

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)

PRELIMINARY INFORMATION SHEET

(Form Type)

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

CGFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document ID

LCU

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

**Proxy Statement Pursuant to Section 20  
Of the Securities Regulation Code**

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter  
**FILIPINO FUND, INC.**
3. Country of Incorporation  
**Manila, Philippines**
4. SEC Identification Number  
**ASO91-190385**
5. BIR Tax Identification Code  
**002-284-545-000**
6. Address of principal office  
**Units 1911-1912, 19<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street, Bonifacio Global City, Taguig City**
7. Registrant's telephone number  
**(632) 8898-7522**
8. Date, Time and place of the meeting  
**May 12, 2020 (Tuesday) 10:00 am, at The Sarus Grand Ballroom C, Marquis Building, Rizal Drive, Bonifacio Global City, Taguig**
9. Approximate date on which the Information Statement is first to be sent or given to security holders  
**April 17, 2020**
10. Name of Persons other than the Registrant Filing Proxy Statement  
**N/A**
11. Securities registered pursuant to Sections 8 and 12 of the
 

Title of Each Class	Number of Shares of Common Stock
<b>Common Shares 'A'</b>	<b>50,167,397</b>
12. Are any or all of registrant's securities listed on a Stock Exchange?  
 Yes  No

If so, disclose name of the Exchange: **PHILIPPINE STOCK EXCHANGE**

**PART I. GENERAL INFORMATION**

**ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS**

**Date** : May 12, 2020 (Tuesday)  
**Time** : 10:00 am  
**Place** : The Sarus Grand Ballroom C, Marquis Building, Rizal Drive, Bonifacio Global City, Taguig

**Principal Office:** Units 1911- 1912, 19<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street, Bonifacio Global City, Taguig City

The approximate date on which the Proxy Statement is first to be sent or given to security holders is on **April 17, 2020**

**REVOCABILITY OF PROXY**

A person giving a proxy has the power to revoke it at any time before it is voted and upon written notice to the Corporate Secretary of the Company.

**ITEM 2. DISSENTERS' RIGHT OF APPRAISAL**

Any stockholder of the Corporation may exercise his appraisal right against the proposed actions which may qualify as instances giving rise to the exercise of such right pursuant to and subject to compliance with the requirements and procedure set forth under Title X of the Corporation Code of the Philippines.

In order to avail of the appraisal right, a stockholder must have voted against the proposed corporate action. The appraisal right may be exercised by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one (1) of whom shall be named by the stockholder, another by the Company, and the third (3<sup>rd</sup>) by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company. All other requirements and procedure set forth under Title X of the Corporation Code shall be complied with.

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Corporation Code of the Philippines.

### ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. Directors or officers of the Corporation at any time since the beginning of the last fiscal year;
2. Nominees for election as directors of the Corporation; and
3. Associate of any of the foregoing persons.

None of the directors indicated verbally or in writing that they intend to oppose any action to be taken at the stockholders' meeting.

## **PART II. SOLICITATION INFORMATION**

### PERSONS MAKING THE SOLICITATION

Filipino Fund, Inc. will bear all the cost of solicitation of proxies. The statement of proxy is delivered through first class mailing services. Following the mailing of proxy soliciting materials, solicitation of proxies shall be primarily performed by the Company. Proxies may, however, be also solicited by directors, officers and regular employees of the Company in person, by telephone or by other electronic means. The solicitation is done on behalf of management. The Company will also reimburse persons holding stock for others in their names or in those of their nominees for their reasonable expenses in sending proxy material to their principals and obtaining their proxies. A total of PhP630,000.00 is allocated for the printing and mailing of these statements.

No Director has informed the Company of his opposition to any matter to be acted upon during the shareholders' meeting.

## **PART III. CONTROL AND COMPENSATION INFORMATION**

### ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

<b>Total Outstanding Shares/Voting Shares</b>	<b>:</b>	<b>50,167,397</b>
<b>Number of Votes Entitled</b>	<b>:</b>	<b>one (1) vote per share</b>

All stockholders of record as of April 07, 2020 are entitled to notice and to vote at the Annual Stockholders' Meeting

### MANNER OF VOTING

The holders of common stock are entitled to one (1) vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two (2) or more nominees. For example, when seven (7) directors are to be elected, a holder of one hundred (100) shares may cast seven hundred (700) votes for a single nominee, apportion three hundred fifty (350) votes each to two (2) nominees, or apportion seven hundred (700) votes in any other manner by so noting in the space provided on the accompanying form of proxy. Except to the extent that a stockholder withholds votes from any or all nominees, the persons named in the accompanying form of proxy, in their sole discretion, will vote such proxy for, and, if necessary, exercise cumulative voting rights to secure the election of the nominees listed as directors of the Company.

In the event that any of the nominees becomes unavailable, which the Company does not expect, it is intended that, pursuant to the accompanying proxy, votes will be cast for such substitute nominee or nominees as may be designated by the Board of Directors, unless the Board of Directors reduces the number of directors.

## SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Security ownership of certain record and beneficial owners of more than five percent (5%) of the Corporation's voting securities as of December 31, 2019.

Class	Name and Address of Record Owner and Relationship to Issuer	Name of Beneficial Owner	Citizenship	No. of Shares	%
Common A	PCD Nominee Corporation	Various Stockholders	Filipino	44,044,054	87.942%

As of December 31, 2019, 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, 2019

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%

## RECENT SALES OF UNREGISTERED OR EXEMPT SECURITIES

Except for the distribution of stock dividends through an increase in authorized capital stock which was approved by the Securities and Exchange Commission on December 27, 2013, there were no sales of unregistered or exempt securities, including issuance of securities constituting an exempt transaction for the years 2013, 2014, 2015, 2016, 2017, 2018 and 2019. The Securities and Exchange Commission approved on 27 December 2013 the Corporation's increase of authorized capital stock from Seventy-Eight Million Nine Hundred Fifty-One Thousand Eight Hundred Fifty Pesos (P78,951,850.00), divided into Seventy-Eight Million Nine Hundred Fifty-One Thousand Eight Hundred Fifty (78,951,850) shares, with a par value of One Peso (P1.00) per share, to One Hundred Eighty-Four Million Two Hundred Thirty-four Thousand Thirty-Eight Pesos (P184,234,038.00), divided into One Hundred Eighty-four Million Two Hundred Thirty Four Thousand Thirty-eight (184,234,038) shares, with par value of One Peso (P1.00) per share. Of the net increase in the authorized capital stock of One Hundred Five Million Two Hundred Eighty-Two Thousand One Hundred Eighty-Eight Pesos (P105,282,188.00), the amount of Twenty Six Million Three Hundred Twenty Thousand Five Hundred Forty-Seven Pesos (P26,320,547.00) was subscribed and paid by way of stock dividends.

## VOTING TRUST HOLDERS OF 5% OR MORE – As of December 31, 2019

There are no persons holding more than five percent (5%) of a class under a voting trust or similar agreement.

## CHANGES IN CONTROL

There has been no change in the control of the Corporation since the beginning of its last fiscal year.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

- a. Parties are considered to be related if one (1) 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.

Transactions with related parties have terms and conditions that are generally comparable to those offered to nonrelated parties or to similar transactions in the market.

As discussed in the notes to the Company's audited financial statements, a summary of significant related party transactions and outstanding balances as at and for the years ended December 31 is shown below:

<b>Category</b>	<b>December 31, 2019</b>		<b>Terms and Conditions/Nature</b>
	<b>Amount/ Volume</b>	<b>Outstanding Balances</b>	
<b>ABCIC</b>			
Management and administration fees	1,686,814	228,334	Management fee incurred for management services rendered by ABCIC computed as 0.5% of the NAV and administration fees. The outstanding balance is net of withholding tax
<b>AB Capital Securities, Inc.</b>			
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
<b>ABCIC– TID</b>			
Investments in UITF	–	57,651,623	Investments managed by ABCIC – TID
<b>Wealthbank</b>			
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%
<b>Vicsal Foundation, Inc.</b>			
Donation	200,000	–	Donation to Vicsal Foundation, Inc.

<u>Category</u>	<u>December 31, 2018</u>		<u>Terms and Conditions/Nature</u>
	<u>Amount/ Volume</u>	<u>Outstanding Balances</u>	
<b>ABCIC</b>			
Management and administration fees	1,834,539	643,183	Management fee incurred for management services rendered by ABCIC computed as 0.5% of the NAV and administration fees. The outstanding balance is net of withholding tax
<b>AB Capital Securities, Inc.</b>			
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
<b>ABCIC- TID</b>			
Investments in UITF	-	80,008,599	Investments managed by ABCIC – TID
<b>Vicsal Foundation, Inc.</b>			
Donation	200,000	-	Donation to Vicsal Foundation, Inc

## ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

Seven (7) directors are to be elected at the meeting for a full one (1)-year term expiring in 2021. The nominees to the Board of Directors are as follows: 1. Dr. Bernardo M. Villegas, 2. Mr. Frank S. Gaisano, 3. Ms. Margaret G. Ang, 4. Mr. Edward S. Go, 5. Mr. John G. Tan, 6. Mr. Aljim C. Jamandre, and 7. Atty. Vincent E. Tomaneng. The nominees are also the incumbent directors. The independent directors were nominated by Mr. Frank S. Gaisano, who is not related to the nominees. The following are information on the incumbent directors:

### ***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. In1999, 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

The three (3) Independent Directors (i.e., Messrs. Villegas, Go, and Tan) were nominated by a shareholder of the Company, Vicsal Development Corporation (“VDC”). Attached to this Information Sheet is the Certification of Independent Directors. None of the independent directors are related to VDC.

The Nomination Committee pre-screened the qualifications of the nominees and prepared the List of Candidates for election to the Board of Directors. Only after this process does the Committee formalizes the nomination to the Board of Directors, particularly for the Independent Directors.

The following Directors comprise the Nomination Committee for the fiscal year 2019-2020:

Frank S. Gaisano – Chairman  
 Margaret G. Ang – Member  
 Edward S. Go (Independent Director) – Member

They do not have familial or business relationships with the Directors that they nominated to the Board.

**Additional Information required under Annex C of SRC Rule12:**

- The incorporators of the 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 S. Go and John G. 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 appointment and until his successor has been duly elected and qualified, provided, however, that any director may be removed from office at any time with or without cause by a three-fourths (3/4) vote of the subscribed capital stock entitled to vote.
- Incumbent directors Frank S. Gaisano and Ms. Margaret G. Ang are siblings.
- No member of the Board of FFI has been the subject of any legal/criminal proceedings, which include, but not limited to, bankruptcy petition, conviction by final judgment, in any Court Order, Judgment or Decree, violation of a Securities or Commodities Law, for the past five years.
- FFI has no material pending legal proceedings to which it is a party or of which any of its property is the subject. FFI has no subsidiaries. FFI is not aware of any such proceedings known to be contemplated by government authorities and any other entity.

**SIGNIFICANT EMPLOYEES**

FFI does not have employees of its own since management of the Fund, which includes its administrative operations, is already being handled by its fund manager, AB Capital & Investment Corporation (“ABCIC”).

The Company does not have executive officers who are receiving compensation income. The President, Treasurer, and Corporate Secretary of the Company, who are also directors, do not receive any

compensation other than *per diems* for attendance at meetings. They likewise do not receive any bonus or other forms of compensation from the Company.

## ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### SUMMARY COMPENSATION TABLE

Annual Compensation

Name and Principal Position	Year	Compensation(Php) (per diem)	Bonus(Php)	Other Annual Compensation
All Directors and Officers of FFI	2019	*777,778	None	None
	2018	722,222	None	None
	2017	441,176	None	None

Each Director and Officer is paid the amount of Php27, 777.78, on the average, for every attendance in any meeting.

There is no Compensation Committee, and as such, any adjustment in the compensation of all Directors and Officers is determined by the Board of Directors, taken up in the Annual Stockholders' Meeting and voted upon by the shareholders.

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

## ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors has re-appointed Sycip Gorres, Velayo & Co. (SGV & Co.) as the independent public accountants of the Company with respect to its operations for the year 2020, subject to ratification by the majority holders of common stock of the Company. In taking this action, the members of the Board of Directors considered carefully SGV & Co.'s performance, its independence with respect to the services to be performed and its general reputation for adherence to professional auditing standards. In compliance with the required 5-year rotation of external auditor, a new partner, Ms. Janet A. Paraiso, from SGV and Co. was assigned to conduct the audit on the Company's financial statements starting from the calendar year ended 2019. This Representative of the firm will be present at the Annual Meeting to make a statement of their desire to do so and to answer appropriate questions that may be asked by stockholders.

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.

A proposal will be presented at the Annual Meeting for the ratification of this re-appointment, which the Board of Directors believes is advisable and in the best interest of the stockholders. If the appointment of Sycip Gorres Velayo & Co. is not ratified, the matter of the appointment of the independent public accountants will be considered by the Board of Directors.

The following Directors comprise the Audit Committee for the fiscal year 2019-2020:

Edward S. Go (Independent Director)	-	Chairman
Aljim C. Jamandre	-	Member
Bernardo M. Villegas (Independent Director)	-	Member

## EXTERNAL AUDIT FEES

Audit fees for fiscal years 2019 amounted to P368,012, an increase of P17,524 from P350,488 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 committee then agrees on the fees to be charged by the external auditors.

## **PART IV. OTHER MATTERS**

### **Action with Respect to Reports**

The approval of the following will be considered and acted upon at the meeting:

1. Annual Report and audited financial statements of the Company for the year ended December 31, 2019;
2. Minutes of the 2019 Annual Stockholders' Meeting with the following items:
  - a. Approval of the Minutes of the Annual Stockholders' Meeting held on May 08, 2018;
  - b. Approval of annual report and audited financial statements for 2018;
  - c. Ratification of the acts of the Board of Directors, Fund Manager and Officers for the preceding year;
  - d. Appointment of External Auditor; and
  - e. Election of the Board of Directors.
3. Ratification of all acts of the Board of Directors, Fund Manager and Officers for the preceding year such as:
  - a. Appointment of Assistant Compliance Officer
  - b. Policy on Related Party Transactions

### **Matters Not Required to be Submitted**

No action will be taken with respect to this item.

## **VOTING PROCEDURE**

### **Vote Required for Approval or Election**

The matters to be acted upon by the stockholders as contained in the agenda would require the affirmative vote of a majority of the shares of the Company's common stock present and/or represented and entitled to vote.

### **Method by which Votes will be Counted**

Votes shall be manually accounted and tallied by the Corporate Secretary. Proxy cards returned without specifications will be voted as to each proposal in accordance with the recommendations of the Board of Directors.

### **SEC FORM 17-A**

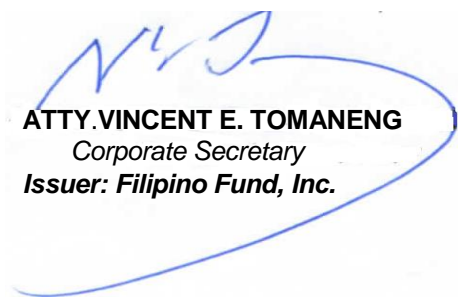
A copy of the Company's Annual Report on SEC Form 17-A will be provided without charge to each person upon written request of any such person addressed to:

**FILIPINO FUND, INC.  
OFFICE OF THE CORPORATE SECRETARY  
UNITS 1911-1912, 19<sup>th</sup> FLOOR PSE TOWER  
5<sup>th</sup> AVENUE CORNER 28<sup>th</sup> STREET, BONIFACIO GLOBAL CITY  
TAGUIG CITY, PHILIPPINES**

**[SIGNATURE]**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Cebu on April 8, 2020.

By:



**ATTY. VINCENT E. TOMANENG**  
*Corporate Secretary*  
***Issuer: Filipino Fund, Inc.***

## MANAGEMENT REPORT

for the  
2020 Annual Meeting of Stockholders

### MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

#### FINANCIAL CONDITION

##### **1) Discussion of the registrant's financial condition, changes in financial condition, changes in financial condition and results of operations of the last 3 fiscal years**

##### **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 P0.10 million. Cash amounted to P21.39 million, a significant increase from December 31, 2018 by P12.69 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 P174.56 million, a decrease of P30.40 million or 14.83% from P204.96 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 P17.85 million, an increase of P17.81 million or 391.20% from P0.04 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 P211.88 million posted over the same period last year. This translated to a net asset value per share (NAVPS) of Php4.2313 and Php4.2235 in 2019 and 2018, respectively.

The Fund incurred gross investment income amounting to P6.69 million, a significant turn-around from the gross investment loss of Php17.75 million as of end 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 Php6.30 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 Unit Investment Trust Fund 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 P213.70 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 Php27.05 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 the previous year, an increase of 10.59% (23.09 million). The positive variance is due to increase in market value of investment in financial assets amounting to Php15.53 million and the Php7.56 million increase in cash and receivables. Deducting liabilities of Php2.22 million, net assets are valued at Php238.93 million, an increase of Php22.55 million compared to the P216.38 million posted over the same period last year. This translated to a net asset value per share (NAVPS) of Php4.7628 and Php4.3131 in 2017 and 2016, respectively.

The Fund incurred gross investment income amounting to P27.69 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 amounted to Php3.23 million while interest income from deposits was at Php0.03 million. Deducting the total operating expenses incurred during the year amounting to Php5.13 million, the Fund was able to record a 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 represents 34.35% of total assets, leaving investment in equity at 60.34% and liquid assets at 5.31% of total company resources.

## **2) Past and future financial condition and results of operation, with particular emphasis on the prospects for the future**

The Fund posted a net income of P0.39 million in 2019, reversing the P23.04 million net loss recorded in 2018. This was primarily due to the significant net trading gain recorded last year, coupled with the dividend income and interest from time deposits earned during the period. 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. Because of this, we intend to maintain a healthy level of liquidity and cash position to:

- 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.

## **3) Key Variable and other Qualitative and Quantitative Factors.**

Key Performance Indicators:

- a. 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 an 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 Php23.04 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 investments trust funds and local equities.
- d. Performance versus competition – In 2019, FFI ranked 14<sup>th</sup> among other equity mutual funds with a full year return of positive 0.23%. In 2018, FFI ranked 7<sup>th</sup> 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.

**If Material:**

**(i) Any Known Trends, Events or Uncertainties (Material Impact on 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.

**(ii) 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

**(iii) 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

**(iv) Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures**

None

**(v) Any known trends, events or uncertainties (Material Impact on Sales)**

Interest income received by the Fund from its investments in short-term deposits and cash dividends received from its equity investments are expected to have a favorable impact on its income.

**(vi) Any significant elements of income or loss (from continuing operations)**

None

**(vii) Causes 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 except as discussed in the management’s discussion on financial condition and the results of operations of the Fund.

**(viii) 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.

## DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIS

FFI is a closed-end investment company 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 by the fund manager, ABCIC.

FFI has no subsidiaries.

## MARKET INFORMATION

### (a) Identification of the Principal Market or Markets where the Registrant's Common Equity is Traded

#### (1) State the name of the Exchange

The Fund's shares, being listed, are traded in the Philippine Stock Exchange, Inc. ("PSE") through the PSE member stockbrokers.

#### (2) Presentation of the High and Low Sales Prices for Each Quarter within the last two (2) fiscal years and any subsequent interim period for which Financial Statements are required by SRC Rule 68

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

(b) Price information as of the latest practicable trading date, and in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction.

<b>Year 2019</b>	<b>High</b>	<b>Low</b>	<b>Quarter-end-Close</b>
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
<b>Year 2018</b>			
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
<b>Year 2017</b>			
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



## HOLDERS

**(i) Approximate number of holders of each class of common security as of the latest practicable date but in no event more than 90 days prior to filing of report**

FFI has a total of 5,414 stockholders owning at least one (1) share as of December 31, 2019.

**(ii) Names of the top twenty (20) shareholders of each class and number of shares held, and percentage of total shares outstanding held by each.**

The list provided below is as of December 31, 2019:

Title of Class	Shareholder's Name	Amount of Ownership and Nature of Ownership		Percent of Class
Common A	PCD NOMINEE CORPORATION(FILIPINO)	44,044,054	(b)	87.7942%
Common A	PCD NOMINEE CORPORATION(NON-FILIPINO)	234,888	(b)	0.4682%
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%

## DIVIDENDS

**(a) Discussion of any cash dividends declared (two most recent years)**

On March 26, 2018, the Board of Directors of the Company unanimously declared a cash dividend of P0.08 per share or amounting to Php4,013,391.76 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.

**(b) Description of any restriction that limit the payment of dividend on common shares**

The Company's declaration of cash/stock 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/property dividends.

**FINANCIAL STATEMENTS**

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

**CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

There are no disagreements with the external auditors on the accounting and financial disclosures of the Company for the fiscal year covered by this report.

**DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE**

**a. Evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance**

FFI adopted a Manual of Corporate Governance when the SEC imposed this requirement. The Company and its directors and officers have complied with the evaluation system and monitoring as disclosed in the Manual.

**b. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance**

FFI's Corporate Governance Manual was amended on September 30, 2010 and was further supplemented on March 21, 2011 in compliance with the directive of the SEC. FFI also adopted an Anti-Money Laundering Operating Manual on September 30, 2010. On 24 September 2012, FFI 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 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

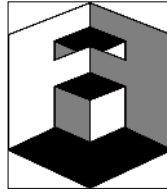
Since FFI has no employees, its Fund Manager, ABCIC, through its Compliance Officer, continually

**c. Any deviation from the company's Manual of Corporate Governance, including a disclosure of the name and position of the person/s involved and sanctions imposed on said individual**

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

**d. Any plan to improve corporate governance of the company**

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.



**FILIPINO FUND, INC.**  
**Notice of Annual Meeting of Stockholders**

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of **Filipino Fund, Inc.** ("FFI") will be held at The Sarus Grand Ballroom C, Marquis Building, Rizal Drive, Bonifacio Global City, Taguig on Tuesday, **May 12, 2020**, at 10:00 in the morning with the following agenda:

1. Calling of meeting to order
2. Certification of notice
3. Determination and declaration of quorum
4. Reading and approval of the minutes of the Annual Stockholders' Meeting held on May 14, 2019
5. Presentation and approval of the Annual Report and Audited Financial Statements for the year ended December 31, 2019
6. Approval and confirmation of all acts, proceedings and resolutions of the Board of Directors, Officers, and the Fund Manager during the past year
7. Appointment of External Auditors for calendar year 2020
8. Election of the Board of Directors
9. Other Business
10. Adjournment

Only stockholders of record at the close of business on **April 07, 2020**, the record date and time fixed by the Board of Directors, are entitled to notice of, and to vote at, said meeting.

Admission to the meeting will be by Stockholder's Identification Card only. If you are a stockholder of record and plan to attend, please bring the Stockholder's Identification Card, attached to the Proxy Form/Voting Ticket, which will admit you to the meeting. If you are a stockholder whose shares are held through an intermediary such as a bank or a broker and you plan to attend, you may request a Stockholder's Identification Card by writing to the Office of the Secretary, Units 1911- 1912, 19<sup>th</sup> Floor, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street., Bonifacio Global City, Taguig City. Evidence/certification of your ownership, which you can obtain from your bank, broker, etc., must accompany your letter.

In order that your stock may be represented at the meeting in case you are not personally present, please complete, sign and date the enclosed Proxy Form/Voting Ticket and return it promptly using the accompanying addressed envelope on or before April 29, 2020.

Cebu City, Philippines, April 8, 2020.

For the Board of Directors,

  
**ATTY. VINCENT E. TOMANENG**  
*Corporate Secretary*