

COVER SHEET

C S 2 0 0 3 4 0 2 6 9
S.E.C. Registration Number

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

(Company's Full Name)

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

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

Marcelo M. Verdillo

Contact Person

(632) 8580-0900

Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

17-A
FORM TYPE

Month Day
Annual Meeting

N / A

Secondary License Type, If Applicable

C G F D

Dept. Requiring this Doc.

Amended Articles / Section

-

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**
2. SEC Identification Number **CS2003-40269**
3. BIR Tax Identification No. **228-146-261-000**

EKKLESIA MUTUAL FUND, INC.

4. Exact name of issuer as specified in its charter
- Metro Manila, Philippines**
5. Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **19/F, BPI BUENDIA CENTER, SEN. GIL J. PUYAT AVE., MAKATI CITY** **1209**
Address of principal office **Postal Code**

8. **(632) 580-0900**
Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding (as of December 31, 2022)
COMMON SHARES "A "	88,519,591 shares

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

Yes [] No [X]

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []

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

Yes [X] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

PhP192,760,261.36 (NAVPs of PhP 2.1776 x 88,519,591 outstanding shares as of 31 December 2022)

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **N.A.**

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- | | |
|--|-------------|
| (a) Any annual report to security holders
Audited Financial statements attached herewith | |
| (b) Any information statement filed pursuant to SRC Rule 20 | NONE |
| (c) Any prospectus filed pursuant to SRC Rule 8.1 | NONE |

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

DESCRIPTION OF BUSINESS

1. Business Development

Ekklesia Mutual Fund, Inc. ("EMFI", the "Company," or the "Fund") is an open-ended Investment Company that is owned by religious corporations, congregations or associations and stock or non-stock, for profit or non-profit educational institutions owned by, managed by, or affiliated with the aforementioned religious congregations and associations, and by individual members of the Roman Catholic diocesan clergy. EMFI is a company owned by the *Religious for the Religious*. The investment objective of the Company is capital growth while providing regular cash flows and safety of principal by investing in fixed income instruments. The Company considers a medium to long-term investment horizon for its shareholders.

The Company's Articles of Incorporation and By-Laws were approved by the SEC on October 28, 2003. Its registration as an open-end investment company under the Investment Company Act (R.A. No. 2629) was approved by the SEC on August 2, 2004. Its authorized capital stock is Two Hundred Forty-Five Million Pesos (P245,000,000.00) which is divided into Two Hundred Forty-Five Million (245,000,000) common shares with a par value of One Peso (P1.00) each.

BPI Investment Management, Inc. ("BPI Investment") shall act as the Fund's Investment Manager and, as such, is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management and technical services to prospective investors. BPI Investment, a wholly-owned subsidiary of the Bank of the Philippine Islands, was incorporated in 1974 to principally engage in the business of managing an investment company. BPI Investment is licensed by the SEC to act as fund manager (or "investment company adviser") as well as a distributor of mutual funds. BPI Investment shall also act as the Fund's Investment Advisor and is tasked to render services which include investment research and advise; the preparation of economic, industry, market, corporate, and security analyses; and assistance and recommendations in the formulation of investment guidelines. For its services, the Fund Manager shall charge a fee of not more than 1.75% per annum based on the Net Asset Value of the Fund.

The date of the last renewal by the SEC of BPI Investment Management, Inc.'s license as investment company manager is November 2022.

The Fund's shares shall be made available to the public primarily through accredited broker firms and authorized distributors and sales agents of BPI Investment Management, Inc. ("BPI Investment"). BPI Investment is licensed by the Securities and Exchange Commission to distribute securities to the public.

Sales agents of the Fund's Distributors may collect a Sales Load based on each amount invested by an applicant or Shareholder in the Fund, in an amount not exceeding 1.5% of the investment. Nevertheless, the Fund's Distributor/s has the discretion to waive such Sales Load as it deems fit.

EMFI, as an investment company, will be regularly dealing with the following principal parties, among others, as follows:

Fund Manager, Investment Advisor and Transfer Agent:	BPI Investment Management, Inc.
Fund Distributor:	BPI Investment Management, Inc.

Risk Factors and Investment Considerations

The NAVPS of the Fund may fluctuate due to changes in the market values of the Fund's investments. Such changes in market value may be attributable to various factors such as:

A. Factors External to the Fund, listed in the order of importance:

- 1) **Market Risk** - the risk that movement in the financial markets will adversely affect the value of investments of the Fund. To properly manage market risk, various risk measurement methodologies are utilized to quantify the potential change in portfolio value resulting from changes in security prices. Measures of risk-adjusted performance are also utilized. Market risk is controlled through the establishment of investment limits and by managing the fund according to investment guidelines and parameters that are consistent with its return objective and risk profile.
- 2) **Interest Rate Risk** - the risk that the value of the portfolio will decline as interest rates rise. Bond prices are inversely related to interest rates (ie. as interest rates increase, bond prices decrease). Interest rate risk is measured using duration and controlled through duration limits. To mitigate this risk, the Fund Manager closely monitor movements in interest rates.
- 3) **Liquidity Risk** - the risk that the investments of the Fund cannot be sold or converted into cash within a reasonable time or in instances where sale or conversion is possible but not at a fair price. A liquidity contingency plan, which provides a framework for addressing liquidity crisis situations is in place.
- 4) **Credit Risk** - the risk that the bond issuer may not be able to pay its debt when interest payments and maturity falls due. Credit risk is minimized through diversification. Investment and

counterparty limits are also established and monitored regularly. All investment outlets and counterparties go through accreditation prior to the execution of investment transactions.

- 5) Inflation Risk - the risk that the return of your investments will not keep in pace with the increase in consumer prices. To mitigate inflation risk, the Fund Manager closely monitors inflation.
- 6) Reinvestment Risk - The risk associated with the possibility of having lower return when maturing securities or the interest earnings of funds are re-invested. To mitigate reinvestment risk, the Fund Manager closely monitors interest rate trends so as to re-invest at higher interest rates.
- 7) Foreign Exchange Risk - this is the possibility for an investor to experience losses from a decline in fund value when the market value of fixed income securities, settled in any other currency, held by the fund are converted/translated to Philippine Peso. To mitigate foreign exchange risk, the fund manager closely monitors the movements in the spot market.

B. Risks Inherent to the Fund, listed in the order of importance:

1. Investors in an open-end fund are exposed to the risk of dilution, since open-end investors are allowed to contribute and/or withdraw their entire holdings anytime. Given this inherent risk, Fund Manager tries to lessen the frequency of withdrawals by imposing an early redemption penalty for investors who withdraw from the Fund before the 180-day minimum holding period. By doing this, investors are discouraged to withdraw during the minimum holding period and the Fund Manager will be able to maximize the investment during the said period.

2. Unlike closed-end funds, the investment potential and capability of the Fund are limited by liquidity constraints as the Fund Manager should always ensure that there are sufficient liquid assets to service withdrawals at any given time.

3. Unlike bank accounts, investment companies / mutual funds are neither insured with the PDIC or any other agency of the government, nor guaranteed by the Fund Manager. Before investing in the Fund, investors are expected to understand that it is not a bank deposit product and any income or loss shall be for the account of the investor. Investors are advised to read the Prospectus of the Fund, which may be obtained from authorized distributors, before deciding to invest. The Fund is registered with the Securities and Exchange Commission (SEC).

4. Mutual funds are subject to "manager risk," which is the potential for a fund to fail to achieve its objectives due to investment decisions by the Fund Manager, caused by the Fund Manager's ability or failure to "read the market" accurately. The Fund Manager employs a thorough investment process, considering macroeconomic factors and integrating them in asset allocation models to optimize the return of the portfolio. The Fund Manager is likewise kept abreast of current market conditions through various trainings and seminars on fund management techniques as well as close coordination with various counterparties and regulators.

2. *Distribution methods of the products or services*

The Fund is being distributed by SEC-licensed mutual fund agents of BPI Investment Management, Inc. (BIMI).

3. *Competition*

Ekklesia Mutual Fund competes in the Peso-denominated bond fund segment of the mutual fund industry. As of December 31, 2021, its Net Assets amounted to P203.24 Million in the P61.16 Billion industry.. Its competitors are the ALFM Peso Bond Fund, ATRAM Corporate Bond Fund (formerly, Prudentiallife Fixed Income Fund), Cocolife Fixed Income Fund, First Metro Save & Learn Fixed Income

Fund, Philam Managed Income Fund, Philam Bond Fund, Philequity Peso Bond Fund, Soldivo Bond Fund, Sun Life Prosperity GS Fund, and Sun Life Prosperity Bond Fund.

4. *Effect of existing or probable governmental regulations on the business.*

The Ekklesia Mutual Fund believes that government regulations are intended to strengthen the industry for the benefit of the investing public and will, thus, comply with the regulations imposed as may be instituted by the regulatory authorities.

5. *Number of employees*

The Company does not have employees of its own since the management of the Fund and its administrative operations are already being handled by its investment manager and service administrator, BPI Investment Management, Inc.

PROPERTIES

The Fund does not own any property described under Annex C of SRC Rule 12 such as real estate, plant and equipment, mines, patents, etc.

LEGAL PROCEEDINGS

The Fund is not aware of any pending legal proceedings to which it is a party.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

Since incorporation and material to evaluation, none of the Directors or Executive Officers of the Fund was involved in any bankruptcy petition filed by or against any business of which any director or officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; none was convicted by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; none was subject to any order, judgment or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and none was found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

APPRAISAL RIGHT

Under the Corporation Code, Shareholders who dissent from certain corporate actions (including the merger or sale of all or substantially all of the assets of the Fund) may demand payment of the fair market value (net asset value) of their Shares in certain circumstances.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

1. Market Information

Market Price (NAVPS	2014	2013	2012	2011	2010	2009
----------------------	------	------	------	------	------	------

in Pesos)						
Quarter ending Mar 31	1.9777	2.0761	1.7575	1.5497	1.4877	1.4080
Quarter ending Jun 30	1.9908	2.0096	1.7685	1.5872	1.5026	1.4409
Quarter ending Sept 30	1.9955	2.0077	1.8068	1.6397	1.5200	1.4665
Quarter ending Dec 31	2.0187	1.9931	1.8524	1.7309	1.5683	1.4755

Market Price (NAVPS in Pesos)	2022	2021	2020	2019	2018	2017	2016	2015
Quarter ending Mar 31	2.219	2.24	2.2371	2.1589	2.1064	2.0934	2.0839	2.0390
Quarter ending Jun 30	2.167	2.26	2.3028	2.1859	2.1177	2.1053	2.1207	2.0456
Quarter ending Sept. 30	2.164	2.25	2.2916	2.2116	2.1211	2.1221	2.1117	2.0529
Quarter ending Dec. 31	2.177	2.25	2.2983	2.2234	2.1292	2.1022	2.0803	2.0382

Source: Daily Price and NAVPS schedule

Stated below are the High and Low Net Asset Value Per Share (NAVPS) for each quarter from 2009 to 2022.

Quarter Ending	2013		2012		2011		2010		2009	
	High	Low	High	Low	High	Low	High	Low	High	Low
March	2.0761	1.8505	1.7906	1.7231	1.5706	1.5357	1.4877	1.4744	1.4273	1.3928
June	2.1073	2.0083	1.7685	1.7488	1.5872	1.5487	1.5028	1.4939	1.4490	1.4054
Sept.	2.0342	1.9881	1.8095	1.7687	1.6618	1.5587	1.5193	1.5023	1.4704	1.4416
Dec.	2.0504	1.9858	1.8550	1.8043	1.7331	1.6362	1.5786	1.5200	1.4764	1.4593

Quarter Ending	2017		2016		2015		2014	
	High	Low	High	Low	High	Low	High	Low
March	2.1048	2.0724	2.0839	2.0281	2.0601	2.0191	1.9937	1.9508
June	2.1086	2.0879	2.1207	2.0699	2.0464	2.0325	2.0002	1.9695
Sept.	2.1226	2.0973	2.1387	2.1112	2.0610	2.0367	1.9984	1.9880
Dec.	2.1246	2.0959	2.1209	2.0531	2.0595	2.0203	2.0293	1.9984

Quarter Ending	2022		2021		2020		2019		2018	
	High	Low	High	Low	High	Low	High	Low	High	Low
March	2.2533	2.2179	2.3	2.24	2.2526	2.2166	2.1589	2.1309	2.1141	2.1007
June	2.216	2.1654	2.26	2.24	2.3047	2.2358	2.1865	2.1556	2.1176	2.1053
Sept.	2.206	2.1623	2.27	2.26	2.3160	2.2866	2.2316	2.1861	2.1248	2.1173
Dec.	2.1793	2.1439	2.25	2.23	2.2972	2.2870	2.2250	2.2099	2.1311	2.1127

The Fund's shares are unlisted and as such are not traded in any exchange. The shares are being sold by SEC-licensed mutual fund sales agents thru The Fund's authorized distributors enumerated under Part I - Distribution Methods of this report.

2. Dividends

- The Fund has not issued any cash dividends since inception.
- Declaration of cash dividends is limited to the declaration made by the Board of Directors subject to the restriction that no dividends will be declared that will impair the capital stock of the company.

3. Number of holders

The Ekklesia Mutual Fund has a total of 169 security holders as of the 31 December 2022. The corporation has only one class of common stock.

4. Institutional and retail investors

The table below shows the Fund's total number of institutional and retail investors and the percentage of their investments as of December 31, 2022.

Ekklesia Mutual Fund	Retail	Institutional
Number of investors	118	51
Percentage of investments	5.51%	94.49%

5. Geographic concentration of investments

The geographic concentration of investments as of December 31, 2022 is as follows: Luzon (95%) and Visayas (5%).

6. Investment company return information

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

Ekklesia Mutual Fund				
2018	2019	2020	2021	2022
-3.23%	-2.61	-0.72%	0.55%	0.69

7. Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction

Not applicable.

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

AS OF DECEMBER 31, 2022

The Philippine economy posted a robust 7.6% year-on-year growth in 2022 as post-pandemic reopening activities continued to drive consumer and business spending. The figure was higher than the government's target range of 6.5%-7.5% for the year. On the other hand, local inflation continued to accelerate, clocking in as high as 8.1% year-on-year in December as supply-side pressures persisted. Elevated prices, along with various global monetary policy tightening actions, drove the Bangko Sentral ng Pilipinas (BSP) to announce an off-cycle 75-basis point hike mid-year. In 2022, the BSP raised rates by a total of 350 basis points.

The prospect of a prolonged high-inflation environment drove yields higher across the curve in 2022, particularly on the short-end. Year-on-year, the yield on the 1-year rose by about 355 basis points to 5.21%, the 5-year yield rose by about 227 basis points to 6.47%, while the yields on 6-10-year securities rose by about 208 basis points on average. 2022 was thus another challenging year for fixed income markets.

For 2023, we expect Philippine economic growth to moderate slightly as prolonged elevated price levels limit spending. The BSP will likely consider economic data, particularly inflation, and will continue to monitor for signs of over-heating. They have continuously reiterated that they are prepared to step in and utilize their monetary policy tools as needed.

Thus, for 2023, expect the Ekklesia Mutual Fund to stay true to its investment objective. The Fund will continue to be underweight in terms of duration vs. its benchmark. This underweight positioning will be done in light of higher inflation expectations and increasing market yields. Since the fund is positioned as a long-term bond fund, shareholders will get the full reward of investing for the long term and should be prepared to withstand some expected volatility.

Top 5 Performance Indicators

- 1.) **Performance vis-à-vis the Benchmark** – Ekklesia Mutual fund is an actively managed bond fund whose objective is growth through investments in a diversified portfolio composed mainly of medium to long term fixed income instruments denominated in Philippine Peso or any major foreign currency. The fund returned -3.23% versus the benchmark return of -1.37%.
- 2.) **Market Share in the MF Industry** – Ekklesia Mutual Fund is one of the smallest peso-denominated bond funds in the Philippines. As such, it's market share stands at 0.4% as of end-December 2022.
- 3.) **NAV Growth vis-à-vis Industry Growth** - The Fund's average daily NAV for 2022 was at PHP 195.960 Million. In 2022, Ekklesia's net asset value declined by 5.1% due to a combination of withdrawals from investors and a decline in market value of the fund's assets. In the meantime, the Philippine Peso Bond Fund industry also declined but by a much larger percentage at 16.10%.
- 4.) **Portfolio Quality** - The fund's portfolio should at all times adhere to the investment parameters indicated in the Fund's prospectus. As of December 31, 2022, with 42.8% of the Fund's portfolio invested in government securities, 48.7% in corporate securities, 2.5% in preferreds and 6.0% in cash and cash equivalents, such as time deposits.
- 5.) **Performance vis-à-vis Competition** - As of year-end 2022, the Ekklesia Mutual Fund placed in 10th place out of eleven (11) funds in its segment in terms of full year ROI.

AS OF DECEMBER 31, 2021

Philippine GDP grew 5.6% in 2021 after posting a 7.7% growth in the fourth quarter as loosened pandemic-related restrictions lifted business activity. The annual performance slightly beat the adjusted target range of 5% to 5.5% and reversed a record 9.6% contraction in 2020, when the country imposed prolonged lockdowns to contain the spread of COVID-19. The Philippine economy also benefited from the loose monetary policy set by the Bangko Sentral ng Pilipinas, which kept policy rates at 2.0% since November 2020. Meanwhile, inflation in the country accelerated from 2.6% in 2020 to 3.6% in 2021, rising to as high as 4.9% in August due to higher fuel and food prices arising from supply-side shocks.

Consequently, the elevated inflation rate pushed yields of government securities higher across the board in 2021. For the year, the yield on the 1-year rose by about 44 basis points to 2.0%, the 5-year yield rose by about 169 points to 4.20%, while the yields on 6-10-year securities rose by about 184 basis points on average. As a result, 2021 was a challenging year for the bond markets.

For the year, the Ekklesia Mutual Fund gave a net return on investment of -1.99% underperforming its benchmark by 120 bps. With this, the fund ended the year with a NAVPS at PHP 2.2502.

The net asset value of the fund declined by 4.52% or PHP 9.6 Million mainly on the back of withdrawals from shareholders who redeemed the holdings during the the time of pandemic.

For 2022, we expect Philippine economic growth to pick up as the economy opens up since the lockdowns are no longer in place and consumer's mobility is on the rise. As for the monetary policy, the BSP is expected to start raising policy rates in 2022 as it tries to fight inflation.

Thus, for 2022, expect Ekklesia's priority to give our investors a consistent stable return. The Fund will be actively tweaking its duration given the excess liquidity in the market and expected rebound in the Philippine economy. Long-term investment in the fund is highly recommended to get the full reward of investing and investors should be prepared to withstand short term volatility.

Top 5 Performance Indicators

- 3.) **Performance vis-à-vis the Benchmark** - Ekklesia Mutual fund is an actively managed bond fund whose objective is growth through investments in a diversified portfolio composed mainly of medium to long term fixed income instruments denominated in Philippine Peso or any major foreign currency. The fund returned -1.99% versus the benchmark return of -0.79%.
- 4.) **Market Share in the MF Industry** - Ekklesia Mutual Fund remains to be the smallest peso bond fund in industry. It comprises less than 1% share of the peso bond market.
- 3.) **NAV Growth vis-à-vis Industry Growth** - The Fund's average daily NAV for 2021 was at PHP 206,370 Million. In 2021, Ekklesia's net asset value declined by 4.5% due mostly to withdrawals from investors, while the Philippine Peso Bond Fund industry's also declined by 1.70%.
- 4.) **Portfolio Quality** - The fund's portfolio should at all times adhere to the investment parameters indicated in the Fund's prospectus. As of December 31, 2021, with 44.9% of the Fund's portfolio invested in government securities, 47.2% in corporate securities, 2.5% in preferred and 5.4% in cash and cash equivalents, time deposit, receivables - net of liabilities.
- 5.) **Performance vis-à-vis Competition** - As of year-end 2021, the Ekklesia Mutual Fund placed in last place out of eleven (11) funds in its segment in terms of year-on-year ROI.

Discussion and analysis of material event/s and uncertainties known to the management that would address the past and would have an impact on future operations

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

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

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

None

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

None

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

None

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations:

None

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

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

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

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

FINANCIAL STATEMENTS

Audited Financial Statements attached herewith.

CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There are no disagreements with the external auditors on the accounting and financial disclosures of the Fund.

EXTERNAL AUDIT FEES

The fund paid a total of Php253,422.40 in audit fees in 2022 for the 2021 audited financial statements while Php187,000.00 in audit fees were paid in 2021 for the 2020 audited financial statements.

The fund engaged the external auditor to audit the 2022 audited financial statements. No final billing has been made for the year 2022 as of the date of filing. However, an estimate of the amount is at Php253,422.00.

The audit committee approves any engagement for the services of the external auditor. After reviewing the need for the services of the auditor, the audit committee reviews the engagement proposal submitted. The committee then agrees on the fees to be charged by the external auditors.

The Audit Committee which oversees the corporation's external audits is headed by Mr. Percival A. Evaristo, Independent Director, Chairman, and Atty. Ma. Fides Balili, Bro. Allan Q. Manzano, C.Ss.R. and Mr. Jose M. Diokno as members.

PART III - CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The following, who are all Filipino citizens, are the Fund's Directors and Officers:

1. **Jose M. Diokno (Filipino Citizen - 68 years old)**
Chairman and Director
Term of Office as Director: December 2003 to present

Mr. Jose M. Diokno was the Vice-President of Multinational Investment Bancorporation and has been servicing the finance related needs of the religious community for the past 20 years. He is currently the Chairman of the Board and President of Center for Small Entrepreneurs, a non-

governmental organization funded by Belgium which provides financial assistance to micro and small entrepreneurs. He is also currently the Chairman of the Board and President of Social Action Foundation for Rural Development (SAFRUDI), a non-government organization. Mr. Diokno is also a member of the Rotary Club of Makati-North (1993 - present) and of the European Chamber of Commerce. He was a member of Canadian Chamber of Commerce. Mr. Diokno earned his Bachelor's of Science degree in Business Administration from the Philippine School of Business Administration in 1980.

2. **Fr. Boyd R. Sulpico O.P. (Filipino Citizen - 54 years old)**
President and Director
Term of Office as Director (July 30, 2013 - Present)

Fr. Boyd R. Sulpico, O.P. was ordained to the Order of Priesthood in the Dominican Order last May 14, 1995. Currently, he is a member / Chairman of the Phil Dominican Media Board, Phil Dominican Personnel Board, and Phil Dominican Economic Council; Chairman of Search Committee for the election of the President of Marikina Polytechnic Institute (delegated by CHED); Founding Director of Tourism Educators and Movers (TEAM Phils.); Spiritual Director of the League of Tourism Educators and Movers (TEAM Phils.); and member of SKAL Makati. He also became a member of Order of Preachers Economic Council (ROME) (2010-2013). He was the Chaplain and Treasurer of Santo Domingo Convent (1995-1998). He was the Asst. Syndic (Treasurer) of the Dominican Headquarters in Sta. Sabina Convent, Rome (1998-2000). He served the Dominican Province of the Philippines as Syndic (Treasurer) (2001-2004). He is the Chaplain of Colegio de San Juan de Letran, Manila (2004-present). He was a Faculty member of Colegio de San Juan de Letran, Bataan (2005-2007) and Treasurer of Colegio de San Juan de Letran, Manila and Bataan (2007-2015). Fr. Boyd is the EVP / VP Admin of Colegio de San Juan de Letran, Manila (2015-2017).

3. **Rev. Fr. Gilbert B. Sales, CICM (Filipino Citizen - 60 years old)**
Director
Term of Office as Director: September 2015 to present

Fr. Gilbert B. Sales is the seventh and current President of Saint Louis University, Baguio City, upon his formal installation on 15 August 2015. Fr. Sales is a missionary priest of the Congregation of the Immaculate Heart of Mary (popularly known in the Philippines as CICM missionaries). Fr. Sales joined the CICM in 1979, took his religious vows in 1984, and was ordained to the priesthood on 25 April 1992. Born in Tuguegarao City, Cagayan on 5 August 1962, Fr. Sales received Catholic formation for most of his formal education years, from Saint Paul College (Tuguegarao City) for his basic education, Saint Louis University (Baguio City) for his bachelor's degree, and Maryhill School of Theology (Quezon City) for a master's in theology. In 2013, Fr. Sales obtained a doctorate in educational management from Saint Louis University (Baguio City), with "Magna cum Laude" honors. In addition to his educational profile, Fr. Sales also had special studies and training from various universities and institutes in Hong Kong, Mongolia, Singapore, Israel, Thailand, New York, USA, and Chicago, USA, respectively. Fr. Sales' prominent work as a CICM priest includes his assignment in the year of his ordination when he was chosen by Pope John Paul II (now Saint John Paul II) to be a pioneer missionary to Mongolia in 1992. From 1992 until 2006, Fr. Sales took on a number of positions that made an impact on the Catholic Church and on the Mongolian society. In 2007, Fr. Sales received "Ghengis Khan Honor Medal of the Great Mongolia State", the highest award conferred by the Mongolian government on a foreigner, in recognition of his immense contribution to the development of the people of Mongolia, especially the poor, through the many social projects he founded and managed. In 2007, Fr. Sales returned to the Philippines from Mongolia to assume new assignments, mostly covering schools, as president and member of the various CICM school boards, as well as national boards of school associations like the Catholic Educational Association of the Philippines (CEAP) and the Association of Catholic Universities of the Philippines (ACUP). At present, Fr. Sales is concurrently the president of Saint Louis College (San Fernando, La Union) and a member of the CICM Provincial Government, which is the

highest policy-making body of the CICM Philippines.

4. **Bro. Allan Q. Manzano, C.Ss.R (Filipino Citizen - 46 years old)**
Director
Term of Office as Director: October 2019 to Present

Bro. Allan is a Redemptorist Brother and currently the Vice Provincial Treasurer of the Congregation of the Most Holy Redeemer (Vice-Province of Manila). In year 2014-2015, he served Redemptorist Baclaran Community as Community Bursar/Administrator. From May 2015 to May 2019, he served the Redemptorist Legaspi Community in Legazpi, Albay as Community Bursar/Administrator, Youth Director and Vocation Director. Prior to joining the Congregation Bro. Allan worked as an Accounting Staff at Abbott Laboratories (1997-1998) and an Accountant at The Coca-Cola Export Corporation (1998-2006). He obtained his Bachelor's degree in Accountancy from Saint Theresa's College. He pursued further studies in Philosophy in Divine Word Mission Seminary (SVD). Bro. Allan earned his Master's degree in Theology Major in Pastoral Ministry from Saint Alphonsus Theological and Mission Institute, an affiliate of Ateneo De Davao University.

5. **Sr. Maria Cora P. Sastre, ICM (Filipino Citizen - 52 years old)**
Director
Term of Office as Director: July 2018 to present

An educator by training, Sr. Maria Cora P. Sastre, ICM is the Area Directress of the Immaculate Heart of Mary (ICM) schools of Cebu, St. Theresa's College of Cebu and St. Francis Academy of Balamban since 2014 up to the present. She is a member of the Board of Trustees of the six (6) ICM schools in the Philippines. She is also the District Superior of Missionary Sisters of the Immaculate Heart of Mary (ICM) Philippines.

6. **Rev. Fr. Paul Lovell G. Javier, OP. (Filipino Citizen - 41 years old)**
Director/Treasurer
Term of Office as Director: March 2017 to present

Fr. Paul Lovell G. Javier, OP made his profession on May 15, 2004 and was ordained on November 7, 2012. He obtained degrees in Economics and Sacred Theology at the Royal and Pontifical Catholic University of Santo Tomas, Manila. He is also a licensed teacher. Fr. Javier is pursuing M.A. in Educational Management at UST. Currently, he is the Vice President for Religious Affairs of the Colegio de San Juan de Letran, Intramuros Manila. He is the former Treasurer of the Dominican Province of the Philippines and Chairman of the Provincial Economic Council. He is formerly a member of the Board of Trustees of UST, Colegio de San Juan de Letran in Manila and Calamba, Angelicum College Quezon City and Angelicum School Iloilo and Aquinas University Legazpi. He is a former school director of St. Bartholomew Academy, Babuyan Group of Island, Cagayan Valley.

7. **Rev. Fr. Antonio Cecilio T. Pascual (Filipino Citizen - 63 years old)**
Director and Treasurer
Term of Office as Director: June 20, 2017 - present

Fr. Anton Pascual is currently the Executive Director of Caritas Manila, Inc. He is also the President of Radio Veritas, a minister of the Social Services Development Ministry of the Roman Catholic Archdiocese of Manila. He holds key positions in several cooperatives. He is the Founder and Chairman of Simbayanan ni Maria Development Cooperative, Chairman of the Solidaritas Credit Cooperative, Chairman of the Metro South Cooperative Bank, and Director of Caritas SALVE Microfinance Cooperative. He is also a member of the Board of Trustees of Alfonso Yuchengco Foundation, Inc., One Meralco Foundation, Inc., Philippine Council for NGO Certification, and Bayan Academy. He has also been a member of the Board of Trustees of Association of Foundations, Inc. (2015-2017). He has a degree in Philosophy from Our Lady of

Angels Franciscan Seminary and in Theology from San Jose Major Seminary, Ateneo de Manila University. He earned a Master's degree in Development Management from the Asian Institute of Management.

8. **Atty Ma. Fides Balili (Filipino Citizen - 67 years old)**
Independent Director
Term of Office as Director: November 21 2022 to present

Atty Ma. Fides Balili is currently the chairman of the Board of Bank of Florida (A Rural Bank), Senior Tax Consultant in Esquerra & Blanco Law Firm, Associate Professor at De La Salle University - College of Law and Independent Consultant at Fellow Institute of Corporate Directors.

9. **Percival A. Evaristo (Filipino Citizen - 76 years old)**
Independent Director
Term of Office as Director: March 2005 to present

Mr. Percival Evaristo is currently a partner at the EV & Associates (2002 - present), and was a Director and Treasurer for Cagayan De Oro Plastic Innovation, Inc. (2004 - 2012). He has more than 39 years experience in Finance and Treasury from corporations both local and abroad. He is a member of the Financial Executives Institute of the Philippines (FINEX) (1976 - present). He took his Executive Development Program in the University of Michigan in 1983. He earned his Masters in Business Administration (Corporate Finance and Investments) in New York University in 1976 and earned his bachelor's degree in Accounting in De La Salle University in 1966. He became a Certified Public Accountant in 1967.

Other Officers of the Fund

1. **Atty. Sabino B. Padilla IV**
Corporate Secretary

Atty. Sabino B. Padilla IV, born in 1960, 62 years old, is the Corporate Secretary and Compliance Officer of the Fund. Atty. Padilla graduated with a degree in Bachelor of Laws from the University of the Philippines in 1985. He then received his Master of Laws from the Harvard University, USA in 1988. He is currently a partner of the Padilla Law Office which is legal counsel to various religious orders, societies and congregations for men and women as well as educational institutions and hospitals operated by them, and to BPI and its subsidiaries. Atty. Padilla is also the Corporate Secretary and Compliance Officer of other mutual funds, namely, Solidaritas Fund, ALFM Money Market Fund, ALFM Peso Bond Fund, ALFM Euro Bond Fund, ALFM Dollar Bond Fund, ALFM Growth Fund, Philippine Stock Index Fund and ALFM Global Multi-Asset Income Fund, Inc.

2. **Meriza R. De Guzman**
Risk and Compliance Officer

Meriza joined BPI Investment Management last April 2022 as Risk Officer. Prior to joining BPI, she served as the Unit Head for regulatory risk reporting of Credit Management Group in China Banking Corporation and a Credit Risk Officer in Bank of Makati and Philippine Business Bank. She earned her B.S. Accountancy degree from University of the East.

Additional Information required under Annex C of SRC Rule 12:

- The incorporators of the Fund are: Fr. Jessie M. Hechanova, C.I.C.M.; Fr. Noel Vasquez, S.J.; Fr. Edwin Lao, O.P.; Fr. Bonifacio U. Flordeliza, C.Ss.R.; Sr. Emelina A. Villegas, I.C.M.; Fr. Boyd Sulpico, O.P.; Mabini L. Juan; Percival A. Evaristo; and Jose M. Diokno.

- ❑ Each Director shall serve for a term of 1 year from his appointment and until his successor has been duly elected and qualified, provided, however, that any director may be removed from office at any time with or without cause by a 3/4 vote of the subscribed capital stock entitled to vote. Other than this, the Fund has no existing employment contract with any of the Fund's directors.
- ❑ Mr. Percival Evaristo, and Atty Ma. Fides Balili are the independent directors of the Fund. An independent director is a person not having any relationship or position in the Fund, or in parties related to the Fund, the holding of which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, in compliance with Section 38 of the Securities Regulation Code.
- ❑ The members of the Board will receive compensation amounting PhP3,000.00 for every regular meeting and PhP1,200.00 for every special meeting attended. The Board of Directors reserves the right to change the compensation schedule in the future.
- ❑ There are no other standard or consulting arrangements nor any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated.
- ❑ No current member of the Board of Directors of EMFI, its fund manager, its service administrator, or any one of the its distributors is related to each other up to the fourth civil degree either by consanguinity or affinity and no member of the Board of EMFI has been the subject of any legal/criminal proceedings for the past five years.
- ❑ None of the Board of Directors or Officers of the Company are involved or have been involved in any legal proceeding during the past five (5) years that are material to an evaluation of the ability or integrity of any of the said directors or officers of the company, specifically:
 - None of the Board of Directors are involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of bankruptcy or within two years prior to that time;
 - None of the Board of Directors are involved in any conviction by final judgment, including the nature of the offence, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
 - None of the Board of Directors are being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
 - None of the Board of Directors are being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

EXECUTIVE COMPENSATION

Director / Officer	Position	Year	Salary	Bonus	Other Salary
Bro. Allan Q. Manzano, C.Ss.R	Director (Since October 2019)	2010	-	-	-
		2011	0.00	-	-
		2012	0.00	-	-
		2013	0.00	-	-
		2014	0.00	-	-

		2015	0.00	-	-
		2016	0.00	-	-
		2017	0.00	-	-
		2018	0.00	-	-
		2019	2,700.00	-	-
		2020	2,700.00	-	-
		2021	12,000.00	-	-
		2022	9,000.00	-	-
		2023 (estimated)	12,000.00	-	-
Fr. Boyd Sulpico O.P.	Director / President	2010	0.00	-	-
		2011	0.00	-	-
		2012	0.00	-	-
		2013	5,100.00	-	-
		2014	7,650.00	-	-
		2015	3,570.00	-	-
		2016	6,120.00	-	-
		2017	3,570.00	-	-
		2018	5,460.00	-	-
		2019	6,480.00	-	-
		2020	3,780.00	-	-
		2021	12,000.00	-	-
		2022	9,000.00	-	-
		2023 (estimated)	12,000.00	-	-
Mr. Jose M. Diokno	Director / Chairman	2010	-	-	-
		2011	8,970.00	-	-
		2012	8,670.00	-	-
		2013	7,140.00	-	-
		2014	9,690.00	-	-
		2015	9,690.00	-	-
		2016	4,845.00	-	-
		2017	3,570.00	-	-
		2018	7,620.00	-	-
		2019	7,560.00	-	-
		2020	3,780.00	-	-
		2021	1,080.00	-	-
		2022	9,000.00	-	-
		2023 (estimated)	12,000.00	-	-
Mr. Percival A. Evaristo	Independent Director	2010	-	-	-
		2011	5,250.00	-	-
		2012	9,690.00	-	-
		2013	9,690.00	-	-
		2014	P9,690.00	-	-
		2015	7,140.00	-	-
		2016	5,100.00	-	-
		2017	4,845.00	-	-
		2018	6,270.00	-	-
		2019	7,560.00	-	-
		2020	3,780.00	-	-
		2021	1,080.00	-	-
2022	9,000.00	-	-		

		2023 (estimated)	12,000.00	-	-
Mr. Mabini L. Juan	Independent Director	2010	0	-	-
		2011	5,350.00	-	-
		2012	3,570.00	-	-
		2013	9,690.00	-	-
		2014	7,140.00	-	-
		2015	7,140.00	-	-
		2016	7,395.00	-	-
		2017	4,845.00	-	-
		2018	7,350.00	-	-
		2019	7,560.00	-	-
		2020	0.00	-	-
Rev. Fr. Antonio Cecilio T. Pascual	Treasurer, Director (June 20, 2017-16 December 2022)	2010	-	-	-
		2011	-	-	-
		2012	-	-	-
		2013	-	-	-
		2014	-	-	-
		2015	-	-	-
		2016	-	-	-
		2017	-	-	-
		2018	2,700.00	-	-
		2019	-	-	-
		2020	1,080.00	-	-
		2021	12,000.00	-	-
		2022	9,000.00	-	-
2023 (estimated)	12,000.00	-	-		
Rev. Fr. Gilbert B. Sales, CICM	Director (Since September 2015)	2010	-	-	-
		2011	0.00	-	-
		2012	0.00	-	-
		2013	0.00	-	-
		2014	0.00	-	-
		2015	5,100.00	-	-
		2016	0.00	-	-
		2017	0.00	-	-
		2018	0.00	-	-
		2019	0.00	-	-
		2020	1,080.00	-	-
		2021	12,000.00	-	-
		2022	9,000.00	-	-
2023 (estimated)	12,000.00	-	-		
Fr. Paul Lovell G. Javier, OP	Director (Since March 2017)Treasurer 16 December 2022 to present)	2010	-	-	-
		2011	0.00	-	-
		2012	0.00	-	-
		2013	0.00	-	-
		2014	0.00	-	-
		2015	0.00	-	-
		2016	0.00	-	-
		2017	3,570.00	-	-
		2018	3,780.00	-	-
2019	6,480.00	-	-		

		2020	3,780.00	-	-
		2021	12,000.00	-	-
		2022	9,000.00	-	-
		2023 (estimated)	12,000.00	-	-
Sr. Maria Cora P. Sastre, I.C.M.	Director (Since July 2018)	2010	0.00	-	-
		2011	0.00	-	-
		2012	0.00	-	-
		2013	0.00	-	-
		2014	0.00	-	-
		2015	0.00	-	-
		2016	0.00	-	-
		2017	0.00	-	-
		2018	1,080.00	-	-
		2019	0.00	-	-
		2020	0.00	-	-
		2021	12,000.00	-	-
		2022	9,000.00	-	-
		2023 (estimated)	12,000.00	-	-
Atty Ma. Fides A. Balili	Independent Director	2022	3,000.00	-	-
		2023 (estimated)	12,000.00	-	-
Atty. Sabino Padilla IV	Corporate Secretary	2010	-	-	-
		2011	8,670.00	-	-
		2012	8,670.00	-	-
		2013	9,690.00	-	-
		2014	8,670.00	-	-
		2015	9,690.00	-	-
		2016	7,395.00	-	-
		2017	2,295.00	-	-
		2018	7,350.00	-	-
		2019	6,480.00	-	-
		2020	1,080.00	-	-
		2021	1,080.00	-	-
		2022	9,000.00	-	-
		2023 (estimated)	12,000.00	-	-

* Details of 2010 per diems are unavailable due to the transfer from MIB to BIM I

Each Director and Officer is compensated the amount of Php3,000.00 for every attendance in every regular meeting and P1,200.00 for every special meeting attended. Php 28,240.00, Php30,600.00, Php41,310.00, Php33,150.00, Php42,330.00, Php30,855.00, Php22,695.00, Php41,610.00, Php44,820.00, Php21,060.00, Php75,240.00 and Php84,000.00 was paid as Directors' Fee for the years 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 respectively. The estimated aggregate Directors and Officers fee for the year 2023 is Php120,000.00.

There is no other standard or consulting arrangement or any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated.

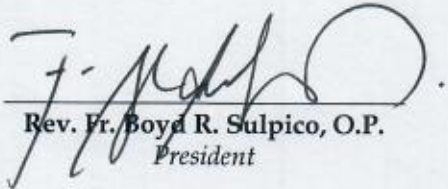
The fund has no Compensation Committee.

SIGNATURES

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

Issuer

Ekklesia Mutual Fund, Inc.


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


Paul Lovell G. Javier
Treasurer

Finance/Accounting Officer/Controller

MAKATI CITY

MAY 22 2023

SUBSCRIBED AND SWORN TO before me this ____ day of _____ 20__, affiants exhibiting to me their Residence Certificates, as follows:

NAMES	Tax Identification No.
Rev. Fr. Boyd R. Sulpico, O.P.	218-353-309
Paul Lovell G. Javier	440-348-402
Atty. Sabino B. Padilla IV	113-255-561

NOTARY PUBLIC

Doc. No. 228
Page No. 67
Book No. 7
Series of 20 24


ATTY. JOE FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 15, 2023 (2023-2024)
APPOINTMENT NO. M-15
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 5583564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY



EKKLESIA MUTUAL FUND, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

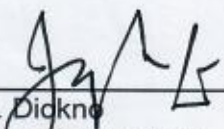
The management of Ekklesia Mutual Fund, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended 31 December 2021 and 2022, in accordance with the prescribed financial reporting framework indicated therein,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

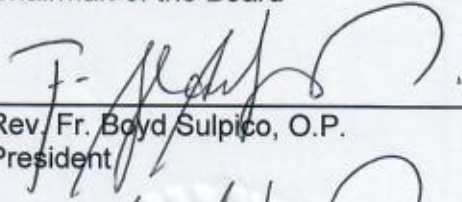
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

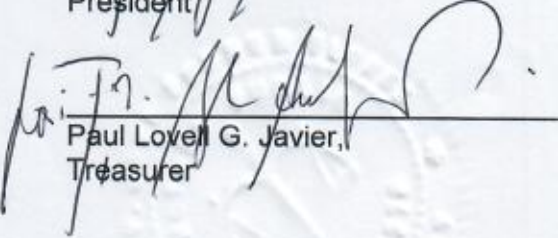
SGV & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



Jose M. Dickno
Chairman of the Board



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



Paul Lovell G. Javier,
Treasurer

Signed this ____ day of ____

REPUBLIC OF THE PHILIPPINES)
)S.S.

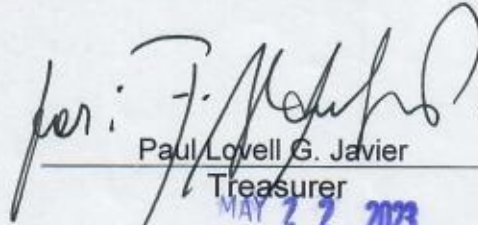
TREASURER'S CERTIFICATION

I, Paul Lovell G. Javier, of legal age, Filipino and with office address at 19F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, after being sworn in accordance with law, hereby certify under oath that:

1. I am the Treasurer of Ekklesia Mutual Fund, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. CS2007-18240 with principal office address at 19F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City.
2. The accounts and figures provided in the electronic copy of the Special Form for Financial Statements are based on the contents of the Audited Annual Financial Statements of the Corporation submitted to SEC.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

MAY 22 2023

WITNESS MY HAND on this ____ day of _____ 20__ in Makati City.

per: 
Paul Lovell G. Javier
Treasurer
MAY 22 2023

SUBSCRIBED AND SWORN to before me on this ____ day of _____ at _____, Makati City. Affiant exhibited to me his Tax Identification No. 440-348-402.

Doc. No. 329 :
Page No. 67 :
Book No. 7 :
Series of 2023


ATTY. JOEL M. FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-15
ROLL NO. 73376 / ACEE (EXEMPT)
PTR NO. 3593554 / JAN. 03, 2003 / MAKATI CITY
ISP NO. 201994 / JAN. 03, 2003 / PASIG CITY
1107 D. BATASAN ST., GUADALUPE NUEVO, MAKATI CITY

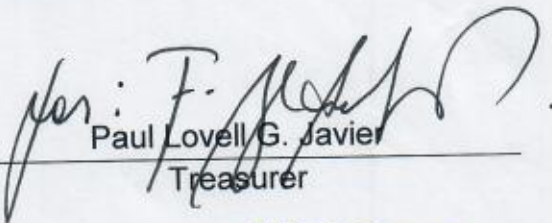
REPUBLIC OF THE PHILIPPINES)
Makati City)S.S.

TREASURER'S CERTIFICATION

I, Paul Lovell G. Javier, of legal age, Filipino and with office address at Lizares Mansion, MacArthur Drive, Tabuc Suba, Jaro, Iloilo City 5000, after being sworn in accordance with law, hereby certify under oath that:

1. I am the Treasurer of the Ekklesia Mutual Fund, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. CS2003-40269 with principal office address at 19/F, BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City.
2. The Financial Statement ("F/S") CD submitted contains the exact data stated in the hard copies of the F/S of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

WITNESS MY HAND on this MAY 22 2023 day of 20 in Makati City.


Paul Lovell G. Javier
Treasurer

SUBSCRIBED AND SWORN to before me on this MAY 22 2023 day of MAKATI CITY at MAKATI CITY. Affiant exhibited to me her Tax Identification No. 209-925-759.

Doc. No. 328 :
Page No. 67 :
Book No. 7 :
Series of 20 23


ATTY. JOEL FLORER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. 25-15
ROLL NO. 77376 / NONE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

Fwd: Your BIR AFS eSubmission uploads were received

Loradel Merced <lpmerced.bimi@gmail.com>

Thu 5/25/2023 1:29 PM

To: Toni Rose P. Forteza <trpforteza@bpi.com.ph>

----- Forwarded message -----

From: <eafs@bir.gov.ph>

Date: Thu, May 25, 2023 at 1:28 PM

Subject: Your BIR AFS eSubmission uploads were received

To: <LPMERCED@bpi.com.ph>

CC: <LPMERCED.BIMI@gmail.com>

Hi EKKLESIA MUTUAL FUND INC,

Valid files

- EAFS228146261OTHTY122022.pdf
- EAFS228146261RPPTY122022.pdf
- EAFS228146261AFSTY122022.pdf
- EAFS228146261ITRTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-Q32V2SXY0AAL797F8MNVPNZZQ0NPQQWZY1**

Submission Date/Time: **May 25, 2023 01:08 PM**

Company TIN: **228-146-261**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

=====
DISCLAIMER
=====

This email and its attachments may be confidential and are intended solely for the use of the individual or entity to whom it is addressed.

If you are not the intended recipient of this email and its attachments, you must take no action based upon them, nor must you disseminate, distribute or copy this e-mail. Please contact the sender immediately if you believe you have received this email in error.

E-mail transmission cannot be guaranteed to be secure or error-free. The recipient should check this email and any attachments for the presence of viruses. The Bureau of Internal Revenue does not accept liability for any errors or omissions in the contents of this message which arise as a result of e-mail transmission.



File Upload



All files successfully uploaded

Transaction Code:

AFS-0-Q32V2SXY0AAL797F8MNVPNZZQ0NPQQWZY1

Submission Date/Time:

May 25, 2023 01:08 PM

[📄 Back To Upload](#)

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 3 - 4 0 2 6 9

COMPANY NAME

E	K	K	L	E	S	I	A	M	U	T	U	A	L	F	U	N	D	,	I	N	C	.	(A	n
O	p	e	n	-	E	n	d	I	n	v	e	s	t	m	e	n	t	C	o	m	p	a	n	y)

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

1	9	t	h	F	l	o	o	r	,	B	P	I	B	u	e	n	d	i	a	C	e	n	t	e	r
S	e	n	.	G	i	l	J	P	u	y	a	t	A	v	e	n	u	e	,	M	a	k	a	t	
i	C	i	t	y																					

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address jvalmayor@bpi.com.ph	Company's Telephone Number (632) 580-0900	Mobile Number
No. of Stockholders 87	Annual Meeting (Month / Day) 06/17	Fiscal Year (Month / Day) 12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person Mr. Jose Mari L. Valmayor	Email Address jvalmayor@bpi.com.ph	Telephone Number/s (632) 580-3588	Mobile Number
--	--	---	-------------------

CONTACT PERSON'S ADDRESS

19th Floor, BPI Buendia Center Sen Gil J. Puyat Avenue, Makati City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ekklesia Mutual Fund, Inc.
19th Floor, BPI Buendia Center,
Gil Puyat Ave., Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ekklesia Mutual Fund, Inc. (an Open-End Investment Company) (the "Fund"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.



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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

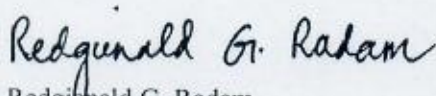
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 17 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Ekklesia Mutual Fund, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Redginald G. Radam

Partner

CPA Certificate No. 118866

Tax Identification No. 249-000-259

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 118866-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024

PTR No. 9564682, January 3, 2023, Makati City

May 19, 2023



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents (Note 6)	P9,723,078	P9,358,040
Financial assets at fair value through profit or loss (Note 7)	87,295,249	76,250,070
Receivables (Note 8)	3,033,510	2,448,954
Investment securities at amortized cost (Note 9)	93,969,352	115,945,632
TOTAL ASSETS	P194,021,189	P204,002,696
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued expenses (Note 10)	P572,589	P560,493
EQUITY		
Capital stock (Note 12)	88,519,591	90,321,354
Additional paid-in capital	59,157,420	58,888,046
Retained earnings	45,771,589	54,232,803
	193,448,600	203,442,203
TOTAL LIABILITIES AND EQUITY	P194,021,189	P204,002,696
Net Asset Value Per Share (Note 12)	P2.1854	P2.2524

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.**(An Open-End Investment Company)****STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2022	2021	2020
INVESTMENT INCOME			
Trading gain (loss) on financial assets at FVTPL - net (Note 7)	(P9,204,796)	(P6,450,506)	P3,335,935
Interest income (Note 13)	8,513,960	8,265,305	9,567,492
Dividend income (Note 7)	231,495	231,495	231,495
	(459,341)	2,046,294	13,134,922
EXPENSES			
Management and professional fees (Note 15)	3,743,227	3,867,860	4,039,958
Foreign exchange loss - net (Notes 6)	38,907	576,031	66,498
Taxes and licenses	69,670	45,596	57,887
Directors' fees (Note 15)	38,543	3,240	23,400
Miscellaneous	267,278	90,419	217,394
	4,157,625	4,583,146	4,405,137
INVESTMENT INCOME (LOSS) BEFORE TAX	(4,616,966)	(2,536,852)	8,729,785
PROVISION FOR INCOME TAX (Note 14)	1,438,720	1,704,585	1,505,702
TOTAL COMPREHENSIVE INCOME (LOSS)*	(P6,055,686)	(P4,241,437)	P7,224,083
Basic Earnings (Loss) per Share (Note 16)	(P0.0684)	(P0.0470)	P0.0775

*The Fund has no other comprehensive income items.
See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF CHANGES IN EQUITY

	Number of Shares Outstanding (Note 13)	Capital Stock (Note 13)	Additional Paid-in Capital	Retained Earnings	Total Equity
Balances at January 1, 2022	90,321,354	P90,321,354	P58,888,046	P54,232,803	P203,442,203
Shares issued during the year	2,707,522	2,707,522	3,230,617	-	5,938,139
Shares redeemed during the year	(4,509,285)	(4,509,285)	(2,961,243)	(2,405,528)	(9,876,056)
Total comprehensive loss	-	-	-	(6,055,686)	(6,055,686)
Balances at December 31, 2022	88,519,591	P88,519,591	P59,157,420	P45,771,589	P193,448,600
Balances at January 1, 2021	92,705,770	P92,705,770	P60,185,401	P60,178,312	P213,069,483
Shares issued during the year	419,529	419,529	523,406	-	942,935
Shares redeemed during the year	(2,803,945)	(2,803,945)	(1,820,761)	(1,704,072)	(6,328,778)
Total comprehensive loss	-	-	-	(4,241,437)	(4,241,437)
Balances at December 31, 2021	90,321,354	P90,321,354	P58,888,046	P54,232,803	P203,442,203
Balances at January 1, 2020	106,672,631	P106,672,631	P68,953,882	P61,549,766	P237,176,279
Shares issued during the year	490,463	490,463	604,510	-	1,094,973
Shares redeemed during the year	(14,457,324)	(14,457,324)	(9,372,991)	(8,595,537)	(32,425,852)
Total comprehensive income	-	-	-	7,224,083	7,224,083
Balances at December 31, 2020	92,705,770	P92,705,770	P60,185,401	P60,178,312	P213,069,483

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Investment income (loss) before tax	(P4,616,966)	(P2,536,852)	P8,729,785
Adjustments for:			
Unrealized loss (gain) on financial assets at FVTPL - net (Note 7)	8,980,994	6,547,856	(2,657,988)
Amortization of premium on investment securities at amortized cost	1,158,666	1,013,528	570,237
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Financial assets at FVTPL	(6,584,396)	(13,251,722)	(22,830,234)
Receivables	(584,556)	(241,150)	(226,413)
Increase (decrease) in accounts payable and accrued expenses	12,096	9,522	(36,551)
Net cash generated used in operations	(1,634,162)	(8,728,818)	(16,451,164)
Income taxes paid	(1,438,720)	(1,704,585)	(1,505,702)
Net cash used in operating activities	(3,072,882)	(10,163,403)	(17,956,866)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investment securities at amortized cost (Note 9)	62,375,837	34,500,000	56,364,000
Maturity of short-term investment	-	-	5,000,000
Acquisitions of:			
Investment securities at amortized cost (Note 9)	(55,000,000)	(36,502,528)	(12,000,000)
Short-term investment	-	-	-
Net cash generated from (used in) investing activities	7,375,837	(2,002,528)	49,364,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share redemptions	(9,876,056)	(6,328,778)	(32,425,852)
Proceeds from share issuances	5,938,139	942,935	1,094,973
Net cash used in financing activities	(3,937,918)	(5,385,843)	(31,330,879)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	365,038	(17,821,774)	76,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,358,040	27,179,814	27,103,559
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P9,723,078	P9,358,040	P27,179,814
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDEND			
Interest received	P7,929,404	P7,010,627	P8,828,830
Dividends received	231,495	231,495	231,495

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

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

The Fund executed a Management and Distribution Agreement with BPI Investment Management, Inc. (BIMI) on June 18, 2010. The latter serves as the general manager of the Fund, responsible for the provision of the required investment management services and the performance of the general administrative tasks relating to the operations of the Fund including accounting operations (see Note 16).

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

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

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on May 19, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

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



New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Fund.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*



The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Fund intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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



Significant Accounting Policies

Cash and Cash Equivalents

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

Short-term Investments

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

Financial Instruments

Date of recognition

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

Initial recognition of financial instruments

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

Determination of fair value

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

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

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

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

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

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



- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

'Day 1' difference

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

Classification and Subsequent Measurement of financial instruments

Classification of financial assets

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

Contractual cash flows characteristics

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

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

Business model

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

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

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



Financial assets at FVTPL

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Fund has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Fund designates an investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:

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

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

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

Financial assets at amortized cost

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

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

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

Reclassifications of financial instruments

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

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated at FVTPL, are classified as financial liabilities at amortized cost. After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method.



Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. This policy applies to 'Accounts payable and other accrued expenses' of the Fund.

As of December 31, 2022 and 2021, the Fund has no financial liabilities at FVTPL.

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

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

Financial liability

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

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

Offsetting of Financial Instruments

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

Impairment of Financial Assets

Expected credit loss

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

Expected credit loss methodology

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



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

Definition of default

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

SICR

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

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

Staging assessment

For non-credit-impaired financial instruments:

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

For credit-impaired financial instruments:

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

ECL parameters and methodologies

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



Forward looking information

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

Write-off policy

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

Revenue Recognition (under PFRS 15)

The Fund is primarily engaged in selling its shares to the public and investing the proceeds in a mix of high quality debt and equity securities such as bonds, commercial papers and other money market instruments, and common and preferred shares.

To account for the revenues arising from contracts with customers, the Fund applies the following five step model:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those goods or services. The Fund has generally concluded that it is the principal in its revenue arrangements.

Revenue Recognition (outside the scope of PFRS 15)

Interest income

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

Trading gain (loss) on financial assets at FVTPL - net

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

Dividend income

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

Expense Recognition

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



Income Taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

Net Asset Value (NAV) per Share

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

Capital Stock Transaction

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

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



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

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instruments' holders.

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

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

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

Retained earnings

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

Dividend Distribution

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

Earnings per Share (EPS)

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

Provisions

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

Contingencies

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



Events after the Reporting Period

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

3. Significant Accounting Judgment and Estimate

As of December 31, 2022 and 2021, the preparation of the Fund's financial statements in accordance with PFRSs requires the Fund to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As of December 31, 2022 and 2021, the Fund has not made significant estimates in the preparation of the financial statements.

Judgments

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

a. Testing the cash flow characteristics of financial assets

In determining the classification of financial assets under PFRS 9, the Fund assesses whether the contractual terms (e.g., substance of prepayment option, variability of interest, substance of extension option, etc.) of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding, other basic lending risks and costs as well as profit margin.

b. Evaluation of business model in managing financial instruments

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

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

c. Classification of shares as equity or liability

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

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



4. Financial Risk Management Objectives and Policies

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

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

Nature of Risks and Risk Management Objectives and Policies

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

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

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

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

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

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

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



Credit Risk

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

Maximum exposure to credit risk

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

Risk concentration of the maximum exposure to credit risk

The Fund monitors concentration of counterparty credit risk by industry. An analysis of concentrations of credit risk at the reporting date is shown below:

2022					
	Cash and cash equivalents	Receivables	Financial Assets at FVTPL*	Investment securities at amortized cost	Total
Government	P-	₱2,254,792	₱82,545,249	P-	₱84,800,041
Financial intermediaries	9,723,078	127,009	-	25,000,000	34,850,087
Holding firm	-	267,079	-	25,019,352	25,286,431
Food and Beverage	-	61,497	-	12,000,000	12,061,497
Property	-	152,705	-	25,000,000	25,152,705
Energy	-	15,676	-	1,950,000	1,965,676
Services	-	154,752	-	5,000,000	5,154,752
	₱9,723,078	₱3,033,510	₱82,545,249	₱93,969,352	₱189,271,189

*Excluding preferred shares classified as at FVTPL

2021					
	Cash and cash equivalents	Receivables	Financial Assets at FVTPL*	Investment securities at amortized cost	Total
Government	P-	₱1,821,816	₱71,275,070	₱19,961,961	₱93,058,847
Financial intermediaries	9,358,040	146,747	-	31,502,034	41,006,841
Holding firm	-	279,458	-	30,526,277	30,805,735
Property	-	28,280	-	12,000,000	12,028,280
Construction	-	160,113	-	20,005,360	20,165,473
Food and Beverage	-	12,540	-	1,950,000	1,962,540
Energy	-	-	-	-	-
	₱9,358,040	₱2,448,954	₱71,275,070	₱115,945,632	₱199,027,696

*Excluding preferred shares classified as at FVTPL

Credit risk is likewise minimized through diversification or by investing in a variety of investments belonging to different sectors or industries. A credit analysis is a standard operational procedure in order to assess the credit quality and the credit worthiness of the counterparty. Transactions may also be structured to include collateralization or various credit enhancements when necessary. Credit exposures are closely monitored so as to ensure that payments are made on time. No collateral was held against investment securities as of December 31, 2021 and 2020.

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

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



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

Agency	Prime	High Grade			Upper Medium Grade			Low Medium Grade		
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
PhilRatings	AAA	Aa+	Aa	Aa-	A+	A	A-	Baa+	Baa	Baa-
Agency	Non-investment Grade Speculative				Substandard Grade		Substantial risk to In default			
S&P		BB+	BB	BB-	B+	B	B-	Below B-		
Moody's		Ba1	Ba2	Ba3	B1	B2	B3	Below B3		
Fitch		BB+	BB	BB-	B+	B	B-	Below B-		
PhilRatings		Ba+	Ba	Ba-	B+	B	B-	Below B-		

The tables below show the credit quality by class of financial assets of the Fund:

2022							
	Prime	High grade	Upper Medium Grade	Low Medium Grade	Unrated	Total	
Cash and cash equivalents	₱26,078	₱-	₱-	₱9,697,000	₱-	₱9,723,078	
Financial assets at FVTPL							
Government Securities	-	-	-	87,295,249	-	87,295,249	
Receivables	412,062	57,874	-	2,254,792	308,782	3,033,510	
Investment securities at amortized cost	63,969,352	-	-	25,000,000	5,000,000	93,969,352	
	₱64,407,492	₱57,874	₱-	₱124,247,041	₱5,308,782	₱189,271,189	
2021							
	Prime	High grade	Upper Medium Grade	Low Medium Grade	Unrated	Total	
Cash and cash equivalents	₱1,040	₱-	₱-	₱9,357,000	₱-	₱9,358,040	
Financial assets at FVTPL							
Government Securities	-	-	-	71,275,070	-	71,275,070	
Receivables	307,333	-	-	1,821,816	319,805	2,448,954	
Investment securities at amortized cost	47,481,637	-	-	-	68,463,995	115,945,632	
	₱47,790,010	₱-	₱-	₱82,453,886	₱68,783,800	₱199,027,696	

The internal credit rating ranges from '1' to '10', with '1' being the highest. An internal credit rating of '1' means that there is a low probability of going into default in the coming year, high degree of stability and diversity. Cash and cash equivalents and accrued interest receivable are considered low-risk investments since counterparties of the Fund as of December 31, 2021 and 2020 are limited only to banks in the Philippines with good standing. All financial assets above are assessed under stage 1.

Liquidity Risk

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

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



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

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

The Fund is also exposed to daily cash redemptions of its redeemable shares. It, therefore, invests majority of its assets in investments that are traded in an active market and can be readily disposed of. Further, payment for shares so redeemed shall be credited to the shareholder's settlement account with the receiving bank within seven (7) business days reckoned from the date the redemption request is received by the Fund. Due to the inherent nature of the Fund, however, where redemptions are funded by selling fixed-income investments held by the Fund, there may be instances when the Fund may take longer to credit the proceeds of the redemptions especially in the absence of a liquid trading market for such securities.

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

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

Financial assets

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

Financial liabilities

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



The following tables show the maturity profile of the financial instruments, based on contractual undiscounted cash flows:

	2022						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial assets							
Cash and cash equivalents*	P26,078	P-	P-	P-	P-	P9,697,000	P9,723,078
Financial assets at FVTPL:							
Government debt securities	-	-	82,545,249	-	-	-	82,545,249
Preferred shares	-	-	4,750,000	-	-	-	4,750,000
Receivables	57,874	22,229	-	-	16,945	2,936,462	3,033,510
Investment securities at amortized cost*	-	-	-	-	6,950,000	87,019,352	93,969,352
	P83,952	P22,229	P87,295,249	P-	P6,966,945	P99,652,814	P194,021,189
Financial liabilities							
Accounts payable and accrued expenses**	P-	P250,989	P278,765	P-	P-	P-	P529,754
	P-	P250,989	P278,765	P-	P-	P-	P529,754

*Includes future interest

**Excluding withholding tax payable amounting to P42,835.

	2021						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial assets							
Cash and cash equivalents*	P1,040	P4,357,063	P5,000,014	P-	P-	P-	P9,358,117
Financial assets at FVTPL:							
Government debt securities	-	-	71,275,070	-	-	-	71,275,070
Preferred shares	-	-	4,975,000	-	-	-	4,975,000
Receivables	-	1,995,306	453,648	-	-	-	2,448,954
Investment securities at amortized cost*	-	15,003,885	15,006,740	19,971,520	16,523,407	49,587,158	116,092,711
	P1,040	P21,356,254	P96,710,472	P19,971,520	P16,523,407	P49,587,158	P204,149,852
Financial liabilities							
Accounts payable and accrued expenses**	P-	P261,811	P253,422	P-	P-	P-	P515,233
	P-	P261,811	P253,422	P-	P-	P-	P515,233

*Includes future interest

**Excluding withholding tax payable amounting to P45,260

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity risk.

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

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

Fair value interest rate risk

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



The following table demonstrates the sensitivity of the Fund's net investment income before tax to a reasonably possible change in interest rates, with all variables held constant, for the years ended December 31, 2022 and 2021 (through the impact of changes in fair value of debt financial assets at FVTPL):

	Change in Interest Rates (in Basis Points)			
	2022		2021	
	+100	-100	+100	-100
Change in net investment income	₱4,981,255	₱5,471,883	(₱5,116,387)	₱6,465,894

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund monitors exchange rates, and any trends and changes. Measures are adopted by the Fund to protect its financial assets and financial liabilities in the event there would be significant fluctuations in exchange rates. The Fund's exposure to the risk of changes in foreign exchange rates relates primarily its financial instruments denominated in currencies other than its functional currency. The Fund's foreign exchange risk results from movements of the PHP against the United States Dollar (\$) or "USD").

The closing rates used are as follows:

	2022	2021
PHP : USD	55.755	50.999

The Fund's exposure to foreign exchange risk as of December 31, 2022 and 2021 relates to its USD-denominated cash in bank amounting to \$444 and \$16, respectively.

The following table demonstrates the sensitivity to a possible change in the PHP to USD exchange rate with all variables held constant of the Fund's income before tax (due to change in the fair value of monetary assets and liabilities):

	2022		2021	
	+1%	-1%	+1%	-1%
Effect on income before tax				
USD	₱247.55	(₱247.55)	₱8.16	(₱8.16)

The positive change pertains to the depreciation of PHP against USD and the negative change pertains to the appreciation of PHP against USD.

Equity price risk

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

5. Fair Value Measurement

As of December 31, 2022 and 2021, the carrying value of the Fund's financial assets and liabilities as reflected in the statements of financial position and related notes approximate their fair values as of the statement of financial position date, except for investment securities at amortized cost.



The following tables summarize the carrying amount and fair values of financial assets by level of fair value hierarchy of the Fund's financial assets that are measured at fair value and those for which fair values are required to be disclosed:

2022					
	Carrying Values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL:					
Government debt securities	P82,545,249	P82,545,249	P-	P-	P82,545,249
Preferred shares	4,750,000	4,750,000	-	-	4,750,000
Assets where fair value is disclosed					
Investment securities at amortized cost	93,969,352	95,226,984	-	-	95,226,984
	P181,264,601	P182,522,233	P-	P-	P182,522,233

2021					
	Carrying Values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL:					
Government debt securities	P71,275,070	P71,275,070	P-	P-	P71,275,070
Preferred shares	4,975,000	4,975,000	-	-	4,975,000
Assets where fair value is disclosed					
Investment securities at amortized cost	115,945,632	106,014,636	-	-	115,598,927
	P192,195,702	P191,848,997	P-	P-	P191,848,997

As of December 31, 2022 and 2021, there were no transfers made among the three levels in the fair value hierarchy.

The methods and assumptions used by the Fund in estimating the fair value of financial instruments are:

Financial assets at FVTPL - government debt securities - fair values are based on yields within the bid-ask spread from PHP BVAL reference rates published by Philippine Dealing System Group (PDS).

Financial assets at FVTPL - preferred shares - fair values are generally based on published closing prices at the Philippine Stock Exchange (PSE).

Investment securities at amortized cost - corporate bonds - fair values are based on yields within the bid-ask spread from Corporate Bond Summary reference rates published by Philippine Dealing System Group (PDS).



6. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash in bank	P26,078	P1,040
Short-term placements	9,697,000	9,357,000
	P9,723,078	P9,358,040

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

Short-term placements consist of investment in time deposit accounts with a local bank that have remaining maturities from 3 days to 38 days and from 3 days to 38 days as of December 31, 2022 and 2021, respectively. Short-term placements bear annual interest rate of 1.00% to 4.40% in 2022, 0.075% in 2021, and 0.38% to 0.50% in 2020.

Interest income on short-term placements, recognized in profit or loss amounted to P0.14 million, P0.09 million and P0.43 million in 2022, 2021 and 2020, respectively (see Note 14).

Unrealized foreign exchange gain (loss) from short-term placements amounted to nil gain in 2022, P9,967 gain in 2021 and P9,918 loss in 2020.

Realized foreign exchange loss from short-term placements amounted to P0.39 million in 2022, P0.59 million in 2021 and P0.06 million loss in 2020.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of investments in:

	2022	2021
Government securities	P82,545,249	P71,275,070
Preferred shares	4,750,000	4,975,000
	P87,295,249	P76,250,070

Government securities pertain to investments on fixed rate treasury notes, retail bonds and treasury bills. Government securities earn annual interest rates ranging from 2.90% to 5.50%, 2.90% to 10.00%, and 2.63% to 12.50% in 2022, 2021 and 2020, respectively.

Interest income earned from financial assets at FVTPL amounted to P4.14 million, P3.54 million and P2.63 million in 2022, 2021 and 2020, respectively (see Note 13).

Preferred shares are investments on equity shares of a holdings company.

Dividend income earned from preferred shares amounted to P0.23 million in 2022, 2021 and 2020.



In 2022, 2021 and 2020, net trading gains (losses) on financial assets at FVTPL are as follows:

	2022	2021	2020
Trading gain (loss) from sold financial assets at FVTPL	(P223,802)	P97,350	P677,947
Changes in fair value of outstanding financial assets at FVTPL	(8,980,994)	(6,547,856)	2,657,988
	(P9,204,796)	(P6,450,506)	P3,335,935

As of December 31, 2022 and 2021, the maximum investment of the Fund in any single enterprise did not exceed an amount equivalent to 15.00% of the Fund's NAV, except obligations of the Philippine Government and instrumentalities.

8. Receivables

This account consists of:

	2022	2021
Accrued interest receivable	P2,975,636	P2,391,080
Dividends receivable	57,874	57,874
	P3,033,510	P2,448,954

9. Investment Securities at Amortized Cost

As of December 31, 2022 and 2021, this account consists of investments in corporate bonds with carrying amount of P93.97 million and P115.95 million, respectively.

Investment securities at amortized cost with total face amount of P62.38 million and P34.5 million matured in 2022 and 2021, respectively.

These investments bear nominal interest rates ranging from 2.25% to 5.38% in 2022, from 2.15% to 6.02% in 2021, and from 3.44% to 5.50% in 2020. The annual effective interest rates of these investments range from 2.69% to 6.88% in 2022, from 4.30% to 6.88% in 2021 and from 4.17% to 6.80% in 2020.

Interest income earned from these investments amounted to P4.23 million, P4.64 million and P6.32 million in 2022, 2021 and 2020, respectively (see Note 13).

10. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Accrued management and professional fees (Note 16)	P524,416	P509,896
Withholding tax payable	42,835	45,260
Other payables	5,338	5,337
	P572,589	P560,493



11. Maturity Profile

All of the Fund's assets and liabilities are due to be realized and settled within one year from the respective reporting dates, except for investments securities at amortized cost with carrying amount of P87.02 million and P49.48 million as of December 31, 2022 and 2021, respectively. These investment securities have average maturities of five (5) years and four (4) years as of December 31, 2022 and 2021, respectively.

12. Equity

As of December 31, 2021 and 2020, the Fund's capital stock consists of:

	2022	2021
Capital stock - P1 par value		
Authorized - 245,000,000 shares		
Issued and outstanding		
88,519,591 shares in 2022	P88,519,591	
90,321,354 shares in 2021		P90,321,354

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

The NAV per share is calculated as follows:

	2022	2021	2020
Total equity	P193,448,600	P203,442,203	P213,069,483
Number of shares outstanding	88,519,591	90,321,354	92,705,770
NAV per share	P2.1854	P2.2524	P2.2983

Capital Management

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

The capital of the Fund is represented by total equity as shown in the statements of financial position. The Fund's total equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of its shareholders. As a mutual fund, the Fund stands ready to redeem shares from shareholders at any time upon the request of the latter at the prevailing NAV per share.

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

- Safeguard the Fund's ability to continue as a going concern in order to provide returns for stakeholders;
- Maintain a strong capital base to support the development of the investment activities of the Fund; and
- Comply with the minimum subscribed and paid-in capital of P50.00 million required for investment companies under the Investment Company Act of 1960.



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

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

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

Minimum Capital Requirement

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

Regulatory Framework

The operations of the Fund are subject to the regulatory requirements of the SEC.

Such regulations do not only prescribe approval and monitoring of activities but also impose certain restrictive provisions. Pursuant to the governing rules and regulations of the SEC, the Fund shall not invest in any of the following:

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

13. Interest Income

This account consists of interest income earned on:

	2022	2021	2020
Investment securities at amortized cost (Note 9)	₱4,228,683	₱4,635,331	₱6,320,785
Financial assets at FVTPL (Note 7)	4,142,472	3,538,853	2,631,809
Short-term placements (Note 6)	142,805	91,121	434,954
Short-term investment	–	–	179,944
	₱8,513,960	₱8,265,305	₱9,567,492

14. Income Taxes

Provision for income tax pertains to the 20.00% final withholding tax on gross interest income from bank deposits, government securities and private debt securities and 15.00% final withholding tax on gross interest income from foreign currency deposit unit (FCDU) deposits amounting to ₱1.44 million, ₱1.70 million and ₱1.51 million, in 2022, 2021 and 2020, respectively.

Unrecognized deferred tax assets on NOLCO amounted to ₱2.98 million and ₱2.95 million as of December 31, 2022 and 2021, respectively. Management believes that the benefits from the temporary differences may not be realized.



On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Fund has incurred NOLCO before taxable year 2022 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years. The Fund has also incurred NOLCO in taxable year 2022 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

NOLCO is presented as follows:

Inception Year	Amount	Expired	Balance	Expiry Year
2019	3,962,307	3,962,307	–	2022
2020	3,896,848	–	3,896,848	2025
2021	3,959,815	–	3,959,815	2026
2022	4,046,542	–	4,046,542	2025
	P15,865,512	P3,962,307	P11,903,205	

A reconciliation of the statutory income tax to effective income tax follows:

	2022	2021	2020
Statutory income tax	(P1,154,242)	(P634,213)	P2,618,936
Tax effects of:			
Expired NOLCO	990,577	817,273	1,323,437
Income subjected to final tax, net of tax paid	(661,500)	(191,842)	(1,229,155)
Nontaxable income	2,300,700	–	(983,685)
Nondeductible expense	–	1,610,135	–
Movement in unrecognized deferred taxes	21,059	172,681	(154,382)
Tax-exempt income	(57,874)	(69,449)	(69,449)
Effective income tax	P1,438,720	P1,704,585	P1,505,702

15. Related Party Transactions

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

The following parties are considered related parties to the Fund:

Fund manager and investment advisor – BPI Investment Management Inc. (BIMI)

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



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

Accordingly, BIMI are entitled to a management and advisory fee of not more than seven-fourths percent (1.75%) per annum based on the average NAV of the Fund, or a minimum annual fee of ₱0.10 million, whichever is higher.

The Fund's transactions with related parties in 2022, 2021 and 2020 and the related outstanding balances follow:

Related Party	Account	Elements of Transactions				
		Statements of Financial Position		Statements of Comprehensive Income		
		2022	2021	2022	2021	2020
BIMI	Accrued expenses*	₱242,733	₱256,474	₱-	₱-	₱-
	Management and professional fees	-	-	3,429,805	3,613,428	3,806,939

*Due the following month, non-interest bearing and unsecured.

BOD

The Fund considers the BOD as its key personnel. The members of the Board each receives a fee amounting to ₱3,000 for every regular meeting and ₱1,200 for every special meeting attended. There are no other standards or consulting arrangements nor any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated. The members of the BOD received a total remuneration of ₱38,543, ₱3,240 and ₱23,400 in 2022, 2021 and 2020, respectively.

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

16. Basic Earning (Loss) Per Share

Earnings (loss) per share for the years ended December 31, 2022, 2021 and 2020 is computed as follows:

	2022	2021	2020
Net investment income (loss) after tax	(₱6,055,686)	(₱4,241,437)	₱7,224,083
Weighted average number of shares outstanding	88,519,591	90,321,354	93,238,202
Basic Earnings (loss) per share	(₱0.0684)	(₱0.0470)	₱0.0775

As of December 31, 2022, 2021 and 2020, there were no outstanding dilutive potential shares.



17. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

The Fund reported and/or paid the following types of taxes for the year:

Taxes and Licenses

This includes all other taxes, documentary stamp tax, and local tax, including licenses and permit fees lodged under 'Taxes and licenses' account in the Fund's statements of comprehensive income:

Business permit	₱33,790
Community tax certificate	4,020
Other fees	31,860
	<hr/>
	₱69,670

Withholding Taxes

Total withholding tax remittances in 2022 amounted to ₱520,635 and outstanding balance amounted to ₱48,151 as of December 31, 2022.

Tax Assessments and Cases

The Fund has no on-going tax assessments and cases as of December 31, 2022.



EKKLESIA MUTUAL FUND INC.

Index to the Financial Statements

December 31, 2021

Schedule 1 Reconciliation of Retained Earnings Available for Dividend Declaration

Schedule 2 Supplementary Schedules Required Under Annex 68- E

Schedule A. Financial Assets

Schedule B. Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)

Schedule C. Amounts receivable from Related Parties which are eliminated during the consolidation of financial statements

Schedule D. Long-term debt

Schedule E. Indebtedness to related parties

Schedule F. Guarantees of securities of other issuers

Schedule G. Capital Stock

Schedule I
EKKLESIA MUTUAL FUND, INC.
Schedule of Retained Earnings Available for Dividend Declaration
December 31, 2022

Unappropriated retained earnings, beginning	P54,232,803
Add: Net income actually earned/realized during the period	
Net loss during the period closed to retained earnings	(6,055,686)
Unrealized loss from fair value changes of financial assets at FVTPL, net	
<hr/> Net income actually earned during the period	
Less: Redemption of shares during the year	(2,405,528)
<hr/> Total retained earnings, end available for dividend declaration	P45,771,589

EKKLESIA MUTUAL FUND, INC.

As At December 31, 2022

Schedule A - Financial Assets

Name of issuing entity	Number of shares or principal amount of bonds and note	Amount shown in the balance sheet (in PhP)	Value based on market quotation (in PhP)	Income Received and accrued (in PhP)
Cash and Cash Equivalents				
<i>Issued in Philippine Peso (PhP)</i>				
Bank of the Philippine Island- savings account	-	26,078	26,078	-
Bank of the Philippine Island- time deposit account	1,697,000	1,697,000	1,697,000	-
Rizal Commercial Banking Corporation - time deposit account	8,000,000	8,000,000	8,000,000	
Financial Assets at Fair Value through Profit or Loss				
<i>Issued in PhP</i>				
Investments in Government Securities				
RTBOND515 3.9% 03042027 800	20,000,000	19,103,621	19,103,621	
FXTN10-64 5.5% 01102029 800	15,000,000	15,296,092	15,296,092	
FXTN20-17 07192031 800	15,000,000	15,984,433	15,984,433	
FXTN20-23 5.4% 01242039 800	20,000,000	19,200,043	19,200,043	
FXTN25-02 07282030 800	2,800,000	3,596,212	3,596,212	
FXTN7-64 2.9% 04222028 800	5,000,000	4,500,403	4,500,403	
RTBOND516 4.6% 03072028 800	5,000,000	4,864,446	4,864,446	
Investment in Equity Securities				
GT Capital Holdings, Inc.-Preferred Shares A	5,000	4,750,000	4,750,000	231,495
Investment Securities at Amortized Cost				
<i>Issued in PhP</i>				
AREITBOND 2.4356% 12282023 888		5,000,000	5,000,000	4,986,536
PCOR-BNDA 3.61752% 10272023 600		1,950,000	1,950,000	2,142,621
AC-BOND 3.56336% 05262025 888		5,000,000	5,000,000	5,198,970
ABOITIZ EQUITY VENTURES INC. (AEV)		14,550,000	15,019,352	16,500,412
ALI-BOND 3.51752% 07042024 888		10,000,000	10,000,000	9,207,517
BDO-BOND 2.32% 01282024 888		5,000,000	5,000,000	5,005,861
BPI-BOND 2.24544% 01312024 888		10,000,000	10,000,000	10,690,335
CNVR-BOND 4.47536% 04082027 888		5,000,000	5,000,000	4,390,758
FB-BOND 4.04% 03102025 888		12,000,000	12,000,000	13,809,563
RCBC-BOND 2.4% 05212024 888		5,000,000	5,000,000	3,897,065
GROSS CPN: 5.3789%		5,000,000	5,000,000	4,456,132
SECB-BOND 2.99256% 01202024 888		5,000,000	5,000,000	4,663,147
SMPH-BOND 4.49128% 04222027 888		5,000,000	5,000,000	5,080,643

ALI-BOND 4.64688% 05052028 888

5,000,000 5,000,000 5,197,424

EKKLESIA MUTUAL FUND, INC.

As at December 31, 2021

Schedule 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	Amount collected	Amount written-off	Current	Non-current	Balance at end of period
--------------------------------	--------------------------------	-----------	------------------	--------------------	---------	-------------	--------------------------

NOTHING TO REPORT

EKKLESIA MUTUAL FUND, INC.

As at December 31, 2021

**Schedule 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

EKKLESIA MUTUAL FUND, INC.
As at December 31, 2021
Schedule 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 undercaption "long term debt" in related statement of financial position
--	-----------------------------------	---	--

NOTHING TO REPORT

EKKLESIA MUTUAL FUND, INC.

As at December 31, 2021

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

<u>Name of related party</u>	<u>Balance at beginning of period</u>	<u>Balance at end of period</u>
NOTHING TO REPORT		

EKKLESIA MUTUAL FUND, INC.
As at December 31, 2021
Schedule F - Guarantees of Securities of Other Issuers

Name of Issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
--	---	---	---	---------------------

NOTHING TO REPORT

EKKLESIA MUTUAL FUND, INC.
As at December 31, 2022
Schedule 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
Common Shares	245,000,000	88,519,591	-	-	40,000	88,479,591

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ekklesia Mutual Fund, Inc.
19th Floor, BPI Buendia Center,
Gil Puyat Ave., Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ekklesia Mutual Fund, Inc. (an Open-End Investment Company) (the "Fund"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.



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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 17 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Ekklesia Mutual Fund, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Redgimald G. Radam

Redgimald G. Radam
Partner

CPA Certificate No. 118866

Tax Identification No. 249-000-259

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 118866-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024

PTR No. 9564682, January 3, 2023, Makati City

May 19, 2023



EKKLESIA MUTUAL FUND, INC.**(An Open-End Investment Company)****STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents (Note 6)	P9,723,078	P9,358,040
Financial assets at fair value through profit or loss (Note 7)	87,295,249	76,250,070
Receivables (Note 8)	3,033,510	2,448,954
Investment securities at amortized cost (Note 9)	93,969,352	115,945,632
TOTAL ASSETS	P194,021,189	P204,002,696
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued expenses (Note 10)	P572,589	P560,493
EQUITY		
Capital stock (Note 12)	88,519,591	90,321,354
Additional paid-in capital	59,157,420	58,888,046
Retained earnings	45,771,589	54,232,803
	193,448,600	203,442,203
TOTAL LIABILITIES AND EQUITY	P194,021,189	P204,002,696
Net Asset Value Per Share (Note 12)	P2.1854	P2.2524

See accompanying Notes to Financial Statements.

EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
INVESTMENT INCOME			
Trading gain (loss) on financial assets at FVTPL - net (Note 7)	(P9,204,796)	(P6,450,506)	P3,335,935
Interest income (Note 13)	8,513,960	8,265,305	9,567,492
Dividend income (Note 7)	231,495	231,495	231,495
	(459,341)	2,046,294	13,134,922
EXPENSES			
Management and professional fees (Note 15)	3,743,227	3,867,860	4,039,958
Foreign exchange loss - net (Notes 6)	38,907	576,031	66,498
Taxes and licenses	69,670	45,596	57,887
Directors' fees (Note 15)	38,543	3,240	23,400
Miscellaneous	267,278	90,419	217,394
	4,157,625	4,583,146	4,405,137
INVESTMENT INCOME (LOSS) BEFORE TAX	(4,616,966)	(2,536,852)	8,729,785
PROVISION FOR INCOME TAX (Note 14)	1,438,720	1,704,585	1,505,702
TOTAL COMPREHENSIVE INCOME (LOSS)*	(P6,055,686)	(P4,241,437)	P7,224,083
Basic Earnings (Loss) per Share (Note 16)	(P0.0684)	(P0.0470)	P0.0775

**The Fund has no other comprehensive income items.
See accompanying Notes to Financial Statements.*



EKKLESIA MUTUAL FUND, INC.
 (An Open-End Investment Company)

STATEMENTS OF CHANGES IN EQUITY

	Number of Shares Outstanding (Note 13)	Capital Stock (Note 13)	Additional Paid-in Capital	Retained Earnings	Total Equity
Balances at January 1, 2022	90,321,354	P90,321,354	P58,888,046	P54,232,803	P203,442,203
Shares issued during the year	2,707,522	2,707,522	3,230,617	-	5,938,139
Shares redeemed during the year	(4,509,285)	(4,509,285)	(2,961,243)	(2,405,528)	(9,876,056)
Total comprehensive loss	-	-	-	(6,055,686)	(6,055,686)
Balances at December 31, 2022	88,519,591	P88,519,591	P59,157,420	P45,771,589	P193,448,600
Balances at January 1, 2021	92,705,770	P92,705,770	P60,185,401	P60,178,312	P213,069,483
Shares issued during the year	419,529	419,529	523,406	-	942,935
Shares redeemed during the year	(2,803,945)	(2,803,945)	(1,820,761)	(1,704,072)	(6,328,778)
Total comprehensive loss	-	-	-	(4,241,437)	(4,241,437)
Balances at December 31, 2021	90,321,354	P90,321,354	P58,888,046	P54,232,803	P203,442,203
Balances at January 1, 2020	106,672,631	P106,672,631	P68,953,882	P61,549,766	P237,176,279
Shares issued during the year	490,463	490,463	604,510	-	1,094,973
Shares redeemed during the year	(14,457,324)	(14,457,324)	(9,372,991)	(8,595,537)	(32,425,852)
Total comprehensive income	-	-	-	7,224,083	7,224,083
Balances at December 31, 2020	92,705,770	P92,705,770	P60,185,401	P60,178,312	P213,069,483

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Investment income (loss) before tax	(P4,616,966)	(P2,536,852)	P8,729,785
Adjustments for:			
Unrealized loss (gain) on financial assets at FVTPL - net (Note 7)	8,980,994	6,547,856	(2,657,988)
Amortization of premium on investment securities at amortized cost	1,158,666	1,013,528	570,237
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Financial assets at FVTPL	(6,584,396)	(13,251,722)	(22,830,234)
Receivables	(584,556)	(241,150)	(226,413)
Increase (decrease) in accounts payable and accrued expenses	12,096	9,522	(36,551)
Net cash generated used in operations	(1,634,162)	(8,728,818)	(16,451,164)
Income taxes paid	(1,438,720)	(1,704,585)	(1,505,702)
Net cash used in operating activities	(3,072,882)	(10,163,403)	(17,956,866)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investment securities at amortized cost (Note 9)	62,375,837	34,500,000	56,364,000
Maturity of short-term investment	-	-	5,000,000
Acquisitions of:			
Investment securities at amortized cost (Note 9)	(55,000,000)	(36,502,528)	(12,000,000)
Short-term investment	-	-	-
Net cash generated from (used in) investing activities	7,375,837	(2,002,528)	49,364,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share redemptions	(9,876,056)	(6,328,778)	(32,425,852)
Proceeds from share issuances	5,938,139	942,935	1,094,973
Net cash used in financing activities	(3,937,918)	(5,385,843)	(31,330,879)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	365,038	(17,821,774)	76,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,358,040	27,179,814	27,103,559
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P9,723,078	P9,358,040	P27,179,814
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDEND			
Interest received	P7,929,404	P7,010,627	P8,828,830
Dividends received	231,495	231,495	231,495

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.

(An Open-End Investment Company)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

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

The Fund executed a Management and Distribution Agreement with BPI Investment Management, Inc. (BIMI) on June 18, 2010. The latter serves as the general manager of the Fund, responsible for the provision of the required investment management services and the performance of the general administrative tasks relating to the operations of the Fund including accounting operations (see Note 16).

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

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

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on May 19, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

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



New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Fund.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*



The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Fund intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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



Significant Accounting Policies

Cash and Cash Equivalents

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

Short-term Investments

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

Financial Instruments

Date of recognition

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

Initial recognition of financial instruments

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

Determination of fair value

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

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

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

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

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

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



- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

'Day 1' difference

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

Classification and Subsequent Measurement of financial instruments

Classification of financial assets

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

Contractual cash flows characteristics

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

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

Business model

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

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

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



Financial assets at FVTPL

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Fund has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Fund designates an investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:

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

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

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

Financial assets at amortized cost

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

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

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

Reclassifications of financial instruments

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

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated at FVTPL, are classified as financial liabilities at amortized cost. After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method.



Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. This policy applies to 'Accounts payable and other accrued expenses' of the Fund.

As of December 31, 2022 and 2021, the Fund has no financial liabilities at FVTPL.

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

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

Financial liability

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

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

Offsetting of Financial Instruments

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

Impairment of Financial Assets

Expected credit loss

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

Expected credit loss methodology

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



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

Definition of default

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

SICR

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

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

Staging assessment

For non-credit-impaired financial instruments:

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

For credit-impaired financial instruments:

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

ECL parameters and methodologies

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



Forward looking information

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

Write-off policy

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

Revenue Recognition (under PFRS 15)

The Fund is primarily engaged in selling its shares to the public and investing the proceeds in a mix of high quality debt and equity securities such as bonds, commercial papers and other money market instruments, and common and preferred shares.

To account for the revenues arising from contracts with customers, the Fund applies the following five step model:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those goods or services. The Fund has generally concluded that it is the principal in its revenue arrangements.

Revenue Recognition (outside the scope of PFRS 15)

Interest income

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

Trading gain (loss) on financial assets at FVTPL - net

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

Dividend income

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

Expense Recognition

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



Income Taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

Net Asset Value (NAV) per Share

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

Capital Stock Transaction

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

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



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

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instruments' holders.

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

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

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

Retained earnings

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

Dividend Distribution

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

Earnings per Share (EPS)

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

Provisions

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

Contingencies

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



Events after the Reporting Period

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

3. Significant Accounting Judgment and Estimate

As of December 31, 2022 and 2021, the preparation of the Fund's financial statements in accordance with PFRSs requires the Fund to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As of December 31, 2022 and 2021, the Fund has not made significant estimates in the preparation of the financial statements.

Judgments

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

a. Testing the cash flow characteristics of financial assets

In determining the classification of financial assets under PFRS 9, the Fund assesses whether the contractual terms (e.g., substance of prepayment option, variability of interest, substance of extension option, etc.) of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding, other basic lending risks and costs as well as profit margin.

b. Evaluation of business model in managing financial instruments

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

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

c. Classification of shares as equity or liability

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

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



4. Financial Risk Management Objectives and Policies

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

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

Nature of Risks and Risk Management Objectives and Policies

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

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

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

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

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

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

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



Credit Risk

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

Maximum exposure to credit risk

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

Risk concentration of the maximum exposure to credit risk

The Fund monitors concentration of counterparty credit risk by industry. An analysis of concentrations of credit risk at the reporting date is shown below:

2022					
	Cash and cash equivalents	Receivables	Financial Assets at FVTPL*	Investment securities at amortized cost	Total
Government	P-	P2,254,792	P82,545,249	P-	P84,800,041
Financial intermediaries	9,723,078	127,009	-	25,000,000	34,850,087
Holding firm	-	267,079	-	25,019,352	25,286,431
Food and Beverage	-	61,497	-	12,000,000	12,061,497
Property	-	152,705	-	25,000,000	25,152,705
Energy	-	15,676	-	1,950,000	1,965,676
Services	-	154,752	-	5,000,000	5,154,752
	P9,723,078	P3,033,510	P82,545,249	P93,969,352	P189,271,189

*Excluding preferred shares classified as at FVTPL

2021					
	Cash and cash equivalents	Receivables	Financial Assets at FVTPL*	Investment securities at amortized cost	Total
Government	P-	P1,821,816	P71,275,070	P19,961,961	P93,058,847
Financial intermediaries	9,358,040	146,747	-	31,502,034	41,006,841
Holding firm	-	279,458	-	30,526,277	30,805,735
Property	-	28,280	-	12,000,000	12,028,280
Construction	-	160,113	-	20,005,360	20,165,473
Food and Beverage	-	12,540	-	1,950,000	1,962,540
Energy	-	-	-	-	-
	P9,358,040	P2,448,954	P71,275,070	P115,945,632	P199,027,696

*Excluding preferred shares classified as at FVTPL

Credit risk is likewise minimized through diversification or by investing in a variety of investments belonging to different sectors or industries. A credit analysis is a standard operational procedure in order to assess the credit quality and the credit worthiness of the counterparty. Transactions may also be structured to include collateralization or various credit enhancements when necessary. Credit exposures are closely monitored so as to ensure that payments are made on time. No collateral was held against investment securities as of December 31, 2021 and 2020.

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

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



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

Agency	Prime	High Grade			Upper Medium Grade			Low Medium Grade		
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
PhilRatings	AAA	Aa+	Aa	Aa-	A+	A	A-	Baa+	Baa	Baa-
Agency	Non-investment Grade Speculative				Substandard Grade		Substantial risk to In default			
S&P		BB+	BB	BB-	B+	B	B-	Below B-		
Moody's		Ba1	Ba2	Ba3	B1	B2	B3	Below B3		
Fitch		BB+	BB	BB-	B+	B	B-	Below B-		
PhilRatings		Ba+	Ba	Ba-	B+	B	B-	Below B-		

The tables below show the credit quality by class of financial assets of the Fund:

2022						
	Prime	High grade	Upper Medium Grade	Low Medium Grade	Unrated	Total
Cash and cash equivalents	₱26,078	₱-	₱-	₱9,697,000	₱-	₱9,723,078
Financial assets at FVTPL						
Government Securities	-	-	-	87,295,249	-	87,295,249
Receivables	412,062	57,874	-	2,254,792	308,782	3,033,510
Investment securities at amortized cost	63,969,352	-	-	25,000,000	5,000,000	93,969,352
	₱64,407,492	₱57,874	₱-	₱124,247,041	₱5,308,782	₱189,271,189

2021						
	Prime	High grade	Upper Medium Grade	Low Medium Grade	Unrated	Total
Cash and cash equivalents	₱1,040	₱-	₱-	₱9,357,000	₱-	₱9,358,040
Financial assets at FVTPL						
Government Securities	-	-	-	71,275,070	-	71,275,070
Receivables	307,333	-	-	1,821,816	319,805	2,448,954
Investment securities at amortized cost	47,481,637	-	-	-	68,463,995	115,945,632
	₱47,790,010	₱-	₱-	₱82,453,886	₱68,783,800	₱199,027,696

The internal credit rating ranges from '1' to '10', with '1' being the highest. An internal credit rating of '1' means that there is a low probability of going into default in the coming year, high degree of stability and diversity. Cash and cash equivalents and accrued interest receivable are considered low-risk investments since counterparties of the Fund as of December 31, 2021 and 2020 are limited only to banks in the Philippines with good standing. All financial assets above are assessed under stage 1.

Liquidity Risk

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

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



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

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

The Fund is also exposed to daily cash redemptions of its redeemable shares. It, therefore, invests majority of its assets in investments that are traded in an active market and can be readily disposed of. Further, payment for shares so redeemed shall be credited to the shareholder's settlement account with the receiving bank within seven (7) business days reckoned from the date the redemption request is received by the Fund. Due to the inherent nature of the Fund, however, where redemptions are funded by selling fixed-income investments held by the Fund, there may be instances when the Fund may take longer to credit the proceeds of the redemptions especially in the absence of a liquid trading market for such securities.

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

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

Financial assets

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

Financial liabilities

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



The following tables show the maturity profile of the financial instruments, based on contractual undiscounted cash flows:

	2022						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial assets							
Cash and cash equivalents*	P26,078	P-	P-	P-	P-	P9,697,000	P9,723,078
Financial assets at FVTPL:							
Government debt securities	-	-	82,545,249	-	-	-	82,545,249
Preferred shares	-	-	4,750,000	-	-	-	4,750,000
Receivables	57,874	22,229	-	-	16,945	2,936,462	3,033,510
Investment securities at amortized cost*	-	-	-	-	6,950,000	87,019,352	93,969,352
	P83,952	P22,229	P87,295,249	P-	P6,966,945	P99,652,814	P194,021,189
Financial liabilities							
Accounts payable and accrued expenses**	P-	P250,989	P278,765	P-	P-	P-	P529,754
	P-	P250,989	P278,765	P-	P-	P-	P529,754

*Includes future interest

**Excluding withholding tax payable amounting to P42,835.

	2021						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial assets							
Cash and cash equivalents*	P1,040	P4,357,063	P5,000,014	P-	P-	P-	P9,358,117
Financial assets at FVTPL:							
Government debt securities	-	-	71,275,070	-	-	-	71,275,070
Preferred shares	-	-	4,975,000	-	-	-	4,975,000
Receivables	-	1,995,306	453,648	-	-	-	2,448,954
Investment securities at amortized cost*	-	15,003,885	15,006,740	19,971,520	16,523,407	49,587,158	116,092,711
	P1,040	P21,356,254	P96,710,472	P19,971,520	P16,523,407	P49,587,158	P204,149,852
Financial liabilities							
Accounts payable and accrued expenses**	P-	P261,811	P253,422	P-	P-	P-	P515,233
	P-	P261,811	P253,422	P-	P-	P-	P515,233

*Includes future interest

**Excluding withholding tax payable amounting to P45,260

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity risk.

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

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

Fair value interest rate risk

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



The following table demonstrates the sensitivity of the Fund's net investment income before tax to a reasonably possible change in interest rates, with all variables held constant, for the years ended December 31, 2022 and 2021 (through the impact of changes in fair value of debt financial assets at FVTPL):

	Change in Interest Rates (in Basis Points)			
	2022		2021	
	+100	-100	+100	-100
Change in net investment income	₱4,981,255	₱5,471,883	(₱5,116,387)	₱6,465,894

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund monitors exchange rates, and any trends and changes. Measures are adopted by the Fund to protect its financial assets and financial liabilities in the event there would be significant fluctuations in exchange rates. The Fund's exposure to the risk of changes in foreign exchange rates relates primarily its financial instruments denominated in currencies other than its functional currency. The Fund's foreign exchange risk results from movements of the PHP against the United States Dollar (\$) or "USD").

The closing rates used are as follows:

	2022	2021
PHP : USD	55.755	50.999

The Fund's exposure to foreign exchange risk as of December 31, 2022 and 2021 relates to its USD-denominated cash in bank amounting to \$444 and \$16, respectively.

The following table demonstrates the sensitivity to a possible change in the PHP to USD exchange rate with all variables held constant of the Fund's income before tax (due to change in the fair value of monetary assets and liabilities):

	2022		2021	
	+1%	-1%	+1%	-1%
Effect on income before tax				
USD	₱247.55	(₱247.55)	₱8.16	(₱8.16)

The positive change pertains to the depreciation of PHP against USD and the negative change pertains to the appreciation of PHP against USD.

Equity price risk

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

5. Fair Value Measurement

As of December 31, 2022 and 2021, the carrying value of the Fund's financial assets and liabilities as reflected in the statements of financial position and related notes approximate their fair values as of the statement of financial position date, except for investment securities at amortized cost.



The following tables summarize the carrying amount and fair values of financial assets by level of fair value hierarchy of the Fund's financial assets that are measured at fair value and those for which fair values are required to be disclosed:

2022					
	Carrying Values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL:					
Government debt securities	P82,545,249	P82,545,249	P-	P-	P82,545,249
Preferred shares	4,750,000	4,750,000	-	-	4,750,000
Assets where fair value is disclosed					
Investment securities at amortized cost	93,969,352	95,226,984	-	-	95,226,984
	P181,264,601	P182,522,233	P-	P-	P182,522,233
2021					
	Carrying Values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL:					
Government debt securities	P71,275,070	P71,275,070	P-	P-	P71,275,070
Preferred shares	4,975,000	4,975,000	-	-	4,975,000
Assets where fair value is disclosed					
Investment securities at amortized cost	115,945,632	106,014,636	-	-	115,598,927
	P192,195,702	P191,848,997	P-	P-	P191,848,997

As of December 31, 2022 and 2021, there were no transfers made among the three levels in the fair value hierarchy.

The methods and assumptions used by the Fund in estimating the fair value of financial instruments are:

Financial assets at FVTPL - government debt securities - fair values are based on yields within the bid-ask spread from PHP BVAL reference rates published by Philippine Dealing System Group (PDS).

Financial assets at FVTPL - preferred shares - fair values are generally based on published closing prices at the Philippine Stock Exchange (PSE).

Investment securities at amortized cost - corporate bonds - fair values are based on yields within the bid-ask spread from Corporate Bond Summary reference rates published by Philippine Dealing System Group (PDS).



6. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash in bank	₱26,078	₱1,040
Short-term placements	9,697,000	9,357,000
	₱9,723,078	₱9,358,040

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

Short-term placements consist of investment in time deposit accounts with a local bank that have remaining maturities from 3 days to 38 days and from 3 days to 38 days as of December 31, 2022 and 2021, respectively. Short-term placements bear annual interest rate of 1.00% to 4.40% in 2022, 0.075% in 2021, and 0.38% to 0.50% in 2020.

Interest income on short-term placements, recognized in profit or loss amounted to ₱0.14 million, ₱0.09 million and ₱0.43 million in 2022, 2021 and 2020, respectively (see Note 14).

Unrealized foreign exchange gain (loss) from short-term placements amounted to nil gain in 2022, ₱9,967 gain in 2021 and ₱9,918 loss in 2020.

Realized foreign exchange loss from short-term placements amounted to ₱0.39 million in 2022, ₱0.59 million in 2021 and ₱0.06 million loss in 2020.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of investments in:

	2022	2021
Government securities	₱82,545,249	₱71,275,070
Preferred shares	4,750,000	4,975,000
	₱87,295,249	₱76,250,070

Government securities pertain to investments on fixed rate treasury notes, retail bonds and treasury bills. Government securities earn annual interest rates ranging from 2.90% to 5.50%, 2.90% to 10.00%, and 2.63% to 12.50% in 2022, 2021 and 2020, respectively.

Interest income earned from financial assets at FVTPL amounted to ₱4.14 million, ₱3.54 million and ₱2.63 million in 2022, 2021 and 2020, respectively (see Note 13).

Preferred shares are investments on equity shares of a holdings company.

Dividend income earned from preferred shares amounted to ₱0.23 million in 2022, 2021 and 2020.



In 2022, 2021 and 2020, net trading gains (losses) on financial assets at FVTPL are as follows:

	2022	2021	2020
Trading gain (loss) from sold financial assets at FVTPL	(P223,802)	P97,350	P677,947
Changes in fair value of outstanding financial assets at FVTPL	(8,980,994)	(6,547,856)	2,657,988
	(P9,204,796)	(P6,450,506)	P3,335,935

As of December 31, 2022 and 2021, the maximum investment of the Fund in any single enterprise did not exceed an amount equivalent to 15.00% of the Fund's NAV, except obligations of the Philippine Government and instrumentalities.

8. Receivables

This account consists of:

	2022	2021
Accrued interest receivable	P2,975,636	P2,391,080
Dividends receivable	57,874	57,874
	P3,033,510	P2,448,954

9. Investment Securities at Amortized Cost

As of December 31, 2022 and 2021, this account consists of investments in corporate bonds with carrying amount of P93.97 million and P115.95 million, respectively.

Investment securities at amortized cost with total face amount of P62.38 million and P34.5 million matured in 2022 and 2021, respectively.

These investments bear nominal interest rates ranging from 2.25% to 5.38% in 2022, from 2.15% to 6.02% in 2021, and from 3.44% to 5.50% in 2020. The annual effective interest rates of these investments range from 2.69% to 6.88% in 2022, from 4.30% to 6.88% in 2021 and from 4.17% to 6.80% in 2020.

Interest income earned from these investments amounted to P4.23 million, P4.64 million and P6.32 million in 2022, 2021 and 2020, respectively (see Note 13).

10. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Accrued management and professional fees (Note 16)	P524,416	P509,896
Withholding tax payable	42,835	45,260
Other payables	5,338	5,337
	P572,589	P560,493



11. Maturity Profile

All of the Fund's assets and liabilities are due to be realized and settled within one year from the respective reporting dates, except for investments securities at amortized cost with carrying amount of P87.02 million and P49.48 million as of December 31, 2022 and 2021, respectively. These investment securities have average maturities of five (5) years and four (4) years as of December 31, 2022 and 2021, respectively.

12. Equity

As of December 31, 2021 and 2020, the Fund's capital stock consists of:

	2022	2021
Capital stock - P1 par value		
Authorized - 245,000,000 shares		
Issued and outstanding		
88,519,591 shares in 2022	P88,519,591	
90,321,354 shares in 2021		P90,321,354

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

The NAV per share is calculated as follows:

	2022	2021	2020
Total equity	P193,448,600	P203,442,203	P213,069,483
Number of shares outstanding	88,519,591	90,321,354	92,705,770
NAV per share	P2.1854	P2.2524	P2.2983

Capital Management

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

The capital of the Fund is represented by total equity as shown in the statements of financial position. The Fund's total equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of its shareholders. As a mutual fund, the Fund stands ready to redeem shares from shareholders at any time upon the request of the latter at the prevailing NAV per share.

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

- Safeguard the Fund's ability to continue as a going concern in order to provide returns for stakeholders;
- Maintain a strong capital base to support the development of the investment activities of the Fund; and
- Comply with the minimum subscribed and paid-in capital of P50.00 million required for investment companies under the Investment Company Act of 1960.



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

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

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

Minimum Capital Requirement

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

Regulatory Framework

The operations of the Fund are subject to the regulatory requirements of the SEC.

Such regulations do not only prescribe approval and monitoring of activities but also impose certain restrictive provisions. Pursuant to the governing rules and regulations of the SEC, the Fund shall not invest in any of the following:

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

13. Interest Income

This account consists of interest income earned on:

	2022	2021	2020
Investment securities at amortized cost (Note 9)	₱4,228,683	₱4,635,331	₱6,320,785
Financial assets at FVTPL (Note 7)	4,142,472	3,538,853	2,631,809
Short-term placements (Note 6)	142,805	91,121	434,954
Short-term investment	–	–	179,944
	₱8,513,960	₱8,265,305	₱9,567,492

14. Income Taxes

Provision for income tax pertains to the 20.00% final withholding tax on gross interest income from bank deposits, government securities and private debt securities and 15.00% final withholding tax on gross interest income from foreign currency deposit unit (FCDU) deposits amounting to ₱1.44 million, ₱1.70 million and ₱1.51 million, in 2022, 2021 and 2020, respectively.

Unrecognized deferred tax assets on NOLCO amounted to ₱2.98 million and ₱2.95 million as of December 31, 2022 and 2021, respectively. Management believes that the benefits from the temporary differences may not be realized.



On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Fund has incurred NOLCO before taxable year 2022 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years. The Fund has also incurred NOLCO in taxable year 2022 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

NOLCO is presented as follows:

Inception Year	Amount	Expired	Balance	Expiry Year
2019	3,962,307	3,962,307	–	2022
2020	3,896,848	–	3,896,848	2025
2021	3,959,815	–	3,959,815	2026
2022	4,046,542	–	4,046,542	2025
	₱15,865,512	₱3,962,307	₱11,903,205	

A reconciliation of the statutory income tax to effective income tax follows:

	2022	2021	2020
Statutory income tax	(₱1,154,242)	(₱634,213)	₱2,618,936
Tax effects of:			
Expired NOLCO	990,577	817,273	1,323,437
Income subjected to final tax, net of tax paid	(661,500)	(191,842)	(1,229,155)
Nontaxable income	2,300,700	–	(983,685)
Nondeductible expense	–	1,610,135	–
Movement in unrecognized deferred taxes	21,059	172,681	(154,382)
Tax-exempt income	(57,874)	(69,449)	(69,449)
Effective income tax	₱1,438,720	₱1,704,585	₱1,505,702

15. Related Party Transactions

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

The following parties are considered related parties to the Fund:

Fund manager and investment advisor – BPI Investment Management Inc. (BIMI)

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



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

Accordingly, BIMI are entitled to a management and advisory fee of not more than seven-fourths percent (1.75%) per annum based on the average NAV of the Fund, or a minimum annual fee of ₱0.10 million, whichever is higher.

The Fund's transactions with related parties in 2022, 2021 and 2020 and the related outstanding balances follow:

Related Party	Account	Elements of Transactions				
		Statements of Financial Position		Statements of Comprehensive Income		
		2022	2021	2022	2021	2020
BIMI	Accrued expenses* Management and professional fees	₱242,733	₱256,474	₱-	₱-	₱-
		-	-	3,429,805	3,613,428	3,806,939

*Due the following month, non-interest bearing and unsecured.

BOD

The Fund considers the BOD as its key personnel. The members of the Board each receives a fee amounting to ₱3,000 for every regular meeting and ₱1,200 for every special meeting attended. There are no other standards or consulting arrangements nor any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated. The members of the BOD received a total remuneration of ₱38,543, ₱3,240 and ₱23,400 in 2022, 2021 and 2020, respectively.

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

16. Basic Earning (Loss) Per Share

Earnings (loss) per share for the years ended December 31, 2022, 2021 and 2020 is computed as follows:

	2022	2021	2020
Net investment income (loss) after tax	(₱6,055,686)	(₱4,241,437)	₱7,224,083
Weighted average number of shares outstanding	88,519,591	90,321,354	93,238,202
Basic Earnings (loss) per share	(₱0.0684)	(₱0.0470)	₱0.0775

As of December 31, 2022, 2021 and 2020, there were no outstanding dilutive potential shares.



17. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

The Fund reported and/or paid the following types of taxes for the year:

Taxes and Licenses

This includes all other taxes, documentary stamp tax, and local tax, including licenses and permit fees lodged under 'Taxes and licenses' account in the Fund's statements of comprehensive income:

Business permit	₱33,790
Community tax certificate	4,020
Other fees	31,860
	<hr/>
	₱69,670

Withholding Taxes

Total withholding tax remittances in 2022 amounted to ₱520,635 and outstanding balance amounted to ₱48,151 as of December 31, 2022.

Tax Assessments and Cases

The Fund has no on-going tax assessments and cases as of December 31, 2022.



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

Financial Statements
December 31, 2022 and 2021
and for the Years Ended December 31, 2022,
2021 and 2020

and

Independent Auditor's Report

SGV

Building a better
working world

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Ekklesia Mutual Fund, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ekklesia Mutual Fund, Inc. (an Open-End Investment Company) (the "Fund"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.



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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 17 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Ekklesia Mutual Fund, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Redgimold G. Radam

Redgimold G. Radam
Partner

CPA Certificate No. 118866

Tax Identification No. 249-000-259

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 118866-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024

PTR No. 9564682, January 3, 2023, Makati City

May 19, 2023



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Cash and cash equivalents (Note 6)	P9,723,078	P9,358,040
Financial assets at fair value through profit or loss (Note 7)	87,295,249	76,250,070
Receivables (Note 8)	3,033,510	2,448,954
Investment securities at amortized cost (Note 9)	93,969,352	115,945,632
TOTAL ASSETS	P194,021,189	P204,002,696
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accrued expenses (Note 10)	P572,589	P560,493
EQUITY		
Capital stock (Note 12)	88,519,591	90,321,354
Additional paid-in capital	59,157,420	58,888,046
Retained earnings	45,771,589	54,232,803
	193,448,600	203,442,203
TOTAL LIABILITIES AND EQUITY	P194,021,189	P204,002,696
Net Asset Value Per Share (Note 12)	P2.1854	P2.2524

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
INVESTMENT INCOME			
Trading gain (loss) on financial assets at FVTPL - net (Note 7)	(P9,204,796)	(P6,450,506)	P3,335,935
Interest income (Note 13)	8,513,960	8,265,305	9,567,492
Dividend income (Note 7)	231,495	231,495	231,495
	(459,341)	2,046,294	13,134,922
EXPENSES			
Management and professional fees (Note 15)	3,743,227	3,867,860	4,039,958
Foreign exchange loss - net (Notes 6)	38,907	576,031	66,498
Taxes and licenses	69,670	45,596	57,887
Directors' fees (Note 15)	38,543	3,240	23,400
Miscellaneous	267,278	90,419	217,394
	4,157,625	4,583,146	4,405,137
INVESTMENT INCOME (LOSS) BEFORE TAX	(4,616,966)	(2,536,852)	8,729,785
PROVISION FOR INCOME TAX (Note 14)	1,438,720	1,704,585	1,505,702
TOTAL COMPREHENSIVE INCOME (LOSS)*	(P6,055,686)	(P4,241,437)	P7,224,083
Basic Earnings (Loss) per Share (Note 16)	(P0.0684)	(P0.0470)	P0.0775

*The Fund has no other comprehensive income items.
See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
 (An Open-End Investment Company)

STATEMENTS OF CHANGES IN EQUITY

	Number of Shares Outstanding (Note 13)	Capital Stock (Note 13)	Additional Paid-in Capital	Retained Earnings	Total Equity
Balances at January 1, 2022	90,321,354	P90,321,354	P58,888,046	P54,232,803	P203,442,203
Shares issued during the year	2,707,522	2,707,522	3,230,617	-	5,938,139
Shares redeemed during the year	(4,509,285)	(4,509,285)	(2,961,243)	(2,405,528)	(9,876,056)
Total comprehensive loss	-	-	-	(6,055,686)	(6,055,686)
Balances at December 31, 2022	88,519,591	P88,519,591	P59,157,420	P45,771,589	P193,448,600
Balances at January 1, 2021	92,705,770	P92,705,770	P60,185,401	P60,178,312	P213,069,483
Shares issued during the year	419,529	419,529	523,406	-	942,935
Shares redeemed during the year	(2,803,945)	(2,803,945)	(1,820,761)	(1,704,072)	(6,328,778)
Total comprehensive loss	-	-	-	(4,241,437)	(4,241,437)
Balances at December 31, 2021	90,321,354	P90,321,354	P58,888,046	P54,232,803	P203,442,203
Balances at January 1, 2020	106,672,631	P106,672,631	P68,953,882	P61,549,766	P237,176,279
Shares issued during the year	490,463	490,463	604,510	-	1,094,973
Shares redeemed during the year	(14,457,324)	(14,457,324)	(9,372,991)	(8,595,537)	(32,425,852)
Total comprehensive income	-	-	-	7,224,083	7,224,083
Balances at December 31, 2020	92,705,770	P92,705,770	P60,185,401	P60,178,312	P213,069,483

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Investment income (loss) before tax	(P4,616,966)	(P2,536,852)	P8,729,785
Adjustments for:			
Unrealized loss (gain) on financial assets at FVTPL - net (Note 7)	8,980,994	6,547,856	(2,657,988)
Amortization of premium on investment securities at amortized cost	1,158,666	1,013,528	570,237
Changes in operating assets and liabilities:			
Decrease (increase) in the amounts of:			
Financial assets at FVTPL	(6,584,396)	(13,251,722)	(22,830,234)
Receivables	(584,556)	(241,150)	(226,413)
Increase (decrease) in accounts payable and accrued expenses	12,096	9,522	(36,551)
Net cash generated used in operations	(1,634,162)	(8,728,818)	(16,451,164)
Income taxes paid	(1,438,720)	(1,704,585)	(1,505,702)
Net cash used in operating activities	(3,072,882)	(10,163,403)	(17,956,866)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Maturity of investment securities at amortized cost (Note 9)	62,375,837	34,500,000	56,364,000
Maturity of short-term investment	-	-	5,000,000
Acquisitions of:			
Investment securities at amortized cost (Note 9)	(55,000,000)	(36,502,528)	(12,000,000)
Short-term investment	-	-	-
Net cash generated from (used in) investing activities	7,375,837	(2,002,528)	49,364,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share redemptions	(9,876,056)	(6,328,778)	(32,425,852)
Proceeds from share issuances	5,938,139	942,935	1,094,973
Net cash used in financing activities	(3,937,918)	(5,385,843)	(31,330,879)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	365,038	(17,821,774)	76,255
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,358,040	27,179,814	27,103,559
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P9,723,078	P9,358,040	P27,179,814
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDEND			
Interest received	P7,929,404	P7,010,627	P8,828,830
Dividends received	231,495	231,495	231,495

See accompanying Notes to Financial Statements.



EKKLESIA MUTUAL FUND, INC.
(An Open-End Investment Company)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

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

The Fund executed a Management and Distribution Agreement with BPI Investment Management, Inc. (BIMI) on June 18, 2010. The latter serves as the general manager of the Fund, responsible for the provision of the required investment management services and the performance of the general administrative tasks relating to the operations of the Fund including accounting operations (see Note 16).

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

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

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on May 19, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Statement of Compliance

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



New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Fund has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Fund.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
Annual Improvements to PFRSs 2018-2020 Cycle

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*



The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Fund intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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



Significant Accounting Policies

Cash and Cash Equivalents

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

Short-term Investments

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

Financial Instruments

Date of recognition

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

Initial recognition of financial instruments

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

Determination of fair value

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

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

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

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

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

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



- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

'Day 1' difference

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

Classification and Subsequent Measurement of financial instruments

Classification of financial assets

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

Contractual cash flows characteristics

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

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

Business model

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

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

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



Financial assets at FVTPL

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Fund has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Fund designates an investment that is not held for trading as at FVOCI at initial recognition.

A financial asset is held for trading if:

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

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

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

Financial assets at amortized cost

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

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

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

Reclassifications of financial instruments

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

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated at FVTPL, are classified as financial liabilities at amortized cost. After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method.



Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. This policy applies to 'Accounts payable and other accrued expenses' of the Fund.

As of December 31, 2022 and 2021, the Fund has no financial liabilities at FVTPL.

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

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

Financial liability

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

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

Offsetting of Financial Instruments

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

Impairment of Financial Assets

Expected credit loss

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

Expected credit loss methodology

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



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

Definition of default

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

SICR

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

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

Staging assessment

For non-credit-impaired financial instruments:

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

For credit-impaired financial instruments:

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

ECL parameters and methodologies

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



Forward looking information

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

Write-off policy

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

Revenue Recognition (under PFRS 15)

The Fund is primarily engaged in selling its shares to the public and investing the proceeds in a mix of high quality debt and equity securities such as bonds, commercial papers and other money market instruments, and common and preferred shares.

To account for the revenues arising from contracts with customers, the Fund applies the following five step model:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract
- e. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those goods or services. The Fund has generally concluded that it is the principal in its revenue arrangements.

Revenue Recognition (outside the scope of PFRS 15)

Interest income

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

Trading gain (loss) on financial assets at FVTPL - net

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

Dividend income

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

Expense Recognition

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



Income Taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

Net Asset Value (NAV) per Share

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

Capital Stock Transaction

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

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



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

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund; and
- The effect of substantially restricting or fixing the residual return to the puttable instruments' holders.

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

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

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

Retained earnings

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

Dividend Distribution

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

Earnings per Share (EPS)

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

Provisions

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

Contingencies

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



Events after the Reporting Period

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

3. Significant Accounting Judgment and Estimate

As of December 31, 2022 and 2021, the preparation of the Fund's financial statements in accordance with PFRSs requires the Fund to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As of December 31, 2022 and 2021, the Fund has not made significant estimates in the preparation of the financial statements.

Judgments

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

a. Testing the cash flow characteristics of financial assets

In determining the classification of financial assets under PFRS 9, the Fund assesses whether the contractual terms (e.g., substance of prepayment option, variability of interest, substance of extension option, etc.) of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding, other basic lending risks and costs as well as profit margin.

b. Evaluation of business model in managing financial instruments

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

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

c. Classification of shares as equity or liability

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

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



4. Financial Risk Management Objectives and Policies

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

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

Nature of Risks and Risk Management Objectives and Policies

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

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

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

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

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

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

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



Credit Risk

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

Maximum exposure to credit risk

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

Risk concentration of the maximum exposure to credit risk

The Fund monitors concentration of counterparty credit risk by industry. An analysis of concentrations of credit risk at the reporting date is shown below:

2022					
	Cash and cash equivalents	Receivables	Financial Assets at FVTPL*	Investment securities at amortized cost	Total
Government	P-	P2,254,792	P82,545,249	P-	P84,800,041
Financial intermediaries	9,723,078	127,009	-	25,000,000	34,850,087
Holding firm	-	267,079	-	25,019,352	25,286,431
Food and Beverage	-	61,497	-	12,000,000	12,061,497
Property	-	152,705	-	25,000,000	25,152,705
Energy	-	15,676	-	1,950,000	1,965,676
Services	-	154,752	-	5,000,000	5,154,752
	P9,723,078	P3,033,510	P82,545,249	P93,969,352	P189,271,189

*Excluding preferred shares classified as at FVTPL

2021					
	Cash and cash equivalents	Receivables	Financial Assets at FVTPL*	Investment securities at amortized cost	Total
Government	P-	P1,821,816	P71,275,070	P19,961,961	P93,058,847
Financial intermediaries	9,358,040	146,747	-	31,502,034	41,006,841
Holding firm	-	279,458	-	30,526,277	30,805,735
Property	-	28,280	-	12,000,000	12,028,280
Construction	-	160,113	-	20,005,360	20,165,473
Food and Beverage	-	12,540	-	1,950,000	1,962,540
Energy	-	-	-	-	-
	P9,358,040	P2,448,954	P71,275,070	P115,945,632	P199,027,696

*Excluding preferred shares classified as at FVTPL

Credit risk is likewise minimized through diversification or by investing in a variety of investments belonging to different sectors or industries. A credit analysis is a standard operational procedure in order to assess the credit quality and the credit worthiness of the counterparty. Transactions may also be structured to include collateralization or various credit enhancements when necessary. Credit exposures are closely monitored so as to ensure that payments are made on time. No collateral was held against investment securities as of December 31, 2021 and 2020.

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

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



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

Agency	Prime	High Grade			Upper Medium Grade			Low Medium Grade		
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
PhilRatings	AAA	Aa+	Aa	Aa-	A+	A	A-	Baa+	Baa	Baa-
Agency	Non-investment Grade Speculative				Substandard Grade		Substantial risk to In default			
S&P		BB+	BB	BB-	B+	B	B-	Below B-		
Moody's		Ba1	Ba2	Ba3	B1	B2	B3	Below B3		
Fitch		BB+	BB	BB-	B+	B	B-	Below B-		
PhilRatings		Ba+	Ba	Ba-	B+	B	B-	Below B-		

The tables below show the credit quality by class of financial assets of the Fund:

	2022						Total
	Prime	High grade	Upper	Low	Unrated		
			Medium	Medium			
Cash and cash equivalents	₱26,078	₱-	₱-	₱9,697,000	₱-	₱9,723,078	
Financial assets at FVTPL							
Government Securities	-	-	-	87,295,249	-	87,295,249	
Receivables	412,062	57,874	-	2,254,792	308,782	3,033,510	
Investment securities at amortized cost	63,969,352	-	-	25,000,000	5,000,000	93,969,352	
	₱64,407,492	₱57,874	₱-	₱124,247,041	₱5,308,782	₱189,271,189	
	2021						Total
	Prime	High grade	Upper	Low	Unrated		
			Medium	Medium			
Cash and cash equivalents	₱1,040	₱-	₱-	₱9,357,000	₱-	₱9,358,040	
Financial assets at FVTPL							
Government Securities	-	-	-	71,275,070	-	71,275,070	
Receivables	307,333	-	-	1,821,816	319,805	2,448,954	
Investment securities at amortized cost	47,481,637	-	-	-	68,463,995	115,945,632	
	₱47,790,010	₱-	₱-	₱82,453,886	₱68,783,800	₱199,027,696	

The internal credit rating ranges from '1' to '10', with '1' being the highest. An internal credit rating of '1' means that there is a low probability of going into default in the coming year, high degree of stability and diversity. Cash and cash equivalents and accrued interest receivable are considered low-risk investments since counterparties of the Fund as of December 31, 2021 and 2020 are limited only to banks in the Philippines with good standing. All financial assets above are assessed under stage 1.

Liquidity Risk

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

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



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

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

The Fund is also exposed to daily cash redemptions of its redeemable shares. It, therefore, invests majority of its assets in investments that are traded in an active market and can be readily disposed of. Further, payment for shares so redeemed shall be credited to the shareholder's settlement account with the receiving bank within seven (7) business days reckoned from the date the redemption request is received by the Fund. Due to the inherent nature of the Fund, however, where redemptions are funded by selling fixed-income investments held by the Fund, there may be instances when the Fund may take longer to credit the proceeds of the redemptions especially in the absence of a liquid trading market for such securities.

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

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

Financial assets

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

Financial liabilities

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



The following tables show the maturity profile of the financial instruments, based on contractual undiscounted cash flows:

	2022						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial assets							
Cash and cash equivalents*	P26,078	P-	P-	P-	P-	P9,697,000	P9,723,078
Financial assets at FVTPL:							
Government debt securities	-	-	82,545,249	-	-	-	82,545,249
Preferred shares	-	-	4,750,000	-	-	-	4,750,000
Receivables	57,874	22,229	-	-	16,945	2,936,462	3,033,510
Investment securities at amortized cost*	-	-	-	-	6,950,000	87,019,352	93,969,352
	P83,952	P22,229	P87,295,249	P-	P6,966,945	P99,652,814	P194,021,189
Financial liabilities							
Accounts payable and accrued expenses**	P-	P250,989	P278,765	P-	P-	P-	P529,754
	P-	P250,989	P278,765	P-	P-	P-	P529,754

*Includes future interest

**Excluding withholding tax payable amounting to P42,835.

	2021						Total
	On Demand	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Beyond 1 Year	
Financial assets							
Cash and cash equivalents*	P1,040	P4,357,063	P5,000,014	P-	P-	P-	P9,358,117
Financial assets at FVTPL:							
Government debt securities	-	-	71,275,070	-	-	-	71,275,070
Preferred shares	-	-	4,975,000	-	-	-	4,975,000
Receivables	-	1,995,306	453,648	-	-	-	2,448,954
Investment securities at amortized cost*	-	15,003,885	15,006,740	19,971,520	16,523,407	49,587,158	116,092,711
	P1,040	P21,356,254	P96,710,472	P19,971,520	P16,523,407	P49,587,158	P204,149,852
Financial liabilities							
Accounts payable and accrued expenses**	P-	P261,811	P253,422	P-	P-	P-	P515,233
	P-	P261,811	P253,422	P-	P-	P-	P515,233

*Includes future interest

**Excluding withholding tax payable amounting to P45,260

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity risk.

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

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

Fair value interest rate risk

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



The following table demonstrates the sensitivity of the Fund's net investment income before tax to a reasonably possible change in interest rates, with all variables held constant, for the years ended December 31, 2022 and 2021 (through the impact of changes in fair value of debt financial assets at FVTPL):

	Change in Interest Rates (in Basis Points)			
	2022		2021	
	+100	-100	+100	-100
Change in net investment income	₱4,981,255	₱5,471,883	(₱5,116,387)	₱6,465,894

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund monitors exchange rates, and any trends and changes. Measures are adopted by the Fund to protect its financial assets and financial liabilities in the event there would be significant fluctuations in exchange rates. The Fund's exposure to the risk of changes in foreign exchange rates relates primarily its financial instruments denominated in currencies other than its functional currency. The Fund's foreign exchange risk results from movements of the PHP against the United States Dollar (\$) or "USD").

The closing rates used are as follows:

	2022	2021
PHP : USD	55.755	50.999

The Fund's exposure to foreign exchange risk as of December 31, 2022 and 2021 relates to its USD-denominated cash in bank amounting to \$444 and \$16, respectively.

The following table demonstrates the sensitivity to a possible change in the PHP to USD exchange rate with all variables held constant of the Fund's income before tax (due to change in the fair value of monetary assets and liabilities):

	2022		2021	
	+1%	-1%	+1%	-1%
Effect on income before tax				
USD	₱247.55	(₱247.55)	₱8.16	(₱8.16)

The positive change pertains to the depreciation of PHP against USD and the negative change pertains to the appreciation of PHP against USD.

Equity price risk

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

5. Fair Value Measurement

As of December 31, 2022 and 2021, the carrying value of the Fund's financial assets and liabilities as reflected in the statements of financial position and related notes approximate their fair values as of the statement of financial position date, except for investment securities at amortized cost.



The following tables summarize the carrying amount and fair values of financial assets by level of fair value hierarchy of the Fund's financial assets that are measured at fair value and those for which fair values are required to be disclosed:

2022					
	Carrying Values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL:					
Government debt securities	P82,545,249	P82,545,249	P-	P-	P82,545,249
Preferred shares	4,750,000	4,750,000	-	-	4,750,000
Assets where fair value is disclosed					
Investment securities at amortized cost					
	93,969,352	95,226,984	-	-	95,226,984
	P181,264,601	P182,522,233	P-	P-	P182,522,233
2021					
	Carrying Values	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Financial assets at FVTPL:					
Government debt securities	P71,275,070	P71,275,070	P-	P-	P71,275,070
Preferred shares	4,975,000	4,975,000	-	-	4,975,000
Assets where fair value is disclosed					
Investment securities at amortized cost					
	115,945,632	106,014,636	-	-	115,598,927
	P192,195,702	P191,848,997	P-	P-	P191,848,997

As of December 31, 2022 and 2021, there were no transfers made among the three levels in the fair value hierarchy.

The methods and assumptions used by the Fund in estimating the fair value of financial instruments are:

Financial assets at FVTPL - government debt securities - fair values are based on yields within the bid-ask spread from PHP BVAL reference rates published by Philippine Dealing System Group (PDS).

Financial assets at FVTPL - preferred shares - fair values are generally based on published closing prices at the Philippine Stock Exchange (PSE).

Investment securities at amortized cost - corporate bonds - fair values are based on yields within the bid-ask spread from Corporate Bond Summary reference rates published by Philippine Dealing System Group (PDS).



6. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash in bank	P26,078	P1,040
Short-term placements	9,697,000	9,357,000
	P9,723,078	P9,358,040

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

Short-term placements consist of investment in time deposit accounts with a local bank that have remaining maturities from 3 days to 38 days and from 3 days to 38 days as of December 31, 2022 and 2021, respectively. Short-term placements bear annual interest rate of 1.00% to 4.40% in 2022, 0.075% in 2021, and 0.38% to 0.50% in 2020.

Interest income on short-term placements, recognized in profit or loss amounted to P0.14 million, P0.09 million and P0.43 million in 2022, 2021 and 2020, respectively (see Note 14).

Unrealized foreign exchange gain (loss) from short-term placements amounted to nil gain in 2022, P9,967 gain in 2021 and P9,918 loss in 2020.

Realized foreign exchange loss from short-term placements amounted to P0.39 million in 2022, P0.59 million in 2021 and P0.06 million loss in 2020.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of investments in:

	2022	2021
Government securities	P82,545,249	P71,275,070
Preferred shares	4,750,000	4,975,000
	P87,295,249	P76,250,070

Government securities pertain to investments on fixed rate treasury notes, retail bonds and treasury bills. Government securities earn annual interest rates ranging from 2.90% to 5.50%, 2.90% to 10.00%, and 2.63% to 12.50% in 2022, 2021 and 2020, respectively.

Interest income earned from financial assets at FVTPL amounted to P4.14 million, P3.54 million and P2.63 million in 2022, 2021 and 2020, respectively (see Note 13).

Preferred shares are investments on equity shares of a holdings company.

Dividend income earned from preferred shares amounted to P0.23 million in 2022, 2021 and 2020.



In 2022, 2021 and 2020, net trading gains (losses) on financial assets at FVTPL are as follows:

	2022	2021	2020
Trading gain (loss) from sold financial assets at FVTPL	(P223,802)	P97,350	P677,947
Changes in fair value of outstanding financial assets at FVTPL	(8,980,994)	(6,547,856)	2,657,988
	(P9,204,796)	(P6,450,506)	P3,335,935

As of December 31, 2022 and 2021, the maximum investment of the Fund in any single enterprise did not exceed an amount equivalent to 15.00% of the Fund's NAV, except obligations of the Philippine Government and instrumentalities.

8. Receivables

This account consists of:

	2022	2021
Accrued interest receivable	P2,975,636	P2,391,080
Dividends receivable	57,874	57,874
	P3,033,510	P2,448,954

9. Investment Securities at Amortized Cost

As of December 31, 2022 and 2021, this account consists of investments in corporate bonds with carrying amount of P93.97 million and P115.95 million, respectively.

Investment securities at amortized cost with total face amount of P62.38 million and P34.5 million matured in 2022 and 2021, respectively.

These investments bear nominal interest rates ranging from 2.25% to 5.38% in 2022, from 2.15% to 6.02% in 2021, and from 3.44% to 5.50% in 2020. The annual effective interest rates of these investments range from 2.69% to 6.88% in 2022, from 4.30% to 6.88% in 2021 and from 4.17% to 6.80% in 2020.

Interest income earned from these investments amounted to P4.23 million, P4.64 million and P6.32 million in 2022, 2021 and 2020, respectively (see Note 13).

10. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Accrued management and professional fees (Note 16)	P524,416	P509,896
Withholding tax payable	42,835	45,260
Other payables	5,338	5,337
	P572,589	P560,493



11. Maturity Profile

All of the Fund's assets and liabilities are due to be realized and settled within one year from the respective reporting dates, except for investments securities at amortized cost with carrying amount of P87.02 million and P49.48 million as of December 31, 2022 and 2021, respectively. These investment securities have average maturities of five (5) years and four (4) years as of December 31, 2022 and 2021, respectively.

12. Equity

As of December 31, 2021 and 2020, the Fund's capital stock consists of:

	2022	2021
Capital stock - P1 par value		
Authorized - 245,000,000 shares		
Issued and outstanding		
88,519,591 shares in 2022	P88,519,591	
90,321,354 shares in 2021		P90,321,354

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

The NAV per share is calculated as follows:

	2022	2021	2020
Total equity	P193,448,600	P203,442,203	P213,069,483
Number of shares outstanding	88,519,591	90,321,354	92,705,770
NAV per share	P2.1854	P2.2524	P2.2983

Capital Management

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

The capital of the Fund is represented by total equity as shown in the statements of financial position. The Fund's total equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of its shareholders. As a mutual fund, the Fund stands ready to redeem shares from shareholders at any time upon the request of the latter at the prevailing NAV per share.

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

- Safeguard the Fund's ability to continue as a going concern in order to provide returns for stakeholders;
- Maintain a strong capital base to support the development of the investment activities of the Fund; and
- Comply with the minimum subscribed and paid-in capital of P50.00 million required for investment companies under the Investment Company Act of 1960.



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

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

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

Minimum Capital Requirement

Pursuant to the Investment Company Act of 1960, the Fund's minimum capital requirement is P50.00 million. As of December 31, 2022 and 2021, the Fund is in compliance with the capital requirement. The Fund's capital, as provided in the statements of changes in equity, comprises its capital stock, additional paid-in capital, and retained earnings.

Regulatory Framework

The operations of the Fund are subject to the regulatory requirements of the SEC.

Such regulations do not only prescribe approval and monitoring of activities but also impose certain restrictive provisions. Pursuant to the governing rules and regulations of the SEC, the Fund shall not invest in any of the following:

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

13. Interest Income

This account consists of interest income earned on:

	2022	2021	2020
Investment securities at amortized cost (Note 9)	P4,228,683	P4,635,331	P6,320,785
Financial assets at FVTPL (Note 7)	4,142,472	3,538,853	2,631,809
Short-term placements (Note 6)	142,805	91,121	434,954
Short-term investment	–	–	179,944
	P8,513,960	P8,265,305	P9,567,492

14. Income Taxes

Provision for income tax pertains to the 20.00% final withholding tax on gross interest income from bank deposits, government securities and private debt securities and 15.00% final withholding tax on gross interest income from foreign currency deposit unit (FCDU) deposits amounting to P1.44 million, P1.70 million and P1.51 million, in 2022, 2021 and 2020, respectively.

Unrecognized deferred tax assets on NOLCO amounted to P2.98 million and P2.95 million as of December 31, 2022 and 2021, respectively. Management believes that the benefits from the temporary differences may not be realized.



On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Fund has incurred NOLCO before taxable year 2022 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years. The Fund has also incurred NOLCO in taxable year 2022 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act.

NOLCO is presented as follows:

Inception Year	Amount	Expired	Balance	Expiry Year
2019	3,962,307	3,962,307	-	2022
2020	3,896,848	-	3,896,848	2025
2021	3,959,815	-	3,959,815	2026
2022	4,046,542	-	4,046,542	2025
	₱15,865,512	₱3,962,307	₱11,903,205	

A reconciliation of the statutory income tax to effective income tax follows:

	2022	2021	2020
Statutory income tax	(₱1,154,242)	(₱634,213)	₱2,618,936
Tax effects of:			
Expired NOLCO	990,577	817,273	1,323,437
Income subjected to final tax, net of tax paid	(661,500)	(191,842)	(1,229,155)
Nontaxable income	2,300,700	-	(983,685)
Nondeductible expense	-	1,610,135	-
Movement in unrecognized deferred taxes	21,059	172,681	(154,382)
Tax-exempt income	(57,874)	(69,449)	(69,449)
Effective income tax	₱1,438,720	₱1,704,585	₱1,505,702

15. Related Party Transactions

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

The following parties are considered related parties to the Fund:

Fund manager and investment advisor – BPI Investment Management Inc. (BIMI)

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



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

Accordingly, BIMI are entitled to a management and advisory fee of not more than seven-fourths percent (1.75%) per annum based on the average NAV of the Fund, or a minimum annual fee of ₱0.10 million, whichever is higher.

The Fund's transactions with related parties in 2022, 2021 and 2020 and the related outstanding balances follow:

Related Party	Account	Elements of Transactions				
		Statements of Financial Position		Statements of Comprehensive Income		
		2022	2021	2022	2021	2020
BIMI	Accrued expenses*	₱242,733	₱256,474	₱-	₱-	₱-
	Management and professional fees	-	-	3,429,805	3,613,428	3,806,939

*Due the following month, non-interest bearing and unsecured.

BOD

The Fund considers the BOD as its key personnel. The members of the Board each receives a fee amounting to ₱3,000 for every regular meeting and ₱1,200 for every special meeting attended. There are no other standards or consulting arrangements nor any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated. The members of the BOD received a total remuneration of ₱38,543, ₱3,240 and ₱23,400 in 2022, 2021 and 2020, respectively.

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

16. Basic Earning (Loss) Per Share

Earnings (loss) per share for the years ended December 31, 2022, 2021 and 2020 is computed as follows:

	2022	2021	2020
Net investment income (loss) after tax	(₱6,055,686)	(₱4,241,437)	₱7,224,083
Weighted average number of shares outstanding	88,519,591	90,321,354	93,238,202
Basic Earnings (loss) per share	(₱0.0684)	(₱0.0470)	₱0.0775

As of December 31, 2022, 2021 and 2020, there were no outstanding dilutive potential shares.



17. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

The Fund reported and/or paid the following types of taxes for the year:

Taxes and Licenses

This includes all other taxes, documentary stamp tax, and local tax, including licenses and permit fees lodged under 'Taxes and licenses' account in the Fund's statements of comprehensive income:

Business permit	₱33,790
Community tax certificate	4,020
Other fees	31,860
	<hr/>
	₱69,670

Withholding Taxes

Total withholding tax remittances in 2022 amounted to ₱520,635 and outstanding balance amounted to ₱48,151 as of December 31, 2022.

Tax Assessments and Cases

The Fund has no on-going tax assessments and cases as of December 31, 2022.



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

NAME OF CORPORATION: EKKLESIA MUTUAL FUND, INC.
CURRENT ADDRESS: 17TH FLOOR, BPI 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)		194,021	204,003
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)		194,021	204,003
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)		9,723	9,358
A.1.1.1 On hand			
A.1.1.2 In domestic banks/entities		9,723	9,358
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)		181,264	192,196
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)		0	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			
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		181,264	192,196
Financial assets at fair value through profit or loss		87,295	76,250
Investment in securities at amortized cost		93,969	115,946
A.1.2.4 Allowance for decline in market value (negative entry)		0	0
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)		3,034	2,449
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)		3,034	2,449
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		3,034	2,449
Receivables		3,034	2,449
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)			
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)			
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			

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: EKKLESIA MUTUAL FUND, INC.
CURRENT ADDRESS: 17TH FLOOR, BPI 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		
Fixed assets, property, or equipment used for education purposes		
Construction in progress		
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)	0	0
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify		
A.3.4 Allowance for decline in market value (negative entry)		
A.4 Intangible Assets	0	0
A.5 Long-term receivables	0	0
A.5.1 Long-term receivables (net of current portion) (A.5.1 + A.5.2 + A.5.3)	0	0
A.5.1.1 From domestic entities, specify		
A.5.1.2 From foreign entities, specify		
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		
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)	573	561
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)	573	561
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)	573	561
B.1.1.1 Trade Payables	5	5
B.1.1.2 Payables to Subsidiaries		
B.1.1.3 Payables to Related Parties	291	256
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals	277	299

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

NAME OF CORPORATION: EKKLESIA MUTUAL FUND, INC.
 CURRENT ADDRESS: 17TH FLOOR, BPI 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.1.1.6 Others, specify		
B.1.2 Trade and Other Payables to Foreign Entities, specify		
B.1.3 Others, specify (if material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)		
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:		
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)		
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)		
B.6.1 Deferred Income Tax		
B.6.2 Others, specify		
C. MINORITY INTEREST	0	0
D. EQUITY (D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	193,448	203,442
D.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)	245,000	245,000
D.1.1 Common shares 245,000,000; P1	245,000	245,000
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)	0	0
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)	88,520	90,321
D.3.1 Common shares	88,520	90,321
D.3.2 Preferred Shares		
D.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	31,072	58,888
D.5 Others, specify	0	0
Net increase in assets resulting from operations		
Net investment income		
Net unrealized gain on investment		
D.6 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
D.7 Retained Earnings (D.7.1 + D.7.2)	73,856	54,233
D.7.1 Appropriated		
D.7.2 Unappropriated	73,856	54,233
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)	194,021	204,003

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

NAME OF CORPORATION: EKKLESIA MUTUAL FUND, INC.
 CURRENT ADDRESS: 17TH FLOOR, BPI 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)	(498)	1,470	13,068
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)	(498)	1,470	13,068
A.3.1 Interest Income	8,514	8,265	9,567
A.3.2 Dividend Income	231	231	231
A.3.3 Gain / (Loss) from selling of Assets, specify	(9,204)	(6,451)	3,336
Net realized gain (loss) on financial assets at FVPL	(223)	97	678
Net unrealized gain (loss) on financial assets at FVPL	(8,981)	(6,548)	2,658

A.3.4 Others, specify	(39)	(576)	(66)
Gain / (Loss) from foreign exchange	(39)	(576)	(66)
Miscellaneous	0	0	0

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)			
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)	(498)	1,470	13,068

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

NAME OF CORPORATION: EKKLESIA MUTUAL FUND, INC.
 CURRENT ADDRESS: 17TH FLOOR, BPI 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)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	4,119	4,007	4,339
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify	4,119	4,007	4,339
Management and professional fees	3,743	3,868	4,040
Taxes and licenses	70	46	58
Director's fees	39	3	23
Miscellaneous	267	90	217
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			
H. Net Income (Loss) Before Tax (D - E - F + G)	(4,617)	(2,537)	(2,868)
I. Income Tax Expense (negative entry)	1,439	1,705	1,506
J. Income After Tax	(6,056)	(4,241)	(4,374)
K. Minority Interest (negative entry)	0	0	0
L. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	(6,056)	(4,241)	(4,374)
M. Extraordinary Items	0	0	0
N. Net Income (Loss - negative entry) for the Year (L + M)	(6,056)	(4,241)	(4,374)
O Earnings (Loss) Per Share			
O.1 Basic	(0.06840)	(0.0470)	0.0775
O.2 Diluted	(0.06840)	(0.0470)	0.0775

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

NAME OF CORPORATION: EKKLESIA MUTUAL FUND, INC.
 CURRENT ADDRESS: 17TH FLOOR, BPI 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	(4,617)	(2,537)	(2,868)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation			
Amortization, specify: Amortization of premium on investment in securities at amortized cost	1,159	1,014	570
Unrealized loss (gain) on financial assets at FVPL - net	8,981	6,548	(2,658)
Others, specify: Income taxes paid	(1,439)	(1,705)	(1,506)
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Investments, net			
Financial assets at FVPL	(6,584)	(13,522)	(22,830)
Receivables	(585)	(241)	(226)
Others, specify:			
Increase (Decrease) in:			
Trade and Other Payables			
Income and Other Taxes Payable			
Others, specify: Accounts payable and accrued expenses	12	10	(37)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	(3,073)	(10,433)	(29,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment	0	0	0
Reductions/(Additions) to Property, Plant, and Equipment			
Others, specify: Acquisitions of investment in securities at amortized cost	(55,000)	(36,503)	(12,000)
Acquisitions of short-term investments	0	0	0
Maturity of investment in securities at amortized cost	62,376	34,500	56,364
Proceeds from disposal of short-term investment			5,000
Maturity of investments in unquoted debt securities	0	0	0
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	7,376	(2,003)	49,364
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Shares	5,938	943	1,095
Others, specify:			
Payments of:			
(Loans)			
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Redemption of shares	(9,876)	(6,329)	(32,426)
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(3,938)	(5,386)	(31,331)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	365	(17,822)	76
D. Effects of Exchange Rate Changes on Cash & Cah Equivalents	0	0	0
Cash and Cash Equivalents			
Beginning of year	9,358	27,180	27,104
End of year	9,723	9,358	27,180

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

NAME OF CORPORATION: EKKLESIA MUTUAL FUND, INC.
CURRENT ADDRESS: 17TH FLOOR, BPI 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	Translation Differences	Retained Earnings	TOTAL
A. Balance, 2020	92,706	60,185	0	0	60,178	213,069
A.1 Correction of Fundamental Error						
A.2 Changes in Accounting Policy						
B. Restated Balance	92,706	60,185	0	0	60,178	213,069
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	(2,384)	(1,297)	0	0	(5,945)	(9,627)
C.1 Net Income (Loss) for the Period	0	0	0	0	(4,241)	(4,241)
C.2 Dividends (negative entry)						
C.3 Current Appropriation for Contingencies						
C.4 Issuance/Redemption of Capital						
C.4.1 Common Stock	(2,384)	(1,297)	0	0	(1,704)	(5,386)
C.4.2 Preferred Stock						
C.4.3 Others						0
D. Balance, 2021	90,321	58,888	0	0	54,233	203,443
D.1 Correction of Fundamental Error						
D.2 Changes in Accounting Policy						
E. Restated Balance	90,321	58,888	0	0	54,233	203,443
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	(1,802)	269	0	0	(8,461)	(9,993)
F.1 Net Income (Loss) for the Period	0	0	0	0	(6,056)	(6,056)
F.2 Dividends (negative entry)						
F.3 Current Appropriation for Contingencies						
F.4 Issuance/Redemption of Capital						
F.4.1 Common Stock	(1,802)	269	0	0	(2,406)	(3,938)
F.4.2 Preferred Stock						
F.4.3 Others- Prior Adj. per AFS						
F. Balance, 2022	88,520	59,157	0	0	45,772	193,449

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	(6,056)	(4,241)	7,224
Total Recognized Gains (Losses) (A + B + C + D + E)	(6,056)	(4,241)	7,224
Effect of Changes in Accounting Policy			

EXCELSEA MUTUAL FUND, INC.
ATTACHMENT TO FINANCIAL STATEMENTS
(In Thousands of Philippine Peso)

TOTAL ASSETS - JANUARY 1 TO DECEMBER 31, 2022
NET ASSET VALUE - JANUARY 1 TO DECEMBER 31, 2022

194,801
Average Shareholders

SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTOR CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTOR CO.
CASH AND CASH EQUIVALENTS						
Bank of the Philippine Island- savings time deposit account	1,723	0.88%	0.88%	4,357	na	na
Rizal Commercial and Banking Corporation Time Deposit	8,000	4.14%	4.12%	8,000	na	na
TOTAL CASH AND CASH EQUIVALENTS	9,723					

GOVERNMENT SECURITIES						
PXTN10-04	15,000	8.11%	8.09%	15,000	165,000,000	0.087%
PXTN05-17	16,418	8.49%	8.49%	18,000	72,412,572	0.027%
PXTN05-03	19,671	10.17%	10.14%	20,000	255,837,180	0.007%
PXTN22-02	3,719	1.92%	1.91%	2,800	83,776,000	0.003%
PXTN07-04	4,538	2.34%	2.33%	5,000	5,695,238	0.008%
RTBDC05-18	18,182	9.31%	9.80%	20,000	na	na
RTBDC05-16	4,880	2.51%	2.52%	5,000	na	na
TOTAL	84,081					
EQUITY SECURITIES						
OT Capital Holdings, Inc. - Preferred Class A	4,780	2.46%	2.46%	5	4,830	0.10%
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	88,861					

INVESTMENT IN SECURITIES AT AMORTIZED COST						
Apala Corporation	5,000	2.58%	2.56%	5,000	10,200,000	0.09%
Abulic Equity Ventures, Inc.	18,516	7.76%	7.74%	14,880	3,071,300	0.29%
Apala Land Inc	10,000	8.17%	5.15%	10,000	na	na
Apala Land Inc	5,000	2.58%	2.58%	5,000	na	na
JARBIT INC	5,000	2.58%	2.58%	5,000	3,000,000	0.17%
Barco De Oro	5,000	2.58%	2.58%	5,000	na	na
Bank of the Philippine Islands	10,000	5.17%	5.15%	10,000	na	na
Convergys	5,000	2.58%	2.58%	5,000	8,000,000	0.06%
San Miguel Food and Beverage	12,000	6.20%	6.18%	12,000	7,000,000	0.17%
Petson Corporation	1,860	1.01%	1.01%	1,860	7,000,000	0.03%
Rizal Commercial Banking Corp	5,000	2.58%	2.58%	5,000	16,918,410	0.03%
Rolansans Land Corp	8,000	2.58%	2.58%	8,000	na	na
Security Bank	5,000	2.58%	2.58%	5,000	na	na
SM Prime Holdings Corp	5,000	2.58%	2.58%	5,000	na	na
Total	85,988					

GOVERNMENT SECURITIES						
Total	0					

TOTAL INVESTMENT IN SECURITIES AT AMORTIZED COST	85,988					
---	---------------	--	--	--	--	--

INVESTMENT IN LIQUID / SEMI-LIQUID ASSETS						
GOVERNMENT SECURITIES (SEE ABOVE)	84,081	43.49%	43.32%	na	na	na
CASH AND CASH EQUIVALENTS	9,723	5.03%	5.01%	na	na	na
TOTAL	93,784					

TOTAL OPERATING EXPENSES		
AVERAGE NET ASSET VALUE - JANUARY 1 TO DECEMBER 31, 2022		
128,880		
AMOUNT	PERCENTAGE TO NET ASSET VALUE	
MANAGEMENT AND PROFESSIONAL FEES	3,743	2.88%
TAXES AND LICENSES	70	0.05%
DIRECTORS' FEES	26	0.02%
MISCELLANEOUS	267	0.19%
TOTAL	4,119	

TOTAL ASSETS TO TOTAL BORROWINGS:
--

EXKLESA MUTUAL FUND, INC.
ATTACHMENT TO FINANCIAL STATEMENTS
(In thousands of Philippine Pesos)

TOTAL ASSETS - JANUARY 1 TO DECEMBER 31, 2021
NET ASSET VALUE - JANUARY 1 TO DECEMBER 31, 2021

304,083

AMOUNT

SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTOR CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTOR CO.
---------------	--------------	-------------------------------	----------------------------	---------------	---	---

CASH AND CASH EQUIVALENTS

Bank of the Philippine Island - time deposit account
Development Bank of the Philippines Time Deposit

4,357

1.43%

1.43%

4,357

NA

NA

5,000

1.64%

1.64%

5,000

NA

NA

TOTAL CASH AND CASH EQUIVALENTS

9,357

GOVERNMENT SECURITIES

FXTN15-64

16,745

5.51%

5.21%

15,000

188,000,000

8,158,155-05

FXTN25-13

4,211

1.38%

1.29%

3,700

72,412,572

5,196,785-08

FXTN25-17

15,089

4.96%

4.61%

75,000

255,837,155

5,953,012-95

FXTN25-23

23,342

7.35%

11.44%

20,000

83,775,000

9,002,287-25

FXTN25-02

4,569

1.39%

1.39%

2,800

5,695,238

9,004,942-42

FXTN25-64

4,821

1.47%

2.37%

5,000

229,871,000

2,174,985-08

TOTAL

71,278

EQUITY SECURITIES

GT Capital Holdings, Inc. - Preferred Shares A

4,575

0.014405412

0.024388933

5

4,829

0.00103322

TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

76,380

INVESTMENT IN SECURITIES AT AMORTIZED COST

Apala Corporation

15,416

0.075773670

0.075565481

15,000

15,000,000

0.0015

Abotiza Equity Ventures, Inc.

15,111

0.074276214

0.074071144

14,550

5,871,380

0.002899298

AREP INC.

5,000

2.48%

2.48%

5,000

3,000,000

0.17%

DBS-NOTE

5,000

2.48%

2.48%

5,000

NA

NA

DBS-NOTE2

10,000

4.00%

4.00%

10,000

NA

NA

San Miguel Food and Beverage

12,000

5.96%

5.88%

12,000

8,000,000

0.15%

Filinvest Land, Inc.

18,008

7.38%

7.38%

18,000

7,000,000

0.21%

Palmco Corporate

1,860

0.98%

0.98%

1,860

7,000,000

0.03%

Rural Commercial Banking Corp

1,502

0.74%

0.74%

1,500

15,918,410

0.01%

SOB Note

15,000

7.37%

7.25%

15,000

NA

NA

Total

65,984

GOVERNMENT SECURITIES

TBILL

4,357

0.0348688

0.024402422

5,000

30,000,000

0.00189697

TBILL

4,969

0.024951763

0.024405304

5,000

20,000,000

0

TBILL

4,961

0.024933988

0.024403402

5,000

17,000,000

0

TBILL

4,580

2.45%

2.44%

5,900

24,000,000

0.00228233

Total

19,962

TOTAL INVESTMENT IN SECURITIES AT AMORTIZED COST

115,948

INVESTMENT IN LIQUID / SEMI-LIQUID ASSETS

GOVERNMENT SECURITIES (SEE ABOVE)

91,237

0.448866683

0.447234478

NA

NA

NA

CASH AND CASH EQUIVALENTS

9,359

0.045906518

0

NA

NA

NA

TOTAL

100,596

TOTAL OPERATING EXPENSES

AVERAGE NET ASSET VALUE - JANUARY 1 TO DECEMBER 31, 2021

206,370

PERCENTAGE TO NET ASSET VALUE

MANAGEMENT AND PROFESSIONAL FEES

3,896

0.018874236

TAXES AND LICENSES

46

0.022320843

DIRECTORY FEES

3

1.56956E-02

MISCELLANEOUS

90

0.04%

TOTAL

4,035

TOTAL ASSETS TO TOTAL BORROWINGS:

NO BORROWINGS FOR THE YEAR

EKKLESIA MUTUAL FUND, INC.
FINANCIAL STATEMENT RATIOS
As at December, 2022 and December, 2021
(In Thousands of Philippine Peso)

	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
Current Asset	194,021	204,003
Current Liabilities	573	561
Current /Liquidity Ratio	<u>338.41</u>	<u>363.75</u>
Total Liabilities	573	561
Total Equity	193,448	203,442
Debt-to-Equity Ratio	<u>0.0030</u>	<u>0.0028</u>
Total Assets	194,021	204,003
Total Equity	193,448	203,442
Asset-to-Equity Ratio	<u>1.00</u>	<u>1.00</u>
Earnings Before Income Tax	(4,617)	(2,537)
Interest Expense	-	-
Interest Rate Coverage Ratio	<u>n.a.</u>	<u>n.a.</u>
Net Income	(6,056)	(4,241)
Total Equity	193,448	203,442
Return on Investments	<u>(0.03)</u>	<u>(0.02)</u>