



To : ALL EXISTING AND PROSPECTIVE INVESTORS OF VARIOUS PESO SUN LIFE PROSPERITY FUNDS

From : Maria Josefina A. Castillo
President and Director, Sun Life Prosperity Funds

Subject : Reduction in Minimum Initial Investment Amount of Various Peso Sun Life Prosperity Funds

Date : 10 September 2018

We are delighted to inform you that we are reducing the minimum initial investment amount of various Peso Sun Life Prosperity Funds, effective **10 September 2018**. The change in investment amount is illustrated as follows:

Fund Name	Minimum Initial Investment Amount	
	Old	New
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	PHP 5,000	PHP 1,000
Sun Life of Canada Prosperity Balanced Fund, Inc.		
Sun Life of Canada Prosperity Bond Fund, Inc.		
Sun Life Prosperity GS Fund, Inc.	PHP 50,000	
Sun Life Prosperity Philippine Stock Index Fund, Inc.		
Sun Life Prosperity Dynamic Fund, Inc.		

The reduction in the minimum initial investment was granted by the Securities and Exchange Commission on 25 June 2018 via SEC Resolution No. 496, Series of 2018 (see Annex A) and likewise reflected in the Fund's SEC Form 17-C. (see Annex B)

Thank you for your continued trust.

A handwritten signature in black ink, appearing to read "M. Castillo".

Annex A
SEC Letter of Approval Dated 02 August 2018



CORPORATE GOVERNANCE AND FINANCE DEPARTMENT

02 August 2018

MS. VALERIE N. PAMA
President
Sun Life Asset Management Company, Inc.
Sun Life Centre, 5th Avenue cor. Rizal Drive
Bonifacio Global City
1630 Taguig City

RE: SUN LIFE PROSPERITY FUNDS CLASSIFICATION AND MINIMUM INVESTMENT AMOUNTS

Dear Ms. Pama:

This pertains to the letter of Sun Life Asset Management Company, Inc. (SLAMCI) dated 29 May 2018 requesting reconsideration of this Commission's letter dated 22 May 2018 directing it to file the amended Registration Statements to reduce the minimum investment amounts for the following mutual funds:


1. Sun Life Prosperity GS Fund, Inc.;
2. Sun Life of Canada Prosperity Bond Fund, Inc.;
3. Sun Life Prosperity Dynamic Fund, Inc.;
4. Sun Life of Canada Prosperity Balanced Fund, Inc.;
5. Sun Life Prosperity Philippine Stock Index Fund, Inc.; and
6. Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (collectively referred to as "Funds").

The Commission En Banc, during its meeting held on 25 June 2018, decided to grant your request under the following conditions:

1. That the respective Current Reports (SEC Form 17-C) be filed by the Funds indicating therein the changes in the minimum investments;
2. That the subject Funds reflect the approved changes in their Registration Statements and Prospectuses, which shall be distributed to the investing public, with clear and manifest reference to SEC Resolution No. 496, Series of 2018 and date of approval of the amendments (*i.e.* 25 June 2018);
3. The Funds shall update the information regarding these changes in their website;
4. This Order shall also be attached as an exhibit of the Prospectus and uploaded in the Funds' website; and
5. A fee of ₱2,000.00 plus 1% Legal Research Fee shall be paid by each Fund.¹

For your strict compliance.

Very truly yours,


RACHEL ESTHER J. GUMTANG-REMALANTE
Officer-in-Charge

¹ Evidenced by official receipts with O.R. Nos. 1683931, 1683935, 1683936, 1683937, 1683938 and 1683939.

Annex B
SEC Form 17-C Dated and Received 06 September 2018



109062018000955



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

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Company Representative

Doc Source

Company Information

SEC Registration No. A199908713
Company Name SUN LIFE OF CANADA PROSPERITY BALANCED FUND IN-C.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 109062018000955
Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code 17-C
Period Covered September 06, 2018
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

A 1 9 9 9 0 8 7 1 3

SEC Identification Number

S U N L I F E O F C A N A D A P R O S P E R I T Y

B A L A N C E D F U N D , I N C .

(Company's Full Name)

S U N L I F E C E N T R E 5 T H A V E .

C O R . R I Z A L D R I V E , 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

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

Anna Katrina C. Kabigting - Ibero

(Contact Person)

555-8888

(Company Telephone Number)

1 2

Month

3 1

Day

(Fiscal Year)

S E C F O R M 1 7 - C

(Form Type)

4th Monday of May

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2 (c) THEREUNDER

1. **6 September 2018**
Date of Report (Date of earliest event reported)
2. SEC Identification Number A199908713 3. BIR Tax Identification No. 204-583-064-000
4. **Sun Life of Canada Prosperity Balanced Fund, Inc.**
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **8th Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City, 1634**
Address of principal office Postal Code
8. **(632) 555-8888**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of 31 August 2018)
<u>Common (Unclassified)</u>	<u>3,130,627,885</u>

10. Indicate the item numbers reported herein: **Item 9 (b). Other Events.**
 - The President of the Fund Manager, and the Chairman of the Fund approved on September 3, and 4, 2018 respectively, the reduction in the minimum initial investment of the Fund from P5,000 to P1,000, with effectivity on September 10, 2018. This is pursuant to SEC Resolution No. 496, Series of 2018.

SIGNATURE

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

Sun Life of Canada Prosperity Balanced Fund, Inc.
Issuer

Date: 6 September 2018


Anna Katrina Kabigting-Ibero, Counsel
Signature and Title

FINAL PROSPECTUS

**SUN LIFE OF CANADA PROSPERITY
BALANCED FUND, INC.**

(Open-end Investment Company)

The Fund's current authorized capital stock consists of Four Billion (4,000,000,000) common shares with a par value of PHP0.01 per share. The Offer Shares consisting of One Billion (1,000,000,000) common stock with a par value of PHP0.01 per share will be offered at current net asset value. The Offer Shares will be traded over the counter.

Sun Life Asset Management Company, Inc.
Investment Company Adviser and Principal Distributor
8th Floor, Sun Life Centre
5th Street corner Rizal Drive, Bonifacio Global City, Taguig City
Tel. No. (632) 555-8888

The date of this Prospectus is 17 July 2014.

**THIS PROSPECTUS SHOULD BE READ CAREFULLY BEFORE INVESTING AND RETAINED
FOR FUTURE REFERENCE.**

SUN LIFE OF CANADA PROSPERITY BALANCED FUND, INC.

(A corporation organized under Philippine laws)

This Prospectus relates to the offer of 1,000,000,000 shares of the Sun Life of Canada Prosperity Balanced Fund, Inc. (the "Fund") with a par value of PHP0.01 per share at an offer price of the current Net Asset Value Per Share ("NAVPS").

Total gross proceeds of the 1,000,000,000 Offer Shares, if sold as of 31 May 2014, are estimated at PHP3,558,800,000 (computed by multiplying 1,000,000,000 Offer Shares by PHP3.5588 NAVPS as of 31 May 2014).

The net proceeds from the sale of securities will be used to invest in a mix of Peso-denominated and foreign-currency denominated, high-quality debt (bonds) and equity securities from both local and foreign issuers. For a more detailed discussion, please refer to the section entitled "Use of Proceeds".

The shares are being offered in the Philippines through Sun Life Asset Management Company, Inc. ("SLAMCI"). SLAMCI is being paid the following fees: (a) as the Fund's adviser and manager, an annual fee of 1.00% of the Assets Under Management ("AUM"), estimated at PHP162,344,216.89, inclusive of VAT; and (b) as the Fund's distributor, an annual fee of 1.00% of AUM, estimated at PHP162,344,216.89, inclusive of VAT. For a more detailed discussion on the Investment Manager, please refer to the section entitled "Plan of Distribution".

All of the offered shares are common shares, voting with identical rights and privileges, and may be owned by any person or entity, regardless of nationality.

The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital expenditure, financial condition, and other factors. The existence of surplus profit arising from the operation of the Fund is needed before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration.

Cash dividends and property dividends may be declared by the Board of Directors and no stockholder approval is required. Stock dividends paid on the Offer Shares are subject to approval by both the Board of Directors and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Fund at a stockholders' meeting called for such purpose.

Under the Corporation Code, Corporations with surplus profit in excess of 100% of its paid-in capital stock are required to declare dividends (cash or stock) and distribute it to its stockholders.

Dividends so declared will be automatically reinvested in additional shares on behalf of the shareholders, without sales charges, at the NAVPS on the payment date established for such dividends. Shareholders may also elect not to have dividends reinvested and receive payment in cash, net of tax.

The Fund shall not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own capital stock.

Unless otherwise stated, the information contained in this Prospectus has been supplied by the Fund, which accepts full responsibility for the accuracy of the information and confirms, having made all reasonable inquiries, that to the best of its knowledge and belief, there are no material facts the omission of which would make any statement in this Prospectus misleading in any material respect. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

**ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED
HEREIN IS TRUE AND CURRENT.**

MA. KARENINA M. CASAS
President

SUBSCRIBED AND SWORN to before me this __th day of _____ 2014, the affiant
exhibiting to me her Philippine Passport No. XX 5673744 issued in Manila on March 4, 2010.

Notary Public

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2014.

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PRINCIPAL PARTIES TO THE OFFER

REGISTRANT

Sun Life of Canada Prosperity Balanced Fund, Inc.

8th Floor, Sun Life Centre
5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City
e-mail: sunlink@sunlife.com
Website: www.sunlifefunds.com
Telephone No. 849-9888
Fax No. 849-9744

INVESTMENT COMPANY ADVISER, DISTRIBUTOR AND TRANSFER AGENT

Sun Life Asset Management Company, Inc.

8th Floor, Sun Life Centre
5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City
e-mail: sunlink@sunlife.com
Website: www.sunlifefunds.com
Telephone No. 555-8888
Fax No. 849-9744

CUSTODIAN BANKS

Citibank, N.A.

Citibank, N.A. 21st Floor, Philamlife Tower
8767 Paseo de Roxas
Makati City 1226, Philippines

Deutsche Bank, A.G

23rd Floor, Tower One, Ayala Triangle
Ayala Avenue, Makati City

Hong Kong and Shanghai Banking Corp.

7th Floor, HSBC Centre
3058 Fifth Avenue West
Bonifacio Global City, Taguig City

LEGAL COUNSEL

Romulo Mabanta Buenaventura Sayoc & De Los Angeles Law Office

21st Floor, Philamlife Tower
8767 Paseo De Roxas
Makati City, Philippines

INDEPENDENT AUDITOR

Navarro Amper & Associates / Deloitte Touche Tohmatsu

19/F Net Lima Plaza
5th Avenue corner 26th Street
Bonifacio Global City, Taguig City

GLOSSARY

ACS	Authorized Capital Stock
AUM	Assets Under Management
BSP	Bangko Sentral ng Pilipinas
Business Day	A day in which all of the markets where the Fund's assets are traded and open for clearing of funds and trading in securities, and each business day will end at the hour and minute when such last exchange closes for trading of securities for the day.
Dealers	Eligible securities dealers that have entered into an agreement to sell shares with the Fund's Principal Distributor
Fund	Sun Life of Canada Prosperity Balanced Fund, Inc.
Grepalife Funds	Grepalife Bond Fund Corporation Grepalife Fixed Income Fund Corporation Grepalife Dollar Bond Fund Corporation
NAVPS	Net Asset Value Per Share
Offer	The offering for subscription of shares of common stock at an offer price of the current NAVPS.
Offer Shares	One Billion (1,000,000,000) with a par value of One Centavo (PHP 0.01) per share for a total amount of Pesos: Ten Million (PHP 10,000,000.00)
Peso / PHP	The currency of the Republic of the Philippines
PIFA	Philippine Investment Funds Association, Inc.
R. A. No. 2629	Investment Company Act
R. A. No. 8799	Securities Regulation Code
R. A. No. 9160	Anti-Money Laundering Act of 2001, as amended
R. A. No. 10168	The Terrorism Financing Prevention and Suppression Act of 2012
R.A. No. 10173	Data Privacy Act of 2012
SEC or the Commission	Securities and Exchange Commission
SLAMCI or Investment Company Adviser	Sun Life Asset Management Company, Inc.
SLFPI	Sun Life Financial Plans, Inc.
SLOCPI	Sun Life of Canada (Philippines), Inc.

Sun Life Prosperity Funds	Sun Life of Canada Prosperity Bond Fund, Inc. Sun Life of Canada Prosperity Balanced Fund, Inc. Sun Life of Canada Prosperity Philippine Equity Fund, Inc. Sun Life Prosperity Money Market Fund, Inc. Sun Life Prosperity GS Fund, Inc. Sun Life Prosperity Dollar Advantage Fund, Inc. Sun Life Prosperity Dollar Abundance Fund, Inc. Sun Life Prosperity Dynamic Fund, Inc.
UITF	Unit Investment Trust Fund

SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Certain terms used herein are defined under “Glossary”.

THE FUND

The Fund is a Philippine corporation registered as an open-end investment company under R. A. 2629 and R. A. 8799, on December 21, 1999 under SEC Registration No. A199908713. The Fund’s investment objective is to provide moderate growth and a steady income stream through investments in high quality equity securities and high quality corporate and government debt securities.

Open-end mutual fund companies in the Philippines are organized as stock corporations. The Fund may become fully subscribed at any point in time. In such case, the Fund would continue to accept deposits for future subscription (“DFFS”) in anticipation of an increase in capital, subject to the requirements of the law and regulations on the same. The DFFS accepted would be earmarked for the issuance of the appropriate number of shares that the DFFS would have purchased as of date of acceptance. Upon approval of the increase in authorized capital stock and upon registration of the new shares resulting therefrom with the SEC, the Fund would release the shares the DFFS had purchased, according to the “first in, first out” rule.

FINANCIAL HIGHLIGHTS (IN PESOS)

For the Period Ended	31-Mar-14	31-Dec-13	31-Dec-12	31-Dec-11
	Unaudited	Audited	Audited	Audited
Gross Investment Income	722,088,729.37	(321,001,216)	2,547,305,121	549,553,855
Operating Expenses	109,827,390.48	452,315,359	247,470,658	212,003,929
Provision for Income Tax	10,285,850.93	109,637,985	35,065,230	15,968,840,
Net Investment Income	601,975,487.96	(882,954,560)	2,264,769,233	321,581,086
Total Assets	17,176,016,394	16,276,988,973	12,059,927,361	8,725,564,884
Liabilities	291,209,533	44,765,210	121,307,254	55,235,677
Net Assets	16,884,806,862	16,232,223,763	11,938,620,107	8,670,329,207
Net Assets Value per Share	3.4903	3.3652	3.4129	2.7223

RISKS OF INVESTING

Prospective investors should carefully consider the matters addressed under “Risk Factors” before making an investment decision regarding the Offer Shares. Each of these matters could have adverse consequences to the Fund.

These risks (as described and explained under “Risk Factors”) include:

- Market Risk: Interest Rate Risk
- Credit Risk
- Liquidity Risk
- Regulatory Risk
- Non-guarantee Risk
- Dilution Risk
- Large Transaction Risk
- Fund Manager Risk

The enumerated risks could adversely affect the redemption value of the securities for the shareholders resulting in losses should the shareholder redeem his shares when the NAVPS of the Fund is below his acquisition cost. For a more detailed discussion of these risks to be considered in connection with an investment in the Fund's shares, see "Risk Factors".

TERMS OF THE OFFER

The Fund is offering 1,000,000,000 shares of common stock with a par value of PHP 0.01 per share, at an offer price of the current NAVPS. The Offer Shares are being offered in the Philippines through SLAMCI.

Minimum Initial Investment	PHP5,000.00
Minimum Subsequent Investment	PHP1,000.00
Minimum Redemption Amount	<p>PHP1,000.00.</p> <p>The minimum redemption amount of PHP1,000.00 is observed unless the redemption is part of a special arrangement or other services offered by SLAMCI.</p> <p>Should the shares of the investor fall below the minimum redemption amounts after redemption, SLAMCI may, without notice, redeem the remaining shares and pay the proceeds to the investor. The Fund reserves the right to change the minimum maintaining balance from time to time as it deems necessary.</p>
Offer Price	The Offer Price per Offer Share is the current NAVPS.
Voting Rights	Each holder of a share in the Fund is entitled to one vote, in person or by proxy, for each share held by such shareholder.
Dividends	<p>The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital expenditure, financial condition, and other factors. The existence of surplus profit arising from the operation of the Fund is needed before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration.</p> <p>Cash dividends and property dividends may be declared by the Board of Directors and no stockholder approval is required. Stock dividends paid on the Offer Shares are subject to approval by both the Board of Directors and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Fund at a stockholders' meeting called for such purpose.</p> <p>Under the Corporation Code, Corporations with surplus profit</p>

	in excess of 100% of its paid-in capital stock are required to declare dividends (cash or stock) and distribute it to its stockholders.
Eligibility	Both Philippine nationals and non-Philippine nationals can subscribe to the Fund's Shares, including the Offer Shares.
Application and Payment	<p>Shares of the Fund are sold on cash basis only. Installment sales will not be made.</p> <p>Shares of the Fund are offered for sale on a continuous basis at the NAVPS through SLAMCI's registered representatives and dealers. The dealers and registered representatives are required to forward to SLAMCI the prescribed and complete documents to purchase shares of the Fund on the same business day they are received. For purposes of facilitating transactions, the completed documents may be submitted electronically through fax or on-line, or any mode of transmittal which SLAMCI may establish and deem acceptable from time to time. All payments to be forwarded to and received by SLAMCI should come with and must be supported by the appropriate documents. Payments must also be forwarded and received by SLAMCI through mediums recognized and accredited by SLAMCI. The investor's account will be credited for the subscription only when the payment is in the form of cash, cheque or electronic transfer. The subscription will not be processed into the investor's account until the payments have become available to the Fund for investment deployment. Investors should inquire with their banks the clearing time required for each form of payment and when their investments will be available to the Fund. Applicable bank charges will be deducted from the investible amount.</p> <p>SLAMCI has the option to process local cheques denominated in Philippine Pesos as cleared funds provided that:</p> <ol style="list-style-type: none"> 1. The Investor accomplishes a Waived Clearing Form upon payment. 2. The cheque will be deposited into a bank accredited by SLAMCI for such purpose. <p>To reduce the adverse effect to existing investors of large redemptions in the Fund, a subscription may be amended or rejected if it makes the investor a holder of 10% or more of the Fund's net assets on subscription date.</p>
Sales Loads	The investor may choose to buy shares of the Funds on a "front-end" (Option A) or a "back-end" (Option B) basis, as described below:
Option A	<p>Sales commission will be paid to the investor's mutual fund dealer when shares of the Fund are bought. Under this purchase option, the investor may redeem his shares free of charge at any time.</p> <p>The commission shall not exceed 2% of the investor's total purchase cost (2.04% of the net invested amount).</p>

<p>Option B</p>	<p>Allows all of an investor's money to be invested, with no initial sales commission deducted. SLAMCI pays a commission to the dealer on the investor's purchase. In return, the investor agrees to "repay" SLAMCI a deferred sales charge ("DSC") plus VAT, but only if the investor sells the investment, or a portion thereof, within 5 years. The DSC rate declines the longer an investor holds the investment, and disappears after five (5) years. (See Exhibit 1)</p> <p>In order to reduce the DSC payable, the oldest shares of the investor in the Fund will be redeemed first, unless the investor chooses to have subsequently purchased shares redeemed first.</p>
<p>Subscription Process</p>	<p>Subscriptions received by SLAMCI or its authorized distributors by 12 o'clock noon on a business day will be processed at the NAVPS determined at the close of business that day.</p> <p>SLAMCI reserves the right to reject any specific subscription or to restrict purchases by a particular investor, for example, when such purchase is contrary to the best interests of the other shareholders or would otherwise disrupt the management of the Fund. This decision will be made within two (2) business days after receipt of the subscription and, in the event of a rejection, the subscription amount will be returned as soon as possible to the investor without interest and after deducting applicable bank charges.</p>
<p>Cut-Off Period</p>	<p>If received after 12 o'clock noon, subscriptions will be processed at the NAVPS calculated for the next business day.</p>
<p>Redemption Process</p>	<p>Shares are redeemable at any time at their NAVPS. Further, redemption of transferred shares originally under Option "B" or "C" (under the old Sales Load structure as discussed in Exhibit 1) will be subjected to the applicable deferred sales charge.</p> <p>A shareholder may request for the redemption of his shares by delivering an order ticket or any document to be prescribed and recognized by SLAMCI for redemption to a registered representative or dealer or to SLAMCI. The order ticket for redemption must be accompanied by the appropriate certificate(s), if applicable, representing the shares to be redeemed.</p> <p>The redemption price is the NAVPS at the close of business day if order ticket is received on or before 12 o'clock noon. After 12 o'clock noon, the order ticket is deemed to have been received the following business day, and the redemption price will be the NAVPS determined at the close of business on the next business day.</p> <p>Payment upon redemption will be made either by issuing a cheque to the registered shareholder or through bank remittance. Payments for shares redeemed, less any redemption charges and taxes applicable, will be made by the Fund within seven (7) business days from its receipt of the request for redemption. Payment made through bank remittance may be subjected to applicable bank charges,</p>

	<p>subject to client's arrangement with the remitting and receiving bank. SLAMCI reserves the right to deduct any applicable bank charges from the redemption value. For payment made through cheque issuance, investor will receive payment within seven (7) banking days from date of redemption for the amount redeemed.</p> <p>The Fund may suspend redemptions or postpone the date of payment for a redemption upon the occurrence of any of the following: (i) when the Philippine banking system is closed, (ii) for any period when normal trading is restricted or suspended in the markets where the Fund may be investing, (iii) for any period during which an emergency exists as a result of which (A) disposal by the Fund of securities owned by it is not reasonably practicable or (B) it is not reasonably practicable for the Fund to fairly determine the value of its net assets, (iv) when any breakdown occurs in the means of communication normally employed in determining the value of any of the investments of the Fund or when for any other reason the value of any of the investments or other assets of the Fund cannot reasonably or fairly be ascertained, (v) when the shareholder fails to surrender to SLAMCI the original share certificate on the redeemed or transferred shares, or (vi) all other conditions for the suspension of redemption are subject to the approval of SEC per Section 22(b) (3) of R. A. No. 2629.</p> <p>The SEC may, whenever necessary or appropriate, in the public interest or for the protection of investors, suspend the redemption of securities of open-end companies.</p> <p>No deferred sales charge or redemption fee is imposed on redemptions on transferred shares under Option B or Option C (under the old Sales Load structure as discussed in Exhibit 1) in case of death of the investors. In order to qualify for this waiver, redemption must be made within 1 year of a shareholder's death. SLAMCI must be notified in writing of such death at the time of the redemption request either by the legal heir or administrator of the estate appointed by the court. SLAMCI must be provided with satisfactory evidence of the death, identity of the heirs, or appointment of the administrator, or such other documents necessary to process the redemptions.</p>
<p>Restriction on Issue and Transfer of Shares</p>	<p>SLOCPI and its nominees, who are original shareholders of the Fund, shall not be allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the original registration of the Funds. Each share of stock of the Fund is a voting stock with voting rights equal to every outstanding share of stock. As of the date of this Prospectus, this holding period has expired.</p>
<p>Transfers among Sun Life Prosperity Funds</p>	<p>At any time, an investor who purchased shares of the Fund may request through a registered representative that such shares be redeemed and the proceeds reinvested in shares of one (1) or more eligible SLAMCI-managed funds, i.e. Sun Life Prosperity Money Market Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc. and Sun Life</p>

	<p>Prosperity GS Funds, Inc., subject to sales load upon entry.</p> <p>Transfer from other eligible SLAMCI-managed funds is allowed. However, the investor's original purchase option may not be changed upon such transfer. If the investor originally purchased on a front-end basis, then the investor cannot shift to the back end option when transferring.</p> <p>A transfer of back end share does not trigger a deferred sales charge ("DSC"). The "new" shares purchased on a transfer are deemed to have the same date of purchase as the original shares that were redeemed to make the transfer.</p> <p>The minimum transfer amount is PHP1,000.00, provided that the investor already has the minim required investment with the Fund to which the transfer shall be made. The order ticket to transfer must be made through the registered representative or dealer who must forward the order ticket to transfer to SLAMCI on the same day. On SLAMCI's receipt of an order ticket to transfer, shares will be redeemed by the Fund, subject to the foregoing provisions on redemption, and the proceeds of redemption will be applied to the purchase of shares of another fund, at the applicable NAVPS, subject to the provisions governing the purchase of the shares of the other fund.</p> <p>*Please see Exhibit 1 for details of front end and back end sales loads.</p>
Pre-emptive Right	<p>No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into carrying options or warrants to purchase stock of the registrant.</p>
Stock Certificate	<p>In the interest of economy and convenience, certificates of shares will only be issued if so requested in writing by the shareholder. Because the legal requirements for replacing lost certificates entail costly and lengthy procedures, a fee of PHP1,000.per certificate will be charged to replace lost certificates.</p> <p>Shareholders are given official receipts and confirmation slips upon subscription. Shares are recorded on a stock register by SLAMCI, and shareholders who do not elect to receive certificates have the same rights as if certificates had been issued to them.</p>

RISK DISCLOSURE STATEMENT

GENERAL WARNING

The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.

Past performance is not a guide to future performance.

There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.

An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

The risk of disclosure does not purport to disclose all the risk and other significant aspects of investing in these securities. An investor should undertake his own research and study on the trading of securities before commencing any trading activity. He may request information on the securities and issuer thereof from the Commission which are available to the public.

PROFESSIONAL ADVICE

The investor should seek professional advice if he is uncertain or has not understood any aspect of the securities or the nature of risks involved in trading of securities, especially high risk securities.

RISK FACTORS

Before investing, potential investors should consider carefully the factors set forth below in conjunction with the other information contained in this Prospectus, in evaluating an investment in the Offer Shares.

There are many potential advantages to investing in mutual funds and in the Offer Shares. However, in deciding to invest, the investor is strongly advised to also consider the risks involved in investing in mutual funds, and in the Offer Shares, as well as the risks that the Fund faces, given its underlying assets whose respective values essentially affect the Fund's overall net asset value.

The Fund's Risk Officer is responsible for overseeing the management of risks resulting from the Fund's business activities. He reports to the Audit and Compliance Committee of the Board of Directors. His duties and responsibilities include, among others: monitoring the investments of the Fund to ensure that all identified gaps in management's risk and management processes are resolved on a timely basis; provide leadership to facilitate management's understanding of the risk management framework, policies and processes; ensuring that the Philippine risk management organization is appropriately staffed with individuals who have the requisite skills and competencies, and that the organization structure and reporting relationships are appropriate and sufficiently independent; organizing and participating in the risk workshops of the annual risk identification process; ensuring that business units identify plausible risk scenarios; ensuring that risk-based measurement and reporting metrics, including risk limits and exception reporting are established; assigning risk category to the final risk lists; providing expertise in the development of action plans to address the risks identified; reviewing and updating the risk report quarterly; identifying and escalating as appropriate any missed target dates for key risk action plans; and providing documented quarterly status updates on key risks to the Audit and Compliance Committee. Pursuant to the foregoing, the Risk Officer has identified the risks enumerated below in order of importance:

Market Risk: Interest Rate Risk is a type of Market Risk which is applicable to the Fund's investments in bonds, if any. This refers to the increase/decrease of a bond price due to movement in market factors such as changes in interest rates. A change in interest rates is the period when interest rates rise or fall thus causing the decline or increase in the market price of the bonds held by the Fund, if any. This risk is minimized by closely monitoring the direction of interest rates and aligning it with the appropriate strategy of the Fund.

Credit Risk: Investments in bonds carry the risk that the issuer of the bonds might default on its interest and principal payments. In the event of default, the Fund's value will be adversely affected and may result in a write-off of the concerned asset held by the Fund. To mitigate the risk, each Issuer/Borrower/Counterparty passes through a stringent credit process to determine whether its credit quality complies with the prescribed standards of the Fund. Further, the credit quality of the Issuer/Borrower/Counterparty is reviewed periodically to ensure that excellent credit standing is maintained. Moreover, a 10% exposure limit to a single entity is likewise observed.

Liquidity Risk: The Fund is usually able to service redemptions of investors within seven (7) banking days after receipt of the notice of redemption by paying out redemptions from available cash or near cash assets in its portfolio. However, when redemptions exceed the Funds available cash or near cash assets in its portfolio, the Fund will have to sell its other security holdings; and during periods of extreme market volatility, the Fund may not be able to find a buyer for such assets. Consequently, the Fund may not be able to generate sufficient cash from its sale of assets to meet the redemptions within the normal seven (7) banking day period. To mitigate this, the Fund maintains adequate highly liquid assets in the form of cash, cash equivalents and near cash assets in its portfolio. As the Fund's portfolio is composed of liquid assets, liquidity risk is deemed low.

The following are additional risks present in managing the Fund, however, non-quantifiable.

Regulatory Risk: The Fund's investments and operations are subject to various regulations affecting among others, accounting of assets and taxation. These regulations occasionally change, and may result in lower returns or even losses borne by the investors. For example, a higher tax imposed on the sale or purchase of underlying assets of the Fund may result in lower net asset value of the Fund. To mitigate this risk, SLAMCI adopts global best practices. Further, it maintains regular communications with the relevant government agencies to keep itself abreast of the issues giving them concern, and to have the opportunity to help them set standards for good governance. SLAMCI also takes an active participation in the Philippine Investment Funds Association, Inc. ("PIFA"), an association of mutual fund companies in the Philippines.

Non-guarantee: Unlike deposits made with banks, an investment in the Fund is neither insured nor guaranteed by the Philippine Deposit Insurance Corporation ("PDIC"). Hence, investors carry the risk of losing the value of their investment, without any guaranty in the form of insurance. Moreover, as with any investment, it is important to note that past performance of the Fund does not guarantee its future success.

Dilution Risk: Being an open-end mutual fund, various investors may effectively subscribe to any amount of shares of the Fund. As such, investors face the risk of their investments being diluted as more investors subscribe to shares of the Fund. The influence that the investors can exert over the control and management of the Fund decreases proportionately.

Large Transaction Risk: If an investor in a Fund makes a large transaction, the Fund's cash flow may be affected. For example, if an investor redeems a large number of shares of a Fund, that Fund may be forced to sell securities at unfavorable prices to pay for the proceeds of redemption. This unexpected sale may have a negative impact on the net asset value of the Fund.

Fund Manager Risk: The performance of the Fund is also dependent on the Fund Manager's skills. Hence, the Fund may underperform in the market and/or in comparison with similar funds due to investment decisions made by the Fund Manager, and may also fail to meet the Fund's investment objectives. The Board of Directors of the Issuer, however, shall ensure that all investment policies and restrictions enumerated in this Prospectus are strictly followed.

The above risk factors are by no means exhaustive. New and/or unidentified risks may arise given the fast changing financial markets and economic environment.

Classification of the Fund into high, moderate or low risk investment: In furtherance of its investment objective, that is, to generate income in Philippine Pesos consistent with prudent management of the Fund's assets, the Fund's portfolio may consist of fixed income and other related securities of the Philippine Government, and commercial papers issued by corporations within the Philippines, certificates of deposits, and other short-term instruments. Considering the nature of the aforementioned investments, the Fund is classified as a low-to-moderate risk investment.

USE OF PROCEEDS

Proceeds from the sale of the Offer Shares will be used to invest in high-quality debt instruments issued by the Republic of the Philippines and prime Philippine companies.

The Fund's investment manager shall be guided by the Fund's Investment Policies and legal limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid in capital of the Fund, shall be held by the designated custodian banks.

The Fund shall not make loans to other interested persons such as members of its Board of Directors, officers of the Fund and any of its affiliates/affiliated corporations. The Fund shall not acquire assets or finance the acquisition of other business. It does not have any existing debt, thus, proceeds shall not be utilized to settle any existing indebtedness or obligation.

Expenses charged to the Fund include, but are not limited to, remuneration of the members of the Board who are not officers and/or employees of SLOCPI and/or SLAMCI, SEC filing fees, documentary stamp taxes, registration statement fees, transfer, distribution, and management fees.

Below are the estimated expenses for the registration of the Offer Shares:

Estimated Expenses	
SEC Registration Fees	PHP 1,453,516.25
Publication	28,224.00
Documentary Stamp Tax	50,000.00
Professional Fees	<u>100,000.00</u>
TOTAL	<u>PHP 1,631,740.00</u>

The net proceeds of the Fund are estimated to be as follows:

Gross Proceeds	PHP 3,558,800,000.00
Less: Estimated Expenses	1,631,740.00
Net Proceeds	PHP 3,557,168,260.00

The proceeds from the sale of the Offer Shares will not be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, money loaned or advanced or otherwise.

DETERMINATION OF OFFERING PRICE

The Offer Price will be the NAVPS as at the end of the day. NAVPS is computed by dividing net assets (total assets¹ less total liabilities²) by the total number of shares issued and outstanding, plus the total number of units outstanding due to DFFS and for conversion to shares, if any, as of the end of the reporting day.

Completed subscriptions received by SLAMCI or its authorized distributors by 12 o'clock noon will be processed at the NAVPS determined by SLAMCI at the close of business that day. If received after 12 o'clock noon, subscriptions will be processed at the NAVPS calculated for the next business day.

The Fund will compute and post the NAVPS on a daily basis and will publish such daily prices in at least two (2) newspapers of general circulation in the Philippines; and post them daily in a conspicuous place at the principal office of the Fund as well as in all of its branches which are designated redemption centers.

PLAN OF DISTRIBUTION

The Fund does not have any underwriter, and has not entered into any underwriting agreement. There are no shares designated to specified persons. There is no plan to apply for listing in any exchange the shares of Registrant. Thus, none of the Registrant's shares are to be allocated to an exchange and/or to its members.

PRINCIPAL DISTRIBUTOR

SLAMCI serves as the Fund's Principal Distributor. An annual fee of 1.00% of AUM (estimated at PHP 164,614,987.81) is paid by the Fund for the distribution services of SLAMCI. As principal distributor, SLAMCI will continuously offer for sale shares of the Fund through its registered representatives legally qualified to sell the Fund's shares and dealers with whom it has entered into distribution agreements. SLAMCI's registered representatives are Sales Agents, who are entitled to collect commission rates of not exceeding 1% of front end sales load and/or not exceeding 3% of sales amount for back end sales loads.

Any order for shares may be rejected by SLAMCI. The SEC, Fund, or SLAMCI may suspend the continuous offering of shares to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time. Neither SLAMCI nor the eligible agents are permitted to withhold placing orders to benefit themselves from a price change.

All proceeds from sale of shares/securities, including the original subscription/payments at the time of incorporation constituting the paid-in capital of the Fund shall be held by the designated custodian banks.

¹ The assets of the Fund shall be deemed to include (i) all cash on hand, or on call, (ii) all bills, notes and accounts receivables, (iii) all shares of stocks and subscription rights, and other securities owned or contracted for the Fund, other than its own capital stock, (iv) all stock and cash dividends and cash distributions to be received by the Fund but declared to stockholders of record on a date on or before the date as of which the net asset value per share of the Fund is being determined, (v) all interests accrued on any interest-bearing security owned by the Fund, (vi) all real properties and interests therein, and (vii) all other property of every kind and nature including prepaid expenses.

² The liabilities of the Fund shall be deemed to include (i) all bills, notes and accounts payable, (ii) all administrative expenses payable and/or accrued (including management fees), (iii) all contractual obligations for the payment of money or property, including the amount of any unpaid dividend declared upon the Fund's stock and payable to shareholders of record on or before the date on which the value of the Fund is being determined, (iv) all reserves authorized or approved by the Board of Directors for taxes or contingencies, and (v) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by the outstanding capital stock and surplus of the Fund.

CUSTODIANS OF PORTFOLIO SECURITIES

CITIBANK, N.A. 8741 Paseo de Roxas Makati City	DEUTSCHE BANK, A. G. 23 rd Floor, Tower I, Ayala Triangle Ayala Avenue, Makati City	HSBC 7/F HSBC Centre 3058 Fifth Avenue West Bonifacio Global City, Taguig City
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In consideration of the services to be rendered by the custodians, the Fund shall pay the custodians all fees, charges and obligations incurred from time to time for services rendered pursuant to the Direct Custodial Services Agreements between each registrant and custodian with the terms of the fees schedule specified from time to time by the custodian, upon prior notice to the registrants. The custodianship fees are usually quoted as a percentage per annum (% p.a.) of the securities' notional or market value, billed at every month-end. The designated custodians also charge transaction fees for the purchase and sale of portfolio securities, usually at a flat fee per transaction.

INVESTMENT COMPANY ADVISER

1. SLAMCI is an Investment Company Adviser incorporated on 18 January 2000 and started commercial operations on 1 May 2000. Its primary purpose is to manage, provide and render management and technical advice and service for mutual funds, corporations, natural persons and other entities and in connection therewith, as far as may be permitted by law, to purchase, subscribe for or otherwise acquire, mortgage, sell or otherwise dispose of, and deal in securities of every kind and description including, but not limited to, stocks, bonds, notes, commercial papers and to promote, manage and participate in the distribution of any securities, to the extent provided by law.
2. SLAMCI is a licensed investment company adviser and holds a current license from the SEC. The license of SLAMCI was renewed on 29 November 2013.

In a letter dated 05 July 1999 addressed to the PIFA³, the SEC advised of the suspension of the implementation of SEC-BED Memorandum Circular No. 1, series of 1999, which required investment managers and/or advisers to secure a license as a securities broker on or before 30 June 1999.

There is no arrangement whereby SLAMCI has the right to designate or nominate a member or members of the Board of Directors of the Fund. Thus, there is no director so designated or nominated pursuant to an agreement between SLAMCI and the Fund.

There is no share designated to be sold to specified persons. No share is to be designated to an exchange and/or its members, or by an exchange to its members.

3. SLAMCI's registered office address is at the 8th Floor Sun Life Centre, Bonifacio Global City, Taguig City.
4. Affiliated company of the Fund which is also an affiliated company of SLAMCI is:

Name	Address	Nature of Affiliation
Sun Life of Canada (Philippines), Inc.	2 nd Floor, Sun Life Centre, 5 th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City	Stockholder

5. The services provided by SLAMCI are subject to the supervision of its officers and directors. They include marketing the Fund, being responsible for investments, investor communications, fund accounting, shareholder record-keeping and other day-to-day administration of matters related to the corporate existence of the Fund, maintenance of records and preparation of Shareholder reports, Board of Directors' meetings and annual Shareholders' Meetings.

³Then called the Investment Company Association of the Philippines.

As compensation for the management services and facilities provided by SLAMCI, an annual fee of 0.75% of AUM shall be paid by the Fund. In addition, an annual fee of 0.75% of AUM is also charged to the fund for the distribution services of SLAMCI.

The Fund is responsible for its own operating expenses. At times, SLAMCI may reduce its fees and/or pay expenses in order to reduce the Fund's aggregate annual operating expenses. This arrangement may be revised or discontinued by SLAMCI at any time.

6. As Investment Company Adviser, SLAMCI is also primarily responsible for the execution of the Fund's portfolio transactions and the allocation of brokerage commissions. SLAMCI makes investment decisions, prepares and makes available research and statistical data, and invests with respect to the purchase and sale of securities on behalf of the Fund, including the selection of brokers and dealers to carry out the transactions, all in accordance with the Fund's investment objective and policies. SLAMCI maintains records and furnishes or causes to be furnished all required reports.
7. SLAMCI may, at its expense, engage the services of consultants and other persons or firms to furnish SLAMCI statistical and other information, advice regarding economic factors and trends, information with respect to technical and scientific developments, and such other information, advice and assistance as SLAMCI may desire, including investment management and other related duties.

TRANSFER AGENT

SLAMCI also serves as the Fund's Transfer Agent. Transfer Agent services include, but are not limited to, account/certificate registration, processing of dividend and capital gains cheques, periodic preparation and mailing of shareholder statements and management reports, as required.

In consideration of the services to be rendered by the Transfer Agent, the Fund shall pay the Transfer Agent an amount equivalent to an annual fee of 0.15% of AUM as stipulated in the Transfer Agent Agreement between the Fund and SLAMCI. Fees will begin to accrue on the first day of the Fund's operations.

DESCRIPTION OF SECURITIES TO BE REGISTERED

CAPITALIZATION

On the date of incorporation, the Fund had an authorized capital stock of Two Hundred Million Pesos (PHP200,000,000.00) divided into Two Hundred Million (200,000,000) shares with a par value of One Peso (PHP1.00) per share. Out of the original authorized capital stock, Fifty Million Pesos (PHP50,000,000.00) worth of shares have been subscribed and paid upon incorporation. Since then, the authorized capital stock has been decreased on 12 May 2006 to Two Million Pesos (PHP2,000,000.00) divided into Two Hundred Million (200,000,000) shares with a par value of One Peso (PHP1.00) per share.

On January 17, 2014, the SEC approved the increase in the authorized capital stock of the Fund from Forty Million Pesos (Php40,000,000.00) divided into 4,000,000,000 shares of the par value of Php 0.1 to Fifty Million Pesos (Php 50,000,000.00) divided into 5,000,000,000 shares of the par value of Php .01 per share.

As of 31 May 2014, the Fund has an outstanding capital stock of 4,745,487,578 shares, equivalent to PHP 16,888,241,192.50 at a NAVPS of PHP 3.5588.

SECURITIES OF THE FUND

Each share of stock of the Fund is a voting stock with voting rights equal to every other outstanding share of stock of the same Fund, and subject to the following conditions:

1. **Distribution of Dividends.** Each shareholder has a right to any dividends declared by the Fund.

2. **Denial of Pre-emptive Rights.** No stockholder shall, because of his ownership of stock, have pre-emptive or other right to purchase, subscribe for, or take any part of any other securities convertible into or carrying options or warrants to purchase stock of the Fund.
3. **Right of Redemption.** The holder of any share of the Fund, upon its presentation to the Fund or to any of its duly authorized representatives, is entitled to receive by way of redemption approximately his proportionate share of the Fund's current net assets or the cash equivalent thereof.
4. **Modification of Rights of Shareholders.** The rights of shareholders of the Fund shall not be modified except by amendment of the Fund's Articles of Incorporation and/or By-Laws.

Other than the above and those provided by law, there are no other material rights accorded to the shareholders.

While DFFS holders are not shareholders (hence, they do not have the rights to vote and receive dividends), they have the right to ask for a return of their DFFS amounts at any time based on the NAVPS at the time of redemption.

INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL

LEGAL MATTERS

Certain legal matters under Philippine law will be passed upon for the Fund by Romulo Mabanta Buenaventura Sayoc & De Los Angeles Law Office. Except as otherwise disclosed herein, no independent counsel has or will receive any direct or indirect interest in the Fund or in any securities thereof (including options, warrants or rights thereto) or acted or will act as promoter, underwriter, voting trustee, director or employee of the Fund.

INDEPENDENT AUDITORS

The Financial Statements of the Fund together with the notes thereto have been examined by Navarro Amper & Associates / Deloitte Touche Tohmatsu ("Deloitte"), independent public accountants, as indicated in their report with respect thereto and included herein. The reports have been so included in reliance upon the authority of these experts in giving such reports. Deloitte has given, and not withdrawn, its consent to the inclusion of these reports as they appear herein.

Deloitte will continue being the external auditors for the Fund. Deloitte will not have any direct or indirect interest in the Fund or in any securities thereof (including options, warrants or rights thereto) nor has it acted at any time as promoter, underwriter, voting trustee, director, officer or employee of the Fund.

INFORMATION WITH RESPECT TO THE REGISTRANT

DESCRIPTION OF BUSINESS

The Fund

The Fund is a Philippine corporation registered as an open-end investment company under R. A. 2629 and R. A. 8799, on December 21, 1999 under SEC Registration No. A199908713. The Fund's investment objective is to provide moderate growth and a steady income stream through investments in high quality equity securities and high quality corporate and government debt securities.

The Fund is part of the Sun Life Prosperity Funds (the "Funds"). The Sun Life Prosperity Funds make investing simple, accessible and affordable. The Sun Life Prosperity Funds offer a unique "family of funds" to choose from. The "family of funds" concept allows investors to modify their investment strategies over time, by letting them transfer from one fund to another, as their needs dictate, as much as four times a year without paying any fees.

Given the nature of the Fund, its revenue is primarily derived from Investment income and is broken down as follows:

	March 2014	December 2013	December 2012
Interest Income - Bank deposits	134,577.71	94,903.86	173,839.15
Interest Income – SSA	6,694,983.06	18,670,733.35	173,771.86
Interest Income - Treasury Notes	44,581,835.06	167,234,502.90	148,506,790.80
Interest Income – Treasury Bills	220,430.89		
Interest Income - Corp Loan			2,187,300.16
Dividend Income - Common Stock	96,552,345.74	233,824,998.58	145,227,930.04

Distribution

For a detailed discussion of the Fund’s distribution methods, please refer to the section on “Plan of Distribution”.

Competition

The Fund principally competes directly with the Unit Investment Trust Funds (“UITFs”) offered by commercial banks, and other mutual funds in the Philippines in terms of returns and the associated risks of the return. The Fund’s market strength is its wide distribution network that provides strategic distribution of Fund shares and the financial stability and reputation of its Investment Company Adviser, SLAMCI. The Fund intends to compete principally based on the reputation of SLAMCI for superior investment performance and corporate governance coupled with its distribution network and superior backroom operations.

The Fund participates in the mutual funds sector which is a sub-sector of the financial services industry. There are no national geographical boundaries as the nature of the industry and prevailing technology make it possible for the various players to offer their services to almost any place in the country.

In terms of net asset value, the group of funds managed by SLAMCI on a consolidated basis is the second largest in its field. Below are the top three (3) mutual fund companies in the Philippines in terms of Net Asset Value (NAV) as of 31 March 2014.

Mutual Fund Company/Investment Company Adviser	Net Asset Value	Market Share
ALFM Mutual Funds	PHP 68,850 Million	47.09%
Sun Life Asset Management Co., Inc.	PHP 28,699 Million	19.63%
Philam Asset Management, Inc.*	PHP 23,968 Million	16.39%

*Includes GSIS Mutual Fund, Inc.

Below are the top three (3) mutual fund companies in the Philippines in terms of Net Asset Value (NAV) as of 31 March 2014.

Mutual Fund Company/Investment Company Adviser	Net Asset Value	Market Share
ALFM Mutual Funds	PHP 97,439 Million	47.62%
Sun Life Asset Management Co., Inc.	PHP 41,115 Million	20.09%
Philam Asset Management, Inc.*	PHP 32,215 Million	15.74%

*Includes GSIS Mutual Fund, Inc.

In its category, the Fund is largest; with ALFM Growth Fund, Inc. and Philam Fund, Inc. holding significant market positions below the Fund. Below are the top three (3) mutual fund companies in the Balanced Fund category as of 31 March 2014:

Mutual Fund Company	Net Asset Value	Market Share*
Sun Life Prosperity Balanced Fund	PHP 11,939 Million	8.17%
Philam Fund, Inc.	PHP 5,082 Million	3.48%
ALFM Growth Fund, Inc.	PHP 4,805 Million	3.29%

*as a percentage of the mutual funds industry AUM

Below are the top three (3) mutual fund companies in the Balanced Fund category as of 31 March 2014:

Mutual Fund Company	Net Asset Value	Market Share*
Sun Life Prosperity Balanced Fund	PHP 16,234 Million	7.84%
ALFM Growth Fund, Inc.	PHP 7,185 Million	3.47%
Philam Bond Fund Inc.	PHP 2,480 Million	1.20%

*as a percentage of the mutual funds industry AUM

Transactions with and/or Dependence on Related Parties

SLAMCI is an affiliate of the Fund. It is also the Fund's Principal Distributor, Transfer Agent and Investment Company Adviser. For a fuller discussion, please see "Summary of Principal Agreements" and "Certain Relationships and Related Transactions."

Investment Objectives and Legal Restrictions

The Fund aims to generate income in Philippine Pesos consistent with prudent management of the Funds' assets.

The Fund is governed by the following fundamental investment policies:

1. The Fund shall not issue senior securities.
2. The Fund shall not incur any further debt or borrowing unless at the time of its incurrence or immediately thereafter there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).
3. The Fund shall not participate in any underwriting or selling group in connection with the public distribution of securities, except its own capital stock.
4. The Fund will generally maintain a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
5. The Fund shall not invest more than twenty percent (20%) of its net assets in real estate properties and developments, subject to investment restrictions and/or limitations under applicable law, if any.
6. The Fund shall not purchase or sell commodity futures contracts.
7. The Fund shall not make any loan to other persons, or to other interested persons such as the members of the Board of Directors, officers of the Fund and any affiliates, or affiliated corporations of the Fund. However, it shall engage in legally permissible lending operations considered by its Board of Directors to be financially solid and sound.

8. The proportion of the Fund's assets that shall be invested in each type of security shall be determined from time to time, as warranted by economic and investment conditions.
9. Subscribers are required to settle their subscriptions in full upon submission of their application for subscriptions.
10. The Fund may use various techniques to hedge investment risks.
11. The Fund will not change its investment objectives without the prior approval of a majority of its shareholders and prior notice to the SEC.

Policies with Respect to Security Investments

1. *Type of securities, which the registrants may invest in, and the proportion of the assets which may be invested in each such type of security.*

The Fund's objective is to generate as high a level of current income as is considered consistent with the preservation of capital and general fund liquidity. For purposes of liquidity, regulations require that each Fund invest a minimum of five percent (5%) of the Fund's net assets in liquid or semi-liquid assets, such as:

- i. Treasury notes or bills, certificates of indebtedness issued by the BSP which are short-term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines; and
- ii. Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer" or "numbered" account or other similar arrangements.

The Fund expects to invest more than 10% in the aforementioned securities and deposits.

2. *Percentage of assets, which the Fund may invest in the securities of any one issuer.*

The maximum investment of the Fund in any single enterprise shall not exceed the amount equivalent to fifteen percent (15%) of the Fund's net asset value except obligations of the Philippine Government or its instrumentalities.

3. *Percentage of outstanding securities of any one issuer, which the Fund may acquire.*

The total investment of the Fund shall not exceed ten percent (10%) of the outstanding securities of any investee company.

4. *Investment in other companies for the purpose of exercising control or management.*

The Fund has no intention of exercising control or management over other companies.

5. *The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its Investment Adviser, Manager or Distributor or firms of which any of them are members, any security other than the Fund's own capital stock.*

6. *The total operational expenses of the Fund shall not exceed ten percent (10%) of its total investment fund or total net worth.*

7. *Until the SEC provides otherwise, the Fund shall not short sell securities or invest in any of the following:*

- i. Margin purchases of securities (investment in partly paid shares are excluded),

- ii. Commodity futures contracts,
 - iii. Precious metals, and
 - iv. Unlimited liability investments such as a general partnership.
8. *Minimum investment is PHP5,000.00 while subsequent investment is PHP1,000.00.*
9. SEC Memorandum Circular No. 10, series of 2006 requires that investment in bonds and evidence of indebtedness registered and traded on an organized market in a foreign country whose issue and issuer borrower are rated at least BBB.
10. Investments in foreign securities shall be in accordance with SEC Memorandum Circular No. 7, series of 2005, as amended entitled "Guidelines on the Evaluation of Foreign Investments by Mutual Fund Companies."

Prevention of Money-Laundering and Terrorist Financing

As part of the Fund's responsibility for the prevention of money-laundering under the Anti-Money Laundering Act of 2001 (R. A. 9160), as amended, the Terrorism Financing Prevention and Suppression Act of 2012 (R.A. 10168) and other relevant rules and regulations, the Fund or an entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of shares and the source of the relevant funds. Whether or not such evidence will be required and, if so, the nature and extent of such evidence will depend on the particular circumstances. The Fund and any entity acting on its behalf reserve the right to request such information as considered necessary to verify the identity of a proposed purchaser of shares in each case, and the Fund has absolute discretion to refuse to accept a subscription for shares in the event of delay or failure in the provision of any such information required. The Fund and /or relevant government agencies shall immediately preserve the subject property or funds upon receipt of the notice of a freeze order, in accordance with the order of the court of competent jurisdiction or the AMLC. The owner or holder of the property or funds shall be given a copy of the notice of the freeze order.

Compliance with Data Privacy Act of 2012 (Republic Act No. 10173)

To enable the Fund to comply with the requirements of the Data Privacy Act of 2012 (Republic Act No. 10173), the Fund requires all investors to expressly authorize the Fund to collect, process, use, destroy his/her personal and sensitive personal information and any information related to him/her and his/her account as well as its sharing, transfer and/or disclosure to any of the Fund's branches, subsidiaries, affiliates, agents and representatives, industry associations and third parties such as but not limited to outsourced service providers, external auditors, and local and foreign regulatory authorities in relation to any matter including but not limited to those involving anti-money laundering and tax monitoring, review and reporting, statistical and risk analysis, provision of any products, service, or offers made through mail/email/fax/SMS/telephone, customer satisfaction surveys; compliance with court and other lawful orders and requirements. The Fund further requires the investors to holds the Funds and SLAMCI free and harmless from any liability that may arise from any transfer, disclosure, processing, collection, use, storage or destruction of said information.

Compliance with Foreign Account Tax Compliance Act

For purposes of compliance with the Foreign Account Tax Compliance Act (FATCA or Chapter 4 of the US Internal Revenue Code) particularly, Change in Circumstances (in compliance with the Foreign Account Tax Compliance Act also known as FATCA or Chapter 4 of the US Internal Revenue Code), the Fund requires the investors to:

- 1) Notify the Fund in writing and provide the required details or documents within thirty (30) days from a change of your circumstances. Change of circumstances means any change in the investor's circumstances which results in the Fund being subject to tax reporting and withholding requirements under local and/or foreign laws applicable to the investor or investor's property (such as the US Foreign Account Tax Compliance Act). There is a change of circumstances if there is a change in the investor's contact information, identification documents, place of residence, citizenship of the owner or beneficiary, or other circumstances as defined under applicable laws;

2) Failure to accomplish the foregoing gives the Fund the right to exercise any of the following: a) continue the account on the same terms and conditions; b) continue the investment on the same terms and conditions and deduct from it any amounts that the Fund has to withhold under the applicable laws; or c) terminate your account. The right to terminate the account will only be exercised after the investor have failed to provide the required information within thirty (30) days from written notice from the Fund and only after the Fund is unable to transfer your policy or take any steps other than termination in order to comply with applicable laws.

Effect of Existing or Probable Governmental Regulations on The Business

Senate and congressional bills amending R. A. 2629, which is the main law that regulates the mutual fund industry, have been filed. The most prominent of these are the bills on the proposed Collective Investment Schemes Law ("CISL"). One of the noteworthy provisions of the CISL bills is the exemption of mutual fund companies from certain requirements of the Corporation Code as regards increasing ACS. If passed into law, this would be of possible benefit to the mutual fund companies which, with their numerous stockholders, find it difficult to obtain the votes of stockholders representing at least 2/3 of the outstanding capital stock to approve certain corporate actions. SLAMCI, through PIFA, participates in the hearing and deliberation of the CISL bill. SLAMCI expects the regulatory environment to improve with the passage of the CISL bill to the benefit of investors.

Employees

The Fund does not employ personnel. Day-to-day operations are carried out by SLAMCI pursuant to the terms and conditions of the Management Agreement and Distribution Agreement between the Fund and SLAMCI.

Shareholder's Privileges

Certain privileges granting reduced sales charge and waivers may be extended by SLAMCI to qualified investors who will apply for them.

The investor must notify SLAMCI at the time of transaction about his qualification and intention to avail and apply for specific privileges. Failure to notify SLAMCI ahead of time about his eligibility and intention to avail will allow SLAMCI to process the transaction subject to normal sales load charges.

SLAMCI reserves the right to approve or deny a shareholder's application for certain privileges according to the criteria it has set. These privileges may be revised or discontinued by SLAMCI at any time.

1. Waiver of Front End Sales Load (Option A) for qualified investors

Front-end zero load may be granted by SLAMCI to former participants in a benefit or retirement plan, who will convert his mutual fund retirement benefit and contribution into an individual, joint or ITF account with Sun Life Prosperity Funds. The same benefit may also be granted to participants of a retirement plan with at least 100 members and PHP5 Million or dollar equivalent in total asset value or any other requirements or qualifications that may be established by SLAMCI.

2. Free 10% Back End Redemption

An investor may be entitled to redeem up to 10% of his total shares under Back End without the application of a redemption fee or DSC subject to certain conditions as established by SLAMCI. An investor's free redemption entitlement shall be based on the total number of shares owned under Option B as of December 31 of the prior calendar year. This privilege may be extended only to partial redemptions and is not applicable to full redemptions of back-end investments. Redemption in excess of the allowed 10% will be subject to normal DSC.

This one-time privilege per year is not automatic and should be exercised by the investor. Free redemption entitlement is not cumulative. Unexercised entitlement cannot be carried forward to future redemptions within the same year or succeeding calendar years.

If redeemed after five (5) years, the investment shall no longer be subject to any redemption fee.

3. Reduced Sales Charge Plan

Combination Privilege

Investors may qualify for a reduced sales load by combining subscriptions to one or more of the Sun Life Prosperity Funds, under the following conditions:

1. The total AUM of the investor is at least PHP100,000.00 or its dollar equivalent, and this can be obtained by adding:

- The current subscription made by the investor and “member/s of the immediate family”, as defined below; and
- The aggregate net asset value of all the outstanding subscriptions (at the close of the business day preceding the date of the current subscription) made by the investor and member/s of the immediate family.

2. The total subscription of the investor is at least PHP100,000.00 or its dollar equivalent, and this can be obtained by adding:

- The current subscription made by the investor and member/s of the immediate family; and
- The original value of all previous subscriptions, net of redemptions, made by the investor and member/s of the immediate family.

3. “Member of the immediate family” is defined as:

- Spouse
- Child
- Grandchild
- Parent
- Sibling
- Grandparents

4. The following accounts are not included for purposes of determining whether an investor qualifies under this privilege:

- Shares or investments held by an investor through a Retirement Plan/Defined Benefit Plan or other employer-employee sponsored benefit plan
- Shares held through a Trust Account under Institutional Dealers (account held in the name of the Financial Intermediary on the investor’s behalf)
- Shares held by Corporations or business establishments of the investors.

This privilege is not automatic and should be exercised by the investor. Investors should provide all necessary information AT THE TIME OF PURCHASE regarding accounts eligible to be combined under this plan. Otherwise, SLAMCI will not retroact the privilege. SLAMCI reserves the right to revise or discontinue this privilege at any time.

Letter of Intent

Investors are given the privilege to purchase “A” shares of a Fund over a 12-month period and receive the same sales charge as if all shares had been purchased at once. An investor can use a Letter of Intention (LOI) to qualify for reduced sales charges during the next twelve (12) months.

Investors may qualify for this privilege if the resulting total is at least PHP100,000.00 or its dollar equivalent. The calculation of this amount would include as well the investments made under the Combination Privilege.

When an investor signs the LOI, SLAMCI agrees to charge the investor a reduced sales charge. The LOI does not obligate the investor to purchase additional shares. However, upon failure to comply with the LOI at the end of the 12-month period, SLAMCI will redeem enough shares equivalent to the additional sales charge to reflect the recalculated amount reflecting the actual purchase level.

SLAMCI will notify the client under this program at least one (1) month prior to the expiration of the LOI. SLAMCI reserves the right to revise or discontinue this privilege at any time.

4. Dividends

The Board of Directors of the Fund has the power to fix and determine the amount to be reserved or provided for declaration and payment of dividends from the Fund's unrestricted retained earnings. The amount of such dividends (either in cash, stock, property or a combination of the foregoing) will depend on the Fund's profits, cash flows, capital expenditure, financial condition, and other factors. The existence of surplus profit arising from the operation of the Fund is needed before a dividend can be declared. The surplus profits or income must be a bona fide income founded upon actual earnings or profits. Actual earnings or profits shall be the net income for the year based on the audited financial statements, adjusted for unrealized items, which are considered not available for dividend declaration.

Cash dividends and property dividends may be declared by the Board of Directors and no stockholder approval is required. Stock dividends paid on the Offer Shares are subject to approval by both the Board of Directors and the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Fund at a stockholders' meeting called for such purpose.

Under the Corporation Code, Corporations with surplus profit in excess of 100% of its paid-in capital stock are required to declare dividends (cash or stock) and distribute it to its stockholders.

Dividends so declared will be automatically reinvested in additional shares on behalf of the shareholders, without sales charges, at the NAVPS on the payment date established for such dividends. Shareholders may also elect not to have dividends reinvested and receive payment in cash, net of tax.

DESCRIPTION OF PROPERTY

The Fund has financial assets in the form of cash and fixed income securities, with additional equity stock securities. It does not own any real property. As prescribed by SEC rules, all of the Fund's assets must be held by the custodian banks as enumerated on the inside back cover of this Prospectus.

LEGAL PROCEEDINGS

There is no material pending legal proceeding to which the Fund or any of its affiliates is a party or in which any of its properties are the subject of the proceeding.

MARKET PRICE FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

As there is no principal market for mutual funds in the Philippines, the shares of the Fund are traded over-the-counter. Following are the historical highs and lows of the Fund's stocks for the past three (3) years (2013, 2012 and 2011), and 1st quarter of 2014:

	2014		2013		2012		2011	
	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
1 st Quarter	3.5069	3.3179	3.9334	3.413	3.0512	2.7225	2.6607	2.385
2 nd Quarter			4.1345	3.3481	3.1457	2.9532	2.7638	2.6267
3 rd Quarter			3.7488	3.3146	3.1893	3.0771	2.8455	2.3996
4 th Quarter			3.6631	3.3354	3.4131	3.1674	2.7282	2.4496

The Fund's common stocks are available through SLAMCI as the Fund's Principal Distributor. More particularly, these stocks will be sold by SLAMCI's registered representatives and eligible securities dealers.

Holders

As of May 31, 2014, the Fund had 32,191 shareholders and 4,745,487,578 common shares outstanding.

Top Twenty (20) Shareholders

On 7 March 2013, SEC en banc approved the confidential treatment of the list of Top 20 shareholders of the Fund, including its 5% and 10% beneficial owners. This is to protect the investors' privacy, which is a privilege they enjoy when they invest in other shared investment vehicles, such as unit investment trust funds, and when they invest in bank deposits.

Dividends

The Fund has not declared cash or stock dividends to date, but it has no restrictions that may limit its ability to pay dividends in the future.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The Company was able to meet all its monetary obligations to its shareholders (for redemption) and creditors for the period covered. It does not foresee any event that could trigger a direct or contingent financial obligation that is material to its operations.

No material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities/other persons were created during the reporting period. There are also no 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 and liquidity.

There are no significant elements of income that did not arise from the Company's continuing operations.

MATERIAL CHANGES IN THE 1ST QUARTER FINANCIAL STATEMENTS

The net assets of the Company slightly increased by 4% from PHP16.2 Billion in December 2013 to PHP16.9 Billion in March 2014. The increase mainly came from additional subscriptions of Authorized Capital Stock (ACS) for the period.

Net investment profit for the period Q1 2014 reached PHP602Million; PHP1.3Billion decrease from same period last year's gain of PHP1.9 Billion. The decline was mainly due to unrealized loss 28 recognized for the period. Higher Management fees, custodian fees, transfer fees and regulatory filing fees also contributed to the decrease.

Statement of Financial Position - March 31, 2014 vs. December 31, 2013

Cash decreased from PHP157 Million to PHP73 Million or by 54% but liquidity requirements are still met.

Financial Assets at Fair Value through profit or loss increased by 10% from PHP15.1 Billion in December 2013 to PHP 16.6 Billion in March 2014. The increase mainly came from subscriptions of ACS that were invested into debt and equity securities.

Receivables decreased by 48% from PHP1 Billion to PHP 503 Million mainly due to amounts outstanding from broker on investment in listed equity securities sold on or before reporting period, which are settled three (3) days after the transaction date.

Other Current Asset pertains to prepayments advanced by SLAMCI for expenses incurred by the Fund for the period.

Accounts Payable and Accrued Expenses went up significantly from PHP 3.7 Million to PHP254 Million. This is attributable mainly to the increase of payable to various brokers due to increase in investment activity for the period. Also contributed to the increase is the withholding tax in management fees which were remitted to the Bureau of Internal Revenue the following month.

Payable to Fund Manager decreased by 9% due to lower expenses for the period incurred by the Fund which were initially paid by SLAMCI, other than management fees and transfer fees.

Statement of Comprehensive Income For three months ended – March 31, 2014 vs. March 31, 2013

Decrease in Revenues by PHP642 Million (93%) from PHP691 Million to PHP 49 Million was mainly due to Realized Loss from Sale of Stock incurred for the period.

Increase in Operating Expenses of PHP22 Million (27%) from PHP81 Million to PHP103 Million was mainly due to higher Management Fees brought by higher AUM for the period. Higher Regulatory filing fees, Custodian and Transfer Fees also contributed to the increase.

Net profit of PHP 602 Million incurred in the current period was PHP1.3Billion (68%) lower compared to PHP1.9 Billion income in the same period last year. Decrease was mainly attributable to the recognition of lower unrealized gain on fixed income investments and stocks for the period.

Statement of Changes in Equity

Total equity registered an increase of 4% from PHP16.2 Billion in December 2013 to PHP16.9 Billion in March 2014.

ANALYSIS COVERING THE CALENDAR YEARS 2012-2013

The Fund registered 36% growth in net assets from PHP 11.9 Billion in 2012 to PHP 16.2 Billion in 2013. Increase mainly came from acceptance of Deposits for Future Subscriptions (DFFS).

Net loss incurred for the year was PHP883 Million, which is lower by PHP3.1 Billion compared to the net profit of PHP2.3 Billion achieved in the same period last year. The decrease was mainly due to the recognition of unrealized market loss on fixed income investments and investment in listed stocks.

MATERIAL CHANGES IN THE 2013 FINANCIAL STATEMENTS

Statement of Financial Position

Cash increased by PHP 93 Million from PHP64 Million to PHP157 Million mainly due to acceptance of DFFS.

Financial Assets at Fair Value through profit or loss increased by 30% from PHP11.6 Billion to PHP15.1 Billion. The increase came from the DFFS that were invested into debt and equity securities.

Due from Brokers increased by PHP615 Million from PHP371 Million in 2012 to PHP986 Million in 2013 mainly due to amounts outstanding from broker on investment in listed equity securities sold on or before reporting period, which are settled three (3) days after the transaction date.

Dividends Receivable balance significantly increased from PHP755 Thousand in 2012 to PHP6.6 Million in 2013 due to Cash dividends declared which are usually paid one month after record date.

Due from related parties refers to deposits of investors for Mutual Funds subscriptions that were inadvertently deposited to other companies of Sun Life. Said deposits were remitted to the Fund after the reporting date.

Accrued Expenses significantly went down by 96% from PHP 92 Million to PHP3.7 Million. This is attributable mainly to the decrease of payable to various brokers. Due to Brokers account pertains to purchases of investments in listed equity securities processed on or before the reporting period, which are settled three days after the transaction date.

Payable to Fund Manager increased by 42% from PHP29 Million to PHP41 Million due to higher management fees brought about by higher AUM for the period.

Statement of Comprehensive Income

Revenues slightly decreased by PHP58 Million (4%) from PHP1.57 Billion to PHP 1.62 Billion due to lower Trading Gain from Fixed Income Investment for the period.

Total Operating Expenses increased by PHP177 Million (64%) from PHP276 Million in 2012 to PHP452 Million in 2013. The increase was mainly due to higher Management Fees, Commissions, Regulatory Fees and expenses related to Annual Stockholders' Meeting.

Net loss of PHP 883 Million incurred in the current period was PHP3.1 Billion (139%) lower compared to the income of PHP2.3 Billion last year. Decrease was mainly attributable to recognition of unrealized loss on fixed income investments and stocks.

Statement of Changes in Equity

Total equity registered an increase of 36% from PHP 12 Billion in 2012 to PHP 16 Billion in 2013.

MATERIAL CHANGES IN THE 2012 FINANCIAL STATEMENTS

The Fund registered 38% growth in net assets from PHP 8.7 Billion in 2011 to PHP 11.9 Billion in 2012. Increase came mainly from issuance of redeemable shares and from increase in net investment income inclusive of unrealized appreciation of equity and fixed income holdings.

Gross investment income in 2012 was PHP1.5 Billion as the Fund had cashed in on gains from the stock market resulting in an increase in gross investment income from the PHP1.2 Billion posted in the same period last year. With the further recognition of unrealized gains from the marked-to-market valuation of the Treasury Notes and investment in listed equities amounting to PHP1 Billion, total profit for 2012 increased to PHP2.3 Billion from the PHP322 Million profit posted in 2011.

Cash increased by 19% to meet the Fund's liquidity requirements.

Increase in Financial assets at fair value through profit or loss was mainly due to additional purchases for the period.

Due from brokers account refers to amounts receivable from brokers arising from the sale of investments processed on or before reporting period, which are settled three (3) days after the transaction date. Balance increased due to increase in sale of investments for the period.

PHP 4Million of Dividends receivable in 2011 have been paid during the year while PHP755 Thousand of receivable in 2012 is to be paid in 2013. Other current assets consist of minimum corporate income tax (MCIT) and other prepaid taxes on fixed income investments.

The entire loan receivable amounting to PHP50 Million in 2011 was predominated in 2012.

Increase in Accrued Expense Payable was mainly due to increase in Due to Brokers account. Payable to Fund Manager increased by 16% due to higher unpaid management fees for the period brought about by the higher AUM.

Top 5 Key Performance Indicators for the year ending 31 December 2013 and the period ending 31 March 2014.

The performance of a fund is important to its investors. Oftentimes, it is used when making investment decisions. That is why Key Performance Indicators (KPI), a set of quantifiable measures, is necessary to gauge its performance in terms of meeting the Fund's investment objective while consistently following its investment policy. The following are the top 5 KPIs related to the Fund:

1. **Total Return.** The performance of a mutual fund is always expressed in terms of its total return, which is the sum of the change in a fund's net asset value (NAV), its dividends and its capital gains distributions over a given period of time, net of its expenses.
2. **Market Conditions.** A fund's true performance potential needs to be evaluated within the context of the market environment prevailing during the different periods used.

It is most relevant to investors to measure the performance of a fund within a 5-year time frame as it will most likely cover a mix of market conditions that may be translated into a more reliable long-term indicator of the fund manager's investment management abilities.

3. **Benchmarks.** Benchmarking is one of the most important aspects of a mutual fund's total return performance. a fund's performance metrics only have meaning if they are compared to appropriate "guideposts," or benchmarks.

As for the Fund, considering that it is invested in high-quality debt instruments issued by the Republic of the Philippines and prime Philippine companies,, its performance is measured against 45% PSEi + 45% HSBC Liquid Bond Index + 10% 30-day Special Savings Account (SSA).

The PSEi is the main index of the PSE and is the most watched index among the six PSEi Series. It measures the relative changes in the free float-adjusted market capitalization of the 30 largest and most active common stocks listed at the PSE, thereby providing an overview of the market's overall condition.

The HSBC Liquid Bond Index is designed as a replicable benchmark tracking the return of fixed-rate, straight, Philippine peso-denominated liquid bonds issued by the Philippine government. Among others, to ensure liquidity of an index constituent, it should have a minimum outstanding amount of Php 3 billion, with a minimum one year remaining maturity.

The following table shows how the Fund performed vis-à-vis the PSEi and the HSBC Liquid Bond Index.

Total Return

	Benchmark: 45% PSEi + 45% HSBC Liquid Bond Index + 30-day SSA	Sun Life of Canada Prosperity Balanced Fund
5-Year Return	52.3%	57.4%
3-Year Return	59.7%	70.4%
1-Year Return	19.6%	25.9%
YTD Return*	19.0%	25.4%

*As of 31 March 2014

	Benchmark: 45% PSEi + 45% HSBC Liquid Bond Index + 30-day SSA	Sun Life of Canada Prosperity Balanced Fund
5-Year Return	124.2%	103.6%
3-Year Return	34.5%	28.4%
1-Year Return	4.0%	-0.7%
YTD Return*	3.8%	-1.4%

*As of 31 March 2014

The benchmark may be changed by the Fund's Board of Directors from time to time.

4. **Peer Comparisons.** Mutual funds are also compared to their peers, or peer groups, and relevant fund categories. For example, it is common for investment research materials to compare a bond fund, like the Fund, to funds similar in nature (peers or peer group). While this information is made available to the Fund's investors, the same may be found in the website of the PIFA at www.pifa.com.ph.
5. **Asset Size.** Open-ended mutual funds grow their asset size in two ways:
 - i. Increase in the value of the underlying assets as a result of the strong performance of equity securities and/or bonds in the fund's portfolio. When the underlying assets in a portfolio increase in value, the fund's asset size increases.
 - ii. The inflow of investors' money. This is why a fund's asset size will continue to grow even if it has a negative return.

The increase in a fund's asset size signifies solid fund management skills which, combined with favorable market conditions backed by a strong economic outlook, illustrates how effectively a fund manager has performed and the extent to which value has been added through active management.

The second indicates investor confidence in the fund manager, the Fund, or both.

Most analysts check whether the performance of a mutual fund is attributable to personnel who have since left the fund. While there is no magic number when it comes to fund manager tenure, it should provide some investor comfort to know that with respect to the Fund, the Fund Manager and the Fund's top management have been with the Fund for at least five (5) years. Furthermore, SLOCPI having been in the business for decades combined with a record of consistent strong performance indicates a stability and resilience capable of withstanding the different stages of the business cycle.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There has been no disagreement with Deloitte on any accounting and financial disclosures.

Audit and Audit-Related Fees

The audit fees for the calendar years 2011, 2012, and 2013 are PHP 609,344, PHP 172,390, and PHP 383,544, respectively. These fees pertain to the audit of the financial statements of the Fund in relation to statutory and regulatory filings.

There are no other assurance and related services rendered by the external auditor for the last two fiscal years that are reasonably related to the performance of the audit of the Fund's financial statements.

Tax Fees

There are no professional services rendered by the external auditor for the last two fiscal years for tax accounting, compliance, advice, planning and any other form of tax services.

All Other Fees

There are no other fees billed by the external auditor for any other products and services for the last two fiscal years.

The Fund's Audit and Compliance Committee reviews the client service plan and service fee proposal presented by the external auditor and recommends such for the approval of the Board of Directors, if found acceptable.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Directors and Executive Officers

The Board of Directors is responsible for conducting all the businesses of the Fund. It shall exercise general supervision over the duties performed by the Investment Company Adviser, Distributor, Transfer Agent and Custodian of the Fund.

The Fund has five (5) directors, all of whom must be pre-screened and shortlisted by the Fund's Nomination Committee in accordance with the qualifications and disqualifications set forth in the Fund's Manual on Corporate Governance prior to their election. All elected directors hold office for one (1) year until their successors are elected annually by the stockholders during the annual meeting or adjournment thereof, or at any special meeting called for that purpose.

The following are the Fund's current directors and executive officers:

Rizalina G. Mantaring	Chairman & Director
Ma. Karenina M. Casas	President ⁴ and Director
Nilo B. Peña	Director
Melito S. Salazar	Independent Director
Aleli Angela G. Quirino	Independent Director
Jemilyn S. Camania	Corporate Secretary
Maria Cecilia V. Soria	Assistant Corporate Secretary
Hong Thiam Ong	Treasurer
Anna Eliza R. Bustos-De Leon	Acting Compliance Officer

All of the above directors and officers are Filipino citizens. Below is a description of each director/officer's business experience during the last 5 years.

RIZALINA G. MANTARING

Director/Chairman (27 June 2007 to present)

⁴ Effective 01 January 2013

Ms. Mantaring, 54, Filipino, is currently the Chairman of the 8 Sun Life Prosperity Funds i.e., Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life of Canada Prosperity Balanced Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., Sun Life Prosperity Dollar Abundance Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Money Market Fund, Inc. (2009 to present), and Sun Life Prosperity Dynamic Fund (2012 to Present). She is also the Chairman of the Grepalife Dollar Bond Fund Corporation, Grepalife Bond Fund Corporation, and Grepalife Fixed Income Fund Corporation (“Grepalife Funds”) (2011 to present). She serves as the President & CEO of Sun Life of Canada (Philippines), Inc. (“SLOCPI”) (2009 to present), Sun Life Financial Plans, Inc. (“SLFPI”) (2009 to present) and, a director of the Sun Life Asset Management, Inc. (“SLAMCI”) (2007 to present). Prior to the foregoing, Ms. Mantaring was Deputy President of the Sun Life Financial Philippines group of companies (2009) and Regional Chief Operations Officer of Sun Life Financial Asia (2008 to 2009). She also served as Chief Operating Officer of SLOCPI (1999 to 2008) and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada (1992 to 1999). Ms. Mantaring received her Bachelor of Science in Electrical Engineering (cum laude) from the University of the Philippines and Master of Science in Computer Science from the State University of New York at Albany. She is also a Fellow, Life Management Institute (with distinction) and Associate, Customer Service (with honors).

MA. KARENINA M. CASAS

President (January 2013 to present) Director (2009 to present)

Ms. Casas, 50, Filipino, is currently the President and Director of the Sun Life of Canada Prosperity Money Market Fund, Inc., Sun Life Prosperity GS Fund, Inc., Sun Life Prosperity Dollar Advantage Fund, Inc., and Sun Life Prosperity Dollar Abundance Fund, Inc. (2009 to present), and the Grepalife Funds (2011 to present). She is also a member of the Board of Trustees of Sun Life Financial – Philippines Foundation, Inc. (2009 to present). Ms. Casas also served as President of the abovementioned Funds (2009) as well as of Sun Life of Canada Prosperity Balanced Fund, Inc. (2009), Sun Life Prosperity Dynamic Fund, Inc. (2012) and Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2009). She is currently the Chief Administration Officer (2006 to present) of the Sun Life Financial Philippines group. She graduated with a BS Psychology degree from the Ateneo de Manila University. Ms. Casas also holds the designation of Professional, Customer Service and Associate, Customer Service.

NILO B. PEÑA

Director (20 May 2005 to present)

Atty. Peña, 76, Filipino, is a Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. (2005 to present) and Sun Life of Canada Prosperity Balanced Fund, Inc. (1999 to present). He has actively and continuously engaged in the practice of law with the law firm Quasha Ancheta Peña & Nolasco (originally William H. Quasha & Associates), first as an underbar in 1960 and currently as a Senior Partner. He is a member of the Boards of Trustees of the St. Luke’s Medical Center, Inc. (1996 to present) and St. Luke’s College of Medicine (2004 to present). He also serves as Chairman of the Board of Trustees of the Standard Chartered Bank Employees’ Retirement Fund (1992 to present). Atty. Peña serves as a director of SLMC Bonifacio Global City MAB Corp. (2005 to present) and as Corporate Secretary of QBE Insurance (Philippines), Inc. (1998 to present) and Marsh Philippines, Inc. (1998 to present). He also has the distinction of having served as Bar Examiner in Mercantile Law during the 1997 and 2006 Bar Examinations. Atty. Peña received his AA and Bachelor of Laws from the University of the Philippines.

MELITO S. SALAZAR

Independent Director (20 June 2014 -present)

Mr. Melito S. Salazar Jr., 64, Filipino, is an independent Director of Sun Life of Canada Prosperity GS Fund, Inc., Sun Life of Canada Prosperity Philippine Equity Fund, Inc. and Sun Life of Canada Prosperity Balanced Fund, Inc. He is currently the Chairman of the Chamber of Commerce of the Philippines Foundation and of the Inter-Asia Development Bank (2011 to present). Among his other positions are: Vice-Chairman of the (Philippine Veterans Bank) PVB Card Inc. (January 2014 to present); Vice- President of the Manila Bulletin (2006 to present) and Dean of Centro Escolar University (June 2014 to present). Prior to these posts, he served as a Monetary Board Member of the

Bangko Sentral ng Pilipinas (1999 to 2005), President of the Management Association of the Philippines (2013), President of the Financial Executive Institute of the Philippines (2005), and Chairman of the Chambers of Philippine Islands (2009 to 2012). Mr. Salazar is a BSBA and MBA 34 graduate of the University of the Philippines and attended executive education and training programs at the Harvard Business School, Massachusetts Institute of Technology, University of North Carolina, Chapel Hill and INSEAD in France.

ALELI ANGELA G. QUIRINO

Independent Director (2000 to present)

Atty. Quirino, 68, Filipino, is also an Independent Director of Sun Life Prosperity Money Market Fund, Inc. (2004 to present), Sun Life of Canada Prosperity Bond Fund, Inc. (2000 to present), Sun Life Prosperity Dynamic Fund, Inc. (2012 to present), Grepalife Bond Fund Corporation (2011 to present), Grepalife Fixed Income Fund Corporation (2011 to present) and Grepalife Dollar Bond Fund Corporation (2011 to present). She is currently Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRA Law) (2010). She also serves as Director-Treasurer of SysNet Integrators, Inc. (2001 to present), EP2, Inc. (2003 to present), Ideawurx Inc. (2001 to present), Intellectual Property Foundation, Inc. (1998 to present), Vani-Txt, Inc and ELC Beauty and Inc./Estee Lauder (Phils.). She also serves as a Director and Corporate Secretary of Fila Philippines, Inc. (1993 to present), Anglo-Eastern Crew Management (Phils.), Inc. (1999 to present), Hazama Philippines, Inc. (1995 to present), LNC (SPV)-AMC Corp. (2005 to present), LNC 3 Asset Management, Inc. (2006 to present), Plaka Athena Holdings Corporation (2005 to present) and New Pacific Resources Management (SPV-AMC), Inc. (2007 to present). She is the Chairman of the Intellectual Property Association of the Philippines (2009 to present), President of the Ateneo Law Alumni Foundation, Inc. (2008 to present) and Trustee-Corporate Secretary of Assumption College, Inc. (1996 to present). Atty. Quirino received her Bachelor of Arts and Bachelor of Science in Education (magna cum laude) from Assumption College and Bachelor of Laws (with honors) from the Ateneo de Manila University.

HONG THIAM ONG

Treasurer (6 September 2013 to present)

Mr. Ong, 39, Malaysian, is the Treasurer of the 8 Sun Life Prosperity Funds (September 2013 to present) and SLAMCI (September 2013 to present). He is also the Chief Financial Officer of SLOCPI (April 2013 to present). Prior to joining the aforementioned companies, he was the Chief Financial Officer of NXP Semiconductors (May 2011 to September 2012) and Microsoft Corporation in the Philippines (July 2007 to September 2010), Business Controller of Microsoft Operations Pte. Ltd. (July 2005 to June 2007) and Finance Controller of Philips Electronics in Singapore (June 1999 to May 2005). Mr. Ong has a Bachelor of Business (Accounting) from Monash University in Australia and is a qualified Certified Public Accountant.

JEMILYN S. CAMANIA

Corporate Secretary (2005 to present)

Atty. Camania, 38, Filipino, is also the Corporate Secretary of SLOCPI (2010 to present), SLFPI (2010 to present), SLAMCI (2005 to present), Sun Life Financial Philippine Holding Company, Inc. (2012), Sun Life Financial - Philippines Foundation, Inc. (2012), the 7 Sun Life Prosperity Funds (2005 to present), Grepalife Asset Management Corporation (2011 to present), Great Life Financial Assurance Corporation (2012), and the 3 Grepalife Mutual Funds (2011 to present). She also serves as Assistant Corporate Secretary of Sun Life Grepa Financial, Inc. (2012). She started at Sun Life as Assistant Counsel (2004) and is currently a Senior Counsel (2011 to present). Prior to joining Sun Life, she worked as an Associate at the Cayetano Sebastian Ata Dado & Cruz Law Offices (2001 to 2004). Atty. Camania received her Bachelor of Arts in Psychology (1996) and Bachelor of Laws (2001) from the University of the Philippines, Diliman. She was called to the Bar in 2002. She is also a Fellow, Life Management Institute (2010) and Professional, Customer Service (with honors) (2011) of the Life Office Management Association (LOMA).

MARIA CECILIA V. SORIA

Assistant Corporate Secretary (6 September 2013 to present)

Atty. Soria, 37, Filipino, is the Assistant Corporate Secretary of the 8 Sun Life Prosperity Funds

(September 2013 to present), and the Grepalife Funds (September 2013 to present). Prior to joining these companies, she worked as Associate, later promoted to Senior Associate, at Tan Venturanza Valdez (May 2010 to August 2013), as Senior Associate at Reyes-Fajardo and Associates (2009 to 35 2010) and SGV & Co. (2008 to 2009), as Associate at Medialdea Ata Bello & Guevarra (2007-2008), and as Executive Assistant 6 at the Civil Service Commission (2006-2007) . Atty. Soria received her Bachelor of Arts in Political Science and Bachelor of Laws from the University of the Philippines. She was admitted to the Philippine Bar in May 2007.

ANNA ELIZZA BUSTOS-DE LEON

Acting Compliance Officer (May 2014-present)

Compliance Manager (March 2013-present)

Atty. Bustos-De Leon, 37, is the acting compliance officer of SLOCPI, SLFPI, SLAMCI, the 8 Sun Life Prosperity Funds, Sun Life Grepa Financial, Inc., GAMC, Great Life Financial Assurance Corporation, and the 3 Grepalife Mutual Funds since May 2014. Atty. Bustos-De Leon started working with Sun Life on March 4, 2013 as Compliance Manager. Before joining Sun Life, she was the Distribution Compliance Officer of Philippine Axa Life Insurance Corporation(January 2008-March 2013). In Philippine Axa Life, she was also appointed as Data Privacy Officer, Anti-Money Laundering Officer and Fraud Control Officer. She also worked as an Associate Lawyer at Roco Kapunan Migallos Perez and Luna Law Offices (April 2002-July 2006) and as a Senior Associate Lawyer at Kapunan Lotilla Flores Garcia and Castillo Law Offices (August 2006-December 2007). Atty. Bustos-De Leon obtained her Bachelor of Science Degree Major in Legal Management (March 1997) and Juris Doctor Degree (April 2001) from Ateneo De Manila University and Ateneo Law School, respectively. She passed the Philippine Bar Examinations administered in September 2001 and was admitted to the Philippine Bar in May 2002.

Incorporators

The following are the incorporators of the Fund:

1. Mr. Caesar P. Altarejos, Jr.
2. Mr. Henry Joseph M. Herrera
3. Mr. Raoul Antonio E. Littaua
4. Ms. Rizalina G. Mantaring
5. Ms. Esther C. Tan
6. Mr. Rolando Robles

Significant Employees

There is no “significant employee” as defined in Part IV (A) (2) of SRC Rule 12 (i.e., any person who is not an executive officer of the corporation but who is expected to make a significant contribution to the business)

Family Relationships

None of the current directors or officers is related to each other up to the 4th civil degree of affinity or consanguinity.

Involvement in Certain Legal Proceedings

None of the directors or executive officers of the Fund has been involved during the past five (5) years in any legal proceeding which is material to an evaluation of their ability or integrity to serve as such, including, bankruptcy petition, conviction by final judgment, domestic or foreign criminal proceeding, being subject to any order, judgment or decree, or violation of a securities, banking or commodities law.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

All of the directors and officers of the Fund have attended seminars on corporate governance given by an SEC-accredited provider. The Board reviews and updates its Manual on Corporate

Governance (“Manual”) at least annually to ensure that it is kept abreast of global leading practices and principles on good corporate governance. At least annually, the directors accomplish a Board Effectiveness Questionnaire to determine their level of compliance, as well as top management’s. There have been no deviations from the Manual.

EXECUTIVE COMPENSATION

The Fund’s executive officers and directors who are officers and/or employees of SLOCPI and/or SLAMCI do not receive any form of compensation as such from the time of their appointments up to the present.

The Fund’s directors who are not officers and/or employees of SLOCPI and/or SLAMCI (i.e., “Independent Directors”) receive a per diem for their attendance at regular or special meetings of the Board at the rate of PHP20,000.00 per meeting per Independent Director (the Fund has two [2] Independent Directors). There are no other forms of compensation which such Independent Directors are entitled to receive for meetings attended, other than said per diem and a retainer’s fee not to exceed PHP15,000.00 per quarter. Payment of such retainer’s fee shall be shared by the Fund with the other Sun Life Prosperity Funds which the Independent Director also serves, provided that each Independent Director shall receive only a maximum of PHP15,000.00 per quarter from all the Sun Life Prosperity Funds combined. There are no standard arrangements, employment contracts, termination of employment, change-in-control or other arrangements with the directors. Such remuneration to be paid for by the Fund may be adjusted in the future as may be warranted by existing fund levels and other factors.

Total actual per diem received by the Fund’s Independent Directors for years 2013, 2012, and 2011 which includes the retainer’s fee were PHP 365,000.00, PHP 308,750.00, and PHP 367,500.00, respectively. For year 2014, in which there will be at least four (4) Board meetings, the Fund forecasts a total Independent Directors’ per diem of at least PHP 240,000.00 and a total of PHP 68,750.00 as retainer’s fee.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners as of 30 May 2014

As of May 30, 2014, there is no person or group of persons who owns more than 5% of the securities of the fund, either of record or as a beneficial owner.

Security Ownership of Management as of 30 May 2014

Title of Class	Name of Beneficial Owner	Number of Shares	Nature of Ownership	Citizenship	Percent of Class
Common	Rizalina G. Mantaring	1	Beneficial (B) and Record (‘R)	Filipino	0.00%
Common	Ma. Karenina M. Casas	1	B & R	Filipino	0.00%
Common	Aleli Angela G. Quirino	1	B & R	Filipino	0.00%
Common	Jose M. Faustino	1	B & R	Filipino	0.00%
Common	Nilo B. Peña	1	B & R	Filipino	0.00%

Voting Trust Holders of 5% or More

No holder of five percent (5%) or more of the Fund’s common shares has a voting trust or similar agreement that vests voting rights or other powers to a voting trustee.

Changes in Control

There has been no change in control of the Fund since the beginning of the last fiscal year. There is no arrangement which may result in a change in control of the registrant.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Following are the interlocking directors and officers of SLAMCI and the Fund:

Director/Officer	Fund	SLAMCI
Rizalina G. Mantaring	Chairman and Director	Director
Valerie N. Pama	Director	President
Jemilyn S. Camania	Corporate Secretary	Corporate Secretary
Maria Cecilia V. Soria	Assistant Corporate Secretary	Assistant Corporate Secretary
Hong Thiam Ong	Treasurer	Treasurer
Anna Elizza R. Bustos-De Leon	Acting Compliance Officer	Acting Compliance Officer

Other than these interlocking directors and officers, management and members of the Board of Directors of the Fund are not involved in any companies that the Fund deals with.

SUMMARY OF PRINCIPAL AGREEMENTS

Following is a summary of the material terms of the principal agreements related to the business of the Fund and should not be considered to be a full statement of the terms and provisions of such agreements. Accordingly, the following summary is qualified by reference to each agreement and is subject to the full text of each agreement.

MANAGEMENT AGREEMENT

The Fund and SLAMCI entered into a Management Agreement on 30 September 2008 in order for SLAMCI to provide certain services to the Fund, such as: investment and re-investment of the assets, preparation and submission of such information and data relating to the Fund; coordination of the activities; preparation of reports, circulars and notices and other information as may be required; representation with government offices; accounting, bookkeeping, clerical and other administrative facilities; provision of office space and other administrative facilities to the Fund; and carrying out of due diligence with respect to any broker through whom the Fund deals in the conduct of its investment operations.

The Management Agreement is presented annually to the Board of Directors for its approval.

SLAMCI may, without need of prior approval of or prior notification to the Fund, purchase and sell securities or make other investments for the account of the Fund, within the limits of the Fund's investment objectives, policies or guidelines and subject to the provisions of R. A. 2629.

The Fund agrees to pay SLAMCI an annual fee of 1.00% of AUM, provided that in no case may the total compensation to SLAMCI exceed any maximum limit under R. A. 2629.

DISTRIBUTION AGREEMENT

The Fund and SLAMCI executed a Distribution Agreement notarized on 30 September 2008 in order for SLAMCI to act as Principal Distributor and sell shares on a best efforts basis of the capital stock of the Fund at a public offering price equal to the NAVPS in effect at the time of the sale and the sales commission payable to SLAMCI. The Distribution Agreement is presented annually to the Board of Directors for its approval.

The Fund agrees to pay SLAMCI an annual fee of 1.00% of AUM, provided that in no case may the total compensation to SLAMCI exceed any maximum limit under R. A. 2629.

TRANSFER AGENCY AGREEMENT

The Fund and SLAMC have executed a Transfer Agency Agreement notarized on 14 April 2010 for SLAMC to perform transfer agency services for the Funds. This agreement became effective on 01 March 2010 and shall be deemed automatically renewed every year thereafter, unless SLAMCI or the Fund shall have notified the party in writing at least sixty (60) days prior to the intended effective date of termination of its intention not to renew the agreement.

The Fund agrees to pay to SLAMCI, as compensation for the latter's services and facilities, an annual fee equivalent to fifteen (15) basis points (0.15%) of AUM. Provided, however, that in no case may the total compensation to SLAMCI exceed any maximum limit prescribed under the law, rule and/or regulations.

CUSTODY AGREEMENTS

All proceeds from the sale of shares/securities, including the original subscription/payments at the time of incorporation constituting the paid-in capital of the Fund shall be held by the designated custodian banks.

INSTRUMENTS OR STATEMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS

There are no instruments defining the rights of security holders, including indentures as well as any documents or statements to security holders. There are likewise no published reports regarding matters submitted to the vote of security holders.

TAXATION

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding, and redeeming shares of the Fund. Section 32 (B) (7) (H) of the Philippine Tax Code excludes from gross income gains realized from redemption of shares in mutual funds, making such gains exempt from income tax. Mutual funds are eligible investment products under R. A. 9505 or the "Personal Equity and Retirement Account (PERA) Act of 2008" and qualified mutual fund investments under said law would entitle the investor to certain tax benefits. Tax related laws, rules and regulations are factors that are subject to rapid change and which could detrimentally affect the performance of the Fund.

EXHIBIT 1

DETAILS AND COMPUTATION OF SALES LOADS / REDEMPTION FEES

OPTION A - FRONT-END	
PESO FUNDS	Sales Load Rate (Excluding VAT)
Less than P100k	2.00%
P100k to less than P1M	1.50%
P1M to less than P5M	1.00%
P5M and up	0.50%

For shares subscribed from September 1, 2011 and onwards

OPTION B - BACK-END	
Redemption on	DSC based on market value at the time of redemption (Excluding VAT)
1 st year	5.00%
2 nd year	4.00%
3 rd year	3.00%
4 th year	2.00%
5 th year	1.00%
Beyond 5 years	None

For shares subscribed prior to September 1, 2011

BACK-END		
OPTION B	Redemption on	DSC based in market value at the time of redemption (Excluding VAT)
Below PHP 5 Million	1 st year	5.00%
	2 nd year	4.00%
	3 rd year	3.00%
	4 th year	2.00%
	5 th year	1.00%
	Beyond 5 years	None
PHP 5 Million < PHP 20 Million	1 st year	4.00%
	2 nd year	3.00%
	3 rd year	2.00%
	4 th year	1.00%
	Beyond 4 years	None
OPTION C	Redemption within the 1st year (Excluding VAT)	Redemption within the 2nd year (Excluding VAT)
< PHP 20 Million	1.00%	0.50%

PHP 20 Million and up	0.50%	0.25%
	If redeemed after two (2) years, the investment shall no longer be subject to a redemption fee.	