

2008 SUN LIFE PROSPERITY FUNDS ANNUAL REPORT

LIGHTING THE PATH



SUN LIFE
PROSPERITY
FUNDS



The Sun Life Prosperity Funds have complied with leading practices on corporate governance as required by the Securities and Exchange Commission.

Upon request of any shareholder of record entitled to notice of and vote at the meeting, the company shall furnish such shareholder with a copy of the company's annual report on SEC Form 17-A without charge. Any such written request shall be addressed to:

The Corporate Secretary
Sun Life Prosperity Funds
15F Tower II, Enterprise Center
Ayala Ave., cor. Paseo de Roxas
Makati City, Philippines

Contents Annual Report 2008



“Lighthouses were once regarded as an archetypical public good, because ships could benefit from the light without being forced to pay.”

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Letter to Shareholders

Perhaps the most famous lighthouse in history is the Lighthouse of Alexandria, built on the island of Pharos in Hellenistic Egypt. It was originally built in 280 BC with a height variously estimated at between 115 and 135 meters. It was among the tallest man made structures on Earth for many centuries, and was identified as one of the Seven Wonders of the World by classical writers.

My Fellow Shareholders,

2008 will be remembered as a devastating year for the world financial markets. The year was marked by the collapse of century-old U.S. banking institutions which faced severe liquidity problems, a state of distress for global insurers, and rising unemployment. If you recall, the crunch became more pronounced during the 3rd quarter of 2008 with Lehman Brothers declaring bankruptcy that triggered restlessness and tension in both emerging and developed countries.

The Philippines was not spared from this global turmoil. The local investors' appetite for mutual funds drastically weakened, with many resorting to panic selling. Although the crisis affected the Sun Life Prosperity Funds' performance during the period in review, we managed to pare down losses, much lower than what the other leading industry players experienced in the process.

In this turbulent environment, the Sun Life Prosperity Equity Fund posted a total return of -37.6% for the year 2008. This return is much better compared to the benchmark PSEI index which was down -48.3% for the same period. It is also noteworthy that the Equity Fund continued to post positive returns with a cumulative 3-year return of 8.3% and a cumulative 5-year return of 45.0% as of December 31, 2008.

The Balanced Fund performed better which posted a total return of -23.7% despite the dismal equity market of 2008. It also fared better than its blended index benchmark which had a -27.5% return for 2008. Furthermore, the Balanced Fund posted a cumulative 3-year return of 20.1% and a cumulative 5-year return of 57.2%.

The Bond Fund, on the other hand, posted a positive return of 1.65% for year 2008. It had a modestly higher net asset value per share of PHP1.9463 as of yearend, compared to PHP 1.9147/share at the start of 2008. It posted a 3-year cumulative return of 16.6% and a 5-year return of 39.7%.

As the crisis intensified at near closing of 2008, the asset management industry found it difficult to regain momentum considering the general sentiment of local investors. This doubly affected yearend sales growth of the industry at large. Managed assets of Sun Life Asset Management Company, Inc. (SLAMC) dipped to PHP12.5 Billion from the previous year's level of PHP18.2 Billion.

We have seen the worst, but we remain optimistic that the situation will get better.

Allow us to reiterate what we have emphasized in our previous communications with you, that the only constant thing in life is change and the same is true for our financial markets – they have to go through changes and cycles. So in the same way that we were hit by this financial crisis, there is no doubt things will pick up in due time. As what many financial analysts have indicated that although the Philippines would still feel the pinch of the global crisis with growth still decelerating this year, the country would be in a much better position than most of its neighbors to cushion the impact of the turmoil. We take our cue from there.

We urge you to stay the course and stay calm in the midst of a troubled financial era. Rest assured, Sun Life will continue to be vigilant and we commit to consistently apply our strong risk management skills and disciplined business practices in protecting your interests.

We thank you, our new investors and our long-term shareholders, for your unwavering support and we hope we keep the ties strong and beneficial at all times.



BEN THOMAS P. PANARES
Chief Operating Officer

2008 General Financial Market Review

The year 2008 may well be considered as the tipping point in the worst modern-day crisis in global financial markets. Overleveraging and overvalued assets appear to be the crux of the problem. The bursting of the housing bubble in the United States (U.S.) has led into a full-blown credit meltdown that struck down major developed countries into recession like falling dominoes.

The period was marked by bad credit and spiraling funding costs, steep losses across multiple asset classes, collapse of banks, insurers in distress, auto manufacturers on the brink of bankruptcy, rising unemployment and the acute contraction in consumer spending. Most conspicuously, global financial markets staged a shaky high-wire act following the collapse of Lehman Brothers in the 3rd quarter.

The bloodbath in the global financial markets took a turn for the worse in the month of October and might as well be the scariest period in the chronicle of the deepening credit crunch. Markets plummeted to unprecedented lows and only managed to escape a full-blown collapse after the major European Central Banks and the U.S. Federal Reserve pumped unprecedented sums of money into the system and aggressively slashed key policy rates to unfreeze credit markets. Moreover, governments laid out bailout packages for ailing industries to thwart any threat of systemic failure of the financial system.

Emerging Market credits weakened considerably as capital flight to quality ensued. Despite the fact that the US is the hub of the crisis, capital leaves Emerging Markets every time the crisis worsens and Emerging Market financial risks escalated rapidly.

On the local front, negative developments in overseas markets invariably dampened local investors' sentiment with both bond and equity markets succumbing to broad panic selling. Risk aversion led to a scramble for safe-haven assets particularly government securities.

On a more positive note, expectations of an economic slowdown led to the downtrend in commodity prices particularly food and fuel which by some means tempered inflation expectations. In turn, slackening inflationary pressures provided some leeway for monetary easing needed to boost liquidity and induce consumer spending.

As such, late in the second half, the Bangko Sentral ng Pilipinas (BSP) reduced the banks' reserve requirement by 2% (from 21-19%), which effectively released some PHP60.0 billion into the financial system. At the same time, it opened a dollar-lending facility to ensure adequate dollar liquidity in the currency markets. Towards year-end, the BSP slashed its benchmark overnight rates by 50 bps, from 6-5.5% in consonance with the global monetary easing.

All told, the Philippine economy remained remarkably resilient against the backdrop of the global financial turmoil in 2008 that has put the peso under severe pressure and led to a massive sell-off of Emerging Markets. Robust dollar remittances sustained the country's external payments position while the relatively small fiscal deficits in the recent years led to a reduced dependence on external financing.

Sun Life of Canada Prosperity Bond Fund, Inc.

2008 PERFORMANCE REVIEW

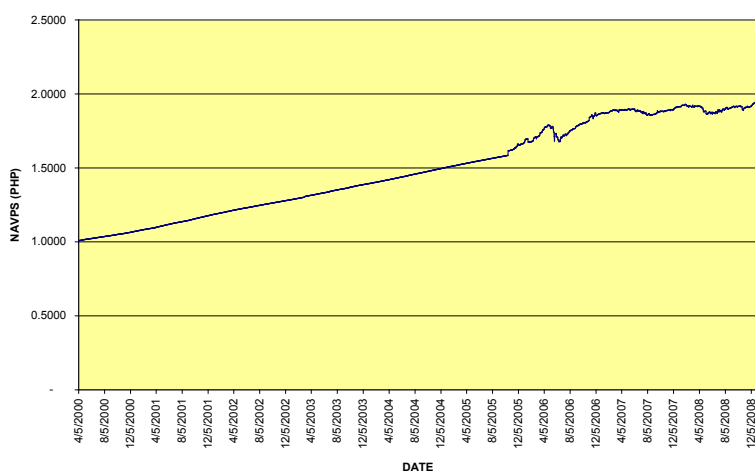
Asset duration was reduced and cash levels were increased in the second quarter amid expectations of heightened market volatility in the second half. Long-dated bonds were acquired later in the year strictly on selective and opportunistic basis as global market trends turned towards monetary easing. The Return on Investment (ROI) for the Fund was 1.65%, lower than the average 91-day Treasury bill of 4.31% net. Net Asset Value per Share (NAVPS) was modestly higher at PHP1.9463 per share compared to PHP1.9147 per share at the start of the year.

INVESTMENT APPROACH

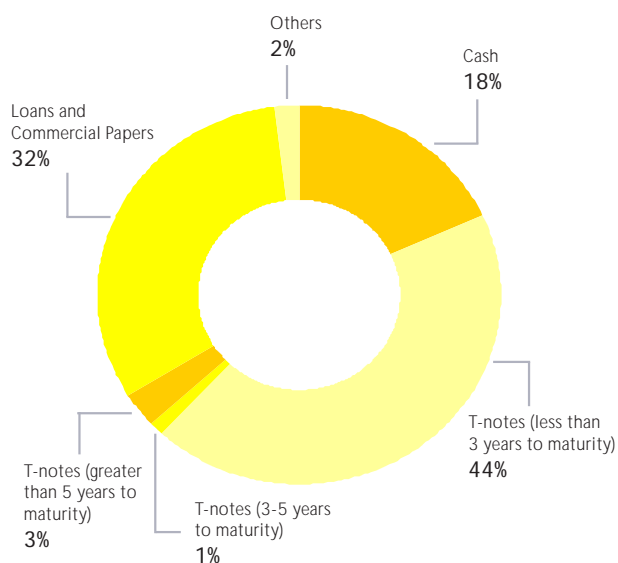
Investment doctrine focuses on investing in high yield, investment grade assets with an overall risk profile of less than average. Private lending is restricted to prime corporate issues and collateral is required as practicable. Optimum levels of cash are maintained to support investment and client liquidity requirements.

HISTORICAL PERFORMANCE

Sun Life Prosperity Bond Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

The Fund has net assets of PHP2.5 billion in end-2008, down 17% year-on-year. The decline was attributed mainly to negative price action spawned by the ongoing global financial crisis. Also, net income was also lower by 64% during the same period. In 2008, the total sales were only PHP172 million (versus PHP738 million in 2007).

Gross investment income of PHP248 million was 48% lower than the previous year's level of PHP476 million. The average volume of fixed income securities held by the Fund was lower and no trading gains were realized in 2008. Operating expenses (excluding net realized loss on investments of PHP47 million) were down by 37% mainly due to lower management fees and taxes. Unrealized losses on the revaluation of Treasury Notes in 2008 were likewise lower at PHP75 million from PHP254 million in the previous year due to lower holdings of fixed income securities. Net income of PHP29 million for 2008 represented a 64% decline year-on-year. This corresponded to a 50% decline in earnings per share compared to the previous year's results of operations.

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There are no significant elements of income nor loss that did not arise from the Company's continuing operations.

OUTLOOK

Amid heightened uncertainty, 2009 will be exceptionally challenging and global financial markets will remain volatile. As before, local financial markets would remain susceptible to external shocks and likely to move in lockstep with global trends.

While growth is expected to slow down in 2009, the magnitude of weakness is still the subject of much debate. However, the Philippines' sound macro-economic fundamentals should provide some resilience against the looming headwinds in the coming months. In fact, the odds that the Philippines might dodge a recession altogether cannot be entirely ruled out unlike its regional peers.

Portfolio asset allocation will remain defensive in 2009, with the asset mix heavily weighted on loans (at least 30%). The portfolio is expected to greatly benefit from steady accrual income that would provide insulation against any resurgence of market volatility in the coming months. While there have been tentative signs of improvement in money markets, poor liquidity and balance sheet constraints would continue to hound fixed income markets.

Conceivably, there could be a short-term technical rally in credit markets in the wake of the aggressive policy action by global monetary authorities amid tentative signs of stability. However, the business cycle recovery could disappoint due to the ramifications of the enormous fiscal support needed to sustain against any slippage into deeper recession in the coming months.

Sun Life of Canada Prosperity Balanced Fund, Inc.

2008 PERFORMANCE REVIEW

Despite a dismal equity market performance in 2008, the Balanced Fund managed to pare down its losses owing to a significant reduction in its equity exposure early in 2008. The Fund's NAVPS fell 23.7% in 2008, to PHP1.6535 per share, which was better than the 27.5% decline in its composite benchmark for the year.

INVESTMENT APPROACH

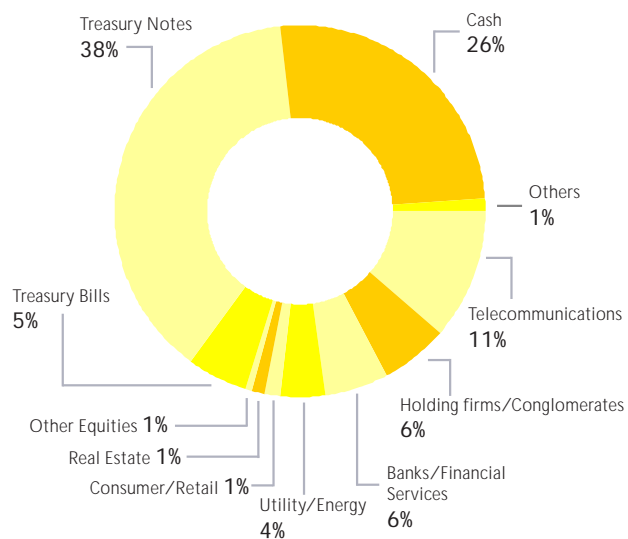
The Balanced Fund's relative out performance in 2008 (compared to benchmark) was mainly due to a significant decrease in its equity position, mainly to lessen portfolio volatility given the anticipated market volatility. This was a continuation of a process started in late-2007, when we noted that the market conditions were beginning to deteriorate. By year's end we had noted that the cash and marketable securities comprised almost 65% of the Fund's assets, compared to just under 40% in 2007. Given its general long-term nature, the Fund maintained exposure to equities, albeit at a much lower level compared to the previous year and more on fundamentally sound and defensive issues.

HISTORICAL PERFORMANCE

Sun Life Prosperity Balanced Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

Net assets attributable to shareholders amounted to PHP6.6 billion, a 36% drop from PHP10.2 billion in 2007. The substantial decline in net assets of the Fund was mainly due to a 381% decline in net income and 84% decline in new investments. Redemptions, however declined by 10%. In 2008, the total sales amounted to only PHP1.1 billion (vs. PHP6.9 billion in 2007).

Interest income of PHP241 million registered an improvement of 57% versus last year mainly due to increased average holdings of fixed income investments and higher relative interest rates. However, net realized gain on investments of PHP629 million in 2007 turned to a PHP1.2 billion net realized loss on investments in 2008 mostly due to sales of equity positions which were assessed as having substantial remaining downside and the deteriorating local equity market. Operating expenses (excluding net realized loss on investments) were slightly higher by 2% mainly due to management fees. Unrealized losses for the period amounting to PHP1.3 billion likewise dragged the performance of the Fund in 2008 from a net income of PHP837 million in 2007 to a net loss of PHP2.4 billion in 2008.

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OUTLOOK

Amid heightened uncertainty, 2009 will be exceptionally challenging and global financial markets will remain volatile. As before, local financial markets will remain susceptible to external shocks and are likely to move in lockstep with global trends. Local news, whether positive or negative, will likely take a backseat compared to US and European developments.

While growth is expected to slow down in 2009, the magnitude of weakness is still the subject of much debate. However, the Philippines' sound macro-economic fundamentals should provide some resilience against the looming headwinds in the coming months. In fact, the odds that the Philippines might dodge a recession altogether cannot be entirely ruled out unlike its regional peers. Still, while there have been tentative signs of improvement in money markets, poor liquidity and balance sheet constraints will likely continue to hound fixed income markets.

Equity markets will be particularly challenging since an environment of heightened risk aversion, invariably impacts the riskiest asset class - equities. While corporate financial distress is unlikely given the healthy balance sheets, earnings will remain under substantial pressure in the foreseeable future, which translates into less than attractive valuations. This will likely translate to lackluster market volumes, as investors opt to stay in the sidelines until a clear turn around in the markets is apparent.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc.

2008 PERFORMANCE REVIEW

2008 was a difficult year for equity markets, as the global credit and economic crisis took its toll on all markets worldwide. The PSEi was no exception, as it fell 48.3% year-on-year, the worst performance seen in recent memory. While the Philippine Equity Fund was not immune to the market's sharp downturn, it managed to post a lower 37.6% to-date decline on its NAVPS, to PHP1.2885 per share.

INVESTMENT APPROACH

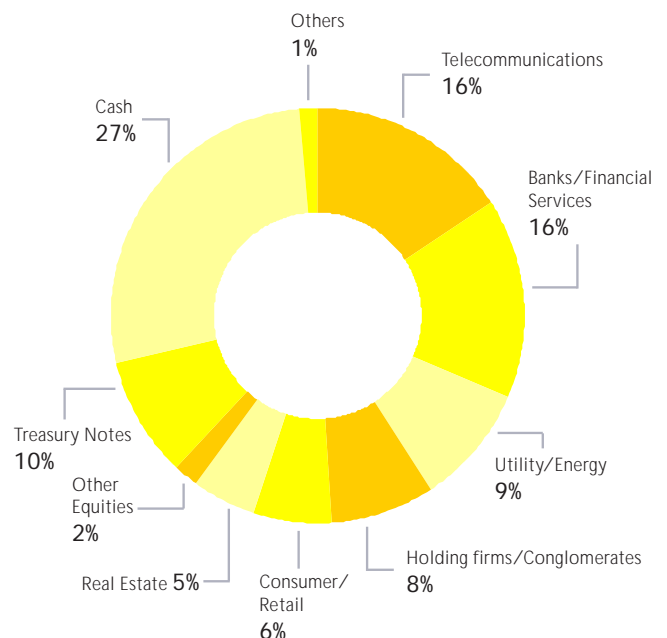
The relative out performance of the Philippine Equity Fund in 2008 (compared to the benchmark PSEi) was mainly due to an early decision in 2008 to significantly increase its cash and short-term securities position to minimize the effect of the sharp market downturn. While the Fund's nature necessitates exposure to equities, the shift in strategy was meant to minimize volatility and to give the Fund the ability to take advantage of both short and longer-term investment opportunities.

HISTORICAL PERFORMANCE

Sun Life Prosperity Phil. Equity Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

Net assets attributable to shareholders declined by 39% (from PHP3.2 billion in 2007 to PHP2 billion 2008). The substantial decline was mainly due to a 586% decline in net income. In 2008, the total sales amounted to only PHP529 million (vs. PHP2.5 billion in 2007). Redemptions, however, declined by 37%.

Interest income of PHP32 million registered an improvement of 70% versus last year mainly due to increased absolute and relative investments in fixed income instruments and higher interest rates. However, net realized gain on investments of PHP204 million in 2007 was wiped out by PHP1.25 billion losses on investments in 2008 (inclusive of PHP698 million un-realized losses) due to the severe deterioration in equity markets globally, which in turn impacted local equity markets. Operating expenses (excluding net realized loss on investments) were slightly lower by 5% mainly due to lower taxes. Investment losses for the period dragged the performance of the Fund in 2008 from a net income of PHP250 million in 2007 to a net loss of PHP1.2 billion in 2008.

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OUTLOOK

Amid heightened uncertainty, 2009 will be exceptionally challenging and global financial markets will remain volatile. As before, local financial markets will remain susceptible to external shocks and are likely to move in lockstep with global trends. Local news, whether positive or negative, will likely take a backseat compared to US and European developments.

Equity markets will be particularly challenging since an environment of heightened risk aversion, invariably impacts the riskiest asset class - equities. While corporate financial distress is unlikely given the healthy balance sheets, earnings will remain under substantial pressure in the foreseeable future, which translates into less than attractive valuations. This will likely translate to lackluster market volumes, as investors opt to stay in the sidelines until a clear turn around in the markets is apparent.

Sun Life Prosperity Money Market Fund, Inc.

2008 PERFORMANCE REVIEW

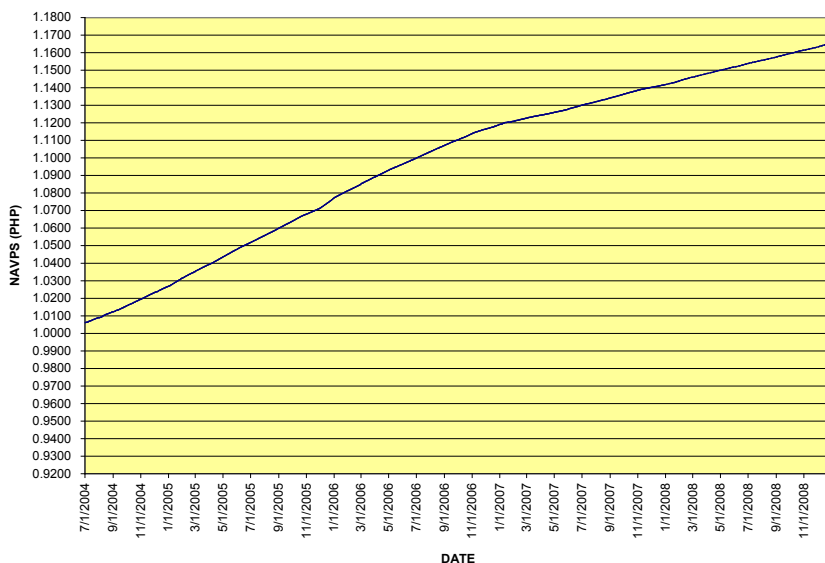
Return on Investments (ROI) for the year was a respectable 2.13% and trailed the average 30-day time deposit yield of 2.75% net.

Due to extreme volatility in both bond and equity markets, the bulk of assets was kept as cash and placed in overnight placements for the most part of the year to provide standby liquidity buffer. This in turn invariably dragged down returns below the benchmark level.

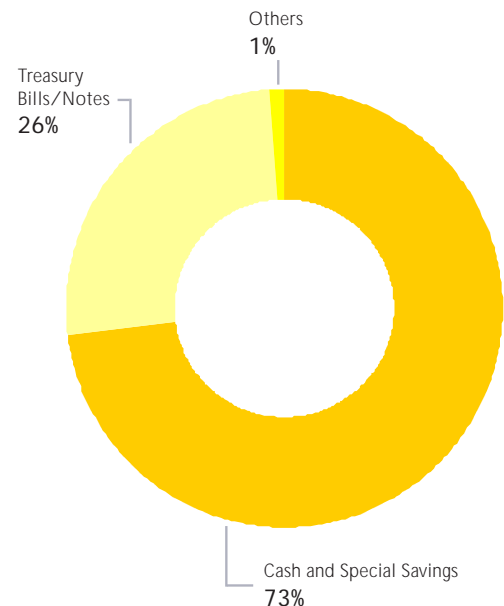
Virtually all earnings were generated from short-term cash deposits. No short-term commercial debt issues were purchased due to liquidity concerns.

HISTORICAL PERFORMANCE

Sun Life Prosperity Money Market Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

The net assets attributable to shareholders increased by 36% from PHP387 million in 2007 to PHP528 million in 2008 mainly due to a high volume of transfers from other funds of PHP534 million (vs. PHP377 million in 2007). Meanwhile, redemptions were 15% lower.

Gross investment income for the year is virtually flat at PHP23 million. While the total operating expenses were lower by 7% mainly due to lower management fees.

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OUTLOOK

Amid heightened uncertainty, 2009 will be exceptionally challenging and global financial markets will remain volatile. As before, local financial markets would remain susceptible to external shocks and likely to move in lockstep with global trends.

While growth is expected to slow down in 2009, the magnitude of weakness is still the subject of much debate. However, the Philippines' sound macro-economic fundamentals should provide some resilience against the looming headwinds in the coming months. In fact, the odds that the Philippines might dodge a recession altogether cannot be entirely ruled out unlike its regional peers.

Due to the expected slower economic growth in 2009, revenue shortfall risks are highlighted. This implies that the government's cash balances would be insufficient to support increased fiscal spending and could turn to more public borrowings. The Treasury apparently intends to tap excess liquidity in the domestic capital markets at a time when offshore bond markets would be expensive to access.

Sun Life Prosperity GS Fund, Inc.

2008 PERFORMANCE REVIEW

Long-tenor bonds were liquidated and cash levels were increased towards the end of the second quarter amid expectations of further market volatility in the second half. Longer duration bonds were acquired later in the year strictly on selective and opportunistic basis as global markets stabilized with strong bias towards monetary easing.

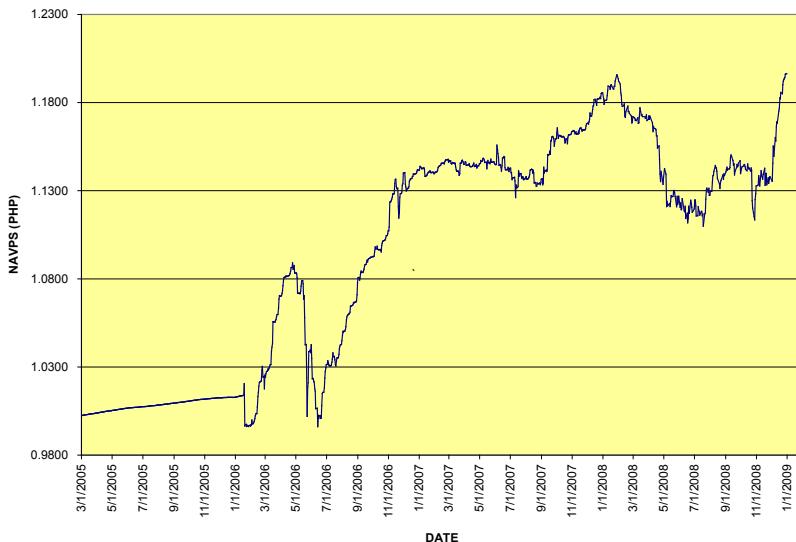
Return on Investment (ROI) for the year was a flattish 0.93%. After enduring extremely challenging market conditions for the most part of the year, the robust bond price rally in December boosted portfolio valuations to positive levels. Net Asset Value per Share (NAVPS) was PHP1.1274 compared to PHP1.1394 per share at the start of the year.

INVESTMENT APPROACH

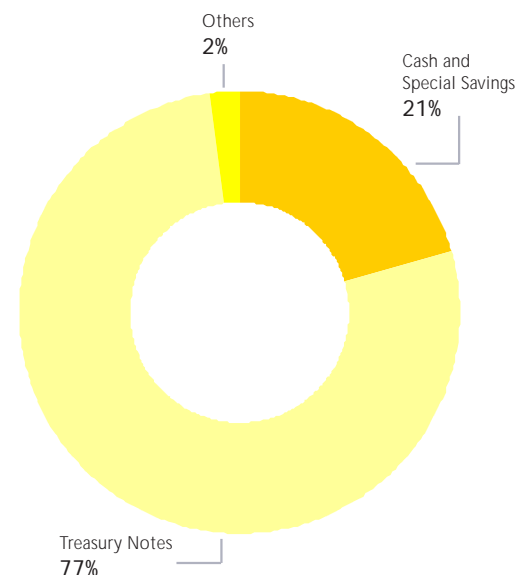
Investment mandate is focused on investing exclusively in risk-free government securities. Optimum levels of cash are maintained to support investment and client liquidity requirements

HISTORICAL PERFORMANCE

Sun Life Prosperity GS Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

Net assets attributable to shareholders decreased by 18% from PHP89.5 million in 2007 to PHP73.2 million in 2008 mainly due to negative market price action. Fund redemptions were 25% higher than the previous year. In 2008, the total sales amounted to only PHP1 million versus PHP16 million in 2007. Redemptions totaling PHP23.9 million were also recorded during the year.

Gross Investment income was 5% lower in 2008 due to unfavorable mark-to-market asset valuation movements resulting in a net realized loss on investments of PHP1 million. The total operating expenses was lower by 26% mainly due to lower management fees and taxes for the period.

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OUTLOOK

Amid heightened uncertainty, 2009 will be exceptionally challenging and global financial markets will remain volatile. As before, local financial markets would remain susceptible to external shocks and likely to move in lockstep with global trends.

While growth is expected to slow down in 2009, the magnitude of weakness is still the subject of much debate. However, the Philippines' sound macro-economic fundamentals should provide some resilience against the looming headwinds in the coming months. In fact, the odds that the Philippines might dodge a recession altogether cannot be entirely ruled out unlike its regional peers.

Conceivably, there could be a short-term technical rally in credit markets in the wake of the aggressive policy action by global monetary authorities amid tentative signs of stability. However, the business cycle recovery could disappoint due to the ramifications of the enormous fiscal support needed to sustain against any slippage into deeper recession in the coming months.

Sun Life Prosperity Dollar Advantage Fund, Inc.

2008 PERFORMANCE REVIEW

While Philippine USD bonds staged a robust rally in December 2008, as the relative calm in the financial markets prodded investors to pick up some oversold issues, this was not enough to offset the massive drop in asset values for 2008, particularly in October. Recall that the credit meltdown triggered by the U.S. sub-prime housing crisis drove investors to dump risky assets, which sent ROP bond prices into a sharp tailspin in the second half of 2008.

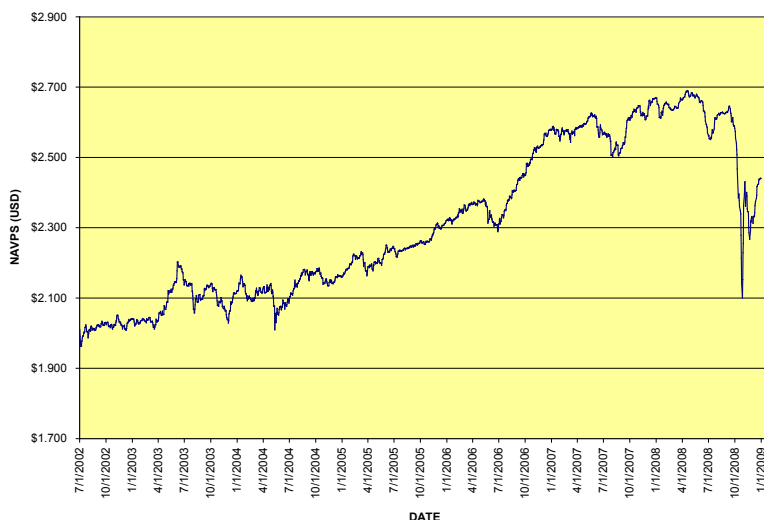
As such, the Fund's Return on Investments (ROI) was -8.58% , lagging the benchmark average 1-year US Treasury rate of 1.65% . This resulted in a lower Net Asset Value Per Share (NAVPS) of USD2.3449 per share.

INVESTMENT APPROACH

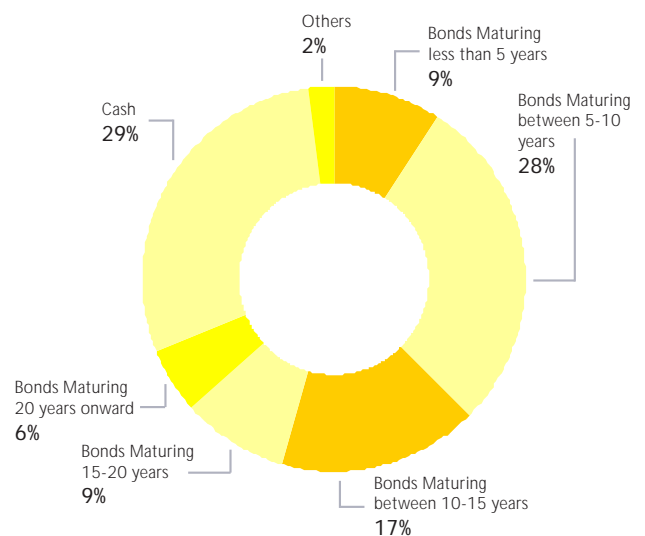
We remain mostly on the defensive end in terms of strategy, given the still-volatile nature of Emerging Market issues. We ended 2008 with a significant cash balance, both to minimize any potential volatility and to be able to take advantage of investment opportunities, either slowly adding to our core investment positions or for short-term trading positions.

HISTORICAL PERFORMANCE

Sun Life Prosperity Dollar Advantage Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

Net assets attributable to shareholders declined by 40.5% (from USD29 million in 2007 to USD17 million in 2008) mainly due to a decrease in the market value of assets, thus, a 338% decline in net income. Redemptions are also higher by 14% compared to last year. In 2008, the total sales amounted to only USD1.5 million (vs. USD13.6 million in 2007). NAVPS of USD2.3449 dropped slightly by 9% from USD2.5657.

The Fund reported a net loss of USD2.4 million in 2008 compared to the USD1.0 million net income last year. Interest income is 17% lower and substantial USD3.1 million net loss on investments (of which, USD2.2 million represents un-realized losses) were booked this year. Operating expenses (excluding net realized loss on investments) were lower by 17% mainly due to lower management fees and taxes.

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OUTLOOK

We note that global fundamentals will likely remain downbeat despite the passage of numerous US stimulus plans and bailouts of several large financial firms. Financial market conditions could be guarded with tight US dollar liquidity among global financial institutions remaining a major challenge. There are virtually no positive fundamental catalysts and concrete global initiatives that can turn around the crippling credit crunch in the near term. In order to restore confidence in the financial system, prices of both financial and real assets must stabilize and stop the seemingly endless freefall seen in 2008.

While we may possibly be nearer the bottom both in the financial markets and the real economy, there is a chance that investor optimism may not be sustained, with the risk of a possible renewed bond sell-off coming into the second half of 2009. If the much-touted Obama stimulus plans do not achieve their desired effect. We note that there is still so much that could go wrong in the US and other global markets, and that the overall asset value destruction seen so far remains a hurdle for most investors looking to reenter the market.

Sun Life

Prosperity Dollar Abundance Fund, Inc.

2008 PERFORMANCE REVIEW

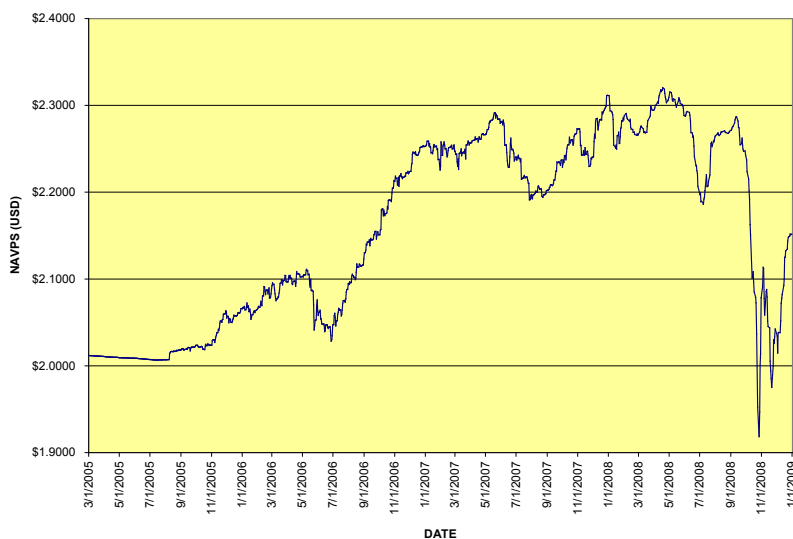
Return on Investments (ROI) was -6.92% and lagged the average 1-year U.S. Treasury yield of 1.65%. Net Asset Value Per Share (NAVPS) was likewise lower at USD2.0271 compared to USD2.2217 at the start of the year. The global credit meltdown triggered by U.S. sub-prime housing crisis drove investors to dump risky assets and sent ROP bond prices into a tailspin in the second half. Concerns over a deepening U.S. recession have capped any price recovery for Emerging Market issues. Any fleeting rebound was often seen as an opportunity to cut losses and reduce portfolio duration.

INVESTMENT APPROACH

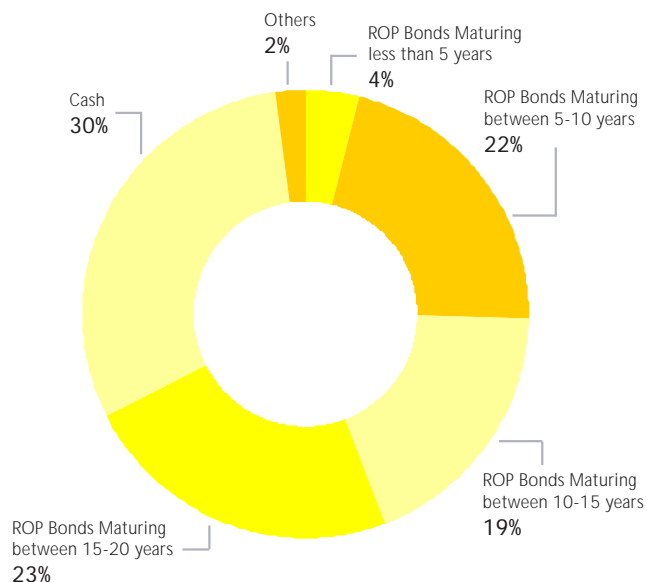
Investment strategy remains defensive and all bond purchases are restricted to liquid issues. Investment in corporate debt is limited to select investment grade assets. For 2009, asset duration will be slightly extended through selective and opportunistic bond purchases particularly into oversold issues.

HISTORICAL PERFORMANCE

Sun Life Prosperity Dollar Abundance Fund



PORTFOLIO ASSET ALLOCATION



FINANCIAL RESULTS

The Fund's net assets decreased by 21% from USD3.1 million in 2007 to USD2.5 million in 2008. The decline in the value of assets was largely due to downbeat price movements during the year that undermined bond asset valuations. In 2008, the total sales amounted to only USD113,000 (vs. USD792,000 in 2007) as investors shunned risky assets. Meanwhile, redemptions were lower by 47% compared to the previous year.

The backdrop of harsh market conditions in 2008 resulted in a net loss of USD199,000 in 2008 compared to a net income of USD76,000 in the previous year. Interest income was lower by 12% and a net loss on investment amounting to USD280,000 (of which, USD247,000 represents un-realized losses) was recorded. Operating expenses (excluding net realized loss on investments) were lower by 24% mainly due to lower management fees and taxes.

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There are no significant elements of income nor loss that did not arise from the Company's continuing operations.

OUTLOOK

Global fundamentals would remain dismal irrespective of the passage of the US bailout plan. Financial market conditions could be guarded with tight US dollar liquidity among global financial institutions remaining a major challenge. There are virtually no positive fundamental catalysts and concrete global initiatives that can turn around the crippling credit crunch in the near term. In order to restore confidence in the financial system, prices of both financial and real assets must stabilize first before the credit gridlock can be fully uncoiled.

While we may have already seen the worst of the economic global downturn, investor optimism may not be sustained beyond the first quarter of 2009, with the risk of a possible renewed bond sell-off in the second quarter. A massive sell-down could ensue as bank write-downs, credit downgrades and corporate defaults could surpass investors' worst expectations. The sudden change in sentiment towards pessimism could come amid a realization that the overall asset value destruction cannot be reversed at the drop of a hat. Over the long term, it could breed serious doubts over the efficacy of the various government rescue efforts.

Statement of Management's Responsibility For Financial Statements

The Board of Directors and Shareholders
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.
(Open-End Investment Companies)

“ Due to their function as beacons of safety, lighthouses are used as symbols by some organizations. ”

The Management of the Sun Life Prosperity Funds is responsible for all information and representations contained in the financial statements for the years December 31, 2008 and 2007. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Manabat Delgado Amper & Co. (formerly C.L. Manabat & Co.), the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.



HENRY JOSEPH M. HERRERA
Chairman of the Board



MARIA CARMELA L. TORIBIO
Treasurer



RIZALINA G. MANTARING
President



ANTONIO MANUEL G. DE ROSAS
Chief Finance Officer, SLAMCI



Manabat DelgadoAmper & Co.

The Board of Directors and Shareholders
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.
(Open-End Investment Companies)

**5th Floor, Salamin Building
197 Salcedo St., Legaspi Village,
Makati City, Philippines
Tel: + 63(2)812 05 35
Fax: + 63(2)810 50 47**

We have audited the accompanying financial statements of the Sun Life Prosperity Funds which comprise the balance sheets as of December 31, 2008 and 2007, and the related statements of income, changes in net assets attributable to shareholders and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sun Life Prosperity Funds as of December 31, 2008 and 2007, and their financial performances and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

PTR No. 1569851
January 6, 2009
Makati City

March 17, 2009

Sun Life Prosperity Funds

(Open-End Investment Companies)

	Bond		Balanced		Philippine Equity	
	December 31		December 31		December 31	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
ASSETS						
Current Assets						
Cash	P 27,529,075	P 48,826,668	P 54,246,040	P 192,600,393	P 28,042,506	P 135,206,593
Accrued interest receivable	38,826,939	51,164,239	59,781,205	27,434,000	5,950,248	645,737
Dividends receivable	-	-	72,118	4,476,256	399,928	2,025,244
Financial assets at fair value through profit or loss	1,631,115,528	1,835,251,319	6,527,612,463	10,012,344,204	1,957,197,044	3,095,443,006
Held-to-maturity investments	-	-	-	-	-	-
Due from broker	-	-	-	-	2,615,434	20,732,941
Other current assets	2,532,994	4,866,549	5,273,915	61,582,265	-	-
Total Current Assets	1,700,004,536	1,940,108,775	6,646,985,741	10,298,437,118	1,994,205,160	3,254,053,521
Non-current Assets						
Loans and receivables	811,610,267	1,078,403,997	75,360,000	31,320,000	-	-
Other non-current assets	3,019,471	5,528,298	266,017	214,703	-	-
Total Non-Current Assets	814,629,738	1,083,932,295	75,626,017	31,534,703	-	-
	P 2,514,634,274	P 3,024,041,070	P 6,722,611,758	P 10,329,971,821	P 1,994,205,160	P 3,254,053,521
LIABILITIES						
Current Liabilities						
Accrued expenses	P 15,771,941	P 3,990,829	P 134,978,264	P 106,473,535	P 31,732,325	P 31,642,294
Income tax payable	-	331,435	-	5,372	-	-
Payable to fund manager	3,144,922	3,877,520	11,329,710	18,743,210	3,424,104	5,914,579
Total Current Liabilities (excluding net assets attributable to shareholders)	18,916,863	8,199,784	146,307,974	125,222,117	35,156,429	37,556,873
Net Assets Attributable to Shareholders	2,495,717,411	3,015,841,286	6,576,303,784	10,204,749,704	1,959,048,731	3,216,496,648
	P 2,514,634,274	P 3,024,041,070	P 6,722,611,758	P 10,329,971,821	P 1,994,205,160	P 3,254,053,521
Net Assets Value Per Share	P 1.9463	P 1.9147	P 1.6535	P 2.2114	P 1.2885	P 2.1063

BALANCE SHEETS

	Money Market		GS		Dollar Advantage		Dollar Abundance	
	December31		December31		December31		December31	
	2008	2007	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	USD	USD	USD	USD
	P 21,903,741	P 55,042,373	P 3,966,020	P 6,827,278	\$340,141	\$1,061,143	\$157,724	\$236,257
	4,861,767	1,512,234	1,732,933	1,938,173	403,101	692,107	60,853	79,540
	-	-	-	-	-	-	-	-
	478,196,533	281,930,000	71,237,080	81,997,792	16,586,385	27,265,209	2,471,400	2,872,572
	50,121,372	50,693,912	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	574,980	-	-	-	-	-	-	-
	555,658,393	389,178,519	76,936,033	90,763,243	17,329,627	29,018,459	2,689,977	3,188,369
	-	-	-	-	-	-	-	-
	101	-	-	-	-	-	-	-
	101	-	-	-	-	-	-	-
	P 555,658,494	P 389,178,519	P 76,936,033	P 90,763,243	\$17,329,627	\$29,018,459	\$2,689,977	\$3,188,369
	P 26,856,977	P 1,596,703	P 3,617,175	P 1,114,165	\$ 81,797	\$ 67,998	\$ 182,752	\$ 3,027
	34	-	-	-	73,152	80,569	10,356	6,792
	472,863	280,204	83,007	137,533	24,712	45,299	3,090	6,000
	27,329,874	1,876,907	3,700,182	1,251,698	179,661	193,866	196,198	15,819
	528,328,620	387,301,612	73,235,851	89,511,545	17,149,966	28,824,593	2,493,779	3,172,550
	P 555,658,494	P 389,178,519	P 76,936,033	P 90,763,243	\$17,329,627	\$29,018,459	\$2,689,977	\$3,188,369
	P 1.0988	P 1.0974	P 1.1274	P 1.1394	\$2.3449	\$2.5657	\$2.0271	\$2.2217

Sun Life Prosperity Funds

(Open-End Investment Companies)

	Bond		Balanced		Philippine Equity	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
REVENUES						
Interest	P244,519,102	P385,074,151	P 240,501,544	P 153,388,067	31,786,818	18,730,305
Net realized gain on investments	-	90,066,471	-	628,541,704	-	204,221,801
Dividends	-	-	167,665,214	94,693,072	68,847,378	42,929,262
Other Income	3,250,000	1,206,154	250,000	150,000	-	-
	247,769,102	476,346,776	408,416,758	876,772,843	100,634,196	265,881,368
OPERATING EXPENSES						
Investment management fees	47,297,797	71,357,370	183,773,795	160,747,542	56,237,102	52,222,955
Net realized loss on investments	46,756,949	-	1,203,789,410	-	552,213,439	-
Taxes and licenses	2,405,596	4,552,720	10,621,730	29,435,465	4,743,722	12,547,086
Custodian fees	147,929	224,821	1,029,737	574,786	424,932	232,582
Printing and supplies	257,698	527,921	1,100,082	620,007	437,715	445,460
Professional fees	115,071	204,916	230,142	138,459	159,720	81,924
Directors fees	62,771	160,993	120,049	200,000	120,000	240,497
Other expenses	28,172	-	15,992	527	7,622	479
	97,071,983	77,028,741	1,400,680,937	191,716,786	614,344,252	65,770,983
Income (Loss) Before Unrealized Gains (Losses) on Investments	150,697,119	399,318,035	(992,264,179)	685,056,057	(513,710,056)	200,110,385
Net Unrealized Gains (Loss) on Investments	(75,416,158)	(254,102,728)	(1,305,732,542)	188,009,384	(697,821,193)	53,955,868
Income (Loss) Before Tax	75,280,961	145,215,307	(2,297,996,721)	873,065,441	(1,211,531,249)	254,066,253
Income Tax Expense	46,065,632	63,830,763	53,382,988	35,650,943	6,508,043	3,699,559
Change in Net Assets Attributable to Shareholders	P29,215,329	P81,384,544	(P2,351,379,709)	P837,414,498	(P1,218,039,292)	P250,366,694
Basic Earnings (Loss) per share	P0.02	P0.04	(P0.54)	P0.24	(P0.80)	P0.21

STATEMENTS OF INCOME

Money Market		GS		Dollar Advantage		Dollar Abundance	
For the Years Ended December31		For the Years Ended December31		For the Years Ended December31		For the Years Ended December31	
2008	2007	2008	2007	2008	2007	2008	2007
PHP	PHP	PHP	PHP	USD	USD	USD	USD
P22,532,174	P22,685,083	P 5,648,336	P 5,984,875	\$1,438,797	\$1,740,172	\$169,133	\$192,000
-	-	-	-	-	122,631	-	30,744
-	-	-	-	-	-	-	-
6,424	43,586	-	11,132	-	9,675	-	1,875
22,538,598	22,728,669	5,648,336	5,996,007	1,438,797	1,872,478	169,133	224,619
5,205,498	4,918,684	1,418,164	1,690,025	421,211	486,249	48,826	56,514
-	-	996,206	-	838,714	-	32,259	-
363,601	685,197	29,781	33,528	10,635	29,079	965	862
8,712	7,169	6,408	5,580	3,908	4,914	412	792
106,650	412,034	68,383	374,076	4,023	9,829	1,880	9,265
75,867	63,283	70,785	58,719	2,541	2,457	1,815	1,606
62,771	160,000	80,000	120,000	1,928	4,755	1,862	4,676
4,994	-	200	-	523	1,000	-	-
5,828,093	6,246,367	2,669,927	2,281,928	1,283,483	538,283	88,019	73,715
16,710,505	16,482,302	2,978,409	3,714,079	155,314	1,334,195	81,114	150,904
-	-	(1,843,334)	859,561	(2,239,728)	81,032	(247,557)	(50,752)
16,710,505	16,482,302	1,135,075	4,573,640	(2,084,414)	1,415,227	(166,443)	t 100,152
4,767,400	5,243,152	1,285,625	1,346,459	340,198	397,771	32,318	24,057
P11,943,105	P11,239,150	(P 150,550)	P 3,227,181	(\$2,424,612)	\$1,017,456	(\$198,761)	\$76,095
P0.02	P0.02	(P0.002)	P0.04	(\$0.24)	\$0.09	(\$0.15)	\$0.05

Sun Life Prosperity Funds

(Open-End Investment Companies)

	Bond		Balanced		Philippine Equity	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Balance, January 1	P 3,015,841,286	P 5,607,772,327	P 10,204,749,704	P 3,171,054,975	P 3,216,496,648	P 938,537,997
Issuance of redeemable shares during the year	772,088,318	1,761,002,372	1,565,309,682	4,386,168,910	1,023,220,993	3,223,310,407
Redemption of redeemable shares during the year	(1,321,427,522)	(4,434,317,957)	(2,006,635,584)	(4,750,299,931)	(1,051,846,239)	(3,302,720,256)
Deposit for future stock subscriptions	-	-	(835,740,309)	6,560,411,252	(10,783,379)	2,107,001,806
Change in net assets attributable to shareholders	29,215,329	81,384,544	(2,351,379,709)	837,414,498	(1,218,039,292)	250,366,694
Balance, December 31	P 2,495,717,411	P 3,015,841,286	P 6,576,303,784	P 10,204,749,704	P 1,959,048,731	P 3,216,496,648

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

Money Market		GS		Dollar Advantage		Dollar Abundance	
For the Years Ended December31		For the Years Ended December31		For the Years Ended December31		For the Years Ended December31	
2008	2007	2008	2007	2008	2007	2008	2007
PHP	PHP	PHP	PHP	USD	USD	USD	USD
P387,301,612	P247,455,983	P89,511,545	P94,219,257	\$28,824,593	\$23,292,157	\$3,172,550	\$3,521,202
1,146,325,961	3,690,171,359	7,776,102	54,991,832	1,733,064	8,919,300	115,865	803,655
(1,156,052,960)	(3,700,590,452)	(23,901,246)	(62,926,725)	(5,935,787)	(9,650,574)	(595,875)	(1,228,402)
138,810,902	139,025,572	-	-	(5,047,292)	5,246,254	-	-
11,943,105	11,239,150	(150,550)	3,227,181	(2,424,612)	1,017,456	(198,761)	76,095
P 528,328,620	P 387,301,612	P 73,235,851	P 89,511,545	\$17,149,966	\$28,824,593	\$2,493,779	\$3,172,550

STATEMENTS OF CASH FLOWS

	Bond		Balanced		Philippine Equity	
	For the Years Ended December 31		For the Years Ended December 31		For the Years Ended December 31	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
CASH FLOWS FROM OPERATING ACTIVITIES						
Income (Loss) before tax	P 75,280,961	P 145,215,307	(P2,297,996,721)	P 873,065,441	(P1,211,531,249)	P 254,066,253
Adjustment for:						
Net unrealized loss (gain) on investments	75,416,158	254,102,728	1,305,732,542	(188,009,384)	697,821,193	(53,955,868)
Amortization of premium (discount)	17,326,839	29,626,308	32,292,767	29,207,831	1,162,664	(57,336)
Gain from borrower's pre-termination of loans	(3,250,000)	(1,206,154)	(250,000)	(150,000)	-	-
Interest income	(244,519,102)	(385,074,151)	(240,501,544)	(153,388,067)	(31,786,818)	(18,730,305)
Dividend Income	-	-	(167,665,214)	(94,693,072)	(68,847,378)	(42,929,262)
Operating cash flows before working capital changes	(79,745,144)	42,664,038	(1,368,388,170)	466,032,749	(613,181,588)	138,393,482
Net disposals (purchases) of financial assets	111,392,794	2,168,088,544	2,146,706,432	(6,780,174,044)	439,262,105	(2,161,297,158)
Decrease (Increase) in:						
Loans Receivables	-	-	(50,000,000)	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Due from broker	-	-	-	-	18,117,507	(20,732,941)
Prepayments and other current assets	2,333,555	(4,866,549)	56,308,350	(61,582,265)	-	-
Other non-current assets	2,508,827	(861,241)	(51,314)	(46,306)	-	-
Increase (Decrease) in:						
Accrued expenses	11,781,112	1,133,639	28,504,729	81,584,619	90,031	25,625,891
Payable to fund manager	(732,598)	(3,351,794)	(7,413,500)	12,281,486	(2,490,475)	4,062,639
Cash generated from (used in) operations	47,538,546	2,202,806,637	805,666,527	(6,281,903,761)	(158,202,420)	(2,013,948,087)
Income taxes paid	(46,397,067)	(64,150,828)	(53,388,360)	(35,661,594)	(6,508,043)	(3,699,559)
Net cash from (used in) operating activities	1,141,479	2,138,655,809	752,278,167	(6,317,565,355)	(164,710,463)	(2,017,647,646)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	256,856,402	419,391,831	208,154,339	132,966,629	26,482,307	18,704,451
Dividends received	-	-	172,069,352	94,922,887	70,472,694	42,691,102
Proceeds from issuance of redeemable shares	772,088,318	1,761,002,372	1,565,309,682	10,946,580,162	1,023,220,993	5,330,312,213
Proceeds from pre-termination of loans and receivables	268,250,000	124,283,077	5,250,000	5,150,000	-	-
Payments on redemption of redeemable shares	(1,321,427,522)	(4,434,317,957)	(2,842,375,893)	(4,750,299,931)	(1,062,629,618)	(3,302,720,256)
Principal payments received on corporate loans	1,793,730	17,132,167	960,000	880,000	-	-
Net cash from (used in) investing activities	(22,439,072)	(2,112,508,510)	(890,632,520)	6,430,199,747	57,546,376	2,088,987,510
NET INCREASE (DECREASE) IN CASH	(21,297,593)	26,147,299	(138,354,353)	112,634,392	(107,164,087)	71,339,864
CASH, BEGINNING	48,826,668	22,679,369	192,600,393	79,966,001	135,206,593	63,866,729
CASH, END	P 27,529,075	P 48,826,668	P 54,246,040	P 192,600,393	P 28,042,506	P 135,206,593

LIGHTING THE PATH

		Money Market		GS		Dollar Advantage		Dollar Abundance	
		For the Years Ended December31		For the Years Ended December31		For the Years Ended December31		For the Years Ended December31	
		2008	2007	2008	2007	2008	2007	2008	2007
		PHP	PHP	PHP	PHP	USD	USD	USD	USD
		P 16,710,505	P 16,482,302	P 1,135,075	P 4,573,640	(\$2,084,414)	\$1,415,227	(\$166,443)	\$ 100,152
		-	-	1,843,334	(859,561)	2,239,728	(81,032)	247,557	50,752
		1,432,227	3,709,048	812,706	769,234	171,192	179,163	12,192	11,209
		-	-	-	-	-	-	-	-
		(22,532,174)	(22,685,083)	(5,648,336)	(5,984,875)	(1,438,797)	(1,740,172)	(169,133)	(192,000)
		-	-	-	-	-	-	-	-
		(4,389,442)	(2,493,733)	(1,857,221)	(1,501,562)	(1,112,291)	(226,814)	(75,827)	(29,887)
		(197,126,220)	(87,388,448)	8,104,672	9,121,463	8,267,904	(5,565,582)	-	-
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	141,423	114,331
		-	-	-	-	-	-	-	-
		(574,980)	-	-	-	-	-	-	-
		(101)	-	-	-	-	-	-	-
		25,260,274	(22,963,918)	2,503,010	(727,093)	13,799	(10,488)	179,725	359
		192,659	20,200	(54,526)	(93,562)	(20,587)	3,455	(2,910)	(1,874)
		(176,637,810)	(112,825,899)	8,695,935	6,799,246	7,148,825	(5,799,429)	242,411	82,929
		(4,767,366)	(5,243,152)	(1,285,625)	(1,346,459)	(347,615)	(375,817)	(28,754)	(23,610)
		(181,405,176)	(118,069,051)	7,410,310	5,452,787	6,801,210	(6,175,246)	213,657	59,319
		19,182,641	24,222,088	5,853,576	5,610,821	1,727,803	1,571,925	187,820	167,642
		-	-	-	-	-	-	-	-
		1,285,136,863	3,829,196,931	7,776,102	54,991,832	1,733,064	14,165,554	115,865	803,655
		-	-	-	-	-	-	-	-
		(1,156,052,960)	(3,700,590,452)	(23,901,246)	(62,926,725)	(10,983,079)	(9,650,574)	(595,875)	(1,228,402)
		-	-	-	-	-	-	-	-
		148,266,544	152,828,567	(10,271,568)	(2,324,072)	(7,522,212)	6,086,905	(292,190)	(257,105)
		(33,138,632)	34,759,516	(2,861,258)	3,128,715	(721,002)	(88,341)	(78,533)	(197,786)
		55,042,373	20,282,857	6,827,278	3,698,563	1,061,143	1,149,484	236,257	434,043
		P 21,903,741	P 55,042,373	P 3,966,020	P 6,827,278	\$ 340,141	\$ 1,061,143	\$ 157,724	\$ 236,257

1. CORPORATE INFORMATION

The Sun Life Prosperity Funds (the “Companies”) are registered open-end investment companies under the Investment Company Act (R.A. No. 2629) and the Securities Regulation Code (R.A. No. 8799), formerly known as the Revised Securities Act (B.P. No. 178). As open-end investment companies, their shares are redeemable anytime based on the net assets value per share (NAVPS) at the time of redemption.

SUN LIFE PROSPERITY FUNDS (THE “COMPANIES”)	INCORPORATION AND SEC REGISTRATION	START OF COMMERCIAL OPERATIONS
Sun Life of Canada Prosperity Bond Fund, Inc.	January 19, 2000	May 1, 2000
Sun Life of Canada Prosperity Balanced Fund, Inc.	December 21, 1999	May 1, 2000
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	January 17, 2000	May 1, 2000
Sun Life Prosperity Money Market Fund, Inc.	March 5, 2004	July 1, 2004
Sun Life Prosperity GS Fund, Inc.	November 3, 2004	March 1, 2005
Sun Life Prosperity Dollar Advantage Fund, Inc.	February 13, 2002	July 1, 2002
Sun Life Prosperity Dollar Abundance Fund, Inc.	November 3, 2004	March 1, 2005

Sun Life of Canada Prosperity Bond Fund, Inc.

Sun Life of Canada Prosperity Bond Fund, Inc. is engaged in the sale of redeemable shares and is designed to provide long-term interest income and principal preservation through investments in high-quality fixed-income securities issued by the Philippine government and prime Philippine companies aggregating below average risk.

Sun Life of Canada Prosperity Balanced Fund, Inc.

Sun Life of Canada Prosperity Balanced Fund, Inc. is engaged in the sale of redeemable shares and is designed to provide total returns consisting of current income and capital growth through investment in a mix of debt and equity securities from both domestic and foreign issuers.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc.

Sun Life of Canada Prosperity Philippine Equity Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate long-term capital appreciation through investments in high-quality equity securities diversified across sectors and issue sizes to provide portfolio volatility.

Sun Life Prosperity Money Market Fund, Inc.

Sun Life Prosperity Money Market Fund, Inc. is engaged in the sale of redeemable shares and is designed to maximize income as is considered consistent with capital protection through investments in fixed-income securities and other related investments issued by the Philippine government, commercial papers issued by corporations within the Philippines, certificates of deposit and other short-term peso-denominated instruments.

Sun Life Prosperity GS Fund, Inc.

Sun Life Prosperity GS Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total returns consisting of current income and capital preservation through investments in fixed-income instruments issued by the Republic of the Philippines and denominated in Philippine pesos.

Sun Life Prosperity Dollar Advantage Fund, Inc.

Sun Life Prosperity Dollar Advantage Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total long-term returns consisting of current income and capital growth in US dollars through investments in foreign-currency denominated fixed-income investments issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock and convertible securities,

Sun Life Prosperity Dollar Abundance Fund, Inc.

Sun Life Prosperity Dollar Abundance Fund, Inc. is engaged in the sale of redeemable shares and is designed to generate total long-term returns consisting of current income and capital growth in US dollars through investments in foreign-currency denominated fixed-income investments issued by the Philippines, United States and other foreign governments and by Philippine and foreign corporations, common stocks and related securities, such as preferred stock, convertible securities, depository receipts issued by Philippine and foreign corporations and US-dollar denominated deposits.

The Companies appointed Sun Life Asset Management Company, Inc. (SLAMCI), an investment management company incorporated in the Philippines and a wholly-owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI), as their fund manager, adviser, administrator, distributor and transfer agent and provides management, distribution and all required operational services. Under its Management and Distribution Agreements with each fund, SLAMCI receives aggregate fees for these services at the following annual rates of net assets attributable to shareholders on each valuation day:

Sun Life of Canada Prosperity Bond Fund, Inc.	1.5%
Sun Life of Canada Prosperity Balanced Fund, Inc.	2.0%
Sun Life of Canada Prosperity Philippine Equity Fund, Inc.	2.0%
Sun Life Prosperity Money Market Fund, Inc.	0.80%
Sun Life Prosperity GS Fund, Inc.	1.5%
Sun Life Prosperity Dollar Advantage Fund, Inc.	1.5%
Sun Life Prosperity Dollar Abundance Fund, Inc.	1.5%

The Companies' registered office address is at the 15th Floor, Tower II, The Enterprise Center, 6766 Ayala Avenue, Makati City.

2. ADOPTION OF NEW STANDARDS (Adoption of New Accounting Standards Effective in 2008)

The following amendments to existing standards have been published by the International Accounting Standards Board (IASB) and issued by the Financial Reporting Standards Council (FRSC) in the Philippines effective January 1, 2008:

a. Amendments to PAS 39	Financial Instruments: Recognition and Measurement
b. Amendments to PFRS 7	Financial Instruments: Disclosures: Reclassification of Financial Assets

These new amendments to existing standards prescribe new accounting measurement and disclosure requirements applicable to the Companies. The effects of these new Philippine Financial Reporting Standards (PFRS) on the Companies' accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

The PFRS amendments are part of the FRSC's response to the credit crisis. The FRSC decided to issue the amendments without going through an exposure period in light of current market conditions. The FRSC has indicated that the deterioration of the world's financial markets that has occurred during the third quarter of 2008 is a possible example of rare circumstances cited in these PFRS amendments.

The Amendments to PAS 39 permits an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss by the entity upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing it in the near term in particular circumstances. In addition, it also allows an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables, if the financial asset had not been designated as available for sale, if the entity has the intention and ability to hold that financial asset for the foreseeable future.

The Amendments to PAS 39 are effective from July 1, 2008. Entities are not permitted to reclassify financial assets in accordance with the amendments before July 1, 2008. Any reclassification of a financial asset made in periods beginning on or after November 15, 2008 will take effect only from the date the reclassification is made.

On November 14, 2008, the SEC issued Memorandum Circular No. 10, which prohibits mutual funds and investment companies from availing of the reclassification option. Hence, the abovementioned amendments are not applicable to the Companies.

New Accounting Standards Effective Subsequent to the Accounting Period Ending December 31, 2008

- The Companies will adopt the following PFRS effective January 1, 2009:

a. PAS 1 (Revised 2009)	Presentation of Financial Statements
b. Improvements to PFRS	
c. Amendments on Puttable Financial Instruments under PAS 32 and PAS 1	

PAS 1 (Revised 2009), "Presentation of Financial Statements" is intended to improve users' ability to analyse and compare the information given in financial statements.

The adoption of PAS 1 (Revised 2009) will result principally in changes in the presentation of financial statements and additional note disclosures.

"Improvements to PFRS," comprises the results of amendments and conclusions the FRSC has reached on proposals made in its annual improvements project. The FRSC decided to initiate an annual improvements project in 2007 as a method of making necessary but non-urgent amendments to PFRSs that will not be included as part of another major project. The FRSC's objective was to ease the burden for all concerned by presenting the amendments in a single document rather than as a series of piecemeal changes. The amendments in the "Improvements to PFRS" are presented in two parts: those that involve accounting changes for presentation, recognition or measurement purposes and those involving terminology or editorial changes with minimal effect on accounting.

Management has yet to determine the impact of the "Improvements to PFRS" in the Companies' financial statements.

The "Amendments on Puttable Instruments under PAS 32 and PAS 1" will address the issue of whether a financial instrument that requires the issuer to redeem for cash is to be classified as a liability or would be considered as equity. These amendments will require entities to classify the following types of financial instruments as equity provided they have particular features and will meet specific conditions: puttable financial instruments, such as, some shares issued by co-operative entities; and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, such as some partnership interests and some shares issued by limited life entities. Additional disclosures will be required about the instruments affected by the amendments.

The adoption of the Amendments on Puttable Instruments under PAS 32 and PAS1 will result principally to the reclassification of net assets attributable to shareholders as equity. Currently, it is presented as financial liability to conform to the requirements of PAS 32, Financial Instruments: Presentation. The adoption will also result in additional disclosures in the notes to financial statements.

3. FINANCIAL REPORTING FRAMEWORK

Statement of Compliance

The financial statements of the Companies have been prepared in accordance with the PFRS. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the FRSC and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for financial assets carried either at fair value or at amortized cost. Net assets attributable to shareholders are stated at redemption amount. These financial statements are presented in Philippine Peso and United States Dollar, the currency of the primary economic environment in which the Companies' operate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Financial assets are recognized in the Companies' financial statements when the Companies become a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets, except for investments classified as at fair value through profit or loss. In a regular way purchase or sale, financial assets are recognized and derecognized, as applicable, using settlement date accounting.

Financial assets are derecognized by the Companies when:

- a. the contractual rights to the cash flows from the financial asset expire; or
- b. the contractual rights to receive cash flows have been transferred.

Other than cash and loans and receivables, the Companies' financial assets include investments at fair value through profit or loss.

**Investments at fair value through profit or loss**

Financial assets are classified as investments at fair value through profit or loss when they are acquired for trading or are designated upon initial recognition. Unless designated and considered as effective hedging instruments, derivatives are classified at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in the statements of income incorporates any dividends or interest earned on the financial asset.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Companies intend and are able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income over the relevant period.

The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period.

Loans and receivables

Loans that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Short-term receivables are measured at net realizable values and any allowance for impairment or non-collectability shall be deducted from the initial amount recognized.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one (1) or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition. The carrying amount of the asset shall be reduced directly and the amount of the loss shall be recognized in statements of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in statements of income.

Financial Liabilities

Financial liabilities are recognized in the Companies' financial statements when the Companies become a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Companies' financial liabilities, except for debt instruments classified as at fair value through profit and loss.

Since the Companies do not have financial liabilities classified as at fair value through profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period.

Accruals are liabilities to pay for services that have been provided but have not been paid, invoiced or formally agreed with the supplier. It is necessary to estimate the amount or timing of accruals; however, the uncertainty is generally much less than for provisions.

Net assets attributable to shareholders

Net assets attributable to shareholders represent redeemable shares, which can be returned to the Companies any time at the shareholder's option for cash equal to a proportionate share of the Companies' net assets value and are classified as financial liabilities. Net assets attributable to shareholders are carried at the redemption amount that is payable at the balance sheet date if the shareholder exercised its right to put the share back to the companies

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Companies intend and are able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income over the relevant period.

Investment Income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount. Gains arising from changes in fair values of investments are disclosed under policy on financial assets. Dividend income from investments is recognized when the shareholders' right to receive payment has been established, normally at ex-dividend rate.

Operating Expenses

All expenses are accounted for on an accrual basis.

Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associates or companies that directly or indirectly control or are controlled by or are under common control with the Companies are also considered related parties.

Taxation

The income tax expense represents the sum of the final withholding taxes on interest income, tax currently payable and deferred tax, if any. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Earnings per Share

The Companies compute their basic earnings per share by dividing change in net assets attributable to shareholders of the Companies by the weighted average number of issued and outstanding shares during the period.

Subsequent Events

The Companies identify subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Companies' financial position at the balance sheet date are reflected in the financial statements. Non-adjusting subsequent events are disclosed in the notes to the financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Companies' accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Fair value estimation

The fair value of financial instruments traded in active market such as treasury notes is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Companies is the current bid prices. Listed equity securities are valued at closing price in compliance with SRC Rule 52.1 par. e, which states that securities shall be valued at the last sales price. If no sale of such security is made on that date, bid prices will then be considered as the closing price. The fair value of special savings accounts approximate their carrying values due to its short-term nature.

Revenue recognition

The Companies' revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result in material adjustments in future periods.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial assets

The Companies carry its financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Companies utilized different valuation methodology. Any changes in fair value of these financial assets would affect directly the net income and loss and equity.

Asset impairment

The Companies perform an impairment review when certain impairment indicators are present. Determining the fair value of held-to-maturity investments, loans and receivables, which requires the determination of future cash flows expected to be generated from ultimate disposition of such assets, requires the Companies to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Companies to conclude that investments are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations. The preparation of the estimated future cash flows involves significant judgment and estimations. While the Companies believe that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

6. FINANCIAL RISK MANAGEMENT**Financial Risk Management Objectives and Policies**

The Companies' activities expose it to a variety of financial risks: market risk, which includes fair value interest rate risk and equity price risk, credit risk; and liquidity risk. The Fund Manager exerts best efforts to anticipate events that would negatively affect the value of the Companies' assets and takes appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below:

Market risk

The Companies' activities expose them primarily to the financial risks of changes in interest rates and prices of equity securities in the stock market. There has been no change to the Companies exposure to market risks or the manner in which they manage and measure the risk.

Interest rate risk

The primary source of the Companies' interest rate risk relates to cash, corporate loans and fixed rate treasury notes they hold. The Companies manage the risk by actively monitoring the prevailing interest rate environment. The duration of the portfolio is reduced during periods of rising rates and widening credit spreads to maximize interest income potential. Conversely, the same is increased during periods of falling rates and narrowing credit spreads. A 2% increase or decrease in the interest rates of Fixed Rate Treasury Notes has been determined for sensitivity analysis based on the exposure to interest rates for Fixed Rate Treasury Notes at the balance sheet date. The same is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonable effect of a possible change in interest rates.



If interest rates of Fixed Rate Treasury Notes and/or dollar bonds had been 2% (50 basis points for Money Market Fund) higher/lower and all other variables are held constant, the Companies' net income for the years ended 2008 and 2007 would have increased/ decreased as follows:

	2008	2007
Bond Fund	P 24,261,710	P 32,933,826
Balanced Fund	P 51,279,579	P 22,453,300
Phil. Equity Fund	P 3,842,591	P 223,420
Money Market Fund	P 75,025	P 110,874
GS Fund	P 1,185,742	P 1,307,556
Dollar Advantage Fund	\$ 283,932	\$ 479,960
Dollar Abundance Fund	\$ 36,240	\$ 54,133

Equity price risk

The Balanced and Philippine Equity Funds are exposed to equity price risks arising from equity investment. Equity investments could either be held for strategic or trading purposes. The risk is managed by the Companies by actively monitoring the Philippine Stock Exchange Index. Portfolios are traded based on a combination of regularly-carried out fundamental and technical analyses of stock prices. Other than interest and equity price risks discussed above, there are no other market risks, which will significantly affect the Companies' performance.

Based on the exposure to equity price risks at the reporting date, if equity prices had been 2% higher/lower, net income for the years ended December 31, 2008 and 2007 would have increased/ decreased as follows:

	2008	2007
Balanced Fund	P 39,736,896	P 127,639,984
Phil. Equity Fund	P 24,658,750	P 52,497,440

Liquidity risk

Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, whilst not having excessive liquidity. The Companies manage liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Companies maintain adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity. The following table details the Companies' expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, except when the Companies anticipate that the cash flows will occur in a different period.

The Companies expect to meet their obligations from operating cash flows and proceeds of maturing financial assets.

BOND FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	FIVE+ YEARS	TOTAL
2008						
Non-interest bearing	-	P 27,529	-	-	-	P 27,529
Fixed interest rate instruments	11.14%	418,298	51,261	1,941,946	72,580	2,484,086
		P 445,827	P 51,261	P 1,941,946	P 72,580	P 2,511,615
2007						
Non-interest bearing	-	P 48,827	-	-	-	P 48,827
Fixed interest rate instruments	9.32%	188,652	2,230	2,147,544	631,260	2,969,686
		P 237,479	P 2,230	P 2,147,544	P 631,260	P 3,018,513

BALANCED FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	FIVE+ YEARS	TOTAL
2008						
Non-interest bearing	-	P 54,246	-	-	-	54,246
Fixed interest rate instruments	7.17%	1,679,064	1,224,549	1,632,419	139,877	4,675,909
		P 1,733,310	P 1,224,549	P 1,632,419	P 139,877	P 4,730,155
2007						
Non-interest bearing	-	P 192,600	-	-	-	P 192,600
Fixed interest rate instruments	5.69%	2,510,506	49,137	1,034,763	94,974	3,689,380
		P 2,703,106	P 49,137	P 1,034,763	P 94,974	P 3,881,980

PHILIPPINE EQUITY FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	ONE TO FIVE YEARS	TOTAL
2008				
Non-interest bearing	-	P 28,043	-	P 28,043
Fixed interest rate instruments	6.96%	532,639	197,570	730,210
		P 560,682	P 197,570	P 758,252
2007				
Non-interest bearing	-	P 135,207	-	P 135,207
Fixed interest rate instruments	4.76%	459,624	11,593	471,217
		P 594,831	P 11,593	P 606,423

MONEY MARKET FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	TOTAL
2008					
Non-interest bearing	-	P 21,904	-	-	P 21,904
Fixed interest rate instruments	5.73%	384,668	51,387	97,125	533,180
		P 406,572	P 51,387	P 97,125	P 555,084
2007					
Non-interest bearing	-	P 55,042	-	-	P 55,042
Fixed interest rate instruments	4.36%	282,305	51,831	-	334,136
		P 337,347	P 51,831	-	P 389,178

GS FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	ONE TO FIVE YEARS	FIVE+ YEARS	TOTAL
2008					
Non-interest bearing	-	P 3,966	-	-	P 3,966
Fixed interest rate instruments	8.07%	11,957	61,013	-	72,970
		P 15,923	P 61,013	-	P 76,936
2007					
Non-interest bearing	-	P 6,827	-	-	P 6,827
Fixed interest rate instruments	7.08%	16,626	51,751	15,559	83,936
		P 23,453	P 51,751	P 15,559	P 90,763

DOLLAR ADVANTAGE FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	FIVE+ YEARS	TOTAL
2008						
Non-interest bearing	-	\$ 340	-	-	-	\$ 340
Fixed interest rate instruments	7.07%	4,640	834	707	10,809	16,990
		\$ 4,980	\$ 834	\$ 707	\$ 10,809	\$ 17,330
2007						
Non-interest bearing	-	\$ 1,061	-	-	-	\$ 1,061
Fixed interest rate instruments	6.38%	3,271	207	1,356	23,123	27,957
		\$ 4,332	\$ 207	\$ 1,356	\$ 23,123	\$ 29,018

DOLLAR ABUNDANCE FUND

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	LESS THAN ONE MONTH	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	FIVE+ YEARS	TOTAL
2008						
Non-interest bearing	-	\$ 158	-	-	-	\$ 158
Fixed interest rate instruments	5.74%	659	104	-	1,769	2,532
		\$ 817	\$ 104	-	\$ 1,769	2,690
2007						
Non-interest bearing	-	\$ 236	-	-	-	\$ 236
Fixed interest rate instruments	6.49%	166	-	107	2,680	2,953
		\$ 402	-	\$ 107	\$ 2,680	\$ 3,189

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Companies. The Companies have adopted a policy of only dealing with creditworthy counterparties, and transact only with entities that are rated the equivalent of investment grade of AAA down to a minimum of BBB. This information is supplied by independent rating agencies, when available. If the information is not available, the Companies use other publicly available financial information and its own trading records to rate its major customers. The Companies' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Companies do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Companies define counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds, as disclosed in Note 9, is limited because the counterparties are commercial banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Companies' maximum exposure to credit risk. Carrying amounts of actual exposure as at the end of the year to private corporations are as disclose in Note 10, follows:

	BOND FUND		BALANCED FUND		DOLLAR ADVANTAGE		DOLLAR ABUNDANCE	
	2008	2007	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	USD	USD	USD	USD
Asian Terminals Inc.	P100,000,000	P100,000,000	-	-	-	-	-	-
Ayala Land Inc.	231,190,267	231,583,997	-	-	-	-	-	-
Filinvest Land Inc.	165,000,000	165,000,000	P25,000,000	P25,000,000	-	-	-	-
Fort Bonifacio Realty	420,000	1,820,000	360,000	1,320,000	-	-	-	-
Globe Telecom Inc.	125,000,000	190,000,000	-	5,000,000	-	-	-	-
Manila Water Company Inc.	-	200,000,000	-	-	-	-	-	-
PLDT (Bonds)	-	-	-	-	\$1,385,460	\$1,698,853	\$268,500	\$329,235
SM Investments Company Inc.	190,000,000	190,000,000	-	-	-	-	-	-
SM Prime Holdings	-	-	50,000,000	-	-	-	-	-
	811,610,267	1,078,403,997	75,360,000	31,320,000	\$1,385,460	\$1,698,853	\$268,500	\$329,235

7. CAPITAL RISK MANAGEMENT

The Companies manage its capital to ensure that the Companies will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the mix of high-quality debt and equity securities from domestic issuers. The Companies are guided by their 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, is held by the pertinent custodian banks. The Companies manage NAAS and NAVPS, as disclosed in Note 14, to ensure that the Companies' net assets value remain competitive and appealing to prospective investors. The Companies are governed by the following fundamental investment policies:

1. They do not issue senior securities.
2. They do not intend to incur any debt or borrowing. In the event that borrowing is necessary, it can do so only if at the time of its incurrence or immediately thereafter there is asset coverage of at least 300% for all its borrowings.
3. They do not participate in any underwriting or selling group in connection with the public distribution of securities, except for its own capital stock.
4. They generally maintains a diversified portfolio. Industry concentrations may vary at any time depending on the investment manager's view on the prospects.
5. They do not invest directly in real estate properties and developments.
6. They do not purchase or sell commodity futures contracts.
7. They do not engage in lending operations to related parties such as the members of the Board of Directors, officers of the Companies and any affiliates, or affiliated corporations of the Companies.
8. The asset mix in each type of security is determined from time to time, as warranted by economic and investment conditions.
9. They do not change its investment objectives without the prior approval of a majority of its shareholders.

8. ACCRUED INTEREST RECEIVABLE

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Treasury notes	P 25,016,076	P 26,656,743	P 54,602,797	P 23,992,214	P 5,440,923	P 421,590
Treasury bills	-	-	2,585,285	-	-	-
Corporate loans	13,542,649	24,415,388	569,487	616,078	-	-
Special savings	268,214	92,108	2,023,636	2,825,708	509,325	224,147
	P 38,826,939	P 51,164,239	P 59,781,205	P 27,434,000	P 5,950,248	P 645,737

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Treasury notes	P 1,265,555	P 1,137,500	P 1,725,524	P 1,932,079
Treasury bills	3,328,565	-	-	-
Special savings	267,647	374,734	7,409	6,094
	P 4,861,767	P 1,512,234	P 1,732,933	P 1,938,173

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Treasury notes	-	-	-	-
Dollar - denominated bonds	\$ 403,096	\$ 688,493	\$ 60,842	\$ 79,472
Special savings	5	3,614	11	68
	\$ 403,101	\$ 692,107	\$ 60,853	\$ 79,540

The carrying amounts of the Companies' accrued interest receivable approximate fair values.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Investments in fixed income securities:						
Treasury notes	P 1,213,085,528	P 1,646,691,319	P 2,563,978,964	P 1,122,665,022	P 192,129,556	P 11,171,008
Treasury bills	-	-	299,748,697	-	-	-
Special savings	418,030,000	188,560,000	1,677,040,000	2,507,680,000	532,130,000	459,400,000
	1,631,115,528	1,835,251,319	4,540,767,661	3,630,345,022	724,259,556	470,571,008
Investments in listed equity securities	-	-	1,986,844,802	6,381,999,182	1,232,937,488	2,624,871,998
	P 1,631,115,52	P 1,835,251,319	6,527,612,463	P 10,012,344,204	P 1,957,197,044	P 3,095,443,006

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Investments in fixed income securities:				
Treasury notes	-	-	P 59,287,080	P 65,377,792
Treasury bills	P 93,796,533	-	-	-
Special savings	384,400,000	P 281,930,000	11,950,000	16,620,000
	478,196,533	281,930,000	71,237,080	81,997,792
Investments in listed equity securities	-	-	-	-
	P 478,196,533	P 281,930,000	P 71,237,080	P 81,997,792

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Investments in fixed income securities:				
Dollar-denominated bonds	\$ 11,946,585	\$ 23,998,009	\$ 1,812,000	\$ 2,706,672
Treasury notes	-	-	-	-
Special savings	4,639,800	3,267,200	659,400	165,900
	16,586,385	27,265,209	2,471,400	2,872,572
Investments in listed equity securities	-	-	-	-
	\$ 16,586,385	\$ 27,265,209	\$ 2,471,400	\$ 2,872,572

The movements are summarized as follows:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Balance at beginning of the year	P 1,835,251,319	P 4,287,068,899	P 10,012,344,204	P 3,073,368,607	P 3,095,443,006	P 1,957,197,044
Net purchases (disposals)	(111,392,794)	P 4,287,068,899	(2,146,706,432)	6,780,174,044	(439,262,105)	2,161,297,158
Amortization of discount (premium)	(17,326,839)	(29,626,308)	(32,292,767)	(29,207,831)	(1,162,664)	57,336
Unrealized fair value gains (losses)	(75,416,158)	(254,102,728)	(32,292,767)	188,009,384	(697,821,193)	53,955,868
Balance at end of the year	P 1,631,115,528	P 1,835,251,319	P 6,527,612,463	P 10,012,344,204	P 1,957,197,044	P 3,095,443,006

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Balance at beginning of the year	P 281,930,000	P 186,960,000	P 81,997,792	P 91,028,928
Net purchases (disposals)	196,266,533	94,970,000	(8,104,672)	(9,121,463)
Amortization of discount (premium)	-	-	(812,706)	(769,234)
Unrealized fair value gains (losses)	-	-	(1,843,334)	859,561
Balance at end of the year	P 478,196,533	P 281,930,000	P 71,237,080	P 81,997,792

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Balance at beginning of the year	\$ 27,265,209	\$ 21,797,758	\$ 2,872,572	\$ 3,048,864
Net purchases (disposals)	(8,267,904)	5,565,582	(141,423)	(114,331)
Amortization of discount (premium)	(171,192)	(179,163)	(12,192)	(11,209)
Unrealized fair value gains (losses)	(2,239,728)	81,032	(247,557)	(50,752)
Balance at end of the year	\$ 16,586,385	\$ 27,265,209	\$ 2,471,400	\$ 2,872,572

The fair values of investments in treasury notes are based on quoted market prices. Listed equity securities are valued at closing price in compliance with SRC Rule 52.1 par. e, which states that securities shall be valued at the last sales price. If no sale of such security is made on that date, bid prices will then be considered as the closing price. Investments in special savings are carried at cost, which approximate fair values.

Net fair value gain (loss) recognized in the statements of operations are as follows:

NET FAIR VALUE GAIN (LOSS) ON INVESTMENTS	2008	2007
Bond Fund	P (122,173,107)	P (164,036,257)
Balanced Fund	P (2,509,521,952)	P 816,551,088
Phil. Equity Fund	P (1,250,034,632)	P 258,177,669
Money Market Fund	-	-
GS Fund	P (2,839,540)	P 859,561
Dollar Advantage Fund	\$ (3,078,442)	\$ 203,663
Dollar Abundance Fund	\$ (279,816)	\$ (20,008)

Of the total net fair value gain(loss), following were unrealized as of 2008 and 2007, respectively:

NET UNREALIZED GAIN (LOSS) ON INVESTMENTS	2008	2007
Bond Fund	P (75,416,158)	P (254,102,728)
Balanced Fund	P (1,305,732,542)	P 188,009,384
Phil. Equity Fund	P (697,821,193)	P 53,955,868
Money Market Fund	-	-
GS Fund	P (1,843,334)	P 859,561
Dollar Advantage Fund	\$ (2,239,728)	\$ 81,032
Dollar Abundance Fund	\$ (247,557)	\$ (50,752)

The following presents the breakdown of financial assets at fair value through profit or loss by contractual maturity dates:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Due in one year or less	P 418,030,000	P 190,748,160	P 2,980,916,467	P 2,555,777,390	P 713,905,600	P 459,400,000
Due after one year through five years	1,142,116,830	1,225,786,733	1,472,218,353	1,038,269,674	10,353,956	11,171,008
Due after five year through ten years	53,261,100	143,865,600	87,632,841	36,297,958	-	-
Due after ten years	17,707,598	274,850,826	-	-	-	-
	P 1,631,115,528	P 1,835,251,319	P 4,540,767,661	P 3,630,345,022	P 724,259,556	P 470,571,008

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Due in one year or less	P 478,196,533	P 281,930,000	P 11,950,000	P 16,620,000
Due after one year through five years	-	-	47,451,280	50,265,292
Due after five year through ten years	-	-	11,835,800	15,112,500
Due after ten years	-	-	-	-
	P 478,196,533	P 281,930,000	P 71,237,080	P 81,997,792

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Due in one year or less	\$ 5,446,800	\$ 3,468,700	\$ 760,275	\$ 165,900
Due after one year through five years	4,307,625	1,987,781	310,500	103,500
Due after five year through ten years	4,758,960	6,418,603	778,125	666,360
Due after ten years	2,073,000	15,390,125	622,500	1,936,812
	\$ 16,586,385	\$ 27,265,209	\$ 2,471,400	\$ 2,872,572

Investments in listed equity securities of Balanced and Equity Funds consist of:

BALANCED FUND

	2008		2007	
	Number of Shares Held	Market Values	Number of Shares Held	Market Values
Philippine Long Distance Telephone Company	275,614	P 582,923,610	285,174	P 905,427,450
Ayala Corporation	1,448,176	302,668,784	1,321,400	746,591,000
Bank of the Philippine Islands	5,489,948	211,362,998	8,655,490	532,312,635
Globe Telecom, Inc.	242,925	184,623,000	307,890	483,387,300
Manila Water Company, Inc.	13,072,200	173,206,650	8,942,200	165,430,700
SM Investments Corp.	418,448	80,342,016	1,268,458	431,275,720
Security Bank Corporation, Inc.	3,195,700	79,892,500	2,030,800	159,417,800
Metropolitan Bank and Trust Company	2,991,200	68,797,600	6,248,900	340,565,050
Cebu Holdings, Inc.	37,402,000	58,347,120	37,052,000	133,387,200
SM Prime Holdings, Inc.	7,184,972	53,887,290	20,179,972	206,844,713
Manila Electric Company "B"	673,702	40,085,269	1,723,902	142,221,915
First Philippine Holdings Corporation	2,480,820	37,832,505	977,520	70,870,200
International Container Terminal Services	2,724,150	34,732,913	8,017,600	364,800,800
Jollibee Foods Corporation	775,750	32,193,625	1,433,150	74,523,800
Ayala Land, Inc.	2,403,920	15,385,088	33,661,920	479,682,360
PNOC Energy Development Corp.	7,002,500	13,304,750	160,000	1,040,000
Banco de Oro Universal Bank	478,158	11,475,792	5,096,758	308,353,859
First Gen. Corporation	508,900	4,987,220	1,882,900	112,032,550
Manulife Financial Corporation	480	360,000	11,060	17,917,200
Union Bank of the Phils.	6,400	137,600	59,000	2,537,000
ABS-CBN, Phils. Depository Receipt	10,900	136,250	1,258,000	41,514,000
San Miguel Corporation	1,100	44,550	195,100	11,510,900
San Miguel Corporation "B"	1,000	42,500	418,600	24,906,700
Universal Robina Corporation	4,300	24,940	520,000	7,280,000
DMCI Holdings Inc	4,300	11,395	7,224,300	69,353,280
GMA Network, Inc.	3,000	10,350	203,000	1,563,100
Ionics Circuits, Inc.	15,000	P 6,000	275,000	P 390,500
Aboitiz Equity Ventures, Inc.	1,000	5,600	2,184,000	15,069,600
Megaworld Properties & Holdings	8,000	5,280	56,151,000	210,566,250
Philex Mining Corporation	1,000	4,900	-	-
GMA Holdings, Inc.	1,000	3,300	13,278,000	98,257,200
Filinvest Land, Inc.	6,250	2,437	7,026,250	9,555,700
Benpres Holdings, Inc.	1,000	970	240,000	1,104,000
Petron Corporation	-	-	24,326,000	138,658,200
Holcim Philippines, Inc.	-	-	9,565,000	73,650,500
	88,833,813	P 1,986,844,802	262,180,34	P 6,381,999,182

PHILIPPINE EQUITY FUND

	2008		2007	
	Number of shares Held	Market Values	Number of shares Held	Market Values
Philippine Long Distance Telephone Company	105,436	P 222,997,140	103,136	P 327,456,800
Bank of the Philippine Islands	4,290,890	165,199,265	2,939,192	180,760,308
Ayala Corporation	510,920	106,782,280	507,370	286,664,050
Globe Telecom, Inc.	121,587	92,406,120	99,462	156,155,340
Ayala Land, Inc.	13,330,860	85,317,504	14,121,860	201,236,505
SM Prime Holdings, Inc.	10,155,325	76,164,937	9,926,325	101,744,831
Metropolitan Bank and Trust Company	2,685,000	61,755,000	1,786,900	97,386,050
Banco de Oro Universal Bank	2,396,848	57,524,352	2,146,348	129,854,054
Manila Water Company, Inc.	4,204,000	55,703,000	3,044,000	56,314,000
SM Investments Corp.	281,636	54,074,112	411,116	139,779,440
Manila Electric Company "B"	838,700	49,902,650	906,100	74,753,250
Jollibee Foods Corporation	1,095,750	45,473,625	1,041,050	54,134,600
PNOC Energy Development Corp.	21,408,500	40,676,150	6,625,000	43,062,500
International Container Terminal Services	2,687,450	34,264,988	2,454,500	111,679,750
Security Bank Corporation, Inc.	1,088,300	27,207,500	883,000	69,315,500
First Philippine Holdings Corporation	1,699,040	25,910,360	536,540	38,899,150
Cebu Holdings, Inc.	12,044,000	18,788,640	12,044,000	43,358,400
First Gen. Corporation	1,252,400	12,273,520	940,900	55,983,550
Manulife Financial Corporation	140	105,000	4,700	7,614,000
San Miguel Corporation	2,400	97,200	272,400	16,071,600
San Miguel Corporation "B"	2,000	85,000	72,000	4,284,000
ABS-CBN, Phils. Depository Receipt	5,800	72,500	743,100	24,522,300
Union Bank of the Phils.	2,300	49,450	13,200	567,600
Aboitiz Equity Ventures, Inc.	5,000	28,000	300,000	2,070,000
Phillex Mining Corporation	5,100	24,990	6,500,000	61,750,000
DMCI Holdings Inc	7,300	19,345	5,447,300	52,294,080
GMA Holdings, Inc.	2,000	6,600	5,077,000	37,569,800
Universal Robina Corporation	900	5,220	1,114,500	15,603,000
JG Summit Holdings Inc.	3,000	5,100	890,000	10,235,000
Megaworld Properties & Holdings	6,000	3,960	31,237,000	117,138,750
Filinvest Land, Inc.	9,000	3,510	14,362,000	19,532,320
GMA Network, Inc.	1,000	3,450	121,000	931,700
Ionics Circuits, Inc.	8,500	3,400	78,500	111,470
Ginebra San Miguel, Inc.	200	2,650	400,000	10,400,000
Benpres Holdings, Inc.	1,000	970	401,000	1,844,600

Petron Corporation	-	-	8,845,000	50,416,500
Holcim Philippines, Inc.	-	-	3,036,000	23,377,200
	80,258,282	P 1,232,937,488	139,431,499	P 2,624,871,998

The Companies recognized the following dividend income in 2008 and 2007, respectively, from investments in listed equities securities.

	2008	2007
Balanced Fund	P 167,665,214	P 94,693,072
Phil. Equity Fund	P 68,847,378	P 42,929,262

10. LOANS AND RECEIVABLES

Bond Fund

Loans and receivables pertain to amortized costs of corporate loans, which bear an average annual interest of 11.91% and 10.58% in 2008 and 2007, respectively, with maturity ranging from two (2) to four (4) years in 2008 and two (2) to six (6) years in 2007.

Balanced Fund

Loans and receivables pertain to amortized costs of corporate loans, which bear an average annual interest of 12.12% and 11.42% in 2008 and 2007, respectively, with maturity ranging from one (1) to seven (7) years in 2008 and two (2) to four (4) years in 2007.

The movements in loans and receivables are summarized as follows:

	BOND FUND		BALANCED FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Balance at beginning of the year	P 1,078,403,997	P 1,218,613,087	P 31,320,000	P 37,200,000
Additions - net	-	-	50,000,000	-
Pre - termination	(265,000,000)	(123,076,923)	(5,000,000)	(5,000,000)
Amortization of principal - net	(1,793,730)	(17,132,167)	(960,000)	(880,000)
Balance at end of the year	P 811,610,267	P 1,078,403,997	P 75,360,000	P 31,320,000

The following presents the breakdown by contractual maturity dates:

	BOND FUND		BALANCED FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Due after one year through five years	P 811,610,267	P 878,403,997	P 25,360,000	P 31,320,000
Due after five year through ten years	-	200,000,000	50,000,000	-
	P 811,610,267	P 1,078,403,997	P 75,360,000	P 31,320,000

The carrying amounts of the Companies' loans and receivables approximate fair values.

11. HELD-TO-MATURITY INVESTMENT

Held-to-maturity investments pertain to the amortized cost of treasury notes which bear annual coupon rates of 8.5% and 11.375% in 2008 and 2007, respectively, and with remaining maturity of two (2) and three (3) months as of December 31, 2008 and 2007, respectively.

The movements in held-to-maturity investments are summarized as follows:

	MONEY MARKET FUND	
	2008	2007
	PHP	PHP
Balance at beginning of the year	P 50,693,912	P 61,984,512
Additions	50,859,687	52,803,447
Maturities	(51,432,227)	(64,094,047)
Balance at end of the year	P 50,121,372	P 50,693,912

12. DUE FROM BROKER

Due from broker account refers to amounts receivable from the broker arising from the sale of investments processed on or before balance sheet date, which are settled three (3) days after the transaction date. The carrying amounts of the due from broker account approximate fair values.



13. ACCRUED EXPENSES

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Due to investors	P 15,016,907	P 2,815,948	P 10,651,788	P 71,198,722	P 17,621,332	P 21,647,906
Withholding taxes	474,144	574,245	1,740,079	2,803,786	526,872	788,252
Professional fees	116,022	152,765	228,733	103,788	160,037	63,143
Documentary stamp tax	46,847	112,871	19,661,235	22,289,451	6,516,392	6,696,983
Custodian fees	14,699	30,000	89,804	120,000	50,014	50,000
Subscriptions	-	225,000	-	3,289,878	-	243,000
Others	103,322	80,000	8,299,110	6,667,910	2,830,301	2,153,010
Due to brokers	-	-	94,307,515	-	4,027,377	-
	P 15,771,941	P 3,990,829	P 134,978,264	P 106,473,535	P 31,732,325	P 31,642,294

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Due to investors	P 25,831,486	P 400,686	P 3,521,981	P 1,002,914
Withholding taxes	55,434	37,709	13,705	17,187
Professional fees	75,198	49,318	70,161	46,010
Transfer fees	-	-	5,701	5,454
Documentary stamp tax	84,557	82,072	1,529	1,600
Custodian fees	225	2,000	2,736	1,000
Subscriptions	-	452,758	-	-
Others	810,077	572,160	1,362	40,000
	P 26,856,977	P 1,596,703	P 3,617,175	P 1,114,165

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Due to investors	\$ 41,017	\$ 21,238	\$ 67,998	=
Withholding taxes	2,469	4,419	356	\$ 361
Professional fees	2,692	1,741	1,726	1,056
Custodian fees	3,156	3,032	161	110
Subscriptions	-	10,000	-	-
Others	32,463	27,568	628	1,500
	\$ 81,797	\$ 67,998	\$ 182,752	\$ 3,027

Due to investors account pertains to amount payable to investors for redemption of their investments processed on or before balance sheet date, which are usually paid two (2) days after the transaction date. Due to brokers account pertains to purchase of investments processed on or before balance sheet date, which are settled three (3) days after the transaction date. Subscriptions account represents shares sold but not yet issued, pending submission of required documents from clients. Others comprise of expenses related to the increase in authorized capital stock and printing and supplies accruals. The Companies consider that the carrying amounts of the accruals approximate fair values.

14. RELATED PARTY TRANSACTIONS

Transactions with related parties include the following:

a. Investment management

Management fees charged by SLAMCI to the Companies in 2008 and 2007 included in the statements of income under "Investment management fees" are shown in the table below. The table likewise shows the accrued management fees as of December 31, 2008 and 2007 as shown under the caption "Payable to fund manager" in the balance sheets, and the carrying amounts approximate fair values.

	MANAGEMENT FEE EXPENSES		ACCRUED MANAGEMENT FEE	
	2008	2007	2008	2007
Bond Fund	P 47,297,797	P 71,357,370	P 3,144,922	P 3,877,520
Balanced Fund	P 183,773,795	P 160,747,542	P 11,329,710	P 18,743,210
Phil. Equity Fund	P 56,237,102	P 52,222,955	P 3,424,104	P 5,914,579
Money Market Fund	P 5,205,498	P 4,918,684	P 472,863	P 280,204
GS Fund	P 1,418,164	P 1,690,025	P 83,007	P 137,533
Dollar Advantage Fund	\$ 421,211	\$ 486,249	\$ 24,712	\$ 45,299
Dollar Abundance Fund	\$ 48,826	\$ 56,514	\$ 3,090	\$ 6,000

b. Remuneration of directors

Presented in the statements of income under "Director fees" account, following are the amounts for 2008 and 2007, respectively:

	DIRECTORS' FEES	
	2008	2007
Bond Fund	P 62,771	P 160,993
Balanced Fund	P 120,049	P 200,000
Phil. Equity Fund	P 120,000	P 240,497
Money Market Fund	P 62,771	P 160,000
GS Fund	P 80,000	P 120,000
Dollar Abundance Fund	\$ 1,862	\$ 4,676
Dollar Advantage Fund	\$ 1,928	\$ 4,755
Dollar Abundance Fund	\$ 1,862	\$ 4,676

c. As of December 31, 2008 and 2007, SLOCPI held the following number of shares in the funds:

	2008		2007	
	NUMBER OF SHARES	% OF NET ASSETS	NUMBER OF SHARES	% OF NET ASSETS
Bond Fund	49,999,397	3.90%	49,999,397	3.17%
Balanced Fund	49,999,397	1.26%	49,999,397	1.08%
Phil. Equity Fund	49,999,397	3.29%	49,999,397	3.27%
Money Market Fund	49,659,689	10.33%	49,659,689	14.07%
GS Fund	53,060,392	81.68%	52,019,992	66.00%
Dollar Advantage Fund	499,397	6.83%	499,397	4.45%
Dollar Abundance Fund	530,596	43.13%	520,192	36.43%

15. NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

In accordance with the Companies' valuation policy, fixed-income securities with quoted market prices and listed equity securities are valued at bid and last closing prices, respectively, for the purpose of determining the NAVPS for share subscriptions and redemptions.

Net assets attributable to shareholders (redeemable shares) represent a liability in the balance sheets, carried at redemption amount that would be payable at the balance sheet date if the holder exercised the right to return the share to the Companies.

Redeemable shares carry one vote each, and subject to the following:

a. Distribution of dividends

Each shareholder has a right to any dividends declared by the Company's Board of Directors and approved by 2/3 of the outstanding shareholders of the Company.

b. Denial of pre-emptive rights

No stockholder shall, because of his ownership of the stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of stock or of any other securities convertible into or carrying options or warrants to purchase stock of the registrant.

c. Right of redemption

The holder of any share of the registrant upon its presentation to the Company, or to any of its duly authorized representatives, is entitled to receive, by way of redemption, approximately his proportionate share of the Company's current net assets or the cash equivalent thereof. Shares are redeemable at any time at their net asset value less any applicable sales charges and taxes.

Net Assets Value per share (NAVPS) are computed as follows:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Net Assets attributable to shareholders	P 2,495,717,411	P 3,015,841,286	P 6,576,303,784	P 10,204,749,704	P 1,959,048,731	P 3,216,496,648
Issued and fully paid shares	1,282,263,093	1,575,088,703	199,995,744	199,998,841	99,976,686	199,997,779
Deposit for future stock subscriptions	-	-	3,777,166,535	4,414,698,238	1,320,420,367	1,327,118,118
	1,282,263,093	1,575,088,703	3,977,162,279	4,614,697,079	1,520,397,053	1,527,115,897
Net Assets Value Per Share (NAVPS)	P 1.9463	P 1.9147	P 1.6535	P 2.2114	P 1.2885	P 2.1063

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Net Assets attributable to shareholders	P 528,328,620	P 387,301,612	P 73,235,851	P 89,511,545
Issued and fully paid shares	99,999,592	99,978,337	64,960,450	78,560,413
Deposit for future stock subscriptions	380,830,650	252,941,482	-	-
	480,830,242	352,919,819	64,960,450	78,560,413
Net Assets Value Per Share (NAVPS)	P 1.0988	P 1.0974	P 1.1274	P 1.1394

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Net Assets attributable to shareholders	\$ 17,149,966	\$ 28,824,593	\$ 2,493,779	\$ 3,172,550
Issued and fully paid shares	6,199,494	6,173,954	1,230,214	1,427,981
Deposit for future stock subscriptions	1,114,119	5,060,707	-	-
	7,313,613	11,234,661	1,230,214	1,427,981
Net Assets Value Per Share (NAVPS)	\$ 2.3449	\$ 2.5657	\$ 2.0271	\$ 2.2217

Issued and fully paid shares are shown as follows:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
Balance at January 1	1,575,088,703	2,999,832,763	199,998,841	199,860,813	199,997,779	199,992,675
Issuances	406,711,618	947,502,993	1,530,713,966	2,241,957,593	653,318,958	1,670,989,798
Redemptions	(699,537,228)	(2,372,247,053)	(1,530,717,063)	(2,241,819,565)	(653,340,051)	(1,670,984,694)
Balance at December 31	1,282,263,093	1,575,088,703	199,995,744	199,998,841	199,976,686	199,997,779
Deposit for future stock subscriptions, January 1	-	-	4,414,698,238	1,448,065,674	1,327,118,118	326,784,924
Issuances (redemptions)	-	-	(637,531,703)	2,966,632,564	(6,697,751)	1,000,333,194
Deposit for future stock subscriptions, December 31	-	-	3,777,166,535	4,414,698,238	1,320,420,367	1,327,118,118
	1,282,263,093	1,575,088,703	3,977,162,279	4,614,697,079	1,520,397,053	1,527,115,897

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
Balance at January 1	99,978,337	99,305,001	78,560,413	84,177,355
Issuances	1,056,079,252	3,369,506,377	8,308,072	50,591,520
Redemptions	(1,056,057,997)	(3,368,833,041)	(21,908,035)	(56,208,462)
Balance at December 31	99,999,592	99,978,337	64,960,450	78,560,413
Deposit for future stock subscriptions, January 1	252,941,482	126,255,158	-	-
Issuances (redemptions)	127,889,168	126,686,324	-	-
Deposit for future stock subscriptions, December 31	380,830,650	252,941,482	-	-
	480,830,242	352,919,819	64,960,450	

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
Balance at January 1	6,173,954	6,199,831	1,427,981	1,594,373
Issuances	4,666,801	3,888,916	86,807	394,240
Redemptions	(4,641,261)	(3,914,793)	(284,574)	(560,632)
Balance at December 31	6,199,494	6,173,954	1,230,214	1,427,981
Deposit for future stock subscriptions, January 1	5,060,707	3,015,942	-	-
Issuances (redemptions)	(3,946,588)	2,044,765	-	-
Deposit for future stock subscriptions, December 31	1,114,119	5,060,707	-	-
	7,313,613	11,234,661	1,230,214	1,427,981

The authorized capital stocks of the Companies are as follows:

BALANCE - JAN. 1, 2007	AUTHORIZED CAPITAL STOCK IN PHILIPPINE PESO	AUTHORIZED CAPITAL STOCK IN NUMBER OF SHARES	PAR VALUE
Bond Fund	P 3,800,000,000	3,800,000,000	P 1.00
Balanced Fund	P 200,000,000	200,000,000	P 1.00
Phil. Equity Fund	P 200,000,000	200,000,000	P 1.00
Money Market Fund	P 1,000,000	100,000,000	P 0.01
GS Fund	P 2,000,000	200,000,000	P 0.01
Dollar Advantage Fund	P 6,200,000	6,200,000	P 1.00
Dollar Abundance Fund	P 2,000,000	2,000,000	P 1.00

Balanced Fund

On May 12, 2006, the stockholders of the Company approved the decrease of the Company's par value from Php1.00 to Php0.01 per share and the increase of its authorized capital stock to up to 100,000,000,000 shares. The stockholders of the Company delegated the implementation of such movement in tranches to the discretion of the Board of Directors. The Board of Directors approved the decrease in par value on February 12, 2006 and the first increase in authorized capital stock of 3,800,000,000 shares on April 24, 2007. The Company's application for the decrease in par value and increase in authorized capital stock was approved by the SEC on October 10, 2008.

As of December 31, 2008, authorized capital stock of the Company is Php40,000,000 divided into 4,000,000,000 shares with par value of Php0.01 per share.

On February 26, 2008, The Board of Directors declared 2% stock dividends in the aggregate amount of PHP159,881,231 to all stockholders of record as of June 27, 2008.

Philippine Equity Fund

On May 19, 2006, the stockholders of the Company approved the decrease of the Company's par value from Php1.00 to Php0.01 per share and the increase of its authorized capital stock to up to 100,000,000,000 shares. The stockholders of the Company delegated the implementation of such movement in tranches to the discretion of the Board of Directors. The Board of Directors approved the decrease in par value on February 17, 2006 and the first increase in authorized capital stock of 1,000,000,000 shares on April 24, 2007. The Company's application for the decrease in par value and the increase in authorized capital stock was approved by the SEC on October 14, 2008.

As of December 31, 2008, the authorized capital stock of the Company is PHP12,000,000 divided into 1,200,000,000 shares with par value of PHP0.01 per share.

On February 26, 2008, the Board of Directors declared 2% stock dividends in the aggregate amount of PHP47,861,025 to all stockholders of record as of June 27, 2008.

Money Market Fund

On August 25, 2006, the stockholders of the Company approved the increase of the Company's authorized capital stock to up to 100,000,000,000 shares and delegated the implementation of such increase in tranches to the discretion of the Board of Directors. The Board of Directors subsequently approved the first increase amounting to 300,000,000 shares on April 24, 2007. The Company's application for the increase in authorized capital stock is still pending the SEC's approval.

On February 26, 2008, the Board of Directors declared 2% stock dividends in the aggregate amount of PHP14,142,434 to all stockholders of record as of June 27, 2008

GS Fund

On May 9, 2007 and February 26, 2008, the Board of Directors declared 2% stock dividends in the aggregate amounts of PHP1,605,482 and PHP1,545,595 to all stockholders of record as of August 31, 2007 and June 27, 2008, respectively.

Dollar Advantage Fund

On February 14, 2002, the stockholders of the Company approved the increase of the Company's authorized capital stock up to PHP22 million shares and delegated the implementation of such increase in tranches to the discretion of the Board of Directors. The Board of Directors subsequently approved the increase of the authorized capital stock from 6,200,000 shares to 15,000,000 shares on April 24, 2007. The Company's application for the increase in its authorized capital stock is still pending the SEC's approval.

Dollar Abundance Fund

On February 26, 2008, the Board of Directors declared 2% stock dividends in the aggregate amount of \$ 55,472 to all stockholders of record as of June 27, 2008.

NAVPS is based on issued and fully paid shares plus deposits for future stock subscription, if any. Shares for deposits for future stock subscriptions are as follows:

	SUBSCRIPTIONS / (REDEMPTIONS)	
	2008	2007
Balanced Fund	(637,531,703)	2,966,632,564
Phil. Equity Fund	(6,697,751)	1,000,333,194
Money Market Fund	127,889,168	126,686,324
Dollar Advantage Fund	(3,946,588)	2,044,765

16. INTEREST INCOME

Interest income is recorded gross of withholding tax and the related final withholding taxes are shown as "Income Tax Expense" in the statements of income. Interest income earned on financial assets are as follows:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Treasury notes	P 137,255,105	P 255,221,053	P 135,384,341	P 62,038,848	P 7,174,920	P 1,402,836
Cash in bank	158,255	211,959	523,469	676,920	439,046	471,052
Corporate loans	91,944,202	111,118,411	5,625,513	4,333,358	-	-
Special savings	15,161,540	18,522,728	96,382,937	86,338,941	24,172,852	16,856,417
Treasury bills	-	-	2,585,284	-	-	-
	P 244,519,102	P 385,074,151	P 240,501,544	P 153,388,067	P 31,786,818	P 18,730,305

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Treasury notes	P 3,177,148	P 4,567,834	P 4,900,967	P 4,871,766
Treasury bills	3,328,564	394,447		
Cash in bank	146,641	356,560	38,906	38,417
Special savings	15,879,821	17,366,242	708,463	1,074,692
	P 22,532,174	P 22,685,083	P 5,648,336	P 5,984,875

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Treasury notes	\$ 1,357,929	\$ 1,573,759	\$ 158,951	\$ 169,076
Special savings	78,870	159,266	9,358	20,532
Cash in bank	1,998	7,147	824	2,392
	\$ 1,438,797	\$ 1,740,172	\$ 169,133	\$ 192,000

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Interest revenue: Investments at fair value through profit or loss	P152,416,645	P 273,743,781	P 234,352,562	P 148,377,789	P 31,347,772	P 18,259,253
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	91,944,202	111,118,411	5,625,513	4,483,358	-	-
Bank deposits	158,255	211,959	523,469	676,920	439,046	471,052
	P 244,519,102	P 385,074,151	P 240,501,544	P 153,538,067	P 31,786,818	P 18,730,305

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Interest revenue: Investments at fair value through profit or loss	P 19,208,385	P 17,760,689	P 5,609,430	P 5,946,458
Held-to-maturity investments	3,177,148	4,567,834	-	-
Loans and receivables	-	-	-	-
Bank deposits	146,641	356,560	38,906	38,417
	P 22,532,174	P 22,685,083	P 5,648,336	38,417



	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Interest revenue: Investments at fair value through profit or loss	P 1,436,799	P 1,733,025	P 168,309	P 189,608
Held-to-maturity investments	-	-	-	-
Loans and receivables	-	-	-	-
Bank deposits	1,998	7,147	824	2,392
	P 1,438,797	P 1,740,172	P 169,133	P 192,000

17. OTHER INCOME

Bond and Balanced Funds

Other income represents gain from borrowers' pre-termination of loans in 2008 and 2007.

Money Market Fund

Other income represents service charge equivalent to 0.25% of total redemptions redeemed by the shareholders within the seven (7) days holding period.

18. NET REALIZED GAIN(LOSS) ON INVESTMENTS

	BALANCED FUND	
	2008	2007
	PHP	PHP
Net realized gain(loss) Listed equity securities	P (1,150,614,988)	P 628,541,704
Fixed-income securities	(53,174,422)	-
	P (1,203,789,410)	P 628,541,704

19. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
	PHP	PHP	PHP	PHP	PHP	PHP
Change in net assets attributable to shareholders	P 29,215,329	P 81,384,544	P (2,351,379,709)	P 837,414,498	P (1,218,039,292)	P 250,366,694
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	1,462,505,762	2,195,829,496	4,369,955,222	3,446,414,350	1,530,426,924	1,173,047,174
Basic earnings (loss) per share	P 0.02	P 0.04	P (0.54)	P 0.24	P (0.80)	P 0.21

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
	PHP	PHP	PHP	PHP
Change in net assets attributable to shareholders	P 11,943,105	P 11,239,150	P (150,550)	P 3,227,181
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	535,749,440	480,147,764	72,931,188	86,596,884
Basic earnings (loss) per share	P 0.02	P 0.02	P (0.002)	P 0.04

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
	USD	USD	USD	USD
Change in net assets attributable to shareholders	\$ (2,424,612)	\$ 1,017,456	\$ (198,761)	\$ 76,095
Weighted average number of issued and outstanding shares for the purpose of computing basic earnings per share	9,902,118	11,527,900	1,313,688	1,476,966
Basic earnings (loss) per share	\$ (0.24)	\$ 0.09	\$ (0.15)	\$ 0.05

As of December 31, 2008 and 2007, the Company has no dilutive potential ordinary shares.

20. INCOME TAXES

The income tax expense represents final tax on interest income and the 35% corporate income tax whenever applicable. A reconciliation of the statutory income tax rate to effective income tax rate follows:

	BOND FUND		BALANCED FUND		PHIL. EQUITY FUND	
	2008	2007	2008	2007	2008	2007
Statutory income tax rate	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Tax effects of:						
Net operating loss carry-over (NOLCO)	(3.74%)	(8.51%)	(2.91%)	7.52%	(1.79%)	9.06%
Non-taxable/deductible (income) loss	21.74%	(21.71%)	(18.33%)	(25.21%)	(36.11%)	(35.56%)
Unrealized depreciation of investments	35.06%	61.24%	-	-	-	-
Interest income subject to final tax	(26.87%)	(22.06%)	1.75%	(3.06%)	0.41%	(1.14%)
Non-deductible expenses	-	-	(0.49%)	1.17%	(0.03%)	0.01%
Dividend Income	-	-	2.55%	(3.80%)	1.99%	(5.91%)
Unrealized fair value gains	-	-	(19.89%)	(7.54%)	-	-
Effective income tax rate	61.19%	43.96%	(2.32%)	4.08%	(0.53%)	1.46%

	MONEY MARKET FUND		GS FUND	
	2008	2007	2008	2007
Statutory income tax rate	35.00%	35.00%	35.00%	35.00%
Tax effects of:				
Net operating loss carry-over (NOLCO)	12.19%	13.17%	13.17%	51.59%
Non-taxable/deductible (income) loss	-	-	-	-
Unrealized depreciation of investments	-	-	-	-
Interest income subject to final tax	(21.66%)	(24.24%)	(85.95%)	(22.25%)
Non-deductible expenses	3.00%	7.88%	25.06%	5.89%
Dividend Income	-	-	-	-
Unrealized fair value gains	-	-	56.84%	(6.58%)
Realized gain on investment	-	-	30.72%	-
Effective income tax rate	28.53%	31.81%	113.26%	29.44%

	DOLLAR ADVANTAGE FUND		DOLLAR ABUNDANCE FUND	
	2008	2007	2008	2007
Statutory income tax rate	35.00%	35.00%	35.00%	35.00%
Tax effects of:				
Net operating loss carry-over (NOLCO)	-	-	-	(6.77%)
Non-taxable/deductible (income) loss	-	-	-	-
Unrealized depreciation of investments	-	-	-	-
Interest income subject to final tax	3.25%	(6.28%)	6.98%	(15.13%)
Non-deductible expenses	(2.87%)	4.43%	(2.56%)	3.92%
Dividend Income	-	-	-	-
Unrealized fair value gains	(37.61%)	(2.00%)	(52.06%)	17.74%
Realized gain on investment	(14.09%)	(3.04%)	(6.78%)	(10.74%)
Effective income tax rate	(16.32%)	28.11%	(19.42%)	24.02%

Details of the Companies' NOLCO are as follows:

BALANCED FUND

YEAR INCURRED	YEAR OF EXPIRY	2007 BALANCE	ADDITIONS	EXPIRED	2008 BALANCE
2005	2008	P 10,973,495	-	P (10,973,495)	-
2006	2009	32,896,826	-	-	P 32,896,826
2007	2010	187,233,428	-	-	187,233,428
2008	2011	-	P 191,016,014	-	191,016,014
		P 231,103,749	P 191,016,014	P (10,973,495)	P 411,146,268

PHILIPPINE EQUITY FUND

YEAR INCURRED	YEAR OF EXPIRY	2007 BALANCE	ADDITIONS	EXPIRED	2008 BALANCE
2005	2008	P 6,190,860	-	P (6,190,860)	-
2006	2009	14,986,718	-	-	P 14,986,718
2007	2010	65,770,983	-	-	65,770,983
2008	2011	-	P 62,130,814	-	62,130,814
		P 86,948,561	P 62,130,814	P (6,190,860)	P 142,888,515

MONEY MARKET FUND

YEAR INCURRED	YEAR OF EXPIRY	2007 BALANCE	ADDITIONS	EXPIRED	2008 BALANCE
2005	2008	P 1,457,406	-	P (1,457,406)	-
2006	2009	3,140,716	-	-	P 3,140,716
2007	2010	6,202,781	-	-	6,202,781
2008	2011	-	P 5,821,669	-	5,821,669
		P 10,800,903	P 5,821,669	P (1,457,406)	P 15,165,166

GS FUND

YEAR INCURRED	YEAR OF EXPIRY	2007 BALANCE	ADDITIONS	EXPIRED	2008 BALANCE
2005	2008	P 1,536,608	-	P (1,536,608)	-
2006	2009	1,617,689	-	-	P 1,617,689
2007	2010	2,270,796	-	-	2,270,796
2008	2011	-	P 1,673,521	-	1,673,521
		P 5,425,093	P 1,673,521	P (1,536,608)	P 5,562,006

A substantial portion of the Companies' income is interest income arising from treasury notes and special savings accounts, which are already subjected to final withholding tax and therefore excluded in the computation of taxable income. Thus, with the exception of Bond, Dollar Advantage and Dollar Abundance Funds, the Companies usually incur net taxable losses but are still liable to pay the minimum corporate income tax (MCIT) of 2% of gross income.

Bond Fund's outstanding balance of NOLCO amounting to PHP8,049,514 was applied as a deduction from gross income of the current year, and the carry forward benefit of the MCIT of PHP2, 246, 491 in 2007, which is included as part of "Other non-current assets" account, is valid until 2010.

The carry forward benefit of the Balanced Fund's MCIT amounting to PHP94,308 and PHP89,667 in 2008 and 2007 respectively, which is recorded under "Other non-current assets" account, is valid until 2011 and 2010, respectively.

On the other hand, the carry forward benefit of the Money Market's MCIT amounting to PHP101 in 2008, which is recorded under "Other non-current assets" account, is valid until 2011.

For Balanced, Equity, GS and Money Market, deferred income tax on NOLCO was not recognized because tax benefit is not likely to be realized in the future.

20. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the companies' respective Boards of Directors and the Audit and Compliance Committees and authorized for issuance on March 17, 2009. The Companies did not grant anyone the power to amend the financial statements once issued to the public.



Henry Joseph M. Herrera

Director
Chairman of the Board

Mr. Herrera, Filipino, is the Chairman of the 7 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 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. He also currently serves as the President and Chief Executive Officer of Sun Life of Canada (Philippines), Inc., Sun Life Asset Management Company, Inc., Sun Life Financial Plans, Inc. and the Sun Life Financial – Philippines Foundation, Inc. Mr. Herrera has also served as President of the Philippine Asia Life Assurance Corporation and Philippine Life Insurance Association, Inc. A Fellow of the Actuarial Society of the Philippines, Mr. Herrera received his Bachelor of Science in Statistics (Cum Laude) and Master of Business Administration (Finance) from the University of the Philippines.



Rizalina G. Mantaring

Director
President

Ms. Mantaring, Filipino, is currently the President of the 7 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 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. She is also the Deputy President of Sun Life Financial Philippines group. Ms. Mantaring also serves as Director of Sun Life Asset Management Company, Inc. and Sun Life Financial Plans, Inc., and as a member of the Board of Trustees of the Sun Life Financial – Philippines Foundation, Inc. Until recently, Ms. Mantaring was Regional Chief Operations Officer of Sun Life Financial Asia. She has also served as Chief Operating Officer of Sun Life of Canada (Philippines), Inc. and Information Systems Head, Asia Pacific Division of the Sun Life Assurance Company of Canada. 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).



Rafael M. Alunan III

Independent Director

Mr. Alunan, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Balanced Fund, Inc. He has a distinguished career in private and public service. He had served in the cabinets of Presidents Fidel V. Ramos and Corazon C. Aquino as Secretary of Interior and Local Government and Secretary of Tourism, respectively. He is now the President of First Philippine Infrastructure Development Corporation, as well as independent director of Sun Life of Canada (Philippines), Inc. and Sun Life Financial Plans, Inc. He has also served as President of Maynilad Water Services, Inc., Manila Hotel, General Reliance Corporation, ATIK Trading International Corporation and Kybernan Group, Inc. Mr. Alunan received his Bachelor of Arts (major in History and Political Science) and Bachelor of Science (major in Business Administration) from the De La Salle University, Master of Business Administration from the Ateneo De Manila University, and Master in Public Administration from Harvard University's John F. Kennedy School of Government.



Erlinda S. Echanis

Independent Director

Dr. Echanis, Filipino, is an Independent Director of the Sun Life Prosperity GS Fund, Inc. and the Sun Life of Canada Prosperity Balanced Fund, Inc. She is a distinguished member of the academe, currently serving as Dean of the College of Business Administration, University of the Philippines. A Certified Public Accountant, she has been published locally and internationally on subjects such as the fundamentals of management, investment management, financial reporting, corporate finance and the Philippine stock market. She is also the President of Mayer Consultants, Inc. Dr. Echanis received her Bachelor of Science in Business Administration (major in Accounting) (Cum Laude), Master of Business Administration and Doctor of Business Administration from the University of the Philippines.



Nilo B. Peña

Director

Atty. Peña, Filipino, is a Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. and Sun Life of Canada Prosperity Balanced Fund, Inc. 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 now as a Senior Partner. He is a member of the Boards of Trustees of the St. Luke's Medical Center, Inc. and St. Luke's College of Medicine. He also serves as Chairman of the Board of Trustees of Standard Chartered Bank Employees' Retirement Fund. He also has the distinction of serving 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.



Jose M. Faustino

Independent Director

Prof. Faustino, Filipino, is an Independent Director of the Sun life Prosperity GS Fund, Inc. and Sun Life of Canada Prosperity Philippine Equity Fund, Inc. He is the Goodyear Professor of Business Management and the Program Director of the Marketing Strategy Course of the Asian Institute of Management. He teaches and provides management consultancy in the fields of marketing management, strategic planning and strategy formulation, and organizational behavior in development. In 1991, he received the Agora Award for excellence in Marketing Education, bestowed by the Philippine Marketing Association. His twenty years of work experience as professional manager and entrepreneur were in the areas of marketing, operation, and general management. Prof. Faustino holds a Master in Business Administration from the Harvard Business School and a Master of Arts in Economics from Amherst College. He received his Bachelor of Arts (Cum Laude) from the Ateneo de Manila University. He also attended the Top Management Program of the Asian Institute of Management.



Oscar M. Orbos

Independent Director

Atty. Orbos, Filipino, is an Independent Director of the Sun Life of Canada Prosperity Philippine Equity Fund, Inc. He started his public service career as Congressman and then as Governor of the Province of Pangasinan. He has also served as Secretary of the Department of Transportation and Communication and then as Executive Secretary under President Corazon C. Aquino. He is also a successful and well-regarded journalist and political pundit. Atty. Orbos obtained his BS Economics and Bachelor of Laws from the University of the Philippines.



Ponciano S. Intal, Jr.

Independent Director

Dr. Intal, Filipino, is an Independent Director of the Sun Life Prosperity Dollar Abundance Fund, Inc. and Sun Life Prosperity Dollar Advantage Fund, Inc. He is a Professor of Economics at the De La Salle University and Executive Director of said university's Angelo King Institute for Economic and Business Studies. He was also the Deputy Director-General of the National Economic and Development Authority and President of the Philippine Institute of Developmental Studies. Dr. Intal holds a PhD in Economics from Yale University, Master of Arts in Economics from Yale University and the University of the Philippines, and a Bachelor of Science in Business Administration (Summa Cum Laude) from the Mindanao State University.



Oscar S. Reyes

Independent Director

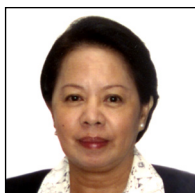
Mr. Reyes, Filipino, is an Independent Director of the Sun Life Prosperity Dollar Abundance Fund, Inc. and Sun Life Prosperity Dollar Advantage Fund, Inc. He was the Chairman and Chief Executive Officer of the Shell Companies in the Philippines. He serves as an Independent Director of Sun Life of Canada (Philippines), Inc., Sun Life Financial Plans, Inc., Philippine Long Distance Telephone Company, Bank of the Philippine Islands, Universal Robina Corporation, SMART Communications, Inc. and Manila Water Company. He is the Chairman of Unicapital Securities Corporation and Link Edge, Inc. Mr. Reyes received his Bachelor of Arts in Economics (Cum Laude) and Master of Business Administration from the Ateneo de Manila University and Diploma in Business Administration and Certificate in Export Promotion from Waterloo University. He has also completed the Program for Management Development at the Harvard Business School.



Feliciano L. Miranda Jr.

Independent Director

Mr. Miranda, Filipino, is an Independent Director of the Sun Life Prosperity Bond Fund, Inc. and Sun Life Prosperity Money Market Fund, Inc. A respected banker, he currently serves as the Chairman of the Boards of Allied Savings Bank and Bulawan Mining Corporation. He is also a member of the Boards of the PNB group of companies, including the Philippine National Bank. A Certified Public Accountant, Mr. Miranda received his Bachelor of Commerce (major in Accounting) from the Far Eastern University and Master of Arts in Economics (Comparative Monetary Policies) from Georgetown University. Mr. Miranda had a distinguished career at the Central Bank of the Philippines, retiring from said institution as Deputy Governor, Bank Supervision and Examination.



Aleli Angela G. Quirino

Independent Director

Atty. Quirino, Filipino, is an Independent Director of the Sun Life Prosperity Bond Fund, Inc. and Sun Life Prosperity Money Market Fund, Inc. She is currently a Senior Partner of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW). The main focus of Atty. Quirino's practice is in the areas of intellectual property (IP) and business laws. She is consistently cited as a leading IP lawyer in Asia in the publications of AsiaLaw Profiles, Asia Pacific Legal 500, and PLC "Which Lawyer" (Practical Law Company). She 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.



Ma. Karenina M. Casas

Director

Ms. Casas, Filipino, is currently a Director of the Sun Life of Canada Prosperity Bond Fund, Inc., Sun Life 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. She is also the Chief Administration Officer of the Sun Life Financial Philippines group. She graduated with a BS Psychology degree from the Ateneo de Manila University. Ms. Casas holds the designation of Professional, Customer Service and Associate, Customer Service.



Jemilyn S. Camania

Corporate Secretary

Atty. Camania, Filipino, is the Corporate Secretary of the 7 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 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. She also serves as Counsel of Sun Life of Canada (Philippines), Inc. and Corporate Secretary and general counsel of Sun Life Asset Management Company, Inc. Prior to joining Sun Life, she had worked as an Associate of the Cayetano Sebastian Ata Dado & Cruz Law Offices. Atty. Camania received her Bachelor of Arts in Psychology and Bachelor of Laws from the University of the Philippines. She is also an Associate, Life Management Institute and Associate, Customer Service (with honors).



Maria Carmela L. Toribio

Treasurer

Ms. Toribio, Filipino, is the Treasurer of the 7 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 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. She currently serves as Chief Accountant and Comptroller of the Sun Life Financial Philippines group. Prior to joining Sun Life, Ms. Toribio served as Chief Finance Officer and Head of Systems and Control of the Ayala Life Assurance, Inc. Ms. Toribio graduated from the University of Santo Tomas with a Bachelor of Science in Commerce (Major in Accounting) (Cum Laude) and garnered the 17th place in the October 1986 CPA Board exams.

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