

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of ALFM Peso Bond Fund Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended 31 December 2021 and 2022, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors is 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.

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



Simon R. Paterno
President



Romeo L. Bernardo
Chairman of the Board



Fernando J. Sison III
Treasurer

APR 17 2023

City of Manila

Signed this ____ day of _____

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES
MAKATI, METRO MANILA


BEFORE ME, a Notary Public for and in the above jurisdiction, personally appeared:

Name	Tax Identification No.
ROMEO L. BERNARDO	124-135-087
SIMON R. PATERNO	203-010-472
FERNANDO J. SISON III	135-565-275

Known to me to be the same persons who executed the foregoing CERTIFICATE, consisting of 2 pages including this page wherefore this Acknowledgement is written and they acknowledge to me that the same is their voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place first above written.

Doc. No. 282
Page No. 58
Book No. 39
Series of 2022


ATTY. HENRY D. ADASA
NOTARY PUBLIC, CITY OF MANILA
APPOINTMENT NO. 123/12/31/2023 MANILA
IBP NO. 181139 / 01/03/2023
PTR N. 0861145 / 01/03/2023
ROLL NO. 29679, TIN NO. 172-528-620
MCIF COMP. NO. VII-0000165 VALID UNTIL APRIL 14, 2025
17 1411 TAYUMAN ST., STA. CRUZ, MANILA

Independent Auditor's Report

To the Board of Directors and Shareholders of
ALFM Peso Bond Fund, Inc.
19th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

Report on the Audits of the Financial Statements***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ALFM Peso Bond Fund, Inc. (the "Fund") as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Fund comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of comprehensive income for each of the three years in the period ended December 31, 2022;
- the statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the statements of cash flows for each of the three years in the period ended December 31, 2022;
- and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund 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

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Independent Auditor's Report

To the Board of Directors and Shareholders of
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19th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ALFM Peso Bond Fund, Inc. (the "Fund") as at December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Fund comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of comprehensive income for each of the three years in the period ended December 31, 2022;
- the statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund 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

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Independent Auditor's Report
To the Board of Directors and Shareholders of
ALFM Peso Bond Fund, Inc.
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Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these financial statements.



Independent Auditor's Report
To the Board of Directors and Shareholders of
ALFM Peso Bond Fund, Inc.
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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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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 audit.



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
ALFM Peso Bond Fund, Inc.
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Report on the Bureau of Internal Revenue Requirement

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 19 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.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'Zaldy D. Aguirre', is written over a horizontal line.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 105660-SEC, Category A; valid to audit 2020 to 2024
financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024
financial statements

TIN 221-755-698

BIR A.N. 08-000745-077-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 13, 2023



Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
ALFM Peso Bond Fund, Inc.
19th Floor, BPI Buendia Center
Sen. Gil J. Puyat Avenue
Makati City

We have audited the financial statements of ALFM Peso Bond Fund, Inc. as at and for the year ended December 31, 2022, on which we have rendered the attached report dated April 13, 2023. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2022, and Schedules A,B,C,D,E,F and G, as required by Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission 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 the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 9, 2023, Makati City

SEC A.N. (individual) as general auditors 105660-SEC, Category A; valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements

TIN 221-755-698

BIR A.N. 08-000745-077-2020, issued on December 14, 2020; effective until December 13, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 13, 2023

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ALFM Peso Bond Fund, Inc.

Statements of Financial Position
December 31, 2022 and 2021
(All amounts in thousands of Philippine Peso)

	Notes	2022	2021
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	2	2,068,984	1,385,270
Short-term investments	3	1,000,000	-
Financial assets at fair value through profit or loss	4	6,693,127	10,289,903
Investment securities at amortized cost	5	29,855,533	31,189,954
Loans and receivables	6	370,196	1,508,920
Total assets		39,987,840	44,374,047
<u>LIABILITIES AND EQUITY</u>			
LIABILITIES			
Management and distribution fees payable	7	29,288	32,327
Other liabilities	8	5,477	6,102
Total liabilities		34,765	38,429
EQUITY			
Redeemable shares	10	10,524,057	11,779,059
Share premium		1,478,262	4,924,429
Retained earnings		27,950,756	27,632,130
Total equity	11	39,953,075	44,335,618
Total liabilities and equity		39,987,840	44,374,047

(The notes on pages 1 to 25 are integral part of these financial statements.)

ALFM Peso Bond Fund, Inc.

Statements of Comprehensive Income
For each of the three years in the period ended December 31, 2022
(All amounts in thousands of Philippine Peso)

	Notes	2022	2021	2020
INCOME				
Interest income	2,3,5,6	1,387,503	1,532,688	1,882,621
(Losses) income from financial assets at fair value through profit or loss, net	4	(394,447)	(116,605)	611,426
Other income (losses)	12	106,392	(329,730)	105,116
		1,099,448	1,086,353	2,599,163
EXPENSES				
Management, distribution and other professional fees	13	421,824	446,645	450,962
Taxes and licenses		12,573	21,592	28,234
Custodian fee	15	14,069	8,993	1,202
Others		10,309	6,537	12,888
		458,775	483,767	493,286
INCOME BEFORE INCOME TAX		640,673	602,586	2,105,877
INCOME TAX EXPENSE	9	323,486	271,559	348,501
NET INCOME FOR THE YEAR		317,187	331,027	1,757,376
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		317,187	331,027	1,757,376
BASIC AND DILUTED EARNINGS PER SHARE	10	2.84	2.43	14.30

(The notes on pages 1 to 25 are integral part of these financial statements.)

ALFM Peso Bond Fund, Inc.

Statements of Changes in Equity
For each of the three years in the period ended December 31, 2022
(All amounts in thousands of Philippine Peso)

	Redeemable shares (Note 10)	Share premium	Retained earnings	Total equity (Note 11)
Balance at January 1, 2020	12,788,991	7,592,837	25,547,648	45,929,476
Comprehensive income				
Net income for the year	-	-	1,757,376	1,757,376
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,757,376	1,757,376
Transactions with owners				
Issuance of shares	2,249,630	5,916,666	-	8,166,296
Redemption of shares	(3,123,712)	(8,215,557)	(4,808)	(11,344,077)
Total transactions with owners	(874,082)	(2,298,891)	(4,808)	(3,177,781)
Balance at December 31, 2020	11,914,909	5,293,946	27,300,216	44,509,071
Comprehensive income				
Net income for the year	-	-	331,027	331,027
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	331,027	331,027
Transactions with owners				
Issuance of shares	1,594,820	4,337,964	-	5,932,784
Redemption of shares	(1,730,670)	(4,707,481)	887	(6,437,264)
Total transactions with owners	(135,850)	(369,517)	887	(504,480)
Balance at December 31, 2021	11,779,059	4,924,429	27,632,130	44,335,618
Comprehensive income				
Net income for the year	-	-	317,187	317,187
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	317,187	317,187
Transactions with owners				
Issuance of shares	856,452	2,351,771	-	3,208,223
Redemption of shares	(2,111,454)	(5,797,938)	1,439	(7,907,953)
Total transactions with owners	(1,255,002)	(3,446,167)	1,439	(4,699,730)
Balance at December 31, 2022	10,524,057	1,478,262	27,950,756	39,953,075

(The notes on pages 1 to 25 are integral part of these financial statements.)

ALFM Peso Bond Fund, Inc.

Statements of Cash Flows

For each of the three years in the period ended December 31, 2022
(All amounts in thousands of Philippine Peso)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		640,673	602,586	2,105,877
Adjustments for:				
Unrealized fair value gains on financial assets fair value through profit or loss, net	4	384,485	(543,925)	(158,282)
Unrealized foreign exchange (gains) losses		8,839	(11,730)	2,881
Interest income	2,3,5,6	(1,387,503)	(1,532,688)	(1,882,621)
Interest received	2,3,5,6	1,440,303	1,568,091	1,911,958
Dividend income	4	(56,246)	(147,735)	(156,039)
Dividend received	4,6	65,537	150,793	152,982
Operating income before changes in operating assets and liabilities		1,096,088	85,392	1,976,756
Changes in operating assets and liabilities (Increase) decrease in:				
Short-term investments	3	(1,000,000)	-	500,000
Financial assets at fair value through profit or loss		3,212,291	(186,625)	(2,719,091)
Loans and receivables	6	1,076,633	1,315,136	(1,002,674)
Investment securities at amortized cost	5	1,334,421	(685,731)	5,554,425
Decrease (increase) in:				
Management and distribution fees payable		(3,039)	35	(1,422)
Other liabilities		(625)	1,046	(256)
Cash generated from operations		5,715,769	529,253	4,307,738
Income taxes paid		(323,486)	(283,813)	(348,501)
Net cash from operating activities		5,392,283	245,440	3,959,237
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	10	3,208,223	5,932,784	8,166,296
Redemption of shares	10	(7,907,953)	(6,448,609)	(11,332,732)
Net cash used in financing activities		(4,699,730)	(515,825)	(3,166,436)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		692,553	(270,386)	792,801
CASH AND CASH EQUIVALENTS	2			
January 1		1,385,270	1,643,926	854,006
Effect of changes in foreign exchange		(8,839)	11,730	(2,881)
December 31		2,068,984	1,385,270	1,643,926

(The notes on pages 1 to 25 are integral part of these financial statements.)

ALFM Peso Bond Fund, Inc.

Notes to Financial Statements

As at December 31, 2022 and 2021 and

for each of the three years in the period ended December 31, 2022

(All amounts are in thousands of Philippine Peso, unless otherwise stated)

Note 1 - General information

ALFM Peso Bond Fund, Inc. (the "Fund") was incorporated in the Philippines primarily to establish and carry on the business of an open-end investment company. It was registered on July 18, 1997 with the Philippine Securities and Exchange Commission (SEC) under the Investment Company Act of 1960 (Republic Act No. 2629) and the Securities Regulation Code (Republic Act No. 8799).

The Fund aims to generate a steady stream of income through investments in a diversified portfolio of high-grade fixed income instruments. As an open-end investment company, the Fund stands ready at any time to redeem its outstanding shares at a value defined under the Fund's prospectus (Note 11).

The Fund is registered as an issuer of securities with the SEC under Section 12 of the Securities Regulation Code (SRC). In compliance with the SRC, the Fund is required to file registration statements for each instance of increase in authorized shares. The last registration statement filed by the Fund for an increase in authorized shares and the permit to offer securities for sale were approved by the SEC on August 15, 2014 and June 29, 2016, respectively (Note 10).

The Fund's registered office is at BPI Head Office Building, Ayala Avenue corner Paseo de Roxas, Makati City while its principal place of business is at 19th Floor, BPI Buendia Center, Sen. Gil J. Puyat Avenue, Makati City.

The Fund has no employees. The principal management and administration functions of the Fund are outsourced from BPI Investment Management, Inc. (the "Fund Manager") (Note 14).

Approval of the financial statements

These financial statements have been approved and authorized for issuance by the Fund's Board of Directors (BOD) on April 12, 2023. There are no material events that occurred from April 12, 2023 to April 13, 2023.

Note 2 - Cash and cash equivalents

The account at December 31 consists of:

	2022	2021
Short-term time deposits	2,063,050	1,384,099
Regular savings deposits	5,934	1,171
	<u>2,068,984</u>	<u>1,385,270</u>

Short-term time deposits have maturity period of less than three (3) months and bear interest at prevailing market rates.

Interest income earned from cash and cash equivalents as at December 31, 2022 amounts to P50,230 (2021 - P363; 2020 - P3,070).

Note 3 - Short-term investments

Short-term investments as at December 31, 2022 amounting to P1,000,000 (2021 - nil) consist of placements in time deposits with maturities of more than three (3) months but not more than one (1) year and bear interest at prevailing market rates.

Interest income earned from short-term investments for the year ended December 31, 2022 amounts to P972,349 (2021 - P878,530; 2020 - P44,328).

Note 4 - Financial assets at fair value through profit or loss

The account at December 31 consists of held for trading investments in:

	Interest rates	2022	Interest rates	2021
Debt securities				
Government securities	2.3%-14.6%	5,004,931	2.30% - 14.60%	8,067,476
Unit investment trust funds	-	792,000	-	1,011,340
		5,796,931		9,078,816
Listed equity securities		896,196		1,211,087
Total		6,693,127		10,289,903

The maturity pattern of debt securities follows:

	2022	2021
Due in one year or less	792,000	2,147,929
Due after one year through five years	1,579,015	55,495
Longer than 5 years	3,425,916	6,875,392
	5,796,931	9,078,816

Details of (losses) income from financial assets at fair value through profit or loss, net, for the years ended December 31 follow:

	2022	2021	2020
Interest income	279,668	204,116	134,352
Dividend income	56,246	147,735	156,039
Other changes			
Net realized (losses) gains	(345,876)	75,469	162,753
Net unrealized (losses) gains	(384,485)	(543,925)	158,282
	(394,447)	(116,605)	611,426

Note 5 - Investment securities at amortized cost

The account at December 31 consists of:

	Interest rates	2022	Interest rates	2021
Corporate debts	1.91%-6.25%	21,218,603	1.91%-6.25%	26,111,268
Government securities	0.00% -14.60%	7,136,930	0.00%-14.60%	3,578,686
Other securities and debt instruments	1.92%-2.20%	1,500,000	1.92%-2.20%	1,500,000
		29,855,533		31,189,954

The maturity pattern of investment securities at amortized cost follows:

	2022	2021
Due in one year or less	5,133,569	16,089,953
Due after one year through five years	18,984,958	10,623,603
Due after five years	5,737,006	4,476,398
	29,855,533	31,189,954

Interest income earned from investment securities at amortized cost for the year ended December 31, 2022 amounts to P317,836 (2021 - P483,229; 2020 - P1,760,033).

Note 6 - Loans and receivables

The account at December 31 consists of:

	2022	2021
Term loans	159,240	1,247,204
Other receivables		
Dividend income receivable	4,456	13,747
Accrued interest receivable	182,915	235,715
Prepaid taxes	23,585	12,254
	370,196	1,508,920

The maturity pattern of loans and receivables follows:

	2022	2021
Due in one year or less	309,446	364,092
Due after one year through five years	60,750	162,828
More than five years	-	982,000
	370,196	1,508,920

Term loans represent debts issued by certain Philippine corporations. The term loans carry annual interest rates ranging from 6.14% to 6.28% (2021 - 5.46% to 6.73%).

All loans and receivables are unsecured as at December 31, 2022 and 2021.

Interest income earned on term loans for the year ended December 31, 2022 amounts to P47,088 (2021 - P170,566; 2020 - P75,190).

Note 7 - Management and distribution fees payable

The account at December 31 consists of management and distribution fees payable to:

	Note	2022	2021
Related parties	14	25,390	32,252
Third parties		3,898	75
		29,288	32,327

Note 8 - Other liabilities

The account at December 31 consists of:

	2022	2021
Withholding tax payable	4,613	5,082
Others	864	1,020
	5,477	6,102

Others represent outstanding documentary stamp tax as at reporting date which have not been settled. The amounts have been paid in the subsequent month after the reporting date.

Note 9 - Income taxes

The reconciliation between income tax expense at the statutory tax rate to the actual income tax expense shown in the statement of total comprehensive income follows:

	2022	2021	2020
Income before income tax	640,673	602,586	2,105,877
Income tax at statutory rate	160,168	150,646	631,763
Tax effects of:			
Interest income subjected to lower tax rate	(52,719)	(37,718)	(122,755)
Tax-exempt income			
Dividend income	(14,061)	(36,934)	(46,812)
Fair value losses (gains), net	185,685	124,423	(75,560)
Unrecognized (applied) NOLCO	44,413	71,142	(38,135)
Effective income tax	323,486	271,559	348,501

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which provides for lower corporate income tax rates and rationalizes fiscal incentives had been signed into law by the President of the Philippines in 2021 but with an effective date of July 1, 2020. The CREATE Act has no significant impact on the Fund as it did not recognize deferred income tax asset on net operating loss carryover (NOLCO) in view of its limited capacity to generate sufficient taxable income to allow the utilization of NOLCO since the bulk of the Fund's income is tax-exempt or subject to final tax.

The details of the Fund's unused NOLCO at December 31 are as follows:

Year of Incurrence	Year of Expiration	2022	2021
2022	2025	181,131	-
2021	2026	284,569	284,569
2019	2022	48,091	48,091
2018	2021	-	139,130
		513,791	471,790
Expired NOLCO		(48,091)	(139,130)
		465,700	332,660
Income tax rate		25%	25%
Unrecognized deferred income tax asset		116,425	83,165

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020, Rules and Regulations Implementing Section 4 (bbbb) of Republic Act No. 11494 (Bayanihan to Recover as One Act) relative to NOLCO under Section 34 (D)(3) of the National Internal Revenue Code, as amended, allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) consecutive years only. Accordingly, the NOLCO incurred by the Fund in 2021 shall be carried over for the next five years until 2026.

Note 10 - Redeemable shares

The details of the Fund's authorized shares as at December 31, 2022 and 2021 follow:

Number of shares	400 million
Par value per share	P100
Amount	P40 billion

The movements in the Fund's redeemable shares (in thousands) for the years ended December 31 follow:

	2022	2021	2020
Issued and outstanding shares, January 1	117,790	119,149	127,890
Issuance of shares	8,565	15,948	22,496
Redemption of shares	(21,115)	(17,307)	(31,237)
Issued and outstanding shares, December 31	105,240	117,790	119,149

Details of issuances and redemptions of the Fund's redeemable shares for the years ended December 31 follow:

	2022	2021	2020
Issuances of shares	3,208,223	5,932,784	8,166,296
Redemptions of shares	(7,907,953)	(6,437,264)	(11,344,077)

As at December 31, 2022, the Fund has 25,213 shareholders (2021 - 26,893).

On November 16, 2006, the BOD and shareholders approved to increase the Fund's authorized share capital from 340 million shares to 1 billion shares with par value of P100 per share, which will be applied in tranches.

The summary of the Funds' track record of registration of authorized shares follows:

Shares		Date of SEC Approval	
From	To	Increase in Authorized Shares	Permit to Offer Securities for Sale
2,000,000	10,000,000	August 21, 1998	December 4, 1998
10,000,000	20,000,000	December 15, 1999	February 29, 2000
20,000,000	50,000,000	June 13, 2000	July 13, 2000
50,000,000	70,000,000	January 16, 2002	March 11, 2002
70,000,000	90,000,000	June 20, 2002	August 15, 2002
90,000,000	120,000,000	November 15, 2002	December 17, 2002
120,000,000	170,000,000	October 17, 2003	December 11, 2003
170,000,000	200,000,000	April 18, 2005	September 5, 2005
200,000,000	268,000,000	September 2, 2005	September 15, 2005
268,000,000	340,000,000	October 17, 2005	November 29, 2005
340,000,000	400,000,000	August 15, 2014	June 29, 2016

Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding redeemable shares and the corresponding shares for the amount of deposit for future share subscriptions received during the year, if any.

The information used in the computation of basic and diluted earnings for the years ended December 31 follows:

	2022	2021	2020
Net income for the year	317,187	331,027	1,757,376
Weighted average number of shares outstanding during the year	111,804	136,479	122,866
Basic and diluted earnings per share	2.84	2.43	14.30

The following are the features of shares:

- i. The shares have identical rights and privileges, including voting rights. Each share entitles the holder thereof to one vote at any meeting of shareholders of the Fund. Shareholders shall have cumulative voting rights for the election of the Fund's directors.
- ii. Each shareholder of the Fund shall be entitled to require the Fund to purchase, but not in the event and to the extent that the Fund has no assets legally available for such purpose whether arising out of capital, paid-in surplus or other surplus, net profits or otherwise, all or any part of the shares outstanding in the name of such Shareholder in the books of the Fund, but only at the redemption price as of the valuation day on which a redemption order is made.
- iii. Shareholders have no pre-emptive right.
- iv. Dividends payable out of the surplus profits of the Fund may be declared at such time as the Board of Directors shall determine. No dividend shall be declared which shall impair the capital of the Fund. Stock dividends may be declared in accordance with law. The Fund may pay dividends in cash, property or in additional shares.
- v. Shareholders have appraisal right.

Note 11 - Net Asset Value (NAV) for share subscriptions and redemptions

The consideration received or paid for redeemable shares issued or re-purchased, respectively, is based on the value of the Fund's NAV per share at the date of the transaction. The total equity as shown in the statement of financial position represents the Fund's NAV based on PFRS ("PFRS NAV").

In accordance with the provisions of the Fund's prospectus and risk management policy, the Fund sets up provision for market risk on its investment portfolio which is adjusted from the PFRS NAV to arrive at the Fund's NAV for purposes of share subscriptions and redemptions ("Trading NAV"). The policy, which has been adopted for the best interest of the Fund's investors, is designed to protect the Fund against sharp fluctuations, thereby allowing the Fund to meet its investment objective, which is to generate a steady stream of income through investments in a diversified portfolio of high-grade fixed-income instruments. The allowance for market risk shall be subject to the BOD's periodic review.

The movement in allowance for market risk follows:

	2022	2021
At January 1	229,503	290,808
(Reversal of) provision for market risk during the year	(58,104)	(61,305)
	171,399	229,503

Reconciliation of the Fund's PFRS NAV to its trading NAV at December 31 is provided below:

	2022	2021
PFRS NAV	39,953,075	44,335,618
Allowance for market risk	(171,399)	(229,503)
Trading NAV	39,781,676	44,106,115

In accordance with the provisions of the Fund's prospectus, financial assets at fair value through profit or loss are valued based on the last traded market prices in the computation of the NAV for purposes of share issuances and redemption ("trading NAV").

The Fund computes its trading NAV per share by dividing the trading NAV as at reporting date by the number of issued and outstanding shares during the year including shares for issuances covered by deposits for future subscriptions, if any. The trading NAV per share at December 31 is calculated as follows:

	Note	2022	2021
Trading NAV		39,781,676	44,106,115
Total issued and outstanding shares (in thousands)	10	105,240	117,790
Trading NAV per share		378.01	374.44

As disclosed in Note 1, the Fund is an open-end investment company which stands ready at any time to redeem its outstanding shares at a value defined under its prospectus (trading NAV). Any changes in the value of the shareholders' investment are reflected in the increase or decrease in the Fund's trading NAV.

Note 12 - Other income

The account for the years ended December 31 consists of:

	2022	2021	2020
Foreign exchange gain (loss)	99,357	(333,146)	102,157
Exit fees	7,035	3,416	2,959
	106,392	(329,730)	105,116

Exit fees pertain to fees earned from the redemption of securities held for not more than 90 days.

Note 13 - Management, distribution and other professional fees

The account for the years ended December 31 consists of:

	Note	2022	2021	2020
Management and distribution fees to:				
Related parties	14	371,783	408,625	399,730
Third parties		46,950	36,013	48,319
Other professional fees	14	3,091	2,007	2,913
		421,824	446,645	450,962

Note 14 - Related party transactions

BIMI, as a fund manager, shall formulate and implement the investment strategy, provide and render management, technical, and administrative services, whereby authorizing BIMI to purchase and sell investment securities for the account of the Fund. As investment advisor, BIMI is tasked to render services which include investment research and advice; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines. In consideration for the above management, distribution, administration and advisory services, the Fund pays BIMI a fee of not more than 1.0% p.a. of the Fund's average daily trading NAV.

The Fund has distribution agreements with subsidiaries of BPI, namely, BIMI and BPI Capital Corporation (BPI Capital). Under the terms of the agreement, BIMI and BPI Capital are appointed as co-distributors to perform principally all related daily functions in connection with the marketing and the growth of the level of assets of the Fund for a fee of 0.50% p.a. based on the outstanding daily balance of the Fund's shares distributed. Such agreements are effective year after year unless terminated by each party.

The table below summarizes the Fund's transactions and balances with its related parties:

December 31, 2022	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			
BIMI	371,783	25,390	The outstanding balance is unsecured, unguaranteed, non-interest bearing and payable in cash a month after the management and distribution fees are incurred. The amounts have been paid in the subsequent month after the reporting date
BPI Capital	-	-	
	371,783	25,390	
December 31, 2021	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			
BIMI	408,573	32,249	The outstanding balance is unsecured, unguaranteed, non-interest bearing and payable in cash a month after the management and distribution fees are incurred. The amounts have been paid in the subsequent month after the reporting date
BPI Capital	52	3	
	408,625	32,252	

December 31, 2020	Transactions	Outstanding balances	Terms and conditions
Management and distribution fees			
BIMI	399,583	28,163	The outstanding balance is unsecured, unguaranteed, non-interest bearing and payable in cash a month after the management and distribution fees are incurred. The amounts have been paid in the subsequent month after the reporting date
BPI Capital	147	12	
	399,730	28,175	

The directors and officers of the Fund are entitled to receive a per diem allowance in the amount of P30,000 (in absolute amount) for every Board meeting attended. Excluded in the payment of per diem allowances are directors and officers of the Fund who are also officers of the Fund Manager. For the year ended December 31, 2021, total remunerations paid to directors and officers amount to P1,147 (2020 - P615; 2020 - P945) and is presented as part of management, distribution and other professional fees in the statement of total comprehensive income. As at reporting date, there were no outstanding balances related to these fees.

Note 15 - Custodian agreements

The Fund has custodian agreements with Citibank, N.A ("Citibank") and Bank of New York (BONY) for custodial services of the Fund's proprietary assets and/or assets owned in the Philippines. The Fund pays Citibank and BONY a monthly custodian fee based on mark-to-market value of securities in custody. As at December 31, 2022, the market value of securities in custody of Citibank and BONY amounts to P12,978,357 (2021 - P23,349,064).

Custodian fee for the year ended December 31, 2022 amounts to P14,069 (2021 - P8,993; 2020 - P1,202).

Note 16 - Critical accounting judgments

Estimates, assumptions and judgments used in preparing the financial statements 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. The accounting judgments that have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Classification of investment securities

The Fund follows the guidance of PFRS 9 in classifying financial assets at initial recognition whether it will be subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Fund determines the classification based on the contractual cash flow characteristics of the securities and on the business model it uses to manage these securities. The Fund determines whether the contractual cash flows associated with the securities are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets at amortized cost (Notes 2, 3, 5 and 6)

Under PFRS 9, the measurement of the expected credit loss (ECL) allowance for financial assets measured at amortized cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as: (a) determining criteria for significant increase in credit risk; (b) choosing appropriate models and assumptions for the measurement of ECL; (c) establishing the number and relative weightings of forward-looking scenarios and the associated ECL; and (d) establishing groups of similar financial assets for purposes of measuring ECL.

The Fund measures ECL using probability of default, exposure at default and loss given default on its financial assets at amortized cost. Management considers both historical analysis and forward-looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligation in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be insignificant to the Fund as at December 31, 2022 and 2021.

Note 17 - Financial risk and capital management

17.1 Strategy in using financial instruments

The Fund's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Fund's assets and liabilities are denominated in Philippine Peso with limited short-term investments in US Dollar; hence, the Fund's exposure to foreign exchange risk is very minimal. 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 management of financial risks is carried out by the Fund Manager under policies approved by the BOD of the Fund. The BOD approves written principles for overall risk management as well as written policies covering specific areas. Any prospective investment is limited to the type of investments described in the prospectus of the Fund thereby limiting risk exposure of the Fund to the risk inherent on investments approved by the investors. The Fund also monitors and adheres to regulatory limits and restrictions to mitigate risks.

The Fund has established risk management functions with clear terms of reference and with the responsibility for developing policies on financial risks. It also supports the effective implementation of policies. The policies define the Fund's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The Fund's objective is to achieve a steady stream of income by investing in a diversified portfolio of Philippine Peso denominated high-grade fixed income instruments, such as but not limited to, government securities, corporate notes and bonds, and fixed income funds and to outperform its composite benchmark, 75% of the 91-day Philippine T-Bill, net of tax and 25% BPI Philippine Government Bond 1-5 Year Index.

17.2 Interest rate risk

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments, to take advantage of short-term market movements primarily in the bond markets. Trading positions are reported at estimated market value with changes reflected in profit or loss. Trading positions are subject to various risk factors, which include primarily exposures to changes in interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates primarily on its fair value interest rate risk.

The Fund's fair value interest rate risk exposure principally relates to debt securities classified as financial assets at fair value through profit or loss whose market values fluctuate as a result of changes in interest rates or factors specific to the issuer. The Fund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund Manager moderates this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's overall market positions are monitored on a daily basis by the Fund Manager and are reviewed on a monthly basis by the BOD.

The Fund's fair value interest rate risk is managed through diversification of the investment portfolio ratios by exposures. The Fund is also actively managed via portfolio duration management, yield curve positioning, credit diversification, portfolio quality and liquidity management.

The Fund also sets up a provision for market risk on its investment portfolio which is adjusted from the Fund's net asset value to protect the Fund from market price fluctuations (see Note 11). To estimate its exposure to market risk, the Fund Manager computes the statistical "value at risk" (VAR) of its investments. The VAR measurement estimates the maximum loss due to adverse market movements that could be incurred by a portfolio during a given holding period with a given level of confidence. The Fund Manager uses a one month holding period, estimated as the number of days required to liquidate the investment portfolio, and a 99% degree of confidence in the computation of VAR. As such, there remains 1% statistical probability that the portfolios' actual loss could be greater than the VAR estimate.

As at December 31, 2022, the Fund's monthly VAR with respect to market interest rate volatilities amounts to P182 million (2021 - P291 million).

17.3 Price risk

The Fund trades in equity securities to take advantage of short-term market movements in the equity markets. Trading positions are reported at estimated market value with changes reflected in profit or loss. Trading positions are subject to the risk of loss arising from adverse movement in equity securities share prices.

All investment securities present a risk of loss of capital. The Fund Manager moderates this risk through a careful selection of listed equity securities within specified limits. The maximum risk resulting from its investment in equity securities is determined by the fair value of the equity securities. The Fund's overall market positions are monitored on a daily basis by the Fund Manager and are reviewed on a quarterly basis by the BOD.

The Fund's policy in its investment in equity securities is to concentrate in sectors where management believes the Fund can maximize the returns derived for level of risk to which the Fund is exposed.

The Fund's equity securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures.

If the investment in equity securities of the Fund have strengthened/weakened by 0.21% (2021 - 1.63%) based on the volatility of the Fund for the past one year with all other variables held constant, net income and equity would have been approximately P18.8 million (2021 - P19.75 million) higher/lower mainly due to mark-to-market fluctuations of equity securities.

17.4 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Fund manages the level of credit risk it accepts through setting up of exposure limits by each counterparty or group of counterparties. The maximum investment of the Fund in any single enterprise shall not exceed an amount equivalent to fifteen percent (15%) of the Fund's net asset value except obligations of the Philippine government or its instrumentalities, provided that in no case shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company. Credit risk is also minimized through diversification or by investing in a variety of investments belonging to different sectors or industries.

The maximum exposure to credit risk before any credit enhancements at December 31 is the carrying amount of the financial assets as set out below:

	2022	2021
Cash and cash equivalents	2,068,984	1,385,270
Short-term investments	1,000,000	-
Financial assets at fair value through profit or loss	5,796,931	9,078,816
Investment securities at amortized cost	29,855,533	31,189,954
Loans and receivables	370,197	1,508,920
	39,091,645	43,162,960

As at December 31, 2022 and 2021, the Fund's financial assets as shown above are fully performing. There were no renegotiated financial assets as at December 31, 2022 and 2021.

The Fund invests primarily in high-grade investment instruments and securities. Details of ratings of the Fund's investments at December 31 based on external credit rating agencies are as follows:

2022	Fair value through profit or loss	Loans and receivables	Investment securities at amortized cost
<i>S&P</i>			
BBB+	5,004,931	-	-
BBB	-	-	1,511,000
BBB-	-	-	2,000,000
<i>Moody's</i>			10,233,518
Aa2	-	-	-
Baa2-Baa3	-	-	-
Unrated	1,688,196	370,197	16,111,015
	6,693,127	370,197	29,855,533

2021	Fair value through profit or loss	Loans and receivables	Investment securities at amortized cost
<i>S&P</i>			
BBB+	6,946,122	-	4,633,041
BBB-	-	-	1,830,000
<i>Moody's</i>			3,660,000
Aa2	-	-	-
Baa2-Baa3	27,111	-	1,647,568
Unrated	2,105,583	1,508,920	19,419,345
	9,078,816	1,508,920	31,189,954

Unrated investments and loans and receivables are from counterparties with no history of default with the Fund.

The Fund's cash in bank was placed with a reputable local universal bank with solid financial standing while its short-term investments and cash equivalents composed of short-term time deposits were placed with reputable local universal banks and a thrift bank with solid financial standing.

17.5 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund is exposed to daily cash redemptions of redeemable shares. In accordance with the Fund's policy, the Fund Manager monitors the Fund's liquidity position on a daily basis to ensure that excess cash positions are invested in fixed-income securities and redemptions are funded within the prescribed period indicated in the Fund's prospectus.

The Fund also manages its liquidity by investing predominantly in securities that it expects to be able to liquidate within 7 days or less. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's financial assets at fair value through profit or loss and cash and cash equivalents can be liquidated within 7 days from transaction date.

Furthermore, the Fund has the ability to borrow in the short term to settle its obligations when necessary. No such borrowings have arisen in 2022 and 2021.

The Fund's financial liabilities pertain to management and distribution fees payable and capital shares redeemed payable which are contractually due in less than one (1) month. The Fund expects to settle its obligations in accordance with their contractual maturity dates.

17.6 Capital management

The capital of the Fund is represented by total equity as shown in the statement of financial position. The Fund's BOD and the Fund Manager monitor capital on the basis of the Fund's total net asset value or total equity. The Fund's total net asset value or 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 objectives when managing capital are as follows:

- (i) Safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- (ii) Maintain a strong capital base to support the development of the investment activities of the Fund; and
- (iii) Comply with the minimum subscribed and paid-in capital of P50 million required for investment companies under the Investment Company Act of 1960.

As at December 31, 2022 and 2021, the Fund is in compliance with the minimum required capital for investment companies.

In order to maintain or adjust the capital structure, the Fund's policies consist of the following:

- (i) Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate within 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.

17.7 Fair value estimation

The following table presents the fair value hierarchy of the Fund's assets and liabilities measured at fair value at December 31:

2022	Fair value		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Government securities	4,945,231	-	-
Unit investment trust funds	792,000	-	-
Listed equity securities	896,196	-	-
	6,633,427	-	-

2021	Fair value		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Government securities	8,067,476	-	-
Unit investment trust funds	1,011,340	-	-
Listed equity securities	1,211,087	-	-
	10,289,903	-	-

The fair value of investment securities at amortized cost at December 31, 2022 amounts to P28,696,963 (2021 - P26,661,842). The fair value of investment securities at amortized cost is based on market prices or broker/dealer price quotations and classified under Level 1 of the fair value hierarchy. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

The fair value of term loan under loans and receivables as at December 31, 2022 amounts to P159,240 (2021 - P1,247,204) and classified under Level 2 of the fair value hierarchy. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

The carrying amounts of the Fund's other financial assets and liabilities at reporting periods approximates their fair values considering that they have short-term maturities.

There were no transfers between the fair value hierarchy during the years ended December 31, 2022 and 2021.

Note 18 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

18.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (formerly known as the Financial Reporting Standards Council) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of these financial statements in conformity with PFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. There are no areas where assumptions and estimates are significant to the financial statements of the Fund as at reporting date. The areas involving a higher degree of judgment or complexity are disclosed in Note 16.

Changes in accounting policy and disclosures

(a) New standards, amendments to existing standards and Conceptual Framework and interpretations adopted by the Fund

The following new standards have been adopted by the Fund effective January 1, 2022:

- *Interest rate benchmark reform - Amendment to PFRS 7, PFRS 9 and PAS 39*

The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- *Amendment to PAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'*

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

The said amendments did not have an impact on the Fund's financial statements.

(b) New standards, interpretations and amendments not yet adopted

The following amendments to existing standard are not mandatory for December 31, 2022 reporting period and have not been early adopted by the Fund:

- *Amendments to PAS 1, 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2023)*

The amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*'

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, '*Income Taxes*'

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Fund.

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2023 that are considered relevant and have a material effect on the financial statement of the Fund.

18.2 Financial assets

18.2.1.1 Recognition and initial measurement

Financial assets are recognized in the statement of financial position when the Fund becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Fund commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs that are directly attributable to the acquisition of financial assets at fair value through profit or loss are expensed immediately at initial recognition.

18.2.1.2 Classification and subsequent measurement

The Fund classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and at amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Fund's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into one of the following measurement categories:

- *Amortized cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit or loss, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Amortized cost financial assets include cash and cash equivalents, short-term investments, investment securities at amortized cost and loans and receivables.

Cash and cash equivalents include deposits held at call with banks and short-term highly liquid investments with maturities of three months or less from the date of acquisition.

- *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in the statement of total comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. As at December 31, 2022 and 2021, the Fund has no financial assets under FVOCI category.

- *Fair value through profit or loss (FVTPL)*

Assets that do not meet the criteria for amortized cost or FVOCI and the collection of contractual cash flows is only incidental to achieving the Fund's business model objective are measured at fair value through profit or loss. A gain or loss on a debt security that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of total comprehensive income under 'Income (losses) from financial assets at fair value through profit or loss' in the period in which it arises.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is 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 fair value through profit or loss. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

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

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity investments

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

The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on 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 part of 'Income (losses) from financial assets at fair value through profit or loss' when the Fund's right to receive payments is established. Gains and losses on equity investments at fair value through profit or loss are included in 'Income (losses) from financial assets at fair value through profit or loss' in the statement of total comprehensive income.

18.2.1.3 Impairment

The Fund assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost. The Fund recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit impaired financial assets

Financial assets are assessed for credit impairment at each balance sheet date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the debtor is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the debtor or economic conditions that correlate with defaults. An asset that is in Stage 3 (non performing) will move back to Stage 2 (under performing) when, as at reporting date, it is no longer considered to be credit-impaired. The asset will transfer back to Stage 1 (fully performing) when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, and when there is sufficient evidence to support full collection of principal and interest due. Prior to the transfer to Stage 1, the asset should have exhibited both the quantitative and qualitative indicators of probable collection.

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortized cost of the asset, which is the gross carrying amount less related allowance for impairment. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

Impairment of other financial assets

The Fund applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for other financial assets.

To measure the expected credit losses, other financial assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before reporting dates and corresponding historical credit losses experienced within this period. The forward-looking information on macroeconomic factors are considered insignificant in calculating impairment of other financial assets.

18.2.1.4 Derecognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have ceased, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Related gains and losses realized at the time of derecognition are recognized within 'Income (losses) on financial assets at fair value through profit or loss' in the statement of comprehensive income.

18.3 Financial liabilities

Classification and measurement

The Fund classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss comprise two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Fund as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial liabilities designated at fair value through profit or loss are those that are not classified as held-for-trading but are managed and their performance is evaluated on a fair value basis. Gains and losses arising from changes in fair value are included in profit or loss. The Fund has no financial liabilities that are classified at fair value through profit loss as at December 31, 2022 and 2021.

Financial liabilities that are not classified as at fair value through profit or loss fall into the second category and are initially recognized at fair value plus transaction costs. After initial measurement, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost include management and distribution fees payable and capital shares redeemed payable.

Derecognition of financial liabilities

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished. 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 profit or loss.

18.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

As at December 31, 2022 and 2021, there are no financial assets and liabilities that have been offset.

18.5 Fair value measurement

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. The fair value of financial assets and liabilities traded in active markets (such as publicly traded equity and debt securities) are based on quoted market prices at the close of trading on the reporting date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The quoted market price used for financial assets held by the Fund is the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management determines the point within the bid-ask spread that is most representative of fair value.

The Fund classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Philippine Stock Exchange, Inc., Philippine Dealing and Exchange Corp., etc.).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The primary source of input parameters like counterparty credit risk is Bloomberg.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

18.6 Redeemable shares

The shares issued by the Fund are redeemable at the holder's option and are classified as equity. The consideration received for the issuance of shares is based on net asset value per share at the transaction date. The amount of consideration pertaining to the par value of the shares issued is recognized as redeemable shares and the excess of the consideration received over the par value is recognized as share premium.

The Fund classifies puttable financial instruments that meet the definition of a financial liability as equity where certain strict criteria are met. Those criteria include: (i) the puttable instruments must entitle the holder to a pro-rata share of net assets; (ii) the puttable instruments must be the most subordinated class and the features of that class must be identical; (iii) there must be no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and (iv) the total expected cash flows from the puttable instrument over its life must be based substantially on the profit or loss of the issuer. Should the redeemable shares' terms or conditions change such that they do not comply with those criteria, the redeemable shares would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognized in equity.

Redeemable shares can be put back to the Fund at any time for cash equal to the Fund's trading net asset value per share (Note 11) calculated in accordance with the Fund's prospectus. The excess of redemption amount over the par value of shares redeemed are first applied against the related share premium and then to the related retained earnings.

18.7 Deposits for future subscriptions

Deposits for future subscriptions (DFFS) represent funds received by the Fund with a view to applying the same as payment for a future additional issuance of shares either from its authorized but unissued shares, from a proposed increase in authorized share capital, or as share premium.

Under the Corporation Code, a stock corporation is empowered to issue or sell stocks to subscribers. Such issuance should only be to the extent of the capital stock approved or authorized by the SEC. If there is no more authorized capital stock, an increase thereof for the purpose of issuing additional stocks may be made by the entity subject to the approval by its BOD, stockholders and the SEC.

Based on the Financial Reporting Bulletin (FRB) No.006 revised on January 6, 2022:

An entity shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Stock Subscription) from "Outstanding Capital Stock" if and only if, all of the following elements are present as of the end of the reporting period:

- (i) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- (ii) There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- (iii) There is stockholders' approval of said proposed increase; and
- (iv) The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission. (emphasis supplied)

To deter abuse of the Rule, it is expected that the approval of the application to increase ACS be obtained within one (1) year from the date the said application was presented to the Commission through Company Registration and Monitoring Department.

Following the issuance of SEC Memorandum Circular No. 33, series of 2020, which took effect on December 20, 2020, an investment company is no longer required to comply with the minimum subscribed and paid-up capital relative to the increase in its authorized capital stock. Thus, an investment company is no longer allowed to accept any deposits for future stock subscription starting December 20, 2020.

Any DFFS recognized as equity in the financial statements are still acceptable provided that all the elements above are present as of the end of the reporting period and the application for an increase in authorized capital stock has been filed with the Commission prior to December 20, 2020.

Deposits for future subscriptions are initially recognized at fair value of the consideration received or receivable. Deposits for future subscriptions can be redeemed for cash equal to a proportionate share of the Fund's trading net asset value. Upon approval, the amount will be credited to share capital for the par value of the shares and to share premium for the amount in excess of the par value.

Subscribers for a future additional issuance of shares are entitled at any time to redeem for cash equal to a proportionate share of the Fund's trading net asset value (Note 11) calculated in accordance with the Fund's prospectus.

The Fund has no outstanding deposits for future subscriptions as at December 31, 2022 and 2021.

18.8 Income and expense recognition

Income (losses) on financial assets at fair value through profit or loss include all realized and unrealized fair value changes and dividend and interest income on financial assets at fair value through profit or loss.

Interest income is recognized on a time-proportion basis using the effective interest method.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

Expenses are recognized when incurred.

18.9 Foreign currency transactions and translation

Functional and presentation currency

Subscriptions and redemptions of the Fund's redeemable shares are denominated in Philippine Peso ("Peso"). The primary activity of the Fund is to invest in Peso-denominated high-grade fixed income instruments. The BOD considers the Peso as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Fund. The financial statements are presented in Peso, which is the Fund's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

18.10 Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders over weighted average number of outstanding redeemable shares, including the corresponding shares for the amount of deposit for future subscriptions received during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to shareholders and the number of outstanding redeemable shares, including the corresponding shares for the amount of deposit for future subscriptions, are adjusted for the effects of all dilutive potential redeemable shares.

There are no dilutive potential redeemable shares as at December 31, 2022 and 2021.

18.11 Income tax

The tax expense for the period comprises current and deferred tax.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Fund primarily earns interest income from its investment in debt securities, cash and cash equivalents and short-term investments which are subject to final withholding tax. Such income is presented gross of taxes paid or withheld and the related tax is presented in the statement of total comprehensive income as income tax expense. Sale of financial assets at fair value through profit or loss is tax exempt if maturity period of related debt instrument is more than 5 years and taxable if maturity period of related debt instrument is 5 years or less. Sale of listed equity securities is subject to other percentage tax.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses (net operating loss carryover or NOLCO) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Fund reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are provided on taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except where the timing of the reversal of the temporary differences is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

18.12 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

18.13 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where PAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year. There was a change in the presentation of dividend income in the statement of total comprehensive income by including it as part of net income (losses) on fair value through profit or loss instead of presenting it as part of other income.

Note 19 - Supplementary information required by the Bureau of Internal Revenue

Below is the additional information required by Revenue Regulations No. 15-2010 that is relevant to the Fund. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

Documentary stamp tax

Total documentary stamp taxes on share subscriptions for the year ended December 31, 2022 amount to P8,567 of which P864 is outstanding as at December 31, 2022 and is lodged under other liabilities in the statement of financial position.

Withholding taxes

Withholding taxes for the year ended December 31, 2022 amount to P57,093, of which P4,612 is outstanding at December 31, 2022 and is lodged under other liabilities in the statement of financial position.

All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2022 consist of:

	Amount
Business permits and other related taxes	3,995
Community tax	11
	4,006

The above local and national taxes, including documentary stamp tax, are lodged under taxes and licenses in expenses in the statement of total comprehensive income.

There are no other local and national taxes accrued as at December 31, 2022.

Tax cases and assessments

As at December 31, 2022, open taxable years are 2021, 2020, and 2019. The Fund has not received any Final Assessment Notice from the BIR. The Fund is also not a party to any outstanding tax case with the BIR.

Others

The Fund did not have transactions that are subject to value added tax, excise taxes, and custom duties and tariff.

ALFM Peso Bond Fund, Inc.
Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2022
(All amounts in thousands of Philippine Peso)

Items	Amount
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year	27,473,848
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	317,187
Less: Non-actual/unrealized income net of tax	
• 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: Non-actual losses	
• 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	-
Net income actually earned during the period	317,187
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	1,439
Sub-total	1,439
Total Retained Earnings, end of the year	27,792,474

ALFM Peso Bond Fund, Inc.

As at December 31, 2022

Annex A - Financial Assets

(All amounts in thousands of Philippine Peso except for number of shares)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
Cash and cash equivalents				
<i>Time deposits</i>				
BPIB-XTDT 20230103	605,500	605,500	605,500	
CHIB-\$TDT 20230103	10,000	557,550	557,550	
SECB-TDT 20230106	500,000	500,000	500,000	
RCBC-TDT 20230103	400,000	400,000	400,000	
	1,515,500	2,063,050	2,063,050	
<i>Cash in bank</i>		5,934	5,934	
TOTAL CASH AND CASH EQUIVALENTS	1,515,500	2,068,984	2,068,984	50,230
Short-term investments				
<i>Time deposits</i>				
BANKO-TD 20230524	500,000	500,000	500,000	
BANKO-TD 20230602	500,000	500,000	500,000	
TOTAL SHORT-TERM INVESTMENTS	1,000,000	1,000,000	1,000,000	972,349
Fair value through profit or loss (FVTPL)				
<i>Government securities</i>				
FXTN7-64 20280422	1,500,000	1,358,487	1,350,121	
FXTN20-17 20310719	900,000	984,892	959,066	
RTBOND515 20270304	1,000,000	958,106	955,181	
RTBOND514 20270602	600,000	568,667	566,879	
FXTN10-65 20300709	650,000	534,631	527,522	
FXTN10-64 20290110	500,000	522,873	509,870	
FXTN5-77 20260408	50,000	46,995	46,683	
FXTN07-65 20280812	27,670	25,034	24,716	
FXTN25-01 20251129	4,130	5,243	5,190	
RTBOND151 20261020	3	3	3	
	5,231,803	5,004,931	4,945,231	
<i>Listed equity securities</i>				
GTPPA	385	365,750	365,750	
ACPB1	1,110	530,446	530,446	
	1,495	896,196	896,196	
<i>Unit investment trust funds</i>				
STF UITF	5,000	792,000	792,000	
TOTAL FVTPL	5,238,298	6,693,127	6,633,427	279,668

ALFM Peso Bond Fund, Inc.
As at December 31, 2022
Annex A - Financial Assets
(All amounts in thousands of Philippine Peso except for number of shares)
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Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
<i>Investments at amortized cost</i>				
	6,753,800	7,136,932	6,920,415	
<i>Corporate debts</i>				
AC-BOND 20250210	1,308,150	1,306,028	1,265,251	
AEV-BOND 20270806	1,200,000	1,200,000	1,120,249	
BPI-BOND 20240131	1,100,000	1,096,587	1,058,101	
AEV-BOND 20280809	1,000,000	1,000,000	831,245	
DBP-BOND 20241104	1,000,000	1,000,000	961,670	
RCBC-BOND 20240521	1,000,000	1,000,000	973,730	
BDO-BOND 20240128	1,000,000	1,000,000	974,610	
SECB-BOND 20240120	1,000,000	1,000,000	982,390	
SMPH-BOND 20260726	840,000	840,000	750,219	
CPI-BOND 20230107	759,670	759,675	759,675	
FB-BOND 20250310	690,000	690,000	649,528	
APC-BOND 20270703	581,000	583,190	528,158	
AC-BOND 20230707	578,570	578,570	571,838	
CNVR-BOND 20270408	550,000	550,000	484,268	
CHIB-BOND 20240218	511,000	511,000	511,000	
TFSP-NOTE 20240204	480,000	480,000	480,000	
EDC-BOND 20260625	475,100	475,100	421,150	
RLC-BOND 20270826	450,000	450,000	462,141	
TFSP-NOTE 20240504	450,000	450,000	450,000	
ACEN-BOND 20270922	445,730	445,730	417,739	
GTCAP-BND 20240807	424,250	424,727	415,509	
PCOR-BOND 20231027	408,480	409,559	401,299	
SMPH-BOND 20240901	381,660	381,721	373,447	
ALI-BOND 20280505	300,000	300,000	293,015	
SMPH-BOND 20270422	300,000	300,000	278,625	
AEV-BOND 20260607	300,000	300,000	295,704	
PCOR-BOND 20240419	300,000	300,000	280,506	
AREITBOND 20231228	250,000	250,000	251,227	
ALI-BOND 20240704	242,450	242,450	242,450	
AC-BOND 20260528	238,000	238,000	232,129	
GTCAP-BND 20230227	231,490	231,495	230,995	
ALI-BOND 20270704	227,000	227,000	203,656	
SMPH-BOND 20281115	230,000	226,907	234,927	
DNL-BOND 20260914	224,100	223,617	201,142	
ALI-BOND 20250504	217,750	217,726	213,319	
MNTC-BOND 20240331	214,800	214,805	210,999	
SMC-BOND 20270304	200,000	200,000	175,899	
SMIC-BOND 20250218	190,000	190,000	178,292	
AC-BOND 20270526	183,990	183,990	187,501	
SMPH-BOND 20230301	152,000	152,000	151,878	
TFSP-NOTE 20230428	150,000	150,000	150,000	
FLI-BOND 20250623	120,720	120,720	117,989	

forward

ALFM Peso Bond Fund, Inc.
As at December 31, 2022
Annex A - Financial Assets
(All amounts in thousands of Philippine Peso except for number of shares)
Page 3

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
<i>forwarded</i>				
FLI-BOND 20270623	86,830	86,830	86,830	
ALI-BOND 20331010	61,755	63,659	52,941	
AC-BOND 20250526	55,000	55,000	55,000	
GLO-BOND 20230717	44,790	44,742	44,619	
ALI-BOND 20280427	22,000	22,876	20,591	
ALI-BOND 20270502	22,000	22,498	21,977	
FB-BOND 20270310	10,000	10,000	8,704	
TFSP-NOTE 20231028	10,000	10,000	10,000	
SMC-BOND 20230319	2,400	2,399	2,396	
	21,220,685	21,218,601	20,276,528	
<i>Government securities</i>				
FXTN10-68 20320623	1,500,000	1,500,000	1,537,830	
RTBOND515	1,000,000	1,000,000		
20270304			945,450	
ROP-GPN 20360114	544,000	591,896	491,309	
RTBOND516	500,000	500,000		
20280307			494,629	
TBILL 20230405	500,000	497,910	481,020	
TBILL 20230614	500,000	495,904	494,710	
FXTN07-67 20290519	500,000	494,630	489,005	
FXTN25-03 20310126	334,000	446,255	341,124	
FXTN25-01 20251129	285,000	372,067	425,673	
FXTN03-01 20260204	350,000	350,291	374,749	
FXTN2011 20251020	210,000	245,310	241,431	
FXTN25-02 20300728	100,000	138,540	117,585	
FXTN25-7 20350930	110,000	130,434	133,823	
FXTN25-5 20321129	100,000	120,481	110,617	
FXTN25-04 20311005	70,000	87,254	81,494	
FXTN25-6 20341105	50,000	63,649	49,846	
FXTN2005 20230529	50,000	51,315	51,366	
FXTN10-69 20320915	50,000	50,071	57,875	
FXTN2014 20270906	500	570	544	
FXTN20-16 20300527	300	355	335	
<i>Other securities and debt instruments</i>				
UBP-TDT 20230828	500,000	500,000	500,000	
CITYSB-TD 20230825	500,000	500,000	500,000	
UBP-TDT 20230822	500,000	500,000	500,000	
	1,500,000	1,500,000	1,500,000	
TOTAL INVESTMENTS AT AMORTIZED COST	29,474,485	29,855,533	28,696,963	317,836

ALFM Peso Bond Fund, Inc.
As at December 31, 2022
Annex A - Financial Assets
(All amounts in thousands of Philippine Peso except for number of shares)
Page 4

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation	Income received and accrued
Loans and Receivables				
<i>Corporate Loans</i>				
DMCH-FXNI 20230129	99,000	98,490	98,490	
DMCH-FXNK 20240228	60,750	60,750	60,750	
	159,750	159,240	159,240	
<i>Other receivables</i>				
Accrued interest receivable		182,915	182,915	
Prepaid taxes		23,585	23,585	
Dividend interest receivable		4,456	4,456	
		210,956	210,956	
TOTAL LOANS AND RECEIVABLES	159,750	370,196	370,196	47,088

ALFM Peso Bond Fund, Inc.

As at December 31, 2022

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

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

ALFM Peso Bond Fund, Inc.

As at December 31, 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	Amount collected	Amount written-off	Current	Non-current	Balance at end of period
NOT APPLICABLE							

ALFM Peso Bond Fund, Inc.
As at December 31, 2022
Annex D - Long-Term Debt

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
NOTHING TO REPORT			

ALFM Peso Bond Fund, Inc.

As at December 31, 2022

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

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

ALFM Peso Bond Fund, Inc.

As at December 31, 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

ALFM Peso Bond Fund, Inc.
As at December 31, 2022
Annex G - Capital Stock

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	400,000,000	105,240,570	-	5,318,909	25,228	99,896,433

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM PESO BOND FUND, INC.
CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691

Table 1. Balance Sheet

FINANCIAL DATA		2022 (in P'000)	2021 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6)		39,987,840	44,374,047
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)		9,973,067	11,936,889
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)		2,068,984	1,385,270
A.1.1.1 On hand			
A.1.1.2 In domestic banks/entities		2,068,984	1,385,270
A.1.1.3 In foreign banks/entities			
A.1.2 Financial Assets other than Cash/Trade Receivables/investments accounted for using the Equity Method (A.1.2.1 + A.1.2.2 + A.1.2.3 + A.1.2.4)		7,693,127	10,289,903
A.1.2.1 Short-term placements or investments in securities issued by domestic entities: (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4 + A.1.2.1.5)		1,000,000	0
A.1.2.1.1 National Government			
A.1.2.1.2 Public Financial Institutions			
A.1.2.1.3 Public Non-Financial Institutions			
A.1.2.1.4 Private Financial Institutions		1,000,000	0
A.1.2.1.5 Private Non-Financial Institutions			
A.1.2.2 Short-term placements or investments in securities issued by foreign entities			
A.1.2.3 Others, specify		6,693,127	10,289,903
Financial assets at fair value through profit or loss		6,693,127	10,289,903
A.1.2.4 Allowance for decline in market value (negative entry)			
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)		210,956	261,716
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)		210,956	261,716
A.1.3.1.1 Due from customers (trade)			
A.1.3.1.2 Due from related parties			
A.1.3.1.3 Others, specify		210,956	261,716
Accrued interest receivable		4,456	235,715
Dividend income receivable		182,915	13,747
Prepaid Taxes		23,585	12,254
Securities sold receivable			
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (negative entry)			
A.1.3.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4 + A.1.3.2.5)		0	0
A.1.3.2.1			
A.1.3.2.2			
A.1.3.2.3			
A.1.3.2.4			
A.1.3.2.5 Allowance for doubtful accounts/bad debts/probable losses (negative entry)			
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		0	0
A.1.4.1 Raw materials and supplies			
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)			
A.1.4.3 Finished goods/factory supplies			
A.1.4.4 Merchandise/Goods in transit			
A.1.4.5 Labor and other costs of personnel (in case of service providers)			
A.1.4.6 Revaluation surplus (includes spoilage, losses due to fire and changes in prices)			
A.1.5 Other Current Assets		0	0

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks, insurance, and public utility companies. Parent Companies shall submit their individual Audited Financial Statements and Consolidated Financial Statements using supplemental form PHFS2.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM PESO BOND FUND, INC.
 CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITY
 TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
 COMPANY TYPE : INVESTMENT COMPANY PSIC: 6691

Table 1. Balance Sheet

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7)	0	0
A.2.1 Land (incl. land for future plant expansion, unused land and improvements)		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment		
A.2.5 Others, specify		

A.2.6 Appraisal increase, specify		

A.2.7 Accumulated Depreciation (negative entry)		
A.3 Investments excluding that which is recorded in current assets (net of allowance for decline in value) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	29,855,533	31,189,954
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify	29,855,533	31,189,954
Investment securities at amortized cost	29,855,533	31,189,954

A.3.4 Allowance for decline in market value (negative entry)		
A.4 Intangible Assets	0	0
A.5 Long-term receivables	159,240	1,247,204
A.5.1 Long-term receivables (net of current portion) (A.5.1 + A.5.2 + A.5.3)	159,240	1,247,204
A.5.1.1 From domestic entities, specify	159,240	1,247,204
Term loans	159,240	1,247,204

A.5.1.2 From foreign entities, specify	0	0

A.5.1.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.6 Other Assets (A.6.1 + A.6.2 + A.6.3 + A.6.4)	0	0
A.6.1 Deferred charges - net of amortization		
A.6.2 Advance/Miscellaneous deposits		
A.6.3 Others, specify	0	0

A.6.4 Allowance for write-down of deferred charges (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5 + B.6)	34,765	38,429
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)	34,765	38,429
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	34,765	38,429
B.1.1.1 Trade Payables		
B.1.1.2 Payables to Subsidiaries		
B.1.1.3 Payables to Related Parties	25,390	32,252
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals	4,613	5,082
B.1.1.6 Deposits for future subscriptions	0	0

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM PESO BOND FUND, INC.
CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691

Table 1. Balance Sheet

FINANCIAL DATA		2022 (in P'000)	2021 (in P'000)
B.1.1.7	Others, specify	4,762	1,095
	Management fee payable to third parties	3,898	75
	Capital shares redeemed payable		
	Others	864	1,020
B.1.2	Trade and Other Payables to Foreign Entities, specify	0	0
B.1.3	Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	0	0
	Dividends declared and not paid at balance sheet date		
	Acceptances Payable		
	Liabilities under Trust Receipts		
	Portion of Long-term Debt Due within one year		
	Deferred Income		
	Any other current liability in excess of 5% of Total Current Liabilities, specify:	0	0
B.2	Tax Liabilities and Assets		
B.3	Provisions		
B.4	Long-term Debt - Non-current Interest-bearing Liabilities (B.4.1 + B.4.2 + B.4.3 + B.4.4 + B.4.5)	0	0
	B.4.1 Domestic Public Financial Institutions		
	B.4.2 Domestic Public Non-Financial Institutions		
	B.4.3 Domestic Private Financial Institutions		
	B.4.4 Domestic Private Non-Financial Institutions		
	B.4.5 Foreign Financial Institutions		
B.5	Indebtedness to Affiliates and Related Parties (Non-Current)		
B.6	Other Liabilities (B.6.1 + B.6.2)	0	0
	B.6.1 Deferred Income Tax		
	B.6.2 Others, specify	0	0
C.	MINORITY INTEREST	0	0
D.	EQUITY (D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	39,953,075	44,335,618
D.1	Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)	40,000,000	40,000,000
	D.1.1 Common shares 400,000,000; P100	40,000,000	40,000,000
	D.1.2 Preferred Shares		
	D.1.3 Others		
D.2	Subscribed Capital Stock (no. of shares, par value and total value) (D.2.1 + D.2.2 + D.2.3)		
	D.2.1 Common shares		
	D.2.2 Preferred Shares		
	D.2.3 Others		
D.3	Paid-up Capital Stock (D.3.1 + D.3.2)	10,524,057	11,779,059
	D.3.1 Common shares	10,524,057	11,779,059
	D.3.2 Preferred Shares		
D.4	Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	1,478,262	4,924,429
D.5	Others, specify	0	0
D.6	Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	0	0
D.7	Retained Earnings (D.7.1 + D.7.2)	27,950,756	27,632,130
	D.7.1 Appropriated		
	D.7.2 Unappropriated	27,950,756	27,632,130
D.8	Head / Home Office Account (for Foreign Branches only)		
D.9	Cost of Stocks Held in Treasury (negative entry)		
TOTAL LIABILITIES AND EQUITY (B + C + D)		39,987,840	44,374,047

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM PESO BOND FUND, INC.
 CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITY
 TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
 COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691

Table 2. Income Statement

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	1,099,448	1,086,353	2,599,163
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)			
A.2 Other Revenue (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5)	0	0	0
A.2.1 Rental Income from Land and Buildings			
A.2.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.2.3 Sale of Real Estate			
A.2.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.2.5 Others, specify			

A.3 Other Income (non-operating) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	1,099,448	1,086,353	2,599,163
A.3.1 Interest Income	1,387,503	1,532,688	1,882,621
A.3.2 Dividend Income		147,735	156,039
A.3.3 Gain / (Loss) from selling of Assets, specify	(394,447)	(264,340)	455,387
Gains (losses) from financial assets at fair value through profit or loss, net	(394,447)	(264,340)	455,387

A.3.4 Others, specify	106,392	(329,730)	105,116
Gain / (Loss) on Foreign Exchange	99,357	(333,146)	102,157
Exit fees	7,035	3,416	2,959

B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	0	0	0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	0	0	0
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)	0	0	0
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	1,099,448	1,086,353	2,599,163

Control No.: _____

Form Type: PHFS1**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**NAME OF CORPORATION: ALFM PESO BOND FUND, INC.CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITYTEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691**Table 2. Income Statement**

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	458,775	483,767	493,286
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify	458,775	483,767	493,286
Management, distribution and other professional fees	421,824	446,645	450,962
Taxes and licenses	12,573	21,592	28,234
Custodian fee	14,069	8,993	1,202
Others	10,309	6,537	12,888
F. FINANCE COSTS (F.1 + F.2 + F.3)	0	0	0
F.1 Interest			
F.2 Amortization			
F.3 Other interests, specify			
G. Share of Income (Losses) of Associates and Joint Ventures accounted for using the Equity Method	0	0	0
H. Net Income (Loss) Before Tax (D - E - F + G)	640,673	602,586	2,105,877
I. Income Tax Expense (negative entry)	323,486	271,559	348,501
J. Income After Tax	317,187	331,027	1,757,376
K. Minority Interest (negative entry)	0	0	0
L. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	317,187	331,027	1,757,376
M. Extraordinary Items	0	0	0
N. Net Income (Loss - negative entry) for the Year (L + M)	317,187	331,027	1,757,376
0 Earnings (Loss) Per Share			
0.1 Basic	2.84	2.43	14.30
0.2 Diluted	2.84	2.43	14.30

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM PESO BOND FUND, INC.
CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE : INVESTMENT COMPANY PSIC: 6691

Table 3. Cash Flow Statements

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	640,673	602,586	2,105,877
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation			
Amortization, specify: Unrealized fair value losses (gains) on financial assets at fair value through profit or loss, net	(543,925)	(543,925)	(158,282)
Others, specify:			
Interest income	1,387,503	1,532,688	(1,882,621)
Interest received	1,524,776	1,524,776	1,911,958
Income taxes paid	(335,740)	(283,813)	(348,501)
Dividend income	0	147,735	(156,039)
Dividend received	150,793	150,793	152,982
Unrealized foreign exchange (gains) losses	(11,730)	(11,730)	2,881
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Short term investments	(1,500,000)	(1,500,000)	500,000
Financial assets at fair value through profit or loss	(186,677)	(186,677)	(2,719,091)
Loans and receivables	(2,002,341)	(2,002,341)	(1,002,674)
Others, specify: Investment securities at amortized cost	814,269	814,269	5,554,425
Increase (Decrease) in:			
Trade and Other Payables			
Income and Other Taxes Payable			
Others, specify: Management and distribution fees payable	35	35	(1,422)
Withholding tax payable	(10,302)	(10,302)	(256)
Custody fee payable	0	0	0
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	(72,666)	234,094	3,959,237
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment			
Others, specify: Cash Dividends			
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	0	0	0
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Shares	5,932,784	5,932,784	8,166,296
Others, specify:			
Payments of:			
(Loans)			
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Redemption of shares	(6,437,264)	(6,437,264)	(11,332,732)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(504,480)	(504,480)	(3,166,436)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(577,146)	(270,386)	792,801
D. Effects of Exchange Rate Changes on Cash & Cah Equivalents	11,730	11,730	(2,881)
Cash and Cash Equivalents			
Beginning of year	1,385,270	1,643,926	854,006
End of year	819,854	1,385,270	1,643,926

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: ALFM PESO BOND FUND, INC.
CURRENT ADDRESS: BPI HEAD OFFICE BUILDING, AYALA AVENUE COR. PASEO DE ROXAS, MAKATI CITY
TEL. NO.: (632) 580-3573 FAX NO.: (632) 580-4682
COMPANY TYPE: INVESTMENT COMPANY PSIC: 6691

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)					
	Capital Stock	Additional Paid-in Capital	Revaluation Increment	Deposit for Future Subscription	Retained Earnings	TOTAL
A. Balance, 2020	11,914,909	5,293,946	0	0	27,300,216	44,509,071
A.1 Correction of Fundamental Error						
A.2 Changes in Accounting Policy						
B. Restated Balance	11,914,909	5,293,946	0	0	27,300,216	44,509,071
B.1 Surplus (Deficit) on Revaluation of Properties						
B.2 Surplus (Deficit) on Revaluation of Investments						
B.3 Currency Translation Differences (negative entry)						
C. Net Gains (Losses) not recognized in the Income	(135,850)	(369,517)	0	0	331,914	(173,453)
C.1 Net Income (Loss) for the Period	0	0	0	0	331,027	331,027
C.2 Dividends (negative entry)						
C.3 Current Appropriation for Contingencies						
C.4 Issuance/Redemption of Capital						
C.4.1 Common Stock	(135,850)	(369,517)	0	0	887	(504,480)
C.4.2 Preferred Stock						
C.4.3 Others- DFFS						0
D. Balance, 2021	11,779,059	4,924,429	0	0	27,632,130	44,335,618
D.1 Correction of Fundamental Error						
D.2 Changes in Accounting Policy						
E. Restated Balance	11,779,059	4,924,429	0	0	27,632,130	44,335,618
E.1 Surplus (Deficit) on Revaluation of Properties						
E.2 Surplus (Deficit) on Revaluation of Investments						
E.3 Currency Translation Differences (negative entry)						
F. Net Gains (Losses) not recognized in the Income	(1,255,002)	(3,446,167)	0	0	318,625	(4,382,544)
F.1 Net Income (Loss) for the Period	0	0	0	0	317,187	317,187
F.2 Dividends (negative entry)						
F.3 Current Appropriation for Contingencies						
F.4 Issuance/Redemption of Capital						
F.4.1 Common Stock	(1,255,002)	(3,446,167)	0	0	1,438	(4,699,731)
F.4.2 Preferred Stock						
F.4.3 Others- DFFS						0
F. Balance, 2022	10,524,057	1,478,262	0	0	27,950,755	39,953,074

Table 4a. Statement of Recognized Gains and Losses

FINANCIAL DATA	(Amount in P'000)		
	2022	2021	2020
A. Surplus (Deficit) on Revaluation of Properties			
B. Surplus (Deficit) on Revaluation of Investments			
C. Exchange Differences on Translation of the Financial Statements of Foreign Entities			
D. Net Gains (Losses) not recognized in the Income Statement			
E. Net Income for the Period	317,187	331,027	1,757,376
Total Recognized Gains (Losses) (A + B + C + D + E)	317,187	331,027	1,757,376
Effect of Changes in Accounting Policy			

ALFM PESO BOND FUND, INC.
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TOTAL ASSETS- January 1 to December 31, 2023 39,987,840
NET ASSET VALUE- January 1 to December 31, 2023 39,953,075

SECURITY NAME	MARKET VALUE	PERCENTAGE OF NET ASSETS TO TOTAL ASSETS		PERCENTAGE OF OUTSTANDING SECURITIES OF INVESTEE		
		VALUE	PERCENTAGE	VALUE	PERCENTAGE	PERCENTAGE
	(in thousands)			(in thousands)	(in thousands)	
CASH EQUIVALENTS:						
BPIB-XTDT20230103	605,500	1.52%	1.51%	605,500	n/a	n/a
CHIB-STDT20230103	557,550	1.40%	1.39%	10,000	n/a	n/a
RCBC-TDT 20230103	400,000	1.00%	1.00%	400,000	n/a	n/a
SECB-TDT 20230106	500,000	1.25%	1.25%	500,000	n/a	n/a
		0.00%	0.00%		n/a	n/a
		0.00%	0.00%		n/a	n/a
TOTAL CASH EQUIVALENTS	2,063,050					
Cash in Bank	5,934					
TOTAL CASH AND CASH EQUIVALENTS	2,068,984					
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:						
UNIT INVESTMENT TRUST FUNDS						
STF UITF	792,000	1.98%	1.98%	5,000	505,817	0.99%
		0.00%	0.00%			#DIV/0!
TOTAL UNIT INVESTMENT TRUST FUNDS	792,000					
PREFERRED SHARES:						
ACPB1	530,446	1.33%	1.33%	1,110	20,000	5.55%
GTPPA	365,750	0.92%	0.91%	385	4,839	7.96%
TOTAL PREFERRED SHARES	896,196					
GOVERNMENT SECURITIES:						
FXTN07-6520280812	25,034	0.06%	0.06%	27,670	103,627,000	0.03%
FXTN10-6420290110	522,872	1.31%	1.31%	500,000	275,592,000	0.18%
FXTN10-6520300709	534,632	1.34%	1.34%	650,000	57,907,886	1.12%
FXTN20-1720310719	984,892	2.47%	2.46%	900,000	185,000,000	0.49%
FXTN25-0120251129	5,243	0.01%	0.01%	4,130	165,000,000	0.00%
FXTN5-77 20260408	46,995	0.12%	0.12%	50,000	282,188,000	0.02%
FXTN7-64 20280422	1,358,486	3.40%	3.40%	1,500,000	229,971,000	0.65%
RTBOND15120261020	3	0.00%	0.00%	3	53,270,548	0.00%
RTBOND51420270602	568,667	1.42%	1.42%	600,000	360,025,370	0.17%
RTBOND51520270304	958,106	2.40%	2.40%	1,000,000	120,000,000	0.83%
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
		0.00%	0.00%			#DIV/0!
TOTAL GOVERNMENT SECURITIES	5,004,931					
TOTAL FINANCIAL ASSETS AT FAIR VALUE	6,693,127					
TERM LOANS:						
DMCH-FXNI20230129	98,490	0.25%	0.25%	99,000	12,394,250	0.80%
DMCH-FXNK20240228	60,750	0.15%	0.15%	60,750	12,394,250	0.49%
TOTAL TERM LOANS	159,240					
OTHER RECEIVABLES:						
Accrued interest receivable	182,915	0.46%	0.46%	n/a	n/a	n/a
Dividend income receivable	4,456	0.01%	0.01%	n/a	n/a	n/a
Securities sold receivable		0.00%	0.00%	n/a	n/a	n/a
Prepaid Taxes	23,585					
TOTAL OTHER RECEIVABLES	210,956					
TOTAL LOANS AND RECEIVABLES	370,196					

TOTAL ASSETS- January 1 to Decembe 39,987,840
NET ASSET VALUE- January 1 to Decer 39,953,075

SECURITY NAME	MARKET VALUE	PERCENTAGE OF NET ASSET VALUE	PERCENTAGE OF TOTAL ASSETS	OUTSTANDING SECURITIES OF SHARIN INVESTEE	PERCENTAGE OF INVESTEE
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INVESTMENT SECURITIES AT AMORTIZED COST

CORPORATE DEBTS:

AC-BOND 20230707	578,570	1.45%	1.45%	578,570	10,000,000	5.79%
AC-BOND 20250210	1,306,028	3.27%	3.27%	1,308,150	10,000,000	13.08%
AC-BOND 20250526	55,000	0.14%	0.14%	55,000	6,000,000	0.92%
AC-BOND 20260528	238,000	0.60%	0.60%	238,000	10,000,000	2.38%
AC-BOND 20270526	183,990	0.46%	0.46%	183,990	5,071,350	3.63%
ACEN-BOND20270922	445,730	1.12%	1.11%	445,730	5,000,000	8.91%
AEV-BOND 20260607	300,000	0.75%	0.75%	300,000	10,000,000	3.00%
AEV-BOND 20270806	1,200,000	3.00%	3.00%	1,200,000	7,000,000	17.14%
AEV-BOND 20280809	1,000,000	2.50%	2.50%	1,000,000	10,000,000	10.00%
ALI-BOND 20240704	242,450	0.61%	0.61%	242,450	2,000,000	12.12%
ALI-BOND 20250504	217,726	0.54%	0.54%	217,750	3,000,000	7.26%
ALI-BOND 20270502	22,498	0.06%	0.06%	22,000	3,000,000	0.73%
ALI-BOND 20270704	227,000	0.57%	0.57%	227,000	9,600,000	2.36%
ALI-BOND 20280427	22,876	0.06%	0.06%	22,000	NA	NA
ALI-BOND 20280505	300,000	0.75%	0.75%	300,000	NA	NA
ALI-BOND 20331010	63,659	0.16%	0.16%	61,755	NA	NA
APC-BOND 20270703	583,190	1.46%	1.46%	581,000	NA	NA
AREITBOND20231228	250,000	0.63%	0.63%	250,000	NA	NA
BDO-BOND 20240128	1,000,000	2.50%	2.50%	1,000,000	NA	NA
BPI-BOND 20240131	1,096,587	2.74%	2.74%	1,100,000	NA	NA
CHIB-BOND20240218	511,000	1.28%	1.28%	511,000	NA	NA
CNVR-BOND20270408	550,000	1.38%	1.38%	550,000	NA	NA
CPI-BOND 20230107	759,675	1.90%	1.90%	759,670	20,000,000	3.80%
DBP-BOND 20241104	1,000,000	2.50%	2.50%	1,000,000	20,000,000	5.00%
DNL-BOND 20260914	223,617	0.56%	0.56%	224,100	NA	NA
EDC-BOND 20260625	475,100	1.19%	1.19%	475,100	NA	NA
FB-BOND 20250310	690,000	1.73%	1.73%	690,000	NA	NA
FB-BOND 20270310	10,000	0.03%	0.03%	10,000	NA	NA
FLI-BOND 20250623	120,720	0.30%	0.30%	120,720	NA	NA
FLI-BOND 20270623	86,830	0.22%	0.22%	86,830	NA	NA
GLO-BOND 20230717	44,742	0.11%	0.11%	44,790	6,000,000	0.75%
GTCAP-BND20230227	231,495	0.58%	0.58%	231,490	NA	NA
GTCAP-BND20240807	424,727	1.06%	1.06%	424,250	NA	NA
MNTC-BOND20240331	214,805	0.54%	0.54%	214,800	NA	NA
PCOR-BOND20231027	409,559	1.03%	1.02%	408,480	NA	NA
PCOR-BOND20240419	300,000	0.75%	0.75%	300,000	NA	NA
RCBC-BOND20240521	1,000,000	2.50%	2.50%	1,000,000	NA	NA
RLC-BOND 20270826	450,000	1.13%	1.13%	450,000	NA	NA
SECB-BOND20240120	1,000,000	2.50%	2.50%	1,000,000	NA	NA
SMC-BOND 20230319	2,399	0.01%	0.01%	2,400	NA	NA
SMC-BOND 20270304	200,000	0.50%	0.50%	200,000	NA	NA
SMIC-BOND20250218	190,000	0.48%	0.48%	190,000	NA	NA
SMPH-BOND20230301	152,000	0.38%	0.38%	152,000	NA	NA
SMPH-BOND20240901	381,721	0.96%	0.95%	381,660	NA	NA
SMPH-BOND20260726	840,000	2.10%	2.10%	840,000	NA	NA
SMPH-BOND20270422	300,000	0.75%	0.75%	300,000	NA	NA
SMPH-BOND20281115	226,907	0.57%	0.57%	230,000	2,000,000	11.50%
TFSP-NOTE20230428	150,000	0.38%	0.38%	150,000	8,000,000	1.88%
TFSP-NOTE20231028	10,000	0.03%	0.03%	10,000	8,000,000	0.13%
TFSP-NOTE20240204	480,000	1.20%	1.20%	480,000	8,000,000	6.00%
TFSP-NOTE20240504	450,000	1.13%	1.13%	450,000	8,000,000	5.63%

TOTAL CORPORATE BONDS	22,329,190				
		0.00%	0.00%	2,600,000	0.00%
		0.00%	0.00%	7,000,000	0.00%
		0.00%	0.00%	13,200,000	0.00%
		0.00%	0.00%	16,616,410	0.00%
		0.00%	0.00%	7,500,000	0.00%
		0.00%	0.00%	10,635,500	0.00%
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	7,000,000	0.00%
		0.00%	0.00%	13,145,600	0.00%
		0.00%	0.00%	7,683,730	0.00%
		0.00%	0.00%	10,000,000	0.00%
		0.00%	0.00%	2,601,700	0.00%
		0.00%	0.00%	10,000,000	0.00%
		0.00%	0.00%	10,000,000	0.00%
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	NA	NA
		0.00%	0.00%	na	na

TOTAL CORPORATE BONDS 43,547,792

TOTAL ASSETS- January 1 to Decembe 39,987,840
NET ASSET VALUE- January 1 to Decen 39,953,075

SECURITY NAME	MARKET VALUE	PERCENTAGE		PERCENTAGE OUTSTANDING/STANDIN		
		TO NET ASSE	TO TOTAL ASSE	SECURITIES OF SHARIN INVESTEE	SECURITIES OF INVESTEE	SECURITIES OF INVESTEE

GOVERNMENT SECURITIES:

FXTN03-0120260204	350,291	0.88%	0.88%	350,000	72,412,572	0.48%
FXTN07-6720290519	494,630	1.24%	1.24%	500,000		#DIV/0!
FXTN10-6820320623	1,500,000	3.75%	3.75%	1,500,000		#DIV/0!
FXTN10-6920320915	50,071	0.13%	0.13%	50,000	7,521,934	0.66%
FXTN20-1620300527	355	0.00%	0.00%	300	6,112,750	0.00%
FXTN2005 20230529	51,315	0.13%	0.13%	50,000	5,665,238	0.88%
FXTN2011 20251020	245,310	0.61%	0.61%	210,000	11,044,891	1.90%
FXTN2014 20270906	570	0.00%	0.00%	500	6,175,063	0.01%
FXTN25-0120251129	372,067	0.93%	0.93%	285,000	46,008,299	0.62%
FXTN25-0220300728	138,540	0.35%	0.35%	100,000	28,054,602	0.36%
FXTN25-0320310126	446,255	1.12%	1.12%	334,000	62,220,399	0.54%
FXTN25-0420311005	87,254	0.22%	0.22%	70,000	120,000,000	0.06%
FXTN25-5 20321129	120,481	0.30%	0.30%	100,000	30,800,000	0.32%
FXTN25-6 20341105	63,649	0.16%	0.16%	50,000	54,770,000	0.09%
FXTN25-7 20350930	130,434	0.33%	0.33%	110,000	17,000,000	0.65%
ROP-GPN 20360114	591,896	1.48%	1.48%	544,000	22,000,000	2.47%
RTBOND51520270304	1,000,000	2.50%	2.50%	1,000,000	22,000,000	4.55%
RTBOND51620280307	500,000	1.25%	1.25%	500,000	27,000,000	1.85%
TBILL 20230405	497,910	1.25%	1.25%	500,000	27,000,000	1.85%
TBILL 20230614	495,904	1.24%	1.24%	500,000	27,000,000	1.85%
Total	7,136,930					

TOTAL INVESTMENT SECURITIES AT A 44,043,696

INVESTMENT IN LIQUID OR SEMI-LIQUID ASSETS:

GOVERNMENT SECURITIES	12,141,861	30.39%	30.36%	n/a	n/a	n/a
CASH AND CASH EQUIVALENTS	2,068,984	5.18%	5.17%	n/a	n/a	n/a
SHORT-TERM INVESTMENTS	1,000,000	2.50%	2.50%	n/a	n/a	n/a
	15,210,845					

TOTAL OPERATING EXPENSES

AVERAGE NET ASSET VALUE- January 41,856,802

	AMOUNT	PERCENTAGE TO NET ASSET VALUE
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MANAGEMENT, DISTRIBUTION AND OT	421,824	1.01%
TAXES AND LICENSES	12,573	0.03%
CUSTODIAN FEES	14,069	0.03%
OTHERS	10,309	0.02%

458,775

TOTAL ASSETS TO TOTAL BORROWINGS:

NO BORROWINGS FOR THE YEAR

ALFM PESO BOND FUND, INC.
ATTACHMENT TO FINANCIAL STATEMENTS

TOTAL ASSETS- January 1 to Decem 44,374,047
NET ASSET VALUE- January 1 to De 44,335,618

SECURITY NAME	MARKET VALUE	PERCENTAGE		PERCENTAGE TO		
		NET ASSET VALUE	TO NET ASSET VALUE	OF SHARIN INVESTEE	OF SECURITIES OF INVESTEE	OF SECURITIES OF INVESTEE
	(in thousands)			(in thousands)	(in thousands)	
CASH EQUIVALENTS:						
BPIB-XTDT20220103	43,000	0.10%	0.10%	43,000	n/a	n/a
CHIB-\$TDT20220103	279,584	0.63%	0.63%	5,482	n/a	n/a
CHIB-\$TDT20220103	126,883	0.29%	0.29%	2,488	n/a	n/a
DBP-TDT 20220131	300,000	0.68%	0.68%	300,000	n/a	n/a
DBP-TDT 20220303	500,000	1.13%	1.13%	500,000	n/a	n/a
RBANK-\$TDT20220105	134,632	0.30%	0.30%	2,640	n/a	n/a

TOTAL CASH EQUIVALENTS	1,384,099					
Cash in Bank	1,171					
TOTAL CASH AND CASH EQUIVALENTS	1,385,270					

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

UNIT INVESTMENT TRUST FUNDS						
STF UITF	1,000,004	2.26%	2.25%	6,393	505,817	1.26%
BPI USSTF	11,336	0.03%	0.03%	1	2,871	0.02%
TOTAL UNIT INVESTMENT TRUST FUNDS	1,011,340					

PREFERRED SHARES:						
ACPB1	582,048	1.31%	1.31%	1,110	20,000	5.55%
FGENG	245,964	0.55%	0.55%	2,388	133,750	1.79%
GTPPA	383,075	0.86%	0.86%	385	4,839	7.96%
TOTAL PREFERRED SHARES	1,211,087					

GOVERNMENT SECURITIES:						
FXTN03-2420220704	132,083	0.30%	0.30%	127,989	103,627,000	0
FXTN07-6520280812	26,893	0.06%	0.06%	27,670	275,592,000	0
FXTN10-5420220119	649,198	1.46%	1.46%	633,554	57,907,886	0
FXTN10-6420290110	514,059	1.16%	1.16%	450,000	185,000,000	0
FXTN10-6520300709	586,656	1.32%	1.32%	650,000	165,000,000	0
FXTN20-1720310719	1,111,141	2.51%	2.50%	900,000	255,837,150	0
FXTN20-2320390124	1,190,577	2.69%	2.68%	1,000,000	83,775,000	0
FXTN25-0120251129	5,940	0.01%	0.01%	4,130	6,112,750	0
FXTN25-0320310126	21,813	0.05%	0.05%	15,245	11,044,891	0
FXTN5-74 20220126	355,308	0.80%	0.80%	350,000	120,000,000	0
FXTN5-77 20260408	49,551	0.00111764	0.001117	50,000	282,188,000	0.02%
FXTN7-64 20280422	2,818,447	0.06357071	0.063516	2,900,000	229,971,000	1.26%
RTBOND15120261020	3	0.00%	0.00%	3	53,270,548	0
RTBOND51420270602	605,807	0.01366412	0.013652	600,000	360,025,370	0.17%

TOTAL GOVERNMENT SECURITIES	8,067,476					
TOTAL FINANCIAL ASSETS AT FAIR VALUE	10,289,903					

TERM LOANS:						
DMCH-FXNG20221218	40,275	0.09%	0.09%	40,275	12,394,250	0.32%
DMCH-FXNI20230129	100,728	0.23%	0.23%	101,250	12,394,250	0.82%
DMCH-FXNJ20220228	62,100	0.14%	0.14%	62,100	12,394,250	0.50%
DMCH-FXNK20240228	62,100	0.14%	0.14%	62,100	12,394,250	0.50%
MPIC-FXCN20330705	982,000	2.21%	2.21%	982,000	104,101,000	0.94%
TOTAL TERM LOANS	1,247,204					

OTHER RECEIVABLES:						
Accrued interest receivable	235,715	0.53%	0.53%	n/a	n/a	n/a
Dividend income receivable	13,747	0.00031007	0.00031	n/a	n/a	n/a
Securities sold receivable	0	0	0	n/a	n/a	n/a
Prepaid Taxes	12,254					
TOTAL OTHER RECEIVABLES	261,716					
TOTAL LOANS AND RECEIVABLES	1,508,920					

TOTAL ASSETS- January 1 to Decen 44,374,047
NET ASSET VALUE- January 1 to De 44,335,618

SECURITY NAME	MARKET VALUE	PERCENTAGE		PERCENTAGE TO		OUTSTANDING	OUTSTANDING
		OF NET ASSE	PERCENTAGE TO	TOTAL ASSE.	OF SHARIN	INVESTEE	C/N INVESTEE
	VALUE	VALUE	PERCENTAGE	OF	INVESTEE	C/N INVESTEE	CC
INVESTMENT SECURITIES AT AMORTIZED COST							
CORPORATE DEBTS:							
AC-BOND	578,570	1.30%	1.30%	557,289	10,000,000	5.57%	
AC-BOND	1,305,087	2.94%	2.94%	2,000	10,000,000	0.02%	
AC-BOND	238,000	0.54%	0.54%	578,570	6,000,000	9.64%	
AC-BOND	308,516	0.70%	0.70%	1,308,150	10,000,000	13.08%	
AEV-BOND	1,200,000	2.71%	2.70%	800,000	5,071,350	15.77%	
AEV-BOND	1,000,000	2.26%	2.25%	1,200,000	5,000,000	24.00%	
ALI-BOND	217,717	0.49%	0.49%	50,000	10,000,000	0.50%	
ALI-BOND	22,602	0.05%	0.05%	1,088,500	7,000,000	15.55%	
ALI-BOND	23,022	0.05%	0.05%	600,000	10,000,000	6.00%	
ALI-BOND	63,799	0.14%	0.14%	36,900	2,000,000	1.85%	
APC-BOND	583,632	1.32%	1.32%	413,000	3,000,000	13.77%	
AREITBOND	250,000	0.56%	0.56%	519,000	3,000,000	17.30%	
BFB-BOND	250,000	0.56%	0.56%	250,000	9,600,000	2.60%	
BNP-NOTE 20220120	200,000	0.45%	0.45%	200,000	NA	NA	
BNP-NOTE 20220121	300,000	0.68%	0.68%	300,000	NA	NA	
BNP-NOTE 20220203	500,000	1.13%	1.13%	500,000	NA	NA	
BNP-NOTE 20220223	250,000	0.56%	0.56%	250,000	NA	NA	
BNP-NOTE 20220228	400,000	0.90%	0.90%	400,000	NA	NA	
BNP-NOTE 20220513	450,000	1.01%	1.01%	450,000	NA	NA	
BNP-NOTE 20220531	300,000	0.68%	0.68%	300,000	NA	NA	
BNP-NOTE22020228	250,000	0.56%	0.56%	250,000	NA	NA	
BPI-BOND 20220507	253,500	0.57%	0.57%	253,500	NA	NA	
CHIB-BOND20221022	876,569	1.98%	1.98%	876,500	20,000,000	4.38%	
CHIB-BOND20240218	511,000	1.15%	1.15%	511,000	20,000,000	2.56%	
CITI-NOTE20220123	249,450	0.56%	0.56%	249,450	NA	NA	
CITI-NOTE20220127	300,720	0.68%	0.68%	300,720	NA	NA	
CITI-NOTE20220128	250,685	0.57%	0.56%	250,685	NA	NA	
CITYSB-TD20230825	500,000	1.13%	1.13%	500,000	NA	NA	
CLI-NOTE 20221105	1,000,000	2.26%	2.25%	1,000,000	NA	NA	
CLI-NOTE20221105	500,000	1.13%	1.13%	500,000	NA	NA	
CPI-BOND 20230107	759,984	1.71%	1.71%	759,670	6,000,000	12.66%	
DBS-NOTE 20220126	300,000	0.68%	0.68%	300,000	NA	NA	
DBS-NOTE 20220127	150,000	0.34%	0.34%	150,000	NA	NA	
DBS-NOTE 20220201	500,000	1.13%	1.13%	500,000	NA	NA	
DBS-NOTE 20220217	250,000	0.56%	0.56%	250,000	NA	NA	
DBS-NOTE 20220303	300,000	0.68%	0.68%	300,000	NA	NA	
DBS-NOTE 20220328	20,000	0.05%	0.05%	20,000	NA	NA	
DBS-NOTE 20220406	200,000	0.45%	0.45%	200,000	NA	NA	
DBS-NOTE 20220426	300,000	0.68%	0.68%	300,000	NA	NA	
DBS-NOTE 20220603	250,000	0.56%	0.56%	250,000	NA	NA	
DBS-NOTE 20220606	200,000	0.45%	0.45%	200,000	NA	NA	
DBS-NOTE22020118	250,000	0.56%	0.56%	250,000	NA	NA	
DBS-NOTE22020121	250,000	0.56%	0.56%	250,000	NA	NA	
DBS-NOTE22020506	250,000	0.56%	0.56%	250,000	NA	NA	
DBS-NOTE32020121	250,000	0.56%	0.56%	250,000	NA	NA	
DBS-NOTE42020118	190,000	0.43%	0.43%	190,000	NA	NA	
DNL-BOND 20260914	223,496	0.50%	0.50%	224,100	2,000,000	11.21%	
EDC-BOND 20260625	475,100	1.07%	1.07%	475,100	2,500,000	19.00%	
FB-BOND 20250310	690,000	1.56%	1.55%	690,000	8,000,000	8.63%	
FB-BOND 20270310	10,000	0.02%	0.02%	10,000	7,000,000	0.14%	
FLI-BOND 20220820	109,243	0.25%	0.25%	109,000	7,000,000	1.56%	
GLO-BOND 20230717	44,657	0.10%	0.10%	44,790	3,000,000	1.49%	
GTCAP-BND20230227	231,566	0.52%	0.52%	231,490	6,100,000	3.79%	
GTCAP-BND20240807	425,013	0.96%	0.96%	424,250	4,000,000	10.61%	
LBP-BOND 20221117	10,000	0.02%	0.02%	10,000	5,000,000	0.20%	
MNTC-BOND20240331	214,809	0.48%	0.48%	214,800	2,600,000	8.26%	
PCOR-BOND20231027	410,851	0.00926685	0.009259	408,480	7,000,000	5.84%	
PCOR-BOND20240419	300,000	0.00676657	0.006761	300,000	13,200,000	2.27%	
RCBC-BOND20220727	150,000	0.00338328	0.00338	150,000	16,616,410	0.90%	
RCBC-BOND20221113	99,999	0.23%	0.23%	100,000	7,500,000	1.33%	
RLC-BOND 20220223	749,944	1.69%	1.69%	750,000	10,635,500	7.05%	
SCB-NOTE 20220114	250,000	0.56%	0.56%	250,000	NA	NA	
SCB-NOTE 20220228	330,000	0.74%	0.74%	330,000	NA	NA	
SCB-NOTE 20220310	250,000	0.56%	0.56%	250,000	NA	NA	
SCB-NOTE22020523	250,000	0.56%	0.56%	250,000	NA	NA	
SCB-NOTE22020524	250,000	0.56%	0.56%	250,000	NA	NA	
SCB-NOTE22020526	500,000	1.13%	1.13%	500,000	NA	NA	
SMB-BOND 20220402	300,495	0.68%	0.68%	300,000	7,000,000	0	
SMC-BOND 20230319	2,394	0.01%	0.01%	2,400	13,145,600	0	
SMIC-BOND20220716	1,047,108	2.36%	2.36%	1,044,875	7,683,730	0	
SMPH-BOND20230301	152,000	0.34%	0.34%	152,000	10,000,000	0	
SMPH-BOND20240901	381,759	0.86%	0.86%	381,660	2,601,700	0	
SMPH-BOND20260726	840,000	1.89%	1.89%	840,000	10,000,000	0	
SMPH-BOND20281115	200,000	0.45%	0.45%	200,000	10,000,000	0	
TFSP-NOTE20230428	150,000	0.34%	0.34%	150,000	NA	NA	
TFSP-NOTE20231028	10,000	0.02%	0.02%	10,000	NA	NA	
UBP-TDT 20230822	500,000	0.01127761	0.011268	500,000	NA	NA	
UBP-TDT 20230828	500,000	0.01127761	0.011268	500,000	na	na	

TOTAL CORPORATE BONDS 27,611,268

TOTAL ASSETS- January 1 to Decem 44,374,047
NET ASSET VALUE- January 1 to Det 44,335,618

SECURITY NAME	MARKET VALUE	PERCENTAGE		PERCENTAGE TO		
		NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	OUTSTANDING SECURITIES OF SHARIN INVESTEE C	OUTSTANDING SECURITIES OF INVESTEE CC	PERCENTAGE TO TOTAL ASSETS
GOVERNMENT SECURITIES:						
FXTN20-1620300527	361	0.00%	0.00%	300	72,412,572	0
FXTN2005 20230529	54,455	0.00	0.001227	50,000	2,649,220	1.89%
FXTN2011 20251020	257,138	0.01	0.005795	210,000	2,343,959	8.96%
FXTN2014 20270906	583	0.00%	0.00%	500	7,521,934	0.01%
FXTN25-0120251129	400,026	0.00902268	0.009015	285,000	6,112,750	4.66%
FXTN25-0220300728	142,811	0.00322113	0.003218	100,000	5,665,238	1.77%
FXTN25-0320310126	457,794	0.01032565	0.010317	334,000	11,044,891	3.02%
FXTN25-0420311005	88,860	0.00200425	0.002003	70,000	6,175,063	1.13%
FXTN25-5 20321129	122,113	0.00275428	0.002752	100,000	46,008,299	0.22%
FXTN25-6 20341105	64,510	0.00145504	0.001454	50,000	28,054,602	0.18%
FXTN25-7 20350930	131,601	0.0029683	0.002966	110,000	62,220,399	0.18%
FXTN5-74 20220126	450,626	0.01016396	0.010155	450,000	120,000,000	0.38%
ROP-GPN 20221126	685,385	0.01545903	0.015446	686,000	30,800,000	2.23%
ROP-GPN 20360114	56,193	0.13%	0.001266	44,000	54,770,000	0.08%
TBILL 20220316	18,842	0.04%	0.000425	18,885	17,000,000	0.11%
TBILL 20220420	199,303	0.45%	0.004491	200,000	22,000,000	0.91%
TBILL 20220427	199,259	0.45%	0.00449	200,000	22,000,000	0.91%
TBILL 20220525	248,825	0.00561231	0.005607	250,000	27,000,000	0.93%

TOTAL GOVERNMENT SECURITIES 3,578,686

TOTAL INVESTMENT SECURITIES A* 31,189,954

INVESTMENT IN LIQUID OR SEMI-LIQUID ASSETS:						
GOVERNMENT SECURITIES	11,646,162	26.27%	26.25%	n/a	n/a	n/a
CASH AND CASH EQUIVALENTS	1,385,270	3.12%	3.12%	n/a	n/a	n/a
SHORT-TERM INVESTMENTS	-	0.00%	0.00%	n/a	n/a	n/a
	13,031,432					

TOTAL OPERATING EXPENSES

AVERAGE NET ASSET VALUE- Janua 44,463,827

	AMOUNT	PERCENTAGE TO NET ASSET VALUE
MANAGEMENT, DISTRIBUTION AND TAXES AND LICENSES	446,645	0.01004513
CUSTODIAN FEES	21,592	0.00048561
OTHERS	8,993	0.00020225
	6,537	0.00014702
	483,767	

TOTAL ASSETS TO TOTAL BORROWINGS:

NO BORROWINGS FOR THE YEAR

ALFM PESO BOND FUND, INC.
Financial Statement Ratios
As at December, 2022 and December, 2021

	January 1 to December 31, 2022	January 1 to December 31, 2021
Current Asset	9,973,067	11,936,889
Current Liabilities	34,765	38,429
Current /Liquidity Ratio	286.87	310.62
Total Liabilities	34,765	38,429
Total Equity	39,953,075	44,335,618
Debt-to-Equity Ratio	0.0009	0.0009
Total Assets	39,987,840	44,374,047
Total Equity	39,953,075	44,335,618
Asset-to-Equity Ratio	1.00	1.00
Earnings Before Income Tax	640,673	602,586
Interest Expense	-	-
Interest Rate Coverage Ratio	n.a.	n.a.
Net Income	317,187	331,027
Total Equity	39,953,075	44,335,618
Return on Investments	0.01	0.01