


CERTIFICATION

I, **JONNA C. LLAGUNO**, the Compliance officer of **FILIPINO FUND, INC.**, a corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC registration number AS091-190385 with principal office at Units 1911-1912, 19th Floor, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, on oath state:


1. That I have caused this SEC FORM 17-A for to be prepared in behalf of Filipino Fund, Inc.;
2. That I have read and understood its content which are true and correct of my own personal knowledge and/or on authentic records;
3. That the Company, Filipino Fund, Inc., will comply with the requirements set forth in SEC Notice dated May 12, 2021 to effect a complete and official submission of reports and/or documents through electronic mail;
4. That I am fully aware that submitted documents which require pre-evaluation and/or payment processing fee shall be considered complete and officially received only upon payment of filing fee; and
5. That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

IN WITNESS WHEREOF, I have hereunto set my hands this 13th day of April 2023.


Jonna C. Llaguno
Compliance Officer

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the City of Makati, Philippines, this certification, by affiant who is personally known to me and whose identity I have confirmed through Jonna C. Llaguno, [REDACTED] issued in [REDACTED] on [REDACTED], bearing the affiant's photograph and signature.

Doc. No. 289
Page No. 58
Book No. 465
Series of 2023


ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-61 - UNTIL DEC. 31, 2023
ROSL NO. 68402 / MCLE COMPLIANCE NO. VII-0010756/2-15-2022
UP OLR No. 002792 (PRACTICE MEMBER MAY 5, 2017)
PUB. No. 2017-05-000-1 (NOT. 01, 2019) MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. ALPINE ST., MAKATI CITY

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

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| Jonna C. Llaguno |
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(Contact Person)

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| 8898 7522 |
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(Company Telephone Number)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT

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

1. For the fiscal year ended **December 31, 2022**
2. SEC Identification Number **ASO91-190385**
3. BIR Tax Identification No. **002-284-545-000**
4. Exact name of issuer as specified in its charter **FILIPINO FUND, INC.**
5. Province, Country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only) XXXXXXXXXX
7. **Units 1911- 1912, 19th Floor, PSE Tower, 5th Avenue corner 28th Street., Bonifacio
Global City Taguig City 1634**
Address of principal office Postal Code
8. **(632) 898-7522**
Issuer's telephone number, including area code
9. **NA**
Former name, former address and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

| | |
|----------------------|---|
| Title of Each Class | Number of Shares of Common Stock Outstanding |
| COMMON SHARES | 50,167,397 shares |

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

| | |
|---|-----------------------------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
|---|-----------------------------|

If yes, state the name of such stock exchange: **PHILIPPINE STOCK EXCHANGE**
12. Check whether the issuer:
 - (a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

| | |
|---|-----------------------------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
|---|-----------------------------|
 - (b) Has been subject to such filing requirements for the past ninety (90) days.

| | |
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| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
|---|-----------------------------|



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

PhP183,612,673.02 (50,167,397 outstanding shares multiplied by FFI's closing price of PhP3.66 as of November 22, 2022, the last trading day of FFI covered by this report).

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

PART I – BUSINESS AND GENERAL INFORMATION

DESCRIPTION OF BUSINESS

1. Business Development

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

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

2. Business of Issuer

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

A total of 70.42% of FFI's total issued and outstanding shares of 23,846,850 was acquired by Vical Development Corporation ("VDC"), a holding company of the Metro Gaisano group, in September 2003 through a Tender Offer and was increased by stock dividends on February 24, 2014. VDC still remains the majority shareholder of FFI as of 2022.

3. Principal products or services and distribution methods

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

As of December 31, 2022, the total investments in equity holdings accounts for 87.95% of total assets. Income contributions, from this segment of the portfolio, were through cash dividends of Php8.36 million and net trading loss of Php8.54 million. Meanwhile, investments in unit investment trust funds ("UITFs") account for 2.86% of the total company resources.

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

4. Competition

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

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

5. Transactions with and/or dependence on related parties

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

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

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

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

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

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

The Fund structures the level of market risk it accepts through a market risk policy that determines what constitutes market risk for the Fund; the basis used to determine the fair value of the financial assets and liabilities; the asset allocation and duration limit based on the Fund's chosen

benchmark; diversification benchmarks by type of instrument; sets out the net exposure limits by each counterparty or group of counterparties and industry segments; reporting of market risk exposure and breaches to the monitoring authority; monitoring compliance with market risk policy and review of market risk policy for pertinence and changing environment.

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

Credit Risk

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

Liquidity Risk

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

8. Number of employees

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

9. Operation, investment objectives, and plans

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

10. Management contracts

FFI has entered into an Investment Management and Distribution Agreement (IMDA) with ABCIC, a corporation registered with the SEC primarily engaged in business as an investment house. The Fund pays management fee, on a quarterly basis, equivalent to 1.00% per annum of the average net asset value of the Fund at the beginning and the end of quarter period. The agreement further provides that the Fund shall reimburse the operating expenses actually paid or incurred by ABCIC in the performance of services as an investment manager.

Frank S. Gaisano, FFI's Director, is also ABCIC's Director.

11. Sale of unregistered securities or exempt securities

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

12. Family relationships

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

PROPERTIES

FFI has no existing real properties.

LEGAL PROCEEDINGS

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

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. Market Information

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

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

| | High | Low | Quarter-end Close |
|------------------|------|------|-------------------|
| Year 2022 | | | |
| First Quarter | 6.55 | 6.55 | 6.55 |
| Second Quarter | 5.50 | 5.50 | 5.50 |
| Third Quarter | 4.50 | 4.50 | 4.50 |
| Fourth Quarter | 3.66 | 3.66 | 3.66 |
| | | | |
| Year 2021 | | | |
| First Quarter | 7.51 | 7.50 | 7.50 |
| Second Quarter | 7.45 | 7.45 | 7.45 |
| Third Quarter | 6.53 | 6.53 | 6.53 |
| Fourth Quarter | 6.52 | 6.52 | 6.52 |
| | | | |
| Year 2020 | | | |
| First Quarter | 6.11 | 6.11 | 6.11 |
| Second Quarter | 6.09 | 6.09 | 6.09 |
| Third Quarter | 7.35 | 7.33 | 7.33 |
| Fourth Quarter | 7.00 | 7.00 | 7.00 |

2. Dividends and exempt transaction

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

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

No cash/stock/property dividends were declared in 2022, 2021, 2020, and 2019.

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

3. Number of Holders

FFI has a total of 5,363 stockholders owning at least one (1) share as of December 31, 2022.

4. Top 20 Shareholders

| Title of Class | Shareholder's Name | Amount of Ownership and Nature of Ownership | | Percent of Class |
|----------------|---|---|-----|------------------|
| Common A | PCD NOMINEE CORPORATION (FILIPINO) | 44,208,729 | (b) | 88.12% |
| Common A | PCD NOMINEE CORPORATION (NON-FILIPINO) | 165,562 | (b) | 0.33% |
| Common A | ALLEN C. ROXAS | 94,667 | (b) | 0.19% |
| Common A | ALBERT GO ONG | 90,250 | (b) | 0.18% |
| Common A | SEGUNDO SEANGIO AND/OR VIRGINIA SEANGIO | 32,818 | (b) | 0.07% |
| Common A | VICTOR HERNANDEZ BOCALING | 31,555 | (b) | 0.06% |
| Common A | ROMEO TAN PE | 25,244 | (b) | 0.05% |
| Common A | EMMANUEL HERNANDEZ BOCALING | 25,244 | (b) | 0.05% |
| Common A | INTERNATIONAL POLYMER CORP. | 22,089 | (b) | 0.04% |
| Common A | ANTONIO SUNTAY TANJANGCO | 20,826 | (b) | 0.04% |
| Common A | WILLINGTON W. CHUA | 20,524 | (b) | 0.04% |
| Common A | NORBERTO VALDIVIA SAUCO | 20,195 | (b) | 0.04% |
| Common A | ALEXANDER JO TANCHAN | 19,879 | (b) | 0.04% |
| Common A | JAN CED | 18,933 | (b) | 0.04% |
| Common A | PATRICK YAP TONG | 18,933 | (b) | 0.04% |
| Common A | MA. GEORGINA VERA PEREZ | 18,933 | (b) | 0.04% |
| Common A | MELY NGO LIM | 18,933 | (b) | 0.04% |
| Common A | KA SIONG TIU | 16,555 | (b) | 0.03% |
| Common A | MARCIANO S. BACALLA JR | 16,409 | (b) | 0.03% |
| Common A | ARTHUR CANG UY | 15,777 | (b) | 0.03% |

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators:

- NAV Growth – The Total Net Asset Value (“NAV”) of FFI in 2022 is reduced by 2.95%, a decrease of Php6.06 million from 2021. In 2021, NAV grew by 2.19%, equivalent to an increase of Php4.39 million from 2020.
- Earnings or (Loss) per Share – The 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 2022, the Company registered a net loss of Php6.06 million compared to the Php4.39 million net income incurred in 2021. This translates to a loss per share of Php0.12 in 2022 as against the income per share of Php0.09 the prior year.
- Portfolio Quality – The Funds' portfolio should, at all times, adhere to the investment parameters as indicated in the Funds' prospectus. The Fund invests in a mix of fixed income investments, unit investment trust funds and local equities.
- Expense Ratio – expense ratio is computed as Operating Expense divided by Average Net Asset Value (NAV). As of the end of 2022, the Fund's expense ratio went up to 2.87% from

2.67% for the same period in 2021.

- e. Performance versus competition – In 2022, FFI ranked 1st among other equity mutual funds with a full year return of negative 2.95%. In 2021, FFI ranked 1st with a full year return of 2.14%.
- f. Market Price (MP) to Net Asset Value (NAV) - Discount of MP to NAV as of the end of 2022 is at 7.91% versus premium of 59.21% recorded in 2021.

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

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

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

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

Not Applicable

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

Not Applicable

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

None

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

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

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

None

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

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

- h. *Seasonal aspects that has a material effect on the FS*

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

Year 2022

Total assets of the Fund decreased to P201.50 million as of December 31, 2022 from P207.62 million of the previous year, a decrement of 2.95% or P6.12 million. Total receivables went down to P2.77 million from P15.97 million, arising mostly from the trade of equity securities, translating to a decrease of P13.20 million or 82.65% of the previous year's receivables. Moreover, cash increased by P3.34 million or 26.96%, from P12.39 million to P15.73 million, mainly due to collections of cash dividends from various securities. Financial assets at fair value through profit or loss were valued at P183 million, boosted by P3.74 million or 2.09% from P179.26 million as of December 31, 2021. Deducting liabilities of P2.12 million, net assets were valued at P199.38 million, a decrease of P6.06 million compared to the P205.44 million posted over the same period last year. This translated to a net asset value per share (NAVPS) of Php3.9743 and Php4.0952 in 2022 and 2021, respectively.

The Fund posted a gross investment loss of P0.25 million in 2022, a complete reversal from the gross investment income of P9.82 million in 2021. This was mostly attributed to the P8.62 million in trading loss experienced during the year less total dividend earned at P8.36 million and interest from deposits at P0.01 million. Total operating expenses incurred during the year was relatively higher at P5.81 million, an increase of P0.38 million or 7.00% mainly due to higher operating expenses incurred during the period. Higher expenses were particularly noted in management fee and commission and other transaction fees. With the provision for income tax of P0.002 million, the Fund ended the year with a net investment loss of P6.06 million.

As of December 31, 2022, investment in listed equities represented 87.95% of total assets, leaving investment in Unit Investment Trust Fund at 2.86% and liquid assets at 9.18% of total company resources.

Year 2021

Total assets of the Fund increased to P207.62 million as of December 31, 2021 from P203.10 million of the previous year, an improvement of 2.22% or P4.52 million. Total receivables went up to P15.97 million from P5.61 million, arising mostly from the trade of equity securities, translating to an increase of P10.36 million or 184.51% of the previous year's receivables. Moreover, cash decreased by P3.87 million or 23.78%, from P16.25 million to P12.39 million, mainly due to the maturity of time deposit placements and the settlement of regular operating expenses of the Fund. Financial assets at fair value through profit and loss were valued at P179.26 million, declining slightly by P1.98 million or 1.09% from P181.24 million as of December 31, 2020. Deducting liabilities of P2.18 million, net assets were valued at P205.44 million, an increase of P4.39 million compared to the P201.06 million posted over the same period last year. This translated to a net asset value per share (NAVPS) of Php4.0952 and Php4.0077 in 2021 and 2020, respectively.

The Fund posted a gross investment income of P9.82 million in 2021, a complete reversal from the gross investment loss of P5.97 million in 2020. This was mostly attributed to the P6.74 million in dividend income earned during the year, coupled with a net trading gain of P3.06 million. On the other hand, the Fund received lower interest income at P0.02 million, down by P0.36 million or 95.02% from the P0.38 million recorded previously as the Fund hardly had any time deposit placements during the period as it focused mainly on equity investments. Total operating expenses incurred during the year was relatively higher at P5.43 million, an increase of P0.26 million or 5.04% mainly due to higher operating expenses incurred during the period. Higher expenses were particularly noted in management fee and commission, and other transaction fees. With the provision for income tax of P0.004 million, the Fund ended the year with a net investment income of P4.39 million.

As of December 31, 2021, investment in listed equities represented 83.52% of total assets, leaving investment in Unit Investment Trust Fund at 2.82% and liquid assets at 13.66% of total company resources.

Year 2020

Total assets of the Fund decreased to P203.10 million as of December 31, 2020 from P213.80 million of the previous year, a decrease of 5.00% or 10.70 million. Total receivables declined to P5.61 million from P17.85 million, total collection amounted to P12.24 million or 68.56%. Moreover, cash decreased by P5.13 million or 24%, from P21.38 million to P16.25 million, this was mainly due to the deployment of cash to equities. Financial assets at fair value through profit and loss were valued at P181.24 million, a net increase of P6.67 million or 3.82% from P174.56 million as of December 31, 2019. Deducting liabilities of P2.05 million, net assets are valued at P201.05 million, a decrease of P11.22 million compared to P212.27 million posted over the same period last year. This translated to a net asset value per share (NAVPS) of Php4.0077 and Php4.2312 in 2020 and 2019, respectively.

The Fund incurred gross investment loss amounting to P5.97 million, a complete reversal from the gross investment income of P6.69 million as of end of 2019. This was mostly attributed to net trading losses recorded at P9.32 million, however; this was partly offset by higher dividend income from equity investments at P2.97 million, up by P0.84 million or 39.2% from P2.14 million earned in the same period last year. Furthermore, interest income from short term placements were recorded at P0.38 million, an increase of P0.13 million or 51.06% from the P0.25 million recorded previously due to higher time deposit placements. Total operating expenses incurred during the year was relatively lower at P5.17 million, a decrease of P1.08 million or 17.32% mainly due to lower operating expenses incurred during the period. The Fund recorded provision for income tax amounted to P0.07 million. As a result, the Fund registered a net investment loss of P11.21 million for the year ended 2020.

As of December 31, 2020, Investment in listed equities represent 85.88% of total assets, leaving investment in Unit Investment Trust Fund at 3.36% and liquid assets at 10.77% of total company resources.

FINANCIAL STATEMENTS

The Fund's audited financial statements and schedule of investments for the year 2022 are attached hereto.

CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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

PARTIII – CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

BERNARDO M. VILLEGAS – CHAIRMAN OF THE BOARD

Dr. Villegas, PhD, 84 years old, Filipino, has served as a director of the Fund since 2009 up to the present, but served as Chairman/Director from 1995-2007. He holds a Bachelor of Arts Degree and a Bachelor of Science Degree from De LaSalle University (summa cum laude), and an M.A. and Ph.D. in Economics from Harvard University. He is also a Certified Public Accountant. He worked as a Professor for Economics in the University of Asia and the Pacific and as a Visiting Professor for IESE Business School in Barcelona, Spain. He was also the Research Director of the Center for



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

MARGARET G. ANG – PRESIDENT

Ms. Ang, 71 yrs. old, Filipino, has served as Director of the Fund from September 2003 up to the present. She holds a Bachelor of Science degree, major in Accounting (Cum Laude), from the University of San Carlos, Cebu City and is a Certified Public Accountant. She is currently the Director and Corporate Secretary of Vicsal Development Corporation from 1982 and Director of Metro Retail Stores Group, Inc. from 2003; President of Grand Holidays, Inc. from 1980; Director and Corporate Secretary of Taft Property Venture Development Corporation from 1992, Vicsal Securities & Stock Brokerage, Inc. from 1990, Midland Development Corporation from 1991, and Pacific Mall Corporation from 2001; Director of Manila Water Consortium, Inc. from 2012; and Trustee of Vicsal Foundation, Incorporated from 1996.

FRANK S. GAISANO – DIRECTOR

Mr. Gaisano, 65 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; Director of AB Capital & Investment Corporation from 2012 and Chairman of Pacific Mall Corporation from 2001; President of Vicsal Securities & Stock Brokerage from 1990; Director of Taft Property Venture Development Corporation from 1992, Taft Punta Engaño Property, Inc. from 2011, HTLand, Inc. from 2014, Midland Development Corporation from 1991, and Grand Holidays, Inc. from 1980; and a Trustee of Vicsal Foundation, Incorporated from 1996.

JOAQUIN E. QUINTOS, IV – INDEPENDENT DIRECTOR

Mr. Quintos IV 63 years old, Filipino, has been a Senior Vice President of First Philippine Holdings since August 2015. He is Vice Chairman of First Philippine Electric Corp., First Philec Manufacturing Technologies Corp. and First Philippine Power Systems, Inc. He was appointed President of Asian Eye Institute on January 1, 2020. He is Director of First Balfour, Inc., Terrapime, Inc., Therma Prime Drilling Corp., First Philec Energy Solutions, Inc., First Philec, Inc., First Philec Solar Solutions Corp., First Industrial Township, Inc., First Industrial Township Utilities, Inc., First Philippine Industrial Park, Inc., FPIP Property Developers & Management Corp., FPIP Utilities Inc., First Sumiden Realty, Inc., Grand Batangas Resort Development, Inc., Pi Energy, Inc. and Pi Health, Inc. and Vicsal Investment, Inc. He is President of First Industrial Science and Technology School, Inc. He is a graduate of the University of the Philippines with a Bachelor of Science degree in Industrial Engineering, (Cum Laude) (1982).

JOHN G. TAN – INDEPENDENT DIRECTOR

Mr. Tan, 55 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. He served as Director of PAL Holdings and was a Fellow in the Institute of Corporate Directors. He was also member of the Board of Philippine National Bank from 2009 to February of 2013, Tanduay Distillers, Inc. from 2015 to 2018, PNB Remittance (Company) Canada and Financial Co., HK., Board Advisor at PNB Remittance Center, Inc. He served as Vice President of Landcom Realty Corporation for 12 years and was Vice President for Operations of Philippine Airlines from 2007 to 2009.

ALJIM C. JAMANDRE – DIRECTOR

Mr. Jamandre, 64 yrs. old, Filipino, has served as director of the Fund from 2014 up to the present. He holds a B.S. Accountancy degree (Cum laude) from the University of San Carlos, MDP from the Asian Institute of Management, and a Certified Public Accountant. Currently, Group Chief Financial Officer of Vicsal Development Corporation; Director of Wealth Development Bank Corporation from 2003; Director of Pacific Mall Corporation from 2010; Director of Hyundai Alabang, Inc. from 2012 and Hyundai Southern Mindanao, Inc. from 2014; and a Trustee of Vicsal Foundation, Incorporated from 2006.

VINCENT E. TOMANENG – DIRECTOR AND CORPORATE SECRETARY

Atty. Tomaneng, 55 yrs. old, Filipino, is a Lawyer and a Certified Public Accountant, and has served as a Director and Corporate Secretary of the Fund since 2014. He earned his Bachelor of Laws (1994) and Bachelor of Science in Accountancy (Magna Cum Laude) (1988) both from the University of San Carlos in Cebu City. He is presently the Group General Counsel of Vicsal Development Corporation and the Metro Gaisano Group of Companies. Prior to joining Vicsal and the Metro Gaisano Group in May 2003, he has worked with Sycip Salazar Hernandez & Gatmaitan Law Offices (1997 to 2003) and with Sycip Gorres Velayo & Co., CPA's (1988 to 1996). He is currently a Director of Pacific Mall Corporation from 2010, and Corporate Secretary of Metro Retail Stores Group, Inc. from 2015 and HTLand, Inc from 2014, and Vice-President External Affairs of Vicsal Foundation, Incorporated since February 2021.

During its regular meeting held on February 22, 2022, the Board of Directors of FFI approved the extension of the terms of Directors Villegas and Tan as Independent Directors for another year (or until 2023), as the Board strongly believes that their experience and expertise in their leadership roles in FFI, as well as their strong independent views, cannot be matched.

The extension of the terms of these directors was approved by the shareholders last May 10, 2022 during the annual shareholders meeting.

BRIAN M. DEVILA – TREASURER

Mr. Devila, 32 years old, Filipino, was elected as the Treasurer of Fund on May 11, 2021. He holds a B.S. Accountancy Degree from the University of Perpetual Help System DALTA – Molino Campus and is a Certified Public Accountant. Currently, Accounting Manager of AB Capital & Investment Corporation since 2016. Prior to joining AB Capital, he worked with Vicsal Investment, Inc., Prople BPO Company and Fortune Life insurance Co., Inc.

SIGNIFICANT EMPLOYEE

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

Additional Information required under Annex C of SRC Rule12:

- The incorporators of FFI are Mr. Fernando Zobel de Ayala, Mr. Luciano E. Salazar, Mr. Felipe A. Eñage, Mr. Mauro B. Blardony, Jr. and Mr. Eduardo U. Miranda.
- Messrs. Bernardo M. Villegas, Joaquin E. Quintos, IV and John Tan are the independent directors of the Fund. An independent director is a person not having any relationship or position in the Fund, or in parties related to the Fund, the holding of which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, in compliance with Section 38 of the Securities Regulation Code.

- Each Director shall serve for a term of (one) 1 year from his election (excluding those serving the unexpired terms of resigned directors) and until his successor has been duly elected and qualified, provided, however, that any director may be removed from office at any time with or without cause by a ¾ vote of the subscribed capital stock entitled to vote.
- Directors Frank S. Gaisano and Margaret G. Ang are siblings.
- No member of the Board of FFI has been the subject of any legal/criminal proceedings for the past five years.
 - a. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

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

None.
 - c. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

None.
 - d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

None.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Annual Compensation

| Name and Principal position | Year | Compensation (P) (per diem) | Bonus (P) | Other Annual Compensation |
|-----------------------------------|------|-----------------------------|-----------|---------------------------|
| All Directors and Officers of FFI | 2022 | 777,778 | None | None |
| | 2021 | 805,556 | None | None |
| | 2020 | 833,333 | None | None |

Each Director and Officer is paid the amount of PhP27,778 on the average, for every attendance in any meeting.

There are no other standard or consulting arrangements or any compensatory plan relating to

resignation/retirement by which directors and officers are to be compensated other than that previously stated.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

| Title of Class | Name and Address of Record Owner | Name of Beneficial Owner | Citizenship | No. of Shares | % of Class |
|----------------|----------------------------------|--------------------------|-------------|---------------|------------|
| Common A | PCD Nominee Corporation | Various Stockholders | Filipino | 44,208,729 | 88.12% |

As of December 31, 2022, Vicsal Development Corporation, as investor, owns 35,623,404 shares in the PCD Nominee Corporation representing 71.01% of the total outstanding capital stock of FFI. Mr. Frank S. Gaisano will vote for the shares of Vicsal Development Corporation.

SECURITY OWNERSHIP OF MANAGEMENT As of December 31, 2022

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

CHANGES IN CONTROL

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV – CORPORATE GOVERNANCE

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

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

On December 17, 2014, FFI approved the changes in the Third Amended Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 9, Series of 2014. On April 7, 2017, FFI has approved its Fourth Amended Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 19 Series of 2016. Finally, on 22 June 2020, FFI approved its Fifth Amended Manual on Corporate Governance to comply with SEC Memorandum Circular No. 24 series of 2019.

FFI has also adopted the following policies:

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

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

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

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

EXTERNAL AUDIT FEES

Audit fees for fiscal years 2022 and 2021 amounted to PhP368,012.00 exclusive of VAT and out of pocket expenses. The Company did not avail of other services from the external auditor for 2022 and 2021.

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

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

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

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

PART V – EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

1. Exhibits *NONE*
2. Reports on SEC Form 17-C *(for the last six-month period covered by this report)*

A Current Report on SEC Form 17-C was filed on February 22, 2022, disclosing the material items approved in the regular meeting of the Fund's Board of Directors held on February 22, 2022.

A Current Report on SEC Form 17-C was filed on May 10, 2022, disclosing the matters discussed


and material items approved in the 2022 annual stockholders meeting and organizational meeting of the Fund's Board of Directors held May 10, 2022.

A Current Report on SEC Form 17-C was filed on August 10, 2022, disclosing the material items approved in the regular meeting of the Fund's Board of Directors held on August 10, 2022.

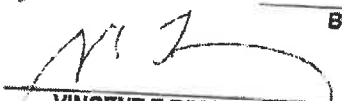
A Current Report on SEC Form 17-C was filed on November 10, 2022, disclosing the material items approved in the regular meeting of the Fund's Board of Directors held on November 10, 2022.

SIGNATURES¹

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





By: 
MARGARET G. ANG
President


BRIAN M. DEVILA
Treasurer


VINCENT E. TOMANENG
Corporate Secretary/Director

Republic of the Philippines)
Cebu City **MAKATI CITY**, S.S.

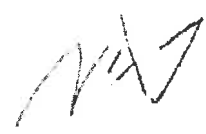
SUBSCRIBED AND SWORN to before me this _____ day of APR 12 2023 affiants exhibiting to me their identifications, as follows:

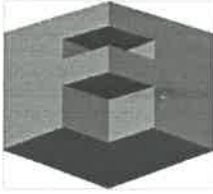
| NAMES | PASSPORT/DRIVER'S LICENSE NO. | EXPIRY | PLACE OF ISSUE |
|---|---|--|---|
|  |  |  |  |

Doc. No. 393
Page No. 85
Book No. 164
Series of 2023.

ATTY. GEORGE DAVID D. SITON
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. AM 01 - UNTIL DEC. 31, 2022
ROLL NO. 68402 / MCLETCOMPLIANCE NO. VR-0010730/2-15-2022
ICP O.R. No. 002362 - LIFETIME MEMBER MAY 5, 2017
PIR No. MCT 456 1520 - JAN 03, 2023 - MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR. JUPITER ST., MAKATI CITY

¹ FFJ does not have a Principal Operating Officer, Comptroller, and Principal Accounting Officer. The bookkeeping, financial recording, and accounting functions are being done by ABCIC (the Fund Manager).





Filipino Fund, Inc

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

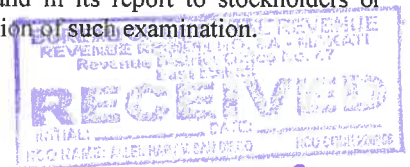
The management of Filipino Fund, Inc. (the Fund) is responsible for the preparation and fair presentation of the financial statements, including schedules attached therein, as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, in accordance with prescribed financial reporting frameworks indicated therein, and for such internal control as what the management determines necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the management either intends to liquidate the Fund, to cease operations, or has no realistic alternative but to do so.


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


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

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



MAR 28 2023


Bernardo M. Villegas
Chairman


Margaret Garsano-Ang
President


Brian M. Devila
Treasurer

Signed this 22 of March 2023

SUBSCRIBED AND SWORN to before me this MAR 27 2023 day of March affiants exhibiting to me their identification as follows:

| Name | Com. Tax Cert. No./Passport No. | Date of Issue | Place of Issue |
|----------------------|------------------------------------|---------------|----------------|
| Bernardo M. Villegas | [REDACTED] | [REDACTED] | [REDACTED] |
| Margaret Gaisano-Ang | [REDACTED] | [REDACTED] | [REDACTED] |
| Brian M. Devila | [REDACTED] | [REDACTED] | [REDACTED] |

Doc. No. 426
 Page No. 57
 Book No. 458
 Series of 2022

[Signature]
ATTY. GEORGE DAVID B. SITON
 ADM. REG. NO. 1409-11-1
 REG. NO. 1409-11-1
 REG. NO. 1409-11-1
 EXECUTIVE BLDG. CENTER, MAKATI AVE., COR. BLVD. 1, MAKATI CITY

MAR 28 2023

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

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| E | n | d | I | n | v | e | s | t | m | e | n | t | C | o | m | p | a | n | y |) | | | | | | |
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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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| P | S | E | | T | o | w | e | r | , | | 5 | t | h | | A | v | e | n | u | e | | c | o | r | n | e | r | | |
| 2 | 8 | t | h | | S | t | r | e | e | t | , | | B | o | n | i | f | a | c | i | o | | G | l | o | b | a | l | |
| C | i | t | y | , | | T | a | g | u | i | g | | C | i | t | y | | | | | | | | | | | | | |

Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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| N | / | A |
|---|---|---|

COMPANY INFORMATION

| | | |
|--|--|---|
| Company's Email Address info@filipinofund.com.ph | Company's Telephone Number 8898-7522 | Mobile Number N/A |
| No. of Stockholders 5,363 | Annual Meeting (Month / Day) Every 2nd Tuesday of May | Fiscal Year (Month / Day) December 31 |

CONTACT PERSON INFORMATION

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

| | | | |
|---|--|--|---------------------------------------|
| Name of Contact Person Jonna C. Llaguno | Email Address jcllaguno@abcapital.com.ph | Telephone Number/s 8898-7522 | Mobile Number 0920 9090 690 |
|---|--|--|---------------------------------------|

CONTACT PERSON'S ADDRESS

Units 1911-1912, 19th Floor, PSE Tower, 5th Avenue corner 28th St., Bonifacio Global City, Taguig

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

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We audited the accompanying financial statements of Filipino Fund, Inc. (the Fund), which comprise the statement of financial position, as at December 31, 2022 and 2021, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, for each of the three years in the period ended December 31, 2022, and the summary of significant accounting policies and other explanatory information.

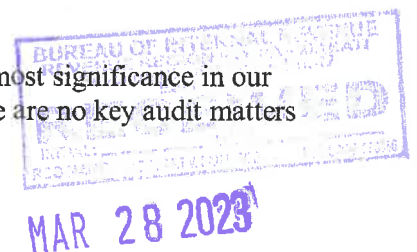
In our opinion, the accompanying financial statements are presented fairly, in all material respects. The financial position of the Fund, as at December 31, 2022 and 2021, and its financial performance and cash flows, for each of the three years in the period ended December 31, 2022, are in accordance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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities, under those standards, are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Fund, in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements which are relevant to our audit of financial statements in the Philippines, and we fulfill our other ethical responsibilities in accordance with those requirements and with the Code of Ethics. We believe that all audit evidences we obtained are sufficient and appropriate to provide bases for our opinion.

Key Audit Matters

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



Other Information

Management is responsible for the other information. The other information comprises information included in Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and the Annual Report for the year ended December 31, 2022, but does not include financial statements and our auditor's report thereon. We obtained the SEC Form 17-A prior to the date of our auditor's report, and we expect to obtain SEC Form 20-IS (Definitive Information Statement), and the Annual Report for the year ended December 31, 2022 after the date of this auditor's report.

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

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

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those In-Charged of Governance for the Financial Statements

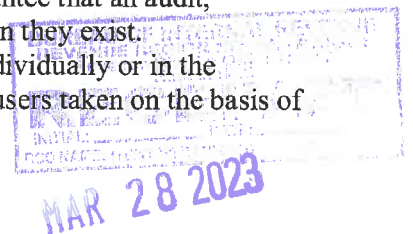
The management is responsible for the preparation and fair presentation of financial statements, in accordance with PFRSs, and for such internal control, as what the management determines necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing financial statements, the management is responsible for (1) assessing the Fund's ability to continue as a going concern, (2) disclosing, as applicable, matters related to going concern, and (3) using the going concern basis of accounting unless they either intend to liquidate the Fund, to cease operations or has no realistic alternative but to do so.

Those in-charged of governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether financial statements, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit, conducted in accordance with PSAs, always detects material misstatements when they exist. Misstatements might arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.



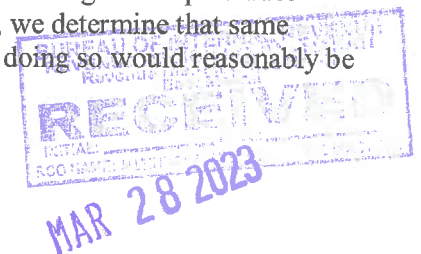
As part of the audit, in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess risks of material misstatements in financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used, the reasonableness of accounting estimates, and the related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report on related disclosures of financial statements. Or, if disclosures are inadequate, we modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including corresponding disclosures, and whether financial statements represent underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated to those in-charged of governance, we determine matters which are of most significance in the audit of financial statements of the current period, and therefore, deemed as key audit matters. We describe those matters in our auditor's report unless a law or a regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that same should not be communicated in our report because adverse consequences of doing so would reasonably be expected to outweigh public interest benefits of such communication.



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

Our audit was conducted for the purpose of forming an opinion on basic financial statements, taken as a whole. The supplementary information, required under Revenue Regulations 15-2010, under Note 21 of the notes to financial statements, is presented for purposes of filing to the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Fund. The information was subjected to 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 basic financial statements, taken as a whole.

The engagement partner of the audit, resulting in this independent auditor's report, is
Ray Francis C. Balagtas

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

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

SEC Partner Accreditation No. 108795-SEC (Group A)

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

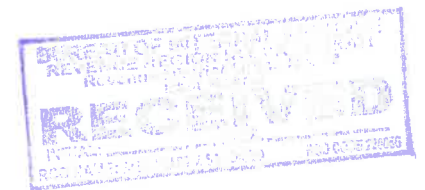
SEC Firm Accreditation No. 0001-SEC (Group A)

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

BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9369775, January 3, 2023, Makati City

March 22, 2023



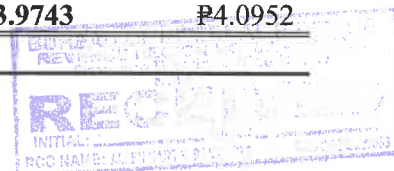
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FILIPINO FUND, INC.
STATEMENT OF FINANCIAL POSITION

| | December 31 | |
|--|---------------------|---------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Cash and cash equivalents (Note 6) | ₱15,726,185 | ₱12,386,648 |
| Financial assets at fair value through profit or loss (Note 7) | 182,997,010 | 179,260,562 |
| Receivables (Note 8) | 2,766,161 | 15,972,095 |
| Other current assets (Note 9) | 8,500 | — |
| | ₱201,497,856 | ₱207,619,305 |
| LIABILITIES | | |
| Accounts payable and accrued expenses (Note 9) | ₱2,117,628 | ₱2,175,257 |
| EQUITY (Note 10) | | |
| Capital stock | 105,272,397 | 105,272,397 |
| Additional paid-in capital | 94,361,124 | 94,361,124 |
| Retained earnings | 48,945,032 | 55,008,852 |
| Treasury stock | (49,198,325) | (49,198,325) |
| | 199,380,228 | 205,444,048 |
| | ₱201,497,856 | ₱207,619,305 |
| Net Asset Value Per Share (Note 11) | ₱3.9743 | ₱4.0952 |

See accompanying Notes to Financial Statements.



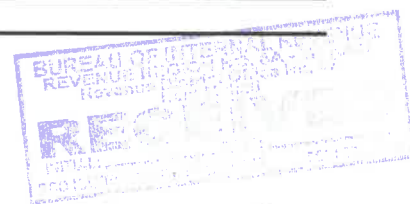
MAR 28 2023



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

| | Years Ended December 31 | | |
|---|-------------------------|------------|---------------|
| | 2022 | 2021 | 2020 |
| INVESTMENT INCOME (LOSS) | | | |
| Trading gains (losses) - net (Note 7) | (P8,623,143) | P3,063,098 | (P9,322,549) |
| Dividend income (Note 7) | 8,359,690 | 6,742,029 | 2,975,514 |
| Interest income (Note 6) | 11,583 | 18,850 | 378,630 |
| | (251,870) | 9,823,977 | (5,968,405) |
| OPERATING EXPENSES | | | |
| Management and administration fees (Notes 17 and 18) | 1,973,237 | 1,952,672 | 1,791,202 |
| Transaction fees (Note 12) | 1,233,882 | 824,662 | 490,952 |
| Directors' fees (Note 18) | 777,778 | 805,556 | 833,333 |
| Professional and legal fees (Note 13) | 764,012 | 764,012 | 1,005,807 |
| Advertising and publicity | 327,991 | 337,140 | 325,749 |
| Membership fee | 250,000 | 253,000 | 261,000 |
| Donation (Note 18) | 200,000 | 200,000 | 200,000 |
| Taxes and licenses | 22,323 | 16,910 | 35,709 |
| Meetings (Note 18) | 14,606 | 11,831 | - |
| Postage and courier | 473 | - | 1,338 |
| Miscellaneous (Notes 14 and 18) | 245,332 | 265,748 | 225,787 |
| | 5,809,633 | 5,431,531 | 5,170,877 |
| INVESTMENT INCOME (LOSS) BEFORE INCOME TAX | (6,061,503) | 4,392,446 | (11,139,282) |
| PROVISION FOR INCOME TAX (Note 16) | 2,317 | 3,771 | 75,726 |
| NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)* | (P6,063,820) | P4,388,675 | (P11,215,008) |
| Basic and Diluted Earnings (Losses) Per Share (Note 11) | (P0.1209) | P0.0875 | (P0.2236) |

*There were no other comprehensive income (loss) items in 2022, 2021 and 2020.
See accompanying Notes to Financial Statements.



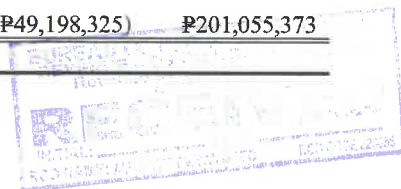
MAR 28 2023



FILIPINO FUND, INC.
STATEMENT OF CHANGES IN EQUITY

| | Capital Stock (Note 10) | Additional Paid-in Capital (Note 10) | Retained Earnings (Note 10) | Treasury Stock (Note 10) | Total |
|--|----------------------------|---|-----------------------------------|--------------------------------|---------------------|
| Balances as at January 1, 2022 | ₱105,272,397 | ₱94,361,124 | ₱55,008,852 | (₱49,198,325) | ₱205,444,048 |
| Net loss/total comprehensive income for the year | — | — | (6,063,820) | — | (6,063,820) |
| Balances as at December 31, 2022 | ₱105,272,397 | ₱94,361,124 | ₱48,945,032 | (₱49,198,325) | ₱199,380,228 |
| Balances as at January 1, 2021 | ₱105,272,397 | ₱94,361,124 | ₱50,620,177 | (₱49,198,325) | ₱201,055,373 |
| Net income/total comprehensive loss for the year | — | — | 4,388,675 | — | 4,388,675 |
| Balances as at December 31, 2021 | ₱105,272,397 | ₱94,361,124 | ₱55,008,852 | (₱49,198,325) | ₱205,444,048 |
| Balances as at January 1, 2020 | ₱105,272,397 | ₱94,361,124 | ₱61,835,185 | (₱49,198,325) | ₱212,270,381 |
| Net loss/total comprehensive income for the year | — | — | (11,215,008) | — | (11,215,008) |
| Balances as at December 31, 2020 | ₱105,272,397 | ₱94,361,124 | ₱50,620,177 | (₱49,198,325) | ₱201,055,373 |

See accompanying Notes to Financial Statements.



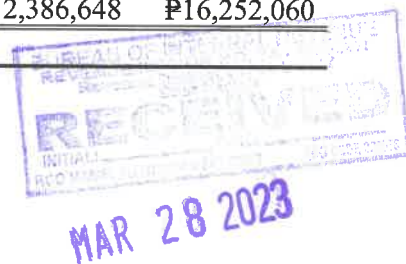
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FILIPINO FUND, INC.
STATEMENT OF CASH FLOWS

| | Years Ended December 31 | | |
|--|-------------------------|--------------------|--------------------|
| | 2022 | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Investment income (loss) before income tax | (P6,061,503) | P4,392,446 | (P11,139,282) |
| Adjustments for: | | | |
| Unrealized trading losses (gains) (Note 7) | (4,858,264) | (1,186,636) | 11,184,164 |
| Interest income (Note 6) | (11,583) | (18,850) | (378,630) |
| Dividend income (Note 7) | (8,359,690) | (6,742,029) | (2,975,514) |
| Decrease (increase) in: | | | |
| Financial assets at fair value through profit or loss | 1,121,816 | 3,163,819 | (17,860,845) |
| Receivables | 13,576,601 | (10,378,760) | 12,284,241 |
| Other current assets | (8,500) | - | - |
| Increase (decrease) in accounts payable and accrued expenses | (57,629) | 126,865 | 517,895 |
| Net cash generated from (used in) operations | (4,658,752) | (10,643,145) | (8,367,971) |
| Interest received | 11,583 | 25,077 | 378,550 |
| Dividend received | 7,989,023 | 6,756,427 | 2,931,498 |
| Income tax paid (Note 16) | (2,317) | (3,771) | (75,726) |
| NET INCREASE (DECREASE) IN CASH IN BANK | 3,339,537 | (3,865,412) | (5,133,649) |
| CASH IN BANK AT BEGINNING OF YEAR | 12,386,648 | 16,252,060 | 21,385,709 |
| CASH IN BANK AT END OF YEAR (Note 6) | P15,726,185 | P12,386,648 | P16,252,060 |

See accompanying Notes to Financial Statements.



FILIPINO FUND, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The Fund's financial statements are prepared at historical cost, except for financial assets at fair value through profit or loss (FVTPL) which are measured at fair value. Financial statements are presented in Philippine peso, 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 are prepared in compliance to Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies

Accounting policies adopted are consistent with those of the previous financial year, except that the Fund adopted the following new accounting pronouncements beginning January 1, 2022. Adoption of these pronouncements did not have any significant impact in the Fund's financial position or performance.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
 - Amendments in PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments in PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments in PAS 41, *Agriculture, Taxation in fair value measurements*



Significant Accounting Policies

Cash and Cash Equivalents

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

Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that the transaction to sell an asset or to transfer a liability takes place either in the principal market for such asset or liability; or in the absence of a principal market, in the most advantageous market for such asset or liability.

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines if transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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



Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Fund recognizes a financial asset or a financial liability, in the statement of financial position, when it becomes a party to the contractual provisions of the instrument. Purchase or sale of a financial asset that requires delivery of such asset, within the time frame established by regulation or convention in the marketplace, are recognized on the transaction date. Securities are recognized on trade date.

Initial recognition of financial instruments

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

'Day 1' difference

Where the transaction price, in a non-active market, is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique in which variables only include data from an observable market, the Fund recognizes the difference, between the transaction price and the 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 the model value will only be recognized in the statement of comprehensive income when inputs become observable or when the instrument is derecognized. For each transaction, the Fund determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and Subsequent Measurement of financial instruments

Classification of financial assets

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

Contractual cash flows characteristics test

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

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

Business model assessment

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

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



As at December 31, 2022 and 2021, based on the results of the contractual cash flows characteristics test and business model assessment, the Fund classified its cash and cash equivalents, dividends receivable, interest receivable and due from broker as financial assets at amortized cost, and its financial assets held for trading as financial assets at FVTPL.

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

Financial assets at amortized cost

A debt financial asset is measured at amortized cost if (i) it is held within a business model, which objective is to hold financial assets in order to collect contractual cash flows, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These financial assets are initially recognized at fair value, plus directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees and costs which are integral part of the EIR. The amortization is included in Interest Income, in the statement of comprehensive income, and is calculated by applying the EIR to the gross carrying amount of the financial asset.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if its cash flows are not SPPI and/or it is held under a business model which objective is to sell financial assets. The Fund may designate at FVTPL, a financial asset that would otherwise qualify to be classified as at amortized cost or as at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch. Financial assets at FVTPL are recorded in the statement of financial position at fair value, with changes in the fair value included under the Trading Gains (Losses) - Net account, in the Profit or Loss. Dividend income is reported in the Profit or Loss, under Dividend income, when the right to receive the payment is established.

Reclassifications of financial instruments

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

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated as at FVTPL, are classified as financial liabilities at amortized cost. After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the EIR. This policy applies to accounts payable and to other accrued expenses of the Fund.

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

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset is derecognized when:

- the right to receive cash flows from the asset expires; or
- the Fund retains the right to receive cash flows from the asset, but assumes an obligation to pay them in full without material delay to a third party, under a 'pass-through' arrangement; or
- the Fund transfers its right to receive cash flows from the asset and either (a) transfers substantially all the risks and rewards of the asset or (b) neither transfers nor retains the risk and rewards of the asset but transfers the control over the asset.



Financial liability

A financial liability is derecognized when the obligation, under the liability, is discharged, cancelled or expires.

Impairment of Financial Assets

Expected credit loss

PFRS 9 requires the Fund to record ECL for all loans and other debt financial assets, not classified as at FVTPL, together with loan commitments and financial guarantee contracts. ECL represents credit loss that reflects an unbiased and probability-weighted amount, which is determined by evaluating a range of possible outcomes, the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at an amount equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which experience significant increase in credit risk (SICR) since initial recognition (30 days but less than 90 days past due) or in credit-impaired. The 12-month ECL is the portion of the lifetime ECL that results from default events of a financial instrument, which are possible within 12 months after the reporting date. Lifetime ECL are credit losses, resulting from all possible default events over the expected life of the financial asset.

Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 comprises all non-impaired debt financial assets which have not experienced an SICR since initial recognition. The Fund recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 comprises all non-impaired debt financial assets which have experienced an SICR since initial recognition. The Fund recognizes a lifetime ECL for stage 2 debt financial assets.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment. The Fund considers a financial asset as in default when contractual payments are ninety (90) days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when an internal or an external information indicates that the Fund is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund.

For receivables from broker, the Fund applies the simplified approach in calculating EC, since those receivables arise from transaction within the scope of PFRS 15 and does not contain significant financing component. Under the simplified approach, the Fund does not track changes in credit risk, but instead recognizes a loss allowance, based on lifetime ECLs at each reporting date.

Write-off

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

Trading gains (losses)

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



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

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

Interest income

Interest income is recognized in the statement of comprehensive income once accrued, taking into consideration the effective yield of the asset.

Dividend income

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

Expense Recognition

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

Management and Administration Fees

Management fees are being charged to the Fund as a percentage of its average net asset value, and are recognized through the accrual method of accounting.

Income Taxes

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

Current taxes

Current tax assets and liabilities, for the current and prior periods, are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, as at the reporting date. Current tax, relating to items recognized directly in the equity, is recognized in the equity and not in the statement of comprehensive income.

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, with few exceptions. Deferred tax assets are recognized for all deductible temporary differences, in which 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 the deductible temporary difference, are carried forward.



The carrying amount of deferred tax assets is reviewed at each reporting date and is 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 they become probable that future taxable profit will allow 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) which are enacted or substantively enacted at the reporting date.

Equity

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

Retained Earnings

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

Treasury Shares

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

Net Asset Value (NAV) Per Share

NAV per share is computed by dividing net assets (total assets less total liabilities) by the total number of shares issued and outstanding as at the reporting date.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing net investment income by the weighted average number of shares outstanding during the period after giving retroactive effect to stock dividends declared and stock rights exercised during the period, if any. The Fund does not have dilutive potential common shares as of December 31, 2022, 2021 and 2020.

Dividend Distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's shareholders is accounted for as a deduction from retained earnings. A proposed cash dividend is recognized as a liability in the period in which it is approved by the Fund's board of directors (BOD). A stock dividend is recognized as an addition to capital stock.

Segment Reporting

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



Provisions

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

Contingencies

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

Events after the Reporting Date

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

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2023

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

Effective beginning on or after January 1, 2024

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Significant Accounting Estimates and Judgments

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

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



Judgments

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

Estimates

Recognition of deferred tax assets

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

Historically, the Fund has been in a tax loss position. Management believes that the Fund will continue to be in a tax loss position as the items comprising the Fund's investment income are either tax-exempt or subject to final tax. As of December 31, 2022 and 2021, the Fund did not recognize deferred tax asset amounting to ₱3.65 million and ₱3.80 million, respectively, on NOLCO as management believes that the benefit from such asset will not be realized prior to its expiration (see Note 16).

4. Financial Risk Management Objectives and Policies

Governance Framework

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

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

Risk Management Framework

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

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

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

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



Regulatory Framework

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

Financial Risk

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

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

Credit Risk

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

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

The carrying values of the Fund's financial assets, as reflected in the statement of financial position and the related notes, represent the financial assets' maximum exposure to credit risk. As of December 31 2022 and 2021, all of the Fund's debt financial assets at amortized cost are Stage 1 financial assets. The ECL for the Fund's cash in bank and receivables is not material.

As of December 31, 2022 and 2021, the Fund does not hold collateral on its financial assets.

Concentration of credit risk

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

| | 2022 | | |
|------------------------|------------------------------|--------------------|--------------------|
| | Cash and cash equivalents | Receivables | Total |
| Corporate: | | | |
| Financial institutions | ₱15,726,185 | ₱53,640 | ₱15,779,825 |
| Services | – | 2,243,813 | 2,243,813 |
| Holding firms | – | 468,708 | 468,708 |
| Total | ₱15,726,185 | ₱2,766,161 | ₱18,492,346 |
| | | | |
| | 2021 | | |
| | Cash and cash equivalents | Receivables | Total |
| Corporate: | | | |
| Financial institutions | ₱12,386,648 | ₱14,400 | ₱12,401,048 |
| Services | – | 15,820,414 | 15,820,414 |
| Holding firms | – | 137,281 | 137,281 |
| Total | ₱12,386,648 | ₱15,972,095 | ₱28,358,743 |

As of December 31, 2022 and 2021, the Fund has no impaired receivables.

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

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



Liquidity Risk

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

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

Market Risk

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

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

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

Equity price risk

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

The following tables set forth the impact of changes in the PSEi of the Fund's trading gains or losses on its quoted equity securities as of December 31, 2022 and 2021.

| | 2022 | |
|--|--------------------|----------------------|
| Changes in PSEi | 20.55% | (20.55%) |
| Change in equity under: | | |
| Service | ₱9,750,552 | (₱9,750,552) |
| Holding firms | 9,318,860 | (9,318,860) |
| Financial | 5,526,605 | (5,526,605) |
| Mining and oil | 2,984,181 | (2,984,181) |
| Property | 2,464,170 | (2,464,170) |
| Industrial | 2,109,100 | (2,109,100) |
| Total | ₱32,153,468 | (₱32,153,468) |
| As a percentage of the Fund's unrealized trading gains (losses) in equity securities at FVTPL | 650.71% | (650.71%) |



| | 2021 | |
|---|--------------------|----------------------|
| Changes in PSEi | 18.54% | (18.54%) |
| Change in equity under: | | |
| Holding firms | ₱11,622,290 | (₱11,622,290) |
| Property | 6,339,044 | (6,339,044) |
| Services | 3,442,716 | (3,442,716) |
| Mining and oil | 2,234,207 | (2,234,207) |
| Financials | 2,038,706 | (2,038,706) |
| Industrial | 1,623,721 | (1,623,721) |
| Total | ₱27,300,684 | (₱27,300,684) |
| As a percentage of the Fund's unrealized trading gains (losses) in equity securities at FVTPL | 2,367.97% | (2,367.97%) |

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

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

The data below sets forth impacts of reasonably possible changes in NAV per share of the Fund's investments in UITF:

| | Changes in price quotation (in basis points) | | | |
|------------------|---|------------------|----------------|------------------|
| | + 100 | -100 | + 50 | - 50 |
| Change in equity | | | | |
| 2022 | ₱57,725 | (₱57,725) | ₱28,862 | (₱28,862) |
| 2021 | 58,555 | (58,555) | 29,278 | (29,278) |

5. Fair Value of Financial Assets and Liabilities

As of December 31, 2022 and 2021, 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 fair values of financial instruments are:

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

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

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



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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation technique for which the lowest level input, significant to the fair value measurement, is directly or indirectly observable.
- Level 3 – Valuation technique for which the lowest level input, significant to the fair value measurement, is unobservable.

| | 2022 | | | | |
|--------------------------------------|---------------------|---------------------|-------------------|-----------|---------------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | | |
| Financial assets at FVTPL | | | | | |
| Quoted equity securities | ₱177,224,560 | ₱177,224,560 | ₱- | ₱- | ₱177,224,560 |
| UITF | 5,772,450 | - | 5,772,450 | - | 5,772,450 |
| | ₱182,997,010 | ₱177,224,560 | ₱5,772,450 | ₱- | ₱182,997,010 |
| 2021 | | | | | |
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | | |
| Financial assets at FVTPL | | | | | |
| Quoted equity securities | ₱173,405,053 | ₱173,405,053 | ₱- | ₱- | ₱173,405,053 |
| UITF | 5,855,509 | - | 5,855,509 | - | 5,855,509 |
| | ₱179,260,562 | ₱173,405,053 | ₱5,855,509 | ₱- | ₱179,260,562 |

There were no transfers between fair value hierarchy levels in 2022 and 2021.

6. Cash and Cash Equivalents

This account consists of:

| | 2022 | 2021 |
|--------------|-------------|-------------|
| Cash in bank | ₱15,726,185 | ₱12,386,648 |

Cash in bank earns interest at the prevailing bank deposit rates. Short-term placements are made for varying periods of up to less than two months depending on the immediate cash requirements of the Fund and earned interest of 1.90% in 2021. There were no short-term placements in 2022.

Interest income earned on cash and cash equivalents amounted to ₱0.01 million, ₱0.02 million and ₱0.38 million in 2022, 2021 and 2020, respectively.

7. Financial Assets at Fair Value through Profit or Loss

This account consists of:

| | 2022 | 2021 |
|--------------------------|---------------------|---------------------|
| Quoted equity securities | ₱177,224,560 | ₱173,405,053 |
| UITF (Note 18) | 5,772,450 | 5,855,509 |
| | ₱182,997,010 | ₱179,260,562 |



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

Breakdown of the investments in UITF follows:

| | 2022 | | |
|---|-------------------|-------------------|-------------------|
| | Short-term fund | Equity fund | Balanced fund |
| NAV attributable to the Fund's investment | ₱2,845,687 | ₱1,596,123 | ₱1,330,640 |
| Outstanding units | 2,469,188 | 583,159 | 1,250,000 |
| NAV per share | ₱1.152479 | ₱2.737029 | ₱1.064512 |

| | 2021 | | |
|---|-------------------|-------------------|-------------------|
| | Short-term fund | Equity fund | Balanced fund |
| NAV attributable to the Fund's investment | ₱2,817,373 | ₱1,687,587 | ₱1,350,549 |
| Outstanding units | 2,469,188 | 583,159 | 1,250,000 |
| NAV per share | ₱1.141012 | ₱2.893871 | ₱1.080439 |

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

Breakdown of trading gains (losses) - net follows:

| | 2022 | 2021 | 2020 |
|------------|----------------------|-------------------|---------------------|
| Realized | (₱13,481,407) | ₱1,876,462 | ₱1,861,615 |
| Unrealized | 4,858,264 | 1,186,636 | (11,184,164) |
| | (₱8,623,143) | ₱3,063,098 | (₱9,322,549) |

Dividend income earned from quoted equity securities, under financial assets at FVTPL, amounted to ₱8.36 million, ₱6.74 million and ₱2.98 million in 2022, 2021 and 2020, respectively.

8. Receivables

This account consists of:

| | 2022 | 2021 |
|---------------------------|-------------------|--------------------|
| Due from broker (Note 18) | ₱2,243,813 | ₱15,820,414 |
| Dividends receivable | 522,348 | 151,681 |
| | ₱2,766,161 | ₱15,972,095 |

Due from broker pertains to receivables from trade of FVTPL securities transactions which are expected to be settled on Trade Date +3. This account also includes proceeds from past FVTPL sales that are maintained with the broker agreed to fund future purchase of securities.



9. Accounts Payable and Accrued Expenses

This account consists of:

| | 2022 | 2021 |
|------------------------------------|-------------------|------------|
| Financial Liabilities | | |
| Accrued expenses (Notes 17 and 18) | ₱1,262,832 | ₱1,318,763 |
| Other liabilities | 795,444 | 797,325 |
| | 2,058,276 | 2,116,088 |
| Non-financial Liabilities | | |
| Withholding tax payable | 25,869 | 25,686 |
| Other liabilities | 33,483 | 33,483 |
| | 59,352 | 59,169 |
| | ₱2,117,628 | ₱2,175,257 |

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

10. Equity

As of December 31, 2022 and 2021, the Fund's capital stock consists of:

| | |
|--|---------------------|
| Capital stock - ₱1 par value | |
| Authorized - 184,234,038 common shares in 2022 and 2021 | |
| Issued and fully paid-105,272,397 shares, at par | ₱105,272,397 |
| Additional paid-in capital | 94,361,124 |
| Treasury stock - 55,105,000 shares, at cost | (49,198,325) |
| | ₱150,435,196 |

NAV per share is computed as follows:

| | 2022 | 2021 |
|------------------------------|---------------------|--------------|
| Net asset value | ₱199,380,228 | ₱205,444,048 |
| Number of shares outstanding | 50,167,397 | 50,167,397 |
| NAV per share | ₱3.9743 | ₱4.0952 |

The total number of stockholders of the Fund are 5,363 and 5,381 as of December 31, 2022 and 2021, respectively.

Determination of retained earnings available for dividend declaration

Retained earnings of the Fund amounted to ₱48.95 million and ₱55.01 million as of December 31, 2022 and 2021, respectively. Retained earnings available for dividend declaration is determined by the Fund in accordance with SEC Memorandum Circular No. 11 issued in December 2001. Under the said SEC Circular, dividends shall be declared out of unrestricted retained earnings, adjusted for unrealized items which are considered not available for dividend declaration. As of December 31, 2022 and 2021, the total unappropriated retained earnings available for dividend declaration amounted to nil.



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

Capital Management

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

The Fund manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2022 and 2021.

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

Minimum Paid-in Capital Requirement

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

As of December 31, 2022 and 2021, the Fund is compliant to the above externally imposed capital requirement.

11. Basic and Diluted Earnings (Losses) Per Share

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

| | 2022 | 2021 | 2020 |
|--|--------------|------------|---------------|
| Net income (loss) | (₱6,063,820) | ₱4,388,675 | (₱11,215,008) |
| Weighted average number of common shares outstanding | 50,167,397 | 50,167,397 | 50,167,397 |
| Basic and diluted earnings (loss) per share | (₱0.1209) | ₱0.0875 | (₱0.2236) |

As of December 31, 2022, 2021 and 2020, there were no potential common shares or other instruments with a dilutive effect on the basic earnings (losses) per share.

12. Transaction Fees

This account consists of:

| | 2022 | 2021 | 2020 |
|-----------------------|------------|----------|----------|
| Stock transaction tax | ₱637,767 | ₱448,482 | ₱166,341 |
| Commissions (Note 18) | 562,372 | 354,887 | 306,116 |
| SCCP* fees | 22,495 | 14,196 | 12,245 |
| Transaction fees | 11,248 | 7,097 | 6,250 |
| | ₱1,233,882 | ₱824,662 | ₱490,952 |

*Securities Clearing Corporation of the Philippines



13. Professional and Legal Fees

This account consists of expenses incurred for legal, accounting and stock transfer services provided to the Fund amounting ₱0.76 million, ₱0.76 million and ₱1.01 million in 2022, 2021 and 2020, respectively.

14. Miscellaneous Expenses

This account consists of:

| | 2022 | 2021 | 2020 |
|-------------------------|----------|----------|----------|
| Unrecoverable input VAT | ₱209,849 | ₱168,039 | ₱160,929 |
| Printing and photocopy | 2,000 | 1,000 | – |
| Miscellaneous expense | 33,483 | 96,709 | 64,858 |
| | ₱245,332 | ₱265,748 | ₱225,787 |

15. Maturity Analysis of Assets and Liabilities

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

16. Provision for Income Tax

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) was signed into law. CREATE reduced the regular corporate income tax (RCIT) rate from 30% to 25% effective July 1, 2020. Interest expense allowed as a deductible expense, shall be reduced by 20.0% of interest income subjected to final.

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

The provision for income tax consists of final taxes amounting ₱2,317, ₱3,771 and ₱75,726 in 2022, 2021 and 2020, respectively.

The regulation also provides for MCIT of 2.0% (prior to CREATE) and 1.0% (from July 1, 2020 to June 30, 2023, before reverting to 2.0%) on modified gross income and allows a NOLCO. The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. Pursuant to the provisions of Section 244 of National Internal Revenue Code (NIRC), as amended, the regulation is further amended to implement Section 4 of Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act", which allows businesses or enterprises to carry over NOLCO for taxable years 2020 and 2021 for the next 5 years.



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

| Inception Year | Amount | Expired | Balance | Expiry Year |
|----------------|--------------------|---------------------|--------------------|-------------|
| 2019 | ₱5,527,318 | (₱5,527,318) | ₱— | 2022 |
| 2020 | 4,842,320 | — | 4,842,320 | 2025 |
| 2021 | 4,815,011 | — | 4,815,011 | 2026 |
| 2022 | 4,961,018 | — | 4,961,018 | 2025 |
| | ₱20,145,667 | (₱5,527,318) | ₱14,618,349 | |

As of December 31, 2022 and 2021, the Fund did not recognize deferred tax asset amounting to ₱3.65 million and ₱3.80 million, respectively, on NOLCO since management believes that the benefit from such asset will not be realized prior to its expiration.

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

| | 2022 | 2021 | 2020 |
|---|---------------------|---------------|----------------|
| Statutory income tax (tax loss) | (₱1,515,376) | ₱1,098,111 | (₱3,341,784) |
| Tax effect of: | | | |
| Tax-exempt loss (income) | 65,863 | (2,451,282) | 1,904,110 |
| Change in unrecognized deferred tax asset | 1,240,254 | 1,203,753 | 1,452,696 |
| Non-deductible expenses | 212,155 | 154,131 | 98,567 |
| Tax-paid income | (579) | (942) | (37,863) |
| | ₱2,317 | ₱3,771 | ₱75,726 |

17. Investment Management Agreement

The Fund's investment manager is ABCIC. The Fund is charged of management fee of 1.00% per annum of the average net asset value of the Fund plus reimbursement of operating expenses, paid or incurred by ABCIC in the performance of its service as an investment manager.

In 2022, 2021 and 2020, the Fund recognized management and administration fees amounting ₱1.97 million, ₱1.95 million and ₱1.79 million, respectively (see Note 18).

Management fees payable amounted to ₱0.80 million and ₱0.43 million as of December 31, 2022 and 2021, respectively (see Note 18).

18. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or the parties are subject to common control or common significant influence, referred to as affiliates. Related parties may be individuals or corporate entities.

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



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

| | | | | December 31, 2022 |
|--|-------------------|-------------------------|--|-------------------|
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature | |
| <u>Parent Company</u> | | | | |
| VDC | | | | |
| Miscellaneous expense | ₱1,837 | ₱- | Various expenses advanced by VDC on behalf of the Fund. | |
| Postage and courier | 473 | - | | |
| <u>Fund manager and its subsidiary</u> | | | | |
| ABCIC | | | | |
| Management and Administration fees | 1,973,237 | 802,306 | Management fees incurred for management services rendered by ABCIC computed as 1% of the NAV (Note 17). The outstanding balance is net of withholding tax. | |
| Advertising and publicity | 319,491 | - | | |
| Meetings and conferences | 14,606 | - | Payment for the platform used for virtual meetings. | |
| Miscellaneous expense | 9,872 | 800 | | |
| AB Capital Securities, Inc. | | | | |
| Due from broker | - | 2,243,813 | Receivable from trade of FVTPL securities transactions due on Trade date +3 and proceeds from past sales held to fund future purchases. | |
| Commission expense | 562,372 | - | | |
| Purchases | 118,654,131 | - | Commission paid to AB Capital Securities, Inc. for buy and sell of equity securities transactions at the rate of 0.25% of gross purchase price/selling price. FVTPL trade transactions due on Trade date +3. | |
| Sales | 106,294,540 | - | | |
| ABCIC-- TID | | | | |
| Investments in UITF | - | 5,772,450 | Investments managed by ABCIC – TID. | |
| Vicsal Foundation, Inc. | | | | |
| | 200,000 | - | Donation to Vicsal Foundation, Inc. for corporate social responsibility program | |
| <u>Key management personnel</u> | | | | |
| Directors | | | | |
| Director's fees | 777,778 | - | Fees paid to the members of the Fund's BOD at a fixed amount of ₱27,778 per director for every attendance in BOD meetings. | |

December 31, 2021

| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature | |
|--|-------------------|-------------------------|---|--|
| <u>Parent Company</u> | | | | |
| VDC | | | | |
| Miscellaneous expense | ₱1,357 | ₱- | Various expenses advanced by VDC on behalf of the Fund. | |
| <u>Fund manager and its subsidiary</u> | | | | |
| VII | | | | |
| Miscellaneous expense | ₱4,277 | ₱- | Various expenses advanced by VII for the Fund. | |

(Forward)



| December 31, 2021 | | | |
|------------------------------------|-------------------|-------------------------|---|
| Category | Amount/ Volume | Outstanding Balances | Terms and Conditions/Nature |
| ABCIC | | | |
| Management and Administration Fees | ₱1,952,672 | ₱426,162 | Management fees incurred for management services rendered by ABCIC computed as 1% of the NAV (Note 17). The outstanding balance is net of withholding tax. |
| Miscellaneous expense | 91,859 | — | Various expenses advanced by ABCIC for the Fund. |
| Meetings and conferences | 11,831 | — | |
| Advertising and Publicity | 300,560 | — | |
| AB Capital Securities, Inc. | | | |
| Due from broker | — | 15,820,414 | Receivable from trade of FVTPL securities transactions due on Trade date +3 and proceeds from past sales held to fund future purchases. |
| Commission expense | 354,887 | — | Commission paid to AB Capital Securities, Inc. for buy and sell of equity securities transactions at the rate of 0.25% of gross purchase price/selling price. |
| Purchases | 67,207,909 | — | FVTPL trade transactions due on Trade date +3. |
| Sales | 74,746,950 | — | FVTPL trade transactions due on Trade date +3. |
| ABCIC- TID | | | |
| Investments in UITF | — | 5,855,509 | Investments managed by ABCIC – TID. |
| Wealthbank | | | |
| Interest Income | 1,946 | — | Interest income earned from short-term placements ranging from 1.90% to 4.00%. |
| Vicsal Foundation, Inc. | | | |
| Donation | 200,000 | — | Donation to Vicsal Foundation, Inc. for corporate social responsibility program. |
| <u>Key management personnel</u> | | | |
| Directors | | | |
| Director's fees | 805,556 | — | Fees paid to the members of the Fund's BOD at a fixed amount of ₱27,778 per director for every attendance in BOD meetings. |

Terms and conditions of transactions with related parties

Outstanding balances at year-end were unsecured and interest-free. Settlements were made in cash. There was no guarantee provided or received for any related party receivable or payable. As of December 31, 2022 and 2021, the Fund did not record any provision for impairment of receivables from related parties. This assessment is undertaken each year by examining the financial position of the related party.

For the year ended December, 31, 2020, donation to Vicsal Foundation, Inc. amounted to ₱200,000, fees incurred for management services rendered by ABCIC amounted to ₱1,791,202, and commission on trade transactions paid to AB Capital Securities, Inc. amounted to P=306,116. The Fund paid director's fee in 2020 amounting to ₱833,333. Various miscellaneous expenses advanced by VDC and ABCIC for the Fund amounted to ₱8,844 in 2020.



19. Segment Information

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

| | 2022 | 2021 | 2020 |
|---------------------------|-------------------|-------------------|---------------------|
| Cash in bank (Note 6) | ₱11,583 | ₱18,850 | ₱378,630 |
| Quoted equity securities* | (180,394) | 9,770,268 | (6,516,071) |
| Investments in UITF | (83,059) | 34,859 | 169,036 |
| | (₱251,870) | ₱9,823,977 | (₱5,968,405) |

*Includes trading gain (loss) and dividend income

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

20. Approval for the Release of the Financial Statements

The accompanying financial statements of the Fund were approved and authorized for issue by the BOD on March 22, 2023.

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

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

Taxes and Licenses

The Fund's taxes and licenses amounting to ₱22,323 pertain to business permits paid by the Fund in 2022.

Withholding Taxes

Total remittances of the Fund in 2022 on expanded withholding taxes amounted to ₱468,550 with an outstanding balance of ₱25,869 as of December 31, 2022.

Stock Transaction Taxes

Total stock transaction tax of the Fund for the sale of equity shares amounted to ₱637,767 in 2022.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We audited, in accordance with Philippine Standards on Auditing, the financial statements of Filipino Fund, Inc. (the Fund), as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and issued our report thereon dated March 22, 2023. Our audit was made for the purpose of forming an opinion on basic financial statements, taken as a whole. Those schedules listed in the Index to the Financial statements and Supplementary Schedules are responsibilities of the Fund's management. Those schedules are presented for purposes of complying to the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. Those schedules were subjected to auditing procedures applied in the audit of the basic financial statements. And, in our opinion, fairly stated, in all material respects, the financial information set forth therein in relation to basic financial statements, taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

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

SEC Partner Accreditation No. 108795-SEC (Group A)

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

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

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

BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9369775, January 3, 2023, Makati City

March 22, 2023



FILIPINO FUND INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

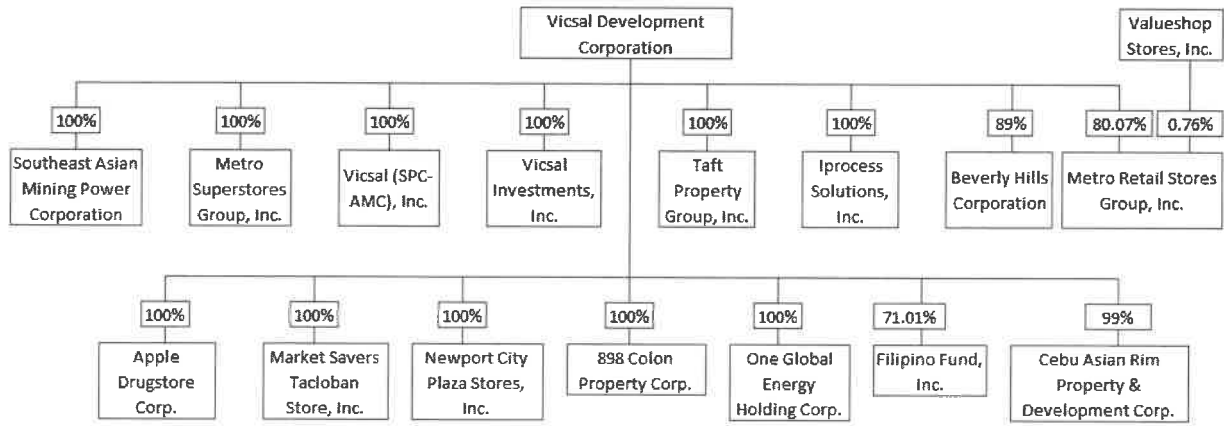
Schedules Required under Revised Securities Regulation Code Rule 68

| Schedule | Content | Page No. |
|---------------|---|----------|
| Part 1 | | |
| I | Reconciliation of Retained Earnings Available for Dividend Declaration <i>(Part 1 5B, Annex 68-D)</i> | 1 |
| II | Conglomerate Map <i>(Part 1 5G)</i> | 2 |
| | | |
| Part 2 | | |
| A | Financial Assets <i>(Part II 7D, Annex 68-J, A)</i> | 3-4 |
| B | Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties) <i>(Part II 7D, Annex 68-J, B)</i> | 5 |
| C | Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements <i>(Part II 7D, Annex 68-J, C)</i> | 6 |
| D | Long-Term Debt <i>(Part II 7D, Annex 68-J, D)</i> | 7 |
| E | Indebtedness to Related Parties (included in the consolidated statement of financial position) <i>(Part II 7D, Annex 68-J, E)</i> | 8 |
| F | Guarantees of Securities of Other Issuers <i>(Part II 7D, Annex 68-J, F)</i> | 9 |
| G | Capital Stock <i>(Part II 7D, Annex 68-J, G)</i> | 10 |

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> | ₱40,662,430 |
| Less: Net loss during the period closed to Retained Earnings | 6,063,820 |
| Less: Unrealized fair value gain | 4,858,264 |
| Net investment income actually earned during the year | 29,740,346 |
| Less: Treasury shares | (49,198,325) |
| Dividend Declaration | 0 |
| TOTAL AVAILABLE UNAPPROPRIATED RETAINED EARNINGS FOR DIVIDEND | ₱0 |

FILIPINO FUND, INC.
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE FUND AND ITS
ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
PERIODS UNDER REVISED SRC RULE 68,
DECEMBER 31, 2022



FILIPINO FUND, INC.
SCHEDULE A – FINANCIAL ASSETS
As of December 31, 2022

Financial Assets at Fair Value through Profit or Loss

| <i>Name of issuing entity</i> | <i>Number of shares or units</i> | <i>Amount shown in the balance sheet</i> | <i>Income received and accrued*</i> |
|--|--------------------------------------|--|---|
| <i>Quoted Equity Securities</i> | | | |
| <i>Apex Mining Corp., Inc.</i> | 5,000,000 | 9,250,000 | – |
| <i>Ayala Corporation</i> | – | – | 522,269 |
| <i>Ayala Land, Inc.</i> | – | – | 63,003 |
| <i>Banco de Oro Unibank, Inc.</i> | 178,800 | 18,899,160 | 207,140 |
| <i>Bloomberry Resorts Corporation</i> | 1,000,000 | 7,650,000 | – |
| <i>Century Pacific Food, Inc.</i> | – | – | 90,000 |
| <i>DMCI Holdings, Inc.</i> | 2,000,000 | 24,000,000 | 2,400,000 |
| <i>First Gen Corporation</i> | – | – | 42,000 |
| <i>First Philippine Holdings</i> | – | – | 49,500 |
| <i>GT Capital Holdings, Inc.</i> | 25,000 | 10,875,000 | 66,000 |
| <i>International Container Terminal Services, Inc.</i> | 100,000 | 20,000,000 | 120,000 |
| <i>LT Group, Inc</i> | – | – | 1,110,000 |
| <i>Manila Electric Co.</i> | 18,000 | 5,378,400 | 104,508 |
| <i>Metro Retail Stores Group, Inc.</i> | 2,626,000 | 3,702,660 | – |
| <i>Metropolitan Bank & Trust Company</i> | 197,210 | 10,649,340 | 503,630 |
| <i>Nickel Asia</i> | – | – | 220,000 |
| <i>Phinma Corporation</i> | 770,000 | 14,676,200 | – |
| <i>PLDT Inc.</i> | 12,000 | 15,804,000 | 712,350 |
| <i>Robinsons Land Corporation</i> | 367,500 | 5,497,800 | 183,750 |
| <i>Robinsons Retail Holdings, Inc.</i> | 120,000 | 6,462,000 | 240,000 |
| <i>Semirara Mining Corporation</i> | 240,000 | 8,280,000 | 1,587,540 |
| <i>SM Investments Corporation</i> | 10,000 | 9,000,000 | – |
| <i>SM Prime Holdings, Inc</i> | 200,000 | 7,100,000 | – |
| <i>Universal Robina Corporation</i> | – | – | 138,000 |
| <i>Subtotal</i> | 12,864,510 | 177,224,560 | 8,359,690 |
| <i>Investments in UITF</i> | | | |
| <i>Short-term fund</i> | 2,469,188 | 2,845,687 | – |
| <i>Equity Fund</i> | 583,159 | 1,596,123 | – |
| <i>Balanced Fund</i> | 1,250,000 | 1,330,640 | – |
| <i>Subtotal</i> | 4,302,347 | 5,772,450 | – |
| <i>Total</i> | 17,166,857 | 182,997,010 | 8,359,690 |

*Represents dividend income for quoted equity securities

FILIPINO FUND, INC.
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
As of December 31, 2022

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

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH
ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
As of December 31, 2022

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

NOT APPLICABLE

FILIPINO FUND, INC.
SCHEDULE D – LONG TERM DEBT
As of December 31, 2022

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

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG TERM LOANS FROM RELATED PARTIES)
As of December 31, 2022

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

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUES
As of December 31, 2022

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

NONE TO REPORT

FILIPINO FUND, INC.
SCHEDULE G – CAPITAL STOCK
As of December 31, 2022

| 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 | – | 35,686,627 | 63,221 | 14,480,770 |

**Net of treasury shares*

INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We audited, in accordance with Philippine Standards on Auditing, the financial statements of Filipino Fund, Inc. (the Fund), as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and issued our report thereon dated March 22, 2023. Our audit was made for the purpose of forming an opinion on basic financial statements, taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation and their appropriateness or usefulness to the intended users, is the responsibility of the Fund's management. Those financial soundness indicators are not measures of the operating performance, defined by Philippine Financial Reporting Standards (PFRSs), and may not be comparable to similarly titled measures presented by other companies. Such schedule is presented for the purpose of complying to the Revised Securities Regulation Code Rule 68, issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared, in accordance with PFRSs. Components of those financial soundness indicators were traced in the Fund's financial statements, as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

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

SEC Partner Accreditation No. 108795-SEC (Group A)

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

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

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

BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9369775, January 3, 2023, Makati City

March 22, 2023



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

| | 2022 | 2021 |
|-------------------------|------------------|-------------|
| Current/liquidity ratio | 95.15:1.0 | 95.45:1.0 |
| Solvency ratio | 0.01:1.0 | 0.01:1.0 |
| Debt-to-equity ratio | 0.01:1.0 | 0.01:1.0 |
| Asset-to-equity ratio | 1.01:1.0 | 1.01:1.0 |
| Profit margin | 2,407.52% | 44.67% |
| Return on assets | -2.96% | 2.14% |
| Return on equity | -3.00% | 2.16% |

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

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

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

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

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

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

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

**FILIPINO FUND INC.
ANNEX 68-G
SCHEDULE FOR MUTUAL FUNDS
DECEMBER 31, 2022**

| | 2022 | 2021 |
|---|------------------|----------------------|
| 1 Total Investment of the Fund to the Outstanding Securities on an Investee Company | | |
| 2 Percentage of Investment in a Single Enterprise to Net Asset Value | | See succeeding pages |
| 3 Total Investments in Liquid or Semi-Liquid Assets or Semi-Liquid Assets to Total Assets | 100.0000% | 100.0000% |
| 4 Total Operating Expenses to Net Worth* | 2.8702% | 2.6723% |
| 5 Total Assets to Total Borrowings | Not applicable | Not applicable |

*Average Net Worth

FILIPINO FUND, INC.
TOTAL INVESTMENT OF THE FUND TO THE OUTSTANDING SECURITIES
ON AN INVESTEE COMPANY
DECEMBER 31, 2022

| INVESTEE COMPANY | 2022 | 2021 |
|---|------------------|-----------|
| Alliance Global Group, Inc. | – | 0.008974% |
| Apex Mining Corp., Inc. | 0.080284% | – |
| Ayala Corporation | – | 0.003628% |
| Ayala Land, Inc. | – | 0.003146% |
| Banco de Oro Unibank, Inc. | 0.003397% | 0.001095% |
| Bloomberry Resorts Corporation | 0.009231% | 0.005985% |
| Converge Information and Communications Tech. | – | 0.003986% |
| DMCI Holdings, Inc. | 0.015063% | 0.015063% |
| First Gen Corporation | – | 0.003337% |
| First Philippine Holdings | – | 0.009234% |
| GT Capital Holdings, Inc. | 0.011613% | 0.007897% |
| International Container Terminal Services, Inc. | 0.004925% | – |
| LT Group, Inc. | – | 0.008317% |
| Manila Electric Co. | 0.001597% | – |
| Megaworld Corporation | – | 0.003610% |
| Metro Retail Stores Group, Inc. | 0.080005% | 0.078248% |
| Metropolitan Bank & Trust Company | 0.004385% | 0.003496% |
| Nickel Asia Corporation | – | 0.007336% |
| Phinma Corporation | 0.268925% | – |
| PLDT, Inc. | 0.005554% | 0.001527% |
| Robinsons Land Corporation | 0.007272% | 0.007108% |
| Robinsons Retail Holdings Inc | 0.008113% | 0.004299% |
| Semirara Mining Corporation | 0.005646% | 0.011725% |
| SM Investment Corporation | 0.000818% | 0.000747% |
| SM Prime Holdings, Inc. | 0.000693% | 0.000519% |
| Universal Robina Corporation | – | 0.001817% |

FILIPINO FUND, INC.
PERCENTAGE OF INVESTMENT IN A SINGLE ENTERPRISE TO NET ASSET VALUE
DECEMBER 31, 2022

| COMPANY | 2022 | 2021 |
|---|------------|-----------|
| Alliance Global Group, Inc. | - | 4.882108% |
| Apex Mining Corp., Inc. | 4.639377% | - |
| Ayala Corporation | - | 9.092928% |
| Ayala Land, Inc. | - | 8.324505% |
| Banco de Oro Unibank, Inc. | 9.478954% | 2.820038% |
| Bloomerry Resorts Corporation | 3.836890% | 1.993243% |
| Converge Information and Communications Tech. | - | 4.658203% |
| DMCI Holdings, Inc. | 12.037302% | 7.505693% |
| First Gen Corporation | - | 1.626720% |
| First Philippine Holdings | - | 1.534359% |
| GT Capital Holdings, Inc. | 5.454402% | 4.468370% |
| International Container Terminal Services, Inc. | 10.031085% | - |
| LT Group, Inc. | - | 4.336947% |
| Manila Electric Co. | 2.697559% | - |
| Megaworld Corporation | - | 1.763254% |
| Metro Retail Stores Group, Inc. | 1.857085% | 1.840618% |
| Metropolitan Bank & Trust Company | 5.341222% | 4.262278% |
| Nickel Asia Corporation | - | 2.604115% |
| Phinma Corporation | 7.360910% | - |
| PLDT, Inc. | 7.926563% | 2.910573% |
| Robinsons Land Corporation | 2.757445% | 3.434512% |
| Robinsons Retail Holdings Inc | 3.241044% | 2.069177% |
| Semirara Mining Corporation | 4.152869% | 5.179019% |
| SM Investment Corporation | 4.513988% | 4.131052% |
| SM Prime Holdings, Inc. | 3.561035% | 2.475126% |
| Universal Robina Corporation | - | 2.492163% |

Annex A: Reporting Template

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

Contextual Information

| | |
|--|--|
| Company Details | |
| Name of Organization | FILIPINO FUND, INC. |
| Location of Headquarters | Units 1911-1912, 19 th Floor, PSE Tower, 5 th Avenue corner 28 th Street., Bonifacio Global City, Taguig City 1634 |
| Location of Operations | Units 1911-1912, 19 th Floor, PSE Tower, 5 th Avenue corner 28 th Street., Bonifacio Global City, Taguig City 1634 |
| Report Boundary: Legal entities (e.g. subsidiaries) included in this report* | This Sustainability Report covers only Filipino Fund, Inc. ("FFI"), as it has no subsidiaries. |
| Business Model, including Primary Activities, Brands, Products, and Services | FFI's business operations are limited to the regular trading of its shares in the Philippine Stock Exchange ("PSE") and the maintenance of its investment portfolio. FFI invests in a mix of fixed income investments, Unit Investment Trust Funds ("UITFs") and local equities. |
| Reporting Period | January to December 2022 |
| Highest Ranking Person responsible for this report | Margaret G. Ang – President |

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

Materiality Process

| |
|--|
| <p>Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹⁴</p> <p>As explained, FFI's business operations are limited to the regular trading of its shares in the Philippine Stock Exchange ("PSE") and the maintenance of its investment portfolio. FFI, therefore, identified material topics by assessing what may reasonably be considered important in reflecting the organization's economic, environmental, and social impacts, if any, and in the decision-making of its stakeholders.</p> |
|--|

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

ECONOMIC

Economic Performance as of December 31, 2022

Direct Economic Value Generated and Distributed

| Disclosure | Amount | Units |
|--|-----------|-------|
| Direct economic value generated (revenue) | (251,870) | PhP |
| Direct economic value distributed: | | |
| a. Operating costs | | |
| b. Employee wages and benefits | 4,947,226 | PhP |
| c. Payments to suppliers, other operating costs | - | PhP |
| d. Dividends given to stockholders and interest payments to loan providers | - | PhP |
| e. Taxes given to government | 662,407 | PhP |
| f. Investments to community (e.g. donations, CSR) | 200,000 | PhP |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|--|
| <p>FFI's business operations are limited to the regular trading of its shares in the Philippine Stock Exchange ("PSE") and the maintenance of its investment portfolio. The post-restructuring investment objective of the Fund is to provide original FFI investors with a repackaged investment, which would now have a more responsive net asset value per share corresponding to an improved share price in the stock exchange. The investment objective of FFI is to provide its investors with an investment that corresponds to an improved share price in the PSE.</p> | <p>Stockholders</p> | <p>FFI has engaged a fund manager, AB Capital & Investment Corporation ("ABCIC"), which possesses the necessary experience, training, skills and expertise in assessing and managing financial investments</p> <p>FFI is likewise prepared to revise and adjust its strategy to adopt to changes in market conditions. Unlike pure equity funds (which suffer when the stock market is in a downtrend) or pure fixed income funds (which miss out when the stock market booms or suffer when interest rates rise quickly) or even balanced funds (which, for some, have to maintain a certain ratio or have equity limits), FFI's strategy is able to adjust more freely to market conditions.</p> |

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

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|--|
| The impact of tighter financial conditions brought about by higher interest rates and the current inflationary environment on corporates, consumers, and the broad economy is expected to be the focal point for the year ahead. The ongoing reopening of the Philippine economy is expected to continue but at a more modest pace compared to 2022. | Stockholders | The Fund remains to be highly selective in positioning in terms of sectors and underlying stocks, with a pronounced preference for corporates able to generate sustainable revenue growth as well as control costs amid the high interest rate and inflationary environment. Our year-end PSEi target is at 7,359 based on 10% earnings growth and P/E multiple of 14. |

Climate-related risks and opportunities¹⁵

| | | | |
|--|-----------------|-----------------|----------------|
| Given the nature of FFI's business, FFI is not exposed to climate-related risks. | Not applicable | Not applicable. | Not applicable |
| Recommended Disclosures | | | |
| Not applicable | Not applicable. | Not applicable. | Not applicable |

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

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

Procurement Practices²

Proportion of spending on local suppliers

| Disclosure | Quantity | Units |
|--|----------------------------------|---------------------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | Immaterial | % |
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |

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

Anti-corruption

Training on Anti-corruption Policies and Procedures

| Disclosure | Quantity | Units |
|--|----------|-------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to | Nil | % |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | Nil | % |
| Percentage of directors and management that have received anti-corruption training | Nil | % |
| Percentage of employees that have received anti-corruption Training | Nil | % |

| | | |
|---|----------------------------------|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| As an investment company, FFI has to ensure that its financial investments are made objectively and with the increase of FFI's share price in mind. | Stockholders | FFI has an Anti-Corruption and Bribery Policy, a Whistle Blowing Policy and a Code of Business Conduct and Ethics that have been communicated to ABCIC. |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| There is a minor risk of financial investments not being made objectively, i.e. with fair analysis | Stockholders | FFI has an Anti-Corruption and Bribery Policy that has been communicated to ABCIC. FFI likewise has evaluated its fund manager's experience in financial |

| | | |
|--|----------------------------------|---|
| of market conditions and profitability. | | investments. |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| FFI sees as an opportunity continued monitoring of the actions of and compliance by ABCIC and its employees with the pertinent policies. | Stockholders | FFI shall continue to monitor the actions of and compliance by ABCIC and its employees with the pertinent policies. |

Incidents of Corruption

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

| | | |
|--|----------------------------------|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| There have been no incidents of corruption in FFI, whether concerning directors or business partners. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| FFI has no employees, hence the risk is insignificant. Nonetheless, there is risk that employees of ABCIC, which manages the operations of FFI, may be involved in incidents of corruption | Stockholders Government | The company has an Anti-Corruption and Bribery Policy that has been communicated to ABCIC. Since FFI has no employees, its Fund Manager, through its Compliance Officer, continually monitors the actions of, and ensures the compliance by, ABCIC employees responsible for the management of FFI. FFI continually monitors and evaluates its fund manager's performance. |

| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---|
| FFI sees as an opportunity continued monitoring of the actions of and compliance by ABCIC and its employees with the pertinent policies. | Stockholders Government | FFI shall continue to monitor the actions of and compliance by ABCIC and its employees with the pertinent policies. |

ENVIRONMENT

Resource Management

Energy consumption within the organization:

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

Reduction of energy consumption

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

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

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

Water consumption within the organization

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

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

Materials used by the organization

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

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

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

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

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and its lack of any employees, it has no impact on ecosystems and biodiversity, as it has no operational sites. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable. | Not applicable. | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

17 International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

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

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and its lack of any employees, it has no air emissions | Not applicable | Not applicable. |

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

Air pollutants

| Disclosure | Quantity | Units |
|--------------------------------------|----------|-------|
| NO _x | Nil | Kg |
| Sox | Nil | Kg |
| Persistent organic pollutants (POPs) | Nil | Kg |
| Volatile organic compounds (VOCs) | Nil | Kg |
| Hazardous air pollutants (HAPs) | Nil | Kg |
| Particulate matter (PM) | Nil | Kg |

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and its lack of any employees, it generates no air pollutants of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable. |

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

Solid and Hazardous Wastes

Solid Waste

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

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|----------------------------------|---------------------|
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and its lack of any employees, it generates no solid wastes of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable. |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Hazardous Waste

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

| | | |
|--|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and its lack of any employees, it generates no hazardous wastes of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

Effluents

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

| | | |
|---|----------------------------------|---------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| Given the nature of FFI's business, the fact that FFI's business is primarily carried out by its fund manager and its lack of any employees, it generates no effluents of any form. | Not applicable | Not applicable |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| Not applicable | Not applicable | Not applicable |

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

Environmental compliance

Non-compliance with Environmental Laws and Regulations

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

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

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

SOCIAL

Employee Management Employee Hiring
and Benefits Employee data

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

Employee benefits

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

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

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

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

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

Employee Training and Development

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

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

Labor-Management Relations

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

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

Diversity and Equal Opportunity

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

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

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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

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

Labor Laws and Human Rights

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

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

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

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

Supply Chain Management

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

None

Do you consider the following sustainability topics when accrediting suppliers?

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

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

Relationship with Community

Significant Impacts on Local Communities

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

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

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

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

Customer Management

Customer Satisfaction

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

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

Health and Safety

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

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

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

Marketing and labelling

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

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

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

Customer privacy

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on customer privacy* | 0 | # |
| No. of complaints addressed | 0 | # |
| No. of customers, users and account holders whose information is used for secondary purposes | 0 | # |

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

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

Data Security

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

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

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

UNSUSTAINABLEDEVELOPMENTGOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

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

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