. Return on asset	NIAT/Average Total Assets	5.14%	-9.43%
Capital intensity ratio	Total Assets/Revenue	9.31:1	-13.75:1
Fixed assets to total assets	Fixed assets/Total assets	N/A	N/A
Dividend payout ratio	Dividends paid/Net Income	N/A	N/A

Sun Life Prosperity Dynamic Fund Inc.  
Schedule Required under SRC Rule 68

i. Percentage of Investment in a Single Enterprise to Net Asset Value  
As of December 31, 2021 and December 31, 2020

	2021			2020		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
<b>Equities</b>						
Aboitiz Equity Ventures Inc	36,020,309	1,314,777,549	2.74%	21,064,050	1,333,033,996	1.58%
Aboitiz Power Corporation	19,108,980	1,314,777,549	1.45%	9,396,045	1,333,033,996	0.70%
Alliance Global Group Inc.	13,349,340	1,314,777,549	1.02%	26,728,960	1,333,033,996	2.01%
Ayala Corporation	57,330,690	1,314,777,549	4.36%	78,201,120	1,333,033,996	5.87%
Ayala Land Inc.	54,104,975	1,314,777,549	4.12%	126,943,375	1,333,033,996	9.52%
Bank of the Philippine Islands	40,309,082	1,314,777,549	3.07%	48,595,968	1,333,033,996	3.65%
BDO Unibank Inc.	64,942,997	1,314,777,549	4.94%	68,607,572	1,333,033,996	5.15%
DMCI Holdings Inc.	-	1,314,777,549	0.00%	5,094	1,333,033,996	0.00%
First Gen Corporation	20,263,660	1,314,777,549	1.54%	27,209,790	1,333,033,996	2.04%
First Gen Corporation (FGENG)	515,000	1,314,777,549	0.04%	564,500	1,333,033,996	0.04%
Globe Telecom Inc.	38,867,400	1,314,777,549	2.96%	18,138,050	1,333,033,996	1.36%
Holcim Philippines Inc.	5,682,840	1,314,777,549	0.43%	4,592,875	1,333,033,996	0.34%
AC Energy Corporation	17,063,200	1,314,777,549	1.30%	-	1,333,033,996	0.00%
Century Pacific Food Inc.	29,027,700	1,314,777,549	2.21%	-	1,333,033,996	0.00%
GT Capital Holdings Inc.	19,299,600	1,314,777,549	1.47%	15,578,550	1,333,033,996	1.17%
International Container Terminal Services Inc.	37,582,000	1,314,777,549	2.86%	58,230,250	1,333,033,996	4.37%
JG Summit Holdings Inc.	26,687,037	1,314,777,549	2.03%	56,524,548	1,333,033,996	4.24%
Manila Electric Company	-	1,314,777,549	0.00%	13,610,120	1,333,033,996	1.02%
Megaworld Corporation	17,967,600	1,314,777,549	1.37%	-	1,333,033,996	0.00%
Metro Pacific Investments Corporation	12,772,149	1,314,777,549	0.97%	9,890,695	1,333,033,996	0.74%
Metropolitan Bank & Trust Company	25,750,110	1,314,777,549	1.96%	19,475,303	1,333,033,996	1.46%
PLDT, INC.	31,305,924	1,314,777,549	2.38%	21,482,880	1,333,033,996	1.61%
Robinsons Land Corporation	-	1,314,777,549	0.00%	15,670,637	1,333,033,996	1.18%
Robinsons Retail Holdings, Inc.	7,899,012	1,314,777,549	0.60%	15,763,150	1,333,033,996	1.18%
San Miguel Corporation	-	1,314,777,549	0.00%	6,744,465	1,333,033,996	0.51%
Security Bank Corporation	9,054,710	1,314,777,549	0.69%	17,062,220	1,333,033,996	1.28%
SM Investments Corporation	92,400,798	1,314,777,549	7.03%	125,330,324	1,333,033,996	9.40%
SM Prime Holdings Inc.	68,107,473	1,314,777,549	5.18%	107,009,595	1,333,033,996	8.03%
Universal Robina Corporation	21,117,440	1,314,777,549	1.61%	42,234,875	1,333,033,996	3.17%
Bloomberry Resorts Corporation	-	1,314,777,549	0.00%	28,034,648	1,333,033,996	2.10%
Puregold Price Club Inc.	7,938,600	1,314,777,549	0.60%	2,050	1,333,033,996	0.00%
San Miguel Corporation (SMC2F)	-	1,314,777,549	0.00%	17,911,183	1,333,033,996	1.34%
San Miguel Corporation (SMC2H)	-	1,314,777,549	0.00%	987,480	1,333,033,996	0.07%
San Miguel Corporation (SMC2I)	-	1,314,777,549	0.00%	2,265,600	1,333,033,996	0.17%
San Miguel Corporation (SMC2E)	-	1,314,777,549	0.00%	188,500	1,333,033,996	0.01%
San Miguel Corporation (SMC2G)	-	1,314,777,549	0.00%	2,463,500	1,333,033,996	0.18%
Jollibee Foods Corporation	18,627,712	1,314,777,549	1.42%	-	1,333,033,996	0.00%
Vista Land & Lifescapes Inc.	-	1,314,777,549	0.00%	12,397,320	1,333,033,996	0.93%
San Miguel Corporation - PHY7501D1293	2,002,401	1,314,777,549	0.15%	-	1,333,033,996	0.00%
San Miguel Corporation - PHY7501D1111	771,652	1,314,777,549	0.06%	-	1,333,033,996	0.00%
Monde Nissin Corporation	26,143,560	1,314,777,549	1.99%	-	1,333,033,996	0.00%
EEL Corporation	6,697,600	1,314,777,549	0.51%	3,900,501	1,333,033,996	0.29%
All Home Corp	-	1,314,777,549	0.00%	4,230,045	1,333,033,996	0.32%
Wilcon Depot, Inc.	8,174,000	1,314,777,549	0.62%	11,005,280	1,333,033,996	0.83%
Sun Life Prosperity Peso Starter Fund, Inc.	-	1,314,777,549	0.00%	22,116,343	1,333,033,996	1.66%
AREIT, Inc.	-	1,314,777,549	0.00%	55,057,665	1,333,033,996	4.13%
Converge Information and Communications Technology Solutions	50,373,290	1,314,777,549	3.83%	20,955,360	1,333,033,996	1.57%
EEL Corporation - PHY2249U1290	6,918,500	1,314,777,549	0.53%	-	1,333,033,996	0.00%
EEL Corporation - PHY2249U1373	20,629,250	1,314,777,549	1.57%	-	1,333,033,996	0.00%
Filinvest REIT Corporation	53,853,500	1,314,777,549	4.10%	-	1,333,033,996	0.00%
MREIT Inc.	70,112,300	1,314,777,549	5.33%	-	1,333,033,996	0.00%
RL Commercial REIT Inc.	20,358,272	1,314,777,549	1.55%	-	1,333,033,996	0.00%
<b>Treasury Notes</b>						
PHY6972HKH84	11,813,043	1,314,777,549	0.90%	-	1,333,033,996	0.00%
PHY6972HKC97	100,810,500	1,314,777,549	7.67%	-	1,333,033,996	0.00%
PHY6972HLA23	26,174,200	1,314,777,549	1.99%	-	1,333,033,996	0.00%
PHY6972FPV67	24,721,155	1,314,777,549	1.88%	-	1,333,033,996	0.00%
PIBD2031G171	-	1,314,777,549	0.00%	62,511,995	1,333,033,996	4.69%
PIBD1029A644	-	1,314,777,549	0.00%	19,912,640	1,333,033,996	1.49%
PIBD2039A232	-	1,314,777,549	0.00%	78,439,800	1,333,033,996	5.88%

ii. Total Investment of the Fund to the Outstanding Securities of an Investee Company

As of December 31, 2021 and December 31, 2020

	2021			2020		
	Investment (Shares)	Outstanding Securities	% over Investee	Investment (Shares)	Outstanding Securities	% over Investee
<b>Equities</b>						
Aboitiz Equity Ventures Inc	661,530	5,630,225,457	0.01%	445,800	5,630,225,457	0.01%
Aboitiz Power Corporation	643,400	7,358,604,307	0.01%	353,900	7,358,604,307	0.00%
Alliance Global Group Inc.	1,131,300	9,471,352,279	0.01%	2,521,600	9,676,914,079	0.03%
Ayala Corporation	68,990	619,703,617	0.01%	94,560	627,415,324	0.02%
Ayala Land Inc.	1,474,250	14,811,126,679	0.01%	3,103,750	14,730,395,599	0.02%
Bank of the Philippine Islands	437,429	4,513,128,255	0.01%	597,369	4,513,103,261	0.01%
BDO Unibank Inc.	538,053	4,385,519,015	0.01%	642,393	4,384,474,515	0.01%
DMCI Holdings Inc.	-	-	0.00%	900	13,277,470,000	0.00%
First Gen Corporation	727,600	3,596,575,505	0.02%	966,600	3,597,914,505	0.03%
First Gen Corporation (FGENG)	5,000	3,596,575,505	0.00%	5,000	66,603,840	0.01%
Globe Telecom Inc.	11,700	133,619,207	0.01%	8,935	133,432,727	0.01%
Holcim Philippines Inc.	1,029,500	6,452,099,144	0.02%	633,500	6,452,099,144	0.01%
AC Energy Corporation	1,551,200	38,315,838,177	0.00%	-	-	0.00%
Century Pacific Food Inc.	992,400	3,542,258,595	0.03%	-	-	0.00%
GT Capital Holdings Inc.	35,740	215,284,587	0.02%	26,630	215,284,587	0.01%
International Container Terminal Services Inc.	187,910	2,038,609,782	0.01%	471,500	2,044,311,325	0.02%
JG Summit Holdings Inc.	503,529	7,520,983,658	0.01%	789,449	7,520,983,658	0.01%
Manila Electric Company	-	-	0.00%	46,610	1,127,098,705	0.00%
Megaworld Corporation	5,704,000	31,857,070,872	0.02%	-	-	0.00%
Metro Pacific Investments Corporation	3,274,910	30,070,247,752	0.01%	2,310,910	30,668,798,752	0.01%
Metropolitan Bank & Trust Company	462,300	4,497,415,555	0.01%	397,050	4,497,415,555	0.01%
PLDT, INC.	17,277	216,055,775	0.01%	16,032	216,055,775	0.01%
Robinsons Land Corporation	-	-	0.00%	739,181	5,193,830,685	0.01%
Robinsons Retail Holdings, Inc.	120,780	1,512,010,200	0.01%	242,510	1,551,006,880	0.02%
San Miguel Corporation	-	-	0.00%	52,650	2,378,524,978	0.00%
Security Bank Corporation	76,090	753,538,887	0.01%	127,330	753,538,887	0.02%
SM Investments Corporation	97,986	1,204,582,867	0.01%	-	-	0.00%
SM Prime Holdings Inc.	2,009,070	28,879,231,694	0.01%	119,476	1,204,582,867	0.01%
Universal Robina Corporation	164,980	2,200,983,378	0.01%	2,779,470	28,879,231,694	0.01%
Bloomberry Resorts Corporation	-	-	0.00%	276,950	2,204,161,868	0.01%
Puregold Price Club Inc.	202,000	2,883,087,615	0.01%	3,456,800	10,959,899,892	0.03%
San Miguel Corporation (SMC2F)	-	-	0.00%	50	2,884,232,615	0.00%
San Miguel Corporation (SMC2H)	-	-	0.00%	231,710	223,333,500	0.10%
San Miguel Corporation (SMC2I)	-	-	0.00%	12,660	164,000,000	0.01%
San Miguel Corporation (SMC2E)	-	-	0.00%	29,500	169,333,400	0.02%
San Miguel Corporation (SMC2G)	-	-	0.00%	2,500	134,000,100	0.00%
Jollibee Foods Corporation	86,080	1,109,913,214	0.01%	32,500	66,666,600	0.05%
Vista Land & Lifescapes Inc.	-	-	0.00%	-	-	0.00%
San Miguel Corporation - PHY7501D1293	25,140	2,383,896,588	0.00%	2,649,000	12,698,007,676	0.02%
San Miguel Corporation - PHY7501D1111	10,160	2,383,896,588	0.00%	-	-	0.00%
Monde Nissin Corporation	1,613,800	17,968,611,496	0.01%	-	-	0.00%
EEl Corporation	1,030,400	1,036,281,485	0.10%	-	-	0.00%
All Home Corp	-	-	0.00%	513,900	1,036,281,485	0.05%
Wilcon Depot, Inc.	268,000	4,099,724,116	0.01%	462,300	3,750,000,002	0.01%
Sun Life Prosperity Peso Starter Fund, Inc.	-	-	0.00%	651,200	4,099,724,116	0.02%
AREIT, Inc.	-	-	0.00%	17,058,498	19,999,991,404	0.09%
Converge Information and Communications Technology Solutions	1,579,100	7,526,294,461	0.02%	1,875,900	1,025,656,435	0.18%
EEl Corporation - PHY2249U1290	68,500	1,036,281,485	0.01%	1,406,400	7,526,294,461	0.02%
EEl Corporation - PHY2249U1373	191,900	1,036,281,485	0.02%	-	**	0.00%
Filinvest REIT Corporation	7,277,500	4,892,777,994	0.15%	-	**	0.00%
MREIT Inc.	3,559,000	2,532,121,381	0.14%	-	**	0.00%
RL Commercial REIT Inc.	2,675,200	9,948,997,197	0.03%	-	**	0.00%
<b>Treasury Notes</b>						
PHY6972HKH84	12,300,000	**	-	-	**	-
PHY6972HKC97	105,000,000	**	-	-	**	-
PHY6972HLA23	26,000,000	**	-	-	**	-
PHY6972FPV67	20,500,000	**	-	-	**	-
PIBD2031G171	-	255,837,150,000	0.00%	45,500,000	255,837,150,000	0
PIBD1029A644	-	40,000,000,000	0.00%	16,000,000	40,000,000,000	0
PIBD2039A232	-	31,504,000,000	0.00%	60,000,000	31,504,000,000	0

**iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets**

As of December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Total Liquid and Semi-Liquid Assets	1,351,294,932	1,359,231,392
TOTAL ASSETS	1,351,305,925	1,359,242,846
<b>Total Investment in Liquid or Semi-Liquid Assets to Total Assets</b>	100%	100%

**iv. Total Operating Expenses to Total Net Worth**

As of December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Total Operating Expenses	31,828,314	31,339,022
Average Daily Net Worth	1,270,363,225	1,258,868,213
Total Operating Expenses to Total Net Worth	2.51%	2.49%

**v. Total Assets to Total Borrowings**

As of December 31, 2021 and December 31, 2020

	<b>2021</b>	<b>2020</b>
Total Assets	1,351,305,925	1,359,242,846
Total Borrowings	36,528,376	26,208,850
Total Assets to Total Borrowings	3699%	5186%



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

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

**Additional Requirements for Issuers of Securities to the Public  
Required by the Securities and Exchange Commission  
As at December 31, 2021**

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G. Guarantees of Securities of Other Issuers	<b>N.A.</b>
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**SUN LIFE PROSPERITY DYNAMIC FUND, INC.**

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

**SCHEDULE A - FINANCIAL ASSETS**

**As at December 31, 2021**

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Income Received and Accrued
Treasury Notes Issued by the Nat'l. Government	163,800,000	P 163,518,898	P 5,923,110
<b>Equity shares:</b>			
Aboitiz Equity Ventures Inc	661,530	36,020,309	
Aboitiz Power Corporation	643,400	19,108,980	
Alliance Global Group Inc.	1,131,300	13,349,340	
Ayala Corporation	68,990	57,330,690	
Ayala Land Inc.	1,474,250	54,104,975	
Bank of the Philippine Islands	437,429	40,309,082	
BDO Unibank Inc.	538,053	64,942,997	
First Gen Corporation	727,600	20,263,660	
First Gen Corporation (FGENG)	5,000	515,000	
Globe Telecom Inc.	11,700	38,867,400	
Holcim Philippines Inc.	1,029,500	5,682,840	
AC Energy Corporation	1,551,200	17,063,200	
Century Pacific Food Inc.	992,400	29,027,700	
GT Capital Holdings Inc.	35,740	19,299,600	
International Container Terminal Services Inc.	187,910	37,582,000	
JG Summit Holdings Inc.	503,529	26,687,037	
Megaworld Corporation	5,704,000	17,967,600	
Metro Pacific Investments Corporation	3,274,910	12,772,149	
Metropolitan Bank & Trust Company	462,300	25,750,110	
PLDT, INC.	17,277	31,305,924	
Robinsons Retail Holdings, Inc.	120,780	7,899,012	
Security Bank Corporation	76,090	9,054,710	
SM Investments Corporation	97,986	92,400,798	
SM Prime Holdings Inc.	2,009,070	68,107,473	
Universal Robina Corporation	164,980	21,117,440	
Puregold Price Club Inc.	202,000	7,938,600	
Jollibee Foods Corporation	86,080	18,627,712	
San Miguel Corporation - PHY7501D1293	25,140	2,002,401	
San Miguel Corporation - PHY7501D1111	10,160	771,652	
Monde Nissin Corporation	1,613,800	26,143,560	
EEI Corporation	1,030,400	6,697,600	
Wilcon Depot, Inc.	268,000	8,174,000	
Converge Information and Communications Technology Solutions	1,579,100	50,373,290	
EEI Corporation - PHY2249U1290	68,500	6,918,500	
EEI Corporation - PHY2249U1373	191,900	20,629,250	
Filinvest REIT Corporation	7,277,500	53,853,500	
MREIT Inc.	3,559,000	70,112,300	
RL Commercial REIT Inc.	2,675,200	20,358,272	
	40,513,704	1,059,130,663	20,272,632
<b>TOTAL</b>	<b>204,313,704</b>	<b>P 1,222,649,561</b>	<b>P26,195,742</b>

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

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

**SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES**

**As at December 31, 2021**

Name of Related Party	Relationship	Balance at beginning of period	Balance at end of period
Sun Life Asset Management Company, Inc.	Fund Manager	P2,511,545	P2,483,611

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

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

**SCHEDULE H - CAPITAL STOCK**

**As at December 31, 2021**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares reserved for options, warrants, conversion and other rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Share Capital						
Ordinary Shares	5,200,000,000	3,506,967,024	-	-	5	3,506,967,019
Treasury Shares	-	(2,107,653,044)	-	-	-	(2,107,653,044)
<b>TOTAL</b>	<b>5,200,000,000</b>	<b>1,399,313,980</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>1,399,313,975</b>