

COVER SHEET

A S 0 9 1 1 9 0 3 8 5

SEC Registration Number

F I L I P I N O F U N D , I N C .

(Company's Full Name)

U N I T S 1 9 1 1 1 9 1 2 , 1 9 T H F L O O R
 P S E T O W E R , 5 T H A V E N U E C O R N E R 2 8 T H
 S T R E E T , B O N I F A C I O G L O B A L C I T Y ,
 T A G U I G C I T Y , M E T R O M A N I L A , P H I L S .

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

JONNA C. LLAGUNO

(Contact Person)

(632) 8898 7522/ 8898 7578

(Company Telephone Number)

1 2 3 1

Month Day
(Fiscal Year)

SEC FORM 17-A

(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

_____ LCU

Document ID

_____ Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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, 2019**
2. SEC Identification Number **ASO91-190385**
3. BIR Tax Identification No. **002-284-545-000**
4. Exact name of issuer as specified in its charter **FILIPINO FUND, INC.**
5. Province, Country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **Units 1911- 1912, 19th Floor, PSE Tower, 5th Avenue corner 28th Street., Bonifacio
Global City Taguig City 1630**
Address of principal office Postal Code
8. **(632) 898-7522**
Issuer's telephone number, including area code
9. **NA**
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 |
|--------------------------|---|
| COMMON SHARES "A" | 50,167,397 shares |

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

Yes No

If yes, state the name of such stock exchange: **PHILIPPINE STOCK EXCHANGE**

12. Check whether the issuer:

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

Yes No

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

Yes 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 as pecified 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").

PhP306,522,795.67 (50,167,397 outstanding shares multiplied by FFI's closing price of PhP 6.11 as of March 19, 2020, the last trading day of FFI covered by this report).

**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 IN CORPORATED BY REFERENCE

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

- (a) Any annual report to security holders; **Financial Statements attached herewith**
- (b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1 (b)
NONE
- (c) Any prospectus filed pursuant to SRC Rule 8.1-1.
NONE

PART I – BUSINESS AND GENERAL INFORMATION

DESCRIPTION OF BUSINESS

1. Business Development

Filipino Fund, Inc. (the "Fund" or "FFI") was originally incorporated as a closed-end investment company on May 9, 1991. On March 28, 1995, the Fund was registered with the Securities and Exchange Commission ("SEC") under Republic Act No. 2629, or the Investment Company Act of 1960. In November 2002, its shareholders approved the proposal to re-organize the Fund to provide shareholders with a liquidity vehicle to cash in on their investment. On March 14, 2003, the SEC approved the financial restructuring of FFI. After the requisite ten-day trading suspension, the new FFI began trading on March 31, 2004. Since then, the Fund still continues to trade in the Philippine Stock Exchange ("PSE").

The post-restructuring investment objective of the Fund is to provide original FFI investors with a repackaged investment which would now have a more responsive net asset value per share which should correspond to an improved share price in the stock exchange.

2. Business of Issuer

FFI is a corporation listed in the PSE. It has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio.

A total of 70.42% of FFI's total issued and outstanding shares of 23,846,850 was acquired by Vicsal Development Corporation ("VDC"), a holding company of the Metro Gaisano group, in September 2003 through a Tender Offer and was increased by stock dividends on February 24, 2014. VDC still remains the majority shareholder of FFI as of 2019.

3. Principal products or services and distribution methods

FFI remains listed and traded in the PSE where its shares may be bought and sold through any of the PSE member stockbrokers.

As of December 31, 2019, total investment in Unit Investment Trust Funds (UITF) account for 26.96% of total assets which generated a trading gain of Php2.64 million for the Fund. Meanwhile, investment in equity holdings represents 54.68% of total assets. Income contribution from this segment of the portfolio was through cash dividends of Php2.14 million and a total net trading gain of Php1.66 Million.

FFI's services include investments in equities, UITFs, and high-grade fixed income securities. There are no distribution methods adopted by FFI as it does not deal or trade in goods or products.

4. Competition

As a listed company, FFI competes with the other listed shares in the stock market.

Like most other mutual funds, FFI's fund manager possesses the necessary experience, training, skill and expertise in assessing financial investments. Also, FFI's relatively smaller size allows it to be more flexible in navigating the financial markets. Furthermore, FFI can easily change its strategy to adopt to changes in market conditions. Unlike pure equity funds (which suffer when the stock market is in a downtrend) or pure fixed income funds (which miss out when the stock market booms or suffer when interest rates rise quickly) or even balanced funds (which, for some, have to maintain a certain ratio or have equity limits), FFI's strategy can change more freely.

5. Transactions with and/or dependence on related parties

FFI's transactions, and thus, dependence would be mainly by way of the maintenance of the investment portfolio by the Fund Manager, AB Capital & Investment Corporation ("ABCIC").

6. Effect of existing or probable governmental regulations on the business.

FFI maintains the belief that government regulations are intended to strengthen the industry for the benefit of the investing public and thus will comply with the regulations imposed as may be instituted by the regulatory authorities.

7. Major risk/s involved in the business of the company.

The Fund has no subsidiary and is primarily exposed to Market Risk.

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

The Fund structures the level of market risk it accepts through a market risk policy that determines what constitutes market risk for the Fund; the basis used to determine the fair value of the financial assets and liabilities; the asset allocation and duration limit based on the Fund's chosen benchmark; diversification benchmarks by type of instrument; sets out the net exposure limits by each counterparty or group of counterparties and industry segments; reporting of market risk exposure and breaches to the monitoring authority; monitoring compliance with market risk policy and review of market risk policy for pertinence and changing environment.

Other than Market Risk, the Fund may also be exposed to Credit Risk and Liquidity.

Credit Risk

Credit Risk is the financial loss to the Fund if the counterparty to a financial instrument fails to meet its contractual obligations. The Fund invests in short-term deposits in banks, local equities and unit investment trust funds wherein the risk of default is considered minimal.

Liquidity Risk

Liquidity Risk or funding risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity may result from inability to sell financial asset quickly at their fair value; counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated. The Fund's liquidity risk is managed by holding sufficient amounts of liquid assets and with appropriate credit quality to ensure that short-term funding requirements are met. As part of the Fund's risk management, cash in bank is available on demand, receivables are collected monthly and financial assets at FVPTL can be readily disposed of whenever the need for funding arises. The Fund's total financial liabilities mature within three months and are noninterest-bearing.

8. Number of employees

FFI does not have employees of its own, as the management of the Fund, including its administrative operations, is completely handled by its Fund Manager, ABCIC.

9. Operation, investment objectives, and plans

The investment objective of FFI is to provide FFI investors with an investment that corresponds to an improved share price in the PSE. It has no business operations except for the normal trading of its shares in the PSE.

10. Management contracts

FFI has entered into an Investment Management and Distribution Agreement (IMDA) with ABCIC, a corporation registered with the SEC primarily engaged in business as an investment house. The Fund pays management fee, on a quarterly basis, equivalent to 0.50% per annum of the average net asset value of the Fund at the beginning and the end of quarter period. The agreement further provides that ABCIC will charge the Fund an administration fee at a fixed rate of Php0.05 million per month.

Frank S. Gaisano, FFI's Director, is also ABCIC's Chairman. Edward S. Go is an independent director of both FFI and ABCIC.

11. Sale of unregistered securities or exempt securities

All shares of stock issued by FFI are duly registered. There are no recent sales of unregistered securities.

12. Family relationships

Directors Frank S. Gaisano and Margaret G. Ang are siblings. There are no other relevant family relationships.

PROPERTIES

FFI has no existing real properties.

LEGALPROCEEDINGS

There is no material pending legal proceedings to which FFI is subject.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(Matters submitted during the fourth quarter of the fiscal year covered by this report)

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 STOCKHOLDER MATTERS

1. Market Information

The Fund's shares, being listed, are traded in the PSE through the PSE member stockbrokers.

Market price at the end of the day is based on the PSE's closing price (in Php/share) for the Fund.

| | High | Low | Quarter-end Close |
|------------------|------|------|-------------------|
| Year 2020 | | | |
| First Quarter | 6.11 | 6.11 | 6.11 |
| Year 2019 | | | |
| First Quarter | 8.95 | 7.84 | 7.84 |
| Second Quarter | 7.71 | 7.71 | 7.71 |
| Third Quarter | 7.72 | 7.71 | 7.71 |
| Fourth Quarter | 7.02 | 7.00 | 7.00 |
| Year 2018 | | | |
| First Quarter | 9.32 | 9.32 | 9.32 |
| Second Quarter | 8.68 | 8.65 | 8.68 |
| Third Quarter | 8.60 | 8.59 | 8.59 |
| Fourth Quarter | 7.32 | 7.32 | 7.32 |
| Year 2017 | | | |
| First Quarter | 7.73 | 7.72 | 7.72 |
| Second Quarter | 8.00 | 7.81 | 8.00 |
| Third Quarter | 8.04 | 8.04 | 8.04 |
| Fourth Quarter | 7.68 | 7.67 | 7.67 |

2. Dividends and exempt transaction

On March 26, 2018, the Board of Directors of the Company unanimously declared a cash dividend of ₱0.08 per share or amounting to ₱4,013,391.76 to all stockholders of record on the basis of the outstanding shares owned by them on the following dates:

Record Date – April 23, 2018
Payment Date – May 4, 2018

No cash/stock/property dividends were declared in 2019

The Company's declaration of cash/stock/property dividends in the future will depend on the Company's investment requirements, and unrestricted retained earnings, at the relevant time. This is the only restriction which may limit the Company's ability to pay/declare cash/stock dividends.

3. Number of Holders

FFI has a total of 5,397 stockholders owning at least one (1) share as of March 31, 2020.

4. Top 20 Shareholders

| Title of Class | Shareholder's Name | Amount of Ownership and Nature of Ownership | | Percent of Class |
|----------------|---|---|-----|------------------|
| Common A | PCD NOMINEE CORPORATION(FILIPINO) | 44,060,781 | (b) | 87.8275% |
| Common A | PCD NOMINEE CORPORATION(NON-FILIPINO) | 222,367 | (b) | 0.4432% |
| Common A | ALLEN C. ROXAS | 94,667 | (b) | 0.1887% |
| Common A | ALBERT G. ONG | 90,250 | (b) | 0.1799% |
| Common A | REYMONT INC. | 34,711 | (b) | 0.0692% |
| Common A | SEGUNDO SEANGIO AND/OR VIRGINIA SEANGIO | 32,818 | (b) | 0.0654% |
| Common A | KA SIONG TIU | 31,555 | (b) | 0.0629% |
| Common A | VICTOR, HERNANDEZ BOCALING | 31,555 | (b) | 0.0629% |
| Common A | EMMANUEL HERNANDEZ BOCALING | 25,244 | (b) | 0.0503% |
| Common A | ROMEO TAN PE | 25,244 | (b) | 0.0503% |
| Common A | INTERNATIONAL POLYMER CORP. | 22,089 | (b) | 0.0440% |
| Common A | ANTONIO SUNTAY TANJANGCO | 20,826 | (b) | 0.0415% |
| Common A | WILLINGTON W. CHUA | 20,524 | (b) | 0.0409% |
| Common A | NORBERTO VALDIVIA SAUCO | 20,195 | (b) | 0.0402% |
| Common A | ALEXANDER JO TANCHAN | 19,879 | (b) | 0.0396% |
| Common A | PATRICK YAP TONG | 18,933 | (b) | 0.0377% |
| Common A | MA. GEORGINA VERA PEREZ | 18,933 | (b) | 0.0377% |
| Common A | MELY NGO LIM | 18,933 | (b) | 0.0377% |
| Common A | JAN CED | 18,933 | (b) | 0.0377% |
| Common A | MARCIANO S. BACALLA JR. | 16,409 | (b) | 0.0327% |

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators:

- NAV Growth – Total Net Asset Value ("NAV") of FFI in 2019 grew by 0.18%, an increase of Php0.39 million from 2018. In 2018, NAV dropped by 11.32%, equivalent to a decrease of

Php27.05 million from 2017.

- b. Earnings or (Loss) per Share – Earnings or (Loss) per share is computed as Net Investment Income or (Loss) divided by the weighted average number of shares outstanding. As of the end of 2019, the Company registered a net income of Php0.39 million compared to the Php 23.04 million net loss earned in 2018. This translates to an earnings per share of Php0.01 in 2019 as against the loss per share of Php0.4593 the prior year
- c. Portfolio Quality – The Funds' portfolio should, at all times, adhere to the investment parameters as indicated in the Funds' prospectus. The Fund invests in a mix of fixed income investments, unit investment trust funds and local equities.
- d. Performance versus competition – In 2019, FFI ranked 14th among other equity mutual funds with a full year return of positive 0.23%. In 2018, FFI ranked 7th with a full year return of negative 11.36%.
- e. Market Price (MP) to Net Asset Value (NAV) - Premium of MP to NAV as of end of 2019 is at 65.00%, lower than the 73.39% recorded in 2018.

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

- a. *Any known trends, demands, commitments, events or uncertainties that will have a 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.

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

Not Applicable

- c. *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.*

Not Applicable

- d. *Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures.*

None

- e. *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.*

Interest income received by the Fund from its investments in bonds and government securities and cash dividends received from its equity investments are expected to have a favorable impact on its income.

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

None

- g. Cause for any material changes from period to period of FS which shall include vertical and horizontal analyses of any material item (5%)

There are no material changes from period to period excepts as discusses in the management's discussion on financial condition and the results of operations of the Fund.

- h. Seasonal aspects that has a Material Effect on the FS

There are no seasonal aspects that had a material effect on the financial condition or results of the operation of the Fund.

Year 2019

Total assets of the Fund increased to Php213.80 million as of December 31, 2019 from Php213.70 million of the previous year, an increase of 0.05% or Php0.10 million. Cash amounted to Php21.39 million, a significant increase from December 31, 2018 by Php12.69 million or 146.01% due mainly to the Fund's partial redemption of its investment in a Unit Investment Trust Fund (UITF). On the other hand, financial assets at fair value through profit and loss were valued at Php174.56 million, a decrease of Php30.40 million or 14.83% from Php204.96 million as of December 31, 2018, primarily due to UITF fund withdrawals and the decline in market prices of various listed equities. Moreover, total receivables amounted to Php17.85 million, an increase of Php17.81 million or 391.20% from Php0.04 million of the previous year, primarily attributed to the liquidation of certain equity positions. Deducting liabilities of Php1.53 million, net assets were valued at Php212.27 million, an increase of Php0.39 million compared to the Php211.88 million posted over the same period last year. This translated to a net asset value per share (NAVPS) of P4.2313 and Php4.2235 in 2019 and 2018, respectively.

The Fund incurred gross investment income amounting to Php6.69 million, a significant turn-around from the gross investment loss of Php17.75 million as of end of 2018. Total net trading gain of Php4.30 million were derived from the financial assets of the Fund. Dividend income earned from equity investments amounted to Php2.14 million while interest income from time deposits was at Php0.25 million. Deducting the total operating expenses incurred during the year amounting to Php6.3 million, the Fund was able to record a net investment income of Php0.39 million for the year ended 2019.

As of December 31, 2019, investment in UITF accounts represented 26.97% of total assets, with the balance accounted for by investment in equity at 54.68% and liquid assets at 18.35% of total company resources.

Year 2018

Total assets declined by 11.38% or Php27.45 million to Php213.70 million from the previous year's Php241.15 million largely due to the decline in market value of financial assets totaling Php23.39 million. Cash and receivables by the end of the year was reduced to Php4.06 million essentially due to the cash dividend payment to shareholders on May 4, 2018 amounting to Php4.01 million. Total liabilities dropped to Php1.82 million from Php2.22 million in 2017 or a total decrease of Php0.40 million or 18.11%. Total net assets amounted to Php211.88 million as of December 31, 2018 from P238.94 million of the same period of last year, down by Php27.06 million or 11.32%. This resulted to net asset value per share of Php4.2235 as compared to Php4.7628 in 2017.

The Fund reported gross investment loss of Php17.75 million, down by 164.10% or Php45.45 million, as compared to a gross income of Php27.69 million in 2017. The decline in income is attributed to net unrealized trading loss amounting to Php22.65 million while net realized gain

contributed Php1.97 million; whereas, the Fund recognized unrealized gain of Php25.06 million and a realized loss of Php0.62 million in 2017. Dividend income earned during the period amounted to Php2.91 million from Php3.23 million in 2017, a slight decline of Php0.31 million or 9.73%. Also, interest income from deposit declined to Php0.02 million from Php0.03 million in 2017. Operating expenses increased by 3.00% or Php0.15 million to Php5.28 million during the year, from previous year's Php5.13 million. The Fund recorded total net investment loss of Php23.04 million or a loss per share of Php0.4593.

As of December 31, 2018, Investment in listed equities, Unit Investment and Trust Fund and liquid assets accounts represents 58.47%, 37.44% and 4.09% of the total assets, respectively.

Year 2017

Total assets of the Fund increased to Php241.15 million as of December 31, 2017 from Php218.06 million of previous year, an increase of 10.59% (Php23.09 million). The positive variance is due to increase in market value of investment in financial assets amounting to Php15.53 million and Php7.56 million increased in cash and receivables. Deducting liabilities of Php2.22 million, net assets are valued at Php238.93 million, it went up by Php22.55 million compared to P216.38 million of the same period of last year. This posted net asset value per share (NAVPS) of Php4.7628 and Php4.3131 in 2017 and 2016, respectively.

The Fund incurred gross investment income amounted to Php27.69 million, an increase of 7,971.49% from gross investment income of Php0.34 million as of end of 2016. Total net trading gain of Php24.43 million were derived from the financial assets of the Fund. Dividend income earned from equity investments amounting of Php3.23 million and interest income from deposits at Php0.03 million. Deducting total operating expenses incurred during the year amounted to Php5.13 million thus resulting to net investment income of Php22.56 million for the year ended 2017.

As of December 31, 2017, investment in Unit Investment and Trust Fund accounts for 34.35% of total assets, leaving investment in equity at 60.34% and liquid assets at 5.31% of total company resources.

FINANCIAL STATEMENTS

The Fund's audited financial statements and schedule of investments for the year 2019 are attached hereto.

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 Company for the fiscal year covered by this report.

PARTIII – 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:

BERNARDO M. VILLEGAS – CHAIRMAN OF THE BOARD

Dr. Villegas, PhD, 81 yrs.old, Filipino, has served as a director of the Fund since 2009 up to the present, but served as Chairman/Director from 1995-2007. He holds a Bachelor of Arts Degree and a Bachelor of Science Degree from De LaSalle University (summa cum laude), and an M.A. and Ph.D.in Economics from Harvard University. He is also a Certified Public Accountant. He worked as a Professor for Economics in the University of Asia and the Pacific and as a Visiting Professor for IESE Business School in Barcelona, Spain. He was also

the Research Director of the Center for Research and Communication. Currently, he is a columnist for the Manila Bulletin and a member on the Boards of Alaska Milk Corporation, PHINMA Properties and Transnational Diversified, Inc. He also served as the Dean of the School of Economics from 1989 to 2004 and in 2001, he was the Acting Vice President for Academic Affairs of the University of Asia and the Pacific. Up to the present, he remains to be a professor in said University. He serves in boards of non-profit foundations such as the UA&P Foundation, the Dual Tech Foundation and the Philippine Foundation for Cultural and Educational Development, Inc. In 1999, he served as a member of the Preparatory Commission for Constitutional Reforms. He also became a member of the Constitutional Commission in 1986. He is author of numerous books in the fields of economic theory, economic development, business economics, strategic management, social ethics and values education.

MARGARET G. ANG – PRESIDENT

Ms. Ang, 68 yrs. old, Filipino, has served as Director of the Fund from September 2003 up to the present. She holds a Bachelor of Science degree, major in Accounting (Cum Laude), from the University of San Carlos, Cebu City and is a Certified Public Accountant. She is currently the Director and Corporate Secretary of Vicsal Development Corporation from 1982 and Director of Metro Retail Stores Group, Inc. from 2003; President of Grand Holidays, Inc. from 1980; Director and Corporate Secretary of Taft Property Venture Development Corporation from 1992, Vicsal Securities & Stock Brokerage, Inc. from 1990, Midland Development Corporation from 1991, and Pacific Mall Corporation from 2001; Director of Manila Water Consortium, Inc. from 2012; and Trustee of Vicsal Foundation, Incorporated from 1996.

FRANK S. GAISANO – DIRECTOR

Mr. Gaisano, 62 yrs. old, Filipino, has served as Director of the Fund since September 2003 up to the present. He is a holder of a Bachelor of Science degree in Civil Engineering which he received from the Cebu Institute of Technology and is a licensed Civil Engineer. He also serves as Director of Vicsal Development Corporation from 1982; Chairman of the Board and Chief Executive Officer of Metro Retail Stores Group, Inc. from 2012; Chairman of AB Capital & Investment Corporation from 2012 and Chairman of Pacific Mall Corporation from 2001; President of Vicsal Securities & Stock Brokerage from 1990; Director of Taft Property Venture Development Corporation from 1992, Taft Punta Engaño Property, Inc. from 2011, HTLand, Inc. from 2014, Midland Development Corporation from 1991, and Grand Holidays, Inc. from 1980; and a Trustee of Vicsal Foundation, Incorporated from 1996.

EDWARD S .GO – INDEPENDENT DIRECTOR

Mr. Go, 81 yrs. old, Filipino, has served as a director of the Fund since 2004 up to the present. He holds a Bachelor of Arts degree from Ateneo de Manila University (magna cum laude). He is also Chairman of the Board of Directors of Hyundai Asia Resources, Inc. and Chairman of the Board of Trustees of ASA Philippines Foundation; Independent Director of various corporations including among others: Metro Pacific Investment Corp., PLDT Communications & Energy Ventures, Inc. (PCEV), Union Galvasteel Corporation,, Vicsal Investment, Inc. and AB Capital & Investment Corporation, Mediaquest Holdings, Inc., TV5 Network, Inc., Signal TV, Inc., BusinessWorld Publishing Corp., and PhilStar Daily Inc. and is Chairman and Trustee of the PLDT Beneficial Trust Fund (BTF). He also served as a trustee of the board of trustees of the Ateneo de Manila University for sixteen years until 2014, and as Chair of said board during the last four years of his tenure.

JOHN G. TAN – INDEPENDENT DIRECTOR

Mr. Tan, 52 yrs. old, Filipino, has served as a director of the Fund since February 2008. He holds a Bachelor of Arts degree in Human Resources Management from De La Salle – College of Saint Benilde. Currently, he serves as a Director of Tanduay Distillers, Inc. and PAL Holdings and a fellow in the Institute of Corporate Directors. He was a member of the Board of Philippine National Bank from 2009 to February of 2013, Director of PNB Remittance (Company) Canada and Financial Co., HK., Board of Advisor at PNB Remittance Center, Inc. He served as Vice President of Landcom Realty Corporations for 12 years and Vice President for Operations of Philippine Airlines from 2007 to 2009.

ALJIM C. JAMANDRE – DIRECTOR

Mr. Jamandre, 61 yrs. old, Filipino, has served as director of the Fund from 2014 up to the present. He holds a B.S. Accountancy degree (Cum laude) from the University of San Carlos, MDP from the Asian Institute of Management, and a Certified Public Accountant. Currently, Group Chief Financial Officer of Vicsal Development Corporation; Director of Wealth Development Bank Corporation from 2003, Director of AB Capital & Investment Corporation from 2014, and Director of Pacific Mall Corporation from 2010; Director of Hyundai Alabang, Inc. and Hyundai Southern Mindanao, Inc.; and a Trustee of Vicsal Foundation, Incorporated from 2006.

VINCENT E. TOMANENG – DIRECTOR AND CORPORATE SECRETARY

Atty. Tomaneng, 52 yrs. old, Filipino, is a Lawyer and a Certified Public Accountant, and has served as a Director and Corporate Secretary of the Fund since 2014. He earned his Bachelor of Laws (1994) and Bachelor of Science in Accountancy (Magna Cum Laude) (1988) both from the University of San Carlos in Cebu City. He is presently the Group General Counsel of Vicsal Development Corporation and the Metro Gaisano Group of Companies. Prior to joining Vicsal and the Metro Gaisano Group in May 2003, he has worked with Sycip Salazar Hernandez & Gatmaitan Law Offices (1997 to 2003) and with Sycip Gorres Velayo & Co., CPA's (1988 to 1996). He is currently a Director of Pacific Mall Corporation from 2010, and Corporate Secretary of Metro Retail Stores Group, Inc. from 2015 and HTLand, Inc from 2014, and Vicsal Foundation, Incorporated since February 2020.

MARY JENNIFER V. MUSNI – TREASURER

Ms. Musni, 52 yrs. old, Filipino, was elected as the Treasurer of Fund on May 9, 2017. She holds a B.S. Accountancy Degree (Magna Cum Laude) from the University of San Carlos, and is a Certified Public Accountant. She is the Group Treasurer of Vicsal Development Corporation since 2011 until the present

SIGNIFICANT EMPLOYEE

FFI does not have employees of its own since management of the Fund, which includes its administrative operations, is completely being handled by its fund manager, ABCIC.

Additional Information required under Annex C of SRC Rule12:

- ❑ The incorporators of FFI are Mr. Fernando Zobel de Ayala, Mr. Luciano E. Salazar, Mr. Felipe A. Eñage, Mr. Mauro B. Blardony, Jr. and Mr. Eduardo U. Miranda.
- ❑ Messrs. Bernardo M. Villegas, Edward Go and John Tan 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.
- ❑ Each Director shall serve for a term of (one) 1 year from his election (excluding those serving the unexpired terms of resigned directors) and until his successor has been duly elected and qualified, provided, however, that any director may be removed from office at anytime with or without cause by a $\frac{3}{4}$ vote of the subscribed capital stock entitled to vote.
- ❑ Directors Frank S. Gaisano and Margaret G. Ang are siblings.
- ❑ No member of the Board of FFI has been the subject of any legal/criminal proceedings for the past five years.
 - a. 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 the bankruptcy or within two years prior to that time;

None.
 - b. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal, domestic or foreign, excluding traffic violations and other minor offenses;

None.

- c. 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.

- d. 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.

None.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Annual Compensation

| Name and Principal position | Year | Compensation (P) (perdiem) | Bonus (P) | Other Annual Compensation |
|-----------------------------------|------|----------------------------|-----------|---------------------------|
| All Directors and Officers of FFI | 2020 | *861,111 | None | None |
| | 2019 | 777,778 | None | None |
| | 2018 | 722,222 | None | None |

* Estimated compensation for 2020

Each Director and Officer is paid the amount of PhP27, 777.78 on the average, for every attendance in any meeting. Estimated aggregate directors' and officers' fee for the year 2020 is PhP861,111.00.

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

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

| Title of Class | Name and Address of Record Owner | Name of Beneficial Owner | Citizenship | No. of Shares | % of Class |
|----------------------|----------------------------------|--------------------------|-------------|---------------|------------|
| Common A 87.8275% | PCD Nominee Corporation | Various Stockholders | Filipino | 44,060,781 | |

As of March 31, 2020, Vicsal Development Corporation, as investor, owns 35,623,404 shares in the PCD Nominee Corporation representing 71.01% of the total outstanding capital stock of FFI. Mr. Frank S. Gaisano will vote for the shares of Vicsal Development Corporation.

SECURITY OWNERSHIP OF MANAGEMENT

As of December 31, 2018

| Class | Name of Beneficial Owner | Amount and Nature of Ownership | | Citizenship | Percent of Class |
|----------|---------------------------|--------------------------------|-----|-------------|------------------|
| Common A | Mr. Frank S. Gaisano | 10,518 | (b) | Filipino | 0.0210% |
| Common A | Ms. Margaret G. Ang | 10,518 | (b) | Filipino | 0.0210% |
| Common A | Mr. Edward S. Go | 10,518 | (b) | Filipino | 0.0210% |
| Common A | Mr. Bernardo M. Villegas | 10,518 | (b) | Filipino | 0.0210% |
| Common A | Mr. John G. Tan | 10,518 | (b) | Filipino | 0.0210% |
| Common A | Mr. Aljim C. Jamandre | 5,631 | (b) | Filipino | 0.0112% |
| Common A | Atty. Vincent E. Tomaneng | 5,000 | (b) | Filipino | 0.0100% |

CHANGES IN CONTROL

There are no existing arrangements which may result in a change in control of FFI.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Please refer to the Note 18 of the Financial Statements for the Related Party Transactions.

PARTIV – CORPORATE GOVERNANCE

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

FFI has adopted a Manual of Corporate Governance ever since the SEC has mandated this requirement. The said Manual was amended on September 30, 2010 and was further supplemented on March 21, 2011 in compliance with the directive of the Securities and Exchange Commission. FFI has also adopted an Anti-Money Laundering Operating Manual on September 30, 2010. On 24 September 2012, FFI has approved the Charter for its Audit Committee pursuant to the SEC Memorandum Circular No. 4, series of 2012.

On December 17, 2014, FFI approved the changes in the Third Amended Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 9, Series of 2014. On April 7, 2017, FFI has approved its Fourth Amended Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 19 Series of 2016.

FFI has also adopted the following policies:

1. Charter of the Board of Directors
2. Code of Business Conduct and Ethics
3. Nomination Committee Charter
4. Anti-Corruption and Bribery Policy
5. Whistle Blowing Policy
6. Data Privacy Policy (pursuant to the Data Privacy Act of 2012)
7. Policy on Related Party Transactions

Since FFI has no employees, its Fund Manager, ABCIC, through its Compliance Officer, continually monitors the actions of, and ensures the compliance by, ABCIC employees responsible for the management of FFI.

No deviations from the Manuals of FFI on Corporate Governance and Anti-Money Laundering have been observed.

The Fund Manager, ABCIC, through its Compliance Officer, is continually updated with the latest provisions of corporate governance and will suggest any relevant additions or deletions to management.

EXTERNAL AUDIT FEES

Audit fees for fiscal years 2019 amounted to PhP368,012.00, an increase of PhP17,524.00 from PhP350,488 in 2018, exclusive of VAT and out of pocket expenses. The Company did not avail of other services from the external auditor for 2019 and 2018.

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 Audit Committee then agrees on the fees to be charged by the external auditors.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

ABCIC, being the lead foreign financial institution of an Expanded Affiliate Group (EAG), has created a FATCA account for FFI. FFI has been registered since 26 June 2014 and has been issued a Global Intermediary Identification Number (GIIN) in compliance with FATCA requirements and the SEC Memorandum Circular No. 8-2014.

FFI, in coordination with its Fund Manager, ABCIC, is regularly reviewing its policies and systems to enable it to comply with the FATCA requirement.

PARTV – EXHIBITSANDSCHEDULES

EXHIBITSANDREPORTSONSECFORM17-C

1. Exhibits *NONE*
2. Reports on SECForm17-C (*for the last six month period covered by this report*)


A Current Report on SEC Form 17-C was filed on February 18, 2020 disclosing the matters discussed in the regular meeting of the Fund's Board of Directors held on December 5, 2018.


A Current Report on SEC Form 17-C was filed on April __, 2020 disclosing the matters discussed in the regular meeting of the Fund's Board of Directors held on April __, 2020.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Cebu, Philippines on _____.

By:


MARGARET G. ANG
President


MARY JENNIFER V. MUSNI
Treasurer


VINCENTE TOMANENG
Corporate Secretary/Director

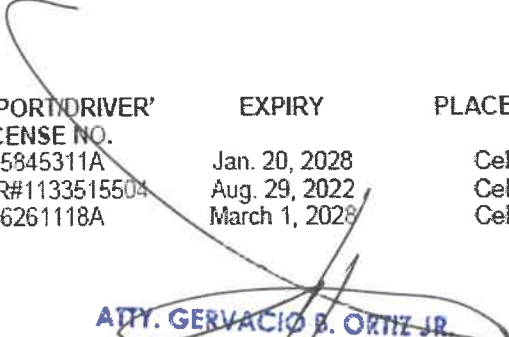
Republic of the Philippines)
Cebu City) S.S.

SUBSCRIBED AND SWORN to before me this _____ day of _____ affiants exhibiting to me their identifications, as follows:

JUL 07 2020

| NAMES | PASSPORT/DRIVER'S LICENSE NO. | EXPIRY | PLACE OF ISSUE |
|------------------------|-------------------------------|---------------|----------------|
| Margaret G. Ang | P5845311A | Jan. 20, 2028 | Cebu City |
| Mary Jennifer V. Musni | DL OR#1133515504 | Aug. 29, 2022 | Cebu City |
| Vincent E. Tomaneng | P6261118A | March 1, 2028 | Cebu City |

Doc. No. 46
Page No. 1
Book No. XV
Series of 2020.


ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2020
IBP No. 05729, Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Dei Pilar, Makati City

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 1 1 9 0 3 8 5

COMPANY NAMEF I L I P I N O F U N D , I N C . (A C l o s e d -
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)U n i t s 1 9 1 1 - 1 9 1 2 , 1 9 t h F l o o r ,
P S E T o w e r , 5 t h A v e n u e c o r n e r
2 8 t h s t r e e t , B o n i f a c i o G l o b a l
C i t y , T a g u i g C i t y

Form Type

A A F S

Department requiring the report

C F D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

| | | |
|--------------------------|--------------------------------------|---------------------------|
| Company's Email Address | Company's Telephone Number | Mobile Number |
| info@filipinofund.com.ph | 898-7522 | N/A |
| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
| 5,403 | Every 2 nd Tuesday of May | December 31 |

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

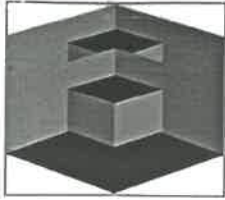
| | | | |
|---------------------------|-------------------------|--------------------|---------------|
| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
| Mr. Gerard Martin F. Abad | gfabad@abcapital.com.ph | 898-7528 | N/A |

CONTACT PERSON'S ADDRESSUnits 1210-1212, 12th Floor, PSE Tower, 5th Avenue corner 28th St., Bonifacio Global City, Taguig

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.





Filipino Fund, Inc

**FILIPINO FUND, INC.
STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of Filipino Fund, Inc. (the Fund) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017, 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 the assessing the Fund's ability to continue as a going concern, disclosing, as applicable manners 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.

The Board of Directors (BOD) is responsible for overseeing the Fund's financial reporting process.

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

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the Fund in accordance with Philippine Standards on Auditing (PSA), and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.


Bernardo M. Villegas
Chairman


Margaret Gaisano-Ang
President


Mary Jennifer V. Musni
Treasurer

Signed this 18th of June 2020 

SUBSCRIBED AND SWORN to before me this _____
their Residence Certificate/Passport IDs as follows:

JUN 29 2020

affiants exhibiting to me

| Name | Com. Tax Cert. No./Passport No. | Date of Issue | Place of Issue |
|------------------------|------------------------------------|----------------------------|----------------|
| Bernardo M. Villegas | EC 7789082 | MAY 22, 2016 | DFA MANILA |
| Margaret Gaisano-Ang | CTC 11084238 | 31 January 2020 | CEBU CITY |
| Mary Jennifer V. Musni | DL OR#1133515504 | VALID TIL MARCH 1, 2022 | CEBU CITY |

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Book No. 2020 XIV

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
until December 31, 2020
IBP No. 05729 Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8116014 Jan. 2, 2020
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filipino Fund, Inc.
Units 1911-1912, 19F, PSE Tower
5th Avenue corner 28th Street, Bonifacio Global City
Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Filipino Fund, Inc. (the Fund), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2019, and a summary of significant accounting policies and other explanatory information.

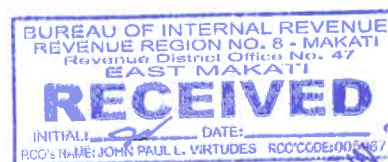
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to report.



Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report

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

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

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

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

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.



JUN 30 2020



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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine



JUN 30 2020



that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Fund. 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.

The engagement partner on the audit resulting in this independent auditor's report is Janet A. Paraiso.

SYCIP GORRES VELAYO & CO.

Janet A. Paraiso

Janet A. Paraiso
Partner

CPA Certificate No. 92305

SEC Accreditation No. 0778-AR-3 (Group A),
June 19, 2018, valid until June 18, 2021

Tax Identification No. 193-975-241

BIR Accreditation No. 08-001998-62-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125203, January 7, 2020, Makati City

June 18, 2020



JUN 18 2020



FILIPINO FUND, INC.
STATEMENTS OF FINANCIAL POSITION

| | December 31 | |
|--|---------------------|--------------|
| | 2019 | 2018 |
| ASSETS | | |
| Cash and cash equivalents (Note 6) | ₱21,385,709 | ₱8,692,882 |
| Financial assets at fair value through profit or loss (Note 7) | 174,561,064 | 204,960,456 |
| Receivables (Note 8) | 17,854,105 | 45,523 |
| | ₱213,800,878 | ₱213,698,861 |
| LIABILITIES | | |
| Accounts payable and accrued expenses (Note 9) | ₱1,530,497 | ₱1,816,489 |
| EQUITY (Note 10) | | |
| Capital stock | 105,272,397 | 105,272,397 |
| Additional paid-in capital | 94,361,124 | 94,361,124 |
| Retained earnings | 61,835,185 | 61,447,176 |
| Treasury stock | (49,198,325) | (49,198,325) |
| | 212,270,381 | 211,882,372 |
| | ₱213,800,878 | ₱213,698,861 |
| Net Asset Value Per Share (Note 10) | ₱4.2312 | ₱4.2235 |

See accompanying Notes to Financial Statements.



FILIPINO FUND, INC.**STATEMENTS OF COMPREHENSIVE INCOME**

| | Years Ended December 31 | | |
|--|-------------------------|----------------------|--------------------|
| | 2019 | 2018 | 2017 |
| INVESTMENT INCOME (LOSS) | | | |
| Trading gains (losses) - net (Note 7) | ₱4,300,952 | (₱20,680,367) | ₱24,434,820 |
| Dividend income (Note 7) | 2,140,368 | 2,911,645 | 3,225,331 |
| Interest income (Note 6) | 250,655 | 16,479 | 33,772 |
| | 6,691,975 | (17,752,243) | 27,693,923 |
| OPERATING EXPENSES | | | |
| Management and administration fees (Notes 17 and 18) | 1,686,814 | 1,834,539 | 2,294,727 |
| Professional and legal fees (Note 13) | 1,162,646 | 1,070,488 | 1,121,076 |
| Transaction fees (Note 12) | 851,303 | 212,813 | 142,731 |
| Directors' fees (Note 18) | 777,778 | 722,222 | 441,176 |
| Postage and courier | 307,536 | 77,679 | 126,700 |
| Advertising and publicity | 257,214 | 252,820 | 195,295 |
| Membership fee | 251,000 | 256,000 | 258,000 |
| Donation (Note 18) | 200,000 | 200,000 | 200,000 |
| Meetings | 96,250 | 93,254 | 99,489 |
| Taxes and licenses | 16,330 | 103,897 | 53,961 |
| Miscellaneous (Note 14) | 646,964 | 460,424 | 197,187 |
| | 6,253,835 | 5,284,136 | 5,130,342 |
| INVESTMENT INCOME (LOSS) BEFORE INCOME TAX | 438,140 | (23,036,379) | 22,563,581 |
| PROVISION FOR INCOME TAX (Note 16) | 50,131 | 3,296 | 6,754 |
| NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)* | ₱388,009 | (₱23,039,675) | ₱22,556,827 |
| Basic and Diluted Earnings (Losses) Per Share (Note 11) | ₱0.0077 | (₱0.4593) | ₱0.4496 |

*There were no other comprehensive income (loss) items in 2019, 2018 and 2017.

See accompanying Notes to Financial Statements.



FILIPINO FUND, INC.**STATEMENTS OF CHANGES IN EQUITY**

| | Capital Stock (Note 10) | Additional Paid-in Capital (Note 10) | Retained Earnings (Note 10) | Treasury Stock (Note 10) | Total |
|--|-----------------------------------|--|---|--|--------------|
| Balances as at | | | | | |
| January 1, 2019 | ₱105,272,397 | ₱94,361,124 | ₱61,447,176 | (₱49,198,325) | ₱211,882,372 |
| Net income/total comprehensive income for the year | — | — | 388,009 | — | 388,009 |
| Balances as at | | | | | |
| December 31, 2019 | ₱105,272,397 | ₱94,361,124 | ₱61,835,185 | (₱49,198,325) | ₱212,270,381 |
| Balances as at | | | | | |
| January 1, 2018 | ₱105,272,397 | ₱94,361,124 | ₱88,500,243 | (₱49,198,325) | ₱238,935,439 |
| Net loss/total comprehensive income for the year | — | — | (23,039,675) | — | (23,039,675) |
| Cash dividends paid (Note 10) | — | — | (4,013,392) | — | (4,013,392) |
| Balances as at | | | | | |
| December 31, 2018 | ₱105,272,397 | ₱94,361,124 | ₱61,447,176 | (₱49,198,325) | ₱211,882,372 |
| Balances as at | | | | | |
| January 1, 2017 | ₱105,272,397 | ₱94,361,124 | ₱65,943,416 | (₱49,198,325) | ₱216,378,612 |
| Net income/total comprehensive income for the year | — | — | 22,556,827 | — | 22,556,827 |
| Balances as at | | | | | |
| December 31, 2017 | ₱105,272,397 | ₱94,361,124 | ₱88,500,243 | (₱49,198,325) | ₱238,935,439 |

See accompanying Notes to Financial Statements.



FILIPINO FUND, INC.
STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | | |
|--|-------------------------|--------------------|--------------------|
| | 2019 | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Investment income (loss) before income tax | ₱438,140 | (₱23,036,379) | ₱22,563,581 |
| Adjustments for: | | | |
| Unrealized trading loss (gain) (Note 7) | 6,440,293 | 22,645,941 | (25,058,711) |
| Interest income (Note 6) | (250,655) | (16,479) | (33,772) |
| Dividend income (Note 7) | (2,140,368) | (2,911,645) | (3,225,331) |
| Decrease (increase) in: | | | |
| Financial assets at fair value through profit or loss | 23,959,099 | 741,769 | 9,525,229 |
| Receivables | (17,725,895) | 576,063 | (576,063) |
| Increase (decrease) in accounts payable and accrued expenses | (285,992) | (401,798) | 534,394 |
| Net cash generated from operations | 10,434,622 | (2,402,528) | 3,729,327 |
| Interest received | 244,509 | 16,479 | 33,772 |
| Dividend received | 2,063,827 | 2,898,360 | 3,219,961 |
| Income tax paid (Note 16) | (50,131) | (3,296) | (6,754) |
| Net cash provided by operating activities | 12,692,827 | 509,015 | 6,976,306 |
| CASH FLOWS FROM FINANCING ACTIVITY | | | |
| Cash dividends paid (Note 10) | - | (4,013,392) | - |
| NET INCREASE (DECREASE) IN CASH IN BANK | 12,692,827 | (3,504,377) | 6,976,306 |
| CASH IN BANK AT BEGINNING OF YEAR | 8,692,882 | 12,197,259 | 5,220,953 |
| CASH IN BANK AT END OF YEAR (Note 6) | ₱21,385,709 | ₱8,692,882 | ₱12,197,259 |

See accompanying Notes to Financial Statements.



FILIPINO FUND, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Filipino Fund, Inc. (the Fund) was incorporated in the Philippines on May 9, 1991 primarily to establish and carry on the business of a closed-end investment company. On March 28, 1995, the Fund was registered with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1960, or Republic Act (R.A.) No. 2629, and the Revised Securities Act, also known as Batas Pambansa Blg. 178.

The Fund's investment manager is AB Capital and Investment Corporation(ABCIC), a corporation registered with the SEC, licensed to deal and trade in equity and debt securities and other financial instruments traded in the Philippine Stock Exchange (PSE).

The Fund's principal place of business is at Units 1911-1912, 19F, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City.

The Fund is 71% owned by its ultimate parent company, Vicsal Development Corporation (VDC), a corporation duly organized in the Philippines to engage in buying, selling, distributing and marketing at wholesale and retail in so far as may be permitted by law all kinds of goods, commodities and merchandise of every kind.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund's 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, which is the Fund's functional currency.

All values are rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

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

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Fund has adopted the following new accounting pronouncements beginning January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Fund's financial position or performance.

- PFRS 16, *Leases*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*



- *Annual Improvements to PFRSs 2015-2017 Cycle*
 - *Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation*
 - *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 - *Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Significant Accounting Policies

Cash and Cash Equivalents

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

Fair Value Measurement

The Fund measures certain financial instruments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). 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 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.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid - ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

For assets and liabilities not listed in an active market, the Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For purposes of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of hierarchy (see Note 5).

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Fund recognizes a financial asset and a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the transaction date. Securities are recognized on trade date.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities includes transaction costs.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where non-market observable data is used, the difference between the transaction price and model value is only recognized in the statement of comprehensive income 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 their contractual cash flows characteristics and the Fund's business model for managing such financial assets. The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and financial assets measured at amortized cost (AC).

Contractual cash flows characteristics test

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

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), how these risks are managed and how managers, if any, of the business are compensated.

As at December 31, 2019 and 2018, based on the results of the contractual cash flows characteristics test and business model assessment, the Fund classifies its cash and cash equivalents, dividends receivable, interest receivable, and due from broker as financial assets at amortized cost and its financial assets held for trading as financial assets at FVTPL.

As of December 31, 2019 and 2018, the Fund has no financial assets at FVOCI.

Financial assets at amortized cost

A debt financial asset is measured at amortized cost if (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 SPPI 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 the statement of comprehensive income and is calculated by applying the EIR to the gross carrying amount of the financial asset.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if its cash flows are not SPPI and/or it is held under a business model whose objective is to sell financial assets. The Fund may designate as at FVTPL, a financial asset that would otherwise qualify to be classified as at amortized cost or as at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch. 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 gains (losses) - net' account in profit or loss. Dividend income is reported in profit or loss under 'Dividend income' when the right to receive payment has been established.

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 as 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, 2019 and 2018, the Fund has no financial liabilities at FVTPL.



Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset 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 risk and rewards of the asset but has transferred the control over the asset.

Financial liability

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

Impairment of Financial Assets

Expected credit loss

PFRS 9 requires the Fund to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represents 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 (30 days but less than 90 days past due) or credit-impaired. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of the financial asset.

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 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. 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. The Fund considers a financial asset as in default when contractual payments are ninety (90) days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund.

Writeoff

A financial asset is written off when there is no reasonable expectation of recovering its contractual cashflows.



Policy applicable prior to January 1, 2018

The Fund assesses at each statement of financial position date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more event that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Trading gains (losses)

Trading gain (loss) represents results arising from trading activities, including all gains and losses from changes in the fair values of financial assets held for trading.

Unrealized gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments which were realized in the reporting period.



Gains and losses on disposals of financial instruments at FVPL are calculated using weighted average method and represent the difference between an instrument's initial carrying amount and disposal amount.

Interest income

Interest income is recognized in the statement of comprehensive income as it accrues, taking into consideration the effective yield of the asset.

Dividend income

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

Expense Recognition

Expenses are recognized when it is probable that a decrease in future economic benefits related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably.

Management and Administration Fees

Management fees are being charged to the Fund as a percentage of its net asset value and are recognized based on the accrual method of accounting. Administration fees are being charged at a fixed amount per month.

Income Taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss, except to the extent that it is related to OCI items recognized directly in the statement of comprehensive income.

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 taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at reporting date. Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with few exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and 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 benefits of unused tax credits and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting 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 each reporting 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 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 reporting date.

Equity

Capital stock is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the 'Additional paid-in capital' account in the statement of financial position.

Retained Earnings

Retained earnings represent the accumulated income of the Fund less dividends to stockholders.

Treasury Shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Fund's own equity instruments. Any difference between the carrying amount and the consideration is recognized in equity.

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 shares issued and outstanding as at the reporting date.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing 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 as of December 31, 2019, 2018 and 2017.

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 cash dividend is recognized as a liability in the period in which it is approved by the Fund's board of directors (BOD). A stock dividend is recognized as an addition to capital stock.

Segment Reporting

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

Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event and 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 liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.



Events after the Reporting Date

Any post year-end events up to the date of approval of the BOD of the financial statements that provide additional information about the Fund's position at the reporting date (adjusting events) are reflected in the financial statements. Post statement of financial position date events that are not adjusting events, if any, are disclosed when material to the financial statements.

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 Fund's financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- 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*

3. Significant Accounting Estimates and Judgments

The preparation of the financial statements in compliance with PFRS requires the Fund to make use of estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and liabilities, if any. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The Fund does not have significant accounting judgments which have the most significant effect on the amounts recognized in the financial statements.

Estimates

Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Historically, the Fund has been in a tax loss position. Management believes that the Fund will continue to be in a tax loss position as the items comprising the Fund's investment income are either tax-exempt or subject to final tax. As of December 31, 2019 and 2018, the Fund did not recognize



deferred tax asset amounting to ₱4.72 million and ₱4.50 million, respectively, on NOLCO as management believes that the benefit from such asset will not be realized prior to its expiration (see Note 16).

4. Financial Risk Management Objectives and Policies

Governance Framework

The Fund has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risks. It also supports the effective implementation of the Fund's risk management policies.

The policies define the Fund's identification of risks and its interpretation to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

Risk Management Framework

The Fund's risk management personnel have developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Fund is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly the anticipated impact on the statement of financial position and statement of comprehensive income, are reported to the Fund's management.

Management then considers the aggregate impact of the overall capital requirement revealed by the stress test to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

The Fund's objective is to achieve medium-term capital growth through investing in a selection of investment securities. The Fund seeks to provide a high level of current income, consistent with the preservation of capital and liquidity by observing regulatory guidelines and applying risk-mitigating controls.

All investment securities present a risk of loss of capital. The Investment Manager manages this risk through a careful selection of equity and debt securities within specified limits. The Fund's overall market positions are monitored on a daily basis by the Fund's Investment Manager and are reviewed on a quarterly basis.

Regulatory Framework

The operations of the Fund are subject to the regulatory requirements of the SEC and Bureau of Internal Revenue (BIR). Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., investment portfolios, capital requirements, etc.).

Financial Risk

The Fund is exposed to financial risks through its holdings of financial instruments. The most significant components of this financial risk are credit risk, liquidity risk and market risk.

The market risk that the Fund primarily faces due to the nature of its investments is equity price risk.



Credit Risk

Credit risk is the risk of financial loss to the Fund if the counterparty to a financial instrument fails to meet its contractual obligations.

Maximum exposure to credit risk before collateral held or other credit enhancements

The carrying values of the Fund's financial assets, as reflected in the statements of financial position and related notes, represent the financial assets' maximum exposure to credit risk. As of December 31 2019 and 2018, all of the Fund's debt financial assets at amortized cost are Stage 1 financial assets. The ECL for the Fund's cash in bank and receivables is not material.

As of December 31, 2019 and 2018, the Fund does not hold collateral on its financial assets.

Concentration of credit risk

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

| | 2019 | | |
|------------------------|---------------------------|--------------------|--------------------|
| | Cash and cash equivalents | Receivables | Total |
| Corporate: | | | |
| Financial institutions | ₱21,385,709 | ₱45,440 | ₱21,431,149 |
| Services | – | 17,755,095 | 17,755,095 |
| Holding firms | – | 53,570 | 53,570 |
| Total | ₱21,385,709 | ₱17,854,105 | ₱39,239,814 |

| | 2018 | | |
|------------------------|---------------------------|----------------|-------------------|
| | Cash and cash equivalents | Receivables | Total |
| Corporate: | | | |
| Financial institutions | ₱8,692,882 | ₱9,403 | ₱8,702,285 |
| Holding firms | – | 36,120 | 36,120 |
| Total | ₱8,692,882 | ₱45,523 | ₱8,738,405 |

As of December 31, 2019 and 2018, the Fund has no impaired receivables.

The Fund adopted the internal credit rating process of its investment manager in assessing the credit quality of the Fund's investments.

Cash and cash equivalents and receivables are considered high grade since these are low risk investments and the counterparties have no history of default.

Liquidity Risk

Liquidity or funding risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result either from the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Fund's liquidity risk is managed by holding sufficient amounts of liquid assets and assets with appropriate credit quality to ensure that short-term funding requirements are met. As part of the Fund's risk management, cash in bank is available on demand, receivables are collected monthly and financial assets at FVTPL can be readily disposed of whenever the need for funding arises. The Fund's total financial liabilities mature within three months and are noninterest-bearing.



Market Risk

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

The Fund's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investment, diversification plan and limits on investments.

The Fund structures the levels of market risk it accepts through a market risk policy that determines what constitutes market risk for the Fund; the basis used to determine the fair value of financial assets and liabilities; diversification benchmarks by type of instrument; the net exposure limits by each counterparty or group of counterparties and industry segments; reporting of market risk exposures and breaches to the monitoring authority; monitoring of compliance with market risk policy and review of market risk policy for pertinence and changing environment.

Equity price risk

The Fund's equity price risk emanates from its securities in proprietary accounts classified as financial assets at FVTPL. The Fund measures the sensitivity of its quoted equity securities with the fluctuations in the Philippine Stock Exchange index (PSEi).

The following tables set forth the impact of changes in the PSEi on the Fund's trading gains or losses on its quoted equity securities as of December 31, 2019 and 2018.

| | 2019 | |
|--|-------------------|---------------------|
| Changes in PSEi | 8.12% | (8.12%) |
| Change in equity under: | | |
| Holding firms | ₱3,257,750 | (₱3,257,750) |
| Financials | 1,913,191 | (1,913,191) |
| Property | 932,689 | (932,689) |
| Industrial | 719,924 | (719,924) |
| Mining and oil | 838,853 | (838,853) |
| Services | 853,078 | (853,078) |
| Total | ₱8,515,486 | (₱8,515,486) |
| As a percentage of the Fund's unrealized trading gains (losses) in equity securities at FVTPL | (101.79%) | 101.79% |
| | 2018 | |
| Changes in PSEi | 13.30% | (13.30%) |
| Change in equity under: | | |
| Holding firms | ₱5,016,976 | (₱5,016,976) |
| Financials | 3,502,122 | (3,502,122) |
| Property | 2,420,397 | (2,420,397) |
| Industrial | 2,054,592 | (2,054,592) |
| Mining and oil | 1,195,679 | (1,195,679) |
| Services | 1,081,174 | (1,081,174) |
| Total | ₱5,016,976 | (₱5,016,976) |
| As a percentage of the Fund's unrealized trading gains (losses) in equity securities at FVTPL | (62.90%) | 62.90% |



The sensitivity analyses above show the effect of the assumed changes in the PSEi on the trading gains (losses) for one year, based on the beta of equity securities at each reporting date. The sensitivity of trading gains (losses) is calculated by revaluing the market rate using the beta of the equity securities at the reporting dates for the effects of the assumed changes in PSEi.

The Fund measures the sensitivity of its investments in UITF through the fluctuations in NAV per share.

The following tables set forth the impact of the reasonably possible change in NAV per share of the Fund's investments in UITF:

| | Changes in price quotation (in basis points) | | | |
|------------------|---|-------------------|-----------------|-------------------|
| | + 100 | -100 | + 50 | - 50 |
| Change in equity | | | | |
| 2019 | ₱576,516 | (₱576,516) | ₱288,258 | (₱288,258) |
| 2018 | 800,086 | (800,086) | 400,043 | (400,043) |

5. Fair Value of Financial Assets and Liabilities

As of December 31, 2019 and 2018, all of the financial assets and liabilities of the Fund have carrying amounts which approximate their fair values.

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

Cash and cash equivalents and receivables- Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Financial assets at FVTPL -The fair values are based on closing prices published by the PSE for quoted equity securities and the published NAV per unit for investments in UITF.

Accounts payable and accrued expenses - Accruals for professional and management and administration fees and other liabilities have carrying amounts that approximate their fair values as these are short-term in nature.

The following tables summarize the fair values of financial assets, analyzed based on the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- 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



| 2019 | | | | | |
|--------------------------------------|---------------------|---------------------|--------------------|-----------|---------------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | | |
| Financial assets at FVTPL | | | | | |
| Quoted equity securities | ₱116,909,441 | ₱116,909,441 | ₱- | ₱- | ₱116,909,441 |
| Investments in UITF | 57,651,623 | - | 57,651,623 | - | 57,651,623 |
| | ₱174,561,064 | ₱116,909,441 | ₱57,652,623 | ₱- | ₱174,561,064 |
| 2018 | | | | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | | |
| Financial assets at FVTPL | | | | | |
| Quoted equity securities | ₱124,951,857 | ₱124,951,857 | ₱- | ₱- | ₱124,951,857 |
| Investments in UITF | 80,008,599 | - | 80,008,599 | - | 80,008,599 |
| | ₱204,960,456 | ₱124,951,857 | ₱80,008,599 | ₱- | ₱204,960,456 |

There were no transfers between fair value hierarchy levels in 2019 and 2018.

6. Cash and Cash Equivalents

This account consists of:

| | 2019 | 2018 |
|-----------------------|--------------------|-------------------|
| Cash in Bank | ₱11,328,160 | ₱8,692,882 |
| Short Term Placements | 10,057,549 | - |
| | ₱21,385,709 | ₱8,692,882 |

Cash in bank earns interest at the prevailing bank deposit rates. Short term placements are made for varying periods of up to less than two months depending on the immediate cash requirements of the Fund and earn interest ranging from 2.00% to 5.80% in 2019.

Interest income earned on cash and cash equivalents amounted to ₱0.25 million, ₱0.02 million and ₱0.03 million in 2019, 2018 and 2017, respectively.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of:

| | 2019 | 2018 |
|-------------------------------|---------------------|---------------------|
| Quoted equity securities | ₱116,909,441 | ₱124,951,857 |
| Investments in UITF (Note 19) | 57,651,623 | 80,008,599 |
| | ₱174,561,064 | ₱204,960,456 |

Investments in UITF are managed by AB Capital and Investment Corporation - Trust and Investments Division (ABCIC - TID), with no guaranteed rate of return. The Fund's participation in the UITFs is expressed in terms of number of units of participation.



Breakdown of the investments in UITF follows:

| | 2019 | | |
|---|-----------------|-------------|---------------|
| | Short-term fund | Equity fund | Balanced fund |
| NAV attributable to the Fund's investment | ₱54,426,323 | ₱1,878,653 | ₱1,346,647 |
| Outstanding units | 48,721,913 | 583,159 | 1,250,000 |
| NAV per share | ₱1.1171 | ₱3.2215 | ₱1.0773 |

| | 2018 | | |
|---|-----------------|-------------|---------------|
| | Short-term fund | Equity fund | Balanced fund |
| NAV attributable to the Fund's investment | ₱76,911,222 | ₱1,782,204 | ₱1,315,173 |
| Outstanding units | 71,201,766 | 583,159 | 1,250,000 |
| NAV per share | ₱1.0802 | ₱3.0561 | ₱1.0521 |

The short-term fund is redeemable within a short period. The equity fund is designed to achieve superior returns for its participants by investing primarily in equity securities listed in the PSE. The balanced fund has a portfolio mix of fixed-income investments and equity securities listed in the PSE.

Breakdown of trading gains (losses) - net follows:

| | 2019 | 2018 | 2017 |
|------------|-------------|---------------|-------------|
| Realized | ₱10,741,245 | ₱1,965,574 | (₱623,891) |
| Unrealized | (6,440,293) | (22,645,941) | 25,058,711 |
| | ₱4,300,952 | (₱20,680,367) | ₱24,434,820 |

Dividend income earned from quoted equity securities under financial assets at FVTPL amounted to ₱2.14 million, ₱2.91 million and ₱3.23 million in 2019, 2018 and 2017, respectively.

8. Receivables

This account consists of:

| | 2019 | 2018 |
|---------------------------|-------------|---------|
| Due from broker (Note 18) | ₱17,725,895 | ₱- |
| Dividends receivable | 122,064 | 45,523 |
| Interest Receivable | 6,146 | - |
| | ₱17,854,105 | ₱45,523 |

Due from broker pertains to receivable from trade of FVTPL securities transactions on December 27, 2019 which is expected to be settled on Trade Date +3 while interest receivable include the interest earned from short term placements.



9. Accounts Payable and Accrued Expenses

This account consists of:

| | 2019 | 2018 |
|------------------------------------|-------------------|-------------------|
| Financial Liabilities | | |
| Accrued expenses (Notes 17 and 18) | ₱704,701 | ₱1,278,514 |
| Other liabilities | 772,325 | 466,448 |
| | 1,477,026 | 1,744,962 |
| Non-financial Liabilities | | |
| Withholding tax payable | 19,989 | 38,044 |
| Other liabilities | 33,482 | 33,483 |
| | 53,471 | 71,527 |
| | ₱1,530,497 | ₱1,816,489 |

Accrued expenses include accruals for management and administration fees, legal and professional fees. Other financial liabilities mainly represents dividends payable to stockholders.

10. Equity

The Fund's capital stock consists of:

| | 2019 | 2018 |
|--|--------------------|--------------------|
| Capital stock - ₱1 par value | | |
| Authorized - 184,234,038 common shares in 2019 and 2018 | | |
| Issued and fully paid-105,272,397 shares, at par | ₱105,272,397 | ₱105,272,397 |
| Treasury stock - 55,105,000 shares, at cost | (49,198,325) | (49,198,325) |
| | ₱56,074,072 | ₱56,074,072 |

NAV per share is computed as follows:

| | 2019 | 2018 |
|------------------------------|----------------|----------------|
| Net asset value | ₱212,270,381 | ₱211,882,372 |
| Number of shares outstanding | 50,167,397 | 50,167,397 |
| NAV per share | ₱4.2312 | ₱4.2235 |

On March 26, 2018, the BOD of the Fund declared cash dividends of ₱4.01 million or ₱0.08 per share to all stockholders of record on the basis of the outstanding shares owned by them as of April 23, 2018. The dividends were paid on May 4, 2018.

The total number of stockholders of the Fund is 5,403 and 5,414 as of December 31, 2019 and 2018, respectively.

Determination of retained earnings available for dividend declaration

Retained earnings of the Fund amounted to ₱61.84 million and ₱61.45 million as of December 31, 2019 and 2018, respectively. Retained earnings available for dividend declaration is determined by the Fund in accordance with SEC Memorandum Circular No. 11 issued in December 2001. Under the said SEC Circular, dividends shall be declared out of unrestricted retained earnings,



adjusted for unrealized items which are considered not available for dividend declaration. As of December 31, 2019 and 2018, the total unappropriated retained earnings available for dividend declaration amounted to ₱0 and ₱1.01 million, respectively.

The Fund's declaration of cash or stock dividends in the future will depend on the Fund's investment requirements, and unrestricted retained earnings, at the relevant time. These are the only restriction which may limit the Fund's ability to pay, declare cash or stock dividends.

Capital Management

The primary objective of the Fund's capital management is to ensure that its funds are invested in outlets that deliver superior returns with a relatively low degree of volatility and high level of capital preservation in order to have a more responsive NAV per share and to improve its share price in the stock exchange.

The Fund manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2019 and 2018.

The Fund considers its total equity as reported in the statements of financial position as capital.

Minimum Paid-in Capital Requirement

Section 13 of the Revised Investment Company Act requires every registered investment company to maintain a paid-in capital, which shall remain unimpaired at all times, of no less than ₱50.00 million.

As of December 31, 2019 and 2018, the Fund is compliant with the above externally-imposed capital requirement.

11. Basic and Diluted Earnings (Losses) Per Share

Basic and diluted earnings (losses) per share amounts were computed as follows:

| | 2019 | 2018 | 2017 |
|---|-------------------|---------------|-------------|
| Net income (loss) | ₱388,009 | (₱23,039,675) | ₱22,556,827 |
| Weighted average number of common shares outstanding | 50,167,397 | 50,167,397 | 50,167,397 |
| Basic and diluted earnings (loss) per share | ₱0.0077 | (₱0.4593) | ₱0.4496 |

As of December 31, 2019, 2018 and 2017, there were no potential common shares or other instruments with a dilutive effect on the basic earnings (losses) per share.



12. Transaction Fees

This account consists of:

| | 2019 | 2018 | 2017 |
|---------------------------------|-----------------|----------|----------|
| Stock transaction tax (Note 18) | ₱478,013 | ₱116,539 | ₱80,951 |
| Commissions (Note 18) | 352,160 | 90,773 | 57,622 |
| Transaction fees (Note 18) | 7,043 | 1,870 | 2,305 |
| SCCP* fees (Note 18) | 14,087 | 3,631 | 1,853 |
| | ₱851,303 | ₱212,813 | ₱142,731 |

*Securities Clearing Corporation of the Philippines

13. Professional and Legal Fees

This account consists of expenses incurred for legal, accounting and stock transfer services provided to the Fund amounting to ₱1.16 million, ₱1.07 million and ₱1.12 million in 2019, 2018 and 2017, respectively.

14. Miscellaneous Expenses

This account consists of:

| | 2019 | 2018 | 2017 |
|---------------------------|-----------------|----------|----------|
| Printing and photocopy | ₱282,417 | ₱230,831 | ₱- |
| Unrecoverable input VAT | 248,504 | 145,789 | 123,716 |
| Transportation and travel | - | 15,460 | 20,290 |
| Training and seminar | - | 11,745 | 1,071 |
| Miscellaneous expense | 116,043 | 56,599 | 52,110 |
| | ₱646,964 | ₱460,424 | ₱197,187 |

15. Maturity Analysis of Assets and Liabilities

All assets and liabilities of the Fund are due to be realized and settled within one year from the reporting date.

16. Provision for Income Tax

Provision for income tax pertains to the 20.00% final withholding tax on gross interest income from cash in bank and short term placements.

The provision for income tax consists of final tax amounting to ₱50,131, ₱3,296 and ₱6,754 in 2019, 2018 and 2017, respectively.

Current tax regulations provide that the RCIT rate is 30.00% while interest expense allowed as a deductible expense is 33.00% of interest income subject to final tax.



The regulations also provide for an MCIT of 2.00% of modified gross income and NOLCO. The MCIT and NOLCO may be applied against the Fund's income tax liability and taxable income, respectively, over a three-year period from the year of inception.

Details of the Fund's NOLCO, which is available for offset against future taxable income, follow:

| Inception Year | Amount | Expired | Balance | Expiry Year |
|----------------|--------------------|---------------------|--------------------|-------------|
| 2016 | 5,044,573 | (5,044,573) | – | 2019 |
| 2017 | 4,925,675 | – | 4,925,675 | 2020 |
| 2018 | 5,021,809 | – | 5,021,809 | 2021 |
| 2019 | 5,527,318 | – | 5,527,318 | 2022 |
| | ₱20,519,375 | (₱5,044,573) | ₱15,474,802 | |

As of December 31, 2019 and 2018, the Fund did not recognize deferred tax asset amounting to ₱4.72 million and ₱4.50 million, respectively, on NOLCO since management believes that the benefit from such asset will not be realized prior to its expiration.

The reconciliation of income tax computed at the statutory tax rate to provision for income tax follows:

| | 2019 | 2018 | 2017 |
|---|--------------------|---------------------|-------------------|
| Statutory income tax (tax loss) | ₱131,442 | (₱6,910,914) | ₱6,769,074 |
| Tax effect of: | | | |
| Tax-exempt loss (income) | (1,932,396) | 5,330,617 | (8,298,045) |
| Change in unrecognized deferred tax asset | 1,658,196 | 1,506,543 | 1,477,703 |
| Non-deductible expenses | 217,955 | 78,698 | 61,399 |
| Tax-paid income | (25,066) | (1,648) | (3,377) |
| | ₱50,131 | ₱3,296 | ₱6,754 |

17. Investment Management Agreement

The Fund's investment manager is ABCIC. In 2018, the Fund and ABCIC mutually agreed to pay management fee at a rate of 0.50% per annum of the average net asset value of the Fund at the beginning and end of the quarter period. Further, the agreement provides that ABCIC will charge the Fund an administration fee at a fixed rate of ₱0.05 million per month.

In 2019, 2018 and 2017, the Fund recognized management and administration fees amounting to ₱1.69 million, ₱1.83 million and ₱2.29 million, respectively (see Note 18).

Management fees and administration fees payable (included in 'Accounts payable and accrued expenses') amounted to ₱0.23 million and ₱0.64 million as of December 31, 2019 and 2018, respectively (see Note 18).



18. 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 the parties are subject to common control or common significant influence, referred to as affiliates. Related parties may be individuals or corporate entities.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly. The Fund considers directors to constitute key management personnel.

The significant transactions and outstanding balances of the Fund with related parties follow:

| Category | December 31, 2019 | | Terms and Conditions/Nature |
|--------------------------------------|-------------------|-------------------------|--|
| | Amount/ Volume | Outstanding Balances | |
| <i>Parent Company</i> | | | |
| VDC | | | |
| Miscellaneous expense | ₱1,078 | ₱- | Various expenses advanced by VDC on behalf of the Fund. |
| <i>Entities under common control</i> | | | |
| VII | | | |
| Miscellaneous expense | 27,196 | 19,485 | Various expenses advanced by VII for the Fund. |
| ABCIC | | | |
| Management and administration fees | 1,686,814 | 228,334 | Management fees incurred for management services rendered by ABCIC computed as 0.5% of the NAV and administration fees (Note 17). The outstanding balance is net of withholding tax. |
| Miscellaneous expense | 90,646 | 22,312 | Various miscellaneous expenses advanced by ABCIC for the Fund. |
| AB Capital Securities, Inc. | | | |
| Commission expense | 352,160 | - | Commission paid to AB Capital Securities, Inc. for buy and sell of equity securities transactions at the rate of 0.25% of gross purchase price/selling price. |
| Purchases | 61,194,483 | - | FVTPL trade transactions due on Trade date +3. |
| Sales | 79,668,819 | 17,725,895 | FVTPL trade transactions due on Trade date +3. |
| ABCIC-TID | | | |
| Investments in UITF | - | 57,651,623 | Investments managed by ABCIC - TID. |
| Wealthbank | | | |
| Short-term placements | | 10,057,548 | Short-term placements with Wealthbank with term ranging from 7 days to 39 days. |
| Interest Income | 192,994 | 6,146 | Interest income earned from short-term placements ranging from 2.00% to 5.80%. |
| Vicsal Foundation, Inc. | | | |
| Donation | 200,000 | - | Donation to Vicsal Foundation, Inc. |
| <i>Key management personnel</i> | | | |
| Directors | | | |
| Directors' fees | 777,778 | - | Fees paid to the members of the Fund's BOD at a fixed amount of ₱27,778 per director for every attendance in BOD meetings. |



| December 31, 2018 | | | |
|--------------------------------------|-------------------|-------------------------|--|
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| <u>Parent Company</u> | | | |
| VDC | | | |
| Accrued expenses | ₱2,732 | ₱97,488 | Various expenses advanced by VDC on behalf of the Fund. |
| <u>Entities under common control</u> | | | |
| VII | | | |
| Miscellaneous expense | 14,985 | 14,985 | Various miscellaneous expenses advanced by VII for the Fund including replenishment of petty cash. |
| ABCIC | | | |
| Management and administration fees | 1,834,539 | 643,183 | Management fees incurred for management services rendered by ABCIC computed as 0.5% of the NAV and administration fees (Note 17). The outstanding balance is net of withholding tax. |
| Miscellaneous expenses | 4,783 | 2,517 | Various miscellaneous expenses advanced by ABCIC for the Fund. |
| AB Capital Securities, Inc. | | | |
| Commission expense | 90,733 | - | Commission paid to AB Capital Securities, Inc. for buy and sell of equity securities transactions at the rate of 0.25% of gross purchase price/selling price. |
| Purchases | 11,131,570 | | FVTPL trade transactions due on Trade date +3. |
| Sales | 18,513,292 | | FVTPL trade transactions due on Trade date +3. |
| ABCIC – TID | | | |
| Investments in UITF | | 80,008,599 | Investments managed by ABCIC – TID. |
| Vicsal Foundation, Inc. | | | |
| Donation | 200,000 | - | Donation to Vicsal Foundation, Inc. |
| <u>Key management personnel</u> | | | |
| Directors | | | |
| Directors' fees | 722,222 | - | Fees paid to the members of the Fund's BOD at a fixed amount of ₱27,778 per director for every attendance in BOD meetings. |

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2019 and 2018, the Fund has not recorded any provision for impairment of receivables from related parties. This assessment is undertaken each year by examining the financial position of the related party.

19. Segment Information

The Fund has only one operating segment. The table below shows the analyses of the Fund's operating income (loss) per investment type:

| | 2019 | 2018 | 2017 |
|---------------------------|-------------------|----------------------|--------------------|
| Cash in bank (Note 6) | ₱250,655 | ₱16,479 | ₱33,772 |
| Quoted equity securities* | 3,798,288 | (19,429,042) | 26,212,542 |
| Investments in UITF | 2,643,032 | 1,660,320 | 1,447,609 |
| | ₱6,691,975 | (₱17,752,243) | ₱27,693,923 |

*Includes trading gain (loss) and dividend income



Management monitors the operating results of the Fund for the purpose of making decisions about resource allocation and performance assessment.

20. Approval for the Release of the Financial Statements

The accompanying financial statements of the Fund were approved and authorized for issue by the BOD on June 18, 2020.

21. Event after the reporting period

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020 for NCR and other areas. Subsequent to May 15, 2020, the NCR and certain areas had been subjected to modified enhanced community quarantine. Beginning June 1, 2020, NCR and certain areas were put under general community quarantine until June 15, 2020, which was subsequently extended to June 30, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. The Company will continue to monitor the situation.

22. Report on the Supplementary Information Required Under Revenue Regulations (RR)15-2010

In compliance with RR 15-2010, the Fund presents the information below on taxes, duties and license fees paid or accrued during the taxable year.

Taxes and Licenses

The Fund's taxes and licenses amounting to ₱16,330 pertain to business permits and documentary stamp taxes paid by the Fund in 2019.

Withholding Taxes

Total remittances of the Fund in 2019 on expanded withholding taxes amounted to ₱346,549, with an outstanding balance of ₱26,530 as of December 31, 2019.

Stock Transaction Taxes

Total stock transaction tax of the Fund for the sale of equity shares amounted to ₱478,013 in 2019.

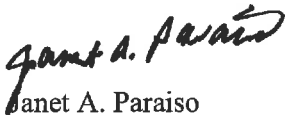


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filipino Fund, Inc.
Units 1911-1912, 19F, PSE Tower
5th Avenue corner 28th Street, Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filipino Fund, Inc. (the Fund) as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019 and have issued our report thereon dated June 18, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Fund's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso
Partner
CPA Certificate No. 92305
SEC Accreditation No. 0778-AR-3 (Group A),
June 19, 2018, valid until June 18, 2021
Tax Identification No. 193-975-241
BIR Accreditation No. 08-001998-62-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 8125203, January 7, 2020, Makati City

June 18, 2020



FILIPINO FUND INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2019

Schedules Required under Revised Securities Regulation Code Rule 68

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| Part 2 | | |
| A | Financial Assets <i>(Part II 7D, Annex 68-J, A)</i> | 6-7 |
| B | Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties) <i>(Part II 7D, Annex 68-J, B)</i> | 8 |
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| E | Indebtedness to Related Parties (included in the consolidated statement of financial position) <i>(Part II 7D, Annex 68-J, E)</i> | 11 |
| F | Guarantees of Securities of Other Issuers <i>(Part II 7D, Annex 68-J, F)</i> | 12 |
| G | Capital Stock <i>(Part II 7D, Annex 68-J, G)</i> | 13 |



FILIPINO FUND, INC.
Unit 1009-1011, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

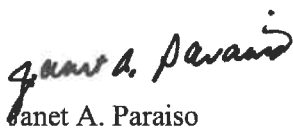
| | |
|--|--------------|
| Unappropriated Retained Earnings, <i>as adjusted to available for dividend declaration, beginning (before deducting treasury shares)</i> | ₱50,212,858 |
| Add: Net income during the period closed to Retained Earnings | 388,009 |
| Less: Unrealized fair value gain | (1,925,469) |
| Net investment income actually earned during the year | (1,537,460) |
| Less: Treasury shares | (49,198,325) |
| Dividend Declaration | 0 |
| TOTAL AVAILABLE UNAPPROPRIATED RETAINED EARNINGS FOR DIVIDEND | ₱0 |

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filipino Fund, Inc.
Units 1911-1912, 19F, PSE Tower
5th Avenue corner 28th Street, Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filipino Fund, Inc. (the Fund) as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 18, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Fund's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Fund's financial statements as at December 31, 2019 and 2018 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso
Partner

CPA Certificate No. 92305

SEC Accreditation No. 0778-AR-3 (Group A),

June 19, 2018, valid until June 18, 2021

Tax Identification No. 193-975-241

BIR Accreditation No. 08-001998-62-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 8125203, January 7, 2020, Makati City

June 18, 2020



FILIPINO FUND, INC.
SCHEDULE SHOWING FINANCIAL SOUNDNESS INDICATORS IN TWO
COMPARATIVE PERIODS UNDER REVISED SRC RULE 68

| | 2019 | 2018 |
|-------------------------|------------|------------|
| Current/liquidity ratio | 139.69:1.0 | 117.64:1.0 |
| Solvency ratio | 0.01:1.0 | 0.01:1.0 |
| Debt-to-equity ratio | 0.01:1.0 | 0.01:1.0 |
| Asset-to-equity ratio | 1.01:1.0 | 1.01x |
| Profit margin | 5.80% | 129.77% |
| Return on assets | 0.18% | -10.13% |
| Return on equity | 0.18% | -10.22% |

^(a)Current ratio is the measure of current assets to current liabilities.

^(b)Solvency ratio is measured as total liabilities to total assets.

^(c)Debt to equity ratio is measured as total liabilities to total equity.

^(d) Asset to equity ratio is measured as total assets divided by total equity.

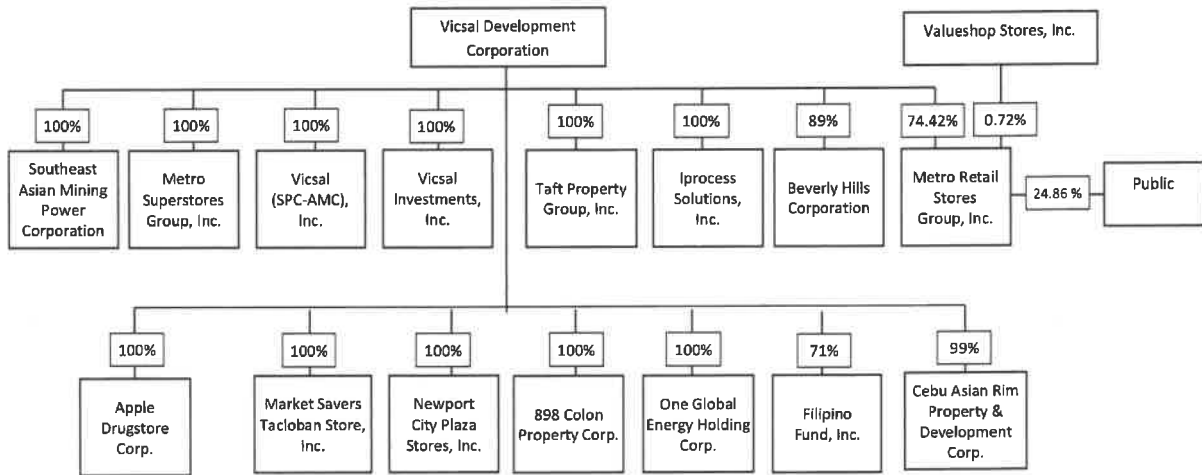
^(e) Profit margin is derived by dividing net income (loss)with total revenues.

^(f) Return on assets is measured by dividing net income (loss)over average total assets.

^(g) Return on equity is derived by dividing net income (loss)over average equity.



FILIPINO FUND, INC.
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE FUND
AND ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
PERIODS UNDER REVISED SRC RULE 68,
DECEMBER 31, 2019



FILIPINO FUND, INC.
TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING SECURITIES
ON AN INVESTEE COMPANY
DECEMBER 31, 2019

| INVESTEE COMPANY | 2019 | 2018 |
|---|-----------|-----------|
| Ayala Corporation | 0.001803% | 0.001204% |
| Aboitiz Equity Ventures, Inc. | 0.000877% | 0.000540% |
| Alliance Global Group, Inc. | 0.002596% | 0.001893% |
| AllHome Corp. | 0.006667% | - |
| Ayala Land, Inc. | 0.000951% | 0.002460% |
| Banco de Oro Unibank, Inc. | 0.000616% | 0.000717% |
| Bank of the Philippine Islands | 0.000447% | 0.000192% |
| China Banking Corporation | 0.001888% | 0.001888% |
| DMCI Holdings, Inc. | 0.004279% | - |
| East West Banking Corporation | - | 0.004133% |
| First Gen Corporation | 0.002770% | 0.006088% |
| Fruitas Holdings, Inc. | 0.074988% | - |
| GT Capital Holdings, Inc. | 0.003980% | 0.004232% |
| Integrated Micro-Electronics, Inc. | 0.006375% | 0.009983% |
| International Container Terminal Services, inc. | 0.000261% | 0.000831% |
| Jollibee Foods Corporation | 0.000775% | - |
| JG Summit Holdings, Inc. | 0.000188% | 0.000286% |
| LT Group, Inc. | 0.000433% | 0.000433% |
| Metropolitan Bank & Trust Company | 0.005757% | 0.006762% |
| Megaworld Corporation | 0.001334% | 0.001802% |
| Manila Electric Company | 0.001207% | 0.001207% |
| Metro Pacific Investment Corporation | 0.001752% | 0.000295% |
| Metro Retail Stores Group, Inc. | 0.076574% | 0.076574% |
| Megawide Construction Corp | 0.004691% | 0.004637% |
| Nickel Asia Corporation | 0.005860% | - |
| Philex Mining Corporation | - | 0.007084% |
| Puregold Price Club, Inc. | 0.002531% | 0.001808% |
| Pilipinas Shell Petroleum Corporation | 0.003719% | - |
| Robinsons Retail Holdings Inc | 0.001459% | 0.001205% |
| Semirara Mining Corporation | 0.009137% | 0.009137% |
| Security Bank Corporation | 0.000531% | - |
| SM Investment Corporation | 0.000428% | 0.001125% |
| San Miguel Food and Beverage, Inc. | 0.000170% | 0.001016% |
| San Miguel Corporation "A" | 0.000802% | 0.000339% |
| SM Prime Holdings, Inc. | 0.000346% | 0.000082% |
| Universal Robina Corporation | 0.000227% | 0.000681% |

FILIPINO FUND, INC.
PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET
VALUE
DECEMBER 31, 2019

| COMPANY | 2019 | 2018 |
|--|------------------|-------------------|
| Ayala Corporation | 4.181530% | 3.228206% |
| Aboitiz Equity Ventures, Inc. | 1.198519% | 0.789117% |
| Alliance Global Group, Inc. | 1.400714% | 1.067102% |
| AllHome Corp. | 1.370893% | - |
| Ayala Land, Inc. | 3.000890% | 6.946071% |
| Banco de Oro Unibank, Inc. | 2.009701% | 1.934816% |
| Bank of the Philippine Islands | 0.834815% | 0.384194% |
| China Banking Corporation | 0.598310% | 0.648459% |
| DMCI Holdings, Inc. | 1.769037% | - |
| East West Banking Corporation | - | 0.522318% |
| First Gen Corporation | 1.137700% | 2.091521% |
| Fruitas Holdings, Inc. | 0.912044% | - |
| GT Capital Holdings, Inc. | 3.419197% | 3.881458% |
| Integrated Micro-Electronics, Inc. | 0.525414% | 1.107394% |
| International Container Terminal Services, inc. | 0.316244% | 0.789117% |
| Jollibee Foods Corporation | 0.864935% | - |
| JG Summit Holdings, Inc. | 0.513873% | 0.538908% |
| LT Group, Inc. | 0.264692% | 0.367440% |
| Metropolitan Bank & Trust Company | 8.086730% | 10.281926% |
| Megaworld Corporation | 0.812313% | 1.302492% |
| Manila Electric Company | 2.030995% | 2.439089% |
| Metro Pacific Investment Corporation | 0.906598% | 0.203660% |
| Metro Retail Stores Group, Inc. | 2.610284% | 3.086024% |
| Megawide Construction Corp | 0.747736% | 0.846059% |
| Nickel Asia Corporation | 1.277616% | - |
| Philex Mining Corporation | - | 0.510425% |
| Puregold Price Club, Inc. | 1.367007% | 1.014714% |
| Pilipinas Shell Petroleum Corporation | 0.927119% | - |
| Robinsons Retail Holdings Inc | 0.866819% | 0.717379% |
| Semirara Mining Corporation | 4.025018% | 4.224843% |
| Security Bank Corporation | 0.367456% | - |
| SM Investment Corporation | 2.530476% | 5.867465% |
| San Miguel Food and Beverage, Inc. | 0.402835% | 2.324365% |
| San Miguel Corporation "A" | 1.473347% | 0.559881% |
| SM Prime Holdings, Inc. | 1.983320% | 0.398750% |
| Universal Robina Corporation | 0.341546% | 0.899084% |

FILIPINO FUND, INC.
SCHEDULE A – FINANCIAL ASSETS
As of December 31, 2019

Financial Assets at Fair Value through Profit or Loss

| <i>Name of issuing entity</i> | <i>Number of shares or units</i> | <i>Amount shown in the balance sheet</i> | <i>Income received and accrued*</i> |
|--|----------------------------------|--|-------------------------------------|
| <i>Quoted Equity Securities</i> | | | |
| <i>Ayala Corporation</i> | <i>11,300</i> | <i>8,876,150</i> | <i>93,790</i> |
| <i>Aboitiz Equity Ventures, Inc.</i> | <i>49,400</i> | <i>2,544,100</i> | <i>24,288</i> |
| <i>Alliance Global Group, Inc.</i> | <i>255,000</i> | <i>2,973,300</i> | <i>-</i> |
| <i>Ayala Land, Inc.</i> | <i>140,000</i> | <i>6,370,000</i> | <i>109,850</i> |
| <i>Banco de Oro Unibank, Inc.</i> | <i>27,000</i> | <i>4,266,000</i> | <i>41,305</i> |
| <i>Bank of the Philippine Islands</i> | <i>20,160</i> | <i>1,772,064</i> | <i>41,382</i> |
| <i>China Banking Corporation</i> | <i>50,700</i> | <i>1,270,035</i> | <i>44,616</i> |
| <i>DMCI Holdings, Inc.</i> | <i>568,100</i> | <i>3,755,141</i> | <i>-</i> |
| <i>San Miguel Food and Beverage, Inc.</i> | <i>10,060</i> | <i>855,100</i> | <i>28,096</i> |
| <i>First Gen Corporation</i> | <i>100,000</i> | <i>2,415,000</i> | <i>121,990</i> |
| <i>Fruitas Holdings, Inc.</i> | <i>1,600,000</i> | <i>1,936,000</i> | <i>-</i> |
| <i>GT Capital Holdings, Inc.</i> | <i>8,569</i> | <i>7,257,943</i> | <i>23,805</i> |
| <i>AllHome Corp.</i> | <i>250,000</i> | <i>2,910,000</i> | <i>-</i> |
| <i>International Container Terminal Services, inc.</i> | <i>5,220</i> | <i>671,292</i> | <i>1,100</i> |
| <i>Integrated Micro-Electronics, Inc.</i> | <i>141,356</i> | <i>1,115,299</i> | <i>14,902</i> |
| <i>Jollibee Foods Corporation</i> | <i>8,500</i> | <i>1,836,000</i> | <i>11,475</i> |
| <i>JG Summit Holdings, Inc.</i> | <i>13,500</i> | <i>1,090,800</i> | <i>18,685</i> |
| <i>LT Group, Inc</i> | <i>46,900</i> | <i>561,862</i> | <i>14,070</i> |
| <i>Metropolitan Bank & Trust Company</i> | <i>258,910</i> | <i>17,165,733</i> | <i>229,124</i> |
| <i>Megaworld Corporation</i> | <i>430,000</i> | <i>1,724,300</i> | <i>33,639</i> |
| <i>Manila Electric Company</i> | <i>13,600</i> | <i>4,311,200</i> | <i>218,389</i> |
| <i>Metro Pacific Investments Corp.</i> | <i>553,000</i> | <i>1,924,440</i> | <i>19,247</i> |

| <i>Name of issuing entity</i> | <i>Number of shares or units</i> | <i>Amount shown in the balance sheet</i> | <i>Income received and accrued*</i> |
|--|----------------------------------|--|-------------------------------------|
| <i>Metro Retail Stores Group, Inc.</i> | <i>2,626,000</i> | <i>5,540,860</i> | <i>157,560</i> |
| <i>Megawide Construction Corp</i> | <i>96,900</i> | <i>1,587,222</i> | <i>-</i> |
| <i>Nickel Asia</i> | <i>800,000</i> | <i>2,712,000</i> | <i>-</i> |
| <i>Pilipinas Shell Petroleum Corporation</i> | <i>60,000</i> | <i>1,968,000</i> | <i>180,000</i> |
| <i>Puregold Price Club, Inc.</i> | <i>73,000</i> | <i>2,901,750</i> | <i>51,200</i> |
| <i>Robinsons Retail Holdings, Inc.</i> | <i>23,000</i> | <i>1,840,000</i> | <i>16,560</i> |
| <i>San Miguel Corp.</i> | <i>19,070</i> | <i>3,127,480</i> | <i>29,498</i> |
| <i>Security Bank Corporation</i> | <i>4,000</i> | <i>780,000</i> | <i>20,250</i> |
| <i>Semirara Mining Corporation</i> | <i>388,360</i> | <i>8,543,920</i> | <i>485,450</i> |
| <i>SM Investments Corporation</i> | <i>5,150</i> | <i>5,371,450</i> | <i>94,848</i> |
| <i>SM Prime Holdings, Inc</i> | <i>100,000</i> | <i>4,210,000</i> | <i>7,000</i> |
| <i>Universal Robina Corporation</i> | <i>5,000</i> | <i>725,000</i> | <i>8,250</i> |
| <i>Subtotal</i> | <i>8,761,755</i> | <i>116,909,441</i> | <i>2,140,368</i> |
| <i>Investments in UITF</i> | | | |
| <i>Short-term fund</i> | <i>48,721,913</i> | <i>54,426,323</i> | <i>-</i> |
| <i>Equity Fund</i> | <i>583,159</i> | <i>1,878,653</i> | <i>-</i> |
| <i>Balanced Fund</i> | <i>1,250,000</i> | <i>1,346,647</i> | <i>-</i> |
| <i>Subtotal</i> | <i>50,555,072</i> | <i>57,651,623</i> | <i>-</i> |
| <i>Total</i> | | <i>174,561,064</i> | <i>2,140,368</i> |

**Represents dividend income for quoted equity securities*

FILIPINO FUND, INC.
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
As of December 31, 2019

| Name and Designation of Debtor | Balance at Beginning of the Period | Additions | Amounts Collected | Amounts Written-off | Current | Not Current | Balance at End of the Period |
|---------------------------------------|---|------------------|--------------------------|----------------------------|----------------|--------------------|-------------------------------------|
|---------------------------------------|---|------------------|--------------------------|----------------------------|----------------|--------------------|-------------------------------------|

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH
ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
As of December 31, 2019

| Name and Designation of debtors | Balance at beginning of period | Additions | Amounts collected (i) | Amounts written off (ii) | Current | Not Current | Balance at end of the period |
|--|---------------------------------------|------------------|------------------------------|---------------------------------|----------------|--------------------|-------------------------------------|
|--|---------------------------------------|------------------|------------------------------|---------------------------------|----------------|--------------------|-------------------------------------|

NOT APPLICABLE

FILIPINO FUND, INC.
SCHEDULE D – LONG TERM DEBT
As of December 31, 2019

| Title of Issue and type of obligation (i) | Amount authorized by indenture | Amount shown under caption “Current portion of Long-Term Debt” in related balance sheet (ii) | Amount shown under caption “Long-Term Debt” in related balance sheet (iii) | Interest Rate | Maturity Date |
|--|---|---|---|----------------------|--------------------------|
|--|---|---|---|----------------------|--------------------------|

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG TERM LOANS FROM RELATED PARTIES)
As of December 31, 2019

| Name of Related Party (i) | Balance at the Beginning of the Period | Balance at the End of the Period (ii) |
|--------------------------------------|---|--|
|--------------------------------------|---|--|

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUES
As of December 31, 2019

| Name of issuing entity of securities guaranteed by the Fund for which the statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding (i) | Amount owned by person for which statement if filed | Nature of guarantee (ii) |
|---|--|--|--|-------------------------------------|
|---|--|--|--|-------------------------------------|

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE G – CAPITAL STOCK
As of December 31, 2019

| Title of Issue | Number of Shares Authorized | Number of Shares Issued and Outstanding at shown under related Balance Sheet caption* | Number of Shares reserved for Options, Warrants, Conversion and Other Rights | Number of Shares Held by related parties | Directors, Officers, and Employees | Others |
|---|------------------------------------|--|---|---|---|-------------------|
| FILIPINO FUND INCORPORATED – Common Shares | 184,234,038 | 50,167,397 | - | 35,623,406 | 63,221 | 14,480,770 |

**Net of treasury shares*

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

| | |
|--|--|
| Company Details | |
| Name of Organization | FILIPINO FUND, INC. |
| Location of Headquarters | Units 1911-1912, 19 th Floor, PSE Tower, 5 th Avenue corner 28 th Street., Bonifacio Global City, Taguig City 1630 |
| Location of Operations | Units 1911-1912, 19 th Floor, PSE Tower, 5 th Avenue corner 28 th Street., Bonifacio Global City, Taguig City 1630 |
| Report Boundary: Legal entities (e.g. subsidiaries) included in this report* | This Sustainability Report covers only Filipino Fund, Inc. (“FFI”), as it has no subsidiaries. |
| Business Model, including Primary Activities, Brands, Products, and Services | FFI has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. FFI’s services include investments in equities, UITFs and high-grade fixed income securities. |
| Reporting Period | January to December 2019 |
| Highest Ranking Person responsible for this report | Margaret G. Ang – President |

*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.

Materiality Process

| |
|---|
| Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹⁴ |
| As explained, FFI has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. FFI, therefore, identified material topics by assessing what may reasonably be considered important for reflecting the organization’s economic, environmental, and social impacts, if any, or influencing the decisions of stakeholders based on its limited operations. |

¹⁴ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

| Disclosure | Amount | Units |
|--|-----------|-------|
| Direct economic value generated (revenue) | 6,691,975 | PhP |
| Direct economic value distributed: | | |
| a. Operating costs | 5,212,943 | PhP |
| b. Employee wages and benefits | - | PhP |
| c. Payments to suppliers, other operating costs | - | PhP |
| d. Dividends given to stockholders and interest payments to loan providers | - | PhP |
| e. Taxes given to government | 891,023 | PhP |
| f. Investments to community (e.g. donations, CSR) | 200,000 | PhP |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|--|
| <p>FFI has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. The post-restructuring investment objective of the Fund is to provide original FFI investors with a repackaged investment which would now have a more responsive net asset value per share which should correspond to an improved share price in the stock exchange. The investment objective of FFI is to provide FFI investors with an investment that corresponds to an improved share price in the PSE.</p> | <p>Stockholders</p> | <p>FFI has engaged a fund manager, AB Capital & Investment Corporation ("ABCIC"), which possesses the necessary experience, training, skill and expertise in assessing financial investments. Also, FFI's relatively smaller size allows it to be more flexible in navigating the financial markets. Furthermore, FFI is likewise prepared to change its strategy to adopt to changes in market conditions. Unlike pure equity funds (which suffer when the stock market is in a downtrend) or pure fixed income funds (which miss out when the stock market booms or suffer when interest rates rise quickly) or even balanced funds (which, for some, have to maintain a certain ratio or have equity limits), FFI's strategy is able to change more freely.</p> |

| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|--|
| <p>FFI is primarily exposed to Market Risk.</p> <p>Market Risk is the risk of the change in the fair value of the financial instruments from fluctuations in market interest rates (fair value interest risk) and market prices (equity price risk), whether such change in the price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Other than Market Risk, the Fund may also be exposed to Credit Risk and Liquidity.</p> <p>Credit Risk is the financial loss to FFI if the counterparty to a financial instrument fails to meet its contractual obligations.</p> <p>Liquidity Risk or funding risk is the risk that FFI will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity may result from inability to sell financial asset quickly at their fair value; counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.</p> | <p>Stockholders</p> | <p>To mitigate market risk, FFI structures the level of market risk it accepts through a market risk policy that determines what constitutes market risk for the Fund; the basis used to determine the fair value of the financial assets and liabilities; the asset allocation and duration limit based on the Fund's chosen benchmark; diversification benchmarks by type of instrument; sets out the net exposure limits by each counterparty or group of counterparties and industry segments; reporting of market risk exposure and breaches to the monitoring authority; monitoring compliance with market risk policy and review of market risk policy for pertinence and changing environment.</p> <p>To mitigate credit risk, FFI invests in short-term deposits in banks, private debt securities and government securities wherein the risk of default is considered minimal.</p> <p>To mitigate liquidity risk, all financial assets and financial liabilities of FFI are to be realized and settled within one year from the respective statement of financial position dates. FFI has no interest-bearing financial liabilities. Hence, the carrying values of FFI's financial liabilities approximate their undiscounted contractual future payments.</p> |

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|--|
| For 2020, we are taking a more cautious stance as the COVID-19 pandemic has injected an element of uncertainty in the market due to the difficulty in projecting the end of the virus outbreak, This development has sent global growth and earnings forecasts on downgrade mode for the year and next due to a perceived combination of supply chain, demand and even financial shocks. | Stockholders | <p>Because of this, we intend to maintain a healthy level of liquidity and cash position to:</p> <ul style="list-style-type: none"> • mitigate risk from increasing volatility (growth slowdown and regulatory); • have ample funds for possible tactical trading opportunities when exaggerated sell-offs happen; and • to be able to take advantage of special TD rates when available. |

Climate-related risks and opportunities¹⁵

| Governance | Strategy | Risk Management | Metrics and Targets |
|--|-----------------|-----------------|---------------------|
| Given the nature of FFI's business, FFI is not exposed to climate-related risks. | Not applicable | Not applicable. | Not applicable |
| Recommended Disclosures | | | |
| Not applicable | Not applicable. | Not applicable. | Not applicable |

¹⁵ Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non- financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

¹⁶ For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

| Disclosure | Quantity | Units |
|--|------------|-------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | Immaterial | 0% |

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, FFI does not materially engage in the procurement of supplies. | Not applicable. | Not applicable. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable. | Not applicable. | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable. | Not applicable. | Not applicable. |

Anti-corruption

Training on Anti-corruption Policies and Procedures

| Disclosure | Quantity | Units |
|--|------------------------------|-------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to | 0* *FFI has no employees. | 0% |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | 1 | 100%% |
| Percentage of directors and management that have received anti-corruption training | 2 | 100% |
| Percentage of employees that have received anti-corruption Training | 0* *FFI has no employees | 0% |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|

| | | |
|---|----------------------------------|---|
| As an investment company, FFI has to ensure that its financial investments are made objectively and with the increase of FFI's share price in mind, | Stockholders | FFI has an Anti-Corruption and Bribery Policy, a Whistle Blowing Policy and a Code of Business Conduct and Ethics that have been communicated to ABCIC. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| There is a minor risk of financial investments not being made objectively, i.e. with fair analysis of market conditions and profitability. | Stockholders | FFI has an Anti-Corruption and Bribery Policy that has been communicated to ABCIC. FFI likewise has evaluated its fund manager's experience in financial investments. |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| FFI sees as an opportunity continued monitoring of the actions of and compliance by ABCIC and its employees with the pertinent policies. | Stockholders | FFI shall continue to monitor the actions of and compliance by ABCIC and its employees with the pertinent policies. |

Incidents of Corruption

| Disclosure | Quantity | Units |
|--|----------|-------|
| Number of incidents in which directors were removed or disciplined for corruption | 0 | # |
| Number of incidents in which employees were dismissed or disciplined for corruption | 0 | # |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | 0 | # |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| There have been no incidents of corruption in FFI, whether concerning directors or business partners. | Not applicable | Not applicable |

| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---|
| FFI has no employees due to non-operation, hence the risk is insignificant. Nonetheless, there is risk that employees of ABCIC, which manages the operations, of FFI may be involved in incidents of corruption | Stockholders Government | The company has an Anti-Corruption and Bribery Policy that has been communicated to ABCIC. Since FFI has no employees, its Fund Manager, through its Compliance Officer, continually monitors the actions of, and ensures the compliance by ABCIC employees responsible for the management of FFI. FFI continually monitors and evaluates its fund manager's performance. |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| FFI sees as an opportunity continued monitoring of the actions of and compliance by ABCIC and its employees with the pertinent policies. | Stockholders Government | FFI shall continue to monitor the actions of and compliance by ABCIC and its employees with the pertinent policies. |

ENVIRONMENT

Resource Management

Energy consumption within the organization:

| Disclosure | Quantity | Units |
|--|----------|-------|
| Energy consumption (renewable sources) | 0 | GJ |
| Energy consumption (gasoline) | 0 | GJ |
| Energy consumption (LPG) | 0 | GJ |
| Energy consumption (diesel) | 0 | GJ |
| Energy consumption (electricity) | 0 | kWh |

Reduction of energy consumption

| Disclosure | Quantity | Units |
|--------------------------------|----------|-------|
| Energy reduction (gasoline) | 0 | GJ |
| Energy reduction (LPG) | 0 | GJ |
| Energy reduction (diesel) | 0 | GJ |
| Energy reduction (electricity) | 0 | kWh |
| Energy reduction (gasoline) | 0 | GJ |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and FFI does not have any employees, FFI does not consume energy of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable. |

Water consumption within the organization

| Disclosure | Quantity | Units |
|---------------------------|----------|--------------|
| Water withdrawal | 0 | Cubic meters |
| Water consumption | 0 | Cubic meters |
| Water recycled and reused | 0 | Cubic meters |

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and FFI does not have any employees, FFI does not consume water. | Not applicable | Not applicable |

| | | |
|--|----------------------------------|---------------------|
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Materials used by the organization

| Disclosure | Quantity | Units |
|---|----------|-----------|
| Materials used by weight or volume | | |
| • Renewable | 0 | kg/liters |
| • non-renewable | 0 | kg/liters |
| Percentage of recycled input materials used to manufacture the organization's primary products and services | | % |

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and FFI does not have any employees, FFI does not use any materials. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

| Disclosure | Quantity | Units |
|--|----------|-------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and are as of high biodiversity value outside protected areas | 0 | |
| Habitats protected or restored | 0 | ha |
| IUCN ¹⁷ Red List species and national conservationist species with habitats in areas affected by operations | 0 | |

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, it has no impact on ecosystems and biodiversity, as it has no operational sites. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable. | Not applicable. | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

¹⁷ International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

| Disclosure | Quantity | Units |
|---|----------|-------------|
| Direct (Scope 1) GHG Emissions | 0 | Tonnes CO2e |
| Energy indirect (Scope 2) GHG Emissions | 0 | Tonnes CO2e |
| Emissions of ozone-depleting substances (ODS) | 0 | Tonnes |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, it has no air emissions of any form. | Not applicable | Not applicable. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Air pollutants

| Disclosure | Quantity | Units |
|--------------------------------------|----------|-------|
| NO _x | 0 | kg |
| SO _x | 0 | kg |
| Persistent organic pollutants (POPs) | 0 | kg |
| Volatile organic compounds (VOCs) | 0 | kg |
| Hazardous air pollutants (HAPs) | 0 | kg |
| Particulate matter (PM) | 0 | kg |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, it generates no air pollutants of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable. |

| | | |
|--|----------------------------------|---------------------|
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Solid and Hazardous Wastes

Solid Waste

| Disclosure | Quantity | Units |
|-----------------------------|----------|-------|
| Total solid waste generated | 0 | Kg |
| Reusable | 0 | Kg |
| Recyclable | 0 | Kg |
| Composted | 0 | Kg |
| Incinerated | 0 | Kg |
| Residuals/Landfilled | 0 | Kg |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, it generates no solid wastes of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable. |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Hazardous Waste

| Disclosure | Quantity | Units |
|---|----------|-------|
| Total weight of hazardous waste generated | 0 | Kg |
| Total weight of hazardous waste transported | 0 | Kg |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, it generates no hazardous wastes of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Effluents

| Disclosure | Quantity | Units |
|----------------------------------|----------|--------------|
| Total volume of water discharges | 0 | Cubic Meters |
| Percent of wastewater recycled | 0 | % |

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, it generates no effluents of any form. | Not applicable | Not applicable |

| | | |
|--|----------------------------------|---------------------|
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Environmental compliance

Non-compliance with Environmental Laws and Regulations

| Disclosure | Quantity | Units |
|--|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | 0 | PhP |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations | 0 | # |
| No. of cases resolved through dispute resolution mechanism | 0 | # |

| | | |
|---|----------------------------------|---|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| FFI has not been investigated, involved in litigation concerning, adjudged as having committed or penalized in any manner for non-compliance with environmental laws and regulations. | Community Government | FFI strives to ensure that the environmental impact of its business operations, if any, is mitigated and/or minimized and strictly abides by the regulatory standards and policies. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Possible violations of any environmental laws and regulations. | Community Government | FFI, through its fund manager, is implementing responsible and proper procedures and practices to make sure that it does not violate such laws and regulations. |

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|--|
| Given that there is a global consciousness on environmental preservation, the company will find ways to assist in protecting the environment, such as by making necessary donations to environmental organizations and implementing other corporate social responsibility projects. | Community Government | FFI will create and find ways to protect the environment by making necessary donations to environmental organizations and implementing other corporate social responsibility projects. |

SOCIAL

Employee Management Employee

Hiring and Benefits Employee data

| Disclosure | Quantity | Units |
|--|----------|-------|
| Total number of employees ¹⁸ | 0 | |
| a. Number of female employees | 0 | # |
| b. Number of male employees | 0 | # |
| Attrition rate ¹⁹ | 0 | Rate |
| Ratio of lowest paid employee against minimum wage | 0 | Ratio |

Employee benefits

| List of Benefits | Y/N | % of female employees who availed for the year | % of male employees who availed for the Year |
|---|-----|--|--|
| SSS | N/A | N/A | N/A |
| PhilHealth | N/A | N/A | N/A |
| Pag-ibig | N/A | N/A | N/A |
| Parental leaves | N/A | N/A | N/A |
| Vacation leaves | N/A | N/A | N/A |
| Sick leaves | N/A | N/A | N/A |
| Medical benefits (aside from PhilHealth)) | N/A | N/A | N/A |
| Housing assistance (aside from Pag-ibig) | N/A | N/A | N/A |
| Retirement fund (aside from SSS) | N/A | N/A | N/A |
| Further education support | N/A | N/A | N/A |
| Company stock options | N/A | N/A | N/A |
| Telecommuting | N/A | N/A | N/A |
| Flexible-working Hours | N/A | N/A | N/A |
| (Others) | N/A | N/A | N/A |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no employees, as its business is carried out by its fund manager, ABCIC. | Not applicable. |

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

¹⁹ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

| | |
|--|---------------------|
| What are the Risk/s Identified? | Management Approach |
| Not applicable | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable | Not applicable. |

Employee Training and Development

| Disclosure | Quantity | Units |
|--|----------|----------------|
| Total training hours provided to employees | | |
| a. Female employees | 0 | Hours |
| b. Male employees | 0 | Hours |
| Average training hours provided to employees | | |
| a. Female employees | 0 | hours/employee |
| b. Male employees | 0 | hours/employee |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no employees, as its business is carried out by its fund manager, ABCIC. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable.. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Labor-Management Relations

| Disclosure | Quantity | Units |
|---|----------|-------|
| % of employees covered with Collective Bargaining Agreements | 0 | % |
| Number of consultations conducted with employees concerning employee-related policies | 0 | # |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no employees, as its business is carried out by its fund manager, ABCIC. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Diversity and Equal Opportunity

| Disclosure | Quantity | Units |
|---|----------|-------|
| % of female workers in the workforce | 0 | % |
| % of male workers in the workforce | 0 | % |
| Number of employees from indigenous communities and/or vulnerable sector* | 0 | # |

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no employees, as its business is carried out by its fund manager, ABCIC. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable.. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

| Disclosure | Quantity | Units |
|--------------------------------|----------|-----------|
| Safe Man-Hours | 0 | Man-hours |
| No. of work-related injuries | 0 | # |
| No. of work-related fatalities | 0 | # |
| No. of work related ill-health | 0 | # |
| No. of safety drills | 0 | # |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no employees, as its business is carried out by its fund manager, ABCIC. | Not applicable. |
| Not applicable. | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Labor Laws and Human Rights

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of legal actions or employee grievances involving forced or child labor | 0 | # |

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

| Topic | Y/N | If Yes, cite reference in the company policy |
|--------------|-----|--|
| Forced labor | N/A | N/A |
| Child labor | N/A | N/A |
| Human Rights | N/A | N/A |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no employees, as its business is carried out by its fund manager, ABCIC. Hence, there is no impact. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

None

Do you consider the following sustainability topics when accrediting suppliers?

| Topic | Y/N | If Yes, cite reference in the supplier policy |
|---------------------------|-----|---|
| Environmental performance | N/A | N/A |
| Forced labor | N/A | N/A |
| Child labor | N/A | N/A |
| Human rights | N/A | N/A |
| Bribery and corruption | N/A | N/A |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI does not have suppliers. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Relationship with Community

Significant Impacts on Local Communities

| Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations) | Location | Vulnerable groups (if applicable)* | Does the particular operation have impacts on indigenous people (Y/N)? | Collective or individual rights that have been identified that or particular concern for the community | Mitigating measures (if negative) or enhancement measures (if positive) |
|--|----------|------------------------------------|--|--|---|
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A |

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo

parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

| Certificates | Quantity | Units |
|--|---------------------|-------|
| FPIC process is still undergoing | 0 | # |
| CP secured | 0 | # |
| What are the Risk/s Identified? | Management Approach | |
| FFI has no operations involving IPs. | Not applicable. | |
| What are the Opportunity/ies Identified? | Management Approach | |
| Not applicable. | Not applicable. | |

Customer Management

Customer Satisfaction

| Disclosure | Score | Did a third party conduct the customer satisfaction study(Y/N)? |
|-----------------------|-------|---|
| Customer satisfaction | N/A | N/A |

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has no customers. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Health and Safety

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on product or service health and safety* | 0 | # |
| No. of complaints addressed | 0 | # |

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

| | |
|--|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has not been the recipient of any health and safety complaints, particularly given the nature of its business. It has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Marketing and labelling

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on marketing and labelling* | 0 | # |
| No. of complaints addressed | 0 | # |

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

| | |
|--|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has not been the recipient of any marketing and labelling complaints, particularly given the nature of its business. It has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable. |

Customer privacy

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on customer privacy* | 0 | # |

| | | |
|--|---|---|
| No. of complaints addressed | 0 | # |
| No. of customers, users and account holders whose information is used for secondary purposes | 0 | # |

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

| | |
|---|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has not been the recipient of any customer privacy complaints, particularly given the nature of its business. It has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. Hence, it has no customers. | Not applicable. |
| What are the Risk/s Identified? | Management Approach |
| Not applicable. | Not applicable. |
| What are the Opportunity/ies Identified? | Management Approach |
| Not applicable. | Not applicable |

Data Security

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of data breaches, including leaks, thefts and losses of data | 0 | # |

| | |
|---|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| FFI has not experienced any data breach. It has no business operations save for the normal trading of its shares in the PSE and the maintenance of its investment portfolio. Given the nature of its business, it does not process or collection personal information Personal information of its stockholders are processed, collected and stored by its stock and transfer agent. | FFI has adopted and implemented a Data Privacy Policy that have been communicated to ABCIC and its stock transfer agent. |

| | |
|---|---|
| What are the Risk/s Identified? | Management Approach |
| There is possibility of unauthorized disclosure of personal information of its stockholders. | FFI has adopted and implemented a Data Privacy Policy that have been communicated to ABCIC and its stock transfer agent. Since FFI has no employees, its Fund Manager, ABCIC through its Compliance Officer, continually monitors and ensures the compliance with the Data Privacy Policies of FFI and other pertinent regulations issued by the relevant government authority. |
| What are the Opportunity/ies Identified? | Management Approach |
| FFI sees as an opportunity continued monitoring of the actions of and compliance by the stock transfer agent, ABCIC, and their employees with the pertinent policies. | FFI shall continue to monitor the actions of and compliance by the stock transfer agent, ABCIC, and its employees with the pertinent data privacy policies and regulations.. |

UNSUSTAINABLEDEVELOPMENTGOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| Key Products and Services | Societal Value/ Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact |
|---|--|--|--|
| Financial investments (such as investments in equities, UITFs and high-grade fixed income securities) | FFI's limited operations and services contribute to SDG 1 (No Poverty) by working to increase the financial resources of stockholders and promoting economic growth. | The increase in financial resources of stockholders may increase the gap between marginalized sector and the stockholders. No trickle down to the lowest rungs of society may occur. | FFI, being a publicly listed company, continues to make its shares available and accessible to the public. |

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.