

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 1009-1011 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226
7. Registrant's telephone number

(632) 856-5801
8. Date, Time and place of the meeting

**May 10, 2016, 10:00 in the morning at the
Function Room B, 4th Floor, The City Club, Alphaland Makati Place, 7232, Ayala Avenue corner
Malugay Street, Makati City**
9. Approximate date on which the Information Statement is first to be sent or given to security holders

April 19, 2016
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
	

Common Shares 'A' 50,167,397

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

DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date : May 10, 2016
 Time : 10:00 am
 Place : Function Room B, 4th Floor, The City Club, Alhaland Makati Place, 7232,
 Ayala Avenue corner Malugay Street, Makati City

Principal Office: 1009-1011 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue,
 Makati City 1226

The approximate date on which the Proxy Statement is first to be sent or given to security holders is on
 April 19, 2016.

REVOCABILITY OF PROXY

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

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 the 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 of whom shall be named by the stockholder, another by the Company, and the third by the two 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.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

MARKET INFORMATION

The Fund's shares, being listed, are traded in the Philippine Stock Exchange, Inc. ("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 2015			
First Quarter	9.50	8.51	8.80
Second Quarter	6.44	6.40	6.41
Third Quarter	7.50	7.50	7.50
Fourth Quarter	7.02	7.00	6.84
Year 2014			
First Quarter	8.19	8.19	8.19
Second Quarter	8.50	8.00	8.14
Third Quarter	7.10	6.90	7.10
Fourth Quarter	7.05	7.05	7.05
Year 2013			
First Quarter	11.17	9.93	11.15
Second Quarter	7.85	7.84	7.84
Third Quarter	8.13	7.60	8.13
Fourth Quarter	7.13	7.13	7.13

DIVIDENDS

On March 19, 2013, subject to the approval of the SEC and the shareholders, the Board of Directors declared the issuance of stock dividends to shareholders of record on the fifteenth (15th) day counted from the approval by the SEC of the increase in the authorized capital stock, 26,320,547 shares of stock of FFI, with an aggregate par value of PhP26,320,547.00, to be distributed to the stockholders as of said record date within eighteen (18) trading days after the record date, in proportion to their respective stockholdings as of said record date, provided that any fraction of a share shall be deemed to have not been issued. Any fractional share shall be rounded down to the nearest whole number. The record date was set on January 28, 2014 and the stock dividends were distributed to the shareholders on February 24, 2014.

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 dividends.

NUMBER OF HOLDERS

FFI has a total of 5,570 stockholders owning at least one (1) share as of March 31, 2016.

TOP 20 SHAREHOLDERS

The List provided below is as of March 31, 2016

Title of Class	Shareholder's Name	Amount of Ownership and Nature of Ownership		Percent of Class
Common A	PCD NOMINEE CORPORATION (FILIPINO)	43,530,509	(b)	86.7705%
Common A	PCD NOMINEE CORPORATION (NON-FILIPINO)	321,327	(b)	0.6405%
Common A	JUAN GO YU AND/OR JOHN PETER C. YU	94,667	(b)	0.1887%
Common A	ALLEN C. ROXAS	94,667	(b)	0.1887%
Common A	ALBERT G. ONG	90,250	(b)	0.1798%
Common A	REYMONT INC.	34,711	(b)	0.0691%
Common A	SEGUNDO SEANGIO AND/OR VIRGINIA SEANGIO	32,818	(b)	0.0654%
Common A	KA SIONG TIU	31,555	(b)	0.0628%
Common A	VICTOR, HERNANDEZ BOCALING	31,555	(b)	0.0628%
Common A	FAST CARGO TRANSPORT CORP	31,555	(b)	0.0628%
Common A	LETICIA C. SY	27,011	(b)	0.0538%
Common A	EMMANUEL HERNADEZ BOCALING	25,244	(b)	0.0503%
Common A	BENJAMIN S. TAN	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	MELY NGO LIM	18,933	(b)	0.0377%

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF BUSINESS OF THE REGISTRANT AND ITS SUBSIDIARIES

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, Viscal Investment, Inc.

FFI has no subsidiaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators:

- a. NAV Growth - Total Net Asset Value ("NAV") of FFI in 2014 increased by 8.74%, up by Php19.02 million from 2013. In 2015, NAV decreased by 6.17%, equivalent to a decrease of Php14.58 million from 2014.
- 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 2015, EPS was negative Php0.2910 registering a negative variance from earnings of Php0.6697 per share in the previous fiscal 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 high grade fixed income investments and local equities.
- d. Performance vs competition - FFI ranked 12th among the equity mutual funds in 2014 with a full year return of -8.38%. In 2015, FFI ranked 12th with a full year return of negative 6.36%
- e. Market Price (MP) to Net Asset Value (NAV) -- Premium of MP to NAV as of end of 2015 is at 54.65% versus end of 2014 wherein Premium of MP to NAV is 49.57%.

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) Any material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.

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 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

Year 2015

Total assets as of end of 2015 amounted to PhP223.70 Million, a decrease of 8.34% (PhP20.35 Million in absolute terms) versus PhP244.05 Million as of the end of 2014. The negative variance is mainly explained by a decrease in investment in financial assets wherein equity securities decreased due to market valuation amounting to Php5.30 Million while investment in Unit Investment Trust Fund (UITF) was down by Php14.46 Million. Total receivables decreased by Php2.02 Million as cash increased by Php1.96 Million and other assets decreased amounting to Php0.53 Million. Deducting liabilities of PhP1.81 Million, net assets are valued at PhP221.89 Million, down by PhP14.58 Million compared to the same period of last year. This posted a net asset value per share (NAVPS) of PhP4.423 and PhP4.714 for the year ended 2015 and 2014, respectively.

The Fund incurred gross investment loss amounting to PhP9.06 Million, a decrease of 384.47% from gross investment income of PhP25.76 Million as of end of 2014. Total net trading loss of Php13.37 Million was derived from the equity securities. Total interest income from short-term bank placements amounted to PhP0.02 Million and a total of PhP4.29 Million derived from dividend income on equity holdings. Total operating expenses incurred amounted to PhP5.52 Million thus resulting to net investment loss of Php14.58 Million for the year ended 2015.

As of December 31, 2015, investment in UITF accounts for 8.08% of total assets, leaving investment in equity at 90.35% and other assets at 1.57% of total company resources

Year 2014

Total assets as of end of 2014 amounted to PhP244.05 Million, an increase of 10.03% (PhP22.25 Million in absolute terms) versus PhP221.80 Million as of the end of 2013. The positive variance is mainly explained by increase in investment in financial assets amounting to Php62.92 Million and Php40.48 Million decrease in total receivables and a decrease in other assets amounting to Php.19 Million. Deducting liabilities of PhP7.58 Million, net assets are valued at PhP236.47 Million, up by PhP19.02 Million compared to the same period of last year. This posted net asset value per share (NAVPS) of PhP4.714 and PhP9.119 in 2014 and 2013, respectively. As a result of stock dividends distribution to shareholders on February 24, 2014, the number of total shares outstanding increased to 50,167,397 shares from 23,846,850 shares.

The Fund incurred gross investment income amounted to PhP25.76 Million, an increase of 956.71% from gross investment loss of PhP3.01 Million as of end of 2013. Total net trading gain of Php23.59 Million were derived from the equity and fixed income securities. Total interest income from short-term bank placements and government securities amounted to PhP0.73 Million and a total of PhP1.44 Million derived from dividend income on equity holdings. Total operating expenses incurred amounted to PhP6.74 Million thus resulting to net investment income of Php19.02 Million for the year ended 2014.

As of December 31, 2014, investment in Unit Investment and Trust Fund accounts for 13% of total assets, leaving investment in equity at 85% and other assets at 2% of total company resources

Year 2013

Total assets as of end of 2013 amounted to PhP221.80 Million, a decrease of 6.66% (PhP15.82 Million in absolute terms) versus PhP237.62 Million as of the end of 2012. The negative variance is mainly explained by the recognition of net loss from operations amounting to PhP11.51 Million and payment of cash dividend at Php0.20 per share amounting of Php4.8 Million. Deducting liabilities of PhP4.35 Million, net assets are valued at PhP217.46 Million, down by PhP16.28 Million compared to the same period last year. This posted net asset value per share (NAVPS) of PhP9.1189 and PhP9.8014 in 2013 and 2012, respectively. The decrease in the

net asset value can be attributed to the decline in market value of the Fund's investment in stocks and government securities.

The Fund incurred gross investment loss amounted to PhP3.01 Million, a decrease of 108.48% from PhP35.48 Million in the previous year. Total net trading loss of PhP9.93 Million were derived from the equity and fixed income securities. Total interest income from short-term bank placements and government securities amounted to PhP3.05 Million and a total of PhP3.88 Million derived from dividend income on equity holdings. Total operating expenses incurred amounted to PhP8.15 Million thus resulting to net investment loss of PhP11.51 Million for the year ended 2013.

As of December 31, 2013, investment in fixed income instruments (promissory notes, Unit Investment and Trust Fund and Fixed Rate Treasury Note) account for 35% of total assets, leaving investment in equity at 63% and other assets at 2% of total company resources.

FINANCIAL STATEMENTS

The Fund's audited financial statements and schedule of investments for the year 2015 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

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.

Since FFI has no employees, its Fund Manager, Vicsal Investment, Inc. ("VII"), through its Compliance Officer, continually monitors the actions of, and ensures the compliance by, VII 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, VII, through its Compliance Officer, is continually updated with the latest provisions of corporate governance and will suggest any relevant additions or deletions to management.

PART III. 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 PhP500,000.00 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.

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;
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 meeting.

PART IV. CONTROL AND COMPENSATION INFORMATION

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

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

All stockholders of record as of April 06, 2016 are entitled to notice and to vote at the Annual Stockholders' Meeting

MANNER OF VOTING

The holders of common stock are entitled to one 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 or more nominees. For example, when five directors are to be elected, holder of 100 shares may cast 500 votes for a single nominee, apportion 250 votes each to two nominees, or apportion 500 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 5% of the Corporation's voting securities as March 31, 2016.

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	43,530,509	86.7705%

As of March 31, 2016, 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 March 31, 2016

Class	Name of Beneficial Owner	Amount and Nature of Ownership	Citizenship	Percent of class
A	Mr. Frank S. Gaisano	10,518	(b) Filipino	0.0210%
A	Ms. Margaret G. Ang	10,518	(b) Filipino	0.0210%
A	Mr. Edward S. Go	10,518	(b) Filipino	0.0210%
A	Mr. Bernardo M. Villegas	10,518	(b) Filipino	0.0210%
A	Mr. John G. Tan	10,518	(b) Filipino	0.0210%
A	Mr. Aljim C. Jamandre	5,631	(b) Filipino	0.0112%
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 27 December 2013, there are no sales of unregistered or exempt securities including issuance of securities constituting an exempt transaction for the years 2013, 2014, and 2015. 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 a 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 March 31, 2016

There are no persons holding more than 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. There were no transactions with or involving the Company in which a director, executive officer, or stockholder (owning ten percent (10%) or more of the Company's total outstanding shares) and members of their immediate family had or is to have a direct or indirect material interest during the last two years. No material transactions between the registrants and related parties except as provided hereunder to non-controlling shareholders. As discussed in the notes to the Company's audited financial statements, the significant transactions and outstanding balance with related party amounting to P2,348,000.00 represents the Management fee for services rendered by Vicsal Investment, Inc. ("VII"), the Fund Manager. Annual fees incurred for management services rendered by VII are computed at 1% of the net asset value ("NAV") of the Fund.

DIRECTORS AND EXECUTIVE OFFICERS

Seven (7) directors are to be elected at the meeting for a full one-year term expiring in 2017. The Board's nominees 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, 77 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 La Salle 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 is 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 Insular Life, 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. 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.

MARGARET G. ANG - PRESIDENT

Ms. Ang, 64 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 - TREASURER

Mr. Gaisano, 58 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, Pacific Mall Corporation from 2001, and Vicsal Investment, Inc. from 2007; President of Vicsal Securities & Stock Brokerage from 1990, Inc.; 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, 77 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, Trans-Asia Petroleum 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 had been a member of the Board of Trustees of the Ateneo de Manila University for more than 14 years and was elected Chair in 2011.

JOHN G. TAN - INDEPENDENT DIRECTOR

Mr. Tan, 48 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 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, 57 yrs. old, Filipino, has served as director of the Fund from 2004-2009. 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.

VINCENT E. TOMANENG - DIRECTOR AND CORPORATE SECRETARY

Atty. Tomaneng, 48 yrs. old, Filipino, is a Lawyer and a Certified Public Accountant. 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 presently the Director and Corporate Secretary of Filipino Fund, Inc. from 2014, a Director of Pacific Mall Corporation from 2010, and Corporate Secretary of Metro Retail Stores Group, Inc. from 2015.

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 2015-2016:

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 Rule 12:

- 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 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 anytime with or without cause by a 3/4th 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, 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 include its administrative operations, is already being handled by its fund manager, VII.

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, nor they receive any bonus or other forms of compensation from the Company.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE				
Annual Compensation				
Name and Principal position	Year	Compensation (P) (per diem)	Bonus (P)	Other Annual Compensation
All Directors and Officers of FFI	2016	911,764.56 *	None	None
	2015	411,764.64	None	None
	2014	900,000.00	None	None

* Estimated compensation for 2016

Each Director and Officer is paid the amount of PhP 29,411.76, on the average, for every attendance in any meeting. Estimated aggregate directors' and officers' fee for the year 2016 is PhP911,764.56.

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, and is 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.

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 2015, 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, Mr. Aris Malantic, from SGV and Co. was assigned to conduct the audit on the Company's financial statements starting from the calendar year ended 2015. This Representative of the firm will be present at the Annual Meeting to make a statement of the 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 2015-2016:

Edward S. Go (Independent Director)	-	Chairman
Margaret G. Ang	-	Member
Bernardo M. Villegas (Independent Director)	-	Member

EXTERNAL AUDIT FEES

Audit fees for fiscal year 2015 amounted to PhP303,450.00 an increase of PhP14,450.00 from previous year exclusive of VAT and out of pocket expenses. The Company did not avail of other services from the external auditor for 2015.

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 V. 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, 2015;
2. Minutes of the 2015 Annual Stockholders' Meeting with the following items:
 - a. Approval of the Minutes of the Annual Stockholders' Meeting held on May 12, 2015;
 - b. Approval of annual report and audited financial statements;
 - c. Ratification of the acts of the Board of Directors, Fund Manager and Officers for the preceding year
 - d. Election of the Board of Directors; and
 - e. Appointment of External Auditors.
3. Ratification of all acts of the Board of Directors, Fund Manager and Officers for the preceding year such as:
 - a. Appointment of Officers; and
 - b. 2015 Budget

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 1009-1011 TOWER ONE & EXCHANGE PLAZA
AYALA TRIANGLE, AYALA AVENUE
MAKATI CITY, PHILIPPINES

SIGNATURES

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 7, 2016.

By:


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



COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	1	1	9	0	3	5	8
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COMPANY NAME

F	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	0	0	9	-	1	0	1	1	,	T	o	w	e	r	O	n	e	&			
E	x	c	h	a	n	g	e	P	l	a	z	a	,	A	y	a	l	a	T	r	i	a	n	g	l	e
,	A	y	a	l	a	A	v	e	n	u	e	,	M	a	k	a	t	i	C	i	t	y				

Form Type

A	A	F	S
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Department requiring the report

C	F	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
info@filipinofund.com.ph	856-5801	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,578	Every 2 nd Tuesday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Senen L. Matoto	bing_matoto@yahoo.com	856-5802 / 856-3923	N/A

CONTACT PERSON'S ADDRESS

Units 1009-1011 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

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

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





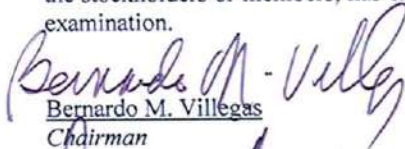
Filipino Fund, Inc

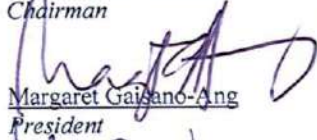
FILIPINO FUND, INC.
STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

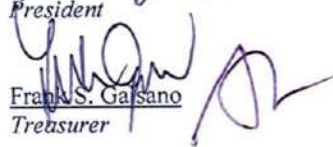
The management of Filipino Fund, Inc. (the Fund) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards (PFRS) as discussed in Note 2 to the financial statements. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders has examined 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


Frank S. Gaisano
Treasurer

Signed this 21 day of March, 2016

APR 13 2016

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

Name	Com. Tax Cert. No.	Date of Issue	Place of Issue
Bernardo M. Villegas	15268381	March 28, 2016	Makati City
Margaret Gaisano-Ang	02158111	January 15, 2016	Cebu City
Frank S. Gaisano	02341672	February 19, 2016	Cebu City

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Page No. 44
Book No. 211
Series of 2016

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2015
ROLL OF ATTY. NO. 48343
MCLE COMPLIANCE NO. IV-0016302/01/00/0000
ISPO No. 706762-LIFETIME MEMBER
PT. No. 002-35-05- JAN 04, 2005
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., SOF. TER

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Filipino Fund, Inc.
Units 1009-1011, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of Filipino Fund, Inc. (A Closed-End Investment Company), which comprise the statements of financial position as at December 31, 2015 and 2014, 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, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Filipino Fund, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

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 Filipino Fund, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Aris C. Malantic

Partner

CPA Certificate No. 90190

SEC Accreditation No. 0326-AR-3 (Group A),

May 1, 2015, valid until April 30, 2018

Tax Identification No. 152-884-691

BIR Accreditation No. 08-001998-54-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 5321657, January 4, 2016, Makati City

March 21, 2016



FILIPINO FUND, INC.
STATEMENTS OF FINANCIAL POSITION



	2015	2014
ASSETS		
Cash in bank (Note 6)	₱3,468,152	₱1,510,727
Financial assets at fair value through profit or loss (Note 7)	220,186,328	239,943,155
Receivables (Note 8)	46,725	2,069,758
Other assets (Note 9)	—	527,195
	₱223,701,205	₱244,050,835
LIABILITIES		
Accounts payable and accrued expenses (Note 10)	₱1,812,507	₱7,579,532
EQUITY		
Capital stock (Note 11)	105,272,397	105,272,397
Additional paid-in capital	94,361,124	94,361,124
Retained earnings (Note 11)	71,453,502	86,036,107
Treasury stock (Note 11)	(49,198,325)	(49,198,325)
	221,888,698	236,471,303
	₱223,701,205	₱244,050,835
Net Asset Value Per Share (Note 11)	₱4.4230	₱4.7136

See accompanying Notes to Financial Statements.



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

	Years Ended December 31		
	2015	2014	2013
INVESTMENT INCOME (LOSS)			
Trading gains (losses) - net (Note 7)	(P13,365,575)	P23,585,222	(P9,931,909)
Dividend income (Note 7)	4,288,206	1,438,423	3,876,676
Interest income (Notes 6, 7 and 8)	22,003	735,899	3,048,433
	(9,055,366)	25,759,544	(3,006,800)
OPERATING EXPENSES			
Management fees (Notes 18 and 19)	2,348,000	1,749,535	2,405,283
Professional and legal fees (Note 14)	827,796	1,316,462	1,736,471
Provision for impairment losses (Note 9)	687,521	-	-
Transaction fees (Note 13)	509,997	1,714,768	1,956,759
Directors' fees (Note 19)	411,765	529,412	470,588
Membership fee	253,000	275,412	250,000
Donation (Note 19)	-	200,000	200,000
Advertising and publicity	158,959	163,393	149,985
Postage and courier	131,541	139,554	193,614
Meetings	89,096	87,932	113,729
Taxes and licenses	66,132	24,957	450,847
Miscellaneous (Notes 15 and 19)	39,032	411,917	226,029
	5,522,839	6,613,342	8,153,305
INVESTMENT INCOME (LOSS) BEFORE INCOME TAX	(14,578,205)	19,146,202	(11,160,105)
PROVISION FOR INCOME TAX (Note 17)	4,400	131,154	346,963
TOTAL COMPREHENSIVE INCOME (LOSS)/ NET INCOME (LOSS)*	(P14,582,605)	P19,015,048	(P11,507,068)
Basic and Diluted Earnings (Losses) Per Share (Note 12)	(P0.2907)	P0.3790	(P0.2294)

* There were no other comprehensive income/loss items in 2015, 2014, and 2013.

See accompanying Notes to Financial Statements.



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

	Capital Stock (Note 11)	Additional Paid-in Capital	Retained Earnings (Note 11)	Treasury Stock (Note 11)	Total
Balance at January 1, 2015	₱105,272,397	₱94,361,124	₱86,036,107	(₱49,198,325)	₱236,471,303
Total comprehensive loss for the year	-	-	(14,582,605)	-	(14,582,605)
Balance at December 31, 2015	₱105,272,397	₱94,361,124	₱71,453,502	(₱49,198,325)	₱221,888,698
Balance at January 1, 2014	₱105,272,397	₱94,361,124	₱67,021,059	(₱49,198,325)	₱217,456,255
Total comprehensive income for the year	-	-	19,015,048	-	19,015,048
Balance at December 31, 2014	₱105,272,397	₱94,361,124	₱86,036,107	(₱49,198,325)	₱236,471,303
Balance at January 1, 2013	₱78,951,850	₱94,361,124	₱109,618,043	(₱49,198,325)	₱233,732,692
Total comprehensive loss for the year	-	-	(11,507,068)	-	(11,507,068)
Cash dividends paid (Note 11)	-	-	(4,769,369)	-	(4,769,369)
Stock dividends declared (Note 11)	26,320,547	-	(26,320,547)	-	-
Balance at December 31, 2013	₱105,272,397	₱94,361,124	₱67,021,059	(₱49,198,325)	₱217,456,255

See accompanying Notes to Financial Statements.



FILIPINO FUND, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Investment income (loss) before income tax	(P14,578,205)	P19,146,202	(P11,160,105)
Adjustments for:			
Unrealized trading loss (gain) (Note 7)	(14,853,226)	(9,482,921)	32,088,258
Provision for impairment losses (Note 9)	687,521	-	-
Decrease (increase) in the amounts of:			
Financial assets at fair value through profit or loss	34,610,053	(53,442,041)	(32,582,468)
Receivables	2,023,033	40,478,051	(40,514,133)
Other assets	(160,236)	(254,433)	(272,762)
Increase (decrease) in accounts payable and accrued expenses	(5,767,025)	3,234,272	453,131
Net cash provided by (used) in operations	1,961,825	(320,870)	(51,988,079)
Income tax paid	(4,400)	(131,154)	(346,963)
Net cash provided by (used in) operating activities	1,957,425	(452,024)	(52,335,042)
CASH FLOWS FROM FINANCING ACTIVITY			
Payments for dividends declared (Note 11)	-	-	(4,769,369)
NET INCREASE (DECREASE) IN CASH IN BANK	1,957,425	(452,024)	(57,104,411)
CASH IN BANK AT BEGINNING OF YEAR	1,510,727	1,962,751	59,067,162
CASH IN BANK AT END OF YEAR (Note 6)	P3,468,152	P1,510,727	P1,962,751
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS			
Interest received	P22,003	P822,285	P2,994,650
Dividends received	4,283,579	2,500,262	2,851,268
	P4,305,582	P3,322,547	P5,845,918

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 and administrator is Vicsal Investment, Inc. (VII), a corporation registered with the SEC primarily to engage in business as an investment house. The Fund informed SEC on October 1, 2009 of the change of investment manager and administrator. Due to the change of Fund manager and administrator, the Fund, which is domiciled in the Philippines, transferred its principal place of business from 17th floor BPI Building, Ayala Avenue corner Paseo de Roxas, Makati City to Units 1009-1011, Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City. On February 10, 2010, the Fund applied for a change in principal place of business with Bureau of Internal Revenue (BIR). The application is still in process with the BIR.

The Fund's ultimate parent company is Vicsal Development Corporation (VDC), a corporation duly organized in the Philippines to engage in buying, selling, distributing, 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 (FVPL) 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 (PFRS).

Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standards or interpretation, and as specifically disclosed in the accounting policies of the Fund.

Changes in Accounting Policies

The accounting policies adopted by the Fund are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which were adopted as of January 1, 2015.



PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions (Amendments)

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after July 1, 2014. It is not expected that this amendment would be relevant to the Fund, since it does not have defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRS (2010-2012 cycle)

The Annual Improvements to PFRS (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Fund. They include:

PFRS 2, Share-based Payment - Definition of Vesting Condition

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Fund shall consider this amendment for future business combinations.

PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.



PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The adoption of this amendment did not have any impact in the Fund's financial statements, since the Fund did not have property, plant and equipment.

PAS 24, Related Party Disclosures - Key Management Personnel

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRS (2011-2013 cycle)

The Annual Improvements to PFRS (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Fund. They include:

PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

PFRS 13, Fair Value Measurement - Portfolio Exception

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

PAS 40, Investment Property

The description of ancillary services in PAS 40 differentiates between the investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Summary of 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 financial instruments, such as, financial assets at FVPL, at fair value at each reporting 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstance 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 at fair value in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 the purpose 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 the fair value hierarchy as explained above (see Note 5).

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Fund recognizes a financial asset and 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 settlement date. Securities are recognized when received.



Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial assets and financial liabilities include transaction costs. The Fund classifies its financial assets in the following categories: financial assets at FVPL, available-for-sale (AFS) investments, held-to-maturity (HTM) investments and loans and receivables. Financial liabilities, on the other hand, are classified as financial liabilities at FVPL and financial liabilities carried at amortized cost. The classification depends on the purpose for which the financial instruments were acquired and whether they are quoted in an active market, and for HTM investments, the ability and intention to hold the investments until maturity. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The financial instruments of the Fund consist of cash in bank, financial assets at FVPL, other investments, receivables, accrued expenses and payables.

As of December 31, 2015 and 2014, the Fund has no HTM investments and AFS investments.

Reclassification of financial assets

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statement of comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

'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.

Financial assets at FVPL

This category consists of financial assets that are held for trading. Financial assets held for trading are recorded in the statement of financial position at fair value with changes in fair value recorded under 'Trading gains (losses)' in the statement of comprehensive income. Interest earned is recorded as 'Interest income' while dividends earned are recorded as 'Dividend income' in the statement of comprehensive income. Investments in unit investment trust funds (UITF) are measured at net asset value.



Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL, HTM investments or AFS investments.

Receivables are stated at outstanding balance less any allowance for credit losses. Any losses arising from impairment are recognized in the statement of comprehensive income.

Other financial liabilities

This accounting policy relates to the statement of financial position caption 'Accounts payable and accrued expenses' which is not designated at FVPL but classified as other financial liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, accounts payable and accrued expenses are subsequently measured at amortized cost.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standards or interpretation.

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it had neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.



Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Impairment of Financial Assets

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a 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 events 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 borrower or a group of borrowers 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 where 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.

Receivables

For receivables carried at amortized cost, the Fund assesses whether objective evidence of impairment exists. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future impairment losses that have not been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged against the statement of comprehensive income. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited against 'Provision for credit losses' in the statement of comprehensive income.

Impairment of Non-financial Assets

At each reporting date, the Fund assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Fund makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's (or cash-generating units) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). An impairment loss is charged to operations in the year in which it arises.



For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed, only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Fund and the revenue can be reliably measured. The Fund assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Fund has concluded that it is acting as a principal in all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Trading gains (losses)

Trading gains (losses) represent 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. Fair value of financial assets held for trading represents the closing prices of the investments.

Realized gains and losses on disposals of financial instruments at FVPL are calculated using first-in-first-out method. Realized gains and losses 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. Interest income includes amortization of any discount or premium on the difference between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest method.

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 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.



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 the statement of income, except to the extent that it related to OCI items recognized directly in the statement of comprehensive income.

Current taxes

Current income 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 income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the date of the statement of financial position 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, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward 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 carry forward benefits of unused tax credits and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

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. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Fund, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

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.

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 board of directors. A proposed 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 and debt 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. Where the Fund expects a provision to be reversed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Related Party Relationships and Transactions

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

Contingent Liabilities and Contingent Assets

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.

Future Changes in Accounting Policies

The Fund will adopt the Standards and Interpretations enumerated below when these become effective. Except as otherwise indicated, the Fund does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) to have significant impact on its financial statements.

Deferred

Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standard Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.



Effective January 1, 2016

- *PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund given that the Fund has not used a revenue-based method to depreciate its non-current assets.
- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund up as the Fund does not have any bearer plants.
- *PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Fund.
- *PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidated Exception (Amendments)*
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments will not have any impact on the Fund.



PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (Amendments)

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund.

- *PAS 1, Presentation of Financial Statements - Disclosure Initiative (Amendments)*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:
 - a) The entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
 - b) That specific line items in the statement on income and OCI and the statement of financial position may be disaggregated
 - c) That entities have flexibility as to the order in which they present the notes to financial statements
 - d) That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose the fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Fund is currently assessing the impact of these amendments on its financial statements.

- *PFRS 14, Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Fund is an existing PFRS preparer, this standard would not apply.

In December 2015, the IASB deferred the effectivity of the amendments to PFRS 10 and PAS 28 for a broader review by the Board.



Annual Improvements to PFRS (2012-2014 cycle)

The Annual Improvements to PFRS (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Fund. They include:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.
- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PAS 34, Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- *PFRS 9, Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and



measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of the initial application is before February 1, 2015. The Fund did not early adopt PFRS 9.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Fund's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Fund's financial liabilities. The adoption will also have an effect on the Fund's application of hedge accounting. The Fund is currently assessing the impact of adopting this standard.

The adoption of PFRS is not expected to have any significant impact on the Fund's financial statements.

The following new standards issued by the IASB have not yet been adopted by the FRSC.

- *IFRS 15, Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- *IFRS 16, Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with term of 12 months or less or for which the underlying asset is of low value are exempted from this requirements.

The accounting by lessors is substantially unchanged as the new standard carried forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective approach, with options to use certain transition reliefs. The Fund is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.



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

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates

a. Impairment of non-financial assets

The Fund assesses impairment on its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Fund considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Fund recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As of December 31, 2015 and 2014, the Fund recognized impairment losses on Input VAT, amounting to ₱0.68 million and nil, respectively on its other assets (see Note 9).

b. Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that 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. The Fund did not recognize deferred tax assets amounting to ₱1.61 and ₱1.83 million as of December 31, 2015 and 2014, respectively, since management believes that the benefit from such asset will not be realized prior to its expiration (see Note 17).



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 risk. It also supports the effective implementation of policies.

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

Risk Management Framework

The Fund's risk management personnel has 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 accounts, are reported to the Fund's management. Management then considers the aggregate impact of the overall capital requirement revealed by the stress testing 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 investments 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 security investments 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 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 risk through its holdings of financial assets and financial liabilities. The most important components of this financial risk are credit risk, liquidity risk and market risk.

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



The Fund invests in short-term deposits in banks, private debt securities and government securities wherein the risk of default is considered minimal.

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, already represent the financial assets' maximum exposure to credit risk before and after taking into account any collateral held or other credit enhancements.

As of December 31, 2015 and 2014, the Fund does not hold collateral on its financial assets.

Maximum credit exposure by counterparty

The Fund manages credit risk by setting limits for each counterparty. A credit analysis is a standard operational procedure in order to assess the credit quality and the credit worthiness of the counterparty. Transactions may also be structured to include collateralization or various credit enhancements when necessary. Credit exposures are closely monitored so as to ensure that payments are made on time.

The tables below show the maximum credit exposure of the Fund per industry.

	2015			
	Cash and cash equivalents	Financial assets at FVPL	Receivables	Total
Corporate:				
Financials	₱3,468,152	₱41,099,754	₱35,175	₱44,603,081
Holding firms	—	56,663,173	11,550	56,674,723
Industrial	—	42,876,890	—	42,876,890
Services	—	32,589,672	—	32,589,672
Property	—	19,693,229	—	19,693,229
Mining and oil	—	13,717,810	—	13,717,810
SME	—	13,545,800	—	13,545,800
Total	₱3,468,152	₱220,186,328	₱46,725	₱223,701,205

	2014			
	Cash and cash equivalents	Financial Assets at FVPL	Receivables	Total
Corporate:				
Financials	₱1,510,727	₱53,126,591	₱2,027,690	₱56,665,008
Holding firms	—	63,626,736	42,068	63,668,804
Industrial	—	47,785,345	—	47,785,345
Services	—	27,182,777	—	27,182,777
Property	—	25,998,912	—	25,998,912
Mining and oil	—	14,677,344	—	14,677,344
SME	—	7,545,450	—	7,545,450
Total	₱1,510,727	₱239,943,155	₱2,069,758	₱243,523,640

Impaired receivables

Impaired receivables are receivables for which the Fund has determined that it is probable that it will not be able to collect all principal and interest due based on the contractual terms of the related agreements.



As of December 31, 2015 and 2014, the Fund has no impaired receivables.

Past due but not impaired receivables

Past due but not impaired receivables are financial assets where contractual payments are past due but the Fund believes that impairment is not appropriate on the basis of the level of collateral available and/or the status of collections of amounts owed to the Fund.

As of December 31, 2015 and 2014, the Fund's financial assets are neither past due nor impaired and are considered high grade.

The credit quality of the Fund's financial assets was determined as follows:

Financial assets at FVPL

- High grade - Companies that are consistently profitable, have strong fundamentals and pay out dividends and interest.
- Medium - Companies that recently turned profitable and have the potential of becoming a high grade company. These companies have sound fundamentals.
- Low - Companies that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

Loans and receivables

- High grade - These are receivables from counterparties with no default in payment.
- Medium - These are receivables from counterparties with up to three defaults in payment.
- Low - These are receivables from counterparties with more than three defaults in payment.

The Fund adopted the internal credit rating process of its investment manager, VII, in assessing the credit quality of the Fund's investments as of December 31, 2015 and 2014.

Government debt securities are considered high grade because these are virtually risk-free investments as they are issued and guaranteed by the Philippine government.

Cash and cash equivalents and receivables are considered high grade since these are low risk investments and where counterparties had no default in payments as of December 31, 2015 and 2014.

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 from either 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.

All financial assets and financial liabilities of the Fund are to be realized and settled within one year from the respective reporting dates. The Fund has no interest-bearing financial liabilities, and as such the carrying values of the Fund's financial liabilities approximate their undiscounted contractual future payments. As of December 31, 2015 and 2014, the total undiscounted cash flows of the Fund's financial assets amounted to ₱223.70 million and ₱243.52 million, respectively, which are due 3 months from reporting dates.



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 (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 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; 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 exposures and breaches to the monitoring authority; monitoring compliance with market risk policy and review of market risk policy for pertinence and changing environment.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's government securities are exposed to such risk.

The Fund's market risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The sensitivity of the income is the effect of the assumed changes in interest rates on the 'Trading gains (losses)' for one year, based on the fixed-rate financial assets held for trading at each reporting date. The sensitivity of the 'Trading gains (losses)' is calculated by revaluing fixed-rate debt securities under financial assets at FVPL at the reporting date for the effects of the assumed changes in interest rates. As of December 31, 2015, the Fund has no fixed-rate financial assets held for trading.

Equity price risk

The Fund's equity price risk emanates from its securities in proprietary accounts which are financial instruments classified as financial assets at FVPL. The Fund measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations.

The following tables set forth the impact of changes in the PSEi on the Fund's market revaluation gains or losses on its quoted equity securities as of December 31, 2015 and 2014.

	2015	
Changes in PSEi	14.39%	(14.39%)
Change in equity under:		
Holding firms	₱8,299,476	(₱8,299,476)
Industrial	4,982,399	(4,982,399)
Services	3,903,125	(3,903,125)
Financials	3,551,964	(3,551,964)
Property	3,385,235	(3,385,235)
SME	1,894,662	(1,894,662)
Mining and oil	1,839,246	(1,839,246)
Total	₱27,856,107	(₱27,856,107)
As a percentage of the Fund's market revaluation gains (losses)	189.47%	(189.47%)



	2014	
Changes in PSEi	11.82%	(11.82%)
Change in equity under:		
Holding firms	₱7,406,720	(₱7,406,720)
Industrial	4,545,825	(4,545,825)
Services	2,687,092	(2,687,092)
Financials	2,411,442	(2,411,442)
Property	3,465,964	(3,465,964)
SME	1,471,198	(1,471,198)
Mining and oil	1,355,318	(1,355,318)
Total	₱23,343,559	(₱23,343,559)
As a percentage of the Fund's market revaluation gains (losses)	262.95%	(262.95%)

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

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

	2015	
Changes in NAV per share	14.39%	(14.39%)
Change in net unrealized loss	₱2,599,716	(₱2,599,716)
As a percentage of the Fund's net unrealized loss	(1,723.00%)	1,723.00%
	2014	
Changes in NAV per share	11.82%	(11.82%)
Change in net unrealized gain	₱3,846,096	(₱3,846,096)
As a percentage of the Fund's net unrealized gain	635.38%	(635.38%)

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.

5. Fair Value of Financial Assets and Liabilities

As of December 31, 2015 and 2014, 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 in bank and receivables - Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.



Financial assets at FVPL - Fair values are based on quoted market prices for quoted equity securities and net asset value per share for investments in UITF.

Accounts payable and accrued expenses - Accruals of professional and management fees, advances from affiliates and other liabilities approximate fair value due to their short-term nature. Accounts payable are noninterest-bearing and are normally payable within 3 months from reporting dates.

As of December 31, 2015 and 2014, all financial assets at FVPL are measured at fair value using Level 1 inputs, except for investments in UITF which are measured using Level 2 inputs. There were no transfers between levels as of December 31, 2015 and 2014.

6. Cash in Bank

This account consists of:

	2015	2014
Checking account	₱2,925,380	₱966,570
Savings deposit	542,772	544,157
	₱3,468,152	₱1,510,727

Checking account and savings deposit earn annual interest ranging from 0.25% to 0.35% in both 2015 and 2014.

Interest income earned on cash in bank amounted to ₱0.02 million, ₱0.05 million, ₱0.31 million in 2015, 2014 and 2013, respectively.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of:

	2015	2014
Quoted equity securities	₱202,120,200	₱207,415,344
Investments in UITF (Note 19)	18,066,128	32,527,811
	₱220,186,328	₱239,943,155

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

	2015		
	Short-term fund	Equity fund	Balanced fund
NAV	₱15,140,333	₱1,697,214	₱1,228,581
Outstanding units	14,739,262	583,159	1,250,000
NAV per share	₱1.0272	₱2.9104	₱0.9829



	2014		
	Short-term fund	Equity fund	Balanced fund
NAV	₱29,310,800	₱1,945,236	₱1,271,775
Outstanding units	28,908,139	583,159	1,250,000
NAV per share	₱1.0139	₱3.3357	₱1.0174

The short-term fund pertains to a special reserve account 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:

	2015	2014	2013
Realized	₱1,487,651	₱14,102,301	₱22,156,349
Unrealized	(14,853,226)	9,482,921	(32,088,258)
	(₱13,365,575)	₱23,585,222	(₱9,931,909)

Dividend income earned from financial assets at FVPL amounted to ₱4.29 million, ₱1.44 million and ₱3.88 million in 2015, 2014 and 2013, respectively.

Interest income earned from government securities amounted to nil, ₱0.60 million and ₱1.28 million in 2015, 2014 and 2013, respectively.

8. Receivables

This account consists of:

	2015	2014
Dividends receivable	₱46,695	₱42,068
Due from broker (Note 19)	30	-
Other receivables (Note 19)	-	2,027,690
	₱46,725	₱2,069,758

Other receivables represent unremitted proceeds from partial redemption of short-term UITF.

Interest income earned from loans receivable amounted to nil, ₱0.09 million and ₱1.46 million in 2015, 2014 and 2013, respectively.



9. Other Assets

This account consists of:

	2015	2014
Input tax	P687,521	P527,195
Other assets	112,503	112,503
	800,024	639,698
Allowance for impairment losses	(800,024)	(112,503)
	P-	P527,195

Movements in allowance for impairment loss on input VAT follow:

	2015	2014
Balance at the beginning of the year	P112,503	P112,503
Provision for impairment loss	687,521	-
Balance at the end of the year	P800,024	P112,503

10. Accounts Payable and Accrued Expenses

This account consists of:

	2015	2014
Financial Liabilities		
Accrued expenses (Notes 18 and 19)	P1,236,481	P2,271,287
Due to broker (Note 19)	-	4,523,341
Advances from affiliates (Note 19)	-	169,206
Other liabilities	491,843	494,233
	1,728,324	7,458,067
Non-financial Liability		
Withholding tax payable	84,183	121,465
	P1,812,507	P7,579,532

Accrued expenses include accruals for management fees legal and professional fees. Other liabilities mainly represent unclaimed checks on dividends distributed to stockholders.

11. Equity

The Fund's capital stock consists of:

	2015	2014
Capital stock - P1 par value		
Authorized - 184,234,038 common shares in 2015 and 2014		
Issued and fully paid	P105,272,397	P105,272,397
Stock dividends distributable	-	-
	105,272,397	105,272,397
Treasury stock - 55,105,000 shares, at cost	(49,198,325)	(49,198,325)
	P56,074,072	P56,074,072



NAV per share is computed as follows:

	2015	2014
Net asset value	₱221,888,698	₱236,471,303
Number of shares outstanding	50,167,397	50,167,397
NAV per share	₱4.4230	₱4.7136

On March 19, 2013, the Fund's BOD approved the declaration and distribution of cash dividends in the amount of ₱0.20 per share or an aggregate of ₱4.77 million, to stockholders of record as of April 4, 2013, payable on April 30, 2013.

On the same date, the BOD also approved the following resolutions:

- a.) The amendment of the Fund's Articles of Incorporation and By-Laws to increase its authorized capital stock from ₱78.95 million divided into 78.95 million shares, with a par value of ₱1.00 per share to ₱184.23 million divided into 184.23 million shares, with a par value of ₱1.00 per share;
- b.) The subscription to ₱26.32 million out of the foregoing increase in authorized capital stock of the Fund by way of stock dividends which is hereby declared from the unrestricted retained earnings of the Fund;
- c.) The issuance of stock dividends to its stockholders of record on the fifteenth (15) day counted from approval by the SEC of the increase in the authorized capital stock, 26.32 million shares of stock of the Fund, which shares have an aggregate par value of ₱26.32 million to be distributed to the stockholders of the Fund as of said record date within 18 trading days after record date, provided that any fraction of a share shall be deemed to have not been issued. Any resulting fractional share shall be rounded down to the nearest whole number;
- d.) The registration of the additional 26.32 million shares of stock with the SEC and the listing thereof with the Philippine Stock Exchange, Inc.

These resolutions were ratified by the Fund's shareholders in the annual meeting on May 7, 2013 and approved by the SEC on December 27, 2013. The stock dividends distributable was distributed to the stockholders as of record date January 28, 2014 on February 24, 2014.

The total number of stockholders of the Fund is 5,578 and 5,638 as of December 31, 2015 and 2014, respectively.

Determination of retained earnings available for dividend declaration

Retained earnings of the Fund amounted to ₱71.45 million and ₱86.04 million as of December 31, 2015 and 2014, respectively. Retained earnings available for dividend declaration is determined by the Fund in accordance with SEC Memorandum Circular No. 11 issued in December 2008. 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. Retained earnings available for dividend declaration as of December 31, 2015 and 2014 amounted to ₱22.26 million and ₱59.44 million, respectively.

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 net asset value per share and 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 December 31, 2015 and 2014.

The Fund considers capital stock, additional paid-in capital, retained earnings and treasury stock 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, 2015 and 2014, the Fund is compliant with the above externally-imposed capital requirement.

12. Basic and Diluted Earnings (Losses) Per Share

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

	2015	2014	2013
Net investment income (loss)	(₱14,582,605)	₱19,015,048	(₱11,507,068)
Weighted average number of common shares outstanding	50,167,397	50,167,397	50,167,397
Basic and diluted earnings (loss) per share	(₱0.2907)	₱0.3790	(₱0.2294)

As of December 31, 2015, 2014 and 2013, there were no potential common shares or other instruments with a dilutive effect on the basic earnings (losses) per share.

13. Transaction Fees

This account consists of:

	2015	2014	2013
Stock transaction tax (Note 19)	₱258,084	₱732,838	₱980,236
Commission (Note 19)	237,625	841,985	887,092
SCCP* fees (Note 19)	9,505	33,052	34,877
Transaction fees (Note 19)	4,783	106,893	54,554
	₱509,997	₱1,714,768	₱1,956,759

*Stock Clearing Corporation of the Philippines

14. Professional and Legal Fees

This account consists of expenses incurred for legal, accounting and stock transfer services provided to the Fund amounting to ₱0.83 million, ₱1.32 million and ₱1.74 million in 2015, 2014 and 2013, respectively.



15. Miscellaneous Expenses

This account consists of:

	2015	2014	2013
Trainings and seminars	₱11,500	₱22,473	₱-
Transportation and travel	1,028	7,715	9,727
Bank charges	150	2,250	3,200
Printing and photocopy	-	284,750	188,047
Fines and penalties	-	44,643	-
Others	26,354	50,086	25,055
	₱39,032	₱411,917	₱226,029

16. 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 respective reporting dates.

17. Provision for Income Tax

Provision for income tax consists of:

	2015	2014	2013
Final tax	₱4,400	₱129,373	₱317,772
MCIT	-	1,781	29,191
	₱4,400	₱131,154	₱346,963

Final tax pertains to the 20.00% withholding tax on gross interest income from cash and cash equivalents and government securities.

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 MCIT follow:

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2014	₱1,781	₱-	₱1,781	2017
2013	29,191	-	29,191	2016
2012	6,996	(6,996)	-	2015
	₱37,968	(₱6,996)	₱30,972	



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

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2015	₱4,573,671	₱-	₱4,573,671	2018
2014	5,991,472	-	5,991,472	2017
2013	5,148,145	-	5,148,145	2016
2012	6,552,544	(6,552,544)	-	2015
	₱22,265,832	(₱6,552,544)	₱15,713,288	

As of December 31, 2015 and 2014, the Fund did not recognize deferred tax asset amounting to ₱1.61 million and ₱1.83 million, respectively, on NOLCO and allowance for impairment losses 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:

	2015	2014	2013
Statutory income tax	(₱4,373,462)	₱5,743,861	(₱3,348,032)
Tax effect of:			
Tax-exempt income	2,723,211	(7,507,094)	1,816,570
Change in unrecognized deferred tax asset	1,372,101	1,797,442	1,573,635
Non-deductible expenses	284,751	159,851	463,676
Tax-paid income	(2,200)	(62,906)	(158,886)
	₱4,400	₱131,154	₱346,963

18. Investment Management Agreement

As described in Note 1, the Fund's investment manager is VII. The Fund pays management fee, on a quarterly basis, equivalent to 1.00% per annum of the average net asset value of the Fund at the beginning and end of the quarter period.

In 2015, 2014 and 2013, the Fund recognized management fees for VII amounting to ₱2.34 million, ₱1.75 million and ₱2.41 million, respectively.

Management fees payable (included in 'Accounts payable and accrued expenses') amounted to ₱0.70 million and ₱1.50 million as of December 31, 2015 and 2014, respectively.

19. 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. The Fund's related parties include:

- the ultimate parent company and its subsidiaries, joint ventures and associates and their respective subsidiaries;
- other related parties, which are associates, affiliates, subsidiaries, and joint ventures of the ultimate parent company; and



- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members.

Affiliates are other companies linked indirectly to the Fund through interlocking directorship or officership and those under common significant influence.

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

December 31, 2015			
Category	Amount/Volume	Outstanding Balances	Terms and Conditions/Nature
<u>Parent Company</u>			
VDC			
Accrued expenses	P-	P92,674	Various expenses advanced by VDC on behalf of the Fund in prior years.
<u>Entities under common control</u>			
VII			
Accrued expenses		701,215	Unpaid balance of management fees payable.
Management fees	2,348,000		Annual fees incurred for management services rendered by VII computed as 1% of the net asset value (NAV) of the Fund.
Miscellaneous expense	5,940		Various miscellaneous expenses advanced by VII for the Fund including replenishment of petty cash.
AB Capital Securities, Inc.			
Due from broker		30	Receivable from AB Capital Securities, Inc. for selling of equities.
Commission expense	237,625		Commission paid to AB Capital Securities, Inc. for buy and sell of equity securities transactions at the rate of 0.2500% of gross purchase price/selling price.
Transaction fees	272,342		Includes SCCP fees, sales tax and transaction fees for buy and sell of trading securities.
Purchases	56,903,102		
Sales	51,616,757		
<u>Key management personnel</u>			
Directors			
Directors' fees	411,765		Fees paid to the members of the Fund's Board of Directors at a fixed amount of P29,412 per director for every attendance in Board meetings.

December 31, 2014			
Category	Amount/Volume	Outstanding Balances	Terms and Conditions/Nature
<u>Parent Company</u>			
VDC			
Accrued expenses	P-	P92,674	Various expenses advanced by VDC on behalf of the Fund in prior years.
<u>Entities under common control</u>			
VII			
Accrued expenses	-	1,503,610	Unpaid balance of management fees payable.
Advances from affiliates	-	167,601	Unpaid balance of various expenses such as professional fees to Prople, Inc. for bookkeeping services and miscellaneous expenses advanced by
(Forward)			



December 31, 2014			
Category	Amount/Volume	Outstanding Balances	Terms and Conditions/Nature
Management fees	₱1,749,535		VII for the Fund. Annual fees incurred for management services rendered by VII computed as 1% of the net asset value (NAV) of the Fund.
Commission expense	15,625		Commission at the rate of 0.0625% of the face amount of government securities bought/sold by VII as broker of the Fund.
Transaction fees			Transaction fees paid for VII's brokering services rendered to the Fund.
Purchases	725		
Sales	25,000,000		
Miscellaneous expense	69,099		Various miscellaneous expenses advanced by VII for the Fund including replenishment of petty cash.
VSec.Com, Inc.			
Advances from affiliates	-	₱1,605	Unpaid balance of miscellaneous expense advanced by VSec.Com, Inc. on behalf of the Fund in prior years.
AB Capital and Investment Corporation			
Other Receivables	-	2,027,690	Redemption of investment in UITF.
AB Capital Securities, Inc.			
Due to broker	-	4,523,341	Payable to AB Capital Securities, Inc. for buying of equities.
Commission expense			Commission paid to AB Capital Securities, Inc. for buy and sell of equity securities transactions at the rate of 0.2500% of gross purchase price/selling price.
Transaction fees	872,783		Includes SCCP fees, sales tax and transaction fees for buy and sell of trading securities.
Purchases	183,948,636		
Sales	146,567,442		
Vicsal Foundation, Inc.			
Donation	200,000		Annual donation to Vicsal Foundation, Inc.
<i><u>Key management personnel</u></i>			
Directors			
Directors' fees	529,412		Fees paid to the members of the Fund's Board of Directors at a fixed amount of ₱29,412 per director for every attendance in Board meetings.

As discussed in Note 7, in 2015 and 2014, the Fund's investments in UITF are managed by ABCIC - TID, the trust department of an entity under common control.

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. For the years ended December 31, 2015 and 2014, the Fund has not recorded any impairment of receivables from related parties. This assessment is undertaken each year through examining the financial position of the related party.



20. Segment Information

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

	2015	2014	2013
Cash and cash equivalents	₱22,003	₱48,776	₱312,129
Government securities	-	(1,006,340)	(3,443,112)
Quoted equity securities	(9,011,807)	25,020,144	(1,172,894)
Investments in UITF	(65,562)	1,607,932	(162,498)
Loans receivable	-	89,032	1,459,575
	<u>(₱9,055,366)</u>	<u>₱25,759,544</u>	<u>(₱3,006,800)</u>

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

21. 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 March 21, 2016.

22. Report on the Supplementary Information Required Under Revenue Regulations No. 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 ₱66,132 pertain to business permits and documentary stamp tax paid by the Fund in 2015.

Withholding Taxes

In 2015, total remittances of the Fund on expanded withholding taxes amounted to ₱531,964 and an outstanding balance of ₱50,700.

Stock Transaction Taxes

Total stock transaction tax of the Fund for the sale of equity shares amounted to ₱258,084 in 2015 recorded under 'Transaction fees' in the statement of comprehensive income.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filipino Fund, Inc.
Unit 1009-1011, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Filipino Fund, Inc. (the Fund) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 21, 2016. 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 Securities Regulation Code Rule 68, As Amended (2011) 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.



Aris C. Malantic

Partner

CPA Certificate No. 90190

SEC Accreditation No. 0326-AR-3 (Group A),

May 1, 2015, valid until April 30, 2018

Tax Identification No. 152-884-691

BIR Accreditation No. 08-001998-54-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 5321657, January 4, 2016, Makati City

March 21, 2016



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

Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company

Schedule of All the Effective Standards and Interpretations under PFRS as of December 31, 2015

Total Investment of the Fund to the Outstanding Securities on an Investee Company

Percentage of Investment in a Single Enterprise to Net Asset Value

Supplementary Schedules Required by Annex 68 - E:

Schedule A - Financial Assets

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related parties, and Principal Stockholders (other than related parties)

Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements

Schedule D - Intangible Assets

Schedule E - Long Term Debt

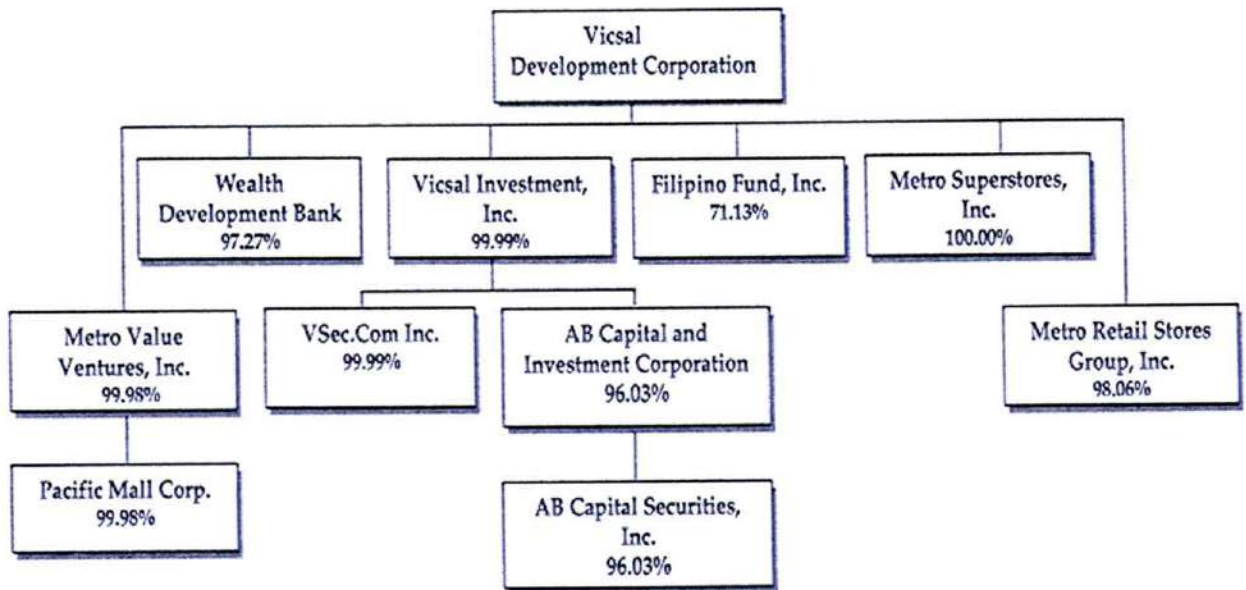
Schedule F - Indebtedness to Related Parties (Long Term Loans from Related Parties)

Schedule G - Guarantees of Securities of Other Issues

Schedule H - Capital Stock



FILIPINO FUND, INC.
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND
ITS ULTIMATE PARENT COMPANY
PERIODS UNDER SRC RULE 68, AS AMENDED
DECEMBER 31, 2015



FILIPINO FUND, INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015

List of Philippine Financial Reporting Standards (PFRS) effective as of December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted/Not Adopted/Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		Adopted
PFRS Practice Statement Management Commentary		
Philippine Financial Reporting Standards		
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	Adopted
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Not Applicable
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	Not Applicable
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	Not Applicable
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	Not Applicable
	Amendments to PFRS 1: Government Loans	Not Applicable
PFRS 2	Share-based Payment	Not Applicable
	Amendments to PFRS 2: Vesting Conditions and Cancellations	Not Applicable
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	Not Applicable
	Amendment to PFRS 2: Definition of Vesting Condition	Not Applicable
PFRS 3 (Revised)	Business Combinations	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	Not Applicable
	Amendment to PFRS 3: Scope Exemptions for Joint Arrangements	Not Applicable
PFRS 4	Insurance Contracts	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
	Amendment to PFRS 5: Changes in Method of Disposal	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources	Not Applicable
PFRS 7	Financial Instruments: Disclosures	Adopted
	Amendments to PFRS 7: Transition	Adopted



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted/Not Adopted/Not Applicable
PFRS 7	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	Adopted
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	Adopted
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	Adopted
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	Adopted
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	Adopted
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted
	Amendments to PFRS 7: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9	Not Applicable
	Amendments to PFRS 7: Servicing Contracts and Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	Not Applicable
PFRS 8	Operating Segments	Adopted
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	Not Applicable
	Amendment to PFRS 8: Aggregation of segments, reconciliation of the total of the reportable segments' assets to the entity's assets	Not Applicable
PFRS 9	Financial Instruments: Classification and Measurement of Financial Assets	Not Early Adopted
	Financial Instruments: Classification and Measurement of Financial Liabilities	Not Early Adopted
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted
	Reissue to incorporate a hedge accounting chapter and permit early application of the requirements for presenting in other comprehensive income the "own credit" gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of PFRS 9	Not Early Adopted
	Financial Instruments (final version), incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	Not Early Adopted
PFRS 10	Consolidated Financial Statements	Not Applicable
	Amendments to PFRS 10: Transition Guidance	Not Applicable



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted/Not Adopted/Not Applicable
PFRS 10	Amendments to PFRS 10: Investment Entities	Not Applicable
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not Applicable
PFRS 11	Joint Arrangements	Not Applicable
	Amendments to PFRS 11: Transition Guidance	Not Applicable
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	Not Applicable
	Amendments to PFRS 12: Transition Guidance	Not Applicable
	Amendments to PFRS 12: Investment Entities	Not Applicable
PFRS 13	Fair Value Measurement	Adopted
	Amendments to PFRS 13: Short-term Receivables and Payables	Adopted
	Amendments to PFRS 13: Portfolio Exception	Not Applicable
PFRS 14	Regulatory Deferral Accounts	Not Applicable
Philippine Accounting Standards		
PAS 1 (Revised)	Presentation of Financial Statements	Adopted
	Amendment to PAS 1: Capital Disclosures	Adopted
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	Not Applicable
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	Adopted
PAS 2	Inventories	Not Applicable
PAS 7	Statement of Cash Flows	Adopted
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Adopted
PAS 10	Events after the Reporting Period	Adopted
PAS 11	Construction Contracts	Not Applicable
PAS 12	Income Taxes	Adopted
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	Not Applicable
PAS 16	Property, Plant and Equipment	Not Applicable
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	Not Applicable
	Amendments to PAS 16: Bearer Plants	Not Applicable
PAS 17	Leases	Not Applicable



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted/Not Adopted/Not Applicable
PAS 18	Revenue	Adopted
PAS 19	Employee Benefits	Not Applicable
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	Not Applicable
PAS 19 (Amended)	Employee Benefits	Not Applicable
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution	Not Applicable
	Amendments to PAS 19: Discount Rate: Regional Market Issue	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates	Not Applicable
	Amendment: Net Investment in a Foreign Operation	Not Applicable
PAS 23 (Revised)	Borrowing Costs	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	Adopted
	Amendments to PAS 24: Key Management Personnel	Not Early Adopted
PAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
PAS 27	Consolidated and Separate Financial Statements	Not Applicable
PAS 27 (Amended)	Separate Financial Statements	Not Applicable
	Amendments for Investment Entities	Not Applicable
	Amendments to PAS 27: Equity Method in Separate Financial Statements	Not Applicable
PAS 28	Investments in Associates	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies	Not Applicable
PAS 31	Interests in Joint Ventures	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	Adopted
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	Not Applicable
	Amendment to PAS 32: Classification of Rights Issues	Not Applicable
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Adopted
PAS 33	Earnings per Share	Adopted
PAS 34	Interim Financial Reporting	Adopted



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted/Not Adopted/Not Applicable
PAS 36	Impairment of Assets	Adopted
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	Adopted
PAS 38	Intangible Assets	Not Applicable
	Clarification of Acceptable Methods of Depreciation and Amortization	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	Adopted
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	Adopted
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	Not Applicable
	Amendments to PAS 39: The Fair Value Option	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	Not Applicable
	Amendment to PAS 39: Eligible Hedged Items	Not Applicable
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	Not Applicable
PAS 40	Investment Property	Not Applicable
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property	Not Applicable
PAS 41	Agriculture	Not Applicable
	Amendments to PAS 41: Bearer Plants	Not Applicable
Philippine Interpretations		
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments	Not Applicable
IFRIC 4	Determining Whether an Arrangement Contains a Lease	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	Not Applicable



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted/Not Adopted/Not Applicable
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies	Not Applicable
IFRIC 8	Scope of PFRS 2	Not Applicable
IFRIC 9	Reassessment of Embedded Derivatives	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	Not Applicable
IFRIC 10	Interim Financial Reporting and Impairment	Not Applicable
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	Not Applicable
IFRIC 12	Service Concession Arrangements	Not Applicable
IFRIC 13	Customer Loyalty Programmes	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Not Applicable
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Not Applicable
IFRIC 17	Distributions of Non-cash Assets to Owners	Not Applicable
IFRIC 18	Transfers of Assets from Customers	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Not Applicable
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Not Applicable
IFRIC 21	Levies	Not Applicable
SIC-7	Introduction of the Euro	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities	Not Applicable
SIC-12	Consolidation - Special Purpose Entities	Not Applicable
	Amendment to SIC - 12: Scope of SIC 12	Not Applicable
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	Not Applicable
SIC-15	Operating Leases - Incentives	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	Not Applicable
SIC-29	Service Concession Arrangements: Disclosures	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services	Not Applicable
SIC-32	Intangible Assets - Web Site Costs	Not Applicable



FILIPINO FUND, INC.
TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING SECURITIES
ON AN INVESTEE COMPANY
DECEMBER 31, 2015

INVESTEE COMPANY	2015	2014
Ayala Corporation	0.000646%	0.001727%
Aboitiz Equity Ventures, Inc.	0.000547%	0.000549%
Ayala Land, Inc.	0.001992%	0.002180%
Alliance Global Group, Inc.	0.004382%	0.005864%
Aboitiz Power Corporation	0.002650%	0.002650%
Atlas Consolidated Mining and Dev't Corp.	-	0.005777%
Banco de Oro Unibank, Inc.	0.000719%	0.000732%
Belle Corporation	0.003018%	0.010034%
Bank of the Philippine Islands	0.000772%	0.000874%
Bloomery Resorts Corporation	0.005016%	0.003329%
Cebu Air, Inc.	0.006946%	-
China Banking Corporation	0.000001%	0.000001%
Cirtek Holdings Philippines Corporation	0.007373%	-
DMCI Holdings, Inc.	0.006225%	0.006225%
D & L Industries, Inc.	0.002036%	0.010212%
Energy Development Corporation	0.004261%	0.000848%
East West Banking Corporation	-	0.008570%
Emperador, Inc.	0.000186%	0.000200%
First Gen Corporation	0.007723%	0.006504%
Globe Telecom, Inc.	0.000354%	-
GT Capital Holdings, Inc.	0.004321%	0.004607%
International Container Terminal Services, Inc.	0.001602%	0.001601%
Jollibee Foods Corporation	0.000711%	0.000715%
JG Summit Holdings, Inc.	0.000426%	0.000577%
Lafarge Republic, Inc.	-	0.003494%
Metropolitan Bank & Trust Company	0.006933%	0.005073%
LT Group, Inc.	0.000434%	0.000434%
Megaworld Corporation	0.003849%	0.000563%
Manila Electric Company	0.003460%	0.003461%
Metro Pacific Investment Corporation	0.005716%	0.005890%
Metro Retail Stores Group, Inc	0.098473%	-
Nickel Asia Corporation	0.008166%	0.003449%
Petron Corporation	0.006773%	0.011040%
Philippine National Bank	-	0.000640%
Resorts World Manila	-	0.002025%
Robinsons Land Corporation	0.000660%	0.000660%
Robinsons Retail Holdings, Inc.	0.002622%	0.006588%
Semirara Mining Corporation	0.006745%	0.004803%
SM Investments Corporation	0.001715%	0.001478%
San Miguel Corporation "A"	0.000142%	0.000142%
SM Prime Holdings, Inc.	0.000425%	0.001879%
Philippine Long Distance Telephone Company	0.001736%	0.001551%
Universal Robina Corporation	0.000688%	0.000458%
Xurpas Inc	0.051744%	0.046919%



FILIPINO FUND, INC.
PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET VALUE
DECEMBER 31, 2015

COMPANY	2015	2014
Ayala Corporation	1.362845%	3.023671%
Aboitiz Equity Ventures, Inc.	0.793948%	0.677494%
Alliance Global Group, Inc.	3.265151%	5.742604%
Ayala Land, Inc.	4.545955%	4.396237%
Aboitiz Power Corporation	3.664675%	3.525269%
Atlas Consolidated Mining and Dev't Corp.	-	0.517610%
Banco de Oro Unibank, Inc.	1.239811%	1.215429%
Belle Corporation	0.416522%	2.186464%
Bank of the Philippine Islands	1.146903%	1.365451%
Bloomberg Resorts Corporation	1.130454%	1.827558%
Cebu Air, Inc.	1.562095%	-
China Banking Corporation	0.000184%	0.000219%
Cirtek Holdings Philippine Corporation	0.233788%	-
DMCI Holdings, Inc.	5.140280%	5.480377%
D & L Industries, Inc.	0.599584%	2.544727%
Energy Development Corporation	2.232561%	0.551357%
East West Banking Corporation	-	0.977341%
Emperador Inc.	0.121007%	0.131686%
First Gen Corporation	2.839658%	2.359441%
Globe Telecom, Inc.	0.392287%	-
GT Capital Holdings, Inc.	4.480733%	3.504425%
International Container Terminal Services, inc.	1.032851%	1.575743%
JG Summit Holdings, Inc.	1.007555%	1.130370%
Jollibee Foods Corporation	0.750106%	0.678137%
Lafarge Republic, Inc.	-	0.763325%
LT Group, Inc.	0.313067%	0.240892%
Metropolitan Bank & Trust Company	7.993814%	4.884857%
Megaworld Corporation	2.376980%	0.358217%
Manila Electric Company	5.624441%	4.205584%
Metro Pacific Investment Corporation	3.735567%	2.977554%
Metro Retail Stores Group, Inc.	6.057298%	-
Nickel Asia Corporation	1.747509%	2.632911%
Petron Corporation	2.000395%	4.630710%
Philippine National Bank	-	0.267605%
Resorts World Manila	-	1.102479%
Robinsons Land Corporation	0.334627%	0.290585%
Robinsons Retail Holdings, Inc.	1.030936%	2.875402%
Semirara Mining Corporation	4.434784%	3.056296%
SM Investments Corporation	5.361823%	4.024186%
San Miguel Corporation "A"	0.075787%	0.105174%
SM Prime Holdings, Inc.	1.201189%	3.763028%
Philippine Long Distance Telephone Company	3.481475%	4.113988%
Universal Robina Corporation	1.257387%	0.817435%
Xurpas Inc.	6.104772%	3.190852%



FILIPINO FUND, INC.
SCHEDULE A – FINANCIAL ASSETS
As of December 31, 2015

<i>Name of issuing entity</i>	<i>Number of shares</i>	<i>Amount shown in the balance sheet</i>	<i>Income received and accrued</i>
<i>Financial Assets at Fair Value Through Profit or Loss</i>			
Ayala Corporation	4,000	P3,024,000	P23,040
Aboitiz Power Corporation	195,000	8,131,500	323,700
Aboitiz Equity Ventures, Inc.	30,400	1,761,680	33,744
Alliance Global Corp., Inc.	450,000	7,245,000	139,500
Ayala Land, Inc.	292,800	10,086,960	121,512
Belle Corporation	317,600	924,216	237,215
China Banking Corporation	11	409	11
Bank of the Philippine Islands	30,350	2,544,848	90,945
Banco de Oro Unibank, Inc.	26,200	2,751,000	55,020
Bloomberry Resorts Corporation	552,500	2,508,350	27,625
Cebu Air, Inc.	42,090	3,466,111	63,135
Cirtek Holdings Philippines Corporation	25,000	518,750	–
DMCI Holdings, Inc.	826,500	11,405,700	396,720
D&L Industries, Inc.	145,400	1,330,410	10,905
Energy Development Corporation	799,000	4,953,800	167,790
Emperador Inc.	30,000	268,500	4,500
First Gen Corporation	278,800	6,300,880	97,580
Globe Telecom, Inc.	470	870,440	39,010
GT Capital Holdings, Inc.	7,532	9,942,240	22,596
International Container Terminal Services, Inc.	32,600	2,291,780	29,340
JG Summit Holdings, Inc.	30,500	2,235,650	6,710
Jollibee Foods Corporation	7,600	1,664,400	13,452
LT Group, Inc.	47,000	694,660	7,050
Metropolitan Bank & Trust Company	220,340	17,737,370	190,156
Megaworld Corporation	1,241,000	5,274,250	75,490
Manila Electric Company	39,000	12,480,000	594,750
Metro Pacific Investment Corporation	1,594,000	8,288,800	106,286
Metro Retail Stores Group, Inc.	3,377,000	13,440,460	–
Nickel Asia Corporation	620,404	3,877,525	310,202
Petron Corporation	635,000	4,438,650	34,250
Philippine Long Distance Telephone Company	3,750	7,725,000	570,000
Resorts World Manila	–	–	22,662
Robinsons Land Corporation	27,000	742,500	9,720
Robinsons Retail Holdings Inc.	36,310	2,287,530	18,518
Semirara Mining Corporation	72,090	9,840,285	192,360
SM Investment Corporation	13,770	11,897,280	146,100
San Miguel Corporation "A"	3,370	168,163	3,539
SM Prime Holdings, Inc.	122,825	2,665,303	25,793
Universal Robina Corporation	15,000	2,790,000	45,000
Xurpas, Inc.	890,000	13,545,800	32,280



<i>Investments in UITF</i>	<i>Number of Units</i>	<i>Market Value</i>	<i>Income or Loss Earned or Incurred</i>
Short-term Fund	14,739,262	₱15,140,333	₱140,332
Equity Fund	583,159	1,697,214	(248,022)
Balanced Fund	1,250,000	1,228,581	(43,193)



FILIPINO FUND, INC.
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
As of December 31, 2015

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
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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, 2015

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
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NOT APPLICABLE



FILIPINO FUND, INC.
SCHEDULE D – INTANGIBLE ASSETS
As of December 31, 2015

Description (i)	Beginning Balance	Additions at Cost (ii)	Charge to cost and expenses	Charge to other accounts	Other changes additions (deductions) (iii)	Ending Balance
Goodwill						
Software Costs						
Branch Licenses						

NONE TO REPORT



FILIPINO FUND, INC.
SCHEDULE E – LONG TERM DEBT
As of December 31, 2015

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
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NONE TO REPORT



FILIPINO FUND, INC.
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES
(LONG TERM LOANS FROM RELATED PARTIES)
As of December 31, 2015

Name of Related Party (i)	Balance at the Beginning of the Period	Balance at the End of the Period (ii)
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NONE TO REPORT



FILIPINO FUND, INC.
SCHEDULE G – GUARANTEES OF SECURITIES OF OTHER ISSUES
As of December 31, 2015

Name of issuing entity of securities guaranteed by the company 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)
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NONE TO REPORT



FILIPINO FUND, INC.
SCHEDULE H – CAPITAL STOCK
As of December 31, 2015

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



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>	₱86,036,107
Add: Net investment loss actually earned/realized during the year	
Net investment loss during the year	(14,582,605)
Net investment loss actually incurred during the year	(14,582,605)
Add (less):	
Treasury shares	(49,198,325)
TOTAL AVAILABLE UNAPPROPRIATED RETAINED EARNINGS FOR DIVIDEND	₱22,255,177



FILIPINO FUND, INC.
SCHEDULE SHOWING FINANCIAL SOUNDESS INDICATORS IN TWO COMPARATIVE PERIODS UNDER SRC RULE 68, AS AMENDED

	2015	2014
Current/liquidity ratio	12,342.09%	3,212.87%
Debt-to-equity ratio	0.82%	3.21%
Asset-to-equity ratio	100.82%	103.21%
Profit Margin	161.04%	73.82%
Return on Assets	(6.24%)	8.16%
Return on Equity	(6.36%)	8.38%

- (a) Current ratio is the measure of current assets to current liabilities.
(b) Debt to equity ratio is measured as total liabilities to total equity.
(c) Asset to equity ratio is measured as total assets divided by total equity.
(d) Profit margin is derived by dividing net income (loss) with total revenues.
(e) Return on assets is measured as net income with average total assets.
(f) Return on equity is derived by dividing net income (loss) over average equity.

