

# COVER SHEET

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S.E.C. Registration Number

E	K	K	L	E	S	I	A	M	U	T	U	A	L	F	U	N	D	,	I	N	C	.

(Company's Full Name)

1	9	/	F	B	P	I	B	U	E	N	D	I	A	C	E	N	T	E	R				
S	E	N	.	G	I	L	J	.	P	U	Y	A	T	A	V	E	.						
M	A	K	A	T	I	C	I	T	Y														

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

<b>Marcelo M. Verdillo</b>
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Contact Person

(632) 8580-0900
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Company Telephone Number

1	2		
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Month      Day

Fiscal Year

17-Q
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FORM TYPE

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Month      Day

Annual Meeting

N / A
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Secondary License Type, If Applicable

C	G	F	D
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Dept. Requiring this Doc.

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Amended Articles / Section

-
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic                      Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

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**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 *30 September 2022*
2. Commission identification number *CS2003-40269*
3. BIR Tax Identification No. *228-146-261-000*
4. Exact name of issuer as specified in its charter  
*EKKLESIA MUTUAL FUND, INC.*
5. Province, country or other jurisdiction of incorporation or organization  
*METRO MANILA, PHILIPPINES*
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code *1209*  
*19/F, BPI BUENDIA CENTER, SEN. GIL J. PUYAT AVE., MAKATI CITY*
8. Issuer's telephone number, including area code  
*(632) 8580-0900*
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code
- | Title of each Class   | Number of shares of common<br>stock outstanding |
|-----------------------|---|
| <i>Common Stock A</i> | <i>87,968,299</i>                               |
11. Are any or all of the securities listed on a Stock Exchange?  
Yes [ ] No [*x*]
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, 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 [  ] No [  ]

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

Yes [  ] No [  ]

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

*Interim financial statements attached.*

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

The BSP raised the borrowing rate by 50 basis points to 4.25% in its September policy meeting to combat inflation. The BSP also noted it expects inflation to further accelerate until next year, hiking its forecasts above its annual 2% to 4% target band. This is after the local inflation rate eased slightly from 6.4% in July to 6.3% in August as transportation costs decreased month-on-month. However, the delayed effect of higher oil prices on utilities started to show, as housing and utility costs increased 1.3% month-on-month and 6.8% year-on-year. Month-on-month, PHP BVAL reference rates ended higher. The 1-year rose the least, rising by about 3 basis points to 3.90%. Meanwhile, the 2- to 10-year rose by an average of 66 basis points, while the 10-year rose by about 92 basis points to close at 7.04% on September 30.

#### Key Performance Indicators as of 30 September 2022

- a) **Performance vis-à-vis the Benchmark** – Ekklesia Mutual Fund is an actively managed bond fund whose objective is long-term capital appreciation through investments in a diversified portfolio composed of high-grade fixed-income investment instruments. The Fund's return on investment (ROI) as of end September is at -3.83% net of fees and taxes, underperforming its benchmark return (-2.21%) by 162 bps.
- b) **Market Share in the Industry** –As of end-September 2022, Ekklesia Fund maintained 0.4% of the market share. Due to its niche investor profile limitation, the market share remains small in comparison to the other market players.
- c) **NAV Growth vis-à-vis Industry Growth** – The Fund's average daily NAV for the third quarter of 2022 was at PHP 190.37 Million. The peso bond fund industry contracted by 14.14% in terms of total net asset value or PHP 8.65 Billion. Ekklesia Mutual Fund's NAV declined by PHP 12.87 Million or a decline of 6.33% year-to-date.
- d) **Portfolio Quality** – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. The Fund continued to remain well diversified in the third quarter of 2022 based on its total assets with 43.19% of the Fund's portfolio invested in government securities, 49.37% in corporate securities, 2.55% in preferred shares, 4.89% in cash/cash equivalents.



- e) **Performance vis-a-vis Competition** - The Fund's performance is also compared against the performance of other players in the market. As of end-September 2022, the Fund ranked 10<sup>th</sup> out of eleven mutual bond fund competitors in terms of absolute returns.

**Discussion and analysis of material events and/or uncertainties known to the management that would address the past and would have an impact on future operations.**

***Any known trends, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity:***

*Liquidity of the fund may be affected by the market's depth or the existence of readily available buyers and sellers in the market.*

***Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation:***

*None*

***All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period:***

*None*

***Any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:***

*None*

***Any 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:***

*None*

***Any significant elements of income or loss that did not arise from the issuer's continuing operations:***

*The Fund Manager is not aware of any significant element of income or loss that did not arise from the Fund's continuing operations.*

*BPI Investment Management, Inc. (BIMI) has registered under the Foreign Account Tax Compliance Act (FATCA) as a sponsoring entity for the Funds it manages. These Funds include the ALFM Mutual Funds, Ekklesia Mutual Fund, and Solidaritas Fund. As a sponsoring entity, BIMI will perform the due diligence, withholding, and reporting obligations of the sponsored entities.*

*In accordance with this, investors who make initial subscriptions to the Fund from July 1, 2014 onwards have been asked to submit the necessary documents if they are identified as US citizens, or if they fall under any of the US indicia categories.*

## **PART II - OTHER INFORMATION**

### **1. Institutional and retail investors**

The table below shows the Fund's total number of institutional and retail investors and the percentage of their investments as of September 30, 2022.

<b>Ekklesia Mutual Fund</b>	<b>Institutional</b>	<b>Retail</b>
Number of investors	52	111
Percentage of investments	31.90%	68.10%

**1. Geographic concentration of investments.**

The geographic concentration of investments as of September 30, 2022 is as follows: Luzon (95%) and Visayas (5%).

**2. Investment company return information**

Stated below is the Fund's return in the last five (5) recently completed fiscal years.

**Ekklesia Mutual Fund**

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
-4.00	-2.82	-0.72	0.51	0.39

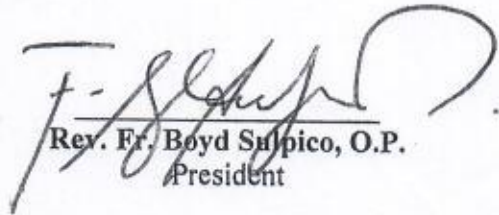
**SIGNATURES**

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

*Ekklesia Mutual Fund, Inc.*

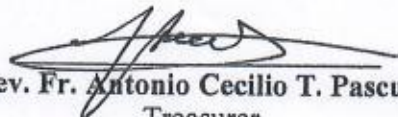
Signature and Title

  
Rev. Fr. Boyd Sulpico, O.P.  
President

Date:

\_\_\_\_\_

Principal Financial/Accounting  
Officer/Controller

  
Rev. Fr. Antonio Cecilio T. Pascual  
Treasurer

Date:

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**EKKLESIA MUTUAL FUND, INC.**  
**(An Open-End Investment Company)**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2022 and December 31, 2021**  
**(All amounts in Philippine Peso)**

	Notes	January 1 to September 30, 2022 (Unaudited)	January 1 to December 31, 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	5	8,233,769	9,358,040
Financial assets at fair value through profit or loss	6	87,073,553	76,250,070
Receivables	7	1,844,159	2,448,954
Investment in securities at amortized cost	8	93,992,530	115,945,632
Total Assets		191,144,011	204,002,696
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	9	287,135	560,493
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>	11	190,856,876	203,442,203
<b>EQUITY</b>			
Capital stock - P1 par value	11		
Authorized- 245,000,000 shares			
Issued and outstanding:			
87,968,299 shares as of September 30 2022		87,968,299	-
90,321,354 shares as of December 31 2021		-	90,321,354
Additional paid-in capital		56,108,553	58,888,046
Retained earnings			
Beginning		54,232,803	60,178,312
Net income for the period		(7,452,779)	(4,241,437)
Shares redeemed for the period		-	(1,704,072)
End		46,780,024	54,232,803
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>	11	190,856,876	203,442,203

FOR : **BPI INVESTMENT MANAGEMENT, INC.**  
As Fund Manager of Ekklesia Mutual Fund, Inc.

  
**Dante M. Delos Santos**  
Chief Operations Officer, BIMF

**EKKLESIA MUTUAL FUND, INC.**  
**(An Open-End Investment Company)**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**For the period ended September 30, 2022 and 2021**  
**(All amounts in Philippine Peso)**

	Notes	January 1 to September 30, 2022 Year-to-date (Unaudited)	January 1 to September 30, 2021 Year-to-date (Unaudited)	July 1 to September 30, 2022 For the quarter (Unaudited)	July 1 to September 30, 2021 For the quarter (Unaudited)
<b>INVESTMENT INCOME</b>					
Interest income	12	6,271,464	6,299,928	2,148,734	2,087,723
Unrealized gain on financial assets at FVPL - net	6	(9,466,224)	(5,443,142)	(1,107,431)	(1,642,324)
Realized gain (loss) on financial assets at FVPL - net	6	(223,802)	97,351	17,141	6,933
Dividend income	6	173,621	173,621	212,874	57,873
Gain (loss) on foreign exchange - net		(37,632)	(588,241)	(153,380)	37,307
Total Income (Loss)		(3,282,573)	539,517	1,117,938	547,512
<b>EXPENSES</b>					
Management and professional fees	13	2,614,822	3,155,776	851,895	904,905
Taxes and licenses		62,560	44,651	12,025	93
Directors' fees	13	-	-	-	-
Miscellaneous		80,763	80,753	9,273	17,536
Total Expenses		2,758,145	3,281,180	873,193	922,534
<b>INCOME BEFORE TAX</b>		(6,040,718)	(2,741,663)	244,745	(375,022)
Provision for income tax		1,412,061	1,335,928	471,609	446,757
<b>NET INCOME FOR THE PERIOD</b>		(7,452,779)	(4,077,591)	(226,864)	(821,779)
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		(7,452,779)	(4,077,591)	(226,864)	(821,779)
<b>WEIGHTED AVE NO. OF SHARES OUTSTANDING</b>	14	89,710,941	91,768,438		
<b>EARNINGS PER SHARE</b>	14	(0.0831)	(0.0444)		



**EKKLESIA MUTUAL FUND, INC.**  
**(An Open-End Investment Company)**  
**STATEMENTS OF CHANGES IN EQUITY**  
**For the period ended September 30, 2022 and 2021**  
**(All amounts in Philippine Peso except for shares)**

	Number of Shares (Note 11)	Capital Stock (Note 11)	Additional Paid-in Capital	Retained Earnings	Total Equity
Balance at January 1, 2022	90,321,354	90,321,354	58,888,046	54,232,803	203,442,203
Comprehensive loss					
Net loss	-	-	-	(7,452,779)	(7,452,779)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	(7,452,779)	(7,452,779)
Transactions with owners					
Shares issued	1,997,132	1,997,132	2,404,451	-	4,401,583
Shares redeemed	(4,350,187)	(4,350,187)	(5,183,944)	-	(9,534,131)
<b>Total transactions with owners</b>	(2,353,055)	(2,353,055)	(2,779,493)	-	(5,132,548)
<b>Balance at September 30, 2022</b>	<b>87,968,299</b>	<b>87,968,299</b>	<b>56,108,553</b>	<b>46,780,024</b>	<b>190,856,876</b>
Balance at January 1, 2021	92,705,770	92,705,770	60,185,401	60,178,312	213,069,483
Comprehensive income					
Net income	-	-	-	(4,077,591)	(4,077,591)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	(4,077,591)	(4,077,591)
Transactions with owners					
Shares issued	27,789	27,789	35,189	-	62,978
Shares redeemed	(2,355,196)	(2,355,196)	(2,966,784)	-	(5,321,980)
<b>Total transactions with owners</b>	(2,327,407)	(2,327,407)	(2,931,595)	-	(5,259,002)
<b>Balance at September 30, 2021</b>	<b>90,378,363</b>	<b>90,378,363</b>	<b>57,253,806</b>	<b>56,100,721</b>	<b>203,752,890</b>

**EKKLESIA MUTUAL FUND, INC.**  
**(An Open-End Investment Company)**  
**Statements of Cash Flows**  
**For the period ended September 30, 2022 and 2021**  
**(All amounts in Philippine Peso)**

	Notes	January 1 to September 30, 2022 (Unaudited)	January 1 to September 30, 2021 (Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Income before income tax		(6,040,718)	(2,741,663)
Adjustments for:			
Unrealized gain on financial assets at FVPL - net	6	9,466,224	5,443,142
Changes in operating assets and liabilities:			
Decrease (increase) in :			
Financial assets at fair value through profit or loss		(20,289,707)	7,019,261
Receivables		604,795	1,000,418
Increase (decrease) in accounts payable and accrued expenses		(273,358)	(251,473)
Net cash generated from (used in) operations		(16,532,764)	10,469,685
Income taxes paid		(1,412,061)	(1,335,928)
Net cash provided by (used in) operating activities		(17,944,825)	9,133,757
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions (disposals) of:			
Investment in securities at amortized cost		21,953,102	(25,346,084)
Net cash generated from (used in) investing activities		21,953,102	(25,346,084)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issuances		4,401,583	62,978
Payments for share redemptions		(9,534,131)	(5,321,980)
Net cash used in financing activities		(5,132,548)	(5,259,002)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH AND CASH EQUIVALENTS</b>		(1,124,271)	(21,471,329)
<b>CASH AND CASH EQUIVALENTS</b>	5		
Beginning of period		9,358,040	27,179,814
End of period		8,233,769	5,708,485
<b>OPERATIONAL CASH FLOWS FROM INTEREST</b>			
Interest received	12	6,271,464	6,299,928



EKKLESIA MUTUAL FUND, INC.  
ATTACHMENT TO FINANCIAL STATEMENTS

TOTAL ASSETS-January 1 to September 30, 2022 191,144,011  
NET ASSET VALUE-January 1 to September 30, 2022 190,856,876

SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTEE CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTEE CO.
<b>CASH EQUIVALENTS</b>						
BPIB-XTDT 20221003 801	1,694,000	0.89%	0.89%		n/a	n/a
RCBC-TDT 20221003 801	6,512,707	3.41%	3.41%		n/a	n/a
<b>TOTAL CASH EQUIVALENTS</b>	<b>8,206,707</b>	<b>0.00%</b>	<b>0.00%</b>		<b>n/a</b>	<b>n/a</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
<b>INVESTMENT IN GOVERNMENT SECURITIES:</b>						
EXTN10-64 20250130 800	15,173,045	7.95%	7.94%	15,000,000	270,000,000,000	0.01%
EXTN20-17 20310719 800	15,847,380	8.30%	8.29%	15,000,000	255,837,150,000	0.01%
EXTN20-23 20390124 800	19,039,512	9.98%	9.96%	20,000,000	83,775,000,000	0.02%
EXTN25-02 20300728 800	3,601,424	1.89%	1.88%	2,800,000	5,665,238,000	0.05%
EXTN7-64 20280422 800	4,443,379	2.33%	2.32%	5,000,000	229,971,000,000	0.00%
RYBOND515 20270304 800	19,228,802	10.07%	10.06%	20,000,000	457,798,870,000	0.00%
RTBOND516 20280307 800	4,880,012	2.56%	2.55%	5,000,000	420,448,618,249	0.00%
<b>TOTAL INVESTMENT IN GOVERNMENT SECURITIES</b>	<b>\$2,213,583</b>					
<b>LISTED - PREFERRED</b>						
GTPPA	4,860,000	2.55%	2.54%	5,000	4,839,240	0.10%
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>87,873,583</b>					
<b>INVESTMENT SECURITIES AT AMORTIZED COST</b>						
<b>INVESTMENT IN GOVERNMENT SECURITIES:</b>						
		0.00%	0.00%		n/a	n/a
<b>TOTAL INVESTMENT IN GOVERNMENT SECURITIES</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>		<b>n/a</b>	<b>n/a</b>
<b>CORPORATE BONDS</b>						
AC-BOND 20250326 888	5,000,000	2.62%	2.62%	5,000,000	5,000,000,000	0.10%
AIIV-BONDA 20270806 600	15,042,530	7.88%	7.87%	14,550,000	5,071,350,000	0.29%
ALI-BOND 20240704 888	10,000,000	5.24%	5.23%	10,000,000	12,000,000,000	0.08%
ALI-BOND 20280505 888	5,000,000	2.62%	2.62%	5,000,000	12,000,000,000	0.04%
ARETBOND20231228 888	5,000,000	2.62%	2.62%	5,000,000	3,000,000,000	0.17%
BDO-BOND 20240128 888	5,000,000	2.62%	2.62%	5,000,000	52,700,000,000	0.01%
BPI-BOND 20240131 888	10,000,000	5.24%	5.23%	10,000,000	27,000,000,000	0.04%
CNVR-BOND20270408 888	5,000,000	2.62%	2.62%	5,000,000	10,000,000,000	0.09%
FB-BOND 20250110 888	12,000,000	6.29%	6.28%	12,000,000	8,000,000,000	0.15%
PCOR-BNDA 20211027 600	1,950,000	1.02%	1.02%	1,950,000	7,000,000,000	0.03%
RCBC-BOND 20240521 888	5,000,000	2.62%	2.62%	5,000,000	14,756,260,000	0.03%
RLC-BOND 20250826 888	5,000,000	2.62%	2.62%	5,000,000	6,000,000,000	0.08%
SUCB-BOND 20240120 888	5,000,000	2.62%	2.62%	5,000,000	16,000,000,000	0.03%
SMPH-BOND 20270422 888	5,000,000	2.62%	2.62%	5,000,000	10,918,010,000	0.05%
<b>TOTAL CORPORATE BONDS</b>	<b>93,992,530</b>					
<b>OTHER SECURITIES AND DEBT INSTRUMENTS</b>						
<b>TOTAL INVESTMENT IN SECURITIES AT AMORTIZED COST</b>	<b>93,992,530</b>					
<b>INVESTMENT IN LIQUID/SEMI LIQUID INVESTMENTS:</b>						
INVESTMENT IN GOVERNMENT SECURITIES (See above)	82,213,583	43.08%	43.01%	n/a	n/a	n/a
CASH EQUIVALENT - TIME DEPOSITS	8,206,707	4.30%	4.29%	n/a	n/a	n/a
CASH IN BANK	27,062	0.01%	0.01%	n/a	n/a	n/a
	<b>90,447,322</b>					
<b>NO BORROWING AS OF THIS QUARTER OF 2022</b>						

TOTAL OPERATING EXPENSES 197,727,161  
AVERAGE NET ASSET VALUE-January 1 to September 30, 2022

	AMOUNT	PERCENTAGE TO NET ASSET VALUE
Management and professional fees	2,614,822	1.32%
Taxes and licenses	62,560	0.03%
Directors' fees	-	0.00%
Miscellaneous	30,763	0.04%
	<b>2,708,145</b>	

CHECKING

189,272,791

EKKLESIA MUTUAL FUND, INC.  
ATTACHMENT TO FINANCIAL STATEMENTS

TOTAL ASSETS-January 1 to September 30, 2021 204,632,888  
NET ASSET VALUE-January 1 to September 30, 2021 203,732,890

SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTEE CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTEE CO.
<b>CASH EQUIVALENTS</b>						
BPB-X1DT 20211001 801	2,423,100	1.19%	1.19%	2,423,100	n/a	n/a
SCB-TDT 20211001 801	3,000,300	1.47%	1.47%	3,000,300	n/a	n/a
<b>TOTAL CASH EQUIVALENTS</b>	<b>5,423,400</b>	<b>0.00%</b>	<b>0.00%</b>		<b>n/a</b>	<b>n/a</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>						
<b>INVESTMENT IN GOVERNMENT SECURITIES:</b>						
FXTN10-64 20290110 800	17,389,641	8.54%	8.52%	15,000,000	n/a	n/a
FXTN20-13 20261207 800	4,369,123	2.14%	2.14%	3,700,000	n/a	n/a
FXTN20-17 20310719 800	18,505,591	9.08%	9.07%	15,000,000	n/a	n/a
FXTN20-23 20300124 800	23,268,289	11.42%	11.40%	20,000,000	n/a	n/a
FXTN23-02 20300728 800	4,191,823	2.06%	2.05%	2,800,000	n/a	n/a
FXTN7-64 20280422 800	4,910,945	2.41%	2.41%	5,000,000	n/a	n/a
<b>TOTAL INVESTMENT IN GOVERNMENT SECURITIES</b>	<b>72,635,411</b>	<b>0.00%</b>	<b>0.00%</b>		<b>n/a</b>	<b>n/a</b>
<b>LISTED - PREFERRED</b>						
CITPA 0 600	4,985,000	2.45%	2.44%	5,000	4,839,240	0.10%
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>77,620,411</b>					
<b>INVESTMENT SECURITIES AT AMORTIZED COST</b>						
<b>INVESTMENT IN GOVERNMENT SECURITIES:</b>						
TBILL 20211013 888	14,994,526	7.30%	7.35%	15,000,000	n/a	n/a
TBILL 20220119 888	4,978,734	2.44%	2.44%	5,000,000	n/a	n/a
<b>TOTAL INVESTMENT IN GOVERNMENT SECURITIES</b>	<b>19,973,260</b>					
<b>CORPORATE BONDS</b>						
AC-BOND 20270511 600	15,432,428	7.57%	7.56%	15,000,000	10,000,000,000	0.15%
AEV-BONDA 20270806 600	15,132,997	7.43%	7.42%	14,550,000	5,071,350,000	0.29%
ALI-BOND 20211106 888	5,000,000	2.45%	2.45%	5,000,000	9,000,000,000	0.06%
FB-BOND 20250310 888	12,000,000	5.89%	5.88%	12,000,000	8,000,000,000	0.15%
FLJ-BOND 20220820 888	15,007,512	7.37%	7.36%	15,000,000	7,000,000,000	0.21%
PCOR-BNDA 20231027 600	1,950,000	0.96%	0.96%	1,950,000	7,000,000,000	0.05%
RBANK-BND 20211114 888	4,999,909	2.45%	2.45%	5,000,000	5,000,000,000	0.10%
<b>TOTAL CORPORATE BONDS</b>	<b>69,572,846</b>					
<b>OTHER SECURITIES AND DEBT INSTRUMENTS</b>						
BNP-NOTE 20211122 888	15,000,000	7.36%	7.35%	15,000,000	8,839,337,910,000	0.00%
DBS-NOTE 20220127 888	5,000,000	2.45%	2.45%	5,000,000		#DIV/0!
DBS-NOTE2 20220124 888	10,000,000	4.91%	4.90%	10,000,000		#DIV/0!
<b>TOTAL INVESTMENT IN SECURITIES AT AMORTIZED COST</b>	<b>119,496,106</b>					
<b>INVESTMENT IN LIQUID/SEMI LIQUID INVESTMENTS:</b>						
INVESTMENT IN GOVERNMENT SECURITIES (See above)	72,635,411	35.65%	35.60%	n/a	n/a	n/a
CASH EQUIVALENT - TIME DEPOSITS	5,423,400	2.66%	2.66%	n/a	n/a	n/a
CASH IN BANK	285,085	0.14%	0.14%	n/a	n/a	n/a
	<b>78,343,896</b>					
<b>NO BORROWING AS OF THIS QUARTER OF 2021</b>						

TOTAL OPERATING EXPENSES 207,726,888  
AVERAGE NET ASSET VALUE-January 1 to September 30, 2021

	AMOUNT	PERCENTAGE TO NET ASSET VALUE
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Management and professional fees	3,155,776	1.52%
Taxes and licenses	44,651	0.02%
Directors' fees	-	0.00%
Miscellaneous	80,753	0.04%
	<b>3,281,180</b>	



**EKKLESIA MUTUAL FUND, INC.**  
Financial Statement Ratios

	January 1 to September 30, 2022	January 1 to December 31, 2021	January 1 to September 30, 2021
Current Asset	97,151,481	88,057,064	84,536,282
Current Liabilities	287,135	560,493	299,498
Current /Liquidity Ratio	338.35	157.11	282.26
Total Liabilities	287,135	560,493	299,498
Total Equity	190,856,876	203,442,203	203,732,890
Debt-to-Equity Ratio	0.0015	0.0028	0.0015
Total Assets	191,144,011	204,002,696	204,032,388
Total Equity	190,856,876	203,442,203	203,732,890
Asset-to-Equity Ratio	1.00	1.00	1.00
Earnings Before Income Tax	(6,040,718)	(2,536,852)	(2,741,663)
Interest Expense	-	-	-
Interest Rate Coverage Ratio	n.a.	n.a.	n.a.
Net Income	(7,452,779)	(4,241,437)	(4,077,591)
Total Equity	190,856,876	203,442,203	203,732,890
Return on Equity	(0.0390)	(0.0208)	(0.0200)

**Ekklesia Mutual Fund, Inc.**  
Reconciliation of Retained Earnings Available for Dividend Declaration  
As of September 30, 2022  
(All amounts in Philippine Peso)

Items	Amount
<b>Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the period</b>	<b>54,232,803</b>
Add: <b>Net income (loss) actually earned/realized during the period</b> Net income during the period closed to retained earnings	<b>(7,452,779)</b>
Less: <b>Non-actual/unrealized income net of tax</b>	
• Equity in net income of associate/joint venture	-
• Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-
• Unrealized actuarial gain	-
• Fair value adjustment (mark-to-market gains)	-
• Fair value adjustment of Investment Property resulting to gain	-
• Adjustment due to deviation from PFRS - gain	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	-
Add: <b>Non-actual losses</b>	
• Depreciation on revaluation increment (after tax)	-
• Adjustment due to deviation from PFRS - loss	-
• Loss on fair value adjustment of investment property (after tax)	-
Sub-total	-
<b>Net income (loss) actually earned/realized during the period</b>	<b>(7,452,779)</b>
Add (Less):	
• Dividend declarations during the period	-
• Appropriations of retained earnings during the period	-
• Reversals of appropriations	-
• Effects of prior period adjustments	-
• Treasury shares	-
• Redemption of redeemable shares	-
Sub-total	-
<b>Total Retained Earnings, end of the period available for dividend</b>	<b>46,780,024</b>



**Ekklesia Mutual Fund, Inc.**

As at September 30, 2022

Annex B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)

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Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of the period
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NOTHING TO REPORT

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**Ekklesia Mutual Fund, Inc.**

As at September 30, 2022

**Annex C - Amounts Receivable from Related Parties which are Eliminated  
during the Consolidation of Financial Statements**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of the period
NOT APPLICABLE							

**Ekklesia Mutual Fund, Inc.**  
As at September 30, 2022  
Annex D - Long-Term Debt

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Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in the related statement of financial position	Amount shown under caption "long-term debt" in the related statement of financial position
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NOTHING TO REPORT

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**Ekklesia Mutual Fund, Inc.**

As at September 30, 2022

Annex E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)  
(All amounts in Philippine Peso)

Name of related party	Balance at beginning of period	Balance at end of period
NOTHING TO REPORT		

**Ekklesia Mutual Fund, Inc.**  
As at September 30, 2022  
Annex F - Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Fund for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
NOTHING TO REPORT				

**Ekklesia Mutual Fund, Inc.**

As at September 30, 2022

Annex G - Capital Stock

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Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related caption in the statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Redeemable shares	245,000,000	87,968,299	-	-	40,000	87,928,299

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**Ekklesia Mutual Fund, Inc.**  
*(An Open-End Investment Company)*

**Financial Statements**  
**September 30, 2022 and December 31, 2021**  
**and Quarter Ended September 30, 2022 and Year**  
**Ended December 31, 2021**

## **EKKLESIA MUTUAL FUND, INC.**

**(An Open-End Investment Company)**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **1. Corporate Information**

Ekklesia Mutual Fund, Inc. (the "Fund") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 28, 2003. The corporate term for which the fund is to exist is 50 years from and after the date of its incorporation. It was established primarily to issue and offer its own securities for exclusive sale to religious corporations/associations and to non-stock, for profit or non-profit educational institutions owned by, managed by, or affiliated to religious corporations, congregations and associations. The Fund is organized and incorporated in order to provide safe and profitable investment to religious institutions and will operate within the Philippines.

The SEC issued to the Fund its certificate of permit to offer securities for sale on August 2, 2004 as the latter obtained its Secondary License as an open-end investment company to sell its shares to religious institutions consisting of two hundred forty-five million (245,000,000) common shares with a par value of one Peso (₱1.00) each. As an open-end investment company, its outstanding shares of stock are redeemable anytime based on the net asset value (NAV) per share at the time of redemption.

The Fund executed a Management and Distribution Agreement with BPI Investment Management, Inc. (BIMI) on June 18, 2010. The latter serves as the general manager of the Fund who shall be responsible for the provision of the required investment management services and the performance of the general administrative tasks relating to the operations of the Fund including accounting operations (see Note 14).

The primary investment objective of the Fund is to achieve growth through income derived from medium to long-term fixed income instruments. As such, the Fund may be considered as a moderately aggressive fund (see Note 4). BIMI employs an active management strategy for the Fund.

The Fund's principal place of business is located at 19th Floor, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City.

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#### **2. Summary of Significant Accounting Policies**

##### Basis of Preparation

These condensed interim financial statements for the period ended September 30, 2022 have been prepared in accordance with PAS 34, '*Interim Financial Reporting*'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with PFRS.

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), which have been measured at fair value. The financial statements are presented in Philippine Peso (₱ or "Peso"), the Fund's functional currency. The amounts in the financial statements are rounded off to the nearest Peso, unless otherwise stated.



### Statement of Compliance

The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Fund has adopted the following new accounting pronouncements starting January 1, 2021. Unless otherwise stated, the adoption of these pronouncements did not have any significant impact on the Fund's financial position or performance.

*Effective beginning on or after January 1, 2021*

- *Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform – Phase 2*

### **Significant Accounting Policies**

#### Cash and Cash Equivalents

Cash includes cash in bank. Cash equivalents are short-term, highly liquid placements that are readily convertible to known amounts of cash and with original maturities of three months or less from dates of placement and which are subject to an insignificant risk of changes in value.

#### Short-term Investments

Short-term investments include short-term cash placements that are readily convertible to known amounts of cash with original maturities of more than three (3) months but less than one (1) year from the date of acquisition. These can earn interest at the respective short-term investment rates.

#### Financial Instruments

##### *Date of recognition*

The Fund recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

##### *Initial recognition of financial instruments*

All financial instruments are initially recognized at fair value. Except for financial assets and liabilities at FVTPL, the initial measurement of financial assets and liabilities includes transaction costs.

##### *Determination of fair value*

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions (that is, an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (that is, using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (that is, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each statement of financial position date.

#### *'Day 1' difference*

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Fund determines the appropriate method of recognizing the 'Day 1' difference amount.

#### *Classification and Subsequent Measurement of financial instruments*

##### *Classification of financial assets*

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Fund's business model for managing financial assets. The Fund classifies its financial assets into the following categories: financial assets at FVTPL, fair value through other comprehensive income (FVOCI) and financial assets measured at amortized cost (AC).

##### *Contractual cash flows characteristics*

The Fund assesses whether the cash flows from the financial asset represent solely payment of principal and interest (SPPI) on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

In making this assessment, the Fund determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

##### *Business model*

The Fund's business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its group of financial assets in order to generate cash flows (i.e. collecting contractual cash flows, selling financial assets or both).



Relevant factors considered by the Fund in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Fund's key management personnel. The Fund also considers the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers, if any, of the business are compensated.

As of September 30, 2022 and December 31, 2021, the Fund has no financial assets at FVOCI.

*Financial assets at FVTPL*

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Fund has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss.

Equity investments are classified as at FVTPL, unless the Fund designates an investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:

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

The Fund's financial assets at FVTPL include government securities and equity securities held for trading purposes.

Financial assets at FVTPL are recorded in the statement of financial position at fair value, with changes in the fair value included under the 'Unrealized gain (loss) on financial assets at FVTPL - net' account in profit or loss in the statement of comprehensive income. Interest earned is reported in the profit or loss under 'Interest income' while dividend income is reported in profit or loss in the statement of comprehensive income under 'Dividend income' when the right to receive payment has been established.

*Financial assets at amortized cost*

A debt financial asset is measured at amortized cost if both of the following conditions are met:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The amortization is included in 'Interest income' in profit or loss in the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset. The Fund's financial assets at amortized cost consist of 'Cash and cash equivalents', 'Short-term investments', 'Loans and receivables', and 'Investment in securities at amortized cost'.



#### *Reclassifications of financial instruments*

The Fund reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Fund and any previously recognized gains, losses or interest shall not be restated.

#### Derecognition of Financial Assets and Liabilities

##### *Financial asset*

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- The Fund has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control over the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Fund’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

##### *Financial liability*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Fund assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event.

#### Impairment of Financial Assets

##### *Expected credit loss*

PFRS 9 requires the Fund to record ECL for all loans and other debt financial assets not classified as FVTPL, together with loan commitments and financial guarantee contracts.

##### *Expected credit loss methodology*

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition.



The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of the financial asset.

#### *Definition of default*

Generally, the Fund defines a financial asset as in default for purposes of calculating ECL when the contractual payments are past due for more than 30 days. As part of the qualitative assessment, the Fund also considers a variety of instances that may indicate unlikelihood to pay to determine if a counterparty has defaulted.

#### *Significant increase in credit risk (SICR)*

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Fund's aging information, the borrower becomes past due for over 30 days. Further, the Fund assumes that the credit risk of a financial asset, particularly on cash and equivalents, short-term investments and investment in securities at amortized cost, has not increased significantly since origination if the financial asset is determined to have "low credit risk" as of the reporting date. A financial asset is considered "low credit risk" when it has an external rating equivalent to "investment grade".

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Fund shall revert to recognizing a 12-month ECL.

#### *Staging assessment*

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The criteria for determining whether a debt financial asset should be assessed under stage 1 are as follows: (i) the financial asset is purchased less than 12 months before cut-off date; (ii) borrower risk rating (BRR) is within the range of 1.1-6.2 based on the Fund's internal credit rating; or (iii) external credit rating is investment grade as of cut-off date. The Fund recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. A SICR is generally deemed present in debt financial assets with: (i) BRR of 6.3 based on the Fund's internal credit rating; or (ii) external credit rating is non-investment grade as of cut-off date. The Fund recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

#### *ECL parameters and methodologies*

For financial assets such as 'Cash and cash equivalents' and private debt securities classified under 'Investment in securities at amortized cost', the Fund applied the general approach in measuring ECL that considers assessment of significant increase in credit risk and adjustments for forward-looking information.

#### *Forward looking information*

A range of economic overlays are considered and expert credit judgment is applied in determining the forward-looking inputs to the ECL calculation. A broad range of forward-looking information are considered as economic outputs such as G20 Real Gross Domestic Product (GDP), USD Treasury Rates, DXY Dollar Index and CitiWorld Global Index. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.



#### *Write-off policy*

The Fund writes off its financial assets when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Fund assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

As of September 30, 2022 and December 31, 2021, the Fund does not have revenues within the scope of PFRS 15.

The following specific recognition criteria must also be met before revenue is recognized:

#### *Interest income*

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an EIR basis.

#### *Realized and unrealized gain (loss) on financial assets at FVTPL - net*

'Realized and unrealized gain (loss) on financial assets at FVTPL - net' represents results arising from trading activities including all gains and losses from changes in fair value and disposal of financial assets held for trading.

#### *Dividend income*

Dividend income is recognized when the Fund's right to receive payment is established.

#### Expense Recognition

Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

#### Income Taxes

##### *Current taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the statement of financial position date.

Effective January 1, 2019, the Fund periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

##### *Deferred taxes*

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred tax assets are recognized for all deductible temporary differences and carryforward of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rate applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Current tax and deferred tax relating to items recognized directly in equity are recognized directly in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same tax authority.

#### Operating Segment

For management purposes, the Fund is organized into one main operating segment, which invests in short-term placements, fixed income securities and equity securities. All of the Fund's activities are interrelated and interdependent. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

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

NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of outstanding redeemable shares as of the statement of financial position date.

#### Capital Stock Transaction

The Fund's redeemable shares have the following features, which qualify them as puttable instruments classified as equity instruments:

- The shares entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The shares are in the class of instruments that is subordinate to all other classes of instruments.
- All shares in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's right to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the shares over their life 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 Fund over the life of the instrument.



Further, the Fund does not have other financial instruments or contracts that have:

- Total cash flows 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 Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instruments' holders.

The Fund continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features or meet the conditions stated above, the Fund will reclassify the shares as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable shares subsequently have all the features and meet the above conditions, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of reclassification.

The issuance, acquisition and resale of redeemable shares are accounted for as equity transactions. Upon issuance of shares (or sale of treasury shares), the consideration received is included in equity. Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale or issuance or cancellation of the Fund's own equity instruments. Redemptions are recorded as charges against equity.

Transaction costs incurred by the Fund in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

#### *Retained earnings*

The amounts in retained earnings include accumulated investment income of previous periods reduced by excess of redemption cost over the original selling price of redeemed shares.

#### Dividend Distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's shareholders is accounted for as a deduction from retained earnings. A proposed dividend is recognized as a liability in the period in which it is approved by the shareholders.

#### Earnings per Share (EPS)

Basic EPS is calculated by dividing the net investment income by the weighted average number of shares outstanding during the period after giving retroactive effect to stock dividends declared and stock rights exercised during the period, if any. The Fund does not have dilutive potential common shares.

#### Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### Contingencies

Contingent assets are not recognized but are disclosed in the notes to financial statements when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements, but are disclosed in the notes to financial statements, unless the possibility of an outflow of resources embodying benefits is remote.



#### Events after the Statement of Financial Position Date

Post year-end events that provide additional information about the Fund's financial position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events, if any, are disclosed in the notes to financial statements when material.

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Fund does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Fund intends to adopt the following pronouncements when these become effective.

##### *Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

##### *Effective beginning on or after January 1, 2023*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

##### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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### **3. Significant Judgment and Estimate**

As of September 30, 2022 and December 31, 2021, the preparation of the Fund's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Judgments

In the process of applying Fund's accounting policies, the Fund has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

##### *a. Testing the cash flow characteristics of financial assets*

In determining the classification of financial assets under PFRS 9, the Fund assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding.



*b. Evaluation of business model in managing financial instruments*

The Fund developed business models which reflect how it manages its portfolio of financial instruments. The Fund's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Fund) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Fund evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Fund.

*c. Classification of shares as equity or liability*

The Fund continuously assesses whether all of the conditions indicated in its accounting policy on Capital Stock and Redeemable Shares (Note 2) are met by the redeemable shares it issues to retain the classification of the shares as equity instruments.

In applying its judgment, management considers the rights and claims of each shareholders embedded on shares issued, the type and features of issued shares including the terms of any contractual obligation, and the basis for the cash flows attributable to the entirety of the term of the shares.

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#### **4. Financial Risk Management Objectives and Policies**

The Fund's activities are exposed to a variety of financial risks: credit risk, liquidity risk, and market risk, which includes currency risk, fair value interest rate risk, price risk and cash flow interest rate risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance.

The Fund is exposed to financial risks through its financial instruments. The principal financial assets of the Fund are cash and cash equivalents, short-term investments, financial assets at FVTPL, Receivables, and investment in securities at amortized cost. These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements.

##### Nature of Risks and Risk Management Objectives and Policies

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of such unpredictability on the Fund's financial performance.

The Fund is governed by the provisions in its prospectus that incorporates relevant investment rules and regulations by regulators such as the Investment Company Act (ICA) and the SEC, among others.

Specifically, the Fund primarily invests in fixed income securities denominated in Peso, in accordance with the investment objective, policies, methods and limitations of the Fund.

A portion of the Fund may also be invested in prime grade domestic or international corporate debentures, preferred shares, as well as in savings or time deposits with Philippine or foreign government owned or private commercial banks, provided, that the issuers have been approved by the BOD of the Fund.

An adequate portion of the Fund will be invested in cash or near cash assets for liquidity purposes.

Moreover, the Fund's investment activities are also guided by the following limits/conditions:



- Under ICA Rule 35-1, the maximum investment in any single enterprise shall not exceed an amount equivalent to fifteen percent (15.00%) of the Fund's NAV except obligations of the Philippine Government and its instrumentalities, nor shall the total investment of the Fund exceed ten percent (10.00%) of the outstanding securities of any one investee company.
- The Fund must not invest, in aggregate, more than twenty percent (20.00%) of its net assets in transferrable securities, money market securities, deposits and financial derivatives issued by a single entity or issuer.
- Deposits shall not exceed twenty percent (20.00%) of its net assets in a single bank/non-bank with quasi bank license excluding monies for liquidation of a revoked MFC.
- For liquidity purposes, at least ten percent (10.00%) of the assets of an Investment Company shall be invested in liquid/semi-liquid assets. The Fund may implement a decreased investment of less than ten percent (10.00%) but not less than five percent (5.00%) of its assets in liquid/semi-liquid assets, provided, however, that the Fund shall submit a notarized liquidity contingency plan, signed by the President of the Fund and its Fund Manager.
- The Fund shall not purchase from, or sell to any of its officers or directors or the officers or directors of its Fund Manager, their managers or distributors or firms of which any of them are members, any security other than those of the Fund's own capital stock.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. This includes the risk that the Fund's investment in government and private debt securities will decline as the bond issuer may not be able to pay its debt upon interest payments and maturity.

#### *Maximum exposure to credit risk*

The Fund trades only with recognized, creditworthy third parties and monitors the creditworthiness of these counterparties by reviewing their credit ratings and financial statements on a regular basis. The Fund's maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements, equals the carrying values of financial assets.

Credit risk is likewise minimized through diversification or by investing in a variety of investments belonging to different sectors or industries. A credit analysis is a standard operational procedure in order to assess the credit quality and the credit worthiness of the counterparty. Transactions may also be structured to include collateralization or various credit enhancements when necessary. Credit exposures are closely monitored so as to ensure that payments are made on time. No collateral was held against investment securities as of September 30, 2022 and December 31, 2021.

The Fund adopted the internal credit rating process of its Fund Manager and Investment Advisor, BIMl, in assessing the credit quality of the Fund's investments. In addition, BIMl considers credit ratings by other agencies such as Philippine Ratings Services Corporation (PhilRatings), Standard & Poors, and Moody's and Fitch.

The Fund Manager reviews the credit ratings and ensures that assets are of high quality to minimize this type of risk. Investments undergo a strict approval process especially for corporate issues.

Presented below is the mapping of the credit risk rating from external rating agencies to the Fund's internal risk rating for investment securities:

Agency	Prime		High Grade		Upper Medium Grade			Low Medium Grade		
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
PhilRatings	Aaa	Aa+	Aa	Aa-	A+	A	A-	Baa+	Baa	Baa-



Agency	Non-investment Grade Speculative			Highly Speculative		Substantial Risk to In default	
S&P	BB+	BB	BB-	B+	B	B-	Below B-
Moody's	Ba1	Ba2	Ba3	B1	B2	B3	Below B3
Fitch	BB+	BB	BB-	B+	B	B-	Below B-
PhilRatings	Ba+	Ba	Ba-	B+	B	B-	Below B-

### Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated. This risk also includes the risk that the investments of the Fund cannot be sold or converted into cash within a reasonable time or in instances where sale or conversion is possible but not at a fair price.

To mitigate this risk, the Fund observes existing rules and regulations related to maintaining a certain percentage of the Fund's assets in liquid assets.

The Fund's policy prescribes that at least ten percent (10.00%) of its total assets is invested in any of the following:

- Treasury notes or bills, Bangko Sentral ng Pilipinas (BSP) Certificates of Indebtedness which are short-term, and other government securities or bonds and such other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines.
- Savings or time deposits with government-owned banks or commercial banks; provided that in no case shall any such savings or time deposits account be accepted or allowed under a 'bearer', 'numbered' account or other similar arrangement.

The Fund is also exposed to daily cash redemptions of its redeemable shares. It, therefore, invests majority of its assets in investments that are traded in an active market and can be readily disposed of. Further, payment for shares so redeemed shall be credited to the shareholder's settlement account with the receiving bank within seven (7) business days reckoned from the date the redemption request is received by the Fund.

Due to the inherent nature of the Fund, however, where redemptions are funded by selling fixed-income investments held by the Fund, there may be instances when the Fund may take longer to credit the proceeds of the redemptions especially in the absence of a liquid trading market for such securities.

The Fund may suspend redemption or postpone the date of payment for redemptions in such cases when (i) normal trading is suspended on the Philippine Stock Exchange (PSE), or (ii) with the consent of the SEC. The Fund, however, shall not suspend the right of redemption or not postpone the date of payment or satisfaction upon redemption of any redeemable security for more than seven banking days after the tender of such security to the Fund, except in the following cases:

- For any period during which banks are closed other than customary weekend and holiday closings; or
- For any period during which an emergency exists as a result of which (a) disposal by the Fund of securities owned by it is not reasonably practicable, or (b) it is not reasonably practicable for the Fund to determine the value of its net assets; or
- For such other period as the SEC may, by order, permit for the protection of security holders of the Fund.

### *Financial assets*

Analysis of financial assets at FVTPL into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the statement of financial position date to the contractual maturity date or if earlier, the expected date the assets will be realized.



### *Financial liabilities*

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

### Market Risk

Market risk is the risk of changes in the fair value of financial instruments from fluctuations in market interest rates (interest rate risk), whether such change is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

To properly manage price risk, various risk management methodologies are utilized to quantify the potential changes in portfolio resulting from changes in security prices. Risk is, then, monitored and controlled through the establishment of equity exposure limits and tracking error. Investment portfolios are also subject to price risk stress testing on a periodic basis.

The Fund is also actively managed via portfolio duration management, yield curve positioning, credit diversification, portfolio quality and liquidity management.

### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. It is the risk that the value of the Fund's investments in government and private debt securities will decline as interest rates rise. The Fund's market risk policy requires it to manage interest rate risk by managing the maturities of interest-bearing financial assets, and monitoring the fluctuation of interest rates in the market. To mitigate this risk, the Fund Manager closely monitors movements in interest rates and takes advantages of opportunities to sell in order to realize market gains.

### *Equity price risk*

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. Equity price risk is not significant to the Fund since its portfolio of equity securities is not material to the total investment portfolio.

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## 5. Cash and Cash Equivalents

This account consists of:

	September 30, 2022	December 31, 2021
Cash in bank	P 27,062	P 1,040
Short-term placements	8,206,707	9,357,000
	<b>P 8,233,769</b>	<b>P9,358,040</b>

Cash in bank consists of noninterest-bearing demand deposit account.

Short-term placements consist of investment in time deposit accounts with a local bank. Investments in time deposit accounts bear annual interest rates from 0.2 to 0.8% in September 30, 2022 and 0.075% in December 31, 2021.

Interest income earned amounted to P0.050 million and P0.020 million in September 30, 2022 and 2021, respectively (see Note 12).



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**6. Financial Assets at Fair Value through Profit or Loss**

This account consists of investments in:

	<b>September 30, 2022</b>	December 31, 2021
Government debt securities	<b>₱82,213,553</b>	₱71,275,070
Preferred shares	<b>4,860,000</b>	4,975,000
	<b>₱87,073,553</b>	₱76,250,070

Government securities earn annual interest rates ranging from 2.9% to 12.50% and 2.9% to 10.00% in September 30, 2022 and December 31, 2021, respectively.

Total interest earned from financial assets at FVTPL amounted to ₱3.00 million and ₱2.51 million in September 30, 2022 and 2021, respectively (see Note 12).

Dividend income earned from preferred shares amounted to ₱0.17 million and ₱0.017 million in September 30, 2022 and 2021.

In September 30, 2022 and 2021, net trading gains (losses) on financial assets held for trading follow:

	<b>September 30, 2022</b>	September 30, 2021
Realized gain from sale	<b>₱(223,802)</b>	₱97,351
Changes in fair value of financial assets held for trading, net	<b>(9,466,224)</b>	(5,443,142)
	<b>(₱9,690,026)</b>	(₱5,345,791)

As of September 30, 2022 and December 31, 2021, the maximum investment of the Fund in any single enterprise did not exceed an amount equivalent to 15.00% of the Fund's NAV, except obligations of the Philippine Government and instrumentalities which are considered to be highly-liquid assets.

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**7. Receivables**

This account consists of:

	<b>September 30, 2022</b>	December 31, 2021
Accrued interest receivable	<b>₱1,756,285</b>	₱2,391,080
Dividends receivable	<b>57,874</b>	57,874
Others	<b>30,000</b>	
	<b>₱1,844,159</b>	₱2,448,954

Accrued interest receivable includes income earned that is not yet received on short-term placements and private debt securities.

Dividends receivable pertains to income earned from investment in equity securities that is not yet received.

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## 8. Investment in Securities at Amortized Cost

As of September 30, 2022 and December 31, 2021, this account consists of investments in government debt securities with carrying amount of ₱93.99 million and ₱115.95 million, respectively.

These investments bear interest rates ranging from 2.24% to 6.12% and from 2.15% to 6.02% in September 30, 2022 and December 31, 2021, respectively.

Interest income earned amounted to ₱3.2 million and ₱3.56 million in September 30, 2022 and 2021, respectively (see Note 12).

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## 9. Accounts Payable and Accrued Expenses

This account consists of:

	September 30, 2022	December 31 2021
Accrued management and professional fees (Note 13)	₱280,194	₱509,896
Withholding tax payable	-	45,260
Other payables	6,941	5,337
	<b>₱287,135</b>	<b>₱560,493</b>

Accrued management fees will be settled the next month.

Accrued professional fees are settled within the year.

Other payables are related to investment trade payables for the period. This payable will be settled the next month.

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## 10. Maturity Profile

All of the Fund's assets and liabilities are due to be realized and settled within one year, except for investment in securities at amortized cost with carrying amount of ₱93.99 million and ₱49.48 million as of September 30, 2022 and December 31, 2021, respectively, which will mature in 2023 to 2028.

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## 11. Equity

As of September 30, 2022 and December 31, 2021, the Fund's capital stock consists of:

	September 30, 2022	December 31, 2021
Capital stock - ₱1 par value		
Authorized - 245,000,000 shares		
Issued and outstanding – 87,968,299 shares in September 30, 2022 and 90,321,354 shares in 2021	<b>₱87,968,299</b>	<b>₱90,321,354</b>

The total expected cash outflow on redemption of all shares equals the Fund's equity. Issuance and resale of redeemable shares are based on NAV per share attributable to holders of redeemable shares.



The NAV per share is calculated as follows:

	September 30, 2022	December 31, 2021
Total equity	<b>₱190,856,876</b>	₱203,442,203
Number of shares outstanding	<b>87,968,299</b>	90,321,354
NAV per share	<b>₱2.1696</b>	₱2.2524

#### Capital Management

The primary investment objective of the Fund is to achieve growth through income derived from medium to long-term fixed income instruments. As such, the Fund may be considered as a moderately aggressive fund.

The capital of the Fund is represented by total equity as shown in the statements of financial position. The Fund's total equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of shareholders.

The Fund's objective when managing capital is as follows:

- Safeguard the Fund's ability to continue as a going concern in order to provide returns for stakeholders;
- Maintain a strong capital base to support the development of the investment activities of the Fund; and
- Comply with the minimum subscribed and paid-in capital of ₱50.00 million required for investment companies under the Investment Company Act of 1960.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate within seven (7) days; and
- Redeem and issue new shares in accordance with the Fund's prospectus, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The BOD and Fund Manager monitor capital on the basis of the value of total equity.

#### Minimum Capital Requirement

Pursuant to the Investment Company Act of 1960, the Fund's minimum capital requirement is ₱50.00 million. As of June 30, 2022 and December 31, 2021, the Fund is in compliance with the capital requirement. The Fund's capital, as provided in the statements of changes in equity, comprises its capital stock, additional paid-in capital, and retained earnings.

#### Regulatory Framework

The operations of the Fund are subject to the regulatory requirements of the SEC. Such regulations do not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

Pursuant to the governing rules and regulations of the SEC, the Fund shall not invest in any of the following:

- Margin purchases of securities;
- Commodity futures contracts;
- Precious metals; and
- Unlimited liability instruments;

## 12. Interest Income

This account consists of interest income earned on:

	September 30, 2022	September 30, 2021
Investment in securities at amortized cost (Note 8)	<b>P3,174,098</b>	P3,557,131
Short-term placements (Note 5)	<b>50,041</b>	232,605
Financial assets at FVTPL (Note 6):	<b>3,047,325</b>	2,510,192
Short-term investments	-	-
	<b>P6,271,464</b>	P6,299,928

## 13. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The following parties are considered related parties to the Fund:

### *Fund manager and investment advisor - BIMI*

The assets of the Fund are being managed by BIMI (successor of BPI-AMTG) as the Fund Manager/Principal Distributor and Investment Advisor in accordance with the Investment Company Act (R.A. No. 2629) set by SEC and its investment policy approved by the BOD of the Fund, which started on June 18, 2010.

As Investment Advisor, BIMI shall provide the Fund with investment research, advice, assistance and investment recommendations as required by the Fund and deemed helpful in the formulation of the Fund's investment strategies and guidelines. Unless sooner terminated in writing by parties, the Agreement with BIMI shall remain in full force and effect for a period of two (2) years and shall be deemed automatically renewed for the succeeding year on each anniversary date unless expressly terminated at the instance of either party upon the service of at least thirty (30) days prior written notice by one party to the other.

Accordingly, BIMI are entitled to a management and advisory fee of not more than seven-fourths percent (1.75%) per annum based on the average NAV of the Fund, or a minimum annual fee of P0.10 million, whichever is higher.

The Fund's transactions with related parties in 2022 and 2021 and the related outstanding balances follow:

Related Party	Account	Elements of Transactions			
		Statements of Financial Position		Statements of Comprehensive Income	
		September 30, 2022	December 31, 2021	September 30, 2022	September 30, 2021
BIMI	Management and professional fees	<b>P274,856</b>	P256,474	<b>P2,588,676</b>	P3,155,776



**BOD**

The Fund considers the BOD as the key personnel. The members of the Board each receive a fee amounting to P3,000 for every regular meeting and P1,200 for every special meeting attended. There are no other standards or consulting arrangements nor any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated. The BOD members received total remuneration of nil in September 30, 2022 and P0.03 million in 2021.

The Fund Manager does not have any existing arrangement with the Fund for the right to designate or nominate members of the Board.

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**14. Basic Earnings Per Share (EPS)**

EPS for the quarter ended September 30, 2022 and 2021 is computed as follows:

	<b>September 30, 2022</b>	September 30, 2021
Net investment income (loss)	<b>(P7,452,799)</b>	(P4,077,591)
Weighted average number of shares outstanding	<b>89,710,941</b>	91,768,438
<b>Basic EPS</b>	<b>(P0.0831)</b>	(P0.0444)

As of September 30, 2022 and 2021, there were no outstanding dilutive potential shares.

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**15. Notes to Statements of Cash Flows**

There are no significant non-cash transactions of the Fund as of September 30, 2022 and December 31, 2021.