



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 **22 July 2020 (Wednesday) at 1:00 p.m. via Zoom Webinar at <https://bit.ly/ASHM2020>**, to consider the following:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Chairman's Address
5. Review of 2019 Operations
6. 2019 Fund Performance
7. Election of Directors for the 2020 to 2021 term
8. Approval of the Minutes of the 2019 stockholders' meetings
9. Confirmation and Ratification of All Acts and Proceedings of the Board and Corporate Officers (Annex A)
10. Appointment of External Auditor
11. Other Matters
  - a. Amendment of Article VI of the Articles of Incorporation to increase the number of directors to six
12. 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 2020** 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.

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 2020

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: **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:

**22 July 2020 (Wednesday), 1:00 P.M.  
via Zoom Webinar at <https://bit.ly/ASHM2020>**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **15 June 2020**

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **Lyza D. Placido**

Address and Telephone Number: **6<sup>th</sup> Floor Sun Life Centre, 5<sup>th</sup> Avenue cor Rizal Drive, Bonifacio Global City, Taguig City 1634; (632) 849-9452 or 849-9495**

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
<b>Common Shares, PHP0.01 par value</b>	<b>1,519,271,057 shares (as of 31 May 2020)</b>

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 22 July 2020 (Wednesday) at 1:00 p.m. via Zoom Webinar at <https://bit.ly/ASHM2020>. The principal office of the Company is located at 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 2020. Shareholders will receive the ASHM materials personally, by mail (by physical or electronic transmission). Further, shareholders will also receive an advance copy via e-mail and will 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 1,519,478,777 outstanding common shares as of 30 April 2020. 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 2020**.

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.

**2. Security Ownership of Management as of 31 March 2020 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	Ma. Josefina A. Castillo	1	B & R	Filipino	0.00000%
Common	Aleli Angela G. Quirino	1	B & R	Filipino	0.00000%
Common	Oscar S. Reyes	1	B & R	Filipino	0.00000%
Common	Oscar M. Orbos	1	B & R	Filipino	0.00000%

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**

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

<i>Name</i>	<i>Citizenship</i>	<i>Position</i>	<i>Age</i>	<i>Term of Office</i>	<i>Period Served</i>
Benedicto C. Sison	Filipino and American	Director/President Director/Chairman	59	2015 – June 2018 July 2018 - present	5 terms
Maria Josefina A. Castillo	Filipino	Director/President	46	2018 - present	2 terms
Aleli Angela G. Quirino	Filipino	Independent Director	75	2012-present	8 terms
Oscar S. Reyes	Filipino	Independent Director	74	2012-present	8 terms
Oscar M. Orbos	Filipino	Independent Director	69	2018 - present	2 terms
Candy S. Esteban	Chinese	Treasurer	42	2015-present	5 terms
Anna Katrina C. Kabigting-Ibero	Filipino	Corporate Secretary	40	April 2020 - present	
Winlove Apple R. Sandalo-Esperanza	Filipino	Assistant Corporate Secretary	40	April 2020 - present	
Jemilyn S. Camania	Filipino	Compliance Officer	44	April 2020 - present	
Ria V. Mercado	Filipino	Risk Officer	44	2015-present	5 terms

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

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

**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 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 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), 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 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 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.

**MARIA JOSEFINA A. CASTILLO**

President / Director (July 2018 to present)

Ms. Maria Josefina A. Castillo is currently the Chief Financial Officer of Sun Life Financial Philippines (August 2015 to present) and the Treasurer of Sun Life of Canada (Philippines), Inc. Concurrently, she serves in the same capacity at Sun Life Financial Philippine Holding Company, Inc., Grepalife Asset Management Company, Inc., and Sun Life Grepalife Financial Inc. (November 2012 to present). She serves as the Director and President 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 Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager 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 Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (July 2018 to present). She is also the Director and President of the Grepalife Funds such as Grepalife Bond Fund Corporation, Grepalife Dollar Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation (July 2018 to present) and Treasurer (November 2012 to present).

Prior to that, she was the Controller and Head of Financial Planning and Analysis (October 2013 to July 2015) and Head of Finance Integration (June 2011 to September 2013) of Sun Life of Canada (Philippines), Inc. She currently serves as the Vice President and Trustee of the Philippine Investments Funds Association (PIFA).

Ms. Castillo has over 20 years of extensive finance experience in the life insurance industry. Prior to joining Sun Life Financial Philippines, she was the Head of Regional Accounting and Control (June 2006- June 2011) and Manager of Asia Accounting (November 2003 to May 2006) of Sun Life Financial Asia Services Ltd. She also worked with CMG Philippines (1998-2003), Permanent Plans, Inc. (1996-1997) and Sycip, Gorres, Velayo & Co. (1994-1996).

Ms. Castillo is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants (PICPA). She earned her Bachelor of Science in Accountancy degree from the Miriam College Foundation, Inc. and her Masters of Business Administration from the University of the Philippines (Diliman). She is a Fellow, Life Management Institute (FLMI) and an Associate, Customer Service (ACS) of the LOMA.

#### **ALELI ANGELA G. QUIRINO**

Independent Director – (2012 to present)

Atty. Aleli Angela G. Quirino, is an Independent Director of Sun Life of Canada Prosperity Bond Fund, Inc. (2000 to present), Sun Life of Canada Prosperity Balanced Fund, Inc. (2010 to present), Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), (2004 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 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. (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). She 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 and Trustee of Ateneo de Manila Law Alumni Association, Inc. (2008 to present), and Advisory Council Member of the Asian Patent Attorney Association (2012 to present). She is also the immediate past President and Philippine Councilor of ASEAN Intellectual Property Association (2015 to present) and Vice-President and ExCom Member of Association Internationale pour la Protection de la Propriete Intellectuelle (2004 to present). She is the Trustee of Cancare Foundation, Inc. (2010 to present), Trustee-Treasurer of Intellectual Property Foundation, Inc. (1998 to present), and Trustee-Corporate Secretary of Assumption College, Inc. (1996 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)

Mr. Oscar S. Reyes, is an Independent Director of the Sun Life Prosperity Dollar Advantage Fund, Inc. (2002 to present), Sun Life Prosperity Dollar Abundance Fund, Inc. (2006 to present), Sun Life of Canada Prosperity GS Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life of Canada Prosperity Bond Fund, Inc. (2011 to present); Sun Life Prosperity Dynamic Fund, Inc. (2012 to present), Sun Life

Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., DECA Homebuilder Fund, Inc. (March 2018 to present), Sun Life of Canada Prosperity Philippine Equity Fund, Inc., and Sun Life of Canada Prosperity Balanced Fund, Inc. (July 2018 to present). 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). His other positions are: member of the Advisory Board of the Philippine Long Distance Telephone Company (PLDT) (2010 to present) and Director (2001 to 2010); Member, Advisory Council of the Bank of the Philippine Islands (2016 to present) and Director (2003 to 2016); Independent Director of Manila Water Co., Inc. (2005 to present); Pepsi Cola Products Philippines, Inc. (Chairman) (2007 to present); PLDT Communications and Energy Ventures, Inc. (Director) (2013 to present); Basic Energy Corporation (Independent Director) (2007 to present); Cosco Capital Inc. (Independent Director) (2009 to present); Petrolift Inc. (Independent Director) (2007 to present), Sun Life Financial Plans, Inc., (Independent Director) (2006 to present) and Eramen Minerals Inc. (Independent Director) (2004-present) among other firms. Presently, he is an Independent Director of Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation (April 2019 to present) and Team Energy Corporation (June 2019 to present). He is a Director of Asian Eye Institute (2010 to present); 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 and the Harvard Business School.

#### **OSCAR M. ORBOS**

Independent Director (2018 to present)

Atty. Oscar M. Orbos, is an Independent Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2000 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2009 to present), Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present), Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc. and Sun Life Prosperity World Voyager Fund, Inc. (2015 to present), Sun Life Prosperity Dollar Starter Fund, Inc. (2017 to present), Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.), Sun Life Prosperity Dynamic Fund, Inc. (2018 to present). He is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation (“Grepalife Funds”) (2018 to present). Atty. Orbos has a distinguished public service career, which started with his election as Congressman (1987 to 1990 and 1992 to 1995) and then as Governor of the Province of Pangasinan (1995 to 1998). He also served as Secretary of the Department of Transportation and Communication (1990) and then as Executive Secretary (1990 to 1991) under the administration of President Corazon C. Aquino. Atty. Orbos also serves Chairman of the Board of Alpha Insurance & Surety Co., Inc. (2000 to present) and as Partner of Orbos Cabusora & Taguam Law Office (1998 to present). He obtained his BS Economics and Bachelor of Laws from the University of the Philippines.

#### **CANDY S. ESTEBAN**

Treasurer (2015 to present)

Ms. Esteban is the Treasurer of 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.), (2015 to present), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc. (2016 to present), DECA Homebuilder Fund, Inc. (2017 to present), Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (March 2018) and the Sun Life Asset Management Company, Inc. (2015 to present). She is concurrently the Head of Financial Planning and Analysis for Sun Life Financial Philippines effective September 1, 2014. Ms. Esteban is responsible for all financial planning, management reporting and analysis for the Sun Life group of companies, as well as the Finance Business Partner for SLAMCI.

Prior to joining Sun Life, Ms. Esteban held various positions in Citibank and American Express Bank Philippines, two of the leading global banking institutions. Ms. Esteban has nearly 15 years of experience in the areas of controllership, profitability management, financial planning and management reporting, investments, insurance and loans in consumer, corporate banking, wealth management, commercial credit cards business and project management.

Ms. Esteban is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering and she holds a Masters degree in Business Administration from INSEAD in Singapore and France.

#### **JEMILYN S. CAMANIA**

Compliance Officer (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; 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., and Sun Life Prosperity Achiever Fund 2048, Inc.; Grepalife Asset Management Corporation; the three Grepalife Mutual Funds, i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation; and Sun Life Grepa Financial, Inc. (01 April 2020 to present).

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 (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) 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).

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.

#### **WINLOVE APPLE R. SANDALO-ESPERANZA**

Assistant Corporate Secretary (2020 to present)

Atty. Winlove Apple R. Sandalo-Esperanza 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 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 Assistant Corporate Secretary of Sun Life Asset Management Company, Inc., Sun Life Financial Plans, Inc., Grepalife Asset Management Corporation, Sun Life of Canada (Philippines), Inc., Sun Life Financial Philippine Holding Company, Inc., and Sun Life Financial – Philippines Foundation, Inc. (April 2020 to present).

Prior to joining Sun Life in 2020, Atty. Esperanza worked as a Junior Associate at the Abuda Asis & Associates (2009 to 2012). She later joined the Philippine National Bank as In-House Counsel (2012 to 2020).

Atty. Esperanza received her Bachelor of Arts in Economics (2003) and Juris Doctor (2009) from the University of Philippines, Diliman. She was called to the Bar in 2010.

#### **RIA V. MERCADO**

Risk Officer (2015 to 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., DECA Homebuilder 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) 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.** Independent directors are nominated by the Nomination Committee in accordance with the guidelines and requirements set in the Securities and Exchange Commission (SEC) Memorandum Circular Nos. 6 (s. 2009) and 16 (s. 2002) and SRC Rule 38. Qualifications of Directors as enumerated in said circulars are strictly followed.

2. **Nomination Process.** The Nomination Committee, composed of Atty. Quirino as Chairman and Mr. Sison and Ms. Castillo 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 Nomination Committee are related to the independent directors. The following Final List of Candidates to the 2020 Board of Directors has been approved:

- 2.1 Mr. Benedicto C. Sison
- 2.2 Ms. Josefina A. Castillo
- 2.3 Atty. Oscar M. Orbos
- 2.4 Atty. Aleli Angela G. Quirino
- 2.5 Mr. Oscar S. Reyes

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 2019 and 2018 are PHP 314,615 and PHP 228,689, respectively.

The Board has four (4) regular quarterly meetings for 2020, including the organizational board meeting after the annual shareholders' meeting. For the four (4) meetings and with two (2) members of the Board who are external directors entitled to receive per diem, the Fund forecasts a total directors' per diem of PHP 240,000 for 2020. The external directors are also forecasted to receive a total of PHP 14,615 as retainer's fees for 2020.

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 Ms. Avis B. Manlapaz, who has served in said capacity since 2016. 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 2019 and 2018, 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 155,066 and PHP 140,941 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 Atty. Orbos 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.**

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 plus the total number of units outstanding due to deposit for future subscriptions (DFFS) and for conversion to shares, if any, as of the end of the reporting day. Any increase or decrease in NAVPS translates to a prospective capital gain or capital loss, respectively, for the 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 – 31 March 2020 and 31 December 2019

For the Period Ended	31-Mar-20	31-Dec-19	Movement	Percentage (%)	MDAS
	Unaudited	Audited			
Cash and cash equivalents	P 72,561,904	P 31,627,913	P 40,933,992	129.42%	The increase was mainly due to acquisition of short-term placements classified as cash equivalents for the quarter.
Financial assets at fair value through profit or loss	1,025,056,033	1,466,366,989	(441,310,956)	-30.10%	The decrease was mainly due to disposal of equity securities and unfavorable market condition during the period.
Accrued interest receivable	2,544,574	5,601,126	(3,056,553)	-54.57%	The decrease pertains to accrued interest in Tnotes. Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	4,223,615	2,316,876	1,906,739	82.30%	The collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividends were received.
Due from brokers	16,513,195	-	16,513,195	100.00%	Due from broker account refers to amounts receivable from brokers arising from the sale of investments processed on or before the reporting period, which are settled three (3) days after the transaction date.
Prepayments and other current assets	252,568	11,454	241,114	2105.06%	This account pertains to prepaid expenses to be amortized until end of the accounting period.
<b>Total Assets</b>	<b>1,121,151,889</b>	<b>1,505,924,358</b>	<b>(384,772,469)</b>	<b>2332.12%</b>	

Accrued expenses and other payables	3,159,791	1,919,529	1,240,262	64.61%	The increase pertains mainly to 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	13,778,258	2,483,598	11,294,660	100.00%	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	2,203,870	2,817,537	(613,667)	-21.78%	The decrease in fees payable to fund manager was due to lower AUM for the period.
<b>Total Liabilities</b>	<b>19,141,918</b>	<b>7,220,664</b>	<b>11,921,254</b>	<b>142.83%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,199,019	3,210,216,567	(17,548)	0.00%	
Retained earnings	(256,191,602)	125,087,111	(381,278,713)	-304.81%	Net income for the first quarter of 2020
Treasury Shares	(1,887,067,116)	(1,871,669,654)	(15,397,461)	0.82%	Acquisition of treasury shares during the period.
<b>Net Assets</b>	<b>P1,102,009,971</b>	<b>P1,498,703,694</b>	<b>(P396,693,722)</b>	<b>-303.99%</b>	Decrease due to mainly to net loss was brought by realized and unrealized losses from investments during the quarter.
<b>Net Assets Value per Share</b>	<b>P 0.7251</b>	<b>P 0.9748</b>	<b>P (0.2497)</b>	<b>-25.62%</b>	

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

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

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

#### Statement of Comprehensive Income for the Three months ended – 31 March 2020 and 31 March 2019

	31-Mar-20	31-Mar-19	Movement	Percentage (%)	MDAS
	Unaudited	Unaudited			
<b>Investment Income</b>	P (33,817,687)	P 48,865,756	P (82,683,443)	-169.21%	The decrease was mainly due to due to realized loss from disposal of investments during the period.
<b>Investment Expenses</b>	852,219	1,367,823	(515,604)	-37.70%	Lower commission expenses during the period.
<b>Operating Expenses</b>	8,370,991	11,079,518	(2,708,527)	-24.45%	Lower management fees resulted from lower AUM compared to same period last year.
<b>Net Unrealized Gains</b>	(336,478,872)	91,850,839	(428,329,711)	466.33%	Decrease due to impact of unfavorable market condition during the period.

(Losses) on Investments					
Provision for Income Tax	1,758,944	3,350,320	(1,591,376)	-47.50%	Final taxes of interest income earned from fixed income investment.
Net Investment Income (Loss)	P(381,278,713)	P 124,918,934	(P506,197,647)	405.22%	

Average daily net asset value from January to March 2020 and January to March 2019 is PHP 1,345,546,083 and PHP 1,811,020,839, respectively.

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

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 Fund's common shares for 2020, 2019 and 2018:

	2020		2019		2018	
	High	Low	High	Low	High	Low
Q1	P0.9754	P0.6595	P0.9880	P0.9217	P1.0557	P0.9623
Q2	-	-	P1.0092	P0.9614	P0.9743	P0.9010
Q3	-	-	P1.0308	P0.9770	P0.9734	P0.9049
Q4	-	-	P1.0114	P0.9543	P0.9474	P0.8876

2. **Holders.** There are approximately 4,987 stockholders as of 30 April 2020.

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 pre-emptive 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).

**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 2019 shareholders' meetings held on 17 July 2019 and 13 September 2019 (continuation). Also submitted for approval is the Annual Report (SEC Form 17A) and the audited Financial Statements for the year ended 31 December 2019 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 Tuesday, 21 July 2020 (one business day 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. Castillo, 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. Castillo, 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, or fax, 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. Placido** has been designated as the contact person for all inquiries related hereto at contact numbers **(632) 849-9452 or 849-9495** with address at 8th Floor Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City 1634.

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 2020, records show that SLOCPI owns 29.73% of the Company's outstanding capital stock. Mr. Benedicto C. Sison, Country Head and CEO of SLOCPI, has the power to vote of the shares or direct the voting of the shares held by Sun Life of Canada Philippines 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

A handwritten signature in black ink, appearing to read 'AK' with a flourish above it.

Date: 10 June 2020

ATTY. ANNA KATRINA C. KABIGTING-IBERO  
Corporate Secretary

# 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. Updating and continuation of the Management Agreement and Distribution Agreement and Transfer Agency Agreements with Sun Life Asset Management Company, Inc. (SLAMCI)
3. Amendment of Prospectus<sup>1</sup>
4. Approval of the Revised Anti-Money Laundering and Terrorism Financing Prevention Program (MTPP) Operating Guidelines
5. Approval of the 2019 Audited Financial Statements
6. Approval of Manual on Corporate Governance
7. Approval of Board Committee Charters
8. The joint holding of the Sun Life Prosperity Funds’ Annual Stockholders’ Meetings on 22 July 2020. Stockholders of record of the Funds as of 30 April 2020 shall be entitled to notice of and to attend and vote at said meeting.

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

## DIRECTORS' CERTIFICATE

We, the undersigned, constituting majority of the members of the Boards of Directors, the Chairman and the Corporate Secretary of the sixteen (16) **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. (formerly, Sun Life Prosperity **Money Market** 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. (collectively referred to as the "Corporations" and each individually referred to as a "FUND"), corporations duly organized and existing under Philippine laws, with common address at the Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City., do hereby certify that:

1. At its Special Joint Boards of Directors' meeting held on 07 May 2020, at which meeting a quorum was present and acting throughout, the Boards of Directors of said Corporations, upon motion duly made and seconded, there being no comments, abstentions or objections having been noted, unanimously resolved, as follows:

**"RESOLVED**, that the 2020 Annual Stockholders' Meeting of the sixteen (16) Sun Life Prosperity Funds ("Corporations") scheduled on 22 July 2020 will be conducted through remote communications, in accordance with SEC Memorandum No. 6, dated 12 March 2020<sup>1</sup>."

**"RESOLVED, FURTHER**, that the right to vote of stockholders during the Annual Stockholders' Meeting may be exercised in person, through proxy, or through voting *in absentia*."

**"RESOLVED, FINALLY**, that the Internal Procedures with regard to the conduct of the 2020 Annual Stockholders' Meeting is attached as **Annex "A"**; and that the Chairman and President be, as they are hereby, delegated to approve changes to the procedures, on behalf of the Corporations."

2. We hereby certify that the foregoing resolutions and the attached Internal Procedures have not been superseded or amended as of the date of this certificate.

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<sup>1</sup> "Section 10. Participation in Stockholders' or Members' Meetings through Remote Communication. When so provided in the bylaws or by majority of the board of directors, stockholders or members who cannot physically attend at stockholders' or members' meetings may participate in such meetings through remote communications or other alternative modes of communication."



## **Annex A: 2020 Annual Stockholders' Meeting Internal Procedures**

1. **Date, Time and Venue of the Meeting.** The 2020 Sun Life Prosperity Funds Annual Stockholders' Meeting ("ASHM") will be held at 01:30 P.M. on Wednesday, 22 July 2020 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 2020 ("Record Date") will be notified of the date, time, Zoom link, and other relevant information related to the ASHM no later than 01 July 2020 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 01 July 2020.
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, 21 July 2020 (one business day 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.
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.

**(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 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 17 July 2019 from 1:30 p.m. to 2:18 p.m.  
Marquis Events Place – Sarus Grand Ballroom, Marquis Building,  
Rizal Drive, Bonifacio Global City, 1634 Taguig City, Philippines

**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  
OSCAR M. ORBOS\*  
ALELI ANGELA G. QUIRINO\*  
OSCAR S. REYES\*  
CIELITO F. HABITO\*

**Also Present:**

CANDY S. ESTEBAN  
MICHAEL GERARD D. ENRIQUEZ  
JEMILYN S. CAMANIA  
ANNA KATRINA C KABIGTING-IBERO  
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 GS Fund, Inc. ("GS Fund"), Sun Life Prosperity Money Market Fund, Inc. ("Money Market Fund"), Sun Life Prosperity Dollar Abundance Fund, Inc. ("Dollar Abundance Fund"), and Sun Life Prosperity Dollar Advantage Fund, Inc. ("Dollar Advantage Fund"), Sun Life Prosperity Dynamic Fund, Inc. ("Dynamic 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. Anna Katrina C Kabigting-Ibero, Assistant Corporate Secretary, recorded the minutes thereof.



## 2. PROOF OF NOTICE OF MEETING

Atty. Jemilyn S. Camania, Corporate Secretary, certified that the stockholders of record as of 30 April 2019 were duly notified of the meeting. The notices were sent electronically and by courier to said stockholders of record.

## 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

Sun Life Prosperity Funds Chairman, Mr. Benedicto C. Sison welcomed the stockholders to the Sun Life Prosperity Funds' annual meeting.

In his welcome message, Mr. Sison recounted that 2018 was a turbulent year for financial markets from equities to fixed income investments as most ended negative for the year. The Philippines was not spared with the PSEi down by 12.7% and local interest rates moved up by more than 2% across all tenors. This came about as the U.S. Fed continued with their interest rate hikes aggravated by the US-China trade dispute during the second half of the year.

Mr. Sison further mentioned that the weak and volatile performance of the Philippine market was caused by the higher than expected spike in inflation. This triggered the Bangko Sentral ng Pilipinas (BSP) to react aggressively by hiking short term rates. Amidst the chaos and volatility, the Philippine economy remained resilient as it continued to register above trend growth. This was fueled by resilient domestic consumption and growth in investments. According to Mr. Sison, Sun Life expects this trend to accelerate further this year as the government fast-tracks its infrastructure spending.

Mr. Sison reported that as the country's economy surged in the midst of these challenges, so did Sun Life Prosperity's flagship funds, as they ended within the top 2 quartiles for both 1-year and 3-year performance rankings. Sun Life Prosperity Bond Fund was in-line with its benchmark and finished in the top quartile for the 1-year performance ranking. Sun Life Prosperity Money Market Fund outperformed its benchmark and ended in the 2nd quartile for the 1-year and in the top quartile for the 3-year performance ranking. Sun Life Prosperity Balanced Fund ended in the 2nd quartile ranking across 1-year, 3-year and 5-year performance ranking. Sun Life Prosperity Equity Fund outperformed its benchmark and ended in the 2nd quartile for 1-year and 3-year performance ranking.

Mr. Sison assured the investors that all of these challenges are faced with renewed hope and optimism. For at Sun Life Asset Management, the focus is on its investors. No matter what movements take place in the financial landscape, Sun Life's decision-making will always be dictated by what would benefit its investors best and bring them closer to prosperity. Sun Life will continue to be vigilant in finding ways to grow your investments with us, under the care of professional and capable fund managers. Sun Life shall continue to create opportunities from adversities while coping creatively in every condition to ensure optimal returns for its investors.

Mr. Sison ended his message by thanking the investors for the continued trust and support through the years. He emphasized that the stockholders' vote of confidence will surely propel the Company to the next level.

5. **OPERATIONS/ FINANCIAL PERFORMANCE**

Ms. Candy S. Esteban, Treasurer of the Funds, presented a review of the Funds' operations and financial performance in 2018.

6. **FUND PERFORMANCE/OUTLOOK AND PROSPECTS FOR 2019**

Mr. Michael Gerard D. Enriquez, Chief Investment Officer, made a Video Presentation on the 2018 Fund Performance and Outlook and Prospects for 2019.

7. **TRIBUTE TO INDEPENDENT DIRECTOR MELITO SALAZAR, Jr.**

Independent Directors Atty. Aleli Angela G. Quirino and Atty. Oscar M. Orbos shared their fond memories of Mr. Salazar, who passed away in February 2019. After hearing the respective speeches of Attys. Quirino and Salazar, the Board of Directors presented a token of appreciation to Mrs. Amy Salazar.

8. **ELECTION OF DIRECTORS FOR THE TERM 2019 to 2020**

The Corporate Secretary explained the election process and nomination criteria. She added that details on these have been circulated to the stockholders via the SEC Form 20-IS that was sent to them prior to the annual 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. Oscar M. Orbos (independent)
  - 4. Oscar S. Reyes (independent)
  - 5. Aleli Angela G. Quirino (independent)
  
- b. SUN LIFE PROSPERITY DOLLAR WELLSRING FUND, INC.*
  - 1. Benedicto C. Sison
  - 2. Ma. Josefina A. Castillo
  - 3. Aleli Angela G. Quirino (independent)
  - 4. Oscar M. Orbos (independent)
  - 5. Cielito F. Habito (independent)
  
- c. SUN LIFE PROSPERITY DYNAMIC FUND, INC.*
  - 1. Benedicto C. Sison
  - 2. Ma. Josefina A. Castillo
  - 3. Oscar M. Orbos (independent)
  - 4. Oscar S. Reyes (independent)
  - 5. Aleli Angela G. Quirino (independent)
  
- d. SUN LIFE PROSPERITY PHILIPPINE STOCK INDEX FUND, INC.*
  - 1. Benedicto C. Sison
  - 2. Ma. Josefina A. Castillo
  - 3. Oscar M. Orbos (independent)
  - 4. Cielito F. Habito (independent)
  - 5. Aleli Angela G. Quirino (independent)

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

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

*f. SUN LIFE PROSPERITY MONEY MARKET FUND, INC.*

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

The following Funds failed to secure the quorum of a majority of the outstanding capital stock for the holding of elections of the Boards of Directors:

- 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 GS Fund, Inc.
- f. Sun Life Prosperity World Voyager Fund, Inc.

A continuation of the annual meeting was held on 13 September 2019 at 1:00 p.m. at the A. Wood Meeting Room, 2<sup>nd</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City. During said continuation meeting, the above Funds still failed to meet the required quorum of 50% + 1 of the outstanding capital stock. As a result, the present members of the Boards of Directors of these Funds shall continue to serve on a hold-over capacity until their successors are elected and shall have qualified in the next annual stockholders' meeting.

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

After discussion, upon motion made and duly seconded, the stockholders present or represented during the meeting unanimously approved the minutes of the meetings held on 18 July 2018.

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

After discussion, upon motion duly made and seconded, at least a majority of the OCS present or represented by proxy approved/ratified all acts and proceedings of the Board of Directors and Corporate Officers in relation to the management and administration of the Fund.

**11. APPOINTMENT OF EXTERNAL AUDITOR**

After discussion, upon motion duly made and seconded, the stockholders appointed Navarro Amper and Co./Deloitte Touche Tohmatsu as the Funds' external auditor for 2019.

## 12. 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.

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 Sun Life of Canada Prosperity Balanced Fund, Inc.'s Articles of Incorporation on the principal office address and the delegation of power to amend Articles I, II, III, IV, and VI of the By-Laws to the Board of Directors, 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 Sun Life of Canada Prosperity Balanced Fund, Inc.'s By Laws on the date and time of Annual Stockholders Meeting, remain unapproved.

## 13. QUESTIONS FROM THE STOCKHOLDERS

The floor was then opened for questions from the stockholders. The first stockholder who asked questions was Mr. Carlos Felipe, a Mutual Fund Solicitor and a stockholder of the SLP Funds. He inquired on whether the video presentation on Fund Performance in 2018 be available publicly after the shareholders' meeting. Ms. Valerie Pama, President of SLAMCI replied that a video will be made to Mutual Funds advisors but in a different format. Her team will just make adjustments on the Market Outlook video prepared in Q1 2019. For his second question, Mr. Felipe made an observation that External Auditor Navarro Amper and Co./Deloitte Touche Tohmatsu has been the external auditor of the SLP Funds for many years already, and how does this matter fair in terms of corporate governance. Ms. Ma. Josefina A. Castillo, replied that SLP Funds do regular reviews of its external auditor, and it while it is true that Deloitte has been with SLP Funds for a long time, the company makes sure that the Partners assigned to SLP Funds are changed every cycle of 5 years.

The next stockholder to ask a question was Mr. Mariano Higinio II F Yap. He inquired, on the year-end projection for the PSEi. This question was answered by Mr. Enriquez, who gave a projection of 8600. He backed up his answer by explaining that in determining a forward-looking view on the PSEi, his team derives it based on fundamental corporate data and our internal estimates of the individual components that make up the PSEi. This is called a bottom-up approach, as it starts with determining first a fair market value of the 30 component stocks that make up the PSEi, then computing the index target from these inputs.

The last stockholder who asked a question was Mr. Philip Gonzales. He asked, if he wants exposure to the equities market, is it advisable for me to convert his Pesos to USD and invest in the Dollar Funds, like Voyager, or better to just invest his money in the Index or Equity Funds. Ms. Pama provided a ready answer, saying, the decision to invest in a fund is usually based on your financial goals, time horizon and risk appetite. To invest in a dollar-denominated fund, you need to take into account the risk of exchange rate movements. If this risk is not something you are comfortable with, you may want to consider other Funds or investment outlets.

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<sup>1</sup> *Balanced, Dollar Abundance, Dollar Advantage, Equity, GS, World Voyager, Index Funds*

**14. 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 2:18pm.

**ANNA KATRINA C. KABIGTING-IBERO**  
Assistant Corporate Secretary

ATTESTED TO BY:

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

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

**ALELI ANGELA G. QUIRINO**  
*Independent Director*  
Bond, Money Market, GS, Dynamic, Dollar  
Starter, Stock Index, Wellspring and World  
Voyager and Balanced Fund

**OSCAR M. ORBOS**  
*Independent Director*  
Philippine Equity, Dollar Advantage, Dollar  
Abundance, Stock Index, Dynamic, Bond,  
Money Market, Wellspring and World  
Voyager Funds

**OSCAR S. REYES**  
*Independent Director*  
Dollar Advantage, Dollar Abundance, Dollar  
Starter, GS, Money Market, Dynamic,  
Philippine Equity, Balanced and Bond Funds

**CIELITO F. HABITO**  
*Independent Director*  
Philippine Equity, GS, Balanced, Index, Dollar  
Advantage, Dollar Abundance, Dollar Starter,  
Wellspring and World Voyager Funds

## Annex "A"

### 2019 Annual Stockholders' Meetings Stockholders Present and Represented, Per Fund

Sun Life Prosperity Fund	Total Shares Subscribed (Outstanding Capital Stock as of 30 April 2019)	Stockholder Attendance (in shares)	Attendance (in percentage) for Quorum Requirement
Bond Fund	1,335,223,177	950,539,383	71.19%
Balanced Fund	2,746,386,753	1,106,607,259	40.29%
Equity Fund	2,416,842,902	808,846,241	33.47%
Dollar Advantage Fund	9,437,635	2,501,915	26.51%
Money Market Fund	5,999,057,582	4,879,996,290	81.35%
Dollar Abundance Fund	3,393,677	934,050	27.52%
GS Fund	138,867,310	60,229,493	43.37%
Dynamic Fund	1,821,954,558	920,187,358	50.51%
Index Fund	1,899,998,143	1,064,986,994	56.05%
Dollar Wellspring Fund	5,982,838	3,507,487	58.63%
World Voyager Fund	5,899,321	1,960,775	33.24%
Dollar Starter Fund	5,985,354	5,341,001	89.23%

## PROXY FORM

I/we, hereby nominate, constitute and appoint **Ms. MA. JOSEFINA A. CASTILLO**, 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 shareholders' meeting on 22 July 2020, and all adjournments and postponements thereof, of 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. (formerly Sun Life Prosperity Money Market 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. AUTHORITY TO VOTE FOR NOMINEES (A vote "FOR" the election of the nominees is recommended.)

For            Against

- Authority to vote for all nominees (Please refer to Annex "A")

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

For            Against

- Approval of the Minutes of 2019 Joint Annual Shareholders' Meetings
- Confirmation and Ratification of All Acts and Proceedings of the Board and Corporate Officers
- Re-appointment of Navarro Amper & Co./Deloitte Touche Tohmatsu as External Auditor for 2020

*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)*

For            Against

- 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)*

For            Against

- 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)*

For            Against

- Amendment of Section 1, Article I of the By-laws (Date and Time of Annual Stockholders Meeting)
- Delegation of the Power to amend Articles I, II, III, IV and VI of the By-Laws to the Board of Directors

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 Shareholders' 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 2020

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

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Cielito F. Habito
- Aleli Angela G. Quirino
- Oscar S. Reyes

### SUN LIFE PROSPERITY DYNAMIC FUND, INC.

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Oscar M. Orbos
- Aleli Angela G. Quirino
- Oscar S. Reyes

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Oscar M. Orbos
- Aleli Angela G. Quirino
- Oscar S. Reyes

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Aleli Angela G. Quirino
- Oscar M. Orbos
- Cielito F. Habito

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Cielito F. Habito
- Oscar M. Orbos
- Oscar S. Reyes

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Aleli Angela G. Quirino
- Oscar M. Orbos
- Cielito F. Habito

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Valerie N. Pama
- Oscar M. Orbos
- Aleli Angela G. Quirino
- Oscar S. Reyes

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Aleli Angela G. Quirino
- Oscar M. Orbos
- Cielito F. Habito

### SUN LIFE PROSPERITY GS FUND, INC.

- Maria Josefina A. Castillo
- Benedicto C. Sison
- Aleli Angela G. Quirino
- Oscar S. Reyes
- Cielito F. Habito

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Cielito F. Habito
- Oscar M. Orbos
- Oscar S. Reyes

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Aleli Angela G. Quirino
- Oscar M. Orbos
- Cielito F. Habito

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

- Benedicto C. Sison
- Maria Josefina A. Castillo
- Cielito F. Habito
- Oscar M. Orbos
- Oscar S. Reyes



REPUBLIC OF THE PHILIPPINES )  
 ) S. S.

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OSCAR S. REYES**, Filipino, of legal age and a resident of Unit 6, Kasiyahan Homes, 58 McKinley Road, Forbes Park, 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 Prosperity GS Fund, Inc. (2011-present)
- o Sun Life of Canada Prosperity Bond Fund, Inc. (2011-present)
- o Sun Life Prosperity Dynamic Fund, Inc. (2012-present)
- o Sun Life Prosperity Dollar Abundance Fund, Inc. (2006-present)
- o Sun Life Prosperity Dollar Advantage Fund, Inc. (2002-present)
- o Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.) (2011-present)
- o Sun Life of Canada Prosperity Balanced Fund, Inc. (July 2018 to present)
- o Sun Life of Canada Philippine Equity Fund, Inc. (July 2018 to present)
- o Sun Life Prosperity World Equity Index Feeder Fund, Inc. (March 2018 to present)
- o Sun Life Prosperity Achiever Fund 2028, Inc. (March 2018 to present)
- o Sun Life Prosperity Achiever Fund 2038, Inc. (March 2018 to present)
- o Sun Life Prosperity Achiever Fund 2048, Inc. (March 2018 to present)

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

Company/Organization	Position	Period of Service
Sun Life Financial Plans Inc.	Independent Director	2006-present
Bank of the Philippine Islands	Independent Director Member, Advisory Council	2003-2016 2016-present
Manila Water Company Inc.	Independent Director	2005-present
PLDT Inc.	Director Member, Advisory Board	2001-2010 2010-present
Basic Energy Corporation	Independent Director Member, Advisory Board	2007-2019 2019-present
Cosco Capital Inc.	Independent Director	2009-present
D.M. Wenceslao & Associates, Inc.	Independent Director	2019-present
Pepsi Cola Products Philippines, Inc.	Chairman	2007-present
PXP Energy Inc.	Director	2017-present
PLDT Equity Ventures Inc.	Director	2013-present
Link Edge, Inc.	Chairman	2002-present
Grepalife Fixed Income Fund Corporation	Independent Director	2011-present
Grepalife Dollar Bond Fund Corporation	Independent Director	2011-present
Grepalife Bond Fund Corporation	Independent Director	2011-present
Petrolift Inc.	Independent Director	2007-present
Eramen Minerals Inc.	Independent Director	2004-present
Phil Dealing System Holdings Corp.	Independent Director	April 2019
Phil. Dealing Exchange Corporation	Independent Director	April 2019
Phil. Depository & Trust Corporation	Independent Director	April 2019
Phil. Securities Settlement Corporation	Independent Director	April 2019
Team Energy Corporation	Independent Director	June 2019

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Sun Life Prosperity GS Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity 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., (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 a criminal or administrative investigation or proceeding.
6. 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.
7. 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.

  
OSCAR S. REYES  
Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me his Passport No. P5302920A issued in DFA NCR East valid until 10 December 2022.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2020.



5. To the best of my knowledge, I am not the subject of any pending a criminal or administrative investigation or proceeding.
6. 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.
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 written below.

  
**ALELI ANGELA G. QUIRINO**  
Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me her Passport with no. EC 8516762 with expiry date on 18 August 2021 issued at DFA NCR East.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2020.

### CERTIFICATION OF INDEPENDENT DIRECTOR

I, **OSCAR MUNOZ ORBOS**, Filipino, of legal age and a resident of No. 34 Monteverde Mansions, Xavier St. Greenhills, San Juan, Metro Manila, 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 Philippine Equity Fund, Inc. (2000 to present)
  - Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present)
  - Sun Life Prosperity Dollar Advantage Fund, Inc. (2009 to present)
  - Sun Life Prosperity Philippine Stock Index Fund, Inc. (2015 to present)
  - Sun Life Prosperity Dollar Wellspring Fund, Inc. (2015 to present)
  - Sun Life Prosperity World Voyager Fund, Inc. (2015 to present)
  - Sun Life Prosperity Dollar Starter Fund, Inc. (2017 to present )
  - Sun Life Prosperity World Equity Index Feeder Fund, Inc. (2018 to present)
  - Sun Life Prosperity Achiever Fund 2028, Inc. (2018 to present)
  - Sun Life of Canada Prosperity Bond Fund, Inc. (2018 to present)
  - Sun Life Prosperity Peso Starter Fund, Inc. (formerly Sun Life Prosperity Money Market Fund, Inc.) (2018 to present)
  - Sun Life Prosperity Dynamic Fund, Inc. (2018 to present)
  
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Alpha Insurance & Surety Company, Inc.	Chairman of the Board	2000 to present
Orbos Cabusora & Taguiam Law Office	Partner	1998 to present
Grepalife Dollar Bond Fund Corporation	Independent Director	2018 to present
Grepalife Balanced Fund Corporation	Independent Director	2018 to present
Grepalife Fixed Income Fund Corporation	Independent Director	2018 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 Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity Dollar Advantage 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 of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., and Sun Life Prosperity World Equity Index Feeder 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 the following 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 a criminal or administrative investigation or proceeding.
6. 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.
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.



**OSCAR M. ORBOS**

Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me his Senior Citizens ID with no. GGG-004555 issued on 19 June 2012.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2020.

## Certification

I, Candy S. Esteban is a duly authorized representative of Sun Life Prosperity Dynamic Fund, Inc. with SEC registration number CS201215846 with principal office at Sun Life Center, 5<sup>th</sup> Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, do hereby certify and state that:

- 1) The Sun Life Prosperity Dynamic Fund, Inc. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) issued on 30 March 2020 in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
- 2) The information contained in Sun Life Prosperity Dynamic Fund, Inc.\_ SEC Form 17-A\_08May2020 is **true and correct** to the best of my knowledge.
- 3) On behalf of Sun Life Prosperity Dynamic Fund, Inc., I hereby **undertake** to a) submit hard or physical copies of Sun Life Prosperity Dynamic Fund, Inc.\_ SEC Form 17-A\_08May2020 with proper notarization and certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours.
- 4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
- 5) I am executing this certification on 08 May 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**CANDY S. ESTEBAN**

Treasurer  
Driver's License N02-95-277891

# 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			
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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>555-8888</b>
Company Telephone Number

1	2		3	1
Month			Day	

Fiscal Year

17-A
FORM TYPE

Month			Day	

Annual Meeting

Mutual Fund Company
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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings		
Domestic		Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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)

**555-88-88**

-----  
(Telephone No.)

**December 31**

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

**SEC FORM 17-A ANNUAL REPORT**

-----  
Form Type

-----  
Amendment Designation (If applicable)

**December 31, 2019**

-----  
Period Ended Date

**OPEN-END INVESTMENT COMPANY**

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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, 2019**
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) 555-8888**  
Registrant's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<b>Title of Each Class</b>	<b>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2019)</b>
<b><u>Common Shares, PHP0.01 Par Value</u></b>	<b><u>1,537,469,756 shares</u></b>

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

Yes  No

11. Check whether the registrant:

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

Yes  No

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

Yes  No

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. Business

The Sun Life Prosperity 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, 2018, SLOCPI owns 23.26% of the Fund's net assets attributable to shareholders. For 2019, income of the Fund is composed of the following:

Trading Gains	59.57%
Interest Income from SSA	.46%
Interest Income from Bank Deposits	.01%
Interest Income from Treasury Notes	13.86%
Interest Income from Bonds	4.97%
Dividend income	21.13%

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 Company 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 Company 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, 2018, the Company has 5,200,000,000 authorized and registered shares with a par value of P0.01 per share.

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

The Fund is part of the 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 any fees.

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost. The first adoption of PAS 32 and PAS 39 in the 2006 audited financial statements resulted in the classification of investments in fixed income securities other than corporate loans as "financial assets at fair value through profit and loss" and its measurement at fair value with the fair value changes reflected in the statements of comprehensive income. Fair value changes therefore affect the ratios related to the Fund's total comprehensive income. The change to marked-to-market thus provides equitable treatment between investors coming in and out of the Fund. The 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.

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

**Classification of the Fund into high, moderate or low risk investment:** In furtherance of its investment objective, that is, to generate 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 the aforementioned investments, the Fund is classified as a moderate-to-high risk investment.

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

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

## **Item 2. Properties**

The Fund has financial assets in the form of cash and fixed income securities, with additional equity stock securities. As prescribed by SEC Rules, all of its assets are held by its custodian banks, Deutsche Bank and Citibank.

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

## **Item 3. Legal Proceedings**

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

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

On 13 September 2019, the continuation of the annual stockholders meeting of the Fund was held. 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.

However, the Fund was able to meet the required quorum of majority of the outstanding capital stock, and it was able to get stockholder approval for the election of members of the Board of Directors for the term 2019-2020, 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:

	2019		2018	
	High	Low	High	Low
Q1	0.9880	0.9217	1.0557	0.9623
Q2	1.0092	0.9614	0.9743	0.9010
Q3	1.0308	0.9770	0.9734	0.9049
Q4	1.0114	0.9543	0.9474	0.8876

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)	5.7611%
3 Year - Simple	8.7756%
5Year - Simple	-2.5024%

**2. Holders**

The Fund has 4,978 shareholders as of December 31, 2019.

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, 2019.

% Ownership of Institutional Investors	% Ownership of Retail Investors
39.85%	60.15%

Area	Percentage of Investments
LUZON	92%
VISAYAS	6%
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 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 units outstanding due to deposit for future subscriptions (DFFS) and for conversion to shares, if any, as of the end of the reporting day. Any increase or decrease in NAVPS translates to a prospective capital gain or capital loss, respectively, for the Fund's shareholders.
2. **Net Investment Income.** Represents the total earnings of the Fund from its investment securities, less operating expenses and income tax. This gauges how efficiently the Fund has utilized its resources in a given time period.
3. **Assets Under Management (AUM).** These are the assets under the Fund's disposal. This measures investor confidence (increase/decrease brought about by investor subscriptions/redemptions) as well as the growth of the Fund (increase/decrease brought about by its operational income and market valuation of its assets and liabilities).
4. **Cash Flow.** Determines whether the Fund was able to achieve the optimal level of liquidity by being able to meet all its scheduled payments, while maintaining at the same time the maximum investments level and minimum cash level.



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

### **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.

#### **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, 2019 and 2018, 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, including investments in complex debt instruments and equity investments, must be recognized at fair value.

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

#### **Debt instruments**

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

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

## **FINANCIAL MARKETS REVIEW (2019)**

### **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 70.23% while 29.77% was in cash and fixed income securities.

## PERFORMANCE REVIEW

### Equity portion

The year that was 2019 saw the equity market bounce back, gaining 4.68% on the back of inflation returning to more stable levels.

Regionally, the Philippines was in the middle of the pack in terms of annual gains with a 10% gain in USD terms: China's Shenzhen leads with a 35.9% gain, followed by New Zealand (+31.6%), Taiwan (+31.5%), Australia (+25.3%), Japan (+22.4%), Hong Kong (+13.6%), Thailand (+13.3%), India (+11%), Singapore (+10.9%), Indonesia (+8.7%), and Malaysia (-1.8%)

The year started on strong footing as the first quarter saw the local bourse gain 6%, with a strong January performance at 7.5%, as net foreign buying surged to \$620 million in the quarter from the \$1 billion outflow in 2018. Bonds as well surged 10% in 1Q as investor sentiment returned to the domestic market due to the normalizing inflation rate, which printed successively lower from the peak of 6.7% printed in September 2018 to 3.3% by March 2019.

However, there was a concern on growth as the 2019 budget was bogged down in delays and was not signed at the end of 2018. This led to some projects being underfunded and delayed the government infrastructure program. This in turn had investors concerned that such a delay will cut into GDP growth. Indeed, as the first quarter GDP data rolled in it showed a rather soft GDP of 5.6% vs consensus of 6%. This was followed by a second quarter GDP—a few months later—coming in at 5.5% vs consensus of 6%. In fact, the third quarter saw the equities correct by at least 2.5% in the third quarter while bonds continued to advance another 3% as inflation kept on falling.

By the last quarter of the year, the equity market was rocked by the issue of the arbitration case of the water utilities and the stand of the government towards it. Since the government lost the case against East Zone concessionaire Manila Water, this sparked demands from President Duterte to revise the water concession agreements of the water utilities, which he deemed "onerous and disadvantageous" to the government. The water regulator, MWSS, then unilaterally revoked the concession extension of the water concessionaires. The terms of the concessions were extended to 2037 (from 2022) by former President Arroyo in 2009 in order to temper the projected increases in water tariffs. This caused a massive sell-off in listed water company (MWC), which was down more than -40% in the December while MPI, which owns Maynilad in the West Zone, also saw a large sell-off (-19% in December). AC, parent of Manila Water, likewise succumbed to selling pressure as it dropped 2.5% during the month. On the other hand, DMC, a major shareholder of Maynilad, bucked the trend as it rose 1.7% for the same period.

Earnings also returned in 2019, as it marked the end of a seemingly harsh 6-year recession in earnings of listed companies, coming in at paltry single-digit performances. 9M19 earnings grew by 13% year on year. It is expected that full year 2019 earnings will grow by a very healthy 13% jump, and is seen to gain another 10.5% in 2020.

In terms of sector performance, the industrial sector (-12%); mining sector (-1%); and holdings sector (+3%) lagged the index while the financial sector (+4%); services sector (+6%); and property sector (+14%) outperformed the PSEi.

The top performing index members for 2019 were JG Summit Holdings (+45%), Robinsons Land (+37%), and International Container Terminal Services Inc (+28%). On the other hand, the worst performing stocks were DMCI Holdings Inc. (-48%), LT Group Inc (-27%), and Jollibee Foods Corp (-26%).

For the year, the Fund posted a 5.84% y-o-y increase in its NAVPS to PHP0.9750/share.

### Fixed income portion

After a rough 2018 wherein all asset classes violently sold off, 2019 was all about recovery. In fact, recovery is such an understatement when it comes to the peso bond market as we saw double digit returns for fixed income funds. Local bonds were able to retrace most of the losses in the previous year as yields collapsed by close to 300 basis points – 7.00% in January to a low of 4.30% in August for the 10-year bond.

Local markets were boosted by the following positive factors: (1) Bangko Sentral ng Pilipinas cutting rates incessantly throughout the year, (2) inflation averaging 2.5% for the whole year, (3) supply of government securities did not overwhelm given the weaker spending trajectory especially in the middle of the year, and finally (4) global interest rates at very depressed levels.

After hiking by 175 basis points the previous year, the Bangko Sentral ng Pilipinas reversed course in 2019 by cutting by 75 basis points to land at 4.00% by year-end. On top of this, appointed central bank chief Ben Diokno cut the ratio of reserves banks are required to keep with the BSP from 18% to 14%, flooding the market with more cash.

While local factors such as low inflation and manageable supply was supportive for peso bonds, it was mostly global rates which anchored the returns for the year. The sheer amount of bonds trading in negative yields made emerging market bonds attractive in comparison.

### **OUTLOOK**

#### Equity portion

We remain positive on the local equity market for 2020 as the government continues its infrastructure push as no delay is seen in the budget this time. This will support our higher-than-street 2020 GDP growth forecast of 7.0%. Corporate earnings growth will remain healthy at 10.5%, which implies a price-to-earnings multiple of 15.0x at the current levels of our PSEi close to 7,700. Our 2020 target for the PSEi is at 8,500 (a 10% discount to our bottom up target of 9,400, implies a 16.3x P/E multiple.

#### Fixed income portion

Though it might be a stretch to expect a repeat of last year's performance, we still expect rates to stay low or even go a bit lower from here. Expect returns to be moderate in the year to come as absolute yield levels are not that lofty anymore. Nonetheless, we still expect some capital gains in peso bonds, as well as a healthy dose of accrual income for the year.

## FINANCIAL STATEMENTS ANALYSIS

### Material Changes in the 2019 Financial Statements

#### Statement of Financial Position and Statements of Changes in Equity – 31 December 2019 and 31 December 2018

For the Period Ended	31-Dec-19	31-Dec-18	Movement	Percentage (%)	MDAS
	Audited	Audited			
Cash and cash equivalents	P 31,627,913	P 59,989,898	P (28,361,985)	-47.28%	The decrease was mainly due to maturities of cash equivalents.
Financial assets at fair value through profit or loss	1,466,366,989	1,714,976,946	(248,609,957)	-14.50%	The decrease was mainly due to disposal of investments in equity securities during the period.
Accrued interest receivable	5,601,126	2,981,805	2,619,321	87.84%	Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	2,316,876	3,331,674	(1,014,798)	-30.46%	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	11,454	18,931	(7,477)	-39.49%	This account pertains to prepaid expenses to be amortized until end of the accounting period.
<b>Total Assets</b>	<b>1,505,924,358</b>	<b>1,781,299,254</b>	<b>(275,374,896)</b>	<b>56.12%</b>	
Accrued expenses and other payables	1,919,529	13,149,406	(11,229,877)	-85.40%	The decrease 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	2,483,598	-	2,483,598	100.00%	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	2,817,537	3,774,821	(957,284)	-25.36%	Decrease in fees payable to fund manager due to lower AUM as of this year compared to last year.
<b>Total Liabilities</b>	<b>7,220,664</b>	<b>16,924,227</b>	<b>(9,703,563)</b>	<b>-10.76%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,216,567	3,210,216,567	(0)	0.00%	
Retained earnings	125,087,111	16,335,294	108,751,817	665.75%	Net income for the year-ended December 31, 2019.
Treasury Shares	(1,871,669,654)	(1,497,246,504)	(374,423,150)	25.01%	The movement was due to acquisition of treasury shares during the year.
<b>Net Assets</b>	<b>P 1,498,703,694</b>	<b>P 1,764,375,027</b>	<b>P (265,671,334)</b>	<b>690.75%</b>	Decrease in net assets was due to acquisition of treasury shares partially offset by higher net income brought by both realized and unrealized gains from investments during the period. .
<b>Net Assets Value per Share</b>	<b>P 0.9748</b>	<b>P 0.9217</b>	<b>P 0.0531</b>	<b>5.76%</b>	

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

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

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

#### Statement of Comprehensive Income for the Years Ended – 31 December 2019 and 31 December 2018

	31-Dec-19	31-Dec-18	Movement	Percentage (%)	MDAS
	Audited	Audited			
<b>Investment Income</b>	P 117,393,177	P 70,429,582	P 46,963,595	66.68%	The increase was mainly due to higher realized trading gains from disposal of investments during the period compared to gains recognized from same period last year. Lower dividend income during the period partially offset the increase.
<b>Investment Expenses</b>	4,239,674	6,712,308	(2,472,634)	-36.84%	Lower commission expenses during the period.
<b>Operating Expenses</b>	42,134,370	48,607,359	(6,472,989)	-13.32%	Lower management fees resulted from lower AUM compared to same period last year.
<b>Net Unrealized Gains (Losses) on Investments</b>	47,708,673	(207,809,572)	255,518,245	122.96%	Increase due to impact of favorable market condition during the period.
<b>Provision for Income Tax</b>	9,975,989	10,737,719	(761,730)	-7.09%	Final taxes of interest income earned from fixed income investment.
<b>Net Investment Income (Loss)</b>	<b>P 108,751,817</b>	<b>P (203,437,376)</b>	<b>P 312,189,193</b>	<b>153.46%</b>	

Average daily net asset value in 2019 and 2018 is P1,697,473,794 and P1,955,993,228, respectively.

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

#### Item 7. Financial Statements

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

1. Statements of Financial Position, 2019, 2018
2. Statements of Comprehensive Income, 2019, 2018, 2017
3. Statements of Changes in Equity, 2019, 2018, 2017
4. Statements of Cash Flows, 2019, 2018, 2017
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 2019 and 2018, 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 P155,066 and P140,941 respectively, inclusive of VAT and out-of-pocket expenses.

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

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

The Fund's Board of Directors has an Audit and Compliance Committee, which is composed of Mr. 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	58	2015 - June 2018 July 2018 - present	4 terms 1 term
Maria Josefina A. Castillo	Filipino	Director/ President	46	July 2018 - present	1 term
Aleli Angela G. Quirino	Filipino	Independent Director	75	2012 to present	7 terms
Oscar S. Reyes	Filipino	Independent Director	73	2012 to present	7 terms
Oscar M. Orbos	Filipino	Independent Director	68	July 2018 – present	1 term
Candy S. Esteban	Chinese	Treasurer	42	2015 to present	4 terms
Jemilyn S. Camania	Filipino	Corporate Secretary	44	2012 to present	7 terms
Anna Katrina C. Kabigting-Ibero	Filipino	Assistant Corporate Secretary	40	July 2018 - present	1 term
Ajee T. Co	Filipino	Compliance Officer	45	2017 to present	2 terms
Ria V. Mercado	Filipino	Risk Officer	44	2015-present	4 terms

A brief write-up on the business experience of the incumbent directors and executive officers of Sun Life Prosperity Dynamic Fund, Inc. 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 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 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., and Sun Life Prosperity Achiever Fund 2048, Inc. (2018 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 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.

**MARIA JOSEFINA A. CASTILLO**

President / Director (2018 to present)

Ms. Maria Josefina A. Castillo is currently the Chief Financial Officer of Sun Life Financial Philippines (August 2015 to present) and the Treasurer of Sun Life of Canada (Philippines), Inc. Concurrently, she serves in the same capacity at Sun Life Financial Philippine Holding Company, Inc., Grepalife Asset



Management Company, Inc., and Sun Life Grepa Financial Inc. (November 2012 to present). She serves as the Director and President 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 Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager 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 Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., and Sun Life Prosperity World Equity Index Feeder Fund, Inc. (July 2018 to present). She is also the Director and President of the Grepalife Funds such as Grepalife Bond Fund Corporation, Grepalife Dollar Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation (July 2018 to present) and Treasurer (November 2012 to present).

Prior to that, she was the Controller and Head of Financial Planning and Analysis (October 2013 to July 2015) and Head of Finance Integration (June 2011 to September 2013) of Sun Life of Canada (Philippines), Inc. She currently serves as the Vice President and Trustee of the Philippine Investments Funds Association (PIFA).

Ms. Castillo has over 20 years of extensive finance experience in the life insurance industry. Prior to joining Sun Life Financial Philippines, she was the Head of Regional Accounting and Control (June 2006-June 2011) and Manager of Asia Accounting (November 2003 to May 2006) of Sun Life Financial Asia Services Ltd. She also worked with CMG Philippines (1998-2003), Permanent Plans, Inc. (1996-1997) and Sycip, Gorres, Velayo & Co. (1994-1996).

Ms. Castillo is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants (PICPA). She earned her Bachelor of Science in Accountancy degree from the Miriam College Foundation, Inc. and her Masters of Business Administration from the University of the Philippines (Diliman). She is a Fellow, Life Management Institute (FLMI) and an Associate, Customer Service (ACS) of the LOMA.

**ALELI ANGELA G. QUIRINO**

Independent Director (2012 to present)

Atty. Aleli Angela G. Quirino, is an Independent Director of Sun Life of Canada Prosperity Bond Fund, Inc. (2000 to present), Sun Life of Canada Prosperity Balanced Fund, Inc. (2010 to present), Sun Life Prosperity Money Market Fund, Inc. (2004 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 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. (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). She 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 and Trustee of Ateneo de Manila Law Alumni Association, Inc. (2008 to present), and Advisory Council Member of the Asian Patent Attorney Association (2012 to present). She is also the immediate past President and Philippine Councilor of ASEAN Intellectual Property Association (2015 to present) and Vice-President and ExCom Member of Association Internationale pour la Protection de la Propriete Intellectuelle (2004 to present). She is the Trustee of Cancare Foundation, Inc. (2010 to present), Trustee-Treasurer of Intellectual Property Foundation, Inc. (1998 to present), and Trustee-Corporate Secretary of Assumption College, Inc. (1996 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)

Mr. Oscar S. Reyes, is an Independent Director of the Sun Life Prosperity Dollar Advantage Fund, Inc. (2002 to present), Sun Life Prosperity Dollar Abundance Fund, Inc. (2006 to present), Sun Life of Canada Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc. (2011 to present); Sun Life Prosperity Dynamic Fund, Inc. (2012 to present), Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., DECA Homebuilder Fund, Inc. (March 2018 to present), Sun Life of Canada Prosperity Philippine Equity Fund, Inc., and Sun Life of Canada Prosperity Balanced Fund, Inc. (July 2018 to present). 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). His other positions are: member of the Advisory Board of the Philippine Long Distance Telephone Company (PLDT) (2010 to present) and Director (2001 to 2010); Member, Advisory Council of the Bank of the Philippine Islands (2016 to present) and Director (2003 to 2016); Independent Director of Manila Water Co., Inc. (2005 to present); Pepsi Cola Products Philippines, Inc. (Chairman) (2007 to present); PLDT Communications and Energy Ventures, Inc. (Director) (2013 to present); Basic Energy Corporation (Independent Director) (2007 to present); Cosco Capital Inc. (Independent Director) (2009 to present); Petrolift Inc. (Independent Director) (2007 to present), Sun Life Financial Plans, Inc., (Independent Director) (2006 to present) and Eramen Minerals Inc. (Independent Director) (2004-present) among other firms. Presently, he is an Independent Director of Philippine Dealing System Holdings Corp., Philippine Dealing & Exchange Corporation, Philippine Depository & Trust Corporation, Philippine Securities Settlement Corporation (April 2019 to present) and Team Energy Corporation (June 2019 to present). He is a Director of Asian Eye Institute (2010 to present); 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 and the Harvard Business School.

**OSCAR M. ORBOS**

Independent Director (2018 to present)

Atty. Oscar M. Orbos, is an Independent Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2000 to present), Sun Life Prosperity Dollar Advantage Fund, Inc. (2009 to present), Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present), Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc. and Sun Life Prosperity World Voyager Fund, Inc. (2015 to present), Sun Life Prosperity Dollar Starter Fund, Inc. (2017 to present), Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity World Equity Index Feeder Fund, Inc., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc. (2018 to present). He is also an Independent Director of the Grepalife Dollar Bond Fund Corporation, Grepalife Balanced Fund Corporation, and Grepalife Fixed Income Fund Corporation (“Grepalife Funds”) (2018 to present). Atty. Orbos has a distinguished public service career, which started with his election as Congressman (1987 to 1990 and 1992 to 1995) and then as Governor of the Province of Pangasinan (1995 to 1998). He also served as Secretary of the Department of Transportation and Communication (1990) and then as Executive Secretary (1990 to 1991) under the administration of President Corazon C. Aquino. Atty. Orbos also serves Chairman of the Board of Alpha Insurance & Surety Co., Inc. (2000 to present) and as Partner of Orbos Cabusora & Taguiam Law Office (1998 to present). He obtained his BS Economics and Bachelor of Laws from the University of the Philippines.

**CANDY S. ESTEBAN**

Treasurer (2015 to present)

Ms. Esteban is the Treasurer of 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 Money Market Fund, Inc., (2015 to present), Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc. (2016 to present), DECA Homebuilder Fund, Inc. (2017 to present), Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (March 2018) and the Sun Life Asset Management Company, Inc. (2015 to present). She is concurrently the Head of Financial Planning and Analysis for Sun Life Financial Philippines effective September 1, 2014. Ms. Esteban is responsible for all financial planning, management reporting and analysis for the Sun Life group of companies, as well as the Finance Business Partner for SLAMCI.

Prior to joining Sun Life, Ms. Esteban held various positions in Citibank and American Express Bank Philippines, two of the leading global banking institutions. Ms. Esteban has nearly 15 years of experience in the areas of controllership, profitability management, financial planning and management reporting, investments, insurance and loans in consumer, corporate banking, wealth management, commercial credit cards business and project management.

Ms. Esteban is a graduate of the Ateneo de Manila University with a Bachelor of Science degree in Management Engineering and she holds a Masters degree in Business Administration from INSEAD in Singapore and France.

**JEMILYN S. CAMANIA**

Corporate Secretary (2012 to present)

Atty. Jemilyn S. Camania is the Corporate Secretary of Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc., Sun Life Asset Management Company, Inc., Sun Life Financial Philippine Holding Company, Inc., Sun Life Financial – Philippines Foundation, the sixteen (16) 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 GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., (2005 to present); Sun Life Prosperity Dynamic Fund, Inc. (2012 to present); Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc. (2015 to present), Sun Life Prosperity Dollar Starter Fund, Inc., DECA Homebuilder Fund, Inc. (2017 to present), Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (2018 to present), Great Life Financial Assurance Corporation (2012 to present), Grepalife Asset Management Corporation, the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation (2011 to present); and the Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (2011 to present).

With over sixteen (16) years of experience, Atty. Camania started at Sun Life as Assistant Counsel in 2004, and then moved up the ranks to become Counsel (2007 to 2011) and Senior Counsel (2011 to 2012). She is currently Sun Life's Deputy General Counsel (2012 to present) and Head of General Corporate Services (from 01 May 2016). In April 2016, she was appointed in a concurrent capacity as Senior International Counsel for Sun Life Financial Asia. 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 was called to the Bar 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**

Assistant Corporate Secretary (2018 to present)

Atty. Anna Katrina C. Kabigting-Ibero 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 Money Market Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., DECA Homebuilder Fund, Inc., Sun Life Prosperity Achiever Fund 2048, Inc., Sun Life Prosperity Achiever Fund 2038, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., (2018 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, (2018 to present). She is also the Assistant Corporate Secretary of Sun Life Asset Management Company, Inc., Sun Life Financial Plans, Inc., Grepalife Asset Management Corporation (2016 to present), Great Life Financial Assurance Corporation (2017 to present), Sun Life of Canada (Philippines), Inc., Sun Life Financial Philippine Holding Company, Inc., and Sun Life Financial – Philippines Foundation, Inc. (December 2019).

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.

**AJEE T. CO**

Compliance Officer (2017 to present)

Atty. Ajee T. Co is the Compliance Officer of Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc., Sun Life Asset Management Company, Inc., 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 Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., DECA Homebuilder 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 Grepa Financial, Inc., Grepalife Asset Management Corporation, Great Life Financial Assurance Corporation, and the three Grepalife Mutual Funds i.e., Grepalife Balanced Fund Corporation, Grepalife Dollar Bond Fund Corporation and Grepalife Fixed Income Fund Corporation (2017 to present). She is responsible for leading the Compliance team in the Philippines in the development and implementation of programs and systems to support the overall Sun Life Compliance strategy and in partnering with business leaders to identify, assess, and mitigate compliance risks.

Atty. Co brings to Sun Life more than 18 years of experience, coming most recently from Standard Chartered Bank as Compliance Head for seven years after two years as Wholesale Banking Compliance Adviser. Prior to this, she was Assistant Vice- President – Legal & Compliance Officer at Pru Life Insurance Corporation of UK for almost three years. She is a former Associate Lawyer at Siguion-Reyna, Montecillo & Ongsiako Law Offices and Senior Associate at Sycip, Gorres, Velayo & Co. Market Circle 1, Tax Group.

Atty. Co graduated from the University of the Philippines (Diliman) with a degree in Bachelor of Laws and from the De La Salle University-Taft with a degree in Bachelor of Science in Accountancy. She ranked 8th in the CPA Board Examinations in 1994.

**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 Money Market Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., DECA Homebuilder 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); 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).

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. Significant Employees**

The Fund has no significant employees.

**3. 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.

**4. Material Pending Legal Proceedings**

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

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

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

No director or executive officer of the Fund is being subject to any order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or

foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities

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

**Item 10. Executive Compensation**

**1. Compensation of Executive Officers.**

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

**2. Compensation of Directors.**

The directors do not receive any form of compensation from inception up to the present other than a 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 2019 and 2018 are P314,615 and P228,689, respectively.

The Board has four (4) regular quarterly meetings for 2020, including the organizational board meeting after the annual shareholders’ meeting. For the four (4) meetings and with two (2) members of the Board who are external directors entitled to receive per diem, the Fund forecasts a total directors’ per diem of P240,000 for 2020. The external directors are also forecasted to receive a total of P14,615 as retainer’s fees for 2020.

**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, 2019:**

<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	29.39%

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, 2019:

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	0.000002%
Common	Oscar S. Reyes	1	R	Filipino	0.000002%
Common	Benedicto C. Sison	1	R	Filipino and American	0.000002%
Common	Ma. Josefina A. Castillo	1	R	Filipino	0.000002%
Common	Oscar M. Orbos	1	R	Filipino	0.000002%

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
Ma. Josefina A. Castillo	President/Director	Treasurer
Jemilyn S. Camania	Corporate Secretary	Corporate Secretary
Anna Katrina C. Kabigting-Ibero	Asst. Corporate Secretary	Asst. Corporate Secretary
Candy S. Esteban	Treasurer	Treasurer
Ajee T. Co	Compliance Officer	Compliance Officer
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.

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

## **PART IV - CORPORATE GOVERNANCE**

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

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

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

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

### **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, 2019, 2018
2. Statements of Comprehensive Income, 2019, 2018, 2017
3. Statements of Changes in Equity, 2019, 2018, 2017
4. Statements of Cash Flows, 2019, 2018, 2017
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 \_\_\_\_\_, 2020.

**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:



**Maria Josefina A. Castillo**  
Principal Accounting Officer/President



**Valerie N. Pama**  
Principal Operating Officer / SLAMCI President



**Sherwin S. Sampang**  
Controller



**Candy S. Esteban**  
Principal Financial Officer/Treasurer



**Anna Katrina C. Kabigting-Ibero**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_ day of \_\_\_\_\_ 2020, affiants exhibiting their government issued identification cards, as follows:

Name	Government ID No.	Date of Issue	Place of Issue
Valerie N. Pama	Passport No. P1484048A	01/06/2017	Manila
Candy S. Esteban	Driver's License N02-95-277891	05/08/2018	Quezon City
Ma. Josefina Castillo	Passport No. P2050182A	02/28/2017	Manila
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. \_\_\_\_;  
Page No. \_\_\_\_;  
Book No. \_\_\_\_;  
Series of 2020.

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 849-9888 or Phil-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Minimum Holding Period</b>	30 days	<b>Minimum Subscription</b>	PHP 1,000
<b>Fund Size</b>	PHP 1,561,249,610.03	<b>Management and Distribution Fee</b>	2.00%	<b>Minimum Subsequent</b>	PHP 1,000
<b>Net Asset Value Per Share</b>	0.9918	<b>Transfer Agency Fee</b>	0.15%	<b>Fund Structure</b>	Mutual Fund (Shares)
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Early Redemption Fee</b>	1.00%	<b>Fund Classification</b>	Multi-Asset Fund

## What does the Fund invest in?

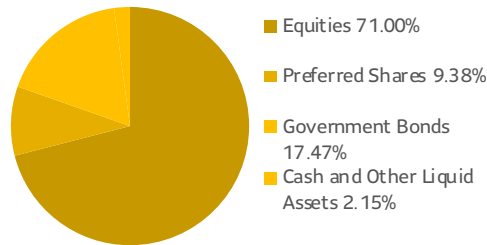
The Sun Life Prosperity Dynamic Fund is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending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

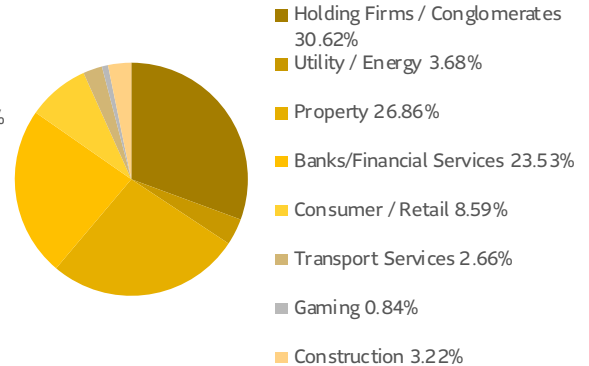
### Top Equity Holdings

1. Ayala Land Inc., 10.06%
2. SM Investments Corporation, 7.8%
3. BDO Unibank Inc., 7.08%
4. SM Prime Holdings Inc., 6.27%
5. Ayala Corporation, 4.73%
6. San Miguel Corporation, 4.1%
7. Metropolitan Bank & Trust Co., 3.82%
8. Security Bank Corporation, 3.13%
9. Robinsons Land Corporation, 2.33%
10. Bank of the Philippine Islands, 2.29%

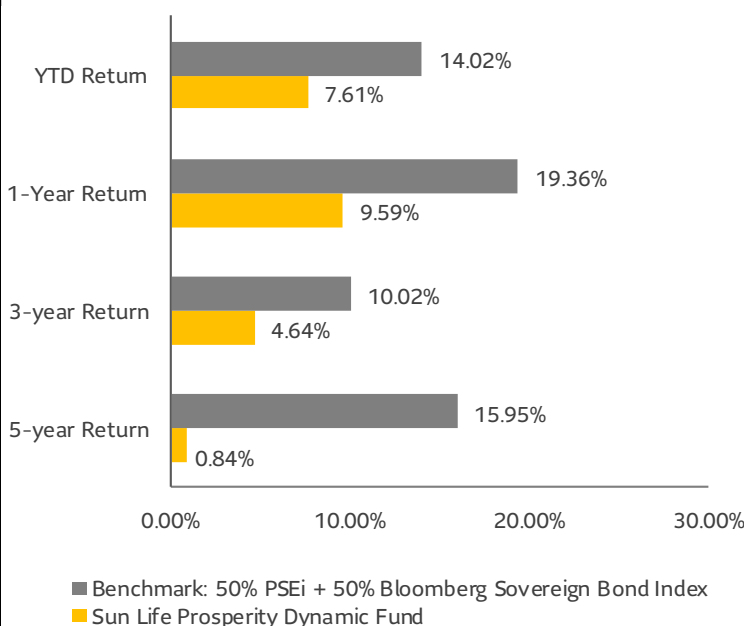
### Investment Mix



### Sector Allocation



## How has the Fund performed?



## Market Review

- The PSEi gained 2.5% in October to settle at 7,977.12, while yields on local government bonds crept lower by 10 to 20 bps across the curve on slowing domestic inflation and overall monetary easing by the BSP.
- Market drivers: (1) October inflation slowed further to 0.8% YoY (2) BSP cut bank reserve requirements by another 100 bps (14% effective Dec. 2019) (3) net foreign buying of \$73m in October (4) positive earnings results from the banks.
- The Fund has risen by 7.61% YTD, underperforming against the benchmark (+14.02%) by 641 bps.
- The overweight in equities had a positive impact on performance.
- Outperformers for the month: Selection in Utilities/Energy
- Underperformers for the month: Selection in Conglos, allocation in Preferred Shares, selection in long-term bonds

Disclaimer: Mutual Fund performance depends on various market and economic conditions. Past performance is not a guarantee or an indication of future results. Thus, returns are not guaranteed and may differ from the original investment. Information contained in this Fund Fact Sheet do not constitute investment advice. For more information on our mutual funds, please consult a Sun Life Financial Advisor.

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 849-9888 or Phil-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Minimum Holding Period</b>	30 days	<b>Minimum Subscription</b>	PHP 1,000
<b>Fund Size</b>	PHP 1,503,316,578.08	<b>Management and Distribution Fee</b>	2.00%	<b>Minimum Subsequent</b>	PHP 1,000
<b>Net Asset Value Per Share</b>	0.9712	<b>Transfer Agency Fee</b>	0.15%	<b>Fund Structure</b>	Mutual Fund (Shares)
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Early Redemption Fee</b>	1.00%	<b>Fund Classification</b>	Multi-Asset Fund

## What does the Fund invest in?

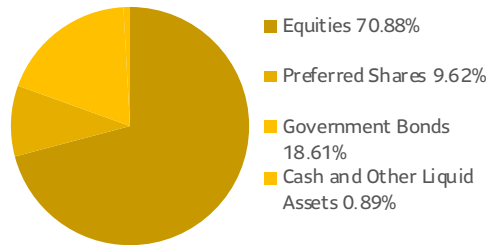
The Sun Life Prosperity Dynamic Fund is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending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

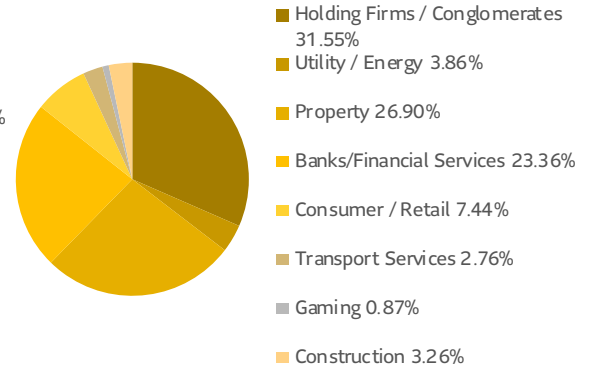
### Top Equity Holdings

1. Ayala Land Inc., 9.64%
2. SM Investments Corporation, 8.22%
3. BDO Unibank Inc., 7.09%
4. SM Prime Holdings Inc., 6.54%
5. Ayala Corporation, 4.6%
6. San Miguel Corporation, 4.06%
7. Metropolitan Bank & Trust Co., 3.81%
8. Security Bank Corporation, 3.22%
9. Robinsons Land Corporation, 2.49%
10. Aboitiz Power Corporation, 2.29%

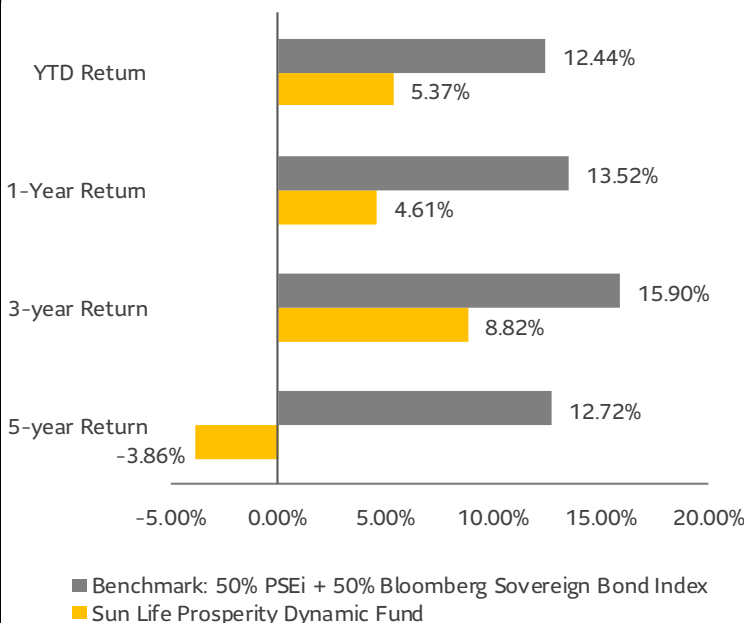
### Investment Mix



### Sector Allocation



## How has the Fund performed?



## Market Review

- The PSEi lost 3.0% in November to settle at 7,738.96 as funds flowed out of the equity market as a result of the rebalancing of the MSCI indices, while the yield curve on local government bonds steepened as a result of weaker than expected 10 and 20-year bond auctions.
- Market drivers: (1) November inflation picked up to 1.3% YoY (2) 3Q19 GDP grew at 6.2% YoY (3) net foreign selling of \$259m in November.
- The Fund has advanced 5.37% YTD, underperforming versus the benchmark (+12.44%) by 707 bps.
- The overweight in equities had a negative impact on performance.
- Outperformers for the month: Selection in Consumer/Retail and Banks
- Underperformers for the month: Allocation in Telcos and selection in Utilities/Energy and Conglos

Disclaimer: Mutual Fund performance depends on various market and economic conditions. Past performance is not a guarantee or an indication of future results. Thus, returns are not guaranteed and may differ from the original investment. Information contained in this Fund Fact Sheet do not constitute investment advice. For more information on our mutual funds, please consult a Sun Life Financial Advisor.

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 849-9888 or Phil-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Minimum Holding Period</b>	30 days	<b>Minimum Subscription</b>	PHP 1,000
<b>Fund Size</b>	PHP 1,498,981,913.68	<b>Management and Distribution Fee</b>	2.00%	<b>Minimum Subsequent</b>	PHP 1,000
<b>Net Asset Value Per Share</b>	0.9750	<b>Transfer Agency Fee</b>	0.15%	<b>Fund Structure</b>	Mutual Fund (Shares)
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Early Redemption Fee</b>	1.00%	<b>Fund Classification</b>	Multi-Asset Fund

## What does the Fund invest in?

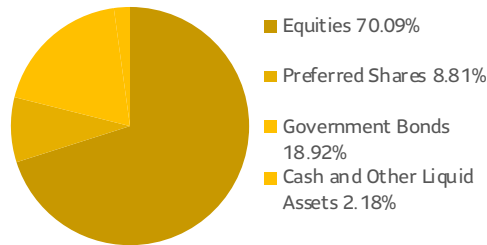
The Sun Life Prosperity Dynamic Fund is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending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

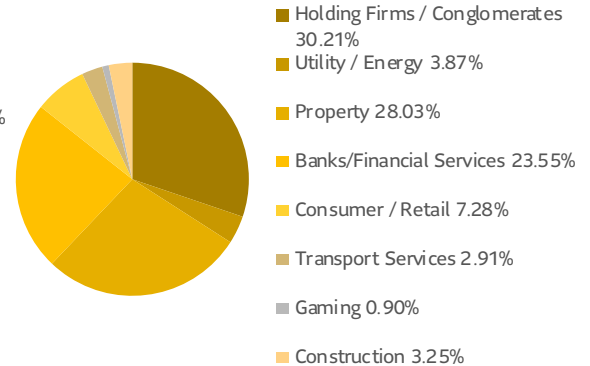
### Top Equity Holdings

1. Ayala Land Inc., 10.03%
2. SM Investments Corporation, 8.11%
3. BDO Unibank Inc., 7.15%
4. SM Prime Holdings Inc., 6.6%
5. Ayala Corporation, 4.35%
6. San Miguel Corporation, 4.2%
7. Metropolitan Bank & Trust Co., 3.82%
8. Security Bank Corporation, 3.07%
9. Robinsons Land Corporation, 2.72%
10. Aboitiz Power Corporation, 2.28%

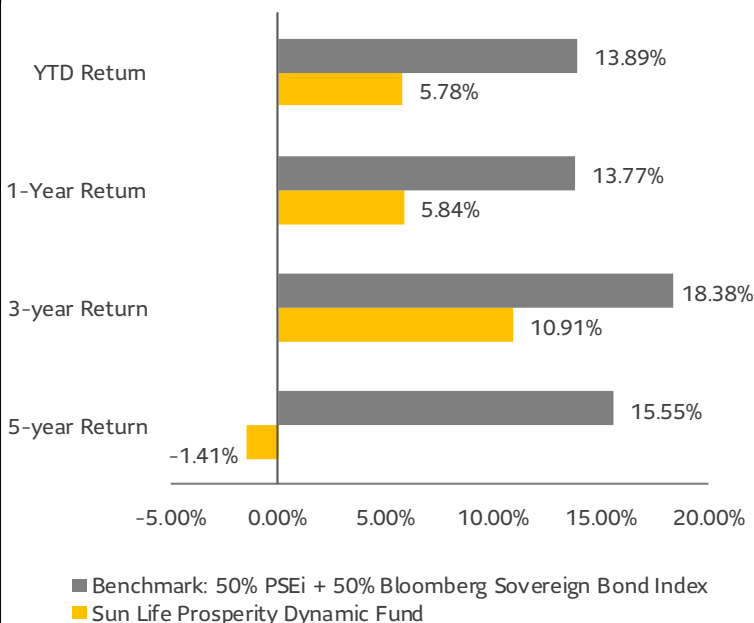
### Investment Mix



### Sector Allocation



## How has the Fund performed?



## Market Review

- The PSEi gained 1.0% for the month of December to settle at 7815.23 while yields on the 7-year and longer tenor securities ended the month lower by 20 to 30 bps on the seasonal year-end rally mostly owing to the global risk-on sentiment.
- Market drivers: (1) December inflation rose to 2.5% YoY (2) heightened regulatory risk (3) net foreign selling of \$173m in December.
- The Fund has risen by 5.78% YTD, lagging the benchmark (+13.89%) by 811 bps.
- The overweight in equities had a negative impact on performance.
- Outperformers for the month: Allocation in Telcos and Property
- Underperformers for the month: Allocation in Preferred Shares and stock selection in Conglос and Consumer/Retail

Disclaimer: Mutual Fund performance depends on various market and economic conditions. Past performance is not a guarantee or an indication of future results. Thus, returns are not guaranteed and may differ from the original investment. Information contained in this Fund Fact Sheet do not constitute investment advice. For more information on our mutual funds, please consult a Sun Life Financial Advisor.

## Certification

I, Candy S. Esteban is a duly authorized representative of Sun Life Prosperity Dynamic Fund, Inc. with SEC registration number CS201215846 with principal office at Sun Life Center, 5<sup>th</sup> Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, do hereby certify and state that:

- 1) The Sun Life Prosperity Dynamic Fund, Inc. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) issued on 30 March 2020 in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
- 2) The information contained in Sun Life Prosperity Dynamic Fund, Inc.\_ 2019 Audited FS\_08May2020 is **true and correct** to the best of my knowledge.
- 3) On behalf of Sun Life Prosperity Dynamic Fund, Inc., I hereby **undertake** to a) submit hard or physical copies of Sun Life Prosperity Dynamic Fund, Inc.\_2019 Audited FS\_08May2020 with proper notarization and certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours.
- 4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
- 5) I am executing this certification on 08 May 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**CANDY S. ESTEBAN**

Treasurer  
Driver's License N02-95-277891

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

(An Open-end Investment Company)

**Financial Statements  
December 31, 2019 and 2018  
and  
Independent Auditors' Report**

Sun Life Centre, 5<sup>th</sup> Ave. Cor. Rizal Drive  
Bonifacio Global City, Taguig City

## INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

Bureau of Internal Revenue  
BIR Building, East Triangle  
Diliman, Quezon City

Gentlemen:

In connection with our audit of the statement of financial position of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, on which we have rendered our report dated March 10, 2020, and in compliance with the Statement required by Section 8-A of Revenue Regulations V-1, as amended by Revenue Regulations V-20, we state that no partner of our Firm is related by consanguinity or affinity to any of the principal officers or shareholders of the Company.

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

By:



Avis B. Manlapaz  
Partner

CPA License No. 0074249

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

BIR A.N. 08-002552-008-2019, issued on July 03, 2019; effective until July 02, 2022  
PTR No. A-4689428, issued on January 2, 2020, Taguig City

Taguig City, Philippines  
March 10, 2020



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders  
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, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2019, 2018 and 2017 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, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019, 2018 and 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

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

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

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

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

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





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

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

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

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

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



## Report on Other Legal and Regulatory Requirements

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021

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

By:



Avis B. Manlapaz

Partner

CPA License No. 0074249

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

TIN 120964002

BIR A.N. 08-002552-008-2019, issued on July 03, 2019; effective until July 02, 2022

PTR No. A-4689428, issued on January 2, 2020, Taguig City

Taguig City, Philippines

March 10, 2020





**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**

The Management of Sun Life Prosperity Dynamic Fund, Inc. (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value-added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements as at and for the year ended December 31, 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- c. The Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: *Benedicto C. Sison*  
**Benedicto C. Sison**, Chairman of the Board

Signature: *Maria Josefina A. Castillo*  
**Maria Josefina A. Castillo**, President

Signature: *Candy S. Esteban*  
**Candy S. Esteban**, Treasurer



**Bureau of Internal Revenue**  
Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

## **FILING REFERENCE NO.**

<b>TIN</b>	: 008-357-526-000
<b>Name</b>	: SUN LIFE PROSPERITY DYNAMIC FUND, INC.
<b>RDO</b>	: 044
<b>Form Type</b>	: 1702
<b>Reference No.</b>	: <b>122000035417917</b>
<b>Amount Payable (Over Remittance)</b>	: -11,454.00
<b>Accounting Type</b>	: C - Calendar
<b>For Tax Period</b>	: 12/31/2019
<b>Date Filed</b>	: 04/15/2020
<b>Tax Type</b>	: IT

[ [BIR Main](#) | [eFPS Login](#) | [User Menu](#) | [Help](#) ]



Reference No : 122000035417917  
 Date Filed : April 15, 2020 02:28 PM  
 Batch Number : 0



For BIR Use Only BCS/Item

1702-RT06/13P1

Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas		<b>Annual Income Tax Return</b> For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.		BIR Form No. <b>1702-RT</b> June 2013 Page 1
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/20YY) 12 2019	3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/>	

Part I - Background Information			
6 Taxpayer Identification Number (TIN)	008 - 357 - 526 - 000	7 RDO Code	044
8 Date of Incorporation/Organization (MM/DD/YYYY)	08/31/2012		
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)			
SUN LIFE PROSPERITY DYNAMIC FUND, INC.			
10 Registered Address (Indicate complete registered address)			
5F SUN LIFE CENTRE 5F SUN LIFE CENTRE 5TH AVE COR TAGUIG CITY			
11 Contact Number	12 Email Address		
5558888 LOC5188	stacl@sunlife.com		
13 Main Line of Business			14 PSIC Code
INVESTMENT COMPANY OPERATION			6691

15 Method of Deductions  Itemized Deductions [Section 34 (A-J), NIRC]  Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable (Do NOT enter Centavos)	
16 Total Income Tax Due (Overpayment) (From Part IV Item 44)	57
17 Less: Total Tax Credits/Payments (From Part IV Item 45)	11,511
18 Net Tax Payable (Overpayment) (Item 16 Less Item 17) (From Part IV Item 46)	(11,454)
19 Add: Total Penalties (From Part IV Item 50)	0
20 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 18 and 19) (From Part IV Item 51)	(11,454)
21 If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)	
<input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="radio"/> To be carried over as tax credit next year/quarter	


We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)


 MARIA JOSEFINA A. CASTILLO	 CANDY S. ESTEBAN
Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer
Title of Signatory	Number of pages filed
PRESIDENT / TREASURER	8


22 <input checked="" type="radio"/> Community Tax Certificate (CTC) Number <input type="radio"/> SEC Reg No.	00095718	23 Date of Issue (MM/DD/YYYY)	01/21/2020
24 Place of Issue	CITY OF TAGUIG	25 Amount, if CTC	10,500

Part III - Details of Payment				
Details of Payment	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
26 Cash/Bank Debit Memo				0
27 Check				0
28 Tax Debit Memo				0
29 Others (Specify Below)				0


Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)	Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

<b>Annual Income Tax Return</b> Page 2		BIR Form No. <b>1702-RT</b> June 2013	 1702-RT06/13P2
<b>Taxpayer Identification Number (TIN)</b>		<b>Registered Name</b>	
008 -357 -526 -000		SUN LIFE PROSPERITY DYNAMIC FUND, INC.	
<b>Part IV - Computation of Tax</b> <span style="float: right;">(Do NOT enter Centavos)</span>			
30 Net Sales/Revenues/Receipts/Fees (From Schedule 1 Item 6)		3,707	
31 Less: Cost of Sales/Services (From Schedule 2 Item 27)		933	
32 Gross Income from Operation (Item 30 Less Item 31)		2,774	
33 Add: Other Taxable Income Not Subjected to Final Tax (From Schedule 3 Item 4)		63	
34 Total Gross Income (Sum of Items 32 & 33)		2,837	
Less: Deductions Allowable under Existing Law			
35 Ordinary Allowable Itemized Deductions (From Schedule 4 Item 40)		46,373,111	
36 Special Allowable Itemized Deductions (From Schedule 5 Item 5)		0	
37 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Schedule 6A Item 8D)		0	
38 Total Itemized Deductions (Sum of Items 35 to 37)		46,373,111	
<b>OR</b> [in case taxable under Sec 27(A) & 28(A)(1)]			
39 Optional Standard Deduction (40% of Item 34)		0	
40 Net Taxable Income (Item 34 Less Item 38 OR 39)		(46,370,274)	
41 Income Tax Rate		<b>30.0%</b>	
42 Income Tax Due other than MCIT (Item 40 x Item 41)		0	
43 Minimum Corporate Income Tax (MCIT) (2% of Gross Income in Item 34)		57	
44 Total Income Tax Due (Normal Income Tax in Item 42 or MCIT in Item 43, whichever is higher) (To part II Item 16)		57	
45 Less: Total Tax Credits/Payments (From Schedule 7 Item 12) (To Part II Item 17)		11,511	
46 Net Tax Payable (Overpayment) (Item 44 Less Item 45) (To Part II Item 18)		(11,454)	
<b>Add Penalties</b>			
47 Surcharge		0	
48 Interest		0	
49 Compromise		0	
50 Total Penalties (Sum of Items 47 to 49) (To part II Item 19)		0	
51 Total Amount Payable (Overpayment) (Sum Item 46 & 50) (To Part II Item 20)		(11,454)	
<b>Part V - Tax Relief Availment</b> <span style="float: right;">(Do NOT enter Centavos)</span>			
52 Special Allowable Itemized Deductions (30% of Item 36)		0	
53 Add: Special Tax Credits (From Schedule 7 Item 9)		0	
54 Total Tax Relief Availment (Sum of Items 52 & 53)		0	
<b>Part VI - Information - External Auditor/Accredited Tax Agent</b>			
55 Name of External Auditor/Accredited Tax Agent			
NAVARRO AMPER AND CO.			
		56 TIN	005 - 299 - 331 - 000
57 Name of Signing Partner (If External Auditor is a Partnership)			
AVIS B. MANLAPAZ			
		58 TIN	120 - 964 - 002 - 000
59 BIR Accreditation No.		60 Issue Date (MM/DD/YYYY)	61 Expiry Date (MM/DD/YYYY)
08 -002552 -008 -2019		07/03/2019	07/02/2022

<b>Annual Income Tax Return</b> Page 3 - Schedules 1 & 2		BIR Form No. <b>1702-RT</b> June 2013	 1702-RT06/13P3
<b>Taxpayer Identification Number (TIN)</b>		<b>Registered Name</b>	
008	-357	-526	-000
		SUN LIFE PROSPERITY DYNAMIC FUND, INC.	
<b>Schedule 1 - Sales/Revenues/Receipts/Fees (Attach additional sheet/s, if necessary)</b>			
1 Sale of Goods/Properties			0
2 Sale of Services			3,707
3 Lease of Properties			0
4 Total (Sum of Items 1 to 3)			3,707
5 Less: Sales Returns, Allowances and Discounts			0
6 Net Sales/Revenues/Receipts/Fees (Item 4 Less Item 5) (To Part IV Item 30)			3,707
<b>Schedule 2 - Cost of Sales (Attach additional sheet/s, if necessary)</b>			
<b>Schedule 2A - Cost of Sales (For those Engaged in Trading)</b>			
1 Merchandise Inventory - Beginning			0
2 Add: Purchases of Merchandise			0
3 Total Goods Available for Sale (Sum of Items 1 & 2)			0
4 Less: Merchandise Inventory, Ending			0
5 Cost of Sales (Item 3 Less Item 4) (To Schedule 2 Item 27)			0
<b>Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)</b>			
6 Direct Materials, Beginning			0
7 Add: Purchases of Direct Materials			0
8 Materials Available for Use (Sum of Items 6 & 7)			0
9 Less: Direct Materials, Ending			0
10 Raw Materials Used (Item 8 Less Item 9)			0
11 Direct Labor			0
12 Manufacturing Overhead			0
13 Total Manufacturing Cost (Sum of Items 10, 11 & 12)			0
14 Add: Work in Process, Beginning			0
15 Less: Work in Process, Ending			0
16 Cost of Goods Manufactured (Sum of Items 13 & 14 Less Item 15)			0
17 Finished Goods, Beginning			0
18 Less: Finished Goods, Ending			0
19 Cost of Goods Manufactured and Sold (Sum of Items 16 & 17 Less Item 18) (To Sched. 2 Item 27)			0
<b>Schedule 2C - Cost of Services</b> (For those Engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)			
20 Direct Charges - Salaries, Wages and Benefits			0
21 Direct Charges - Materials, Supplies and Facilities			0
22 Direct Charges - Depreciation			0
23 Direct Charges - Rental			0
24 Direct Charges - Outside Services			0
25 Direct Charges - Others			933
26 Total Cost of Services (Sum of Items 20 to 25) (To Item 27)			933
27 Total Cost of Sales/Services (Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 31)			933

<b>Annual Income Tax Return</b> Page 4 - Schedules 3 & 4		BIR Form No. <b>1702-RT</b> June 2013	 1702-RT06/13P4
<b>Taxpayer Identification Number (TIN)</b>		<b>Registered Name</b>	
008	-357	-526	-000
		SUN LIFE PROSPERITY DYNAMIC FUND, INC.	
<b>Schedule 3 - Other Taxable Income Not Subjected to Final Tax</b> <i>(Attach additional sheet/s, if necessary)</i>			
1	OTHER INCOME		63
2			0
3			0
4	<b>Total Other Taxable Income Not Subjected to Final Tax</b> <i>(Sum of Items 1 to 3) (To Part IV Item 33)</i>		63
<b>Schedule 4 - Ordinary Allowable Itemized Deductions</b> <i>(Attach additional sheet/s, if necessary)</i>			
1	Advertising and Promotions		0
Amortizations <i>(Specify on Items 2, 3 &amp; 4)</i>			
2			0
3			0
4			0
5	Bad Debts		0
6	Charitable Contributions		0
7	Commissions		3,997,725
8	Communication, Light and Water		0
9	Depletion		0
10	Depreciation		0
11	Director's Fees		314,615
12	Fringe Benefits		0
13	Fuel and Oil		0
14	Insurance		0
15	Interest		0
16	Janitorial and Messengerial Services		0
17	Losses		0
18	Management and Consultancy Fee		40,875,020
19	Miscellaneous		56,184
20	Office Supplies		50,839
21	Other Services		0
22	Professional Fees		202,899
23	Rental		0
24	Repairs and Maintenance - (Labor or Labor & Materials)		0
25	Repairs and Maintenance - (Materials/Supplies)		0
26	Representation and Entertainment		0
27	Research and Development		0
28	Royalties		0
29	Salaries and Allowances		0



<b>Annual Income Tax Return</b> Page 5 - Schedules 4, 5 & 6	BIR Form No. <b>1702-RT</b> June 2013	 1702-RT06/13P5
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Taxpayer Identification Number (TIN) 008 -357 -526 -000	Registered Name SUN LIFE PROSPERITY DYNAMIC FUND, INC.
--	---

**Schedule 4 - Ordinary Allowable Itemized Deductions (Continued from Previous Page)**

30 Security Services	0
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
32 Taxes and Licenses	248,175
33 Tolling Fees	0
34 Training and Seminars	0
35 Transportation and Travel	0
Others [Specify below; Add additional sheet(s), if necessary]	
36 TRANSACTION COSTS	241,949
37 CUSTODIANSHIP FEES	385,705
38	0
39	0

<b>40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Part IV Item 35)</b>	<b>46,373,111</b>
--	-------------------

**Schedule 5 - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)**

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
<b>5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 36)</b>		<b>0</b>

**Schedule 6 - Computation of Net Operating Loss Carry Over (NOLCO)**

1 Gross Income (From Part IV Item 34)	2,837
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	46,373,111
3 Net Operating Loss (To Schedule 6A)	(46,370,274)

**Schedule 6A - Computation of Available Net Operating Loss Carry Over (NOLCO)**

Net Operating Loss			B) NOLCO Applied Previous Year
Year Incurred	A) Amount		
4 2019	46,370,274		0
5 2018	55,241,773		0
6 2017	21,087,062		0
7 2016	99,161,379		0

**Continuation of Schedule 6A (Item numbers continue from the table above)**

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4 0	0	46,370,274
5 0	0	55,241,773
6 0	0	21,087,062
7 99,161,379	0	0
<b>8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV Item 37)</b>	<b>0</b>	

<b>Annual Income Tax Return</b> Page 6 - Schedules 7, 8 & 9		BIR Form No. <b>1702-RT</b> June 2013	 1702-RT06/13P6
<b>Taxpayer Identification Number (TIN)</b>		<b>Registered Name</b>	
008	-357	-526	-000
		SUN LIFE PROSPERITY DYNAMIC FUND, INC.	

<b>Schedule 7 - Tax Credits/Payments (attach proof)</b> <small>(Attach additional sheet/s, if necessary)</small>	
<b>1</b> Prior Year's Excess Credits Other Than MCIT	11,511
<b>2</b> Income Tax Payment under MCIT from Previous Quarter/s	0
<b>3</b> Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
<b>4</b> Excess MCIT Applied this Current Taxable Year <i>(From Schedule 8 Item 4F)</i>	0
<b>5</b> Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
<b>6</b> Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0
<b>7</b> Foreign Tax Credits, if applicable	0
<b>8</b> Tax Paid in Return Previously Filed, if this is an Amended Return	0
<b>9</b> Special Tax Credits <i>(To Part V Item 53)</i>	0
Other Credits/Payments <i>(Specify)</i>	
<b>10</b>	0
<b>11</b>	0
<b>12 Total Tax Credits/Payments</b> <small>(Sum of Items 1 to 11) (To Part IV Item 45)</small>	11,511


<b>Schedule 8 - Computation of Minimum Corporate Income Tax (MCIT)</b>				
	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
<b>1</b>	2018	0	1,024	1,024
<b>2</b>	2017	0	97,103	97,103
<b>3</b>		0	0	0

<small>Continuation of Schedule 8 (Line numbers continue from table above)</small>				
	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s
<b>1</b>	0	0	0	1,024
<b>2</b>	0	0	0	97,103
<b>3</b>	0	0	0	0
<b>4 Total Excess MCIT</b> <small>(Sum of Column for Items 1F to 3F) (To Schedule 7 Item 4)</small>			0	

<b>Schedule 9 - Reconciliation of Net Income per Books Against Taxable Income</b> <small>(Attach additional sheet/s, if necessary)</small>	
<b>1</b> Net Income/(Loss) per books	118,727,806
Add: Non-deductible Expenses/Taxable Other Income	
<b>2</b>	0
<b>3</b>	0
<b>4 Total</b> <small>(Sum of Items 1 to 3)</small>	118,727,806
Less: A) Non-taxable Income and Income Subjected to Final Tax	
<b>5</b> INTEREST INCOME	22,653,507
<b>6</b> OTHERS	142,444,573
B) Special Deductions	
<b>7</b>	0
<b>8</b>	0
<b>9 Total</b> <small>(Sum of Items 5 to 8)</small>	165,098,080
<b>10 Net Taxable Income (Loss)</b> <small>(Item 4 Less Item 9)</small>	(46,370,274)

<b>Annual Income Tax Return</b> Page 7 - Schedules 10 & 11			BIR Form No.		
			<b>1702-RT</b> June 2013		
Taxpayer Identification Number (TIN)			Registered Name		
008 -357 -526 -000			SUN LIFE PROSPERITY DYNAMIC FUND, INC.		


**Schedule 10 - BALANCE SHEET**

Assets	
1 Current Assets	1,505,924,358
2 Long-Term Investment	0
3 Property, Plant and Equipment - Net	0
4 Long-Term Receivables	0
5 Intangible Assets	0
6 Other Assets	0
<b>7 Total Assets</b> (Sum of Items 1 to 6)	<b>1,505,924,358</b>

Liabilities and Equity	
8 Current Liabilities	7,220,664
9 Long-Term Liabilities	0
10 Deferred Credits	0
11 Other Liabilities	0
<b>12 Total Liabilities</b> (Sum of Items 8 to 11)	<b>7,220,664</b>
13 Capital Stock	35,069,670
14 Additional Paid-in Capital	1,338,546,913
15 Retained Earnings	125,087,111
<b>16 Total Equity</b> (Sum of Items 13 to 15)	<b>1,498,703,694</b>
<b>17 Total Liabilities and Equity</b> (Sum of Items 12 & 16)	<b>1,505,924,358</b>

**Schedule 11-**  **Stockholders**  **Partners**  **Members Information** (Top 20 Stockholders, partners or Members)  
 (On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership)

REGISTERED NAME	TIN	Capital Contribution	% to Total
SISON, B.C.	304 - 968 - 236 - 000	1	0.01
CASTILLO, M.J. A.	177 - 087 - 619 - 000	1	0.01
QUIRINO, A.A. G.	125 - 673 - 223 - 000	1	0.01
REYES, O.S.	136 - 623 - 589 - 000	1	0.01
ORBOS, O.M.	100 - 568 - 593 - 000	1	0.01
OTHERS	000 - 000 - 000 - 000	35,069,665	99.95

<b>Annual Income Tax Return</b> Page 8 - Schedules 12 & 13		BIR Form No. <b>1702-RT</b> June 2013	 1702-RT06/13P8
<b>Taxpayer Identification Number (TIN)</b>		<b>Registered Name</b>	
008	-357	-526	-000
		SUN LIFE PROSPERITY DYNAMIC FUND, INC.	

**Schedule 12 - Supplemental Information (Attach additional sheet/s, if necessary)**

<b>I) Gross Income/Receipts Subjected to Final Withholding</b>	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	1,202,258	21,451,249	4,290,250
2 Royalties	0	0	0
3 Dividends	24,808,497	0	0
4 Prizes and Winnings	0	0	0

<b>II) Sale/Exchange of Real properties</b>	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property (e.g. land, improvement, etc.)		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No.		
8 Actual Amount/Fair Market Value/Net Capital Gains		
9 Final Tax Withheld/Paid		

<b>III) Sale/Exchange of Shares of Stock</b>	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind(PS/CS)/Stock Certificate Series No.	PS SCRIPTLESS	
11 Certificate Authorizing Registration (CAR) No.	NOT APPLICABLE	
12 Number of Shares	31,954,231	
13 Date of Issue (MM/DD/YYYY)	12/31/2019	
14 Actual Amount/Fair Market Value/Net Capital Gains	947,613,695	
15 Final Tax Withheld/Paid	5,685,682	

<b>IV) Other Income (Specify)</b>	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127/others of the Tax Code, as amended (Specify)		
17 Actual Amount/Fair Market Value/Net Capital Gains		
18 Final Tax Withheld/Paid		

<b>19 Total Final Tax Withheld Paid (Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A &amp; 18B)</b>	9,975,932
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**Schedule 13 - Gross Income/Receipts Exempt from Income Tax**

1 Return of Premium (Actual Amount/Fair Market Value)	0
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<b>I) Personal/Real Properties Received thru Gifts, Bequests, and Devices</b>	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property (e.g. land, improvement, etc.)		
3 Modes of Transfer (e.g. Donation)		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value		

<b>II) Other Exempt Income/Receipts</b>	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (Specify)		
7 Actual Amount/Fair Market Value/Net Capital Gains		

<b>8 Total Income Receipts Exempt From Income Tax (Sum of Items 1, 5A, 5B, 7A &amp; 7B)</b>	0
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# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	2	1	5	8	4	6
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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
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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### COMPANY INFORMATION

Company's Email Address

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

Company's Telephone Number/s

(632) 8555-8888
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Mobile Number

N/A
-----

No. of Stockholders

4,978
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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

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

Email Address

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

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.



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, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017, 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.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Benedicto C. Sison
Benedicto C. Sison, Chairman of the Board

Maria Josefina A. Castillo
Maria Josefina A. Castillo, President

Candy S. Esteban
Candy S. Esteban, Treasurer

Signed this 10th day of March 2020
Subscribed and sworn to before me this \_\_\_ day of \_\_\_\_\_ 2020 at \_\_\_\_\_,
affiants exhibiting to me competent evidence of identity, as follows:

Table with 3 columns: Name, Government ID, Date/Place of Issue. Rows include Benedicto C. Sison, Maria Josefina A. Castillo, and Candy S. Esteban.

Doc. No. \_\_\_;
Page No. \_\_\_;
Book No, \_\_\_;
Series of 2020

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

(An Open-end Investment Company)

**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Notes	2019	2018
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	P 31,627,913	P 59,989,898
Financial assets at fair value through profit or loss	8	1,466,366,989	1,714,976,946
Accrued interest receivable	7	5,601,126	2,981,805
Dividends receivable	8	2,316,876	3,331,674
Prepayments and other current assets		11,454	18,931
		<b>P1,505,924,358</b>	P1,781,299,254
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	10	P 1,919,529	P 13,149,406
Due to brokers	9	2,483,598	-
Payable to fund manager	11	2,817,537	3,774,821
Total Current Liabilities		<b>7,220,664</b>	16,924,227
<b>Equity</b>			
Share capital	12	35,069,670	35,069,670
Additional paid-in capital	13	3,210,216,567	3,210,216,567
Retained earnings		125,087,111	16,335,294
		<b>3,370,373,348</b>	3,261,621,531
Treasury shares	12	(1,871,669,654)	(1,497,246,504)
Total Equity		<b>1,498,703,694</b>	1,764,375,027
		<b>P1,505,924,358</b>	P1,781,299,254
<b>Net Asset Value Per Share</b>	14	<b>P 0.9748</b>	P 0.9217

*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>2019</b>	2018	2017
<b>Investment Income - net</b>				
Dividend income	8	<b>P 24,808,497</b>	P 28,333,658	P 41,805,726
Interest income	15	<b>22,657,214</b>	22,050,653	35,784,857
Net realized gains on investments	8	<b>69,927,403</b>	19,967,376	43,517,900
Other income		<b>63</b>	77,895	2,361,702
		<b>117,393,177</b>	70,429,582	123,470,185
<b>Investment Expenses</b>				
Commissions	9	<b>3,997,725</b>	6,464,941	11,376,886
Transaction costs		<b>241,949</b>	247,367	408,682
		<b>4,239,674</b>	6,712,308	11,785,568
		<b>113,153,503</b>	63,717,274	111,684,617
<b>Operating Expenses</b>				
Management fees	11	<b>40,875,953</b>	47,103,682	79,186,851
Custodianship fees		<b>385,705</b>	574,343	787,738
Directors' fees	11	<b>314,615</b>	228,689	182,750
Taxes and licenses		<b>248,175</b>	271,532	159,608
Professional fees		<b>202,899</b>	154,550	142,917
Printing and supplies		<b>50,839</b>	190,256	87,548
Miscellaneous		<b>56,184</b>	84,307	192,072
		<b>42,134,370</b>	48,607,359	80,739,484
<b>Income (Loss) Before Net Unrealized Gains</b>				
<b>(Losses) on Investments</b>		<b>71,019,133</b>	15,109,915	30,945,133
<b>Net Unrealized Gains (Losses)</b>				
<b>on Investments</b>	8	<b>47,708,673</b>	(207,809,572)	333,381,786
<b>Profit (Loss) Before Tax</b>		<b>118,727,806</b>	(192,699,657)	364,326,919
<b>Income Tax Expense</b>	18	<b>9,975,989</b>	10,737,719	14,921,650
<b>Total Comprehensive Income</b>				
<b>for the Year</b>		<b>P108,751,817</b>	(P203,437,376)	P349,405,269
<b>Basic Earnings(Loss) per Share</b>	16	P 0.062	(P 0.098)	P 0.124
<b>Diluted Earnings(Loss ) per Share</b>	16	P 0.062	(P 0.098)	P 0.124

*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, 2019, 2018 and 2017

	Notes	Share Capital	Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Shares	Total
Balance, January 1, 2017	12,13	P35,069,670	P3,205,877,569	(P129,632,599)	(P352,501,539)	P2,758,813,101
Total comprehensive income for the year		-	-	349,405,269	-	349,405,269
Transactions with owners:	12					
Acquisition of treasury shares during the year		-	-	-	(714,122,763)	(714,122,763)
Reissuance of treasury shares during the year		-	3,045,714	-	15,215,826	18,261,540
Total transactions with owners		-	3,045,714	-	(698,906,937)	(695,861,223)
Balance, December 31, 2017	12,13	35,069,670	3,208,923,283	219,772,670	(1,051,408,476)	2,412,357,147
Total comprehensive income for the year		-	-	(203,437,376)	-	(203,437,376)
Transactions with owners:	12					
Acquisition of treasury shares during the year		-	-	-	(446,301,442)	(446,301,442)
Reissuance of treasury shares during the year		-	1,293,284	-	463,414	1,756,698
Total transactions with owners		-	1,293,284	-	(445,838,028)	(444,544,744)
Balance, December 31, 2018	12,13	35,069,670	3,210,216,567	16,335,294	(1,497,246,504)	1,764,375,027
Total comprehensive income for the year		-	-	108,751,817	-	108,751,817
Transactions with owners:	13					
Acquisition of treasury shares during the year		-	-	-	(374,423,150)	(374,423,150)
Total transactions with owners		-	-	-	(374,423,150)	(374,423,150)
<b>Balance, December 31, 2019</b>	<b>12,13</b>	<b>P35,069,670</b>	<b>P3,210,216,567</b>	<b>P125,087,111</b>	<b>(P1,871,669,654)</b>	<b>P1,498,703,694</b>

*See Notes to Financial Statements.*

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

(An Open-end Investment Company)

**STATEMENTS OF CASH FLOWS****For the Years Ended December 31**

	<b>Notes</b>	<b>2019</b>	2018	2017
<b>Cash Flows from Operating Activities</b>				
Profit (Loss) before tax		<b>P 118,727,806</b>	(P 192,699,657)	P 364,326,919
Adjustments for:				
Net unrealized losses (gains) on investments	8	<b>(47,708,673)</b>	207,809,572	(333,381,786)
Net realized gains on investments	8	<b>(69,927,403)</b>	(19,967,376)	(43,517,900)
Interest income	15	<b>(22,657,214)</b>	(22,050,653)	(35,784,857)
Dividend income	8	<b>(24,808,497)</b>	(28,333,658)	(41,805,726)
Operating cash flows before working capital changes		<b>(46,373,981)</b>	(55,241,772)	(90,163,350)
Decrease (Increase) in prepayments and other current assets		<b>7,477</b>	6,380	(19,799)
Increase (Decrease) in:				
Accrued expenses and other payables		<b>(11,229,877)</b>	6,317,171	5,092,919
Payable to fund manager		<b>(957,284)</b>	(2,680,544)	(796,437)
Cash used in operations		<b>(58,553,665)</b>	(51,598,765)	(85,886,667)
Acquisitions of financial assets at fair value				
through profit or loss		<b>(1,213,905,727)</b>	(1,242,835,275)	(16,580,960,241)
Proceeds from disposal and maturities of financial assets at				
fair value through profit or loss		<b>1,582,635,358</b>	1,746,262,405	17,300,124,193
Interest income received		<b>20,037,893</b>	28,152,919	35,828,933
Dividends received		<b>25,823,295</b>	29,263,145	39,988,253
Income taxes paid		<b>(9,975,989)</b>	(10,737,719)	(15,040,691)
Net cash generated from operating activities		<b>346,061,165</b>	498,506,710	694,053,780
<b>Cash Flows from Financing Activities</b>				
Proceeds from reissuance of treasury shares	12	-	1,756,698	18,261,540
Payments on acquisition of treasury shares	12	<b>(374,423,150)</b>	(446,301,442)	(714,122,763)
Net cash used in financing activities		<b>(374,423,150)</b>	(444,544,744)	(695,861,223)
<b>Net Increase (Decrease) in Cash</b>		<b>(28,361,985)</b>	53,961,966	(1,807,443)
<b>Cash and cash equivalents, Beginning</b>		<b>59,989,898</b>	6,027,932	7,835,375
<b>Cash and cash equivalents, End</b>		<b>P 31,627,913</b>	P 59,989,898	P 6,027,932

*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, 2019 AND 2018 AND FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 and 2017**

#### **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 11.

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 and certain financial instruments carried at amortized cost.

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 2019**

The Company adopted all accounting standards and interpretations as at December 31, 2019. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were adopted by the Company and were assessed as not applicable and have no impact on the Company's financial statements.

#### **New Accounting Standards Effective after the Reporting Period Ended December 31, 2019**

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

The key principles in PFRS 17 are that an entity:

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

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

The standard is effective for periods beginning on or after January 1, 2022. Earlier application is permitted.

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

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

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

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

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

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

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

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

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

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

The amendments are to:

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

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

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

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose, and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) cryptocurrency, or (b) cryptographic assets other than cryptocurrencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "security tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) cryptocurrencies held by an entity, or (ii) cyptographic assets other than cryptocurrencies.

From the issuer of these assets' point of view, as a consensus, the following accounting treatments are suggested:

- Cryptocurrencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.
- Cryptographic assets other than cryptocurrencies, the interpretation suggested the following relevant accounting frameworks for consideration:
  - i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;
  - ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;
  - iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
  - iv. If the token does not meet any of the aforementioned, consider other relevant guidance.

The interpretation is effective for periods beginning on or after February 13, 2019.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have cryptographic assets.

**New Accounting Standards Effective in 2019 - Adopted by FRSC but pending for approval by the BOA**

PIC Q&A No. 2019-04, *Conforming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

### PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

### PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases— Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have any leased property and asset classified as investment property.

PIC Q&A No. 2019-06, *Accounting for Step Acquisition of a Subsidiary in a Parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach  
Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.
- Accumulated cost approach  
Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company is not engaged in acquisition of a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLAs)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLAs shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

- a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLAs by-laws.
- b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLAs shall establish and prescribe the conditions and/or circumstances when the NSSLAs may limit the reduction of the members' capital contribution buffer, such as, when the NSSLAs is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that that the system will separately show the fixed and capital contribution buffer of each member.



The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS32, Financial Instruments: Presentation.

The interpretation is effective for periods beginning on December 11, 2019, and should be applied retrospectively.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company is not classified as a non-bank financial institution under non-stock savings and loan associations.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related right-of-use (ROU) asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have leased property with any related ARO.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects*

The interpretation aims to provide guidance on the following:

- How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and
- How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have prepaid rent or rent liability recognized for leased property.

PIC Q&A No. 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the lease term*

The interpretation provides guidance how an entity determine the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial noncancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

*PIC Q&A No. 2019-13, PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance how an entity determine the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

#### **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, 2019 and 2018, 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, including investments in complex debt instruments and equity investments, must be recognized at fair value.

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

### Debt instruments

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

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

As at December 31, 2019 and 2018, the Company does not have financial assets at FVTOCI.

### *Impairment of financial assets*

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

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

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

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

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

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

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

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

### *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.

#### *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.

#### 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.

### *Deposit for future stock subscriptions*

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

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

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

### **Prepayments**

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

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

## **Revenue Recognition**

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

### Final tax

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

### Deferred tax

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

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

Deferred tax asset and liability are 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 asset and liability are offset when there is a legally enforceable right to offset current tax asset against current tax liability and these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax asset and liability 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 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 cashflows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured at FVTPL.

As at December 31, 2019 and 2018, the Company's financial assets measured at FVTPL amounted to P1,466,366,989 and P1,714,976,946, respectively, while the financial assets measured at amortized cost amounted to P39,845,915 and P66,303,377, respectively.

### Significant increase of credit risk

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

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

As at December 31, 201 and 2018, the Company's financial instrument measured at amortized cost has not experienced a significant increase in its credit risk.

### Models and assumptions used

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

The Company's model and assumptions used in estimating ECL and measuring the fair value of financial assets are disclosed in Note 17 and 20, respectively.

### Functional currency

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

### Puttable shares designated as equity instruments

The Company 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 of 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. 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, 2019 and 2018, the recognized amount of share capital representing puttable shares in the statements of financial position amounted to P35,069,670 as disclosed in Note 12.

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

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

#### Probability of default (PD)

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

As at December 31, 2019 and 2018, the Company assessed a nil PD for all of its financial assets measured at amortized cost. The assumptions used by the Company in estimating PD are disclosed in Note 20.

#### Loss Given Default (LGD)

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

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

#### Estimating loss allowance for ECL

The measurement of the 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, 2019 and 2018, Management believes that the recoverability of the Company's receivables is certain, accordingly, no doubtful accounts expense was recognized in both years. Dividends receivable as at December 31, 2019 and 2018 amounted to P2,316,876 and P3,331,674, respectively, as disclosed in Note 8. Accrued interest receivable as at December 31, 2019 and 2018 amounted to P5,601,126 and P2,981,805, respectively, as disclosed in Note 7.

#### Deferred tax asset

The Company reviews the carrying amount at the end of each reporting period and reduces deferred tax 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, 2019 and 2018, as disclosed in Note 18.

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

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

As at December 31, 2019 and 2018, the carrying amounts of investments in debt securities classified as financial assets at FVTPL amounted to P283,564,970 and P268,269,048, respectively, as disclosed in Note 8.

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

This account consists of:

	<b>2019</b>	2018
Cash in bank	<b>P 1,327,913</b>	P 1,889,898
Cash equivalents	<b>30,300,000</b>	58,100,000
	<b>P31,627,913</b>	P59,989,898

Cash in banks earned interest amounting to P11,574, P19,520 and P86,109 at average rates of 0.19%, 0.15% and 0.21% in 2019, 2018 and 2017, respectively, as disclosed in Note 15.



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

Cash equivalents earned interest amounting P534,170, P450,215 and nil at average rates of 1.31%, 1.36% and nil in 2019, 2018 and 2017, respectively as disclosed in Note 15.

## 7. ACCRUED INTEREST RECEIVABLE

This account consists of accrued interest on the following:

	Note	2019	2018
Fixed-income securities	8	<b>P5,589,941</b>	P2,961,318
Special savings deposits	8	<b>11,185</b>	20,487
		<b>P5,601,126</b>	P2,981,805

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

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

This account consists of:

	2019	2018
Investments in listed equity shares	<b>P1,182,785,498</b>	P1,446,691,964
Investments in fixed-income securities	<b>283,564,970</b>	268,269,048
Investments in UITF	<b>16,521</b>	15,934
	<b>P1,466,366,989</b>	P1,714,976,946

Investments in fixed-income securities include investment in treasury notes.

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

Investments in equity securities are composed of ordinary and preferred shares.

The Company recognized dividend income from investments in listed equity securities amounting to P24,808,497, P28,333,658 and P41,805,726 in 2019, 2018 and 2017, respectively. Dividends receivable amounted to P2,316,876 and P3,331,674 as at December 31, 2019 and 2018, respectively.

Interest income earned on fixed-income securities amounted to P22,107,763, P21,580,918 and P28,854,127 in 2019, 2018 and 2017, respectively, as disclosed in Note 15. Average rates earned on these investments are also disclosed in Note 15.

Interest income earned on designated special savings deposits amounted to P3,707, nil and P6,844,621 in 2019, 2018 and 2017, respectively, as disclosed in Note 15. Average interest earned on these investments are also disclosed in Note 15.

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

	2019	2018	2017
Net realized gains on investments	<b>P 69,927,403</b>	P 19,967,376	P 43,517,900
Net unrealized gains (losses) on investments	<b>47,708,673</b>	(207,809,572)	333,381,786
	<b>P117,636,076</b>	(P187,842,196)	P376,899,686

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

	<b>2019</b>	2018
Due after one year through five years	<b>P 90,000,000</b>	P182,360,000
Due after five years through ten years	<b>9,000,000</b>	107,500,000
Due after ten years	<b>153,000,00</b>	-
	<b>P252,000,000</b>	P289,860,000

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

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

Commissions are paid to brokers when buying and selling shares of stocks. Commission expenses amounted to P3,997,725, P6,464,941 and P11,376,886 were incurred in 2019, 2018 and 2017, respectively.

#### **10. ACCRUED EXPENSES AND OTHER PAYABLES**

This account consists of:

	<b>2019</b>	2018
Due to investors	<b>P1,474,955</b>	P12,607,757
Withholding and documentary stamp taxes	<b>263,218</b>	343,205
Professional fees	<b>110,344</b>	100,284
Custodianship fees payable	<b>71,012</b>	98,160
	<b>P1,919,529</b>	P13,149,406

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.

## 11. RELATED PARTY TRANSACTIONS

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

As at December 31, 2019 and 2018, SLOCPPI held 451,789,223 shares representing 29.39% and 23.26% 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 Balance		Term	Condition	Notes
	2019	2018	2017	2019	2018			
SLAMCI – Fund Manager								
Management, Distribution and Transfer fees	P 40,875,953	P 47,103,682	P 79,186,851	(P2,817,537)	(P3,774,821)	2.15% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unimpaired; Unsecured	a
Key Management Personnel								
Directors' fees	P 314,615	P 228,689	P 182,750	P -	P -	Payable on Demand; settled in cash	Unsecured	b
Entities under Common Control								
Grepalife Fixed Income Fund Corp. Sale	P -	P -	P 9,844,083	P -	P -			
Sun Life Grepa Financial Inc. Sale	P 30,000,000	P 146,500,000	P 55,608,806	P -	P -			
Purchase	P -	P 10,000,000						
Sun Life of Canada Philippines Inc. Sale	P 244,500,000	P 70,500,000	P 68,482,083	P -	P -	Non-interest bearing; Settled in cash on the day of transaction	Unsecured; No impairment	c
Purchase	P 201,884,750							
Sun Life of Canada Prosperity Bond Fund, Inc. Sale	P -	P -	P 60,947,125	P -	P -			
Sun Life Prosperity GS Fund, Inc. Sale	P -	P -	P 9,844,083	P -	P -			
Sun Life of Canada Prosperity Philippine Equity Fund, Inc. Sale	P 72,000,000	P -	P -	P -	P -			
Purchase	P 20,000,000	P -	P -	P -	P -			
Sun Life Prosperity Money Market Fund, Inc. Sale	P 115,860,000	P -	P 395,546,830	P -	P -			

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 2.50% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day. Moreover, under the Transfer Agency Agreement, SLAMCI receives aggregate fees for these services at an annual rate of 0.15% (exclusive of VAT) of the net assets attributable to shareholders on each valuation day.

On 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 18, 2018, the Company and SLAMCI amended its MDA and Transfer Agency Agreement based on the provision of Implementing Rules and Regulation (IRR) of Investment Company Act (ICA) 2019 published by the SEC on January 11, 2018. The agreements shall remain in effect for a period of 2 years from September 18, 2018 and shall continue in effect from year to year as approved by the respective Board of Directors of the Company and SLAMCI.

Management fees charged by SLAMCI to the Company in 2019, 2018 and 2017 amounted to P40,875,953, P47,103,682 and P79,186,851, respectively. Accrued management fees as at December 31, 2019 and 2018 amounting to P2,817,537 and P3,774,821, 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 P314,615, P228,689 and P182,750 in 2019, 2018 and 2017, respectively, which are usually paid to Directors based on the number of meetings held and attended. Accrued directors' fees as at December 31, 2019 and 2018 amounting to nil, are shown under "Accrued Expenses and Other Payables" in the statements of financial position.

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. Portfolio Managers determine that this is appropriate and in the best interest of certain portfolios and ensure that the trade will be executed in a manner that is fair and equitable to both parties involved in the cross trade.

## 12. EQUITY

Movements of share capital and treasury shares are as follows:

	2019		2018		2017	
	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>1,592,690,710</b>	<b>P1,497,246,504</b>	1,142,701,810	P1,051,408,476	428,474,398	P 352,501,539
Acquired during the year	<b>376,806,558</b>	<b>374,423,150</b>	450,492,552	446,301,442	732,722,627	714,122,763
Reissuance	-	-	(503,652)	(463,414)	(18,495,215)	(15,215,826)
At December 31	<b>1,969,497,268</b>	<b>P1,871,669,654</b>	1,592,690,710	P1,497,246,504	1,142,701,810	P1,051,408,476

Breakdown of fully paid shares is as follows:

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
Issued	3,506,967,024	P35,069,670	3,506,967,024	P35,069,670	3,506,967,024	P35,069,670
At December 31	3,506,967,024	P35,069,670	3,506,967,024	P35,069,670	3,506,967,024	P35,069,670

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, 2019, the Company has 5,200,000,000 authorized and registered shares 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	P 0.9908	50,000,000	-	50,000,000
2013	P 0.9029	-	-	50,000,000
2014	P 0.9998	3,503,921,187	( 48,031,602)	3,505,889,585
2015	P 0.9260	38,792,139	(146,889,954)	3,397,791,770
2016	P 0.8962	5,155,668	(324,454,812)	3,078,492,626
2017	P 1.0203	18,495,215	(732,722,627)	2,364,265,214
2018	P 0.9217	503,652	(450,492,552)	1,914,276,314
2019	P 0.9748	-	(376,806,558)	1,537,469,756

The total number of shareholders as at December 31, 2019, 2018 and 2017 is 4,978, 4,978 and 4,967, 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, has 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.

### **13. ADDITIONAL PAID-IN CAPITAL**

Additional paid-in capital of P3,210,216,567, P3,210,216,567 and P3,208,923,283 as at December 31, 2019, 2018 and 2017, respectively, pertains to excess payments over par value from investors and on reissuance of treasury shares.

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

NAVPS is computed as follows:

	Note	2019	2018
Total equity		<b>P1,498,703,694</b>	P1,764,375,027
Outstanding shares	12	<b>1,537,469,756</b>	1,914,276,314
NAVPS		<b>P 0.9748</b>	P 0.9217

NAVPS is based on issued, outstanding and fully paid shares. The expected cash outflow on redemption of these shares is equivalent to computed NAVPS as at reporting period.

#### 15. INTEREST INCOME

This account consists of interest income on the following:

	Notes	2019	2018	2017
Fixed income securities	8	<b>P22,107,763</b>	P21,580,918	P28,854,127
Special savings deposit	8	<b>3,707</b>	-	6,844,621
Cash equivalents	6	<b>534,170</b>	450,215	-
Cash in banks	6	<b>11,574</b>	19,520	86,109
		<b>P22,657,214</b>	P22,050,653	P35,784,857

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 in banks and cash equivalents in 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Fixed income securities	<b>6.26%</b>	5.18%	5.69%
Special savings deposit	<b>4.50%</b>	-	0.84%
Cash equivalents	<b>1.31%</b>	1.36%	s-
Cash in banks	<b>0.19%</b>	0.15%	0.21%

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

	Notes	2019	2018	2017
Financial assets at FVTPL	8	<b>P 22,111,470</b>	P21,580,918	P35,698,748
Cash and cash equivalents	6	<b>545,744</b>	469,735	86,109
		<b>P 22,657,214</b>	P22,050,653	P35,784,857

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

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

	2019	2018	2017
Total comprehensive income for the year	<b>P 108,751,817</b>	(P 203,437,376)	P 349,405,269
Weighted average number of outstanding shares for the purpose of computing basic and diluted earnings per shares	<b>1,741,097,344</b>	2,068,149,068	2,807,645,692
Basic earnings (loss) per share	<b>P 0.062</b>	(P 0.098)	P 0.124
Diluted earnings (loss) per share	<b>P 0.062</b>	(P 0.098)	P 0.124

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	Note	Level 1	Level 2	Total
<b>December 31, 2019</b>				
Investments in listed equity shares	8	<b>P1,182,785,498</b>	<b>P -</b>	<b>P1,182,785,498</b>
Investments in fixed-income securities	8	<b>283,564,970</b>	<b>-</b>	<b>283,564,970</b>
Investments in UITF	8	<b>16,521</b>	<b>-</b>	<b>16,521</b>
		<b>P1,466,366,989</b>	<b>P -</b>	<b>P1,466,366,989</b>
<b>December 31, 2018</b>				
Investments in listed equity shares	8	P1,446,691,964	P -	P1,446,691,964
Investments in fixed-income securities	8	268,269,048	-	268,269,048
Investments in UITF	8	15,934	-	15,934
		P1,714,976,946	P -	P1,714,976,946

The fair values of the special savings deposits are based on discounted cash flow analysis using prevailing market interest rates.

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

UITFs are valued at their published Net Assets Values Per Unit (NAVPU) as at reporting date.

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

There were no transfers between level 1 and 2 in 2019 and 2018.

*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
<b>December 31, 2019</b>					
<b>Financial Assets</b>					
Cash in banks	6	<b>P 1,327,913</b>	<b>P 1,327,913</b>	<b>P -</b>	<b>P 1,327,913</b>
Cash equivalents	6	<b>30,300,000</b>	<b>-</b>	<b>30,300,000</b>	<b>30,300,000</b>
Accrued interest receivable	7	<b>5,601,126</b>	<b>-</b>	<b>5,601,126</b>	<b>5,601,126</b>
Dividends receivable	8	<b>2,316,876</b>	<b>-</b>	<b>2,316,876</b>	<b>2,316,876</b>
		<b>P39,545,915</b>	<b>P 1,327,913</b>	<b>P38,218,002</b>	<b>P39,545,915</b>
<b>Financial Liabilities</b>					
Accrued expenses and other payables	10	<b>P 1,656,311</b>	<b>P -</b>	<b>P1,656,311</b>	<b>P1,656,311</b>
Due to brokers	9	<b>2,483,598</b>	<b>-</b>	<b>2,483,598</b>	<b>2,483,598</b>
Payable to fund manager	11	<b>2,817,537</b>	<b>-</b>	<b>2,817,537</b>	<b>2,817,537</b>
		<b>P 6,957,446</b>	<b>P -</b>	<b>P6,957,446</b>	<b>P6,957,446</b>
<b>December 31, 2018</b>					
<b>Financial Assets</b>					
Cash in banks	6	P 1,889,898	P1,889,898	P -	P 1,889,898
Cash equivalents	6	58,100,000	-	58,100,000	58,100,000
Accrued interest receivable	7	2,981,805	-	2,981,805	2,981,805
Dividends receivable	8	3,331,674	-	3,331,674	3,331,674
		P66,303,377	P1,889,898	P64,413,479	P66,303,377
<b>Financial Liabilities</b>					
Accrued expenses and other payables	10	P12,806,201	P -	P12,806,201	P12,806,201
Payable to fund manager	11	3,774,821	-	3,774,821	3,774,821
		P16,581,022	P -	P16,581,022	P16,581,022

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.

## 18. INCOME TAXES

Details of current tax expense are as follows:

	2019	2018	2017
Final tax	<b>P9,975,932</b>	P10,736,695	P14,824,547
MCIT	<b>57</b>	1,024	97,103
	<b>P9,975,989</b>	P10,737,719	P14,921,650

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

	2019	2018	2017
Accounting profit (loss)	<b>P118,727,806</b>	(P192,699,657)	P364,326,919
Tax expense (benefit) at 30%	<b>P 35,618,342</b>	(P 57,809,897)	P109,298,076
Adjustment for income subject to lower tax rate	<b>3,179,880</b>	4,121,499	24,811,976
Tax effects of:			
Net unrealized fair value loss (gains) on investments	<b>(14,312,602)</b>	62,342,871	(100,014,536)
Unrecognized MCIT	<b>57</b>	1,024	97,103
Unrecognized Net Operating Loss Carry-Over (NOLCO)	<b>13,911,082</b>	16,572,532	6,326,119
Dividend income exempt from tax	<b>(7,442,549)</b>	(8,500,097)	(12,541,718)
Net realized gain on investments	<b>(20,978,221)</b>	(5,990,213)	(13,055,370)
	<b>P 9,975,989</b>	P 10,737,719	P 14,921,650

Details of the Company's NOLCO are as follows:

Year Incurred	Year of Expiry	2018 Balance	Additions	Expired	2019 Balance
2016	2019	P 99,161,379	P -	P99,161,379	<b>P -</b>
2017	2020	21,087,062	-	-	<b>21,087,062</b>
2018	2021	55,241,773	-	-	<b>55,241,773</b>
2019	2022	-	46,370,274	-	<b>46,370,274</b>
		P175,490,214	P46,370,274	P99,161,379	<b>P122,699,109</b>

Details of MCIT are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Year of Expiry
2016	P119,041	P -	P -	P119,041	P -	2019
2017	97,103	-	-	-	97,103	2020
2018	1,024	-	-	-	1,024	2021
2019	57	-	-	-	57	2022
	P217,225	P -	P -	P119,041	P98,184	

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, special savings deposits, 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.



## 19. CONTINGENCY

The Company has no pending legal cases as at December 31, 2019 and 2018 that may have a material effect on the Company's financial position and results of operations.

## 20. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, which includes interest rate, 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, special savings deposits and fixed-income securities. Interest rates of the financial assets are disclosed in Note 15.

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

A 50 basis points increase or decrease in the interest rates had been determined for sensitivity analysis based on the exposure to interest rates for 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 2019, 2018, and 2017:

Change in Interest rates	Increase (Decrease) in Net Profit/ Equity		
	2019	2018	2017
+50 basis	<b>(P8,822,842)</b>	(P3,859,957)	(P14,591,354)
-50 basis	<b>9,336,437</b>	3,951,494	15,545,177

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, 2019, 2018 and 2017 would have increased or decreased by P23,086,403, P28,237,423 and P37,398,159, 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.

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

#### Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults, and transacts only with entities that are rated 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	2019	2018
Cash in banks	6	<b>P 1,327,913</b>	P 59,989,898
Cash equivalents	6	<b>30,300,000</b>	
Financial assets at fair value through profit or loss	8	<b>283,564,970</b>	268,269,048
Accrued interest receivable	7	<b>5,601,126</b>	2,981,805
Dividends receivable	8	<b>2,316,876</b>	3,331,674
		<b>P323,110,885</b>	P334,572,425

#### *ECL measurement*

In 2019 and 2018, ECLs are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

PFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
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 Lifetime PD is developed by analysis of the transition matrices over the maximum life of active loans, which is 15 years.

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	AAA	AA
High	AAA	A
High	AAA	BBB
Satisfactory	AA	BB
Acceptable	B	B
Low	CCC/C	CCC/C

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 gross domestic product (GDP) and unemployment rates.

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 2017 until 2022. 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 50% for the base scenario, and 25% for each of the upside and downside forecast.

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, 2019 and 2018:

	Notes	Credit rating	Category	12m or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
<b>2019</b>							
Cash in banks	6	AAA	Stage 1	12m	P 1,627,913	P -	P 1,627,913
Cash equivalents	6	AAA	Stage 1	12m	30,300,000	-	30,300,000
Accrued interest receivable	7	AAA	Stage 1	12m	5,601,126	-	5,601,126
Dividends receivable	8	AAA	Stage 1	12m	2,316,876	-	2,316,876
					<b>P39,845,915</b>	<b>P -</b>	<b>P39,845,915</b>
<b>2018</b>							
Cash in banks	6	AAA	Stage 1	N/A	P 1,889,898	P -	P 1,889,898
Cash equivalents	6	AAA	Stage 1	N/A	58,100,000	-	58,100,000
Accrued interest receivable	7	AAA	Stage 1	N/A	2,981,805	-	2,981,805
Dividends receivable	8	AAA	Stage 1	N/A	3,331,674	-	3,331,674
					<b>P66,303,377</b>	<b>P -</b>	<b>P66,303,377</b>

### 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 and special savings deposits to assure necessary liquidity. This is also in compliance to SEC Circular 12 series of 2013, Amendments to ICA Rule 35-1.

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

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

	Less than One Month	One Month to One Year	Total
<b>2019</b>			
Accrued expenses and other payables	<b>P1,474,955</b>	<b>P181,356</b>	<b>P1,656,311</b>
Due to brokers	<b>2,483,598</b>	-	<b>2,483,598</b>
Payable to fund manager	<b>2,817,537</b>	-	<b>2,817,537</b>
	<b>P6,776,090</b>	<b>P181,356</b>	<b>P6,957,446</b>
<b>2018</b>			
Accrued expenses and other payables	P12,607,757	P198,444	P12,806,201
Due to brokers	-	-	-
Payable to fund manager	3,774,821	-	3,774,821
	P16,382,578	P198,444	P16,581,022

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	
<b>2019</b>						
Cash in banks	<b>0.19%</b>	<b>P 1,327,913</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P 1,327,913</b>
Cash equivalents	<b>1.31%</b>	<b>30,300,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,300,000</b>
Financial assets at fair value through profit or loss	<b>6.26%</b>	<b>15,551,250</b>	<b>137,435,219</b>	<b>65,197,038</b>	<b>230,651,836</b>	<b>448,835,343</b>
Accrued interest receivable		<b>5,601,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,601,126</b>
Dividends receivable		<b>2,316,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,316,876</b>
		<b>P55,097,465</b>	<b>P137,435,219</b>	<b>P65,197,038</b>	<b>P230,651,836</b>	<b>P488,381,258</b>
<b>2018</b>						
Cash in banks	1.36%	P 1,889,898	P -	P -	P -	P 1,889,898
Cash equivalents	1.31%	58,100,000	-	-	-	58,100,000
Financial assets at fair value through profit or loss	5.18%	15,508,436	227,262,740	120,242,185	-	363,013,361
Accrued interest receivable		2,981,805	-	-	-	2,981,805
Dividends receivable		3,331,674	-	-	-	3,331,674
		P81,811,813	P227,262,740	P120,242,185	P -	P429,316,738

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

## 21. CAPITAL RISK MANAGEMENT

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

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

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

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

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

- a. It does not issue senior securities;
- b. It does not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if, at the time of its incurrence or immediately thereafter, there is asset coverage of at least 300% for all its borrowings;
- c. It does not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own share capital;
- d. It generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects;
- e. It does not invest directly in real estate properties and developments;
- f. It does not purchase or sell commodity futures contracts;
- g. It does not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Company and any 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 1.00% of the net assets attributable to shareholders on each valuation day.

As at December 31, 2019 and 2018, the Company is in compliance with the above requirements and minimum capital requirement of SEC of P50,000,000.

The equity ratio at year-end is as follows:

	<b>2019</b>	2018
Equity	<b>P1,498,703,694</b>	P1,764,375,027
Asset	<b>1,505,924,359</b>	1,781,298,779
Equity ratio	<b>0.995:1</b>	0.990:1

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

The Company's strategy has remained unchanged since 2018.

**22. 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 2019 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 2019 amounted to P232 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 four inter-fund transfers per calendar year.

*Other taxes and licenses*

Details of other taxes and licenses and permit fees paid or accrued in 2019 are as follows:

<b>Charged to Operating Expenses</b>	
Business tax	<b>P212,925</b>
Filing and registration fees	<b>33,075</b>
Residence or community tax	<b>500</b>
Others	<b>1,443</b>
	<b>P247,943</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>P3,678,011</b>	<b>P263,188</b>	<b>3,941,199</b>

**23. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the Company were reviewed and endorsed by the Audit and Compliance Committee for the approval of the Board of Directors on March 10, 2020.

The Board of Directors approved the issuance of the financial statements also on March 10, 2020.

\* \* \*

## INDEPENDENT AUDITORS' 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, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 in accordance with Philippine Standards on Auditing, on which we have rendered an unqualified opinion dated March 10, 2020.

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-G as at and for the year ended December 31, 2019 as required by the Securities and Exchange Commission under Revised SRC Rule 68, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

By:



Avis B. Manlapaz  
Partner

CPA License No. 0074249

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

BIR A.N. 08-002552-008-2019, issued on July 03, 2019; effective until July 02, 2022  
PTR No. A-4689428, issued on January 2, 2020, Taguig City

Taguig City, Philippines  
March 10, 2020





**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DECLARATION**

As at December 31, 2019

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 16,335,294</b>
<b>Adjustments:</b>	
Accumulated unrealized fair value gains as at December 31, 2018	(31,960,696)
Treasury shares as of December 31, 2018	(1,497,246,504)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>P (1,512,871,906)</b>
<b>Net income based on the face of AFS</b>	<b>108,751,817</b>
<b>Adjustments for non-actual (gains) losses</b>	
Effect of movements in accumulated unrealized gains during the year	(47,708,673)
<b>Net Income Actual/Realized</b>	<b>61,043,145</b>
<b>Less: Treasury shares acquired during the year</b>	<b>(374,423,150)</b>
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b>P (1,826,251,912)</b>

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

Schedule of Financial Soundness Indicators and Financial Ratios

December 31, 2019 and December 31, 2018

	Formula	2019	2018
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	208.56:1	105.25:1
b. Quick ratio	Quick Assets/Current Liabilities	208.56:1	105.25:1
c. Cash ratio	Cash/Current Liabilities	4.38:1	3.54:1
d. Days in receivable	Receivable/Revenue * No. of days	N/A	N/A
e. Working capital ratio	(Current Assets/Current Liabilities)/Current Assets	1.00:1	0.99:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	12.77:1	25.05:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	12866.66:1	13192.67:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	0.00	0.00
b. Debt to equity ratio	Total Liabilities/Total Equity	0.00	0.01
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	0.00	0.00
d. Total debt to asset ratio	Total Liabilities/Total Assets	0.00	0.01
Asset to equity ratio	Total Assets/Total Equity	1.00:1	1.01:1
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	101.00%	-274.00%
b. Earnings before interest, taxes and depreciation and amortization	EBITDA/Revenue	101.00%	-274.00%
c. Pre-tax margin	EBIT/Revenue	101.00%	-274.00%
d. Effective tax rate	Income Tax/EBIT	8.40%	-5.57%
e. Post-tax margin	Net Income After Tax/Revenue	92.64%	-288.85%
f. Return on equity	Net Income After Tax/Average Common Equity	6.67%	-10.00%
g. Return on asset	NIAT/Average Total Assets	6.62%	-10.00%
Capital intensity ratio	Total Assets/Revenue	12.83:1	25.29:1
Fixed assets to total assets	Fixed assets/Total assets	N/A	N/A
Dividend payout ratio	Dividends paid/Net Income	N/A	N/A

\* Investment Operations started in October 2013

**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, 2019 and December 31, 2018

	2019			2018		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
<b>Equities</b>						
Aboitiz Power Corporation	34,223,940	1,498,703,694	2.28%	-	1,764,375,027	0.00%
Ayala Corporation	65,196,500	1,498,703,694	4.35%	98,028,000	1,764,375,027	5.56%
Ayala Corporation (ACPB1)	-	1,498,703,694	0.00%	10,010,275	1,764,375,027	0.57%
Ayala Land Inc.	150,357,025	1,498,703,694	10.03%	155,716,428	1,764,375,027	8.83%
Bank of the Philippine Islands	32,402,489	1,498,703,694	2.16%	77,903,346	1,764,375,027	4.42%
BDO Unibank Inc.	107,105,514	1,498,703,694	7.15%	52,184,360	1,764,375,027	2.96%
DMCI Holdings Inc.	9,240,119	1,498,703,694	0.62%	16,894,649	1,764,375,027	0.96%
First Gen Corporation	6,457,710	1,498,703,694	0.43%	8,951,040	1,764,375,027	-
First Gen Corporation (FGENG)	-	1,498,703,694	0.00%	13,866,829	1,764,375,027	0.79%
GT Capital Holdings Inc (GTPPA)	27,462,600	1,498,703,694	1.83%	44,766,000	1,764,375,027	2.54%
GT Capital Holdings Inc (GTPPB)	15,650,000	1,498,703,694	1.04%	25,020,000	1,764,375,027	1.42%
GT Capital Holdings Inc.	23,730,399	1,498,703,694	1.58%	19,217,250	1,764,375,027	-
International Container Terminal Services Inc.	30,546,358	1,498,703,694	2.04%	62,255,000	1,764,375,027	3.53%
JG Summit Holdings Inc.	22,293,528	1,498,703,694	1.49%	-	1,764,375,027	-
Jollibee Foods Corporation	-	1,498,703,694	0.00%	35,669,632	1,764,375,027	2.02%
LT Group, Inc.	-	1,498,703,694	0.00%	14,959,920	1,764,375,027	0.85%
Manila Electric Company	-	1,498,703,694	0.00%	10,541,200	1,764,375,027	0.60%
Megaworld Corporation	4,409,155	1,498,703,694	0.29%	12,683,640	1,764,375,027	0.72%
Metro Pacific Investments Corporation	12,398,927	1,498,703,694	0.83%	33,718,462	1,764,375,027	1.91%
Metropolitan Bank & Trust Company	57,287,443	1,498,703,694	3.82%	83,006,292	1,764,375,027	4.70%
Petron Corporation	-	1,498,703,694	0.00%	7,331,439	1,764,375,027	0.42%
Robinsons Land Corporation	40,787,252	1,498,703,694	2.72%	27,268,612	1,764,375,027	-
Robinsons Retail Holdings, Inc.	16,541,600	1,498,703,694	1.10%	13,927,200	1,764,375,027	0.79%
San Miguel Corporation	62,903,840	1,498,703,694	4.20%	96,348,210	1,764,375,027	5.46%
Security Bank Corporation	46,014,150	1,498,703,694	3.07%	43,666,600	1,764,375,027	2.47%
SM Investments Corporation	121,640,918	1,498,703,694	8.12%	144,580,568	1,764,375,027	8.19%
SM Prime Holdings Inc.	98,912,687	1,498,703,694	6.60%	81,977,346	1,764,375,027	4.65%
Universal Robina Corporation	30,899,500	1,498,703,694	2.06%	-	1,764,375,027	-
Bloomberry Resorts Corporation	9,435,500	1,498,703,694	0.63%	8,319,381	1,764,375,027	0.47%
Puregold Price Club Inc.	-	1,498,703,694	0.00%	32,510,150	1,764,375,027	1.84%
San Miguel Corporation (SMC2B)	-	1,498,703,694	0.00%	2,277,375	1,764,375,027	0.13%
San Miguel Corporation (SMC2F)	12,030,218	1,498,703,694	0.80%	12,728,250	1,764,375,027	0.72%
San Miguel Corporation (SMC2I)	53,542,400	1,498,703,694	3.57%	52,332,000	1,764,375,027	2.97%
San Miguel Corporation (SMC2G)	2,280,000	1,498,703,694	0.15%	2,247,000	1,764,375,027	0.13%
Eagle Cement Corporation	28,633,734	1,498,703,694	1.91%	56,418,178	1,764,375,027	3.20%
Megawide Construction Corporation	-	1,498,703,694	0.00%	13,225,650	1,764,375,027	0.75%
San Miguel Food and Beverage, Inc. (FBP2)	21,162,322	1,498,703,694	1.41%	21,162,322	1,764,375,027	1.20%
San Miguel Food and Beverage, Inc.	17,297,500	1,498,703,694	1.15%	54,979,360	1,764,375,027	3.12%
Philippine National Bank	4,598,850	1,498,703,694	0.31%	-	1,764,375,027	0.00%
EEI CORPORATION	5,581,100	1,498,703,694	0.37%	-	1,764,375,027	0.00%
All Home Corp	11,762,220	1,498,703,694	0.78%	-	1,764,375,027	0.00%
<b>Investments in UITF</b>						
UCPB CASH MANAGEMENT FUND	16,521	1,498,703,694	0.00%	15,934	1,764,375,027	0.00%
<b>Special savings deposits</b>						
SBC	10,000,000	1,498,703,694	0.67%	-	1,764,375,027	0.00%
BPI	1,500,000	1,498,703,694	0.10%	-	1,764,375,027	0.00%
Citibank	3,600,000	1,498,703,694	0.24%	40,700,000	1,764,375,027	2.31%
HSB	15,200,000	1,498,703,694	1.01%	17,400,000	1,764,375,027	0.99%
<b>Treasury Notes</b>						
PIID0321F092	-	1,498,703,694	0.00%	13,493,200	1,764,375,027	0.76%
PIBD1028C635	-	1,498,703,694	0.00%	38,292,800	1,764,375,027	2.17%
PIBD0523C752	-	1,498,703,694	0.00%	28,722,000	1,764,375,027	1.63%
PIBD0725D618	-	1,498,703,694	0.00%	25,612,470	1,764,375,027	1.45%
PIBD2031G171	41,558,550	1,498,703,694	2.77%	-	1,764,375,027	0.00%
US718286BJ59	65,635,700	1,498,703,694	4.38%	-	1,764,375,027	0.00%
US718286BX44	24,958,500	1,498,703,694	1.67%	-	1,764,375,027	0.00%
PIBD1029A644	10,382,220	1,498,703,694	0.69%	-	1,764,375,027	0.00%
PIBD2039A232	141,030,000	1,498,703,694	9.41%	-	1,764,375,027	0.00%

**Bonds**

SMPM 5.159 12/09/23	-	1,498,703,694	0.00%	13,012,515	1,764,375,027	0.74%
ALIPM 5 01/30/24	-	1,498,703,694	0.00%	35,277,809	1,764,375,027	2.00%
SMPM 5.2958 05/19/21	-	1,498,703,694	0.00%	26,498,919	1,764,375,027	1.50%
JGSPM 5.2442 02/27/21	-	1,498,703,694	0.00%	25,485,522	1,764,375,027	1.44%
SMCPM 4.8243 03/01/22	-	1,498,703,694	0.00%	30,733,591	1,764,375,027	1.74%
SMCPM 5.1923 04/07/2022	-	1,498,703,694	0.00%	31,140,222	1,764,375,027	1.76%

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

As of December 31, 2019 and December 31, 2018

	2019			2018		
	Investment (Shares)	Outstanding Securities	% over Investee	Investment (Shares)	Outstanding Securities	% over Investee
<b>Equities</b>						
Aboitiz Power Corporation	1,000,700	7,358,604,307	0.01%	-	-	-
Ayala Corporation	83,000	625,701,136	0.01%	108,920	630,627,482	0.02%
Ayala Corporation (ACPB1)	-	-	-	22,495	20,000,000	0.11%
Ayala Land Inc.	3,304,550	14,719,962,101	0.02%	3,835,380	14,734,881,081	0.03%
Bank of the Philippine Islands	368,629	4,507,071,644	0.01%	828,759	4,506,944,439	0.02%
BDO Unibank Inc.	677,883	4,381,953,364	0.02%	398,963	4,374,615,454	0.01%
DMCI Holdings Inc.	1,397,900	13,277,470,000	0.01%	1,321,960	13,277,470,000	0.01%
First Gen Corporation	267,400	3,603,224,505	0.01%	448,000	3,639,239,057	0.01%
First Gen Corporation (FGENG)	-	-	-	137,024	126,195,800	0.11%
GT Capital Holdings Inc (GTPPA)	27,740	4,839,240	0.57%	49,740	4,839,240	1.03%
GT Capital Holdings Inc (GTPPB)	15,650	7,160,760	0.22%	27,800	7,160,760	0.39%
GT Capital Holdings Inc.	28,017	215,284,587	0.01%	19,710	199,337,584	0.01%
International Container Terminal Services Inc.	237,530	2,000,647,076	0.01%	622,550	2,011,573,443	0.03%
JG Summit Holdings Inc.	275,910	7,162,841,657	0.00%	-	-	-
Jollibee Foods Corporation	-	-	-	122,240	1,090,252,815	0.01%
LT Group, Inc.	-	-	-	901,200	10,821,388,889	0.01%
Manila Electric Company	-	-	-	27,740	1,127,098,705	0.00%
Megaworld Corporation	1,099,540	32,240,945,872	0.00%	2,670,240	32,239,445,872	0.01%
Metro Pacific Investments Corporation	3,562,910	31,569,338,752	0.01%	7,266,910	31,514,848,752	0.02%
Metropolitan Bank & Trust Company	864,064	4,497,415,555	0.02%	1,025,402	3,980,015,036	0.03%
Petron Corporation	-	-	-	950,900	9,375,104,497	0.01%
Robinsons Land Corporation	1,480,481	5,193,830,685	0.03%	1,353,281	5,193,830,685	0.03%
Robinsons Retail Holdings, Inc.	206,770	1,576,489,360	0.01%	174,090	1,576,489,360	0.01%
San Miguel Corporation	383,560	2,378,524,978	0.02%	655,430	2,378,524,978	0.03%
Security Bank Corporation	235,970	753,538,887	0.03%	281,720	753,538,887	0.04%
SM Investments Corporation	116,626	1,204,582,867	0.01%	157,581	1,204,582,867	0.01%
SM Prime Holdings Inc.	2,349,470	28,879,231,694	0.01%	2,289,870	28,879,231,694	0.01%
Universal Robina Corporation	213,100	2,204,161,868	0.01%	-	-	-
Bloomerry Resorts Corporation	835,000	10,973,470,001	0.01%	884,100	11,008,675,899	0.01%
Puregold Price Club Inc.	-	-	-	756,050	2,765,381,406	0.03%
San Miguel Corporation (SMC2B)	-	-	-	30,365	90,428,200	0.03%
San Miguel Corporation (SMC2F)	158,710	223,333,500	0.07%	169,710	223,333,500	0.08%
San Miguel Corporation (SMC2I)	712,000	169,333,400	0.42%	712,000	169,333,400	0.42%
San Miguel Corporation (SMC2G)	30,000	66,666,600	0.05%	30,000	66,666,600	0.05%
Eagle Cement Corporation	1,926,900	5,000,000,005	0.04%	3,649,300	5,000,000,005	0.07%
Megawide Construction Corporation	-	-	-	714,900	2,084,295,417	0.03%
San Miguel Food and Beverage, Inc. (FBP2)	21,226	15,000,000	0.14%	21,226	15,000,000	0.14%
San Miguel Food and Beverage, Inc.	203,500	5,909,220,090	0.00%	670,480	5,909,220,090	0.01%
Philippine National Bank	133,300	1,525,764,850	0.01%	-	-	-
EEL CORPORATION	569,500	1,036,281,485	0.05%	-	-	-
All Home Corp	1,010,500	3,750,000,002	0.03%	-	-	-
<b>Investments in UITF</b>						
UCPB CASH MANAGEMENT FUND	11,985	589,275,108	-	11,985	**	-
<b>Special savings deposits</b>						
SBC	10,000,000	**	-	-	**	-
BPI	1,500,000	**	-	-	**	-
Citibank	3,600,000	**	-	40,700,000	**	-
HSB	15,200,000	**	-	17,400,000	**	-

**Treasury Notes**

PIID0321F092	-	121,765,450,000	0.00%	13,493,200	121,765,450,000	0.01%
PIBD1028C635	-	7,990,000,000	0.00%	38,292,800	7,990,000,000	0.48%
PIBD0523C752	-	12,039,000,000	0.00%	28,722,000	12,039,000,000	0.24%
PIBD0725D618	-	7,932,000,000	0.00%	25,612,470	7,932,000,000	0.32%
PIBD2031G171	33,000,000	255,837,150,000	0.01%	-	**	-
US718286BJ59	65,000,000	**	0.00%	-	**	-
US718286BX44	25,000,000	**	0.00%	-	**	-
PIBD1029A644	9,000,000	40,000,000,000	0.02%	-	**	-
PIBD2039A232	120,000,000	31,504,000,000	0.38%	-	**	-

**iii Total Investment in Liquid or Semi-Liquid Assets to Total Assets**

As of December 31, 2019 and December 31, 2018

	<b>2019</b>	<b>2018</b>
Total Liquid and Semi-Liquid Assets	1,505,912,904	1,781,280,323
TOTAL ASSETS	1,505,924,358	1,781,299,254
<b>Total Investment in Liquid or Semi-Liquid Assets to Total Assets</b>	<b>100%</b>	<b>99.99%</b>

**iv. Total Operating Expenses to Total Net Worth**

As of December 31, 2019 and December 31, 2018

	<b>2019</b>	<b>2018</b>
Total Operating Expenses	42,134,370	48,607,359
Average Daily Net Worth	1,697,473,794	1,955,993,228
<b>Total Operating Expenses to Total Net Worth</b>	<b>2.48%</b>	<b>2.49%</b>

**v. Total Assets to Total Borrowings**

As of December 31, 2019 and December 31, 2018

	<b>2019</b>	<b>2018</b>
Total Assets	1,505,924,358	1,781,299,254
Total Borrowings	7,220,664	16,924,227
<b>Total Assets to Total Borrowings</b>	<b>20856%</b>	<b>10525%</b>

\* Investment Operations started in October 2013

**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, 2019**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Table of Contents	
A. Financial Assets	<b><u>2</u></b>
B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)	<b><u>N.A.</u></b>
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<b><u>N.A.</u></b>
D. Long-Term Debt	<b><u>N.A.</u></b>
E. Indebtedness to Related Parties	<b><u>3</u></b>
F. Guarantees of Securities of Other Issuers	<b><u>N.A.</u></b>
G. Capital Stock	<b><u>4</u></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, 2019**

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	252,000,000	P 283,564,970	P 22,107,763
<b>Equity shares:</b>			
Ayala Corporation	83,000	65,196,500	
Ayala Land Inc.	3,304,550	150,357,025	
Aboitiz Power Corporation	1,000,700	34,223,940	
BDO Unibank Inc.	677,883	107,105,514	
Bank of the Philippine Islands	368,629	32,402,489	
DMCI Holdings Inc.	1,397,900	9,240,119	
First Gen Corporation	267,400	6,457,710	
International Container Terminal Services Inc.	237,530	30,546,358	
JG Summit Holdings Inc.	275,910	22,293,528	
Metropolitan Bank & Trust Company	864,064	57,287,443	
Megaworld Corporation	1,099,540	4,409,155	
Metro Pacific Investments Corporation	3,562,910	12,398,927	
Philippine National Bank	133,300	4,598,850	
Robinsons Land Corporation	1,480,481	40,787,252	
Security Bank Corporation	235,970	46,014,150	
SM Investments Corporation	116,626	121,640,918	
SM Prime Holdings Inc.	2,349,470	98,912,687	
Universal Robina Corporation	213,100	30,899,500	
San Miguel Corporation	383,560	62,903,840	
EEI CORPORATION	569,500	5,581,100	
Bloombery Resorts Corporation	835,000	9,435,500	
GT Capital Holdings Inc.	28,017	23,730,399	
Robinsons Retail Holdings, Inc.	206,770	16,541,600	
San Miguel Food and Beverage, Inc. (FBP2)	21,226	21,162,322	
GT Capital Holdings Inc (GTPPA)	27,740	27,462,600	
GT Capital Holdings Inc (GTPPB)	15,650	15,650,000	
San Miguel Corporation (SMC2F)	158,710	12,030,218	
San Miguel Corporation (SMC2I)	712,000	53,542,400	
San Miguel Food and Beverage, Inc.	203,500	17,297,500	
San Miguel Corporation (SMC2G)	30,000	2,280,000	
Eagle Cement Corporation	1,926,900	28,633,734	
All Home Corp	1,010,500	11,762,220	
	23,798,036	1,182,785,498	24,808,497
<b>Investments in UITF</b>			
UCPB Cash Management Fund	11,985	16,521	
	11,985	16,521	
<b>TOTAL</b>	<b>275,810,021</b>	<b>P 1,466,366,989</b>	<b>P46,916,259</b>

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

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

**SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES**

**As at December 31, 2019**

Name of Related Party	Relationship	Balance at beginning of period	Balance at end of period
Sun Life Asset Management Company, Inc.	Fund Manager	P3,774,821	P2,817,537



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

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

**SCHEDULE G - CAPITAL STOCK**

**As at December 31, 2019**

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	-	549,999,995	5	2,956,967,024
Treasury Shares	-	(1,969,497,268)	-	-	-	(1,969,497,268)
<b>TOTAL</b>	<b>5,200,000,000</b>	<b>1,537,469,756</b>	<b>-</b>	<b>549,999,995</b>	<b>5</b>	<b>987,469,756</b>



107222019005440



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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### Company Representative

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### Company Information

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SEC Registration No. CS201215846  
Company Name SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
Industry Classification Pension Fund/Fund Management  
Company Type Stock Corporation

### Document Information

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Document ID 107222019005440  
Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)  
Document Code 17-C  
Period Covered July 19, 2019  
No. of Days Late 0  
Department CFD  
Remarks



The foregoing shall be resubmitted for approval in the continuation of the Annual Stockholders' Meeting on 13 September 2019, 1:00 p.m., at the 2/F A. Wood, Sun Life Centre, 5<sup>th</sup> Avenue cor. Rizal Drive, BGC, Taguig City.

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:	Jemilyn S. Camania
Asst. Corp. Secretary:	Anna Katrina C. Kabigting-Ibero
Compliance Officer:	Ajee T. Co
Data Protection Officer:	Ajee T. Co
Risk Officer:	Ria V. Mercado
Internal Auditor:	Joel O. Bungabong
Nomination Committee:	Aleli Angela G. Quirino (Chairman), Benedicto C. Sison and Maria Josefina A. Castillo; and
Audit and Compliance Committee:	Oscar S. Reyes (Chairman), Aleli Angela G. Quirino and Benedicto C. Sison
Representatives to the Philippine Investment Funds Association, Inc.:	
Primary:	President/Maria Josefina A. Castillo
Alternate:	Any one (1) of the following: Treasurer; 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); Head (MF Institutional Sales, SLAMC); Head (Strategic Development, SLAMC) or such other person as may be designated by the President in the exercise of her sound discretion.

**Item 9 (b). Other Events.** The Board has unanimously confirmed the continuation of the Management Agreement and Distribution Agreement with Sun Life Asset Management Company, Inc.

#### SIGNATURES

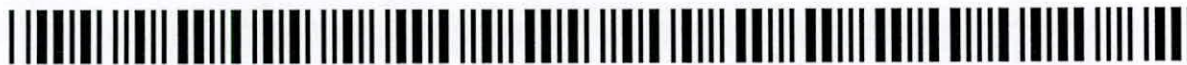
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

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

Issuer

Date: 19 July 2019

  
**Anna Katrina C. Kabigting-Ibero, Assistant Corporate Secretary**  
Signature and Title



109172019000693



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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SEC Registration No. CS201215846  
Company Name SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
Industry Classification Pension Fund/Fund Management  
Company Type Stock Corporation


### Document Information

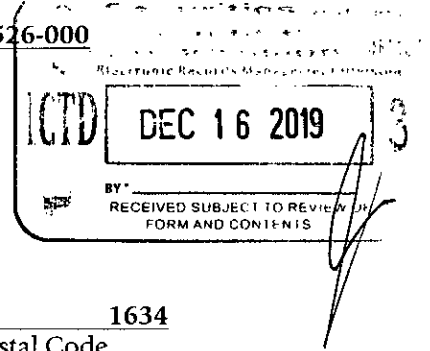
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Document ID 109172019000693  
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Document Code 17-C  
Period Covered September 16, 2019  
No. of Days Late 0  
Department CFD  
Remarks



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 December 2019  
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) 555-8888  
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 2019)
---------------------	--

<u>Common (Unclassified)</u>	<u>1,547,864,233</u>
------------------------------	----------------------

10. Indicate the item numbers reported herein: **Item 4 (d), Item 9 (b). Other Events.**

During the regular meeting of the Board of Directors of the Issuer held on 10 December 2019 at 10:30 a.m. at the Board Room, 6<sup>th</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, where a quorum was present and acting throughout, the following items were unanimously approved:

**Item 4 (d).** Reorganization of the Audit and Compliance Committee: Pursuant to SEC Memorandum Circular No. 21-2019 on 24 September 2019, which requires the mutual fund companies to make changes to the mandate of their Audit & Compliance Committees, including their composition, in order to perform the responsibilities of an Independent Oversight Committee ("IOC"), the following reorganization shall be implemented:

Chairman:      Oscar S. Reyes (independent)  
 Members:      Aleli Angela G. Quirino (independent) & Oscar M. Orbos (independent)

To comply with the requirements of the aforesaid Memorandum Circular, attached as Annex "A" is the approved amended Audit & Compliance Committee Charter, which will be included in the Manual on Corporate Governance.

**Item 9 (b). Other Events:** SEC Memorandum Circular No. 15- 2019: Verification of Beneficial Owners: In compliance with the foregoing Memorandum Circular, the guidelines for verifying the beneficial ownership (herein attached as Annex "B"), to serve as proof of Board oversight shall be implemented.

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: 13 December 2019

Anna Katrina C. Kabisigting-Libero, Assistant Corporate Secretary  
Signature and Title

## Annex "A"

### Sun Life Prosperity Funds

#### Audit and Compliance Committee Charter

##### 1. Audit and Compliance Committee

1.1 The Audit and Compliance Committee shall be composed of at least three (3) members of the Board, all of whom shall be independent Directors. Each member shall have at least an adequate understanding of, or competence in, most of the Corporation's financial management systems and environment and shall preferably have an accounting and finance background.

##### 1.2 Duties and Responsibilities

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- d. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f. Organize an internal audit department, and consider the appointment of an independent Internal Auditor and the terms and conditions of its engagement and removal;



- g. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- h. Review the reports submitted by the internal and external auditors.
- i. Review the quarterly and half-year, if any, and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - o Any change in accounting policies and practices
  - o Major judgmental areas
  - o Significant adjustments resulting from the audit
  - o Going concern assumptions
  - o Compliance with accounting standards
  - o Compliance with tax, legal and regulatory requirements.
- j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- l. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Compliance Committee. The Audit and Compliance Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
- m. Acting as an Independent Oversight Committee:
  - o Hear reports from the i) Chief Investment Officer and ii) President of Sun Life Asset Management Company, Inc. ("SLAMCI" or the "Fund Manager") regarding the performance of the Sun Life Prosperity Funds;
  - o Exercise care and diligence when monitoring the transactions and functions of the Fund Manager;
  - o Oversee the transactions and functions of the Fund Manager to ensure compliance with disclosures made in the Registration Statement ("RS"), prospectus, the Investment Company Act, Securities Regulation Codes, and their implementing rules and regulations ("IRR"). For cross-border offerings or transactions, in addition to the abovementioned, oversee the

transactions of the Fund Manager in order to ensure that it also complies with the standards/requirements of bilateral or multilateral agreements allowing cross-border offering/transaction that the Philippines is party to;

- Oversee the subscription and redemption of shares or units facilitated by the Fund Manager and approve the request of the Fund Manager in the case of suspension of redemption of shares or units whenever necessary for the protection of the investors subject to the rules on Suspension of Redemption provided under Rule 10.4 of ICA-IRR;
- Oversee the activities of the Fund Manager in order to ensure that it complies with the rules on investment restrictions/limitations, liquidity requirements and other regulations involving the operationalization of the investment objectives, investment policy, or strategy of the Sun Life Prosperity Funds;
- Oversee the transactions of the Fund Manager to ensure that delegation will not result in unnecessary fees to be paid by the Sun Life Prosperity Funds and ensure that it will not delegate its function to the extent that it becomes a letter box such as when it no longer has the power to take decisions in the implementation of the investment policy and strategies nor retain the suitable processes to monitor, control the activities and evaluate the performance of the delegate;
- If, in the reasonable opinion of the Committee, the Fund Manager has not complied with any of the laws, rules, or regulations applicable to the Sun Life Prosperity Funds and/or it failed to report to the Commission the said non-compliance, notify the Securities and Exchange Commission ("SEC") of its opinion, including particulars of the non-compliance, not later than 5 business days after forming the opinion or upon knowledge of the non-compliance. The notification shall be done by filing an SEC Form 17-C. It shall also notify, without delay, the members of the respective Boards of Directors of the relevant Sun Life Prosperity Funds so that the relevant Board can apprise the Fund Manager of the said non-compliance and address any resulting breach;
- Report to the SEC, any act of the Fund Manager that in its opinion may be detrimental to the interests of the shareholders or unitholders even if the said act is not in violation of any law, rule or regulation, not later than 5 business days from knowledge thereof; and
- If necessary, recommend to the Board of Directors of the relevant Sun Life Prosperity Fund that the Fund Manager be removed due to its inability to fulfill its functions.

## Annex “B”

### Procedures for Verifying Beneficial Ownership

**Introduction.** The Securities and Exchange Commission (SEC) issued Memorandum Circular No. 15, series of 2019, to amend the General Information Sheet (GIS) to include Beneficial Ownership Information. The Directors and Officers of the reporting corporation are required to exercise due diligence in the disclosure of Company’s beneficial owner(s). Due diligence is deemed complied with if reasonable measures are undertaken to obtain and hold updated information on the beneficial owner(s) of the reporting corporation and timely disclosed in the GIS.

**Process for verifying and disclosing beneficial ownership.** The Corporate Secretary, under the supervision of the Board of Directors and Senior Management, shall be in charge of obtaining, updating, and recording of the beneficial ownership information and its disclosure in the GIS.

**Determination of Beneficial Ownership.** The Corporate Secretary shall determine whether the shareowners fall under any of the following categories of Beneficial Owners, as defined in SEC Memorandum Circular No. 15, s. 2019:

“**Beneficial Owner**” refers to any natural person(s) who ultimately own(s) or control(s) or exercise(s) ultimate effective control over the corporation. This definition covers the natural person(s) who actually own or control the corporation as distinguished from the legal owners as defined herein. Such beneficial ownership may be determined on the basis of the following:

Category	Description
A	Natural person(s) owning, directly or indirectly or through a chain of ownership, at least 25% of the voting rights, voting shares or capital of the reporting corporation. This is without prejudice to ownership thresholds that may be imposed by other regulators.
B	Natural person(s) who exercise control over the reporting corporation, alone or together with others, through any contract, understanding, relationship, intermediary or tiered entity.
C	Natural person(s) having the ability to elect a majority of the board of directors or any similar body, of the corporation.
D	Natural person(s) having the ability to exert a dominant influence over the management or policies of the corporation.
E	Natural person(s) whose directions, instructions, or wishes in conducting the affairs of the corporation are carried out by majority of the members of the Board of Directors of such corporation who are accustomed or under an obligation to act in accordance with such person’s directions, instructions or wishes.

<b>F</b>	Natural person(s) acting as stewards of the properties of corporations, where such properties are under the care or administration of said natural person(s).
<b>G</b>	Natural person(s) who actually own or control the reporting corporation through nominee shareholders or nominee directors acting for or on behalf of such natural persons.
<b>H</b>	Natural person(s) ultimately owning or controlling or exercising ultimate effective control over the corporation through other means not falling under any of the foregoing categories.
<b>I</b>	Natural person(s) exercising control through positions held within a corporation (i.e., responsible for strategic decisions that fundamentally affect the business practices or general direction of the corporation such as the members of the Board of Directors or similar body within the corporation; or exercising executive control over the daily or regular affairs of the corporation through a senior management position). This category is only applicable in exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, the reporting corporation having exhausted all reasonable means of identification and provided there are no grounds for suspicion.
<b>Sec. 6</b>	If there is no natural person who is a beneficial owner, then the Board and CEO of the corporation that ultimately owns the local corporation should be disclosed. The reporting corporation must show that it has exhausted all other means of identifying the beneficial owner, subject to verification and monitoring by the SEC.

**“Direct Ownership”** refers to the ownership of shares in the reporting corporation and not through ownership of shares in a corporate shareholder nor any intermediate layers of corporate shareholders.

**“Dominant Influence”** refers to a situation where the instructions or directions given by any natural person, who may or may not be a stockholder of the reporting corporation, on the management or policies of the corporation, are always or almost always followed or carried out.

**“Indirect Ownership”** refers to the type of ownership through one’s percentage of ownership in a corporate shareholder of a corporation or through layers of corporate shareholders.

**“Legal Owner”** means the natural or juridical person who, in accordance with the pertinent provisions of Philippine law, owns or has the controlling ownership interest over the corporation or has the ability of taking relevant decisions within the corporation and impose those resolutions.

**“Senior Managing Official”** refers to the natural person who exercises executive control over the daily or regular affairs of the corporation through a senior management position, such as a Chief Executive Officer (CEO), Chief Financial Officer (CFO), managing or executive director, or President.

**“Ultimate Effective Control”** refers to any situation in which ownership/control is exercised through actual or a chain of ownership or by means other than direct control. This may be achieved through, but not limited to, any of the following situations:

- a) Direct or indirect ownership of at least 25% of the voting shares or capital of a corporation or otherwise has or share voting power, which includes the power to vote, or to direct the voting of, such security; and/or investment returns of power, which includes the power to dispose of, or to direct, the disposition of such security;
- b) The ability to elect a majority of the Board of Directors, or any similar body, of a legal person or arrangement; or
- c) Any situation in which:
  - (i) A person has the ability in fact to exert a dominant influence over the management or policies of a legal person or arrangement; or
  - (ii) A majority of the members of the Board of Directors of such legal person or arrangement, or any equivalent body, are accustomed or under an obligation, whether formal or informal, to act in accordance with a given person’s directions, instructions, or wishes in conducting the affairs of the legal person or arrangement.

**Disclosure of Beneficial Ownership Information.** The Corporate Secretary shall provide timely access to adequate, accurate, and current information on the beneficial ownership and control to competent authorities, and shall take reasonable measures to obtain and hold up-to-date information on beneficial owners and disclose the same in a timely manner in the GIS. The following information on the beneficial owner shall be provided:

- a) Complete name which shall include the surname, given name, middle name and name extension (i.e., Jr., Sr., III);
- b) Specific residential address;
- c) Date of Birth;
- d) Nationality;
- e) Tax identification number; and
- f) Percentage of ownership, if applicable.

The SEC shall be timely apprised of relevant changes in the submitted beneficial ownership information as they arise. An updated GIS shall be submitted to the SEC within 7 working days after such change occurred or became effective.

**Obligation of the Directors and Officers.** The Directors and Officers of the reporting corporation are required to exercise due diligence in the disclosure of the Company’s beneficial owner. Due diligence is deemed complied with if reasonable measures are undertaken to obtain and hold updated information on the beneficial owner(s) of the reporting corporation and timely disclosed in the GIS. Oversight of the Board and Senior Management in ensuring the procedures are observed is also part of the due diligence measures.

# 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)

**SEC 17 - C**

**1 2**    **3 1**  
 Month    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
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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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 April 2019  
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.  (SEC Use Only)  
Province, country or other jurisdiction of incorporation      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) 555-8888  
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 March 2019)
<u>Common (Unclassified)</u>	<u>1,843,130,241</u>

10. Indicate the item numbers reported herein: **Item 9(b). Other events.**

During the special meeting of the Board of Directors of the Issuer held on 22 April 2019 at the Board Room, 6<sup>th</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, where a quorum was present and acting throughout, the item below was unanimously approved:

1. Nomination of Ms. Valerie N. Pama as 6<sup>th</sup> Director, subject to the approval of the Securities and Exchange Commission of the Company's amended Articles of Incorporation.

**SIGNATURES**

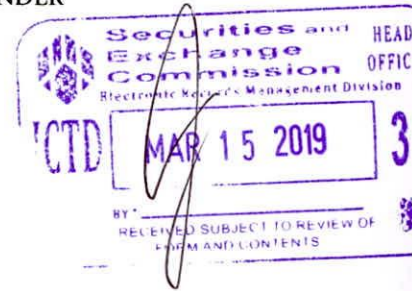
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sun Life Prosperity Dynamic Fund, Inc.  
Issuer

Anna Katrina C. Kabigting-Ibera, Assistant Corporate Secretary  
Signature and Title

Date: 23 April 2019

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. 14 March 2019  
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) 555-8888  
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 2019)
<u>Common (Unclassified)</u>	<u>1,860,668,798</u>

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 12 March 2019 at the Board Room, 6<sup>th</sup> Floor, Sun Life Centre, 5<sup>th</sup> Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, where a quorum was present and acting throughout, the following matters were unanimously approved:

1. The 2018 Audited Financial Statements, as endorsed by its Audit and Compliance Committee
2. The Manual on Corporate Governance and the charters of the Board Committees without any changes. (attached copy of MOCG)
3. The closing of the Issuer's Stock & Transfer Book on 30 April 2019 for the purpose of determining the stockholders entitled to notice of and to attend the annual stockholders' meetings set on 17 July 2019.

**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, Assistant Corporate Secretary  
Signature and Title

Date: 14 March 2019





## MANUAL ON CORPORATE GOVERNANCE

### *THE SUN LIFE PROSPERITY FUNDS*

The Boards of Directors and Management, *i.e.*, officers, of the Sun Life Prosperity Funds, namely, the Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc., Sun Life Prosperity Dynamic Fund, Inc., Sun Life Prosperity Philippine Stock Index Fund, Inc., Sun Life Prosperity Dollar Wellspring Fund, Inc., Sun Life Prosperity World Voyager Fund, Inc., Sun Life Prosperity Dollar Starter Fund, Inc., Deca Homebuilder Fund, Inc., Sun Life Prosperity Achiever Fund 2028, Inc., Sun Life Prosperity Achiever Fund 2038, Inc. and Sun Life Prosperity Achiever Fund 2048, Inc. (individually referred to as the "Corporation"), hereby commit themselves to the principles and best practices contained in this Manual on Corporate Governance ("Manual"), and acknowledge that the same may guide the attainment of their corporate goals.

#### I. OBJECTIVE

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors (the "Board") and Management, employees, and shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

For purposes of this Manual, "**Management**" is the body given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the corporation.

#### II. COMPLIANCE SYSTEM

##### A. Board of Directors

The Board shall be composed of at least five (5), but not more than fifteen (15), members who are elected by the shareholders.

Compliance with the principles of good corporate governance shall start with the Board.

It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with

its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

The Board should formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.

#### 1. Composition of the Board

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

The Board shall have at least two (2) independent Directors or such independent Directors as shall constitute at least twenty percent (20%) of the members of such Board, whichever is lesser.

#### 2. Independent Director

An "**Independent Director**" is a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. This means that apart from the Directors' fees and shareholdings, he should be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment.

Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

#### 3. Executive/Non-Executive Director

An "**Executive Director**" is a director who is also the head of a department or unit of the Corporation or performs any work related to its operation; while a "**Non-executive Director**" is a director who is not the head of a

department or unit of the Corporation nor performs any work related to its operation.

#### 4. Remuneration

The levels of remuneration of the Corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.

#### 5. Specific Duties and Functions

To ensure a high standard of best practice for the Corporation and its stakeholders, the Board shall:

- 5.1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies; appoint competent, professional, honest and highly-motivated management officers; and adopt an effective succession planning program for Management.
- 5.2. Provide sound strategic policies and guidelines to the Corporation on major capital expenditures; establish programs that can sustain its long-term viability and strength; and periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
- 5.3. Ensure the Corporation's faithful compliance with all applicable laws, regulations and best business practices.
- 5.4. Establish and maintain an investor relations program that will keep the shareholders informed of important developments in the corporation. If feasible, the Corporation's Chief Executive Officer or Chief Financial Officer shall exercise oversight responsibility over this program.
- 5.5. Identify the stakeholders and sectors in the community in which the Corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
- 5.6. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to

ensure the integrity of the decision-making and reporting processes at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness.

- 5.7. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability.
- 5.8. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
- 5.9. Constitute an Audit and Compliance Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
- 5.10. Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, including the regulatory authorities.
- 5.11. Meet at such times or frequency as may be needed. The minutes of such meetings should be duly recorded. Independent views during Board meetings should be encouraged and given due consideration.
- 5.12. Keep the activities and decisions of the Board within its authority under the Articles of Incorporation and By-laws, and in accordance with existing laws, rules and regulations.
- 5.13. Appoint a Compliance Officer who shall have the rank of at least vice president or its equivalent. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.

## 6. Duties and Responsibilities of a Director

A Director's office is one of trust and confidence. A Director shall act in a manner characterized by transparency, accountability and fairness.

A Director shall have the following duties and responsibilities:

- Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions;
- Devote time and attention necessary to properly discharge his duties and responsibilities;
- Act judiciously;
- Exercise independent judgment;
- Have a working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Securities and Exchange Commission (the "Commission"), and where applicable, the requirements of other regulatory agencies;
- Observe confidentiality;
- Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment;
- Accomplish the Board Effectiveness Questionnaire annually or as often as the Compliance Officer or the proper regulatory authority would require; and
- Attend a seminar on corporate governance conducted by a duly recognized private or government institute before assuming the duties of a Director or as soon as practicable thereafter.

#### 7. The Chairman of the Board

The roles of Chairman of the Board and Chief Executive Officer should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and Chief Executive Officer upon their election.

If the positions of Chairman and Chief Executive Officer are unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The Chairman shall be a Director who shall have the following duties in addition to the above:

- Act as Chairman of meetings of the Board;
- Schedule meetings to enable the Board to perform its duties responsibly without interfering with the flow of the Corporation's operations;
- Exercise control over quality, quantity and timeliness of the flow of information between Management and the Board;
- Assist in ensuring compliance with the Manual; and
- Such other duties as may be assigned to him by law and pertinent regulations from the proper authorities.

## B. Board Committees

To aid in complying with the principles of good corporate governance, the Board shall constitute the following committees:

### 1. Audit and Compliance Committee

1.1 The Audit and Compliance Committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent Director. Each member shall have at least an adequate understanding of, or competence in, most of the Corporation's financial management systems and environment and shall preferably have an accounting and finance background.

### 1.2 Duties and Responsibilities

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c. Perform oversight functions over the Corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties

and personnel to enable them to perform their respective audit functions;

- d. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f. Organize an internal audit department, and consider the appointment of an independent Internal Auditor and the terms and conditions of its engagement and removal;
- g. Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;
- h. Review the reports submitted by the internal and external auditors.
- i. Review the quarterly and half-year, if any, and annual financial statements before their submission to the Board, with particular focus on the following matters:
  - Any change in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements.
- j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;



1. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit and Compliance Committee. The Audit and Compliance Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

## 2. Nomination Committee

Each Board shall create a Nomination Committee which shall have at least three (3) members of the Board, one (1) of whom must be an independent Director.

- 2.1 The Nomination Committee shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the following qualifications and disqualifications:

### Qualifications:

- a. Holder of at least one (1) share of stock of the Corporation;
- b. Filipino;
- c. At least twenty-five (25) years of age at the time of his election;
- d. At least a college graduate or have at least five (5) years experience in business or have undergone training in equity fund management or similar/related business;
- e. Proven to possess integrity and probity; and
- f. Assiduous.

### Grounds for Permanent Disqualification:

- g. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust

company, investment house or as an affiliated person of any of them;

- h. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.
- i. The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas ("BSP"), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- j. Any person by final judgment or order by a court of competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- k. Any person finally found by the Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation, or order of the Commission or BSP;
- l. Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;

- m. Any person judicially declared to be insolvent;
- n. Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- o. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and
- p. Any person possessing any of the disqualifications for serving as Director as may be provided by the Securities Regulation Code, Corporation Code, Investment Company Act or any other applicable law, including their amendments and implementing rules and regulations, and such regulations as may be issued by the Securities and Exchange Commission.

#### Grounds for Temporary Disqualification

- q. Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its implementing rules and regulations. This disqualification shall be in effect for as long as his refusal persists;
- r. Dismissal/termination from directorship in another corporation covered by the Commission's Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009, hereinafter referred to as the "Code") for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- s. Being under preventive suspension by the Corporation;
- t. If the independent Director becomes an officer or employee of the Corporation, he shall be automatically disqualified from being an independent Director;
- u. While conviction by final judgment is required for disqualification, conviction that has not yet become final is a ground for temporary disqualification, which shall be lifted upon his acquittal or become permanent upon his final conviction.

- 2.2 Nomination of Directors shall be conducted by the Nomination Committee prior to a stockholders' meeting.
- 2.3 All nomination for Directors and Independent Directors to be elected by the shareholders shall be submitted in writing to the Corporate Secretary of the Corporation at its principal office not earlier than ninety (90) business days nor later than eighty (80) business days prior to the date of the regular or special meeting of shareholders for the election of directors. Nominations that are not submitted within such nomination period shall not be valid. Only a shareholder of record entitled to notice of and to vote at the regular or special meeting of the shareholders for the election of directors shall be qualified to be nominated and elected a director of the Corporation.
- 2.4 All nominations shall be signed by the nominating shareholders together with the acceptance and conformity by the would-be nominees.
- 2.5 The nominations shall thereafter be submitted to the Nomination Committee, which shall convene to determine the qualification of the nominees for Directors and Independent Directors. After convening, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the required information about all the nominees for Directors, which list shall be made available to the Commission and to all shareholders as required by pertinent laws, rules and regulations or in such other reports the Corporation is required to submit to the Securities and Exchange Commission.
- 2.6 Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting, except in those circumstances allowed by law, rules and regulations.
- 2.7 In consultation with the Executive or Management Committee/s, the Nomination Committee shall redefine the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
- 2.8 The Nomination Committee shall consider the following guidelines in the determination of the number of directorships a member of the Board may hold:

- The nature of the business of the other corporation/s in which he is a director;
- Age of the Director;
- Active memberships and positions held in other corporations or organizations; and
- Possible conflicts of interest.

The optimum number shall be related to the capacity of a Director to perform his duties diligently in general.

2.9 The Chief Executive Officer and other executive Directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive Directors who serve as full-time executives in other corporations. In any case, the capacity of Directors to serve with diligence shall not be compromised.

#### C. Compliance Officer

1. To ensure adherence to corporate principles and best practices, the the Board shall appoint a Compliance Officer. The Compliance Officer shall have direct reporting responsibilities to the Audit and Compliance Committee. He shall have direct access to the Board.
2. The Compliance Officer shall perform the following duties:
  - Monitor compliance with the provisions and requirements of this Manual;
  - Appear before the Commission upon summons on matters relative to this Manual that need to be clarified by the same;
  - Determine violation/s of the Manual and recommend the penalty for violation thereof for further review and approval of the Board;
  - Issue a certification every January 30<sup>th</sup> of the year or on such date as may be determined by the proper regulatory authority on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s for the latter's deviation from the same;

- Identify and monitor compliance with the rules and regulations of regulatory agencies, and take appropriate corrective measures to address all regulatory issues and concerns ; and
  - Release the Board Effectiveness Questionnaire at least annually.
3. The appointment of the Compliance Officer shall be immediately disclosed to the Commission on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said officer.

#### D. Corporate Secretary

1. The Corporate Secretary is an officer of the Corporation. His loyalty to the mission, vision and specific business objectives of the Corporation come with his duties.
2. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines.
3. Work fairly and objectively with the Board, Management, shareholders, and other stakeholders.
4. Have a working knowledge of the operations of the corporation.
5. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have some legal skills. He must also have some financial and accounting skills.
6. Duties and Responsibilities
  - Ensure that all Board procedures, rules and regulations are strictly followed by the members;
  - Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation;
  - Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
  - Assist the Board in making business judgment in good faith and in the performance of their responsibilities and obligations;

- Attend all Board meetings and maintain records of the same;
- Issue certification every January 30th of the year on the attendance of directors in meetings of the board of directors, counter signed by the Chairman of the Board (SEC Memorandum Circular No. 3, Series of 2007); and
- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in the Code.

#### E. External Auditor

1. An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. An external auditor shall be selected and appointed by the shareholders upon recommendation of the Audit and Compliance Committee.
2. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the former auditor and the Corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Corporation to the external auditor before its submission.
3. If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

#### F. Internal Auditor

1. The Corporation shall have in place an effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for the benefit of all stockholders and stakeholders and an independent Internal Auditor or group of internal auditors through which the Board, senior management, and shareholders shall be provided with reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate, and complied with.
2. The Internal Auditor shall report to the Audit and Compliance Committee.

3. The minimum internal control mechanisms for management's operational responsibility shall center on the Chief Executive Officer, being ultimately accountable for the Corporation's organizational and procedural controls.
4. The scope and particulars of the Corporation's system of effective organizational and procedural controls shall be based on the following factors: the nature and complexity of the business and the business culture; the volume, size and complexity of transactions; the degree of risk; the degree of centralization and delegation of authority; the extent and effectiveness of information technology; and the extent of regulatory compliance.

G. Risk Officer

1. The Risk Officer shall be responsible for overseeing the management of risks resulting from business activities. He shall report to the Audit & Compliance Committee.
2. Duties and Responsibilities:
  - Monitor to ensure that all identified gaps in management's risk management processes are resolved on a timely basis.
  - Provide leadership to facilitate management's understanding of the Sun Life Financial risk management framework, policies and processes.
  - Ensure that the Philippine risk management organization is appropriately staffed with individuals who have the requisite skills and competencies, and that the organization structure and reporting relationships are appropriate and sufficiently independent. Ensure that the local risk management organization complies with the criteria set by the Office of the Superintendent of Financial Institutions for risk management and provide annual sign-off to this effect.
  - Organize and participate in the risk workshops of the annual risk identification process:
    - a. Ensure appropriate participants, including senior management.
    - b. Ensure that business units identify plausible risk scenarios.
    - c. Ensure that risk-based measurement and reporting metrics, including risk limits and exception reporting, are established.
    - d. Assign risk category to the final risk lists.



- e. Provide expertise in the development of action plans to address the risks identified.
- f. Prepare the annual Risk Report.
- g. Review and update the Risk Report quarterly.
- h. Identify and escalate as appropriate any missed target dates for key risk action plans.
- i. Work together with the Chief Financial Officer to quantify the risk exposure.
- Understand who is accountable for each Risk Management Policy and ensure that the appropriate person is aware of it.
- Provide documented quarterly status updates on Key Risks to the Audit and Compliance Committee.
- Provide input to the annual risk management testing and spend an appropriate percentage of time conducting testing of compliance to Risk Management Policies in the business group.
- Ensure that the Policy and Operating Guidelines are deposited on a database that is accessible by all relevant employees in performing their roles.
- Coordinate the sign off requirements.

### III. ADEQUATE AND TIMELY INFORMATION

- A. To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings.
- B. Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members should be given independent access to Management and the Corporate Secretary.
- C. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

- D. The members, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.

#### IV. ACCOUNTABILITY AND AUDIT

- A. The Board is primarily accountable to the shareholders. It should provide them with a balanced and comprehensive assessment of the Corporation's performance, position and prospects on a quarterly basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.
- B. It is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.
- C. Management should formulate, under the supervision of the Audit and Compliance Committee, the rules and procedures on financial reporting and internal control in accordance with the following guidelines:
  - 1. The extent of its responsibility in the preparation of the financial statements of the Corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
  - 2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation for benefit of all stockholders and stakeholders should be maintained;
  - 3. On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;
  - 4. The Corporation should consistently comply with the financial reporting requirements of the Commission;
  - 5. The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit and Compliance Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit and Compliance Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or

requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

- D. The Board, after consultations with the Audit and Compliance Committee, shall recommend to the shareholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the Corporation, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The external auditor shall not, at the same time, provide internal audit services to the Corporation. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.

## V. TRAINING PROCESS

If necessary, funds shall be allocated by the Chief Financial Officer for the purpose of conducting an orientation program or workshop to put this Manual into operation.

## VI. REPORTORIAL OR DISCLOSURE SYSTEM OF CORPORATE GOVERNANCE POLICIES

- A. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer.
- B. All material information about the Corporation which could adversely affect its viability or the interest of its stockholders and other stakeholders shall be publicly and timely disclosed. Such information shall include earning results, acquisition or disposal of assets, board changes, related party transactions, shareholdings of Directors, and changes in share ownership.
- C. Other information that shall always be disclosed include remuneration (including stock options) of all Directors and senior management, corporate strategy, and off balance sheet transactions.
- D. All disclosed information shall be released via the approved procedure for Corporation announcements as well as through the annual reports.
- E. The Board shall commit at all times to fully disclose material dealings. It shall cause the filing of all required information in the interest of the stakeholders.

## VII. SHAREHOLDERS' BENEFIT

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as a governance covenant between the Corporation and all its investors.

A. Investors' Rights and Protection/Minority Interests

The Board shall be committed to respect the following rights of the shareholders:

1. Voting Right

- 1.1 Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the Corporation Code and the Corporation's by-laws.
- 1.2 Cumulative voting shall be used in the election of Directors.
- 1.3 A Director shall not be removed without cause if it will deny minority shareholders representation in the Board.

2. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records, including minutes of Board meetings and stock registries, in accordance with the Corporation Code, and shall be furnished with annual reports, including financial statements, without cost or restrictions.

3. Right to Information

- 3.1. The shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the Directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among Directors and key officers, and the aggregate compensation of Directors and officers.
- 3.2. Although all shareholders should be treated equally or without discrimination, the Board should give minority shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.
- 3.3. The minority shareholders shall have access to any and all information relating to matters which Management is mandated to

provide information on. If such matters are not included in the agenda of the shareholders' meeting, then the minority shareholders shall be allowed to propose to include such matters in the agenda, the same being within the definition of legitimate purposes.

#### 4. Right to Dividends

- 4.1. Shareholders shall have the right to receive dividends subject to the discretion of the Board. As indicated in the prospectus, dividends so declared shall automatically be reinvested on behalf of the shareholder.
- 4.2. The Corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:
  - a. when justified by definite corporate expansion projects or programs approved by the Board;
  - b. when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
  - c. when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

#### 5. Appraisal Right

The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code, under any of the following circumstances:

- In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any shareholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; or
- In case of merger or consolidation.



109262019002120



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

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### Company Representative

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### Company Information

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**SEC Registration No.** CS201215846  
**Company Name** SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
**Industry Classification** Pension Fund/Fund Management  
**Company Type** Stock Corporation

### Document Information

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**Document ID** 109262019002120  
**Document Type** 17-C (FORM 11-C:CURRENT DISCL/RPT)  
**Document Code** 17-C  
**Period Covered** September 25, 2019  
**No. of Days Late** 0  
**Department** CFD  
**Remarks**

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. 25 September 2019  
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) 555-8888  
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 2019)
<u>Common (Unclassified)</u>	<u>1,609,563,997</u>

10. Indicate the item numbers reported herein: **Item 9 (b). Other Events.**

**Item 9(b). Other Events. Migration to New Numbers:** In compliance with the National Telecommunications Commission's mandate to increase the number of usable landline telephone numbers, Sun Life Financial – Philippines will be migrating from the old 7-digit number format to the new 8-digit number format for all those using the (02) area code. The migration will take place on October 6, 2019 (Sunday) from 12 MN to 6 AM. For your reference, please see the updated Sun Life numbers below:

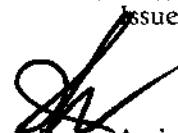
Sun Life Trunkline:                      8-555-8888  
 Sun Life Client Care:                      8-849-9888

**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, Assistant Corporate Secretary  
Signature and Title

Date: 25 September 2019

## Certification

I, Candy S. Esteban is a duly authorized representative of Sun Life Prosperity Dynamic Fund, Inc. with SEC registration number CS201215846 with principal office at Sun Life Center, 5<sup>th</sup> Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, do hereby certify and state that:

- 1) The Sun Life Prosperity Dynamic Fund, Inc. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) issued on 30 March 2020 in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
- 2) The information contained in Sun Life Prosperity Dynamic Fund, Inc.\_SEC Form 17-LC\_14April2020 is **true and correct** to the best of my knowledge.
- 3) On behalf of Sun Life Prosperity Dynamic Fund, Inc., I hereby **undertake** to a) submit hard or physical copies of Sun Life Prosperity Dynamic Fund, Inc.\_SEC Form 17-LC\_14April2020 with proper notarization and certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours.
- 4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
- 5) I am executing this certification on 14 April 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**CANDY S. ESTEBAN**

Treasurer  
Driver's License N02-95-277891



# 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	.																		

8	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 )

**Merobhe T. Esmele**

Contact Person

**8555-8888**

Company Telephone Number

1	2	3	1
Month		Day	

Fiscal Year

**SEC FORM 17-LC**

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

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**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-LC**  
**(COVID 19)**  
**NOTIFICATION OF INABILITY TO FILE**  
**SEC FORM 17-A OR 17-Q**

**Check One:**

SEC Form 17-A  SEC Form 17-Q

Period/Ended Date of required filing 17-A December 31, 2019 and 17-Q March 31, 2020

Date of this report April 14, 2020

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

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) – 85558888  
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

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 **due to COVID19** and the issuer seeks relief from SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The operation of the Company is.  Domestic Only  Domestic and Foreign

(b) The subject annual report on SEC Form 17-A  and/or the subject quarterly report on SEC Form 17-Q  will be filed within the period prescribed in SEC MC 5, series of 2020 or in any amendment thereto.<sup>1</sup>

**PART II- OTHER INFORMATION**

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

**Candy S. Esteban**  
**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 25 and 177 of the Revised Corporation Code, 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) The indicative date the company would convene the Annual Stockholders' Meeting: July 22, 2020.  
Please provide reason if company could not provide an indicative date.

**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



\_\_\_\_\_  
**CANDY S. ESTEBAN**  
**Treasurer**

Date: April 14, 2020

<sup>1</sup> For PLC with domestic operation only, the filing of 17\_A or 17-Q is extended until 30 June 2020. For PLC with foreign operation, the filing of said reports is extended until 30 June 2020 or 60 days from that date of lifting of travel restrictions/ban by the concerned government authorities, whichever comes later.

## Certification

I, Candy S. Esteban is a duly authorized representative of Sun Life Prosperity Dynamic Fund, Inc. with SEC registration number CS201215846 with principal office at Sun Life Center, 5<sup>th</sup> Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, do hereby certify and state that:

- 1) The Sun Life Prosperity Dynamic Fund, Inc. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) issued on 30 March 2020 in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
- 2) The information contained in Sun Life Prosperity Dynamic Fund, Inc.\_ SEC Form 17-Q\_05June2020 is **true and correct** to the best of my knowledge.
- 3) On behalf of Sun Life Prosperity Dynamic Fund, Inc., I hereby **undertake** to a) submit hard or physical copies of Sun Life Prosperity Dynamic Fund, Inc.\_ SEC Form 17-Q\_05June2020 with proper notarization and certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours.
- 4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
- 5) I am executing this certification on 05 June 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**CANDY S. ESTEBAN**

Treasurer  
Driver's License N02-95-277891

# COVER SHEET

**CS201215846**

S.E.C. Registration Number

**SUNLIFE PROSPERITY DYNAMIC  
INC.**

**8TH 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**      **3 1**  
Month      Day  
Fiscal Year

**SEC FORM 17-Q**  
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

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Document I.D.

\_\_\_\_\_  
Cashier

[ STAMPS ]

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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)

**555-88-88**

-----  
(Telephone No.)

**December 31**

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

**SEC FORM 17-Q**

-----  
Form Type

-----  
Amendment Designation (If applicable)

**March 31, 2020**

-----  
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, 2020
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 of Canada 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) - 555-8888

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

N.A.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Shares (Unclassified)</u>	<u>1,519,865,808 shares</u> <u>(as of March 31, 2020)</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.

PART A - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED MARCH 31, 2020 AND DECEMBER 31, 2019

	NOTE	March 2020 (Unaudited)	December 2019 (Audited)
<b>ASSET</b>			
Cash and cash equivalents	4	P72,561,904	P31,627,913
Financial assets at fair value through profit or loss	5	1,025,056,033	1,466,366,989
Accrued interest receivable	6	2,544,574	5,601,126
Dividends receivable	7	4,223,615	2,316,876
Due from brokers	8	16,513,195	-
Prepayments and other current assets	9	252,568	11,454
		<b>P1,121,151,889</b>	<b>P1,505,924,358</b>
<b>LIABILITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and other payables	10	3,159,791	1,919,529
Due to brokers	8	13,778,258	2,483,598
Payable to fund manager	11	2,203,870	2,817,537
Total Current Liabilities		<b>19,141,918</b>	<b>7,220,664</b>
<b>EQUITY</b>			
Share capital	12	35,069,670	35,069,670
Additional paid-in capital	13	3,210,199,019	3,210,216,567
Retained Earnings/(Deficit)		(256,191,602)	125,087,111
Treasury shares	12	(1,887,067,116)	(1,871,669,654)
	14	<b>1,102,009,971</b>	<b>1,498,703,694</b>
		<b>P1,121,151,889</b>	<b>P1,505,924,358</b>
<b>Net Asset Value Per Share</b>	14	<b>P0.7251</b>	<b>P0.9748</b>
<b>Total Equity</b>		<b>1,102,009,971</b>	<b>1,498,703,694</b>
Capital Stock - Php 0.01 par value Authorized - 5,200,000,000 shares			
Issued and Fully Paid Shares		1,519,865,808	1,537,469,756
<b>NET ASSET VALUE PER SHARE</b>		<b>P 0.7251</b>	<b>P 0.9748</b>



SUN LIFE PROSPERITY DYNAMIC FUND, INC.  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2020 AND MARCH 31, 2019

	NOTE	March 2020 (Unaudited)	March 2019 (Unaudited)
<b>Investment Income - net</b>			
Dividend Income		P6,647,206	P6,278,573
Interest Income	15	3,917,724	5,848,055
Net realized gains on investments	5	(44,382,618)	36,739,128
		(P33,817,687)	P48,865,756
<b>Investment Expenses</b>			
Commission		801,354	1,297,260
Clearing fees		50,865	70,563
		852,219	1,367,823
<b>Net Investment Income</b>		<b>(34,669,906)</b>	<b>47,497,933</b>
<b>Operating Expenses</b>			
Management Fees		8,055,949	10,753,425
Custodianship Fees		106,219	102,231
Taxes and licenses		61,513	58,174
Professional fees		42,050	36,821
Printing and supplies		13,786	49,705
Directors' fees		85,316	63,654
Miscellaneous		6,159	15,508
		8,370,991	11,079,518
<b>Profit Before Net Unrealized Gains (Loss)</b>			
<b>on Investments</b>		(43,040,897)	36,418,415
<b>Net Unrealized Gains (Loss) on Investments</b>	5	(336,478,872)	91,850,839
<b>NET INVESTMENT INCOME BEFORE INCOME TAX</b>		<b>(379,519,769)</b>	<b>128,269,254</b>
<b>PROVISION FOR INCOME TAX</b>		<b>1,758,944</b>	<b>3,350,320</b>
<b>Profit (Loss) After Tax</b>	16	<b>(P381,278,713)</b>	<b>P124,918,934</b>
<b>Basic Earnings (Loss) per share</b>	16	<b>(P0.250)</b>	<b>P0.067</b>

SUN LIFE PROSPERITY DYNAMIC FUND, INC  
 STATEMENTS OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED MARCH 31, 2020 AND MARCH 31, 2019

	NOTE	Capital Stock	Capital paid in excess of par value	Retained Earnings / (Deficit)	Treasury Shares	Total
Balance, January 1, 2020		P 35,069,670	P3,210,216,567	P 125,087,111	(P1,871,669,654)	P1,498,703,694
Profit for the period				(381,278,713)		(381,278,713)
Transactions with owners:						
Acquisition of Treasury shares during the period	12	-		-	(15,661,572)	(15,661,572)
Reissuance of Treasury shares during the period	12	-	(17,548)	-	264,110.17	246,562
Total Transactions with owners		-	(17,548)	-	(15,397,462)	(15,415,010)
<b>Balance, March 31, 2020</b>	<b>12, 13</b>	<b>P 35,069,670</b>	<b>P3,210,199,019</b>	<b>(P256,191,602)</b>	<b>(P1,887,067,116)</b>	<b>P1,102,009,971</b>

		Capital Stock	Capital paid in excess of par value	Retained Earnings / (Deficit)	Treasury Shares	Total
Balance, January 1, 2019		P 35,069,670	P3,210,216,567	P 16,335,294	(P1,497,246,504)	P1,764,375,027
Profit for the period				124,918,934		124,918,934
Transactions with owners:						
Acquisition of Treasury shares during the period		-	-	-	(68,531,138)	(68,531,138)
Reissuance of Treasury shares during the period		-	(1,826)	-	0	(1,826)
Total Transactions with owners		-	(1,826)	-	(68,531,138)	(68,532,964)
<b>Balance, March 31, 2019</b>		<b>P 35,069,670</b>	<b>P3,210,214,741</b>	<b>P 141,254,228</b>	<b>(P1,565,777,642)</b>	<b>P1,820,760,997</b>

**SUN LIFE PROSPERITY DYNAMIC FUND, INC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDED MARCH 31, 2020 AND MARCH 31, 2019**

	NOTE	March 2020 (Unaudited)	March 2019 (Unaudited)
<b>Cash Flows from Operating Activities</b>			
Profit (Loss) before tax		(P379,519,769)	128,269,254
Adjustments for:			
Net unrealized losses (gains) on investments	5	336,478,872	(91,850,839)
Net realized gains on investments	5	44,382,618	(36,739,128)
Interest income	15	(3,917,724)	(5,848,055)
Dividend income		(6,647,206)	(6,278,573)
Operating cash flows before working capital changes		(9,223,209)	(12,447,341)
Decrease (Increase) in prepayments and other current assets		(241,114)	(231,464)
Increase (Decrease) in:			
Accrued expenses and other payables	10	1,240,262	(11,410,690)
Payable to fund manager	11	(613,667)	9,402
Cash used in operations		(8,837,728)	(24,080,093)
Acquisitions of financial assets at fair value through profit or loss		(269,397,352)	(425,103,632)
Proceeds from disposal and maturities of financial assets at fair value through profit or loss		324,628,281	466,618,005
Interest income received		6,974,277	4,867,915
Dividends received		4,740,467	6,088,489
Income taxes paid		(1,758,944)	(3,350,320)
Net cash generated from operating activities		56,349,002	25,040,364
<b>Cash Flows from Financing Activities</b>			
Proceeds from reissuance of treasury shares	12	246,562	(1,826)
Payments on acquisition of treasury shares	12	(15,661,572)	(68,531,138)
Net cash used in financing activities		(15,415,010)	(68,532,964)
Net Increase (Decrease) in Cash		40,933,992	(43,492,600)
Cash and cash equivalents, Beginning		31,627,913	59,989,898
Cash and cash equivalents, End	4	72,561,904	16,497,298

## NOTES TO FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRESENTATION

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

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

#### Functional and Presentation Currency

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

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

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

The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines were adopted by the Company as at December 31, 2019 and assessed as not applicable and have no impact on the Company's financial statements.

#### New Accounting Standards Effective after the Reporting Period Ended December 31, 2019

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

The key principles in PFRS 17 are that an entity:

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

- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

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

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

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

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

The amendments relate to a revised definition of material:

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

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

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

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

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

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

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

The amendments are to:

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

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

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

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose, and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) cryptocurrency, or (b) cryptographic assets other than cryptocurrencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "security tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) cryptocurrencies held by an entity, or (ii) cryptographic assets other than cryptocurrencies.

From the issuer of these assets' point of view, as a consensus, the following accounting treatments are suggested:

- Cryptocurrencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.
- Cryptographic assets other than cryptocurrencies, the interpretation suggested the following relevant accounting frameworks for consideration:
  - i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;
  - ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;
  - iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
  - iv. If the token does not meet any of the aforementioned, consider other relevant guidance.

The interpretation is effective for periods beginning on or after February 13, 2019.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have cryptographic assets.

**New Accounting Standards Effective in 2019 - Adopted by FRSC but pending for approval by the BOA**

PIC Q&A No. 2019-04, *Conforming Changes to PIC Q&As – Cycle 2019*

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended Amendment	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

#### PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases— Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have any leased property and asset classified as investment property.

#### *PIC Q&A No. 2019-06, Accounting for Step Acquisition of a Subsidiary in a Parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach  
Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.
- Accumulated cost approach  
Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step

acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company is not engaged in acquisition of a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLAs)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFI-S) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLAs shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

- a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLAs's by-laws.
- b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLAs shall establish and prescribe the conditions and/or circumstances when the NSSLAs may limit the reduction of the members' capital contribution buffer, such as, when the NSSLAs is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFI-S Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLAs's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS32, Financial Instruments: Presentation.

The interpretation is effective for periods beginning on December 11, 2019, and should be applied retrospectively.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company is not classified as a non-bank financial institution under non-stock savings and loan associations.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

Page 12 of 37

SEC Form 17-Q – Sun Life Prosperity Dynamic Fund, Inc.



1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related right-of-use (ROU) asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.

b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have leased property with any related ARO.

PIC Q&A No. 2019-09, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects*

The interpretation aims to provide guidance on the following:

- How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and
- How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not have prepaid rent or rent liability recognized for leased property.

PIC Q&A No. 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

PIC Q&A No. 2019-11, *Determining the current portion of an amortizing loan/lease liability*

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

PIC Q&A No. 2019-12, PFRS 16, *Leases – Determining the lease term*

The interpretation provides guidance how an entity determine the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial noncancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

PIC Q&A No. 2019-13, PFRS 16, *Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee*

The interpretation provides guidance how an entity determine the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee's right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The future adoption of the interpretation will have no effect on the Company's financial statements since the Company does not enter into any lease agreement.

### 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
- FVTOCI; and
- Amortized cost.

As at March 31, 2020 and December 2019, 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, including investments in complex debt instruments and equity investments, must be recognized at fair value.

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

##### 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 losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

As at March 31, 2020 and December 2019, the Company does not have financial assets at FVTOCI.

#### *Impairment of financial assets*

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

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

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

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

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

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

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

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

#### *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.

#### *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.

#### *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.

### *Deposits for future stock subscriptions*

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

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

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

### **Prepayments**

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

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

## **Revenue Recognition**

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

### Final tax

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

### Deferred tax

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

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

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

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

#### Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in 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 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 AND CASH EQUIVALENTS**

	March 2020	December 2019
Cash in bank	P 1,061,904	P 1,327,913
Cash equivalents	71,500,000	30,300,000
	<b>P72,561,904</b>	<b>P31,627,913</b>

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

	March 2020	December 2019
Investment in listed equity shares	P 282,772,610	P 1,182,785,498
Investment in UITF	16,611	16,521
Investment in fixed-income securities	742,266,812	283,564,970
	<b>P1,025,056,033</b>	<b>P 1,466,366,989</b>

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

	March 2020	December 2019
Net Realized gains (losses) on investments	(P 44,382,618)	P 69,927,403
Net unrealized gains (losses) on investments	(336,478,872)	47,708,673
	<b>(P380,861,490)</b>	<b>P 117,636,076</b>

6. **ACCRUED INTEREST RECEIVABLE**

	March 2020	December 2019
Fixed-income securities	P2,542,974	P 5,589,941
Special savings deposits	1,599	11,185
	<b>P2,544,574</b>	<b>P5,601,126</b>

7. **DIVIDENDS RECEIVABLE**

	March 2020	December 2019
Dividend receivable	P 4,223,615	P 2,316,876

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 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.

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.

9. **PREPAYMENTS AND OTHER CURRENT ASSETS**

	March 2020	December 2019
Prepaid Expenses	P252,568	P 11,454

## 10. ACCRUED EXPENSES AND OTHER PAYABLES

	March 2020	December 2019
Due to investors	P2,684,660	P1,474,955
Withholding and documentary stamp taxes	223,165	263,218
Professional fees	62,951	110,344
Custodianship fees payable	92,089	71,012
Directors fees	21,662	-
Others	75,265	-
	<b>P3,159,791</b>	<b>P1,919,529</b>

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

Other accrued expenses refers to accrual of taxes and licenses and printing and supplies for the period. These payables are non-interest bearing and are normally settled within the year.

## 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*.

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
		2020	2020			
SLAMCI – Fund Manager						
Management, Distribution and Transfer fees	P8,055,949	P 2,203,870	P2,817,537	2.15% of average daily net assets; settled in cash on or before the 15 <sup>th</sup> day of the following month	Unimpaired; Unsecured; non-interest bearing;	a
Key Management Personnel						
Directors' fees	P 85,316	P 21,662	P -	Payable on Demand; settled in cash	Unsecured	b
Affiliates						
Sun Life of Canada Philippines Inc. Purchase	P9,106,644			Non-interest bearing; Settled in cash on the day of transaction	Unsecured; No impairment	c
Sun Life Grepa Financial, Inc. Purchase	P6,071,096					
Sun Life Prosperity Peso Starter Fund, Inc. Sale	P91,411,583	P -	P -			

## 12. EQUITY

	2020	
	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	1,969,497,268	P 1,871,669,654
Acquisition	17,873,479	15,661,572
Reissuance	(269,531)	(264,110)
At March 31	1,987,101,216	P 1,887,067,116

### *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, 2020, the Company has 5,200,000,000 authorized shares, each with a par value of P0.01 per share and 1,519,865,808 are outstanding.

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, 2020.

	% Ownership of Institutional Investors	% Ownership of Retail Investors
	40.31%	59.69%

Area	Percentage of Investments
LUZON	92%
VISAYAS	6%
MINDANAO	2%
TOTAL	100%

13. **ADDITIONAL PAID-IN CAPITAL**

	March 2020	December 2019
APIC	P3,210,199,019	P3,210,216,567

14. **NET ASSET VALUE PER SHARE**

	March 2020	December 2019
Total equity	P 1,102,009,971	P 1,498,703,694
Total Outstanding Shares	1,519,865,808	1,537,469,756
NAVPS	P 0.7251	P 0.9748

**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 31 March 2020:

	Yields	NAVPS	NAVPS Date
Year on year yield (1-year)	-26.6093%	P0.9880	March 29, 2019
3 Year - Simple	-21.5175%	P0.9239	March 31, 2017
5Year - Simple	-31.9666%	P1.0658	March 31, 2015



15. INTEREST INCOME

	March 2020	March 2019
Fixed income securities	P3,731,896	P5,688,791
Special savings deposit	183,942	158,148
Cash in banks	1,886	1,116
	<b>P3,917,724</b>	<b>P5,848,055</b>

16. EARNINGS PER SHARE

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

	March 2020	March 2019
Total comprehensive income for the year	(P 381,278,713)	P 124,918,934
Weighted average number of outstanding shares for the purpose of computing earnings per share	1,525,390,104	1,864,636,993
Basic and diluted earnings per share	(P 0.250)	P 0.067

**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:

- 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 units outstanding due to deposit for future subscriptions (DFFS) and for conversion to shares, if any, as of the end of the reporting day. Any increase or decrease in NAVPS translates to a prospective capital gain or capital loss, respectively, for the Fund's shareholders.
- 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.
- 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).
- 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 –March 31, 2020 vs.**  
**December 31, 2019**

For the Period Ended	31-Mar-20	31-Dec-19	Movement	Percentage (%)	MDAS
	Unaudited	Audited			
Cash and cash equivalents	P 72,561,904	P 31,627,913	P 40,933,992	129.42%	The increase was mainly due to acquisition of short-term placements classified as cash equivalents for the quarter.
Financial assets at fair value through profit or loss	1,025,056,033	1,466,366,989	(441,310,956)	-30.10%	The decrease was mainly due to disposal of equity securities and unfavorable market condition during the period.
Accrued interest receivable	2,544,574	5,601,126	(3,056,553)	-54.57%	The decrease pertains to accrued interest in Tnotes. Collection of interest depends on the scheduled interest payments of each asset.
Dividends receivable	4,223,615	2,316,876	1,906,739	82.30%	The collection of receivable is dependent on the scheduled payment dates of each listed stock from which dividends were received.
Due from brokers	16,513,195	-	16,513,195	100.00%	Due from broker account refers to amounts receivable from brokers arising from the sale of investments processed on or before the reporting period, which are settled three (3) days after the transaction date.
Prepayments and other current assets	252,568	11,454	241,114	2105.06%	This account pertains to prepaid expenses to be amortized until end of the accounting period.
<b>Total Assets</b>	<b>1,121,151,889</b>	<b>1,505,924,358</b>	<b>(384,772,469)</b>	<b>2332.12%</b>	
Accrued expenses and other payables	3,159,791	1,919,529	1,240,262	64.61%	The increase pertains mainly to 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	13,778,258	2,483,598	11,294,660	100.00%	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	2,203,870	2,817,537	(613,667)	-21.78%	The decrease in fees payable to fund manager was due to lower AUM for the period.
<b>Total Liabilities</b>	<b>19,141,918</b>	<b>7,220,664</b>	<b>11,921,254</b>	<b>142.83%</b>	
Share capital	35,069,670	35,069,670	-	0.00%	
Additional paid in capital	3,210,199,019	3,210,216,567	(17,548)	0.00%	
Retained earnings	(256,191,602)	125,087,111	(381,278,713)	-304.81%	Net income for the first quarter of 2020
Treasury Shares	(1,887,067,116)	(1,871,669,654)	(15,397,461)	0.82%	Acquisition of treasury shares during the period.
<b>Net Assets</b>	<b>P1,102,009,971</b>	<b>P1,498,703,694</b>	<b>(P396,693,722)</b>	<b>-303.99%</b>	Decrease due to mainly to net loss was brought by realized and unrealized losses from investments during the quarter.
<b>Net Assets Value per Share</b>	<b>P 0.7251</b>	<b>P 0.9748</b>	<b>P (0.2497)</b>	<b>-25.62%</b>	

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

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

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

**Statement of Comprehensive Income for the Three months ended – March 31, 2020 vs. March 31, 2019**

	31-Mar-20	31-Mar-19	Movement	Percentage (%)	MDAS
	Unaudited	Unaudited			
Investment Income	P (33,817,687)	P 48,865,756	P (82,683,443)	-169.21%	The decrease was mainly due to due to realized loss from disposal of investments during the period.
Investment Expenses	852,219	1,367,823	(515,604)	-37.70%	Lower commission expenses during the period.
Operating Expenses	8,370,991	11,079,518	(2,708,527)	-24.45%	Lower management fees resulted from lower AUM compared to same period last year.
Net Unrealized Gains (Losses) on Investments	(336,478,872)	91,850,839	(428,329,711)	466.33%	Decrease due to impact of unfavorable market condition during the period.
Provision for Income Tax	1,758,944	3,350,320	(1,591,376)	-47.50%	Final taxes of interest income earned from fixed income investment.
Net Investment Income (Loss)	P(381,278,713)	P 124,918,934	(P506,197,647)	405.22%	

Average daily net asset value from January to March 2020 and January to March 2019 is PHP 1,345,546,083 and PHP 1,811,020,839, respectively.

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

**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.

As of March 31, 2020 and same period last year, the Company is consistently in compliance with the minimum paid-in capital requirement of the SEC of PHP 50 million.

## **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 cashflows 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, 2020 and December 31, 2019, 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.

### Functional currency

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

### Puttable shares designated as equity instruments

The Company designated its redeemable share capital as equity instruments when the Company adopted the amendments in PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of*

*Financial Statements: Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation*, effective for annual reporting periods beginning on or after January 1, 2009. The Company's share capital met the specified criteria to be presented as equity.

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

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

### **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, 2020 and December 31, 2019, 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.

### 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, 2020 and December 31, 2019.

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

The Company carries its investments in traded debt securities and special savings deposits 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

  
Candy S. Esteban

Date : June 05, 2020

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

Schedule of Financial Soundness Indicators and Financial Ratios

March 31, 2020 and December 31, 2019

	Formula	2020	2019
<i>Current/ Liquidity Ratios</i>			
a. Current ratio	Current Assets/Current Liabilities	58.57:1	208.56:1
b. Quick ratio	Quick Assets/Current Liabilities	58.56:1	208.56:1
c. Cash ratio	Cash/Current Liabilities	3.79:1	4.38:1
d. Days in receivable	Receivable/Revenue * No. of days	N/A	N/A
e. Working capital ratio	(Current Assets/Current Liabilities)/Current Assets	0.98:1	1.00:1
f. Net working capital to sales ratio	Working Capital / Total Revenue	-32.59:1	12.77:1
g. Defensive Interval Ratio	360* (Quick Assets / Proj. Daily Operating Expense)	12053.97:1	12866.66:1
<i>Solvency Ratios</i>			
a. Long-term debt to equity ratio	Noncurrent Liabilities/Total Equity	0.00	0.00
b. Debt to equity ratio	Total Liabilities/Total Equity	0.02	0.00
c. Long term debt to total asset ratio	Noncurrent Liabilities/Total Assets	0.00	0.00
d. Total debt to asset ratio	Total Liabilities/Total Assets	0.02	0.00
Asset to equity ratio	Total Assets/Total Equity	1.02:1	1.00:1
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	1122.25%	101.00%
b. Earnings before interest, taxes and depreciation and amortization (EBITDA) margin	EBITDA/Revenue	1122.25%	101.00%
c. Pre-tax margin	EBIT/Revenue	1122.25%	101.00%
d. Effective tax rate	Income Tax/EBIT	-0.46%	8.40%
e. Post-tax margin	Net Income After Tax/Revenue	1127.45%	92.64%
f. Return on equity	Net Income After Tax/Average Common Equity	-29.32%	6.67%
g. Return on asset	NIAT/Average Total Assets	-29.03%	6.62%
Capital intensity ratio	Total Assets/Revenue	-33.15:1	12.83:1
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, 2020 and December 31, 2019

	2020			2019		
	Investment (Market Value)	Net Asset Value	% over NAV	Investment (Market Value)	Net Asset Value	% over NAV
<b>Equities</b>						
Aboitiz Power Corporation	22,389,190	1,102,009,971	2.03%	34,223,940	1,498,703,694	2.28%
Ayala Corporation	40,416,078	1,102,009,971	3.67%	65,196,500	1,498,703,694	4.35%
Ayala Land Inc.	89,897,850	1,102,009,971	8.16%	150,357,025	1,498,703,694	10.03%
Bank of the Philippine Islands	27,808,702	1,102,009,971	2.52%	32,402,489	1,498,703,694	2.16%
BDO Unibank Inc.	71,513,636	1,102,009,971	6.49%	107,105,514	1,498,703,694	7.15%
DMCI Holdings Inc.	5,270,083	1,102,009,971	0.48%	9,240,119	1,498,703,694	0.62%
First Gen Corporation	4,412,100	1,102,009,971	0.40%	6,457,710	1,498,703,694	0.43%
GT Capital Holdings Inc (GTPPA)	-	1,102,009,971	0.00%	27,462,600	1,498,703,694	1.83%
GT Capital Holdings Inc (GTPPB)	-	1,102,009,971	0.00%	15,650,000	1,498,703,694	1.04%
GT Capital Holdings Inc.	3,226,289	1,102,009,971	0.29%	23,730,399	1,498,703,694	1.58%
International Container Terminal Services Inc.	11,039,913	1,102,009,971	1.00%	30,546,358	1,498,703,694	2.04%
JG Summit Holdings Inc.	16,599,497	1,102,009,971	1.51%	22,293,528	1,498,703,694	1.49%
Megaworld Corporation	5,793,850	1,102,009,971	0.53%	4,409,155	1,498,703,694	0.29%
Metro Pacific Investments Corporation	7,211,382	1,102,009,971	0.65%	12,398,927	1,498,703,694	0.83%
Metropolitan Bank & Trust Company	34,562,560	1,102,009,971	3.14%	57,287,443	1,498,703,694	3.82%
Robinsons Land Corporation	20,935,990	1,102,009,971	1.90%	40,787,252	1,498,703,694	2.72%
Robinsons Retail Holdings, Inc.	11,785,890	1,102,009,971	1.07%	16,541,600	1,498,703,694	1.10%
San Miguel Corporation	24,766,305	1,102,009,971	2.25%	62,903,840	1,498,703,694	4.20%
Security Bank Corporation	26,657,980	1,102,009,971	2.42%	46,014,150	1,498,703,694	3.07%
SM Investments Corporation	108,905,248	1,102,009,971	9.88%	121,640,918	1,498,703,694	8.12%
SM Prime Holdings Inc.	90,296,948	1,102,009,971	8.19%	98,912,687	1,498,703,694	6.60%
Universal Robina Corporation	37,501,360	1,102,009,971	3.40%	30,899,500	1,498,703,694	2.06%
Bloomerry Resorts Corporation	-	1,102,009,971	0.00%	9,435,500	1,498,703,694	0.63%
Puregold Price Club Inc.	9,958,140	1,102,009,971	0.90%	-	1,498,703,694	0.00%
San Miguel Corporation (SMC2F)	11,823,895	1,102,009,971	1.07%	12,030,218	1,498,703,694	0.80%
San Miguel Corporation (SMC2I)	-	1,102,009,971	0.00%	53,542,400	1,498,703,694	3.57%
San Miguel Corporation (SMC2G)	2,226,000	1,102,009,971	0.20%	2,280,000	1,498,703,694	0.15%
Eagle Cement Corporation	10,721,860	1,102,009,971	0.97%	28,633,734	1,498,703,694	1.91%
San Miguel Food and Beverage, Inc. (FBP2)	-	1,102,009,971	0.00%	21,162,322	1,498,703,694	1.41%
San Miguel Food and Beverage, Inc.	-	1,102,009,971	0.00%	17,297,500	1,498,703,694	1.15%
Philippine National Bank	-	1,102,009,971	0.00%	4,598,850	1,498,703,694	0.31%
EEI CORPORATION	779,790	1,102,009,971	0.07%	5,581,100	1,498,703,694	0.37%
All Home Corp	2,854,800	1,102,009,971	0.26%	11,762,220	1,498,703,694	0.78%
Wilcon Depot, Inc.	4,906,656	1,102,009,971	0.45%	-	1,498,703,694	0.00%
<b>Investments in UITF</b>						
UCPB CASH MANAGEMENT FUND	16,611	1,102,009,971	0.00%	16,521	1,498,703,694	0.00%
<b>Special savings deposits</b>						
SBC	-	1,102,009,971	0.00%	10,000,000	1,498,703,694	0.67%
BPI	1,500,000	1,102,009,971	0.14%	1,500,000	1,498,703,694	0.10%
Citibank	12,100,000	1,102,009,971	1.10%	3,600,000	1,498,703,694	0.24%
HSB	57,900,000	1,102,009,971	5.25%	15,200,000	1,498,703,694	1.01%
<b>Treasury Notes</b>						
PIBD2031G171	55,517,280	1,102,009,971	5.04%	41,558,550	1,498,703,694	2.77%
US718286BJ59	-	1,102,009,971	0.00%	65,635,700	1,498,703,694	4.38%
US718286BX44	-	1,102,009,971	0.00%	24,958,500	1,498,703,694	1.67%
PIBD1029A644	10,111,410	1,102,009,971	0.92%	10,382,220	1,498,703,694	0.69%
PIBD2039A232	217,143,920	1,102,009,971	19.70%	141,030,000	1,498,703,694	9.41%

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

As of March 31, 2020 and December 31, 2019

	2020			2019		
	Investment (Shares)	Outstanding Securities	% over Investee	Investment (Shares)	Outstanding Securities	% over Investee
<b>Equities</b>						
Aboitiz Power Corporation	851,300	7,358,604,307	0.01%	1,000,700	7,358,604,307	0.01%
Ayala Corporation	86,470	625,920,412	0.01%	83,000	625,701,136	0.01%
Ayala Land Inc.	2,976,750	14,715,550,101	0.02%	3,304,550	14,719,962,101	0.02%
Bank of the Philippine Islands	449,979	4,513,100,378	0.01%	368,629	4,507,071,644	0.01%
BDO Unibank Inc.	690,953	4,382,729,413	0.02%	677,883	4,381,953,364	0.02%
DMCI Holdings Inc.	1,397,900	13,277,470,000	0.01%	1,397,900	13,277,470,000	0.01%
First Gen Corporation	267,400	3,597,914,505	0.01%	267,400	3,603,224,505	0.01%
Globe Telecom Inc.	4,260	133,208,407	0.00%	-	133,208,407	0.00%
GT Capital Holdings Inc (GTPPA)	-	-	0.00%	27,740	4,839,240	0.57%
GT Capital Holdings Inc (GTPPB)	-	-	0.00%	15,650	7,160,760	0.22%
GT Capital Holdings Inc.	7,927	215,284,587	0.00%	28,017	215,284,587	0.01%
International Container Terminal Services Inc.	147,790	2,002,391,699	0.01%	237,530	2,000,647,076	0.01%
JG Summit Holdings Inc.	317,390	7,162,841,657	0.00%	275,910	7,162,841,657	0.00%
Megaworld Corporation	2,317,540	32,181,275,872	0.01%	1,099,540	32,240,945,872	0.00%
Metro Pacific Investments Corporation	2,979,910	31,355,855,752	0.01%	3,562,910	31,569,338,752	0.01%
Metropolitan Bank & Trust Company	864,064	4,497,415,555	0.02%	864,064	4,497,415,555	0.02%
PLDT, INC.	26,380	216,055,775	0.01%	-	216,055,775	0.00%
Robinsons Land Corporation	1,410,781	5,193,830,685	0.03%	1,480,481	5,193,830,685	0.03%
Robinsons Retail Holdings, Inc.	206,770	1,573,153,590	0.01%	206,770	1,576,489,360	0.01%
San Miguel Corporation	270,670	2,378,524,978	0.01%	383,560	2,378,524,978	0.02%
Security Bank Corporation	249,140	753,538,887	0.03%	235,970	753,538,887	0.03%
SM Investments Corporation	133,136	1,204,582,867	0.01%	116,626	1,204,582,867	0.01%
SM Prime Holdings Inc.	3,179,470	28,879,231,694	0.01%	2,349,470	28,879,231,694	0.01%
Universal Robina Corporation	360,590	2,204,161,868	0.02%	213,100	2,204,161,868	0.01%
Bloomberry Resorts Corporation	-	-	0.00%	835,000	10,973,470,001	0.01%
Puregold Price Club Inc.	273,200	2,884,232,615	0.01%	-	-	-
San Miguel Corporation (SMC2F)	158,710	223,333,500	0.07%	158,710	223,333,500	0.07%
San Miguel Corporation (SMC2I)	-	-	0.00%	712,000	169,333,400	0.42%
San Miguel Corporation (SMC2G)	30,000	66,666,600	0.05%	30,000	66,666,600	0.05%
Eagle Cement Corporation	1,448,900	5,000,000,005	0.03%	1,926,900	5,000,000,005	0.04%
San Miguel Food and Beverage, Inc. (FBP2)	-	-	0.00%	21,226	15,000,000	0.14%
San Miguel Food and Beverage, Inc.	-	-	0.00%	203,500	5,909,220,090	0.00%
Philippine National Bank	-	-	0.00%	133,300	1,525,764,850	0.01%
EEI CORPORATION	152,900	1,036,281,485	0.01%	569,500	1,036,281,485	0.05%
All Home Corp	610,000	3,750,000,002	0.02%	1,010,500	3,750,000,002	0.03%
Wilcon Depot, Inc.	378,600	4,099,724,116	0.01%	-	-	-
<b>Investments in UITF</b>						
UCPB CASH MANAGEMENT FUND	11,985	589,275,108	0.00%	11,985	589,275,108	0.00%
<b>Special savings deposits</b>						
SBC	-	**	-	10,000,000	**	-
BPI	1,500,000	**	-	1,500,000	**	-
Citibank	12,100,000	**	-	3,600,000	**	-
HSB	57,900,000	**	-	15,200,000	**	-
<b>Treasury Notes</b>						
PIBD2031G171	45,500,000	255,837,150,000	0.02%	33,000,000	255,837,150,000	0.01%
US718286BJ59	-	**	0.00%	65,000,000	**	0.00%
US718286BX44	-	**	0.00%	25,000,000	**	0.00%
PIBD1029A644	9,000,000	40,000,000,000	0.02%	9,000,000	40,000,000,000	0.02%
PIBD2039A232	184,000,000	31,504,000,000	0.58%	120,000,000	31,504,000,000	0.38%

iii **Total Investment in Liquid or Semi-Liquid Assets to Total Assets**  
As of March 31, 2020 and December 31, 2019

	2019	2019
Total Liquid and Semi-Liquid Assets	1,505,912,904	1,505,912,904
TOTAL ASSETS	1,505,924,358	1,505,924,358
<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 March 31, 2020 and December 31, 2019

	2019	2019
Total Operating Expenses	42,134,370	42,134,370
Average Daily Net Worth	1,697,473,794	1,697,473,794
Total Operating Expenses to Total Net Worth	2.48%	2.48%

v. **Total Assets to Total Borrowings**  
As of March 31, 2020 and December 31, 2019

	2019	2019
Total Assets	1,505,924,358	1,505,924,358
Total Borrowings	7,220,664	7,220,664
Total Assets to Total Borrowings	20856%	20856%

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

Name of Issuing Entity and Association of Each Issue	March 31, 2020			December 31, 2019	
	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>Equities</b>					
Aboitiz Power Corporation	851,300	P22,389,190	P31,978,506	1,000,700	P34,223,940
Ayala Corporation	86,470	40,416,078	76,757,711	83,000	65,196,500
Ayala Land Inc.	2,976,750	89,897,850	119,166,993	3,304,550	150,357,025
Bank of the Philippine Islands	449,979	27,808,702	40,786,817	368,629	32,402,489
BDO Unibank Inc.	690,953	71,513,636	90,120,569	677,883	107,105,514
DMCI Holdings Inc.	1,397,900	5,270,083	11,659,475	1,397,900	9,240,119
First Gen Corporation	267,400	4,412,100	4,483,860	267,400	6,457,710
Globe Telecom Inc.	4,260	8,221,800	7,727,113	-	-
GT Capital Holdings Inc (GTPPA)	-	-	-	27,740	27,462,600
GT Capital Holdings Inc (GTPPB)	-	-	-	15,650	15,650,000
GT Capital Holdings Inc.	7,927	3,226,289	6,701,960	28,017	23,730,399
International Container Terminal Services Inc.	147,790	11,039,913	14,871,498	237,530	30,546,358
JG Summit Holdings Inc.	317,390	16,599,497	21,839,612	275,910	22,293,528
Megaworld Corporation	2,317,540	5,793,850	10,575,957	1,099,540	4,409,155
Metro Pacific Investments Corporation	2,979,910	7,211,382	15,910,366	3,562,910	12,398,927
Metropolitan Bank & Trust Company	864,064	34,562,560	59,592,277	864,064	57,287,443
PLDT, INC.	26,380	29,783,020	27,029,269	-	-
Robinsons Land Corporation	1,410,781	20,935,990	32,568,324	1,480,481	40,787,252
Robinsons Retail Holdings, Inc.	206,770	11,785,890	17,267,380	206,770	16,541,600
San Miguel Corporation	270,670	24,766,305	35,293,388	383,560	62,903,840
Security Bank Corporation	249,140	26,657,980	45,739,957	235,970	46,014,150
SM Investments Corporation	133,136	108,905,248	107,659,872	116,626	121,640,918
SM Prime Holdings Inc.	3,179,470	90,296,948	102,976,031	2,349,470	98,912,687
Universal Robina Corporation	360,590	37,501,360	53,446,223	213,100	30,899,500
Bloomberry Resorts Corporation	-	-	-	835,000	9,435,500
Puregold Price Club Inc.	273,200	9,958,140	9,979,604	-	-
San Miguel Corporation (SMC2F)	158,710	11,823,895	12,837,864	158,710	12,030,218
San Miguel Corporation (SMC2I)	-	-	-	712,000	53,542,400
San Miguel Corporation (SMC2G)	30,000	2,226,000	2,370,000	30,000	2,280,000
Eagle Cement Corporation	1,448,900	10,721,860	22,627,340	1,926,900	28,633,734
San Miguel Food and Beverage, Inc. (FBP2)	-	-	-	21,226	21,162,322
San Miguel Food and Beverage, Inc.	-	-	-	203,500	17,297,500
Philippine National Bank	-	-	-	133,300	4,598,850
EEI CORPORATION	152,900	779,790	1,457,168	569,500	5,581,100
All Home Corp	610,000	2,854,800	7,015,000	1,010,500	11,762,220
Wilcon Depot, Inc.	378,600	4,906,656	5,152,344	-	-
	22,248,880	742,266,812	995,592,476	23,798,036	1,182,785,498
<b>Investments inUITF</b>					
UCPB CASH MANAGEMENT FUND	11,985	16,611	15,052	11,985	16,521
	11,985	16,611	15,052	11,985	16,521
<b>Treasury Bonds and Notes Issued by the Nat'l Government</b>	238,500,000	282,772,610	N/A	252,000,000	283,564,970
<b>GRAND TOTAL</b>	260,760,865	P1,025,056,033	P995,607,528	275,810,021	P1,466,366,989

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 849-9888 or Phil-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Minimum Holding Period</b>	30 days	<b>Minimum Subscription</b>	PHP 1,000
<b>Fund Size</b>	PHP 1,102,009,552.05	<b>Management and Distribution Fee</b>	2.00%	<b>Minimum Subsequent</b>	PHP 1,000
<b>Net Asset Value Per Share</b>	0.7251	<b>Transfer Agency Fee</b>	0.15%	<b>Fund Structure</b>	Mutual Fund (Shares)
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Early Redemption Fee</b>	1.00%	<b>Fund Classification</b>	Multi-Asset Fund

## What does the Fund invest in?

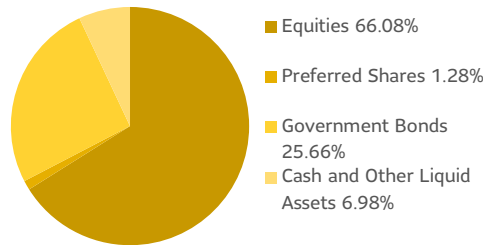
The Sun Life Prosperity Dynamic Fund is an adaptive and agile mutual fund that allows you to maximize gains through the opportunistic re-balancing of its portfolio between equities and fixed income assets. It is a one-decision mutual fund that quickly shifts between fixed income and equities, depending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

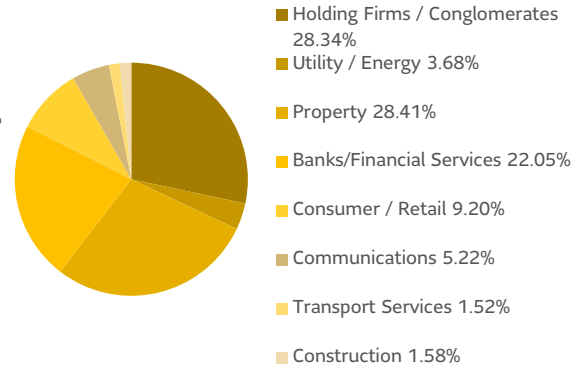
### Top Equity Holdings

1. SM Investments Corporation, 9.88%
2. SM Prime Holdings Inc., 8.19%
3. Ayala Land Inc., 8.16%
4. BDO Unibank Inc., 6.49%
5. Ayala Corporation, 3.67%
6. Universal Robina Corporation, 3.4%
7. Metropolitan Bank & Trust Co., 3.14%
8. PLDT, Inc., 2.7%
9. Bank of the Philippine Islands, 2.52%
10. Security Bank Corporation, 2.42%

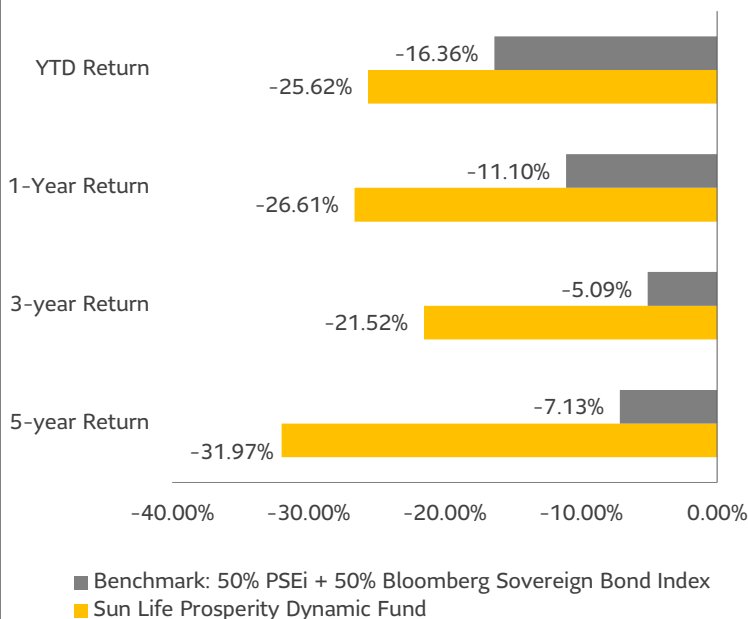
### Investment Mix



### Sector Allocation



## How has the Fund performed?



## Market Review

- The PSEi fell 21.6% in March to 5,321.23 largely due to negative sentiment brought about by COVID-19 while bond yields rose by 30 to 40 bps as a result of low liquidity due to the Enhanced Community Quarantine.
- Market drivers: (1) COVID-19 (2) enhanced community quarantine in Luzon (3) the government passed the "Bayanihan to Heal as One Act" (4) net foreign selling of \$303m in March (5) 50 bps BSP policy rate cut (6) BSP cut reserve requirement by 200 bps to 12%.
- The Fund has declined 25.62% YTD, trailing the benchmark (-16.36%) by 926 bps.
- The overweight in Equities hampered performance against the benchmark with local equities significantly underperforming against fixed income.
- Outperformers for the month: Selection in Utilities/Energy
- Underperformers for the month: Selection in Conglos and allocation in Telcos

Disclaimer: Mutual Fund performance depends on various market and economic conditions. Past performance is not a guarantee or an indication of future results. Thus, returns are not guaranteed and may differ from the original investment. Information contained in this Fund Fact Sheet do not constitute investment advice. For more information on our mutual funds, please consult a Sun Life Financial Advisor.

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<b>Launch Date</b>	July 1, 2014	<b>Minimum Holding Period</b>	30 days	<b>Minimum Subscription</b>	PHP 1,000
<b>Fund Size</b>	PHP 1,332,386,912.98	<b>Management and Distribution Fee</b>	2.00%	<b>Minimum Subsequent</b>	PHP 1,000
<b>Net Asset Value Per Share</b>	0.8730	<b>Transfer Agency Fee</b>	0.15%	<b>Fund Structure</b>	Mutual Fund (Shares)
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Early Redemption Fee</b>	1.00%	<b>Fund Classification</b>	Multi-Asset Fund

## What does the Fund invest in?

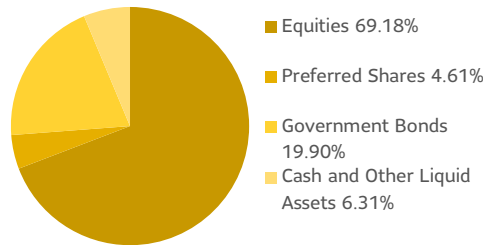
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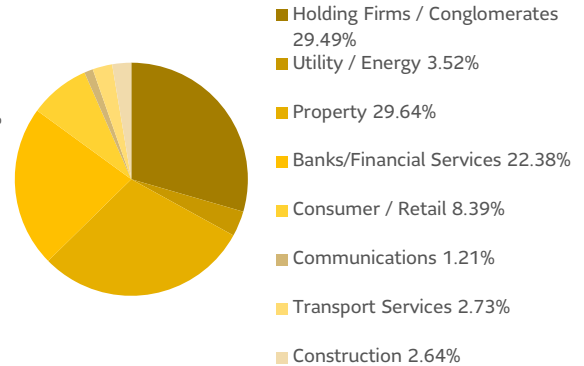
### Top Equity Holdings

1. Ayala Land Inc., 9.78%
2. SM Investments Corporation, 8.65%
3. SM Prime Holdings Inc., 7.48%
4. BDO Unibank Inc., 6.91%
5. Ayala Corporation, 4.13%
6. Metropolitan Bank & Trust Co., 3.63%
7. San Miguel Corporation, 3.11%
8. Security Bank Corporation, 2.89%
9. Universal Robina Corporation, 2.81%
10. Robinsons Land Corporation, 2.26%

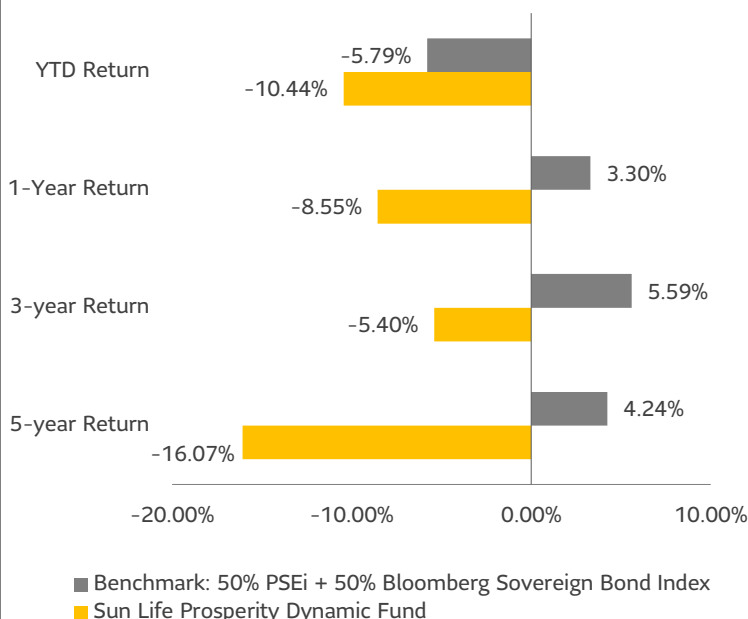
### Investment Mix



### Sector Allocation



## How has the Fund performed?



## Market Review

- The PSEi fell 5.7% in February to 6,787.91 largely due to negative sentiment brought about by COVID-19 while bond yields dropped 30 to 50 bps across the curve on expectations of another 25 bps rate cut.
- Market drivers: (1) COVID-19 (2) clampdown on POGOs (3) heightened regulatory risk (4) net foreign selling of \$179m in Feb. (5) 25 bps BSP policy rate cut
- The overweight in Equities hampered performance against the benchmark with local equities significantly underperforming against fixed income.
- Outperformers for the month: Selection in Consumer/Retail
- Underperformers for the month: Selection in Utilities/Energy and Property



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 849-9888 or Phil-MF-Products@sunlife.com or visit www.sunlifefunds.com.

<b>Launch Date</b>	July 1, 2014	<b>Minimum Holding Period</b>	30 days	<b>Minimum Subscription</b>	PHP 1,000
<b>Fund Size</b>	PHP 1,400,329,335.82	<b>Management and Distribution Fee</b>	2.00%	<b>Minimum Subsequent</b>	PHP 1,000
<b>Net Asset Value Per Share</b>	0.9151	<b>Transfer Agency Fee</b>	0.15%	<b>Fund Structure</b>	Mutual Fund (Shares)
<b>Benchmark</b>	50% PSEi + 50% Bloomberg Sovereign Bond Index	<b>Early Redemption Fee</b>	1.00%	<b>Fund Classification</b>	Multi-Asset Fund

## What does the Fund invest in?

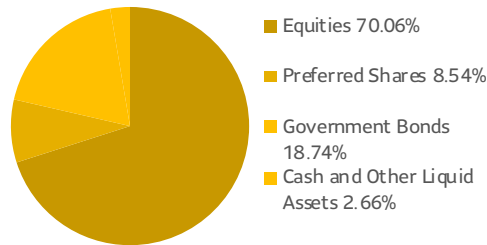
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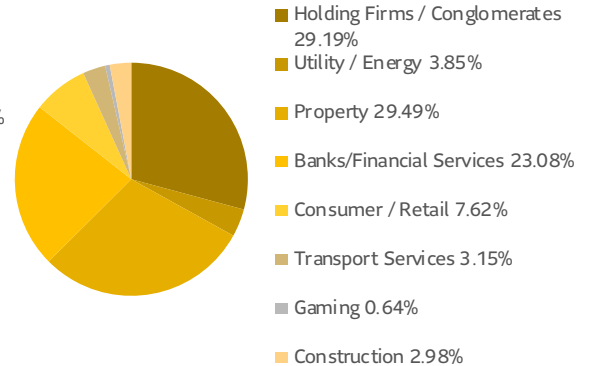
### Top Equity Holdings

1. Ayala Land Inc., 10.11%
2. SM Investments Corporation, 8.09%
3. SM Prime Holdings Inc., 7.1%
4. BDO Unibank Inc., 7%
5. Ayala Corporation, 4.31%
6. San Miguel Corporation, 3.67%
7. Metropolitan Bank & Trust Co., 3.54%
8. Security Bank Corporation, 3.15%
9. Universal Robina Corporation, 2.55%
10. Robinsons Land Corporation, 2.42%

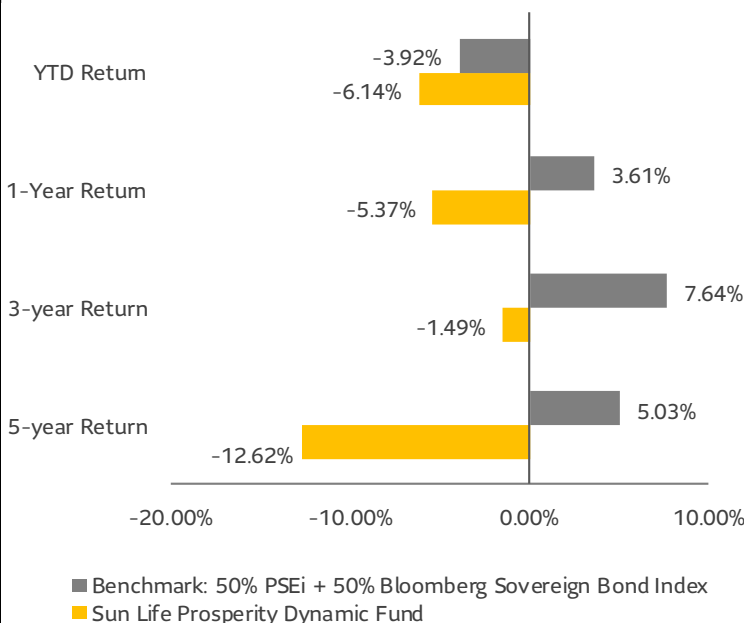
### Investment Mix



### Sector Allocation



## How has the Fund performed?



## Market Review

- The PSEi fell 7.9% in January to 7,200.79 as risk-off sentiment prevailed due to heightened regulatory risk, and potential economic effects of the COVID-19. On the other hand, yields on the short end of the curve increased by 15 to 40 bps as bonds were awarded at higher than expected yields in auctions.
- Market drivers: (1) January inflation jumped to 2.9% (2) 2019 GDP at 5.9% (3) heightened regulatory risk (4) net foreign selling of \$164m in January.
- The Fund has fallen by 6.14% YTD, lagging the benchmark (-3.92%) by 222 bps.
- The overweight in equities had a negative impact on performance.
- Outperformers for the month: Selection in Utilities/Energy
- Underperformers for the month: Allocation in Telcos and selection in Conglos

## Certification

I, Candy S. Esteban is a duly authorized representative of Sun Life Prosperity Dynamic Fund, Inc. with SEC registration number CS201215846 with principal office at Sun Life Center, 5<sup>th</sup> Ave. Cor. Rizal Drive Bonifacio Global City, Taguig City, do hereby certify and state that:

- 1) The Sun Life Prosperity Dynamic Fund, Inc. will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) issued on 30 March 2020 in light of the imposition of an Enhanced Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
- 2) The information contained in Sun Life Prosperity Dynamic Fund, Inc.\_SEC Form 17-LC\_14April2020 is **true and correct** to the best of my knowledge.
- 3) On behalf of Sun Life Prosperity Dynamic Fund, Inc., I hereby **undertake** to a) submit hard or physical copies of Sun Life Prosperity Dynamic Fund, Inc.\_SEC Form 17-LC\_14April2020 with proper notarization and certification, b) pay the filing fees (where applicable) c) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours.
- 4) I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Enhanced Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
- 5) I am executing this certification on 14 April 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**CANDY S. ESTEBAN**

Treasurer  
Driver's License N02-95-277891

# 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	.																		

8	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>
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Contact Person

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

1	2		3	1
Month			Day	

Fiscal Year

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

Month			Day	

Annual Meeting

Mutual Fund Company
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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings		
<table border="1" style="width: 40%; border-collapse: collapse;"> <tr> <td style="height: 20px;"> </td> </tr> </table> <table border="1" style="width: 40%; border-collapse: collapse;"> <tr> <td style="height: 20px;"> </td> </tr> </table>		
<span>Domestic</span> <span>Foreign</span>		

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

\_\_\_\_\_ Cashier

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

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-LC**  
**(COVID 19)**  
**NOTIFICATION OF INABILITY TO FILE**  
**SEC FORM 17-A OR 17-Q**

**Check One:**

SEC Form 17-A  SEC Form 17-Q

Period/Ended Date of required filing 17-A December 31, 2019 and 17-Q March 31, 2020

Date of this report April 14, 2020

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

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) – 85558888  
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

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 **due to COVID19** and the issuer seeks relief from SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The operation of the Company is.  Domestic Only  Domestic and Foreign

(b) The subject annual report on SEC Form 17-A  and/or the subject quarterly report on SEC Form 17-Q  will be filed within the period prescribed in SEC MC 5, series of 2020 or in any amendment thereto.<sup>1</sup>

**PART II- OTHER INFORMATION**

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

**Candy S. Esteban**  
**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 25 and 177 of the Revised Corporation Code, 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) The indicative date the company would convene the Annual Stockholders' Meeting: July 22, 2020.  
Please provide reason if company could not provide an indicative date.

**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



\_\_\_\_\_  
**CANDY S. ESTEBAN**  
**Treasurer**

Date: April 14, 2020

<sup>1</sup> For PLC with domestic operation only, the filing of 17\_A or 17-Q is extended until 30 June 2020. For PLC with foreign operation, the filing of said reports is extended until 30 June 2020 or 60 days from that date of lifting of travel restrictions/ban by the concerned government authorities, whichever comes later.