

01 July 2024

**SECURITIES AND EXCHANGE COMMISSION**

8/F SEC Headquarters, 7907 Makati Avenue  
Bel-Air, Makati City 1209

Attention: **Director Rachel Esther J. Gumbang-Remalante**  
Corporate Governance and Finance Department

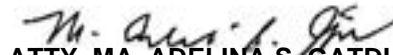
Re: **Annual Corporate Governance Report for 2023**

Ladies / Gentlemen:

In accordance with SEC Memorandum Circular No. 13, Series of 2021, we hereby submit the Annual Corporate Governance Report (ACGR) of Philam Managed Income Fund Inc. for the year 2023.

The attached ACGR provides an accurate and comprehensive overview of our company's corporate governance practices throughout the year 2023, with all other required directors' and officers' signatures included as mandated.

Thank you.

  
**ATTY. MA. ADELINA S. GATDULA**  
Corporate Secretary



## **SEC FORM-ACGR (FOR PC/RI)**

### **ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS**

1. For the fiscal year ended **December 31, 2023**
2. SEC Registration Number **CS200517003**
3. BIR Tax Identification Number **247-064-691**
4. Exact Name of the Issuer as specified in its charter **Philam Managed Income Fund, Inc.**
5. Province, Country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Address of Principal Office **17/F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig 1634**
7. Postal Code **1634**
8. Issuer's telephone number, including area code **(632) 8580-0900**
9. Former name, former address, and former fiscal year, if changed since last report **N/A**
10. Industry Classification Code (For SEC's use only) \_\_\_\_\_

# ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC COMPANIES AND REGISTERED ISSUERS

## RECOMMENDATION

## COMPLIANT/ NON-COMPLIANT

## ADDITIONAL INFORMATION

## EXPLANATION

### THE BOARD'S GOVERNANCE RESPONSIBILITIES

#### Principle 1. ESTABLISHING A COMPETENT BOARD

The company should be headed by a competent, working Board to foster the long-term success of the corporation, and to sustain its competitiveness and growth in a manner consistent with its corporate objectives and the long-term best interests of its shareholders/members and other stakeholders.

#### Recommendation 1.1

1	The Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<i>Provide information or link/reference to a document containing information on the following:</i> <i>1. Academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors.</i>	
2	The Board has an appropriate mix of competence and expertise.	Compliant	<i>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance.</i>	
3	Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	<p>As of December 31, 2023, the Directors are the following:</p> <ol style="list-style-type: none"> <li>1. Roberto F. De Ocampo</li> <li>2. Reynaldo G. Geronimo</li> <li>3. Ramon Paulo L. Tayag</li> <li>4. Tomas S. Chuidian</li> <li>5. Fernando J. Sison, III</li> <li>6. Simon R. Paterno</li> </ol> <p>For the detailed profile of the Directors, including academic qualifications, industry, knowledge, professional experience, expertise, and relevant trainings. Please refer to pages 13 to 15 of SEC Form 17-A filed on April 16, 2024 ("SEC Form 17-A"), and in the Company's website:</p> <ul style="list-style-type: none"> <li>• <a href="https://www.pamifunds.com/">https://www.pamifunds.com/</a></li> </ul> <p>The directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	

Recommendation 1.2				
1	The Board is headed by a competent and qualified Chairperson.	Compliant	<i>Provide information or reference to a document containing information of the Chairperson, including his/her name, qualifications, and expertise.</i>  The chairperson during the 2023 term was Roberto F. De Ocampo.  The Board is headed by a competent and qualified Chairperson. His qualification showing his competence is detailed in: <ul style="list-style-type: none"><li>Annex 1 – SEC 17-A, Page 13</li><li><a href="https://pamifunds.com/board-of-directors">https://pamifunds.com/board-of-directors</a></li></ul>	
Recommendation 1.3				
1	The company provides a policy on training of directors.	Compliant	<i>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</i>  For the orientation and continuing training program, please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 12</li></ul>	
2	The company has an orientation program for first-time directors.	Compliant	<i>Provide information or link/reference to a document containing information of the orientation program and trainings of directors for the covered year, including the number of hours attended and topics covered.</i>  For the orientation program, please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 5</li></ul> For the annual continuing training for the directors, please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 12</li></ul>	
3	The company has relevant annual continuing training for all directors.	Compliant		
Recommendation 1.4				
1	The Board has a policy on board diversity.	Compliant	<i>Provide information or link/reference to a document containing the company's board diversity policy.</i>  <i>Indicate gender, age, and competence composition of the board.</i>  Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 4 to 5</li></ul>	
Recommendation 1.5				

1	The Board is assisted by a Corporate Secretary.	Compliant	<i>Provide information or link/reference to a document containing information of the Corporate Secretary, including his/her name, qualifications, duties and functions.</i>  The Board is assisted by Atty. Ma. Adelina S. Gatdula, as Corporate Secretary, who is a separate individual from the Compliance Officer, and is not a member of the Board of Directors. Please refer to: <ul style="list-style-type: none"> <li>• Annex 1 – SEC 17-A, Page 15</li> <li>• Annex 2 – MOCG, Page 23 to 24</li> <li>• <a href="https://pamifunds.com/board-of-directors">https://pamifunds.com/board-of-directors</a></li> </ul> The Corporate Secretary is not a member of the Board.	
2	The Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		
3	The Corporate Secretary is not a member of the Board of Directors.	Compliant		
4	The Corporate Secretary attends annual training/s on corporate governance.	Compliant	<i>Provide information or link/reference to a document containing information of the corporate governance training/s attended, including the date of training, number of hours and topics covered.</i>  In 2023, the Compliance Officer attended the 2023 Insurance Institute for Asia and the Pacific, Inc. Seminar on Corporate Governance.	
<b>Recommendation 1.6</b>				
1	The Board is assisted by a Compliance Officer.	Compliant	<i>Provide information or link/reference to a document containing information of the Compliance Officer, including his/her name, position, qualifications, duties, and functions.</i>  The Compliance Officer of 2023 was Glenn Noel L. Llaneta. Please refer to Annex 1 – SEC 17-A, Page 15.  Hany Mae V. Dureza assumed the function of the Compliance Officer for the Fund last March 2024.  The Compliance Officer is not a member of the Board.	Considering the size and limited scope of operations of the company, the Manager/Senior Manager officer rank of the Compliance Officer gives him adequate stature and authority.
2	The Compliance Officer has a rank of Senior Vice-President or an equivalent position with adequate stature and authority in the corporation.	Non-compliant		
3	The Compliance Officer is not a member of the board.	Compliant		
4	The Compliance Officer attends annual training/s on corporate governance.	Compliant	<i>Provide information or link/reference to a document containing information of the corporate governance training/s attended, including the date of the training, number of hours and topics covered.</i>	

			In 2023, the Compliance Officer attended the 2023 Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit training.	
Principle 2. ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD				
The fiduciary roles, responsibilities, and accountabilities of the Board, as provided under the law, the company’s articles of incorporation and bylaws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to shareholders/members and other stakeholders.				
Recommendation 2.1				
1	The Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company, shareholders and stakeholders.	Compliant	<i>Provide information or reference to a document containing information on how the directors performed their duties (this can include board resolutions and minutes of meetings).</i>  This is one of the responsibilities, duties, and functions of the Board. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Pages 4 and 10</li></ul>	
Recommendation 2.2				
1	The Board oversees the development and approval of the company’s business objectives and strategy.	Compliant	<i>Provide information or link/reference to a document containing information on how the directors performed this function (this can include board resolutions and minutes of meetings).</i>	
2	The Board oversees and monitors the implementation of the company’s business objectives and strategy.	Compliant	<i>Indicate frequency of development of business objectives and strategy.</i>  This is one of the responsibilities, duties, and functions of the Board. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Pages 10</li></ul>	
Recommendation 2.3				
1	The Board ensures and adopts an effective succession planning program for directors, key officers, and management.	Compliant	<i>Disclose and provide information or link/reference to a document containing the</i>	

2	The Board adopts a policy for the retirement of directors and key officers.	Compliant	<i>company's succession planning policies and programs and its implementation.</i>  This is one of the responsibilities, duties, and functions of the Corporate Governance Committee. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Pages 17 to 18</li></ul> The Nomination Process is also detailed in the MOCG. <ul style="list-style-type: none"><li>Annex 2 – MOCG, Pages 9 to 10</li></ul> Included in the Shareholders' Rights and Protection in the MOCG are the details of the Voting Rights and the process of these shall be executed during Shareholders' Meetings. <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 26</li></ul>
Recommendation 2.4			
1	The Board aligns the remuneration of key officers and board members with the long-term interests of the company.	Compliant	<i>Provide information or link/reference to a document containing the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</i>  Please refer to pages 16 of SEC Form 17- A for a detailed discussion on the Compensation of Directors and Officers.  The recommendations are reflected in the MOCG. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 13 to 14</li></ul>
2	The Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	
3	The Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	
Recommendation 2.5			
1	The Board has a formal and transparent board nomination and election policy.	Compliant	<i>Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the candidates are shortlisted and how it encourages nominations from shareholders.</i>  <i>Provide proof if minority shareholders have a right to nominate candidates to the board.</i>  <i>Provide information if there was an assessment</i>
2	The Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	
3	The Board nomination and election policy includes how the company accepted nominations from shareholders/members.	Compliant	
4	The Board nomination and election policy includes how the board reviews the qualifications of nominated candidates.	Compliant	

5	The Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement/removal of a director.	Compliant	<i>of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</i>
6	The Board has a process for identifying the quality of directors/trustees that is aligned with the strategic direction of the company.	Compliant	<p>For the Board nomination and election policy, please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Pages 9, 26, 27 and 28</li> </ul> <p>The above policy outlines the process for accepting nominations from shareholders and conducting a board review of the qualifications of nominees. Additionally, the policy includes an assessment of the effectiveness of relevant Board processes, with a focus on ensuring the quality of directors aligns with the company's strategic direction.</p>

#### Recommendation 2.6

1	The Board has overall responsibility in ensuring that there is a policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	<i>Provide information or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs.</i>
2	The RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	<p><i>Identify transactions that were approved pursuant to the policy.</i></p> <p>The policy on Related Policy Transactions (RPT) can be found on:</p> <ul style="list-style-type: none"> <li>Annex 2, MOCG, Page 18</li> </ul>

#### Recommendation 2.7

1	The Board is primarily responsible for approving the selection of Management, led by the Chief Executive Officer (CEO) or his/her equivalent, and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p><i>Provide information or reference to a document containing the Board's policy on approving the selection of management.</i></p> <p><i>Identify the Management team appointed.</i></p> <p>The Board's responsibility to approve the selection of the management is found in the following:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 11</li> </ul>
2	The Board is primarily responsible for assessing the performance of Management, led by the CEO or his/her equivalent and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive, as may be applicable).	Compliant	<p><i>Provide information or reference to a document containing the Board's policy on assessing the performance of management.</i></p> <p><i>Provide information on the assessment process and indicate frequency of assessment of performance.</i></p>



			<p>The Board's responsibility to approve the selection of the management is found in the following:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 11</li> </ul>	
<b>Recommendation 2.8</b>				
1	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that Management's performance is on par with the standards set by the Board and Senior Management.	Compliant	<p><i>Provide information or link/reference to a document containing the Board's performance evaluation framework for management and personnel.</i></p>	
2	The Board establishes an effective performance evaluation framework that includes a standard or criteria for assessment and ensures that personnel's performance is on par with the standards set by the Board and Senior Management.	Compliant	<p>Attached is a copy of the Board Self-Assessment Form which is made available to the members of the Board and the relevant Board-level committees annually.</p> <ul style="list-style-type: none"> <li>Annex 4 – Self-Assessment Form</li> </ul>	
<b>Recommendation 2.9</b>				
1	The Board ensures that an appropriate internal control system is in place.	Compliant	<p><i>Provide information or link/reference to a document showing the Board's responsibility in ensuring that an appropriate internal control system is in place, and what comprises the internal control system.</i></p>	
2	The internal control system includes a mechanism for monitoring and managing potential/actual conflicts of interest of the board members/trustees, management and shareholders/members.	Compliant	<p>The responsibility of the Board to ensure that internal control system is in place and include a mechanism for monitoring and managing conflicts of interest of the Board members, management, and shareholders is in the following:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 12</li> </ul>	
3	The Board adopts an Internal Audit Charter.	Non-compliant	<p><i>Provide reference or link to the company's Internal Audit Charter.</i></p>	<p>While it is provided in the MOCG that the Audit Committee is responsible to ensure a reliable and strong Internal Audit Control system with the duly appointed/registered investment managers own internal corporate set up, due to the size and limited scope of internal audit function at the fund, adoption of the Internal Audit Charter is not applicable.</p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 15</li> </ul>
<b>Recommendation 2.10</b>				
1	The Board ensures that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	<p><i>Provide information or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and</i></p>	

2	The risk management framework guides the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	<i>how the board was guided by the framework.</i>  <i>Provide proof of effectiveness of risk management strategies, if any.</i>  The MOCG specifies that the Board is responsible for implementing an Enterprise Risk Management (ERM) framework that enables the identification of risk exposures at both the unit and enterprise level, as well as the evaluation of risk management strategies for their effectiveness. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 19</li></ul>
Recommendation 2.11			
1	The Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties.	Compliant	<i>Provide link to the company's website where the Board Charter is disclosed and/or other proof that it is publicly available.</i>
2	The Board Charter serves as a guide to the directors/trustees in the performance of their functions.	Compliant	The responsibilities, duties, and functions of the Directors are set out in the MOCG. Please refer to: Annex 2 – MOCG, Page 10 or to the Fund's website: <a href="https://pamifunds.com/">https://pamifunds.com/</a>
3	The Board Charter is publicly available.	Compliant	
Principle 3. ESTABLISHING BOARD COMMITTEES			
The board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, compliance and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all the board committees should be contained in their respective board committee charters.			
Recommendation 3.1			
1	The Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	<i>Provide information or link/reference to a document containing information of all board committees established by the company.</i>  Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 14</li></ul>
Recommendation 3.2			
1	The Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<i>Provide information or link/reference to a document containing information of the Audit Committee, including its functions.</i>  <i>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</i>

			<p>The responsibilities, duties, and functions of the Audit Committee are set out in the following:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 15</li> </ul>	
2	The Audit Committee is composed of at least three (3) qualified non-executive directors, the majority of whom, including the Chairperson, are independent directors.	Compliant	<p><i>Provide information or link/reference to a document containing information of the members of the Audit Committee, including their qualifications and type of directorship.</i></p> <p>Members of the Audit Committee as of December 31, 2023:</p> <p>Chairman:</p> <ul style="list-style-type: none"> <li>Fernando J. Sison III</li> </ul> <p>Members:</p> <ul style="list-style-type: none"> <li>Simon R. Paterno</li> <li>Roberto de Ocampo</li> </ul>	
3	All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	<p><i>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 1 – SEC 17-A, Pages 12 to 14</li> </ul>	
4	The Chairperson of the Audit Committee is not the Chairperson of the Board or of any other committee.	Compliant	<p><i>Provide information or link/reference to a document containing information of the Chairperson of the Audit Committee.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 1 – SEC 17-A, Pages 12 to 13</li> </ul>	
<b>Recommendation 3.3</b>				
1	The Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Non-compliant	<p><i>Provide information or reference to a document containing information of the Corporate Governance Committee, including its functions.</i></p> <p><i>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</i></p>	While this is provided in the MOCG (Page 16), the establishment of a separate Corporate Governance Committee (CGC) is not necessary considering the size and limited scope function of the company and the regulatory guidance on governance such as the establishment of an IOE. All corporate governance matters are presented and discussed in the Fund's Board meetings.
2	The Corporate Governance Committee is composed of at least three (3) members, majority of whom, including the Chairperson, should be independent directors.	Non-compliant	<p><i>Provide information or link/reference to a document containing information of the members of the Corporate Governance Committee, including their qualifications and type of directorship.</i></p>	

Recommendation 3.4				
1	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Non-compliant	<i>Provide information or link/reference to a document containing information of the Board Risk Oversight Committee (BROC), including its functions</i>	While this is provided in the MOCG (Page 16), the establishment of a separate Board Risk Oversight Committee is not necessary, considering the size and limited scope function of the company and the regulatory guidance on governance such as the establishment of an IOE. Furthermore, most of the duties of the Fund are delegated to the Fund Manager which has its own Risk Management Committee.
2	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	Non-compliant	<i>Provide information or link/reference to a document containing information of the members of the BROC, including their qualifications and type of directorship.</i>	
3	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Non-compliant	<i>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</i>	

Recommendation 3.5				
1	All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	<i>Provide information or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</i>	
2	The Committee Charters provide standards for evaluating the performance of a committee and its members.	Compliant	<p>The duties and responsibilities of the Committees, as applicable, are set forth in the MOCG. Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Pages 14 to 19</li> </ul>	

#### Principle 4. FOSTERING COMMITMENT

To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1				
1	The Directors attend and actively participate in all meetings of the Board, Committees and shareholders/members in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	Compliant	<i>Provide information or link/reference to a document containing the process and procedure for tele/videoconferencing board and/or committee meetings.</i>	

2	The Directors review meeting materials for all Board and Committee meetings.	Compliant	<p><i>Provide information or link/reference to a document containing the attendance and participation of directors to Board, Committee and shareholders' meetings.</i></p> <p>The process and procedure of Board, Committee and shareholder meetings are set out in the MOCG. Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Pages 13 and 28</li> </ul> <p>For 2023, Board meetings were held in February, August, and October 2023 while the Audit Committee met once to approve the audited Financial Statement. The meetings were conducted physically and online, and all directors attended the aforementioned meetings.</p>	
3	The Directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	<p><i>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 13</li> </ul>	
<b>Recommendation 4.2</b>				
1	Non-executive directors concurrently serve in not more than ten (10) public companies and/or registered issuers. If concurrently sitting in at least three (3) publicly listed companies, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers.	Compliant	<p><i>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</i></p> <p><i>Provide information or reference to a document containing information on the directorships of the company's directors in listed companies, registered issuers and public companies.</i></p> <p>Non-executive directors are compliant with the maximum concurrent directorships in public companies and/or registered issuers. Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 1 – SEC 17-A, Page 11</li> </ul>	
<b>Recommendation 4.3</b>				
1	The Directors notify the company's board before accepting a directorship in another company.	Compliant	<p><i>Provide copy of/reference to the written notification to the board or minutes of board meeting wherein the matter was discussed.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 12</li> </ul>	

**Principle 5. REINFORCING BOARD INDEPENDENCE**

The Board should endeavor to exercise an objective and independent judgment on all corporate affairs.

**Recommendation 5.1**

1	The Board is composed of a majority of non-executive directors who possess the necessary qualifications.	Compliant	<i>Identify or provide link/reference to a document identifying the directors, the type of their directorships and their qualifications.</i>  The Board is composed of five (5) non-executive directors. <ol style="list-style-type: none"><li>1. Roberto F. De Ocampo</li><li>2. Ramon Paulo L. Tayag</li><li>3. Tomas S. Chuidian</li><li>4. Fernando J. Sison, III</li><li>5. Simon R. Paterno</li></ol> Please refer to: <ul style="list-style-type: none"><li>• Annex 1 – SEC 17-A, Page 11</li></ul>	
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**Recommendation 5.2**

1	The Board has at least two (2) independent directors or such number as to constitute one-third (1/3) of the board, whichever is higher.	Compliant	<i>Provide information or link/reference to a document containing the number of independent directors in the board.</i>  The Board has two (2) independent directors. <ul style="list-style-type: none"><li>• Simon R. Paterno</li><li>• Fernando J. Sison III</li></ul> Please refer to <ul style="list-style-type: none"><li>• Annex 1 – SEC 17-A, Page 17</li></ul>	
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**Recommendation 5.3**

1	The independent directors possess all the qualifications and none of the disqualifications to hold the position.	Compliant	<i>Provide information or link/reference to a document containing the qualifications of independent directors.</i>  Please refer to: <ul style="list-style-type: none"><li>• Annex 1 – SEC 17-A, Page 13</li><li>• <a href="https://pamifunds.com/board-of-directors">https://pamifunds.com/board-of-directors</a></li></ul>	
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**Recommendation 5.4**

1	The company perpetually bars an independent director from serving in such capacity after the term limit of nine (9) years.	Compliant	<i>Provide information or link/reference to a document containing the company's policy on term limits for its independent director.</i>  The company prohibits independent directors from being reappointed to the same position after the term limit of nine (9) years, ensuring	
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			that there is a rotation of directors and fresh perspectives are brought in. Please refer to: <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 7</li> </ul>	
2	In the instance that the company retains an independent director in the same capacity after nine (9) years, the Board provides meritorious justification and seeks shareholders'/members' approval during the annual regular meeting.	Compliant	<p><i>Provide reference to the meritorious justification and proof of shareholders'/members' approval during the annual regular meeting.</i></p> <p>There has been no instance that the Company retained an Independent Director after nine (9) years.</p>	
<b>Recommendation 5.5</b>				
1	The positions of Chairperson of the Board and Chief Executive Officer (or its equivalent) are held by separate individuals.	Compliant	<p><i>Identify the company's Chairperson of the Board and Chief Executive Officer (or its equivalent).</i></p> <p>The Chairperson of the Board in 2023 is Mr. Roberto F. De Ocampo and the President is Reynaldo G. Geronimo. Please refer to: <ul style="list-style-type: none"> <li>Annex 1 – SEC 17-A, page 12</li> </ul> </p>	
2	The Chairperson of the Board and Chief Executive Officer (or its equivalent) have clearly defined responsibilities.	Compliant	<p><i>Provide information or link/reference to a document containing the roles and responsibilities of the Chairperson of the Board and Chief Executive Officer (or its equivalent). Identify the relationship of the Chairperson and CEO.</i></p> <p>The duties and responsibilities of the chairperson and Chief Executive Officer/President are on: <ul style="list-style-type: none"> <li>Annex 2 – MOCG, page 5</li> </ul> </p>	
<b>Recommendation 5.6</b>				
1	The Board designates a lead director among the independent directors if the Chairperson of the Board is not an independent director.	Compliant	<p><i>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairperson is an independent director.</i></p> <p>Fernando J. Sison, III is the Lead Independent Director.</p>	
<b>Recommendation 5.7</b>				
1	The Directors/Trustees with material interest in a transaction affecting the corporation fully disclose his/her adverse interest, abstain from taking part in the	Compliant	<i>Provide proof of full disclosure and abstention, if any, of the interested director/trustee.</i>	

	deliberations for the same, and recuse from voting on the approval of transaction.		The Directors are required to abstain from transactions in which he has adverse interest. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 12</li></ul>	
Recommendation 5.8				
1	The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance, and risk functions, without any executive directors present.	Compliant	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	
2	The meetings are chaired by the lead independent director, if applicable.	Compliant	Please refer to Page 20 of Annex 1 - SEC Form 17-A for exhibits and schedules of Annex 1 - SEC 17-A_Philam Managed Income Fund Inc.	
Principle 6. ASSESSING BOARD PERFORMANCE				
The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body and assess whether it possesses the right mix of backgrounds and competencies.				
Recommendation 6.1				
1	The Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessments conducted by the whole board, the individual members, the Chairperson and the Committees.	
2	The Chairperson conducts an annual self-assessment of his performance.	Compliant		
3	The individual members conduct a self-assessment of their performance.	Compliant	Please see attached copy of the Self-assessment form. <ul style="list-style-type: none"><li>Annex 4 – Self-Assessment Form</li></ul>	
4	Each committee conducts a self-assessment of its performance.	Compliant		
Recommendation 6.2				
1	The Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors/trustees and committees.	Compliant	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders/members.	
2	The system allows for a feedback mechanism from the shareholders/members.	Compliant	Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 11</li></ul>	
Principle 7. STRENGTHENING BOARD ETHICS				
The Board directors are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.				
Recommendation 7.1				



1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	Compliant	<p><i>Provide information or link/reference to the company's Code of Business Conduct and Ethics.</i></p> <p><i>Provide information or discuss how the company disseminated the Code to the members of the Board.</i></p>	
2	The Code is properly disseminated to the members of Board.	Compliant	<p><i>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</i></p>	
3	The Code is disclosed and made available to the public through the company website.	Compliant	<p>PAMI has a fiduciary responsibility to treat clients fairly. This duty requires a code of conduct, consistent with other statutory and regulatory obligations, that seeks to be prudent and, in the client's, best interest.</p> <p>Please refer to page 10 of Annex 3 - Prospectus_Philam Managed Income Fund, Inc and fund website: <a href="https://pamifunds.com/">https://pamifunds.com/</a></p>	

## Recommendation 7.2

1	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	<p><i>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics.</i></p> <p><i>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</i></p> <p>PAMI has a fiduciary responsibility to treat clients fairly. This duty requires a code of conduct, consistent with other statutory and regulatory obligations, that seeks to be prudent and, in the client's, best interest.</p> <p>Please refer to page 10 of Annex 3 - Prospectus_Philam Managed Income Fund, Inc and fund website: <a href="https://pamifunds.com/">https://pamifunds.com/</a></p>	
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## DISCLOSURE AND TRANSPARENCY

### Principle 8. ENHANCING COMPANY DISCLOSURE POLICIES AND PROCEDURES

The Board should establish corporate disclosure policies and procedures that are practical and in accordance with generally accepted best practices and regulatory expectations.

## Recommendation 8.1

1	The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders/members and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p><i>Provide information or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders/members and other stockholders.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 25</li> </ul>	
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## Recommendation 8.2

1	The company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p><i>Provide information or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's shares.</i></p>	
2	The company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within five (5) business days.	Compliant	<p><i>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 25</li> </ul>	

## Recommendation 8.3

1	The company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	<p><i>Provide link to the company's website where the Manual on Corporate Governance is posted.</i></p> <p>The copy of the Manual on Corporate Governance is attached in this document.</p>	
2	The company's MCG is submitted to the SEC.	Compliant	<p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG</li> </ul> <p>Please refer to:</p> <ul style="list-style-type: none"> <li><a href="https://pamifunds.com/">https://pamifunds.com/</a></li> </ul>	
3	The company's MCG is posted on the company website.	Compliant		

## Recommendation 8.4

1	The company's corporate governance policies and practices and all relevant information are disclosed in its Annual Corporate Governance Report (ACGR).	Compliant	<p><i>Provide link to the company's website where the Annual Corporate Governance Report is posted.</i></p>	
2	The company's ACGR is submitted to the SEC.	Compliant	<p>Please refer to:</p> <ul style="list-style-type: none"> <li><a href="https://pamifunds.com/">https://pamifunds.com/</a></li> </ul>	
3	The company's ACGR is posted on the company website.	Compliant		

## Principle 9. STRENGTHENING EXTERNAL AUDITOR'S INDEPENDENCE AND IMPROVING AUDIT QUALITY

The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

## Recommendation 9.1

1	The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of external auditors.	Compliant	<i>Provide information or link/reference to a document containing the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</i>  Please refer to: <ul style="list-style-type: none"><li>Annex 1 – SEC 17-A, Page 20</li><li>Annex 2 – MOCG, Page 22</li></ul>	
2	The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and the shareholders/members.	Compliant	<i>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</i>  Please refer to: <ul style="list-style-type: none"><li>Annex 1 – SEC 17-A, Page 20</li><li>Annex 2 – MOCG, Page 16</li></ul>	
3	For the removal of external auditor, the reasons for such removal or change are disclosed to the SEC, the shareholders/members, and the public through the company website and required disclosures.	Compliant	<i>Provide information or link/reference to a document containing the company's reason for removal or change of external auditor.</i>  Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Page 22</li></ul>	
Recommendation 9.2				
1	The Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	Compliant	<i>Provide link/reference to the company's Audit Committee Charter.</i>  The duties and responsibilities of the Committees, as applicable, are set forth in the MOCG. Please refer to: <ul style="list-style-type: none"><li>Annex 2 – MOCG, Pages 15 to 16</li></ul>	
2	The Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant		
Recommendation 9.3				
1	The company discloses the nature of non-audit services performed by its external auditor in the Annual Report to manage potential conflict of interest cases.	Compliant	<i>Disclose the nature of non-audit services performed by the external auditor, if any.</i>  The Company did not engage the external auditor for other services.  Please refer to:	

			<ul style="list-style-type: none"> <li>Annex 1, SEC 17-A, Page 20</li> </ul>	
2	The Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	<i>Provide link or reference to guidelines or policies on non-audit services.</i>  Please refer to: <ul style="list-style-type: none"> <li>Annex 2, MOCG, Page 20</li> </ul>	


The Board should ensure that the company discloses material and reportable non-financial and sustainability issues.

#### Recommendation 10.1

1	The Board has a clear and focused strategy on the disclosure of non-financial information.	Compliant	<i>Disclose or provide link to the company's policies and practices on the disclosure of non-financial information, including EESG issues.</i>	Most of the duties of the Fund are delegated and conducted mainly by the Fund Manager who has adequate knowledge and practice of Environment, Social, and Governance ("ESG").  For the Environment, Social, and Governance ("ESG") of the Fund Manager (BPI Wealth), please refer to: <a href="https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report">https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report</a> .  Moving forward, the Company is committed to assessing the relevance/applicability of a framework for the management of EESG issues and to provide transparent disclosure in our future reports and communications.
d	The company discloses to all shareholders/members and other stakeholders the company's strategic and operational objectives with emphasis on the management of environmental, economic, social and governance (EESG) issues of its business which underpin sustainability.	Non-compliant	<i>Provide link or reference to the company's disclosure of strategic and operational objectives, with emphasis on EESG matters.</i>	

#### Principle 11. PROMOTING A COMPREHENSIVE AND COST-EFFICIENT ACCESS TO RELEVANT INFORMATION

The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, stakeholders, and other interested users.

#### Recommendation 11.1

1	The company has a website to ensure a comprehensive, cost-efficient, transparent, and timely manner of disseminating relevant information to the public.	Compliant	<i>Provide link to the company's website.</i>  Please refer to: <ul style="list-style-type: none"> <li><a href="https://pamifunds.com/">https://pamifunds.com/</a></li> </ul>	
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#### INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORKS

#### Principle 12. STRENGTHENING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management system.

#### Recommendation 12.1

1	The company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p><i>List quality service programs for the internal audit functions.</i></p> <p><i>Indicate frequency of review of the internal control system.</i></p> <p>The business of the Company is conducted mainly by the Fund Manager who has adequate internal control systems. For the internal control systems of the Fund Manager (BPI Wealth), please refer to:</p> <p><a href="https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report">https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report</a>.</p> <p>Furthermore, most of the duties of the Fund are delegated to the Fund Manager who have adequate risk management processes, policies, and procedures; appropriate risk measurement system, prudent risk limits, monitoring and management information system; and comprehensive and effective internal control system and, audit and compliance program.</p>	
2	The company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p><i>Identify international framework used for Enterprise Risk Management.</i></p> <p><i>Provide information or reference to a document containing information on:</i></p> <ol style="list-style-type: none"> <li><i>1. Company's risk management procedures and processes.</i></li> <li><i>2. Key risks the company is currently facing.</i></li> <li><i>3. How the company manages the key risks.</i></li> </ol> <p><i>Indicate frequency of review of the enterprise risk management framework.</i></p> <p>The business of the Company is conducted mainly by the Fund Manager who has an adequate Enterprise Risk Management Framework. For the Enterprise Risk Management Framework of the Fund Manager (BPI Wealth), please refer to:</p> <p><a href="https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report">https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report</a>.</p> <p>Furthermore, most of the duties of the Fund are delegated to the Fund Manager who have adequate risk management processes, policies,</p>	

			and procedures; appropriate risk measurement system, prudent risk limits, monitoring and management information system; and comprehensive and effective internal control system and, audit and compliance program.	
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### Recommendation 12.2

1	The company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	<p><i>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm hired.</i></p> <p>The Company has engaged an external auditor which has issued an unqualified audit opinion for 2023. Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 1 – SEC 17-A, Page 30</li> </ul>	
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## CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS/MEMBERS

### Principle 13. PROMOTING SHAREHOLDER/MEMBER RIGHTS

The company should treat all shareholders/members fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

### Recommendation 13.1

1	The Board ensures that basic shareholder/member rights are disclosed in the Manual on Corporate Governance.	Compliant	<p><i>Provide link or reference to the company's Manual on Corporate Governance where shareholders'/members' rights are disclosed.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Pages 26 to 28</li> </ul>	
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### Recommendation 13.2

1	The Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders'/Members' Meeting with sufficient and relevant information at least twenty-one (21) days before the meeting.	Compliant	<p><i>Indicate the number of days before the annual or special stockholders'/members' meeting when the notice and agenda were sent out.</i></p> <p><i>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS).</i></p> <p>The Annual Stockholders Meeting was held physically at BPI Ayala Triangle Gardens Tower 2 and conducted virtually via Zoom on October 12, 2023 (Thursday) at 11:00 a.m. to 12:00 n.n. The notice and agenda for the Annual Stockholders Meeting are indicated in the Notice to the stockholders, SEC Form 20-IS.</p>	
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			Please refer to: <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 29</li> </ul>	
<b>Recommendation 13.3</b>				
1	The Board encourages active shareholder/member participation by making the result of the votes taken during the most recent Annual or Special Shareholders'/Members' Meeting publicly available the next working day.	Compliant	<i>Provide information or reference to a document containing all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</i>	
2	The minutes of the Annual and Special Shareholders'/Members' Meetings were made available on the company website within five (5) business days from the date of the meeting.	Compliant	<i>Provide link to minutes of meeting in the company website.</i>  <i>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</i>  <i>Indicate also if the voting on resolutions was by poll.</i>  <i>Include whether there was opportunity to ask question and the answers given, if any.</i>  The minutes of the Annual Stockholders Meeting (ASM) are made available on the website after the ASM and are removed before the following ASM.  Stockholders voted in person or through proxy through designed forms submitted through mail, email/electronic means or faxpro. The preliminary results of the voting tickets were validated on October 11, 2023 and were presented during the Annual Stockholders Meeting.  The results were reflected in the minutes of the meeting.	
<b>Recommendation 13.4</b>				
1	The Board makes available, at the option of a shareholder/member, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	<i>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes.</i>  <i>Provide link/reference to where it is found in the Manual on Corporate Governance.</i>  Please refer to: <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 28</li> </ul>	

**Recommendation 13.5**

1	The Board establishes an Investor Relations Office (IRO) or Customer Relations Office (CRO) or its equivalent to ensure constant engagement with its shareholders/members.	Compliant	<p><i>Disclose the contact details of the officer/office responsible for investor relations, such as:</i></p> <p>1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address</p> <p>For inquiries, investors may contact the principal distributor at <a href="mailto:bpi_investment@bpi.com.ph">bpi_investment@bpi.com.ph</a></p>	
2	The IRO or CRO or its equivalent is present at every shareholders'/members' meeting.	Compliant	<p><i>Indicate if the IRO or CRO or its equivalent was present during the ASM.</i></p> <p>Senior officers of the fund manager and principal distributor attended the Annual Stockholder Meeting for this Fund on October 12, 2023.</p>	

**DUTIES TO STAKEHOLDERS****Principle 14. RESPECTING RIGHTS OF STAKEHOLDERS AND EFFECTIVE REDRESS FOR VIOLATION OF STAKEHOLDER'S RIGHTS**

The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

**Recommendation 14.1**

1	The Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p><i>Identify the company's stakeholders and provide information or reference to a document containing the company's policies and programs for its stakeholders.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 29</li> </ul>	
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**Recommendation 14.2**

1	The Board establishes clear policies and programs to provide a mechanism on the fair treatment, protection and enforcement of the rights of stakeholders.	Compliant	<p><i>Identify policies and programs for the protection, fair treatment and enforcement of the rights of the company's stakeholders.</i></p> <p>Please refer to:</p> <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 29</li> </ul>	
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**Principle 15. ENCOURAGING EMPLOYEES' PARTICIPATION**

A mechanism for employee participation should be developed to create a symbiotic working environment consistent with the realization of the company's objectives and good corporate governance goals.

**Recommendation 15.1**



1	The Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	<p><i>Provide information or link/reference to company policies, programs and procedures that encourage employee participation.</i></p> <p>The business of the Company is conducted mainly by the Fund Manager who has sound and effective corporate governance. For the corporate governance of the Fund Manager (BPI Wealth), please refer to:</p> <p><a href="https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report">https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report</a>.</p> <p>Furthermore, The Board of Directors and Management have adopted a framework of policies, rules, systems, and processes for the Company that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, regulators, government and the community in which it operates</p>	
<b>Recommendation 15.2</b>				
1	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	Compliant	<i>Identify or provide link/reference to the company's policies, programs and practices against corruption.</i>	
2	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	<p><i>Identify how the board disseminated the policy and program to the employees across the organization.</i></p> <p>The business of the Company is conducted mainly by the Fund Manager who has Code of Business Conduct and Ethics. For the Code of Business Conduct and Ethics of the Fund Manager (BPI Wealth), please refer to:</p> <p><a href="https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report">https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report</a>.</p> <p>Furthermore, the Code of Business Conduct and Ethics ("the Code") of the Fund Manager aims to provide as guide to employees of the Company in meeting ethical duties and responsibilities in compliance with the implemented rules and regulations of the industry. The codes serve as guidance so that the right decisions are made in the performance of their respective roles and responsibilities across various functions in the Company.</p>	
<b>Recommendation 15.3</b>				
1	The Board establishes a suitable framework for whistleblowing that allows employees to freely	Compliant		

	communicate their concerns about illegal or unethical practices, without fear of retaliation.		<i>Disclose or provide link/reference to the company whistleblowing policy and procedure for employees.</i>	
2	The Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	<i>Indicate if the framework includes procedures to protect the employees from retaliation.</i>	
3	The Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<i>Provide contact details to report any illegal or unethical behavior.</i>  <i>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</i>  The business of the Company is conducted mainly by the Fund Manager who has adequate Whistleblower Policy. For the Whistleblower Policy of the Fund Manager (BPI Wealth), please refer to:  <a href="https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report">https://www.bpi.com.ph/wealth/assetandwealth/who-we-are/annual-report</a>  Furthermore, the Whistleblower Policy of the Fund Manager addresses the commitment of BPI Wealth to integrity and ethical behavior by helping to foster and maintain an environment where whistleblowers can act appropriately, without fear of retaliation.	

## Principle 16. ENCOURAGING SUSTAINABILITY AND SOCIAL RESPONSIBILITY

The company should be socially responsible in all its dealings with the communities in which it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

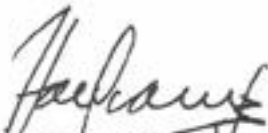
### Recommendation 16.1

1	The company recognizes and places importance on the interdependence between business and society and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	<i>Provide information or reference to a document containing the company's community involvement and environment-related programs.</i>  Please refer to: <ul style="list-style-type: none"> <li>Annex 2 – MOCG, Page 4</li> </ul>	
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## CERTIFICATION

The undersigned certify that the responses and explanations set forth in the above **Philam Managed Income Fund, Inc. Integrated Annual Corporate Governance Report** covering 2023 are true, complete and correct of our own personal knowledge and/or based on authentic records.

Signed in the City of **MAKATI CITY** on the **JUL 09 2024** day of \_\_\_\_\_  
20\_\_\_\_.

  
**Roberto F. De Ocampo**  
Chairman of the Board

  
**Reynaldo G. Geronimo**  
President & CEO

  
**Fernando J. Sison III**  
Independent Director

  
**Simon R. Paterno**  
Independent Director


  
**Atty. Ma. Adelina S. Gatdula**  
Corporate Secretary

  
**Hany Mae V. Dureza**  
Compliance Officer

SUBSCRIBED AND SWORN to before me this **JUL 09 2024** day of \_\_\_\_\_, 20\_\_\_\_, by the following who are also personally known to me (or whom I have identified through competent evidence of identity) and who exhibited their respective identification document as follows:

Name	Competent Evidence of Identity	Date/Place Issued
Roberto F. De Ocampo	TIN 120 - 115 - 828	
Reynaldo G. Geronimo	TIN 123 - 102 - 923	
Fernando J. Sison III	TIN 135 - 565 - 275	
Simon R. Paterno	TIN 203 - 010 - 492	
Atty. Ma. Adelina S. Gatdula	TIN 107 - 043 - 114	
Hany Mae V. Dureza	Passport P9201603B	DFA NCR East

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Series of 2024

  
**ATTY. JOEL FERRER FLORES**  
Notary Public for Makati City  
Until December 31, 2024  
Appointment No. M-315 (2023-2024)  
Roll Of Attorneys No. 77376  
MCLE Compliance No. 0001393-  
Jan. 3, 2023 until Apr. 12, 2028  
PTR NO. 10073945/ Jan. 2, 2024/ Makati City  
IBP No. 330740/ Jan. 2, 2024/ Pasig City  
1107 Batuan St., Guadalupe Nuevo, Makati City

# COVER SHEET

C S 2 0 0 5 1 7 0 0 3

SEC REGISTRATION Number

P H I L A M M A N A G E D I N C O M E  
F U N D , I N C .  
(Company's Full Name)

1 7 / F N E T L I M A B U I L D I N G ,  
5 T H A V E . , C O R . 2 6 T H S T . ,  
B O N I F A C I O G L O B A L C I T Y , T A G U I G  
(Business Address: No. Street City / Town / Province)

Bhona Jane G. Nacar

(Contact Person)

(632) 8580-3575

(Company Telephone Number)

1 2

Month

3 1

Day

Fiscal Year

17-A

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, if Applicable

C G F D

Dept. Requiring this Doc.

(Amended Articles Number/Section)

(Total Amount of Borrowings)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A, AS AMENDED**

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

1. For the fiscal year ended **December 31, 2023**
2. SEC Identification Number **CS200517003**
3. BIR Tax Identification No. **247-064-691**

**Philam Managed Income Fund, Inc.**

4. Exact name of registrant as specified in its charter

**Metro Manila, Philippines**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code (SEC use Only)

**17/F, Philam Life Head Office, Net Lima Bldg, 5<sup>th</sup> Avenue Corner 26<sup>th</sup> St. Bonifacio Global City, Taguig 1634**

7. Address of principal office

8. Registrant's telephone number, including area code **(632) 8580-0900**

**N/A**

9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA:

Title of each class	Number of Shares of Common Stock Outstanding as of December 31, 2023
---------------------	---

Common voting stock	<b>421,345,371</b>
---------------------	--------------------

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

Yes ( )      No (x)

**FINANCIAL INFORMATION**

12. Check whether the registrant:

has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes (x)      No ( )

has been subject to such filing requirements for the past ninety (90) days.

Yes (x)      No ( )

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

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

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

**Not applicable**

**DOCUMENTS INCORPORATED BY REFERENCE**

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

- a. any annual report to security holders;
- b. any information statement filed pursuant to SRC Rule 20;
- c. any prospectus filed pursuant to SRC Rule 8.1.

a. Annual Report:

- 1. 2023 Annual Report (incorporated)
- 2. 2023 Audited Financial Statements (attached)

**PART I - BUSINESS AND GENERAL INFORMATION**

**ITEM NO.1 BUSINESS**

Philam Managed Income Fund, Inc. (PMIF) is a stock corporation incorporated on October 20, 2005. The Fund's sole product is shares (securities). Philam Asset Management Inc. ("PAMI" or "Fund Manager" or "Fund Distributor") is the investment adviser and distributor of the Fund until January 28, 2020.

Effective January 29, 2020, PAMI assigned all its rights, interests, and obligations as fund manager, advisor, distributor, and transfer agent of the Fund to BPI Investment Management, Inc (BIMI), a wholly-owned subsidiary of Bank of the Philippine Islands (BPI). Henceforth, the management, distribution and transfer agency functions are performed by BIMI over the Fund. Services, contracts and agreements are in force with BIMI.

Effective April 1, 2023, BPI Investment Management, Inc. (BIMI), wholly-owned subsidiary of Bank of the Philippine Islands (BPI) assigned all its right, interests, and obligations as fund manager, advisor of the Fund to BPI Wealth - A Trust Corporation (BPI Wealth), a wholly-owned subsidiary of Bank of the Philippine Islands (BPI). Henceforth, the management functions are performed by BPI Wealth over the Fund. Services, contracts and agreements are in force with BPI Wealth.

The Fund has appointed BPI Investment Management, Inc. (BIMI) as principal distributor with the authority to appoint sub-distributors on behalf of the fund. Under the terms of the agreement, BIMI



and/or its sub-distributors perform daily functions related to the marketing and the growth of the level of assets of the Fund.

BPI Asset Management and Trust Corporation (the “Company” or “BPI AMTC”) is a wholly-owned subsidiary of Bank of the Philippine Island (BPI), a domestic commercial bank with an expanded banking license in the Philippines. It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 6, 2016 primarily to carry and engage in the business of trust, other fiduciary business and investment management business which may legally be had or done by trust corporations organized under and in accordance with Republic Act No. 8791 (The General Banking Law of 2000) and its implementing regulations as it exists or may be amended and to do all other things incident thereto and necessary and proper in connection with said purposes within such territory, as may be determined by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The corresponding Certificate of Authority to Operate was issued by the BSP to the Company on December 29, 2016.

In February 2023, the Company announced the change in its trade name from BPI Asset Management and Trust Corporation to BPI Wealth - A Trust Corporation, or simply BPI Wealth.

PMIF is an open-ended mutual fund whose shares will be offered to the public at net asset value with a minimum of Php1,000 and a minimum additional purchase of Php500. PMIF considers a short to medium-term investment horizon for its shareholders.

As of December 2023, the size of the local mutual fund industry stood at PhP 232.95 Billion in Net Assets. The principal method of competition within the mutual fund industry is the size of assets under management, return on investment and service. PMIF is categorized under the Peso Denominated Bond Fund segment with ten (10) other competitors.

The major competitor of PMIF is the ALFM Peso Bond Fund, Inc. with PhP36.83 billion Net Assets. Other competitors include the Philam Bond Fund, Inc. with PhP1.60 billion Net Assets and Sun Life Prosperity Bond Fund, Inc. with PhP5.94 billion Net Assets.

PMIF will be offered to the public primarily by BPI Wealth affiliated agents who are SEC Certified Investment Solicitors as well as institutional third-party distributors.

As investment manager of PMIF, BPI Wealth – A Trust Corporation is tasked to formulate and implement the investment strategy of the Fund, and to provide and render management, technical, and administrative services to the Fund.

The management fee to be charged by the Fund Manager is a maximum of 0.30% per year, which will be accrued based on the daily Net Asset Value of the fund.

As Transfer Agent of PMIF, BIMi shall provide transfer agency services including the maintenance of the official stock and transfer book of the Fund, the issuance of shareholders’ Transaction Advice/Notice or Certificate of Stock, and payment of dividends, if any.

On March 16, 2020, the Philippine government declared the entire Luzon island under an enhanced community quarantine (ECQ) due to the increasing number of corona virus disease (COVID-19) cases in the country. The ECQ mandated the close of non-essential business establishments and strict home quarantine resulting to a slowdown of economy. Measures are in place to support business continuity and manage financial risk to a minimum.

PMIF is fully compliant with the Investment Company Act (Republic Act No.2629) (the “Investment Company Act”) and ICA Rule 35-1 (The Investment Company Rule):

- 1) It is organized as a stock corporation;
- 2) It has minimum and subscribed paid-in capital of at least Php50,000,000;
- 3) All the members of its Board of Directors are Filipino citizens;

- 4) All the shares of its capital stock are common and voting shares; and
- 5) Its Articles of Incorporation provide for a waiver of pre-emptive rights to shareholders.

PMIF likewise complies with the Securities Regulation Code (Republic Act 8799) and its Amended Implementing Rules and Regulations. PMIF ensure that its investment policies are compliant with all these laws and regulations and its own By-laws.

### **Employees**

PMIF employs no personnel as it functions solely through its Fund Manager, BPI Wealth – A Trust Corporation.

### **Risk Management**

The NAV of the Fund will fluctuate with changes in the market value of the Fund's investments. PMIF's NAVPS will experience volatility due to changes in local interest rates. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes. Investment companies, unlike bank deposit are not covered by the Philippine Deposit Insurance Corporation (PDIC).

- Interest Rate Risk - is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund's fixed rate investments and receivables are exposed to such risk.

The Fund will manage interest rate risk through continuous monitoring of the interest rate environment. During periods of increasing rates and widening of credit spreads, the Fund Manager will shorten the duration of the fixed income portfolio. During periods of decreasing rates and narrowing credit spreads, the fund manager will lengthen the duration of the fixed income portfolio.

- Liquidity Risk - A credit situation wherein the local market is highly non-liquid, making it impossible to sell the Fund's assets thereby causing substantial delay in the processing of redemption proceeds.

The Fund only invests in marketable securities which are composed of government and corporate securities. The Fund also maintains 10% liquidity of cash or near cash instruments in order to service redemptions.

- Inflation Risk - this risk will occur in case the Fund's returns fall below the local inflation rate.
- Settlement Risk - a situation wherein the investment management company goes bankrupt which results to a delay in the sale of the Fund's assets.

The Fund maintains a 10% limit on exposures to counterparties.

The Fund Manager will manage the risks through active fund management and portfolio diversification. Diversification will be done across asset classes and maturity profiles. The investment manager's sensitivity to risks is demonstrated by its exhaustive due diligence and systematic portfolio controls.

### **ITEM NO. 2 PROPERTIES**

PMIF does not own any real or personal properties (such as real estate, plant and equipment, mines, patent, etc.). Neither does the Fund lease any property nor does it intend to acquire any real or personal properties within the next 12 months.



### ITEM NO. 3 LEGAL PROCEEDINGS

There are no pending litigation or arbitration proceedings where PMIF is a party and no litigation or claim of material importance is known to the Directors of PMIF to be pending or threatened against the Fund during the past five (5) years up to the date of this document.

### ITEM NO.4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### ITEM NO.5 MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

#### Market Information

PMIF is not listed in the Philippine Stock Exchange. The shares are being sold by SEC Certified Investment Solicitors (CISols) thru the fund's authorized distributors.

#### Net Asset Value Per Share Per Quarter for the year 2023:

QUARTER	DATE	NAVPS	
1st	4-Jan-23	1.3209	LOW
	31-Mar-23	1.3356	HIGH
2nd	2-Apr-23	1.3356	LOW
	14-Jun-23	1.3473	HIGH
3rd	7-Aug-23	1.3432	LOW
	27-Sep-23	1.3555	HIGH
4th	30-Oct-23	1.3548	LOW
	28-Dec-23	1.3741	HIGH

#### Net Asset Value Per Share Per Quarter for the year 2022:

QUARTER	DATE	NAVPS	
1st	28-Mar-22	1.3117	LOW
	13-Jan-22	1.323	HIGH
2nd	20-Jun-22	1.3039	LOW
	29-Jun-22	1.3202	HIGH
3rd	01-Aug-22	1.3121	LOW
	08-Jul-22	1.321	HIGH
4th	24-Oct-22	1.3113	LOW
	27-Dec-22	1.3226	HIGH

#### Net Asset Value Per Share Per Quarter for the year 2021:

QUARTER	DATE	NAVPS	
1st	11-Mar-21	1.3121	LOW
	10-Feb-21	1.3234	HIGH
2nd	05-Apr-21	1.3151	LOW
	11-Jun-21	1.3257	HIGH
3rd	26-Aug-21	1.3158	LOW

	1-Jul-21	1.3222	<b>HIGH</b>
4th	17-Nov-21	1.3123	<b>LOW</b>
	23-Dec-21	1.3205	<b>HIGH</b>

## Dividends

PMIF has not declared any cash dividends for the last three (3) years. The Board of PMIF may decide to declare dividends, whether in the form of cash, property or stock, from the unrestricted retained earnings of the Fund at a time and percentage as the Board may deem proper and in accordance with the pertinent laws.

Under the Investment Company Act, the Fund shall not pay any dividend, or make any distribution in the nature of a dividend payment, wholly or partly from any source other than: (i) from the Fund's accumulated undistributed net income, determined in accordance with good accounting practices and including profits or losses realized upon the sale of securities or properties; or (ii) from the Fund's earned surplus so determined for the current or preceding fiscal year, unless such payment is accompanied by a written statement which adequately discloses the source or sources of such payment. The Securities and Exchange Commission ("SEC") may prescribe the form of such statement by rules or regulations or by order in the public interest and for the protection of investors. The Fund shall also not advertise such dividends in terms of centavos or pesos per share without also stating the percentage they bear to the par value per share.

## Holdings

As of December 31, 2023, there were a total of 459 holders of redeemable common stock (one class of shares only). Following are the top 20 shareholders:

No.	Name of Client	# of Shares	% of Ownership
1	PHILAM PROPERTIES CORPORATION	125,969,245	29.90%
2	KAPATIRAN REALTY CORPORATION	79,020,150	18.75%
3	PHILPLANS FIRST, INC.	71,264,489	16.91%
4	RIVERBANKS DEVELOPMENT CORPORATION	20,253,380	4.81%
5	LBP-PROVIDENT FUND	7,428,819	1.76%
6	CARLOS, CAROLINA PAULA	7,000,000	1.66%
7	GERVACIO, THEODORA GASPAR	6,059,128	1.44%
8	MATIAS, GINA ABALONA	5,615,366	1.33%
9	SOCIETY OF CATHOLIC MEDICAL MISSIONARIES, INC.	5,536,514	1.31%
10	NUTRIVET CHEMICAL INDUSTRIES, INC.	4,916,606	1.17%
11	DUMLAO, LOURDES CAROLINA ILETO	4,911,635	1.17%
12	FOJAS, MA. CHONA PELIPADA	4,465,756	1.06%
13	DECOARTS MARKETING, INC.	3,948,427	0.94%
14	CARLOS, ROSARIO TERESA REYES	2,714,001	0.64%
15	ALCORDO, ANGELITA VELEZ	2,676,627	0.64%
16	INTEGRATED BAR OF THE PHILIPPINES	2,162,491	0.51%
17	LIM, MARY HAW	2,000,000	0.47%
18	CAJUCOM, MARIA CYNTHIA	1,734,797	0.41%
19	ESPIRITU, EMMA B	1,716,518	0.41%
20	PAREF MULTI-EMPLOYER RETIREMENT PLAN	1,705,611	0.40%

As of December 31, 2022, there were a total of 503 holders of redeemable common stock (one class of shares only). Following are the top 20 shareholders:

NO	Name of Client	# of Shares	# of Ownership
1	PHILAM PROPERTIES CORPORATION	125,969,245	20.43%
2	KAPATIRAN REALTY CORPORATION	79,020,150	12.82%
3	PHILPLANS FIRST, INC.	71,264,489	11.56%
4	RESINS INC	60,000,000	9.73%
5	PANAY ELECTRIC COMPANY, INC	51,633,736	8.37%
6	RIVERBANKS DEVELOPMENT CORPORATION	20,253,380	3.28%
7	LBP-PROVIDENT FUND	7,428,819	1.20%
8	CARLOS, CAROLINA PAULA	7,000,000	1.14%
9	GERVACIO, THEODORA GASPAR	6,059,128	0.98%
10	DUMLAO, LOURDES CAROLINA ILETO	5,803,034	0.94%
11	MATIAS, GINA ABALONA	5,615,366	0.91%
12	SOCIETY OF CATHOLIC MEDICAL MISSIONARIES, INC.	5,536,514	0.90%
13	FOJAS, MA. CHONA PELIPADA	4,465,756	0.72%
14	DECOARTS MARKETING, INC.	3,948,427	0.64%
15	SO, EME	3,797,393	0.62%
16	NUTRIVET CHEMICAL INDUSTRIES, INC.	3,425,769	0.56%
17	CARLOS, ROSARIO TERESA REYES	2,714,001	0.44%
18	ALCORDO, ANGELITA VELEZ	2,676,627	0.43%
19	INTEGRATED BAR OF THE PHILIPPINES	2,162,491	0.35%
20	LIM, MARY HAW	2,000,000	0.32%

As of December 31, 2021, there were a total of 503 holders of redeemable common stock (one class of shares only). Following are the top 20 shareholders:

No.	Name of Client	# of Shares	% of Ownership
1	RESINS INCORPORATED	622,086,076	44.08%
2	PHILAM PROPERTIES CORPORATION	125,969,245	8.93%
3	PHILPLANS FIRST, INC.	105,723,483	7.49%
4	KAPATIRAN REALTY CORPORATION	79,020,150	5.60%
5	LEE, JAMES CHIEW	55,318,229	3.92%
6	PANAY ELECTRIC COMPANY, INC	51,633,736	3.66%
7	GO, DEXTER L	24,945,316	1.77%
8	GO, HAROLD ANGELO L	24,945,316	1.77%
9	GO, WALTER ROSS L	24,945,316	1.77%
10	RIVERBANKS DEVELOPMENT CORPORATION	22,982,577	1.63%
11	CARLOS, CAROLINA PAULA	22,322,604	1.58%
12	ARCANGEL, MICKIE MARGARET CHUIDIAN	18,468,821	1.31%
13	SO, EME	11,385,527	0.81%
14	LIM, MARY HAW	9,890,568	0.70%
15	DUMLAO, LOURDES CAROLINA ILETO	9,278,351	0.66%
16	MOLINA, FRANCIS IRAL	8,595,489	0.61%
17	ALCORDO, ANGELITA VELEZ	8,085,382	0.57%
18	DAGONDON, ELSON NIEL SORIANO	7,931,873	0.56%
19	LBP-PROVIDENT FUND	7,428,819	0.53%
20	GERVACIO, THEODORA GASPAR	7,318,917	0.52%

### **Institutional and retail investors**

The table below shows the Fund's total number of institutional and retail investors and the percentage of their investments as of 31 December 2023.

<b>Philam Managed Income Fund</b>	<b>Retail</b>	<b>Institutional</b>
Number of investors	439	20
Percentage of investments	17.62%	82.38%

### **Geographic concentration of investments**

The geographic concentration of investments as of 31 December 2023 is as follows: Luzon (79.69%), Visayas (14.79%), and Mindanao (5.52%).

### **Level of compliance with FATCA regulations**

FATCA Review as of 31 December 2023

<b>PMIF</b>	<b>No. of Transaction</b>	<b>More than USD50 Thousand</b>	<b>Less than USD50 Thousand</b>
US CITIZEN	0	0	0
US INDICIA	0	0	0

### **Investment company return information**

Stated below is the Fund's annualized performance (%) for five (5) years.

<b>1 YR</b>	<b>2 YRS</b>	<b>3 YRS</b>	<b>4 YRS</b>	<b>5 YRS</b>
3.89	2.27	1.51	2.53	3.16

### **Recent Sales of Unregistered or Exempt Securities Including Recent Issuances of Securities Constituting an Exempt Transaction**

Not applicable.

## **ITEM NO.6 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

### **Distribution**

The Fund is being distributed by BIMi through SEC Certified Investment Solicitors (CISols) as well as institutional third-party distributors.

### **Use of Proceeds**

The proceeds from the sale of PMIF shares will be used to build up its investment in mostly domestic fixed income instruments, including but not limited to, Philippine treasury bills and bonds, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other evidences of obligations issued by the BSP. Majority of PMIF's portfolio will be invested in fixed income securities and other money market instruments.

### **Determination of Offering Price**

The offering price is determined at Net Asset Value (NAV) per share computed for the current banking day, if payment is made within the daily cut-off time. Otherwise, the NAV per share on the following

banking day will be used for payments made after the daily cut-off time. The daily cut-off time shall be 12:00 noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

### **AS OF DECEMBER 31, 2023**

In 2023, domestic fixed income returned positively with the local currency bond index gaining 8.24%. This was boosted by falling bond yields after local inflation eased from the 8.7% peak in January. While we saw a rebound in the third quarter, inflation decelerated to 3.9% in December amid cooling prices of food and utilities. This settled within the Bangko Sentral ng Pilipinas' (BSP) target range of 2-4% for the first time since March 2022. Following a 100-bp hike made over the course of the year, the continued decline in inflation allowed the BSP to keep the policy rate steady at 6.5% during the December monetary policy meeting.

Moving forward, inflation is expected to continue trending lower with the BSP forecasting inflation to average 3.7% in 2024 from 6.0% in 2023. Moreover, the US Federal Reserve signaled that it could start easing monetary policy in 2024. These tailwinds may enable the BSP to gradually cut rates in the second half. However, we remain watchful of upside risks to inflation such as the impact of El Niño phenomenon on agricultural product prices including rice, global oil price volatility, transport fare hikes, power rate upward adjustments, and above-average wage increases. In line with this, BSP Governor Remolona signaled that the BSP will likely keep the policy rate tight until inflation firmly falls within target.

Given the favorable inflation outlook and attractive bond yields compared to historical averages, we still see opportunity to invest in fixed income. We believe investors are well positioned to augment their portfolio by adding duration to their fixed income holdings. This provides an opportunity to lock in the elevated yields and capitalize on the potential marked-to-market gains once the central bank cut rates. Despite the potential short-term risks to the inflation outlook, we see inflation moderating over the medium term as global economic growth slows and as the delayed impact of tight monetary policy takes effect.

For 2024, expect the PhilAm Managed Income Fund to stay true to its investment objective. The Fund will take advantage of the high interest rate environment by locking in yields at current levels. The fund manager is looking to gradually add duration with the outlook of eventual normalization of yields lower when inflation moves back to target and the BSP starts cutting policy rates. Shareholders will get the full reward of investing for the long term and should be prepared to withstand some volatility.

### **TOP FIVE KEY PERFORMANCE INDICATORS**

- a) *Performance vis-à-vis the Benchmark* – The Fund had a full year return of 4.05% for 2023 net of fees and taxes, underperforming its benchmark by 142 basis points.
- b) *Market Share in the Industry* – The Fund has maintained its presence in the industry. The Peso Bond Mutual Fund industry has three major players in terms of Net Asset Value: ALFM Peso Bond Fund, PhilAm Bond Fund and Sun Life Prosperity Bond Fund. As of end December 2023, Philam Managed Income Fund ranked seventh in terms of market share with 1.60% share of the peso denominated bond fund category.
- c) *NAV Growth vis-à-vis Industry Growth* – The Fund's average daily NAV for 2023 was at PHP 716.84 Million. The peso bond fund industry declined by -16.10% in terms of total net asset value while Philam Managed Income Fund's NAV declined by -17.73% for the year 2022.
- d) *Portfolio Quality* – The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. The Fund continued to remain well diversified in the fourth quarter of 2023 with 52.6% of the Fund's portfolio invested in government securities, 37.0% in corporate securities and 10.5% in cash and cash equivalents.

- e) *Performance vis-a-vis Competition* - The Fund's performance is also compared against the performance of other players in the market. As of end-December 2023, the Fund ranked fifth among ten mutual bond fund competitors in terms of one-year absolute returns.

#### **AS OF DECEMBER 31, 2022**

The Philippine economy posted a robust 7.6% year-on-year growth in 2022 as post-pandemic reopening activities continued to drive consumer and business spending. The figure was higher than the government's target range of 6.5%-7.5% for the year. On the other hand, local inflation continued to accelerate, clocking in as high as 8.1% year-on-year in December as supply-side pressures persisted. Elevated prices, along with various global monetary policy tightening actions, drove the Bangko Sentral ng Pilipinas (BSP) to announce an off-cycle 75-basis point hike mid-year. In 2022, the BSP raised rates by a total of 350 basis points.

The prospect of a prolonged high-inflation environment drove yields higher across the curve in 2022, particularly on the short-end. Year-on-year, the yield on the 1-year rose by about 355 basis points to 5.21%, the 5-year yield rose by about 227 basis points to 6.47%, while the yields on 6-10-year securities rose by about 208 basis points on average. 2022 was thus another challenging year for fixed income markets.

For 2023, we expect Philippine economic growth to moderate slightly as prolonged elevated price levels limit spending. The BSP will likely consider economic data, particularly inflation, and will continue to monitor for signs of over-heating. They have continuously reiterated that they are prepared to step in and utilize their monetary policy tools as needed.

Thus, for 2023, expect PhilAm Managed Income Fund to maintain its short duration while increasing fund yield. The Fund will continue be cautious and position itself slightly underweight in terms of duration vs. the benchmark but remain opportunistic as yields have started to become more attractive. Shareholders will get the full reward of investing for the long term and should be prepared to withstand some expected volatility.

#### **TOP FIVE KEY PERFORMANCE INDICATORS**

- a) *Performance vis-à-vis the Benchmark* - The Fund had a full year return of 0.20% for 2022 net of fees and taxes, outperforming its benchmark by 9 basis points.
- b) *Market Share in the Industry* - The Fund has maintained its presence in the industry. The Peso Bond Mutual Fund industry has three major players in terms of Net Asset Value: ALFM Peso Bond Fund, PhilAm Bond Fund and Sun Life Prosperity Bond Fund. As of end December 2022, Philam Managed Income Fund ranked sixth in terms of market share with 1.60% share of the peso denominated bond fund category; trailing behind Cocolife Fixed Inc Fund.
- c) *NAV Growth vis-à-vis Industry Growth* - The Fund's average daily NAV for 2022 was at PHP 914.1 Million. The peso bond fund industry declined by -16.10% in terms of total net asset value while Philam Managed Income Fund's NAV declined by -17.73% for the year 2022.
- d) *Portfolio Quality* - The Fund's portfolio should, at all times, adhere to the investment parameters as indicated in the Fund's prospectus. The Fund continued to remain well diversified in the fourth quarter of 2021 with 66.82% of the Fund's portfolio invested in government securities, 28.45% in corporate securities and 4.73 in cash and cash equivalents.
- e) *Performance vis-a-vis Competition* - The Fund's performance is also compared against the performance of other players in the market. As of end-December 2022, the Fund ranked at second place among eleven mutual bond fund competitors in terms of full-year returns.

## ITEM NO.7 FINANCIAL STATEMENTS

Copies of the following audited financial statements are attached:

- Statement of Financial Position as of December 31, 2023 and 2022
- Statement of Total Comprehensive Income for the years ended December 31, 2023 and 2022
- Statement of Changes in Equity for the years ended December 31, 2023 and 2022
- Statement of Cash Flows for the years ended December 31, 2023 and 2022

## ITEM NO.8 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

## PART III - CONTROL AND COMPENSATION INFORMATION

### ITEM NO.9 DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The Board of Directors and Executive Officers of PMIF are as follows:

Name	Age	Citizenship	Position	Term	Years of Service
Roberto F. De Ocampo	78	Filipino	Chairman of the Board	2023-2024	24
Reynaldo G. Geronimo	79	Filipino	President and Director	2023-2024	12
Ramon Paulo L. Tayag	43	Filipino	Director	2023-2024	>1
Tomas S. Chuidian	57	Filipino	Director	2023-2024	>1
Fernando J. Sison III	71	Filipino	Director	2023-2024	4
Simon R. Paterno	65	Filipino	Director	2023-2024	1
Ma. Adelina S. Gatdula	60	Filipino	Corporate Secretary	2023-2024	7
Ma. Floriliz L. Pedernal	53	Filipino	Treasurer	2023-2024	3

#### ROBERTO F. DE OCAMPO

Chairman of the Board

Dr. Roberto F. De Ocampo is a cum laude graduate of Bachelor of Arts in Economics at the Ateneo de Manila University. He has a Master in Business Administration from the University of Michigan and a post-graduate diploma from the London School of Economics. He has also been conferred three Doctorates (Honoris Causas). Mr. De Ocampo is President and Director of the following PAMI-managed funds: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc. (each since 2005) and PAMI Global Bond Fund, Inc. (since 2008), PAMI Asia Balanced Fund Inc., PAMI Equity Index Fund, Inc., PAMI Global Equity Fund, Inc. (each since 2009), PAMI Horizon Fund, Inc. (since 2011), and PAMI Income Payout Fund, Inc. (since 2015). Dr. de Ocampo was previously the President of the Asian Institute of Management. From 1992 to 1998, he served as the Secretary of Finance under the Ramos administration and was widely recognized as the principal architect of the resurgence of the Philippine economy. He was the first Filipino and the first ASEAN finance minister to be recognized and was cited as the "Finance Minister of the Year" in 1996 by Euromoney. He was conferred the Legion of Honor in 1998, the highest honor conferred on Filipino civilians by the Philippine government and was conferred the Ordre National de la Legion d' Honneur by the Republic of France with the rank of Chevalier.

#### REYNALDO G. GERONIMO

President

Atty. Geronimo is a cum laude graduate of Bachelor of Arts (A.B.) at the Ateneo de Manila University. He graduated Second Honors from Ateneo Law School in 1968. He also has a Master of Laws with specialization in Trusts and Estates from the University of Pennsylvania. He is currently a partner in

the Romulo Mabanta Buenaventura Sayoc & de los Angeles Law Firm and a co-Chairman of the Banking Group. Atty. Geronimo is known as the Trust Guru, with a regular column in the Manila Standard Today. He is also a bar reviewer in Taxation at the UP Law Center, the UP College of Law, the Law School of UST's Civil Law Faculty, the College of Law of Liceo de Cagayan and the Ateneo Law School. Atty. Geronimo is a director of the following PAMI-managed funds since 2010: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc. and PAMI Global Bond Fund, Inc., PAMI Asia Balanced Fund, Inc., PAMI Equity Index Fund, Inc., PAMI Global Equity Fund, Inc., PAMI Horizon Fund, Inc. (since 2011) and PAMI Income Payout Fund, Inc. (since 2015).

#### **TOMAS S. CHUIDIAN**

Director

Mr. Chuidian is the President of BPI Investment Management Inc. (BIMI) and concurrently functions as Director of BPI International Finance, Ltd., a wholly owned subsidiary of BPI based in Hong Kong, since 2015. He also headed the Bank's Private Banking unit for almost 10 years before being assigned to BIMI. Prior to joining BPI, Mr. Chuidian served as Executive Director for Global Wealth Management at Merrill Lynch in Hong Kong. He has over 25 years of banking experience, having held positions at ABN AMRO Bank N.V., DBS Bank and PNB as an investment management professional across all asset classes, advising high net-worth families, middle-market companies, and non-profit endowment funds. Before entering the world of finance, Mr. Chuidian managed specialized biotechnology products at Digene Diagnostics, a start-up company founded in the United States. Mr. Chuidian holds a Master's Degree in International Management from the University of Maryland and a Bachelor of Science Degree in Chemistry and Biology from College of the Ozarks in Missouri. Tim was born in the Philippines and prior to pursuing his college and graduate studies in the United States, was one of the first graduates from La Salle Zobel.

#### **RAMON PAULO L. TAYAG**

Director

Mr. Tayag is the current Head of Agency Distribution for BIMI. He graduated from Ateneo De Manila with a degree in BS Legal Management and earned his Master's Degree in Business Administration from Ateneo as well. He has a total of 20 years experience in retail banking and investment sales. The first 6 years were in the retail lending industry via leasing and credit cards. He joined Citibank in 2008 as a Citigold Relationship Officer and specialized in investment sales. He first joined BPI Asset Management and Trust Group in 2013 until 2018 handling various area divisions of the Bank. He returned in 2020 after his exposure to agency management from Sun Life Asset Management Company Inc.

#### **SIMON R. PATERNO**

Director

Mr. Simon R. Paterno, Filipino, born in 1959, 65 years old, served as Head of the Financial Products and Services Group of the Bank of the Philippine Islands. He was responsible for managing the product businesses of the Bank, including Investment Banking, Corporate Loans, Transaction Banking, Retail Lending, Cards and Payments, Asset Management and Trust, Electronic Channels, and Deposits. He also supervised subsidiaries and affiliates in insurance, leasing, and merchant acquiring. He was a member of the Management Committee of BPI. Mr. Paterno is the former President and CEO of the Development Bank of the Philippines, serving from 2002-2004. He worked for 18 years at the New York, Hong Kong, and Manila offices of J.P. Morgan, serving finally as Managing Director in charge of sovereign clients during the Asian Financial Crisis of 1997-98, and as Country Manager for the Philippines until 2002. He also worked for 8 years at Credit Suisse as Managing Director and Country Manager for the Philippines. Mr. Paterno obtained his MBA from Stanford University in 1984. He was awarded his A.B., cum laude, Honors Program in Economics from Ateneo de Manila University in 1980. In 2005, he was elected President of the Management Association of the Philippines. He serves on the boards of the Foundation for Economic Freedom and Ateneo Scholarship Foundation. He was named a TOYM awardee for Investment Banking in 1999.



**FERNANDO J. SISON III**

Director

Mr. Sison is the Treasurer of ALFM Money Market Fund, Inc., ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Growth Fund, Inc., and Philippine Stock Index Fund, Corp. He is also a Director and the Treasurer of ALFM Global Multi-Asset Income Fund, Inc. and an Independent Director of ALFM Retail Corporate Fixed Income Fund, Inc. and ALFM Fixed Income Feeder Fund, Inc. (Formerly: ALFM Principal Preservation Fund, Inc.). Since September 9, 2020, Mr. Sison has been a Director of Philam Fund, Inc., Philam Managed Income Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., PAMI Global Bond Fund, Inc., PAMI Asia Balanced Fund Inc., PAMI Horizon Fund Inc., and PAMI Equity Index Fund, Inc. He used to be the President of BPI Investment Management, Inc. from May 2004 up to June 2012. He previously served as Vice President and head of many of BPI's divisions, including AMTG Retail Trust Division, AMTG Portfolio Management Division, SDG Retail Funds Distribution, and Private Banking Unit. He was assigned to BPI International Finance Ltd. (HK) as Head of Investment Management Division and to BPI Capital Corporation – Corporate Finance Group as Vice President and Head of Syndications and Underwriting. He completed the corporate finance module of JP Morgan in New York and underwent on-the-job training in corporate finance with JP Morgan in Hong Kong. He previously served as President of the Investment Company Association of the Philippines (ICAP) for 3 terms up to 2006 and as Chairman of the Board of the Philippine Investment Funds Association (PIFA), formerly ICAP, for 5 terms up to 2012-2013. He currently serves as a member of the Board of Senior Advisers of PIFA. He served as Industry Governor of the Market Governance Board of the Philippine Dealing and Exchange Corp. in 2008 and 2011 and as Alternate Governor for 5 terms. He is a SEC-licensed Certified Investment Solicitor from 2001 to 2012. He is currently the Investments Administrator and the Director, University Business Affairs Office, of the Ateneo de Manila University. He is a member of the Board of Trustees and Executive Committee, and the Chairman, Investment Committee of the CEAP Retirement Fund, Inc. Mr. Sison graduated from the Ateneo de Manila University in 1974 with the degree A.B. General Studies (Honorable Mention). He obtained his M.B.A. degree in 1976 from the University of the Philippines (Diliman).

**MA. FLORILIZ L. PEDERNAL**

Treasurer

Ms. Pedernal is the Operations Accounting Head of BPI Wealth since April 2023 and BPI Investment Management Inc. from 2017 to March 2023. She started as an accounting staff in BPI Unibank Central Accounting Department in 1991 before joining the BPI Officership Training Program in December 2004. She assumed the position of Operations Accounting Officer of then BPI Asset Management and Trust Group from July 1, 2005 to December 2016 before joining BIMI in 2017. She completed her Accounting Degree from Miriam College Foundation Inc. in 1991, and passed the CPA Board in October in the same year.

\*Appointed as Treasurer in November 2020.

**MA. ADELINA S. GATDULA**

Corporate Secretary

Atty. Gatdula has been a Partner in Picazo Buyco Tan Fider & Santos Law Office since July 1995. She joined the said law office in September 1989. Prior thereto, she worked as a Confidential Attorney of Justice Irene R. Cortes in the Supreme Court. Atty. Gatdula obtained her Bachelor of Laws from the University of the Philippines in 1987, and Bachelor of Arts in Economics (cum laude) also from the same university in November 1982. She represents private companies engaged in real estate development and services, outsource business processing, software development, finance, investment, insurance and insurance brokerage and consultancy, manufacturing and trading, and radio broadcasting, in a wide array of corporate and financial matters, and various condominium corporations and non-government religious and charitable organizations.

\*Appointed as Corporate Secretary on October 14, 2015.

**GLENN NOEL L. LLANETA**

Compliance, AML and Data Protection Officer

Mr. Llaneta has a combined 19 years and running banking experience spanning stints in Accounting, Trust Services, Customer Due Diligence (CDD) specializing in Know Your Customer (KYC) and Customer Transaction Monitoring gained from Local and International banks. He joined BIMi last July 1, 2023 as a Compliance Officer, as such he would be responsible that the company has internal controls to adequately manage risk as well as ensures the entity as well as the Mutual Funds are in compliance with the regulatory requirements. He possesses International Advanced Certificate in Anti-Money Laundering accorded by International Compliance Association (ICA) and a Certified Know Your Customer Associate (CKYCA) afforded by Certified Anti-Money Laundering Specialist (CAMS). He also successfully passed AMLF/CTF Fundamentals Course administered by Anti-Money Laundering Council (AMLC).

**Incorporators**

The incorporators of the Fund are the following:

- 1) Mr. Jose L. Cuisia, Jr.
- 2) Mr. Rex Ma. A. Mendoza
- 3) Mr. Reynaldo C. Centeno
- 4) Mr. Jesus G. Hofileña
- 5) Mr. Edgardo A. Grau
- 6) Mr. Francisco M. Ortigas III
- 7) Mr. Victor A. Lim

**Significant Employee**

There is no significant employee who is expected by the Fund to make a significant contribution to the business.

**Family Relationships**

None of the Fund's directors and executive officers is related to each other up to the fourth civil degree either by consanguinity or affinity.

**Involvement in Certain Legal Proceedings**

To the best of the Fund's knowledge, there has been no occurrence during the past six (6) years up to the date of this SEC Form 17-A of any of the following events that are material to the evaluation of ability or integrity of any director, any nominee for election as director, executive officer or controlling person of the Fund:

1. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading

market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

## ITEM NO.10 EXECUTIVE COMPENSATION

### Executive Compensation

The aggregate compensation paid or accrued during the previous fiscal year and the preceding two fiscal years to the PMIF Board of Directors is as follows:

Year	Total
2023	Php 101,250
2022	Php 202,500
2021	Php 153,000
2020	Php 153,000
2019	Php 153,000

### Directors' Compensation

The Fund does not have any executive under its employ and therefore does not pay any executive compensation. For every board meeting attended by each Director, he will receive a per diem of Php 7,500.00.

Estimated per Diem of PMIF directors, excluding bonus, for year 2024 is Php 152,550.00

### Employment Contracts and Termination of Employment and Change-In-Control Arrangements

None of the Executive Officers have employment contracts with the Fund.

There are no arrangements that exist which could result in a change in control of the Fund.

## ITEM NO.11 SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

AS OF DECEMBER 31, 2023

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Roberto F. De Ocampo Eugenio Lopez Foundation Building, Col. Joseph R. McMicking Campus, 123 Paseo de Roxas, Makati City, (Chairman)	1 (record)	Filipino	0.0000%
Common	Reynaldo G. Geronimo No. 5 Zinia Street, Valle Verde 2, Pasig City, (President/Director)	1 (record)	Filipino	0.0000%
Common	Ramon Paulo L. Tayag Blk 6 Lot 16 Salvador Place Brazilia Heights Susana Heights Muntinlupa, (Director)	1 (record)	Filipino	0.0000%
Common	Tomas S. Chuidian 39 Tamarind Rd Forbes Park Makati City, (Director)	1 (record)	Filipino	0.0000%

Common	Simon R. Paterno 58 McKinley Road, Forbes Park, Makati City, (Director)	1 (record)	Filipino	0.0000%
Common	Fernando J. Sison III 3 Jocson St., Xavierville 1, Loyola Heights, Quezon City, (Director)	1 (record)	Filipino	0.0000%
Common	Ma. Floriliz L. Pedernal 17/F Net Lima Bldg., 5th Avenue cor. 26th Street, Bonifacio Global City, Taguig City, (Treasurer)	0	Filipino	0.0000%
Common	Ma. Adelina S. Gatdula Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, (Corporate Secretary)	0	Filipino	0.0000%
Common	Glenn Noel L. Llaneta 7/F, BPI Buendia Center, Sen. Gil Puyat Avenue, Makati City 1209 (Compliance and Risk Officer)	0	Filipino	0.0000%

**AS OF DECEMBER 31, 2022**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Common	Roberto F. De Ocampo Eugenio Lopez Foundation Building, Col. Joseph R. McMicking Campus, 123 Paseo de Roxas, Makati City, (Chairman)	1 (record)	Filipino	0.0000%
Common	Reynaldo G. Geronimo No. 5 Zinia Street, Valle Verde 2, Pasig City, (President/Director)	1 (record)	Filipino	0.0000%
Common	Angel Marie Pacis 101 Cordova Las Villas de Valle Verde, Kaimito St. Valle Verde2, Ugong Psig City, (Director)	1 (record)	Filipino	0.0000%
Common	Lee Longa 3 Carbine Loop Alabang 400 Village Muntinlupa City, (Director)	1(record)	Filipino	0.0000%
Common	Elenita D.G. Villamar 17/F Net Lima Bldg., 5th Avenue cor. 26th Street, Bonifacio Global City, Taguig City, (Director)	1(record)	Filipino	0.0000%
Common	Simon R. Paterno 58 McKinley Road, Forbes Park, Makati City, (Independent Director)	1 (record)	Filipino	0.0000%
Common	Fernando J. Sison III 3 Jocson St., Xavierville 1, Loyola Heights, Quezon City, (Independent Director)	0	Filipino	0.0000%
Common	Ma. Floriliz L. Pedernal 17/F Net Lima Bldg., 5th Avenue cor. 26th Street, Bonifacio Global City, Taguig City, (Treasurer)	0	Filipino	0.0000%

Common	Ma. Adelina S. Gatdula Penthouse, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City, (Corporate Secretary)	0	Filipino	0.0000%
Common	Meriza R. De Guzman, 22 F. BPI Buendia Center Building Sen. Gil Puyat Avenue, Makati City 2100, (Compliance and Risk Officer)	0	Filipino	0.0000%

**AS OF DECEMBER 31, 2021**

<b>Title of Class</b>	<b>Name and Address of Record Owner and Relationship with the Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares</b>	<b>Percentage of Class Held</b>
Common	PHILAM PROPERTIES CORPORATION 17F 5TH AVE COR 26TH ST., NET LIMA BLDG, PHILAM LIFE HEAD OFFICE BONIFACIO GLOBAL CITY TAGUIG METRO MANILA PHILIPPINES 1634	PHILAM PROPERTIES CORPORATION	Filipino	125,969,245	16.81%
Common	KAPATIRAN REALTY CORPORATION 17F PHILAM LIFE HEAD OFFICE, NET LIMA BLDG. 5TH AVENUE CORNER 26TH STREET, BONIFACIO GLOBAL CITY TAGUIG CITY METRO MANILA 1634	KAPATIRAN REALTY CORPORATION	Filipino	79,020,150	10.54%
Common	PHILPLANS FIRST, INC. 6/F UN AVE., PHILAMLIFE BLDG ERMITA MANILA METRO MANILA PHILIPPINES 1226	PHILPLANS FIRST, INC.	Filipino	71,264,489	9.51%
Common	PHILAM STRATEGIC GROWTH FUND, INC. 17/F NETLIMA BLDG. 5TH AVENUE CORNER 26TH ST., BONIFACIO GLOBAL CITY TAGUIG METRO MANILA PHILIPPINES 1630	PHILAM STRATEGIC GROWTH FUND, INC.	Filipino	69,458,384	9.27%
Common	PANAY ELECTRIC COMPANY, INC P.O. BOX 411, ADUANA STREET ILOILO CITY ILOILO PHILIPPINES	PANAY ELECTRIC COMPANY, INC	Filipino	51,633,736	6.89%

Common	FIRST METRO SECURITIES BROKERAGE CORP. 18TH FLOOR PSBANK CENTER 777 PASEO DE ROXAS, MAKATI CITY PHILIPPINES	FIRST METRO SECURITIES BROKERAGE CORP.	Filipino	48,184,516	6.43%
Common	PHILAM FUND, INC. 17/F NETLIMA BLDG. 5TH AVENUE CORNER 26TH ST., BONIFACIO GLOBAL CITY TAGUIG METRO MANILA PHILIPPINES 1630	PHILAM FUND, INC.	Filipino	37,552,721	5.01%

#### Voting Trust

The Fund knows of no persons holding more than 5.0% of its shares under a voting trust or similar agreement which may result in a change in control of the Fund.

#### **External Audit Fees**

The external auditor's fees were included as part of "Professional fees" in the Statements of Comprehensive Income in the attached audited financial statements. Except for the year-end audit, there were no other services performed by or availed from the external auditors for the year ended December 31, 2023 and 2022.

Year	Total
2023	Php216,233.15
2022	Php101,334.80
2021	Php 84,445.00
2020	Php 184,282.00
2019	Php 150,795.00

#### **Audit Committee's approval policies & procedures for the External Auditor:**

1. Recommend to the Board of Directors the selection of the external auditor, who is accountable to the Board and to the Audit Committee as representatives of the shareholders, considering independence effectiveness and approval of fees and other compensation to be paid to the external auditor. On an annual basis, the Committee should review and discuss with the auditor all significant relationships with PMIF to determine the auditor's independence.
2. Review the performance of the external auditor and approve any proposed discharge of the external auditor when circumstances warrant.
3. Periodically consult with the external auditor of PMIF about internal controls and the fullness and accuracy of the organization's financial statements.
4. The Committee will actively engage the external auditor in a dialogue regarding independence.
5. Adhere to the following procedures for the approval of services by the external auditor:
  - a. The Audit Committee will annually approve the scope of, and fees payable for, the year-end audit to be performed by PMIF's external auditor for the next calendar year.
  - b. PMIF may not engage the external auditor for any services unless they are approved by the Audit Committee in advance of the engagement.
  - c. If PMIF wishes to engage the external auditor for any services, PMIF will define and present to the Audit Committee specific projects and categories of service and fee estimates, for which the advance approval of the Audit Committee is required. The Audit Committee will review these requests and determine whether to pre-approve the engagement of the external auditor for the specific projects and categories of service.

- d. PMIF will report to the Audit Committee regarding the actual spending for these projects and services, compared to the approved amounts on a quarterly basis.
- e. The Audit Committee Chairperson will report to the Committee at each regularly scheduled meeting the nature and amount of any non-audit services that he has approved.

## **ITEM NO. 12 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

During the last two (2) years, there were no transactions with, either proposed or as a series of similar transactions, that involved the Fund in which a director, executive officer, or stockholder who owned ten percent (10%) or more of the total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

## **PART IV – CORPORATE GOVERNANCE**

### **ITEM NO.13 CORPORATE GOVERNANCE**

The evaluation system adopted by PMIF to determine the level of compliance of the Board and of top-level management with its Manual of Corporate Governance is based primarily on the SEC Corporate Governance Self-Rating Form (CG-SRF).

PMIF has undertaken the following measures to fully comply with the adopted leading practices on good corporate governance:

- Consider changes, improvements, or additions to current corporate disclosure procedures
- Implement processes for identifying items where timely corporate disclosure is necessary

PMIF had no material deviations from its Manual of Corporate Governance since it filed its last CG-SRF with the SEC.

Apart from the foregoing changes or improvements being considered for corporate disclosures, there are no plans to improve the current corporate governance of PMIF.

## **PART V - EXHIBITS AND SCHEDULES**

### **ITEM NO.14 EXHIBITS AND REPORTS ON SEC FORM 17-C**

The following items were reported on SEC Form 17-C for 2023

<b>Items Reported</b>	<b>Date Filed</b>
Item taken up and approved during the Special Board of Directors Meeting held on February 07, 2023	February 10, 2023
Item taken up and approved during the Special Board of Directors Meeting held on August 04, 2023	August 09, 2023
Item taken up and approved during the Special Meeting of the Board of Directors Meeting held on August 14, 2023	August 16, 2023
Item taken up and approved during the Annual Stockholders Meeting held on October 12, 2023	October 16, 2023

## SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of QUEZON CITY 15 APR 2024

**PHILAM MANAGED INCOME FUND INC.**  
Issuer

For: **PMIF (Issuer)**

  
**ROBERTO F. DE OCAMPO**  
Chairman of the Board

  
**REYNALDO G. GERONIMO**  
Director and President

  
**MA. FLORILIZ L. PEDERNAL**  
Treasurer

  
**MA. ADELINA S. GATDULA**  
Corporate Secretary


  
**CHRISTMAS G. SEVILLA**  
For BPI Wealth – A Trust Corporation  
as Fund Manager

**15 APR 2024**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ affiant(s) exhibiting to me their respective competent evidence of identification, as follows:

NAMES	TAX IDENTIFICATION NO.
ROBERTO F. DE OCAMPO	120-115-828
REYNALDO G. GERONIMO	123-102-933
MA. FLORILIZ L. PEDERNAL	149-792-248
MA. ADELINA S. GATDULA	107-043-114
CHRISTMAS G. SEVILLA	111-622-818

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Page No. 32  
Book No. X  
Series of 20 24

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 549 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-371-009-000  
MCLE No. 768 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025  
Address: 31-F Harvard St. Cubao, Q.C.



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


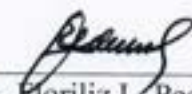
The management of **Philam Managed Income Fund, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended 31 December 2022 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statement including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statement of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholder, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
Roberto F. De Ocampo  
Chairman of the Board  
Reynaldo G. Geronimo  
President  
Ma. Floriliz L. Pedernal  
Treasurer

15 APR 2024

Sign this \_\_\_\_ day of \_\_\_\_ 20 \_\_\_\_

## ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES

**QUEZON CITY** METRO MANILA

BEFORE ME, a Notary Public for and in the above jurisdiction, personally appeared:

**Name**

Roberto F. De Ocampo

Reynaldo G. Geronimo

Ma. Floriliz L. Pederal

**Tax Identification No.**

120-115-828

123-102-933

149-792-248

Known to me the same persons who executed the foregoing CERTIFICATE, consisting of 2 pages including this page wherefore this Acknowledgement is written and they acknowledge to me that the same is their voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and place first above written.

Doc No. 145

Page No. 20

Book No. X

Series of 20 24

**ATTY. ROGELIO J. BOLIVAR**

NOTARY PUBLIC IN QUEZON CITY

Commission No. Adm. Matter No. NP 549 (2023-2024)

IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024

PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-009-000

MCLE No. 7&8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025

Address: 31-F Harvard St. Cubao, Q.C.

REPUBLIC OF THE PHILIPPINES)

**QUEZON CITY**

)S.S.

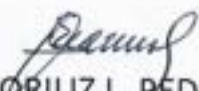
**TREASURER'S CERTIFICATION**

I, Ma. Floriliz L. Pedernal of legal age, Filipino and with office address at 7F BPI Buendia Center, Sen. Gil J. Puyat Ave., Makati City, after being sworn in accordance with law, hereby certify under oath that:

1. I am the Treasurer of Philam Managed Income Fund, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. CS2005-17003 with principal office address at 17/F, Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig 1634.
2. The accounts and figures provided in the electronic copy of the Special Form for Financial Statements are based on the contents of the Audited Annual Financial Statements of the Corporation submitted to SEC.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

**11 APR 2024**


WITNESS MY HAND on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_ in Makati City.

  
**MA. FLORILIZ L. PEDERNAL**  
Treasurer

**11 APR 2024**

SUBSCRIBE AND SWORN to before me on this \_\_\_\_ day of \_\_\_\_\_ at  
**QUEZON CITY** Affiant exhibited to me his Tax Identification No. 149-792-248.

Doc. No. 473:  
Page No. 96:  
Book No. 1x:  
Series of 2024.

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 549 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33832 / TIN # 129-871-009-006  
MCLE No. 788 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025  
Address: 31-F Harvard St. Cebu, C.C.



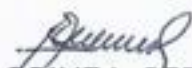
REPUBLIC OF THE PHILIPPINES)  
S.S.

### TREASURER'S CERTIFICATION

I, Ma. Floriliz L. Pedernal of legal age, Filipino and with office address at 7F BPI Buendia Center Sen. Gil j. Puyat Ave., Makati City, after being sworn in accordance with law, hereby certify that:

1. I am Treasurer of Philam Managed Income Fund, Inc. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. CS2005-17003 with principal office address 17/F, Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th Street, Bonifacio Global City, Taguig 1634.
2. The Financial Statement ("F/S") CD submitted contains the exact data stated in the hard copies of the F/S of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.


WITNESS MY HAND on this 11 APR 2024 day of 20 in Makati City.

  
MA. FLORILIZ L. PEDERNAL  
Treasurer

11 APR 2024

SUBSCRIBE AND SWORN to before me on this \_\_\_\_\_ day of \_\_\_\_\_  
at QUEZON CITY Affiant exhibited to me his Tax Identification No. 149-792-248.

Doc. No. 20 :  
Page No. 65 :  
Book No. X :  
Series of 20 24

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 549 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 4127771 D 0103/2024 / Roll No. 33832 / TIN # 125-873-000-000  
MCLE No. 738 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025  
Address: 31-F Harvard St. Cubao, Q.C.

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**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

C	S	2	0	0	5	1	7	0	0	3
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**COMPANY NAME**

P	H	I	L	A	M		M	A	N	A	G	E	D		I	N	C	O	M	E		F	U	N	D	,			
I	N	C	.																										

**PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)**

1	7	F		P	H	I	L	A	M		L	I	F	E		H	E	A	D		O	F	F	I	C	E	,			
N	E	T		L	I	M	A		B	U	I	L	D	I	N	G	,		5	T	H		A	V	E	N	U	E		
C	O	R	N	E	R		2	6	T	H		S	T	.	,		B	O	N	I	F	A	C	I	O					
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Form Type

A	F	S	
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Department requiring the report

N	A	
---	---	--

Secondary License Type, if Applicable

N	A	
---	---	--

**COMPANY INFORMATION**

Company's Email Address

BPI\_Wealth\_Operation@bpi.com.ph

Company's Telephone Number/s

8580-0900

Mobile Number

N/A

No. of Stockholders

459

Annual Meeting (Month/Day)

09/13

Fiscal Year (Month/Day)

12/31

**CONTACT PERSON INFORMATION**

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Andrae V. Manalo

Email Address

avmanalo@bpi.com.ph

Telephone Number/s

8580-0900

Mobile Number

N/A

**CONTACT PERSON's ADDRESS**

**7/F, BPI Buendia Center Building, Sen. Gil Puyat Avenue, Brgy. Bel-Air, Makati City 1209, Philippines**

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

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



## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)  
17F Philam Life Head Office, Net Lima Building  
5<sup>th</sup> Avenue corner 26<sup>th</sup> St. Bonifacio Global City  
Taguig 1634, Philippines

### ***Report on the Audits of the Financial Statements***

#### **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Philam Managed Income Fund, Inc. (the "Fund") as at December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

#### ***What we have audited***

The financial statements of the Fund comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the financial statements, including material accounting policy information.

#### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

#### ***Independence***

We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)

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Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philam Managed Income Fund, Inc.  
(An Open-End Mutual Fund Company)  
Page 2

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

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

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philam Managed Income Fund, Inc.  
(An Open-End Mutual Fund Company)  
Page 3

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

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

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



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Philam Managed Income Fund, Inc.  
(An Open-End Mutual Fund Company)  
Page 4

***Report on the Bureau of Internal Revenue Requirement***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**

A handwritten signature in black ink, reading "Dexter Toledaña".

Dexter DJ V. Toledaña

Partner

CPA Cert. No. 121827

P.T.R. No. 0032961; issued on January 12, 2024 at Makati City

T.I.N. 255-979-765

BIR A.N. 08-000745-241-2023, issued on January 30, 2023; effective until January 29, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 8, 2024



## **Statements Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)  
17F Philam Life Head Office, Net Lima Building  
5<sup>th</sup> Avenue corner 26<sup>th</sup> St., Bonifacio Global City  
Taguig 1634, Philippines

We have audited the financial statements of Philam Managed Income Fund, Inc. as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 8, 2024. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional component required by Part I, Section 5 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F and G, as required by Part II, Section 7 of Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

**Isla Lipana & Co.**

A handwritten signature in black ink, reading "Dexter DJ V. Toledaña".

Dexter DJ V. Toledaña  
Partner

CPA Cert. No. 121827

P.T.R. No. 0032961; issued on January 12, 2024 at Makati City

T.I.N. 255-979-765

BIR A.N. 08-000745-241-2023, issued on January 30, 2023; effective until January 29, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 8, 2024

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)

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**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Statements of **Financial Position**  
As at December 31, 2023 and 2022  
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022
<b>Assets</b>			
<b>Assets</b>			
Cash and cash equivalents	2	66,757	202,887
Financial assets at fair value through profit or loss	3	517,999	617,041
Other financial assets at amortized cost		31	247
Other assets		6,785	6,751
<b>Total assets</b>		<b>591,572</b>	<b>826,926</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	5	9,394	13,290
<b>Equity</b>	6		
Share capital		1,000	1,000
Share premium		-	5,166
Deposits for future subscriptions		440,125	698,644
Retained earnings		141,053	108,826
Total equity		582,178	813,636
<b>Total liabilities and equity</b>		<b>591,572</b>	<b>826,926</b>

(The notes on pages 1 to 19 are an integral part of these financial statements)

**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Statements of Total Comprehensive Income  
For each of the three years in the period ended December 31, 2023  
(All amounts in thousands of Philippine Peso, except per share amounts)

	Notes	2023	2022	2021
<b>Income</b>				
Income from financial assets at fair value through profit or loss, net	3	34,799	11,489	6,394
Interest from cash and cash equivalents	7	2,801	1,345	807
Others		3,434	-	-
		41,034	12,834	7,201
<b>Expenses</b>				
Management fees	10	1,820	2,386	2,728
Fees and other charges	8	785	1,460	1,627
Taxes and licenses	15	64	118	126
Others		-	437	594
		2,669	4,401	5,075
<b>Income before income tax</b>		38,365	8,433	2,126
Income tax expense	9	6,138	6,360	5,786
<b>Net income (loss) for the year</b>		32,227	2,073	(3,660)
Other comprehensive income		-	-	-
<b>Total comprehensive income (loss) for the year</b>		32,227	2,073	(3,660)
<b>Basic earnings (loss) per share</b>	6	0.0605	0.0030	(0.0046)

(The notes on pages 1 to 19 are an integral part of these financial statements)

**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Statements of Changes in Equity  
For each of the three years in the period ended December 31, 2023  
(All amounts in thousands of Philippine Peso)

	Note	Share capital	Share premium	Deposits for future subscriptions	Retained earnings	Total
<b>Balance at January 1, 2021</b>		1,000	56,202	757,635	115,579	930,416
<b>Comprehensive loss</b>						
Net loss for the year		-	-	-	(3,660)	(3,660)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(3,660)	(3,660)
<b>Transactions with shareholders</b>	6					
Issuance of shares		1,950	255,204	-	-	257,154
Redemption of shares		(1,950)	(255,204)	-	-	(257,154)
Total transactions with shareholders		-	-	-	-	-
<b>Balance at December 31, 2021</b>		1,000	56,202	757,635	111,919	926,756
<b>Comprehensive income</b>						
Net income for the year		-	-	-	2,073	2,073
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	2,073	2,073
<b>Transactions with shareholders</b>	6					
Issuance of shares		213	32,991	-	-	33,204
Redemption of shares and application of deposits for future subscriptions		(213)	(84,027)	(58,991)	(5,166)	(148,397)
Total transactions with shareholders		-	(51,036)	(58,991)	(5,166)	(115,193)
<b>Balance at December 31, 2022</b>		1,000	5,166	698,644	108,826	813,636
<b>Comprehensive income</b>						
Net income for the year		-	-	-	32,227	32,227
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	32,227	32,227
<b>Transactions with shareholders</b>	6					
Issuance of shares		2,108	277,348	-	-	279,456
Redemption of shares and application of deposits for future subscriptions		(2,108)	(282,514)	(258,519)	-	(543,141)
Total transactions with shareholders		-	(5,166)	(258,519)	-	(263,685)
<b>Balance at December 31, 2023</b>		1,000	-	440,125	141,053	582,178

(The notes on pages 1 to 19 are an integral part of these financial statements)

**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Statements of Cash Flows  
For each of the three years in the period ended December 31, 2023  
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
<b>Cash flows from operating activities</b>				
Income before income tax		38,365	8,433	2,126
Adjustment for:				
Income from financial assets at fair value through profit or loss, net	3	(34,799)	(11,489)	(6,394)
Interest from cash and cash equivalents	7	(2,801)	(1,345)	(807)
Operating income (loss) before changes in operating assets and liabilities		765	(4,401)	(5,075)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Financial assets at fair value through profit or loss		133,841	337,010	(135,329)
Other assets		(749)	(676)	(5,979)
(Decrease) increase in accounts payable and accrued expenses		(3,896)	6,655	(36,786)
Net cash generated from (absorbed by) operations		129,961	338,588	(183,169)
Interest received		3,732	2,060	960
Income taxes paid		(6,138)	(6,360)	(5,786)
Net cash from (used in) operating activities		127,555	334,288	(187,995)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	6	20,937	33,204	257,154
Payments for shares redeemed and application of deposits for future subscriptions	6	(284,622)	(210,531)	(257,154)
Proceeds from deposit for future subscription	6	-	-	2,205
Net cash (used in) from financing activities		(263,685)	(177,327)	2,205
<b>Net (decrease) increase in cash and cash equivalents</b>		(136,130)	156,961	(185,790)
<b>Cash and cash equivalents</b>				
January 1		202,887	45,926	231,716
December 31	2	66,757	202,887	45,926

(The notes on pages 1 to 19 are an integral part of these financial statements)



**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Notes to the Financial Statements

As at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023  
(All amounts are shown in thousands of Philippine Peso, unless otherwise stated)

**1 General information**

Philam Managed Income Fund, Inc. (the “Fund”) is an open-end mutual fund company engaged in the sale of its shares of stock, the proceeds of which are invested in fixed income investments. It was registered on February 27, 2006 with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1960 or Republic Act 2629 and The Revised Securities Act or Batas Pambansa Blg. 178. As an open-end mutual fund company, its outstanding shares are redeemable anytime at the holder’s option based on the net asset value (NAV) per share at the time of redemption.

The Fund aims to achieve capital preservation with returns and inflows derived out of investments in short term fixed income and money market instruments. As an open-end dollar mutual fund company, its outstanding shares of stock are redeemable anytime based on the net asset value (NAV) per share at the time of redemption.

The Fund is registered as an issuer of securities with the SEC under Section 12 of the Securities Regulation Code (SRC). The Fund’s track record of securities registration is shown in Note 6. In compliance with the SRC, the Fund is required to file registration statements for each instance of increase in authorized shares. The last registration statement filed by the Fund for an increase in authorized were approved by the SEC (Note 6).

The Fund’s registered office address, which is also its principal place of business, is located at 17F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig 1634, Philippines.

*Fund management*

The Fund has no employees. The principal management and administration functions of the Fund are outsourced from BPI Wealth, A Trust Corporation (BPI Wealth) (the “Fund Manager”) (Note 10).

Effective January 29, 2020, Philam Asset Management, Inc. (PAMI), a wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc. (formerly “The Philippine American Life and General Insurance (Philam Life) Company”) assigned all its rights, interests, and obligations as fund manager, advisor, distributor, and transfer agent of the Fund to BPI Investment Management, Inc. (BIMI), a wholly-owned subsidiary of Bank of the Philippine Islands (BPI). Henceforth, the management, distribution and transfer agency functions are performed by BIMI over the Fund. Services, contracts and agreements are in force with BIMI at effective date.

Effective April 1, 2023, BIMI transferred all its rights, interest and obligations as fund manager and fund advisor to BPI Wealth, A Trust Corporation (BPI Wealth) (the “Fund Manager”) (Note 10). On effective date, the management function over the Fund is performed by BPI Wealth. Meanwhile, the distribution and transfer agency functions of the Fund were retained by BIMI.

*Approval and authorization for issuance of the financial statements*

The accompanying financial statements have been approved and authorized for issue on April 8, 2024 by the Board of Directors (BOD).

## 2 Cash and cash equivalents

The account at December 31 consists of:

	2023	2022
Cash in banks	2,846	47
Short-term deposits	63,911	202,840
	66,757	202,887

Cash in banks earn interest at prevailing bank deposit rates.

Short-term deposits in 2023 have average maturities of 4 days (2022 - 18 days) and carry effective interest rates ranging from of 3.50% to 6.00% (2022 - 1.25% to 5.75%).

Interest earned from cash and cash equivalents is disclosed in Note 7.

Cash and cash equivalents as at December 31, 2023 and 2022 are readily available for fund's operations and classified as current.

## 3 Financial assets at fair value through profit or loss

The account at December 31 consists of:

	2023	2022
Government securities	304,094	443,200
Corporate debt securities	213,905	173,841
	517,999	617,041

Government securities and corporate debt securities as at December 31, 2023 have average terms of 0.19 to 4.65 years and 0.35 to 3.31 years (2022 - 0.28 to 1.09 years and 0.58 to 2.25 years) and carry effective interest rates of 2.38% to 6.13% and 2.86% to 6.43% (2022 - 2.38% to 6.25% and 2.46% to 5.05%), respectively.

Movements in financial assets at fair value through profit or loss (FVTPL) are summarized as follows:

	2023	2022
At January 1	617,041	942,562
Additions	395,428	50,199
Disposals	(502,014)	(350,908)
Fair value gains (losses), net	6,996	(23,618)
Other movements	548	(1,194)
At December 31	517,999	617,041

Proceeds from disposals of financial assets at FVTPL made for the year ended December 31, 2023 amount to P501,591 (2022 - P348,501). Realized losses on sale of financial assets at FVTPL in 2023 amounts to P423 (2022 - P2,407) and is presented in the statement of total comprehensive income.

Other movements pertain to matured corporate and government securities and collection of accrued interest income.

The composition of income from financial assets at FVTPL, net for the year ended December 31 are as follows:

	2023	2022	2021
Interest income on financial assets at FVTPL	27,803	35,107	18,670
Other changes on financial assets at FVTPL			
Net realized fair value losses	(423)	(2,407)	(4,712)
Net unrealized fair value gains (losses)	7,419	(21,211)	(7,564)
	34,799	11,489	6,394

Financial assets at FVTPL are considered held for trading and classified as current assets.

### 3.1 Breakdown of financial assets at fair value through profit or loss

Details of debt securities held at FVTPL at December 31 are as follows:

<i>In absolute amounts</i>		As at December 31, 2023
Description	Maturity Date	Market Value
<i>Philippine government debt securities</i>		
GB R3-11 PIID0324C115 2.375% DUE 09MAR2024	March 9, 2024	194,224,526
GB R513 PIID0525H130 2.625% 12AUG2025	August 12, 2025	33,680,823
FXTN PIID0528B176 6.125% DUE 22AUG2028	August 22, 2025	76,188,683
		304,094,032
<i>Corporate debt securities</i>		
CB AYALA CORP ACFXBOND2024 3.026% DUE ON 28MAY2024	May 28, 2024	39,546,793
CB BANK OF THE PHIL ISLAND 5.75% DUE 30JUL2024	July 30, 2024	50,218,853
CB ENERGY DEVT CORP EDCFXBND2024 2.8565% 25JUN2024	June 25, 2024	24,561,252
CB SECURITY BANK CORP 6.425% DUE 13JAN2025	January 13, 2025	48,729,092
CB SMFBFXBD2025 5.05% DUE 10MAR25	March 10, 2025	14,141,113
CB SM 5.6141% 22APR2027	April 22, 2027	11,990,944
CB SMPH032025 4.8643% DUE ON 25MAR2025	March 25, 2025	24,716,737
		213,904,784
<i>In absolute amounts</i>		As at December 31, 2022
Description	Maturity Date	Market Value
<i>Philippine government debt securities</i>		
GB R3-11 PHY6972HJA50 2.375%	March 9, 2024	242,271,325
GB R512 PHY6972HDG84 6.25%	March 12, 2024	100,576,010
FXTN 7-58 PHY6972FWM85 3.5%	April 21, 2023	100,352,802
		443,200,137
<i>Corporate debt securities</i>		
CB CHINABANK CHIBFXBD2024 2.5%	February 18, 2024	49,631,389
CB AYALA CORP ACFXBOND2024 3.026%	May 28, 2024	37,952,673
CB SMPH 2.4565%	August 5, 2023	24,637,937
CB SMPH032025 4.8643%	March 25, 2025	24,038,787
CB ENERGY DEVT CORP EDCFXBND2024 2.8565%	June 25, 2024	23,415,877
CB SMFBFXBD2025 5.05%	March 10, 2025	14,164,363
		173,841,026

#### **4 Other financial assets at amortized cost**

Other financial assets at amortized cost as at December 31, 2023 and 2022 are expected to be collected in the next 12 months and classified as current assets.

#### **5 Accounts payable and accrued expenses**

The account at December 31 consists of:

	2023	2022
Accounts payable	8,633	11,926
Accrued expenses	761	1,364
	9,394	13,290

Accounts payable include taxes payable and payable to investors due to redemptions that have been contracted for but not yet settled as at reporting date.

Accrued expenses mainly represent accruals for transfer charges, legal fees, marketing, management and administration fees.

As at December 31, 2023 and 2022, the Fund's accounts payable and accrued expenses are expected to be paid in the next 12 months and classified as current liabilities.

#### **6 Net assets attributable to shareholders**

On April 5, 2018, the BOD approved an increase in the Fund's authorized capital from 100,000,000 shares to 702,876,600 shares at P0.01 par value, increasing the authorized capital from P1,000,000 to P7,028,766. On December 18, 2018, an application for an increase in authorized capital stock was filed with the SEC. On various dates in 2018, the Fund received cash from certain investors as deposits for future stock subscriptions (DFFS) for 455,701,700 shares amounting to P538,594 which was presented as part of equity as at December 31, 2018 in accordance with the guidelines set by the SEC.

In 2019, the Fund received from certain investors as DFFS amounting to P227,858, for 154,190,712 shares. The amount of P219,041 for 147,174,900 shares of these DFFS had been taken up as part of equity in accordance with the guidelines set by the SEC. The remaining amount of P8,817 for 7,015,812 shares was presented as part of liabilities, pending the filing of the additional increase in authorized capital stock with the SEC as of December 31, 2019.

In 2021, the Fund received cash from certain investors as DFFS amounting to P2,205 for 1,556,239 shares (2020 - P51,112 for 39,655,947 shares), pending the filing of additional increased in authorized capital stock with the SEC. The total DFFS that is presented as part of liabilities as of December 31, 2021 amounts to P62,134.

The application for the increase in authorized share capital is still awaiting approval of the SEC as at December 31, 2023 and 2022.

The total DFFS presented as a separate line item in equity as of December 31, 2023 amounts to P440,125 (2022 - P698,644; 2021 - P757,635)

The details of the net assets attributable to shareholders at December 31 are as follows:

	2023	2022	2021
Share capital - P0.01 par value			
Authorized - 100,000,000 shares			
Issued and outstanding	1,000	1,000	1,000
Share premium	-	5,166	56,202
DFFS	440,125	698,644	757,635
Retained earnings	141,053	108,826	111,919
	582,178	813,636	926,756

The movements in the number of issued and outstanding shares are as follows (in absolute number of shares):

	2023	2022	2021
Issued and outstanding, January 1	100,000	100,000	100,000
Issuances of shares	21,080	213,000	195,029
Redemptions of shares and application of DFFS	(21,080)	(213,000)	(195,029)
Issued and outstanding, December 31	100,000	100,000	100,000

The movements in the amount of issued and outstanding shares follow:

	2023			2022			2021	
	Share capital	Share premium	DFFS	Share capital	Share premium	DFFS	Share capital	Share premium
At January 1	1,000	5,166	698,644	1,000	56,202	757,635	1,000	56,202
Issuance of shares	155	20,782	-	213	32,991	-	1,950	255,204
Redemptions of shares and application of DFFS	(155)	(25,948)	(258,519)	(213)	(84,027)	(58,991)	(1,950)	(255,204)
At December 31	1,000	-	440,125	1,000	5,166	698,644	1,000	56,202

The DFFS in the statement of financial position as at December 31, 2022 was applied to the related redemptions in 2023 amounting to P258,519 (2022 - P58,991).

As at December 31, 2023, the Fund has 459 shareholders (2022 - 507 shareholders).

The Fund computes its NAV per share by dividing the net assets attributable to shareholders, including DFFS classified as liability, if any, as at reporting date by the number of issued and outstanding shares during the year, including shares for issuances covered by DFFS. The total equity as shown in the statement of financial position represents the Fund's NAV based on Philippine Financial Reporting Standards (PFRS NAV).

Issue or offer price is equivalent to the Trading NAV per share at the time of issuance.

A reconciliation of the Fund's PFRS NAV to Trading NAV is provided below:

(in millions of PHP)	2023	2022	2021
PFRS NAV	582.17	813.64	926.76
DFFS classified as liability	-	-	62.13
Recognition of transactions which were recorded subsequent to the close of the year	(3.57)	0.13	0.38
Trading NAV	578.60	813.77	989.27

Trading NAV per share as at December 31 is as follows:

	2023	2022	2021
Trading NAV attributable to shareholders (in millions of PHP)	578.60	813.77	989.27
Number of shares outstanding (in millions), including shares for DFFS	421.3453	616.6092	751.1045
Trading NAV per share	1.37	1.32	1.32

PFRS NAV per share as at December 31 is as follows:

	2023	2022	2021
PFRS NAV attributable to shareholders (in millions of PHP)	582.17	813.64	926.76
Number of shares outstanding (in millions), including shares for DFFS	421.3453	616.6092	751.1045
PFRS NAV per share	1.38	1.32	1.23

As disclosed in Note 1, the Fund is an open-end investment company which stands ready at any time to redeem its outstanding shares at a value defined under its prospectus. Any changes in the value of the shareholders' investment are reflected in the increase or decrease in the Fund's NAV.

The Fund's retained earnings may exceed 100% of its paid-up capital from time to time. This, however, is not construed as a compelling factor for the Fund to declare dividends considering the nature of the Fund's business. Such retained earnings may be used for reinvestment and will be converted into realized profits by the shareholders upon redemption of their shareholdings in the Fund.

Earnings (loss) per share for the years ended December 31 are computed as follows:

	2023	2022	2021
Net income (loss) for the year (in thousands PHP)	32,244	2,073	(3,660)
Weighted average number of shares outstanding during the year (in thousands)	533,308	694,301	794,964
Earnings (loss) per share	0.0605	0.0030	(0.0046)

In compliance with the SRC, the Fund is required to file registration statement for each instance of increase in authorized shares. The table below shows the Fund's track record of registration of securities under the SRC (in absolute amounts).

SEC approval date	Number of shares	Par value
February 27, 2006	100,000,000	P0.01

## 7 Interest income

The interest earned from cash and cash equivalents for the year ended December 31, 2023 amounts P2,801 (2022 - P1,345; 2021 - P807).

## 8 Fees and other charges

The details of the account for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Registry and transfer fees	10	364	463	531
Professional fees		185	459	459
Administration fees	11	200	255	292
Fees to custodian bank		36	84	191
Directors' fees		-	199	154
		785	1,460	1,627

Registry and transfer charges pertain to the fees paid to the transfer agent for the record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

Professional fees pertain to amounts paid to third party service providers.

Administration fees are the amounts paid to the Fund's accountant for services rendered which include, among others, the preparation and maintenance of books of accounts and computation of NAV.

Directors' fees pertain to per diem of the directors of the Fund.

## 9 Income tax

Income tax expense mainly represents final tax withheld on interest earned from cash and cash equivalents and fixed-income securities.

Details of the Fund's net operating loss carry over (NOLCO) which is available for offset against future taxable income follow:

Year of incurrence	Year of expiration	2023	2022	2021
2022	2025	4,401	4,401	-
2021	2026	5,075	5,075	5,075
2020	2025	5,067	5,067	5,067
2019	2022	-	3,502	3,502
2018	2021	-	-	72
		14,543	18,045	13,716
Applied NOLCO		(764)	-	-
Expired NOLCO		-	(3,502)	(72)
		13,779	14,543	13,644
Income tax rate		25%	25%	25%
Unrecognized deferred income tax asset		3,445	3,445	3,636

Deferred income tax asset from NOLCO has not been recognized because the Fund believes that there is limited capacity to generate sufficient taxable profit against which the benefit from NOLCO can be utilized.

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 25-2020, Rules and Regulations Implementing Section 4 (bbbb) of Republic Act No. 11494 (Bayanihan to Recover as One Act) relative to NOLCO under Section 34 (D)(3) of the National Internal Revenue Code, as amended, allowing qualified businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation of the income tax expense computed at statutory income tax rate to effective income tax expense follows:

	2023	2022	2021
Statutory income tax rate	25.00%	25.00%	25.00%
Adjustments for tax effects of:			
NOLCO not recognized	11.47%	60.18%	238.33%
Interest income subject to final tax	(7.30%)	(15.95%)	(37.96%)
Non-taxable gains	(13.17%)	6.19%	46.78%
Effective income tax expense	16.00%	75.42%	272.15%

## 10 Related party transactions

The Fund had a management and distribution agreement with PAMI, whereby the latter is appointed as the Fund's investment advisor and manager. PAMI also functions as the principal distributor of the Fund. As such, it took charge of the sales of the Fund's shares to prospective investors, and paid certain expenses on behalf of the Fund. The Fund has also entered into a registry and transfer agency agreement with PAMI.

Effective January 29, 2020, PAMI assigned all its rights, interests, and obligations as fund manager, advisor, distributor, and transfer agent of the Fund to BIMl. Hence, on effective date, the management, distribution, and transfer agency functions were performed by BIMl over the Fund.

On April 1, 2023, BIMl transferred all its rights, interest and obligations as fund manager and fund advisor to BPI Wealth. On effective date, the management functions over the Fund were performed by BPI Wealth but the distribution and transfer agency functions of the Fund were retained by BIMl.

The table below summarizes the Fund's transactions and balances with its related parties (Fund manager):

	Transactions (Charges to profit or loss)	Outstanding balance (Due to fund manager)	Outstanding balance's terms and conditions
<b>Fund manager</b>			
Management fees			
December 31, 2023	1,820	109	- Management fee is computed as 3% per year of the Fund's NAV determined on a daily basis. - Outstanding balance is unguaranteed, unsecured and non-interest bearing; payable in cash at gross amount within the following month
December 31, 2022	2,386	155	
December 31, 2021	2,728	183	
<b>Transfer agent / Distributor</b>			
Registry and transfer fees			
December 31, 2023	364	-	- Registry and transfer fee is computed as one-twentieth (1/20) of one percent (1%) per year of the Fund's NAV determined on a daily basis - Outstanding balance is unguaranteed, unsecured and non-interest bearing; payable in cash at gross amount within the following month
December 31, 2022	463	-	
December 31, 2021	531	-	

## 11 Fund accounting services

On July 1, 2008, the Fund and Deutsche Bank entered into a fund accounting agreement wherein Deutsche Bank shall perform administrative functions, which include, among others, the preparation and maintenance of books of accounts and computation of NAV. As compensation for services rendered, Deutsche Bank shall be entitled to an administration fee equivalent to 0.0275% per annum based on the NAV of the Fund.

Administration fees for the year ended December 31, 2023 amount to P200 (2022 - P255) and is included under fees and other charges in the statement of total comprehensive income (Note 8). As at December 31, 2023, administration fees payable to Deutsche Bank included in Accounts payable and accrued expenses amount to P14 (2022 - P20).



## **12 Critical accounting estimate and judgments**

Estimates, assumptions and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **12.1 Critical accounting judgments**

#### *Classification of financial assets (Note 3)*

The Fund follows the guidance of PFRS 9 in classifying financial assets at initial recognition whether it will be subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Fund determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The Fund determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (SPPI). If the instrument fails the SPPI test, it will be measured at fair value through profit or loss.

#### *Recognition of deferred income tax asset (Note 9)*

Deferred income tax asset from NOLCO has not been recognized because the Fund believes that there is limited capacity to generate sufficient taxable profit against which the benefit from NOLCO can be utilized. The Fund assesses the unrecognized deferred income tax asset and will recognize a previously unrecognized deferred income tax asset to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

## **13 Capital and financial risk management**

### **13.1 Governance framework**

The primary objective of the Fund's financial risk management framework is to protect the Fund from events that hinder the sustainable achievement of the Fund's performance objectives, including failing to exploit opportunities. The Fund recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD has approved the Fund's risk management policies and meets regularly to approve on any commercial, regulatory and own organizational requirements in such policies. The policies define the Fund's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of investment strategy to the corporate goals and specific reporting requirements.

### **13.2 Capital Management**

The Fund's objectives for managing capital are: (a) to invest the capital in investments meeting the description and risk exposure indicated in its prospectus; (b) to achieve consistent returns while safeguarding capital; and (c) to maintain sufficient liquidity to meet the expenses of the Fund and to meet redemption requests as they arise.

As provided by the Investment Company Act of 1960, the minimum required capitalization for funds amounts to P50 million. The Fund's capitalization is more than the requirement of the SEC.

The Fund considers the net assets attributable to shareholders as its capital (or total equity as shown in the statement of financial position). As at December 31, 2023, the net assets attributable to shareholders amount to P582,178 (2022 - P813,636).

### 13.3 Regulatory framework

The operations of the Fund are also subject to the regulatory requirements of the SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions. Unless ordered otherwise by the SEC, the Fund shall not sell securities short or invest in any of the following:

- a. margin purchase of securities (investments in partially paid shares are excluded);
- b. commodity future contracts;
- c. precious metals;
- d. unlimited liability investments;
- e. short selling of currencies;
- f. short selling of investments; and
- g. other investments as the SEC shall, from time to time, prescribe.

Any changes in the Fund's investment objective should be with notice and prior approval of the SEC. An investment company shall not change its investment objective without the approval from the majority of the Fund's shareholders.

In addition, the SEC also provides maximum limits on exposure to counterparties, maintenance of a certain level of liquid assets and conditions for incurring borrowings (Note 13.6 - Credit risk).

The Fund is fully compliant with the above regulatory requirements as at December 31, 2023 and 2022.

### 13.4 Fair value of financial instruments

The Fund ranks its financial instruments based on the hierarchy of valuation techniques required by PFRS 13, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs lead to the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from the exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Financial instruments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

The table below shows the fair value hierarchy levels for financial assets that are measured at fair value as at December 31:

2023	Level 1	Level 2	Level 3	Total
Government securities	-	304,094	-	304,094
Corporate debt securities	39,547	174,358	-	213,905
	39,547	478,452	-	517,999
2022	Level 1	Level 2	Level 3	Total
Government securities	-	443,200	-	443,200
Corporate debt securities	-	173,841	-	173,841
	-	617,041	-	617,041

There are no other assets or liabilities subsequently measured at fair value or that would require disclosure of fair value hierarchy.

### 13.5 Financial risk

The Fund may invest in SEC-registered debt papers or other certificate of indebtedness/obligations, issuers of whom had been determined as financially sound and approved by the Investment Committee of the fund manager. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.

The Fund is exposed to financial risk through its financial assets. The most important components are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate securities, all of which are exposed to general and specific market movements.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Fund manages the level of credit risk it accepts through setting up of exposure limits by each counterparty or group of counterparties. The maximum investment of the Fund in any single enterprise shall not exceed an amount equivalent to 15% of the Fund's NAV except obligations of the Philippine government or its instrumentalities, provided that in no case shall the total investment of the Fund exceed 10% of the outstanding securities of any one investee company. The Fund also transacts only with institutions with high credit rating or standing. The Fund has complied with these requirements as at December 31, 2023 and 2022.

In addition, the Fund manages the level of credit risk it accepts through reporting of credit risk exposures, monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment. The Fund cannot lend to individual borrowers.

The fund manager's high-grade credit process combines top down and bottom up elements reflecting the observation that the weaker the credit quality, the more security specific risk comes to dominate overall portfolio risk. The bottom up element focuses on the analysis of individual credits. The top down element focuses on the analysis of sectors. In order to manage risk, the high-grade portfolios combine diversification rules with a number of filters designed to help avoid downgrade and default candidates. Key to the Fund's credit process is the minimization of the impact from security default or downgrade.

The Fund's maximum credit risk exposure as at December 31 are summarized below:

	Notes	2023	2022
Cash and cash equivalents	2	66,757	202,887
Financial assets at FVTPL	3	517,999	617,041
Other financial assets at amortized cost	4	31	247
Other asset		6,785	6,751
		591,572	826,926

The credit quality of the Fund's financial assets as at December 31, 2023 and 2022 follows:

*(a) Cash and cash equivalents*

The Fund's cash in banks and short-term deposits are with highly reputable universal bank in the Philippines and global banks with a credit rating of Baa1 by Moody's.

*(b) Financial asset at FVTPL*

Debt securities classified as financial asset at FVTPL is composed of government securities and corporate debt securities with credit rating of AA or higher and considered as investment grade securities.

*(c) Other financial asset at amortised cost*

The Fund's other financial asset at amortised cost include interest receivables from term deposits which are expected to be collected the next 12 months.

*(d) Other asset*

Other asset comprised of receivables from third-party of which are expected to be collected the next 12 months.

There are no collaterals held as security and other credit enhancements attached to the financial assets at amortized cost as at December 31, 2023 and 2022.

For financial assets at amortized cost, which consists of cash and cash equivalents, other financial asset at amortized cost and other asset, the Fund measures credit risk and expected credit losses (ECL) using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be insignificant to the Fund.

As at December 31, 2023, all of the Fund's financial assets are classified as stage 1 (performing) accounts. There are no financial assets classified under stages 2 (underperforming) and stage 3 (impaired).

Liquidity risk

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

The Fund is exposed to daily cash redemptions of its issued shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of.

The Fund manages liquidity through specifying minimum proportion of funds to meet emergency calls. Unless otherwise prescribed by the SEC, at least 10% of the Fund shall be invested in liquid/semi-liquid assets such as:

- a. Treasury notes or bills, certificates of indebtedness issued by the Bangko Sentral ng Pilipinas which are short term, and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines;
- b. Tradable Long-Term Negotiable Certificate of Time Deposits (LTNCDs);
- c. Government debt securities where the issuer or the guarantor is a foreign government, sovereign or central bank with an international long-term issuer rating of investment grade;
- d. Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposits accounts be accepted or allowed under a "bearer," "numbered" account or other similar arrangement;
- e. Money market instruments issued by Philippine regulated qualified buyers or those issued by an investment grade issuing body; and,
- f. Other collective schemes wholly invested in liquid/semi-liquid assets.

The investment company may implement a decreased investment of less than ten percent (10%) of its assets in liquid/semi-liquid assets, provided, however, that it shall submit a notarized liquidity contingency plan, signed by the president of the fund and its fund manager.

The Fund has complied with these requirements as at December 31, 2023 and 2022.

The Fund may not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter, there is an asset coverage of at least 300% for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall, within three (3) days thereafter, reduce the amount of borrowings to an extent that the asset coverage of such borrowings shall be at least 300%. The Fund has not breached the said asset coverage requirement as at December 31, 2023 and 2022.

In addition, the Fund manages liquidity through reporting of liquidity risk exposures, monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

The Fund's financial liability pertains to management and distribution fees and other payables and accrued expenses which are contractually due in less than one (1) month. The Fund expects to settle its obligations in accordance with the maturity date through trading of its financial assets at fair value through profit or loss.

#### Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The fund is not exposed to significant price risk and cash flow interest rate risk given the nature of its financial assets and liabilities.

The Fund structures levels of market risk it accepts through a market risk policy that determines what constitutes market risk for the Fund; basis used to fair value financial assets and liabilities; sets out the net exposure limits by each counterparty or group of counterparties and industry segments; reporting of market risk exposures; monitoring compliance with market risk policy and review of market risk policy for pertinence and changing environment.

#### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund holds no investment in and does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to 100% of its net assets in foreign securities subject to safety nets and standards set by the SEC.

The transactions of the Fund are mainly carried out in its functional currency (Philippines); accordingly, the currency risk is minimal.

#### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's market risk policy requires it to manage the maturities of interest-bearing financial assets and financial liabilities.

The following table shows the information relating to the Fund's investments in fixed income securities that are exposed to fair value interest rate risk presented by maturity profile.

December 31, 2023	Range of rates	Up to a year	1-5 years	Over 5 years	No term	Total
Financial assets at FVTPL						
Government securities	2.87% - 6.43%	194,224	109,870	-	-	304,094
Corporate debt securities	-	114,327	99,578	-	-	213,905

December 31, 2022	Range of rates	Up to a year	1-5 years	Over 5 years	No term	Total
Financial assets at FVTPL						
Government securities	2.38% - 6.25%	-	617,041	-	-	617,041
Corporate debt securities	-	-	-	-	-	-

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, showing the impact on pre-tax profit.

	Change in interest rate	Impact on pre-tax profit Increase (decrease)
December 31, 2023	+1%	(2,616)
	-1%	2,739
December 31, 2022	+1%	(17,428)
	-1%	18,043
December 31, 2021	+1%	(15,693)
	-1%	16,081

As at December 31, 2023 and 2022, the Fund determines the reasonable possible change in interest rates using the percentage changes in weighted average yield rates of outstanding securities for the past three years.

## **14 Summary of material accounting policies**

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **14.1 Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL. The Fund's functional currency is the Philippine Peso.

The preparation of these financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. There are no areas where assumptions and estimates are significant to the financial statements. The areas involving a higher degree of judgment or complexity are disclosed in Note 12.

### **Changes in accounting policy and disclosures**

#### *(a) Amendments to existing standards adopted by the Fund*

The following amendments to existing standards have been adopted by the Fund effective January 1, 2023:

- Amendments to PAS 1, 'Presentation of Financial Statements', and PFRS Practice Statement 2

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

#### *(b) New standards, interpretations and amendments not yet adopted by the Fund*

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2023 that are considered relevant or expected to have a material effect on the financial statement of the Fund.

## **14.2 Financial instruments**

### *14.2.1 Classification and subsequent measurement*

The Fund has applied its financial assets in the following applicable measurement categories:

- at fair value through profit or loss (FVTPL), and
- at amortized cost.

Gains and losses on sale of investments at FVTPL are included in the income (losses) from financial assets at FVTPL in the statement of total comprehensive income.

#### *Debt instruments*

Classification and subsequent measurement of debt instruments depend on the Fund's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into one of the following measurement categories:

- *Amortized cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest from these financial assets is included in 'Interest income' using the effective interest rate method.

As at December 31, 2023 and 2022, the Fund's financial assets at amortized cost include cash and cash equivalents, other financial assets at amortized cost and other assets.

- *Financial assets at FVTPL*

Financial assets that do not meet the criteria for amortized cost and the collection of contractual cash flows is only incidental to achieving the Fund's business model objective are measured at fair value through profit or loss.

The Fund's financial assets at FVTPL consists of investments in government securities and corporate securities.

*Business model:* The business model reflects how the Fund manages the financial assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of financial assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Fund in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

*SPPI:* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

The Fund reclassifies its debt investments from amortized cost to FVTPL measurement category, in accordance with its change in business model.

#### 14.2.2 *Impairment*

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets at amortized cost. The Fund recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.



At each reporting date, the Fund measures the loss allowance on financial assets at amortized cost and other assets at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

#### *14.2.3 Cash and cash equivalents*

Short-term deposits of the Fund pertain to highly liquid investments with original maturities of three months or less from the date of acquisition and which are subject to insignificant changes in value.

#### *14.2.4 Classification and measurement of financial liabilities*

The Fund classifies its financial liabilities as other financial liabilities at amortized cost.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

### **14.3 Equity**

The Fund issues shares, which are redeemable at the holder's option and are classified as equity in accordance with PAS 32, Financial instruments: Presentation. Each share has the following features which support the equity classification:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the entity's liquidation;
- The share has no priority over other claims to the assets of the fund on liquidation, and it does not need to be converted into another instrument before it is classified as such; and
- All shares impose a contractual obligation on the Fund to deliver a pro rata share of its net assets on liquidation.

In addition, the Fund has no other financial instrument or contract that has:

- total cash flows based substantially on profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund (excluding any effects of such instrument or contract); and
- the effect of substantially restricting or fixing the residual return to the shareholders.

Should the redeemable shares' terms or conditions change such that they do not comply with the strict criteria as mentioned above, the redeemable shares would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognized in equity.

Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's trading NAV calculated in accordance with the Fund's regulations. Redeemed shares are not cancelled but may be reissued in the future.

### *Share premium*

Sales of shares are recorded by crediting share capital at par value and share premium for the amount received in excess of the par value; redemptions are recorded by debiting those accounts. In the event that the share premium balance is exhausted as a result of redemptions, the retained earnings account is reduced by redemptions in excess of par.

### *Deposits for future subscriptions*

Deposits for future subscriptions represent funds received by the Fund with a view to applying the same as payment for a future additional issuance of shares either from its authorized but unissued shares, from a proposed increase in authorized share capital, or as share premium. Upon application with the SEC, the amount will be credited to equity while upon the SEC's approval, the amount is transferred to Share capital for the par value of the shares and share premium for the amount in excess of the par value.

Based on Financial Reporting Bulletin (FRB) No.006 revised on January 6, 2022, the Fund shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., deposit for future share subscription) if and only if, all of the following are present at the end of the reporting period:

- (a) The unissued authorized share capital is insufficient to cover the amount of shares indicated in the contract;
- (b) There is BOD's approval on the proposed increase in authorized share capital (ACS) (for which a deposit was received);
- (c) There is stockholders' approval of said proposed increase; and
- (d) The application for the approval of the proposed increase has been proposed for filing or has been filed with the SEC.

If the criteria above are not met, the DFFS will be presented as liabilities in the statement of financial position.

To deter abuse of the Rule, it is expected that the approval of the application to increase ACS be obtained within one (1) year from the date the said application was presented to the Commission through Company Registration and Monitoring Department.

Following the issuance of SEC Memorandum Circular No. 33, series of 2020, which took effect on December 20, 2020, an investment company is no longer required to comply with the minimum subscribed and paid-up capital relative to the increase in its authorized capital stock. Thus, an investment company is no longer allowed to accept any deposits for future stock subscription starting December 20, 2020.

Any deposit for future subscription recognized as equity in the financial statements are still acceptable provided that all the elements above are present as of the end of the reporting period and the application for an increase in authorized capital stock has been filed with the Commission prior to December 20, 2020.

## **14.4 Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the profit attributable to shareholders of the Fund by the weighted average number of shares outstanding and shares covered by deposits for future subscriptions during the year.

## **14.5 Current and deferred income tax**

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. All changes to current tax assets or liabilities are recognized as a component of income tax expense in profit or loss.

Deferred income tax is recognized, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses (NOLCO) and unused tax credits (excess of minimum corporate income tax) to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

#### 14.6 Related party relationships and transactions

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

#### 15 Supplementary information required by the Bureau of Internal Revenue (BIR)

Below is the additional information required by Revenue Regulations No. 15-2010 that is relevant to the Fund. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. All amounts are in thousands of Philippine Peso.

(i) *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2023 consist of:

	Total
Municipal taxes	52
Documentary stamp tax	1
Community tax	11
	64

The above local and national taxes are charged under taxes and licenses account in the statement of total comprehensive income.

(ii) *Withholding taxes*

Withholding taxes paid and accrued for the year ended December 31, 2023 consist of:

	Paid	Accrued	Total
Expanded withholding tax	238	18	256

Accrued expanded withholding tax as December 31, 2023 is included under accounts payable and accrued expenses in the statement of financial position.

(iii) *Tax assessments and cases*

Taxable years 2022, 2021 and 2020 are open for tax examinations. There are no pending tax cases as at December 31, 2023.

(iv) *Others*

The Fund did not have transactions that are subject to value-added tax, excise taxes, and custom duties and tariff for the year ended December 31, 2023.

**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2023  
(All amounts in thousands of Philippine Peso)

<b>Unappropriated Retained Earnings, beginning of the year*</b>		108,826
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	-	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
<b>Unappropriated Retained Earnings, as adjusted</b>		108,826
Add/Less: Net Income (loss) for the current year/period		32,227
<b>Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	5,564	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	5,564

**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2023  
(All amounts in thousands of Philippine Peso)

<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>			-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents		-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-		
Realized fair value gain of Investment property		-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		-		-
<b>Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>			-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		-		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-		
Reversal of previously recorded fair value gain of investment property		-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)		-		-
<b>Adjusted net income/loss</b>				<b>26,663</b>
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)			317	
Depreciation on revaluation increment (after tax)				317
<b>Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP</b>				
Amortization of the effect of reporting relief		-		
Total amount of reporting relief granted during the year		-		
Others (describe nature)		-		-

**Philam Managed Income Fund, Inc.**  
(An Open-End Mutual Fund Company)

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2023  
(All amounts in thousands of Philippine Peso)

<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature):	
Redemption of redeemable shares	-
<b>Total Retained Earnings, end of the year/period available for dividend declaration</b>	<b>135,806</b>

*\*Total retained earnings available for dividend declaration per Reconciliation of Retained Earnings as at December 31, 2022 less the redemption of redeemable shares during 2022*

**Philam Managed Income Fund, Inc.**  
**Schedule A - Financial Assets**  
**December 31, 2023**  
(All amounts in Philippine Peso)

Name of Issuing entity and association of each issue	Face value/ number of shares	Amount shown in the financial statements	Value based on Market Quotation at end of Reporting Period	Income received and accrued
<b>Cash and cash equivalents</b>	2,845,872	2,845,872	2,845,872	-
<i>Time deposits</i>				
BPI	3,911,000	3,911,000	3,911,000	-
Landbank	60,000,000	60,000,000	60,000,000	-
<i>Total Time Deposits</i>	63,911,000	63,911,000	63,911,000	-
<b>Total cash and cash equivalents</b>	66,756,872	66,756,872	66,756,872	-
<b>Financial assets at fair value through profit or loss</b>				
<i>Corporate Securities</i>				
CB AYALA CORP ACFXBOND2024 3.026% DUE ON 28MAY2024	40,000,000	39,546,793	39,435,840	110,953
CB BANK OF THE PHIL ISLAND 5.75% DUE 30JUL2024	50,000,000	50,218,853	49,731,700	487,153
CB ENERGY DEVT CORP EDCFXBND2024 2.8565% 25JUN2024	25,000,000	24,561,252	24,549,350	11,902
CB SECURITY BANK CORP 6.425% DUE 13JAN2025	50,000,000	48,729,092	48,033,050	696,042
CB SMFBFXBD2025 5.05% DUE 10MAR25	15,000,000	14,141,113	14,096,925	44,188
CB SM 5.6141% 22APR2027	12,000,000	11,990,944	11,861,820	129,124
CB SMPH032025 4.8643% DUE ON 25MAR2025	25,000,000	24,716,737	24,392,450	324,287
	217,000,000	213,904,784	212,101,135	1,803,649
<i>Government Securities</i>				
GB R3-11 PIID0324C115 2.375% DUE 09MAR2024	195,000,000	194,224,526	193,941,505	283,021
GB R513 PIID0525H130 2.625% 12AUG2025	35,000,000	33,680,823	33,555,771	125,052
FXTN PIID0528B176 6.125% DUE 22AUG2028	75,000,000	76,188,683	75,691,027	497,656
	305,000,000	304,094,032	303,188,303	905,729
<b>Total financial assets at fair value through profit or loss</b>	522,000,000	517,998,816	515,289,438	2,709,378
<b>Other financial assets at amortized cost</b>		31,141	31,141	-
<b>Other assets</b>		6,785,297	6,785,297	-
<b>Total</b>		591,572,126	588,862,748	2,709,378

**Philam Managed Income Fund, Inc.**  
**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related**  
**Parties, and Principal Stockholders (Other than Related Parties)**  
**December 31, 2023**

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written-off	Balance at end of period
NOTHING TO REPORT					



**Philam Managed Income Fund, Inc.**  
**Schedule C - Amounts Receivable from Related Parties which are Eliminated**  
**during the Consolidation of Financial Statements**  
**December 31, 2023**

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written-off	Current	Non-current	Balance at end of period
NOTHING TO REPORT							

**Philam Managed Income Fund, Inc.**  
**Schedule D - Long-Term Debt**  
**December 31, 2023**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown in the statement of financial position
NOTHING TO REPORT		

**Philam Managed Income Fund, Inc.**  
**Schedule E - Indebtedness to Related Parties**  
**(Long-Term Loans from Related Companies)**  
**As at December 31, 2023**

Name of related party	Balance at beginning of period	Balance at end of period
NOTHING TO REPORT		

**Philam Managed Income Fund, Inc.**  
**Schedule F - Guarantees of Securities of Other Issuers**  
**December 31, 2023**

<b>Name of Issuing entity of securities guaranteed by the Fund for which this statement is filed</b>	<b>Title of issue of each class of securities guaranteed</b>	<b>Total amount guaranteed and outstanding</b>	<b>Amount owned by person for which statement is filed</b>	<b>Nature of guarantee</b>
NOTHING TO REPORT				

**Philam Managed Income Fund, Inc.**  
**Schedule G - Capital Stock**  
**December 31, 2023**

<b>Titles of Issue</b>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding as shown under related balance sheet caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties</b>	<b>Directors, officers and employees</b>	<b>Others</b>
<b>Redeemable Shares</b>	100,000,000	421,345,372	-		6	421,345,366

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**

NAME OF CORPORATION: PHILAM MANAGED INCOME FUND, INC.  
CURRENT ADDRESS: 17/F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig  
TEL. NO.: (632) 521-6300 FAX NO.: 528-5093/95  
COMPANY TYPE: Mutual Fund PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2023</b> ( in P'000 )	<b>2022</b> ( in P'000 )
<b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>	<b>591,573</b>	<b>826,926</b>
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	591,573	826,926
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	66,758	202,887
A.1.1.1 On hand		
A.1.1.2 In domestic banks/entities	66,758	202,887
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	6,785	6,751
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	6,785	6,751
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties	-	-
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	6,785	6,751
A.1.2.1.3.1 Accrued income		
A.1.2.1.3.2 Other assets	6,785	6,751
A.1.2.1.4 Allowance for doubtful accounts (negative entry)		
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)		
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	517,999	617,041
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	517,999	617,041
A.1.4.1.1 National Government	304,094	443,200
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions	213,905	173,841
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

**NOTE:**

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**

NAME OF CORPORATION: PHILAM MANAGED INCOME FUND, INC.  
CURRENT ADDRESS: 17/F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig  
TEL. NO.: (632) 521-6300 FAX NO.: 528-5093/95  
COMPANY TYPE: Mutual Fund PSIC:

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

FINANCIAL DATA	2023 ( in P'000 )	2022 ( in P'000 )
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	-	-
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	31	247
A.1.5.1 Financial assets at amortized cost	-	-
A.1.5.2 Other financial assets at amortized cost	31	247
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)		
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment		
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)		
A.2.5.1 Property, or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3		
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)		
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)		
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

**SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**

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TEL. NO.: (632) 521-6300 FAX NO.: 528-5093/95  
COMPANY TYPE: Mutual Fund PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2023</b> ( in P'000 )	<b>2022</b> ( in P'000 )
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)		
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4 + A.10.4.5)		
A.10.4.1		
A.10.4.2		
A.10.4.3		
A.10.4.4		
A.10.4.5		
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)		
<b>B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)</b>	<b>9,378</b>	<b>13,290</b>
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	9,378	13,290
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	9,378	13,290
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables		
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	9,378	13,290
B.1.1.5.1 Accounts payable and accrued expenses	9,378	13,290
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)		
B.1.1.6.1		
B.1.1.6.2		
B.1.1.6.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	-	-
B.1.4.1 Deposit for Future Stock Subscription	-	-
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		



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TEL. NO.: (632) 521-6300 FAX NO.: 528-5093/95  
COMPANY TYPE: Mutual Fund PSIC: \_\_\_\_\_  
*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 1. Balance Sheet**

FINANCIAL DATA	2023 ( in P'000 )	2022 ( in P'000 )
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)		
B.5.1 Deferred Tax		
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		
B.5.2.1		
B.5.2.2		
B.5.2.3		
B.5.2.4		
B.5.2.5		
<b>C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)</b>	<b>582,195</b>	<b>813,636</b>
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1 + C.1.2 + C.1.3)	1,000	1,000
C.1.1 Common shares (100,000,000 shares, Php 0.01 par value)	1,000	1,000
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)	1,000	1,000
C.2.1 Common shares (100,000,000 shares in 2023 and 2022)	1,000	1,000
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	1,000	1,000
C.3.1 Common shares (100,000,000 shares in 2023 and 2022)	1,000	1,000
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	-	5,166
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	440,125	698,644
C.6.1 Deposit for future stock subscriptions	440,125	698,644
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	141,070	108,826
C.8.1 Appropriated		
C.8.2 Unappropriated	141,070	108,826
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)		
<b>TOTAL LIABILITIES AND EQUITY (B + C)</b>	<b>591,573</b>	<b>826,926</b>

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TEL. NO.: (632) 521-6300 FAX NO.: 528-5093/95  
COMPANY TYPE: Mutual Fund PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 2. Income Statement**

FINANCIAL DATA	2023 ( in P'000 )	2022 ( in P'000 )	2021 ( in P'000 )
<b>A. REVENUE / INCOME (A.1 + A.2 + A.3+A.4)</b>	41,034	12,834	7,201
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)			
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	34,799	11,489	6,394
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	34,799	11,489	6,394
A.3.5.1 Fair value gains	-	-	-
A.3.5.2 Income from financial assets at fair value through profit or loss	34,799	11,489	6,394
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	6,235	1,345	807
A.4.1 Interest Income	2,801	1,345	807
A.4.2 Dividend Income			
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)			
A.4.3.1 Miscellaneous Income	3,434	-	-
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)			
A.4.4.1 Gain / (Loss) on Foreign Exchange			
A.4.4.2			
A.4.4.3			
A.4.4.4			
<b>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
<b>C. COST OF SALES (C.1 + C.2 + C.3)</b>			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
<b>D. GROSS PROFIT (A - B - C)</b>	41,034	12,834	7,201

**NOTE:** Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**

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COMPANY TYPE : Mutual Fund PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 2. Income Statement**

<b>FINANCIAL DATA</b>	<b>2023</b> ( in P'000 )	<b>2022</b> ( in P'000 )	<b>2021</b> ( in P'000 )
<b>E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)</b>	<b>2,669</b>	<b>4,401</b>	<b>5,075</b>
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses	2,669	4,401	5,075
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)			
E.4.1 Education-related expenditures			
E.4.2			
E.4.3			
E.4.4			
E.4.5			
E.4.6			
E.4.7			
E.4.8			
E.4.9			
E.4.10			
<b>F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)</b>			
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)			
F.5.1			
F.5.2			
F.5.3			
F.5.4			
F.5.5			
<b>G. NET INCOME (LOSS) BEFORE TAX (D - E - F)</b>	<b>38,365</b>	<b>8,433</b>	<b>7,759</b>
<b>H. INCOME TAX EXPENSE (negative entry)</b>	<b>6,121</b>	<b>6,360</b>	<b>5,786</b>
<b>I. INCOME(LOSS) AFTER TAX</b>	<b>32,244</b>	<b>2,073</b>	<b>(3,660)</b>
<b>J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1			
J.2			
<b>K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST</b>			
<b>L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>32,244</b>	<b>2,073</b>	<b>(3,660)</b>
<b>M. EARNINGS (LOSS) PER SHARE</b>	<b>0.0600</b>	<b>0.0030</b>	<b>(0.0046)</b>
M.1 Basic	0.0600	0.0030	(0.0046)
M.2 Diluted			

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TEL. NO.: (632) 521-6300

FAX NO.: 528-5093/95

COMPANY TYPE Mutual Fund

PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 3. Cash Flow Statements**

FINANCIAL DATA	2023 ( in P'000 )	2022 ( in P'000 )	2021 ( in P'000 )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<u>Net Income (Loss) Before Tax and Extraordinary Items</u>	38,365	8,433	2,126
<u>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</u>			
Depreciation			
Amortization, specify			
Others, specify: Unrealized fair value gains	-	-	-
Interest income	(2,801)	(1,345)	(807)
Interest received	3,732	2,060	960
Income from financial assets at fair value through profit or loss	(34,799)	(11,489)	(6,394)
	-	-	-
Income taxes paid	(6,121)	(6,360)	(5,786)
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables			
FA at FVTPL	133,841	337,010	(135,329)
AFS	-	-	-
Others, specify: Due from Philam Asset Management, Inc.			
Held-To-Maturity			
Other Assets	(749)	676	(5,979)
Financial Assets at Amortized cost	-	-	-
Other financial assets at amortized cost	-	-	-
Increase (Decrease) in:			
Trade and Other Payables			
Accounts payable and accrued expenses	(3,912)	6,655	(36,786)
Others, specify: _____			
<b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>	<b>127,556</b>	<b>334,288</b>	<b>(187,995)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment			
Others, specify _____			
<b>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Shares	20,937	33,204	257,154
Others, specify: Proceeds from future share subscription			2,205
Payments of:			
(Loans)			
(Long-term Debt)			
(Shares redeemed)	(284,622)	(210,531)	(257,154)
Others, specify (negative entry): _____			
<b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>	<b>(263,685)</b>	<b>(177,327)</b>	<b>2,205</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(136,129)</b>	<b>156,961</b>	<b>(185,790)</b>
Effects of exchange rate changes on cash and cash equivalents			
Beginning of year	202,887	45,926	231,716
End of year	66,758	202,887	45,926

**NOTE:** Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

**SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES**

NAME OF CORPORATION: PHILAM MANAGED INCOME FUND, INC.

CURRENT ADDRESS: 17/F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig

TEL. NO.: (632)521-6300

FAX NO.: 52850-93/95

COMPANY TYPE: Mutual Fund

PSIC: \_\_\_\_\_

*If these are based on consolidated financial statements, please so indicate in the caption.*

**Table 4. Statement of Changes in Equity**

FINANCIAL DATA	(Amount in P'000)					
	Capital Stock	Additional Paid-in Capital	Deposit for Future Stock Subscriptions	Reserve for Fluctuation on Available-for-sale Financial Assets	Retained Earnings	TOTAL
<b>A. Balance, 2021</b>	1,000	56,202	757,635	-	115,579	926,756
A.1 Correction of Error(s)						-
A.2 Changes in Accounting Policy						-
<b>B. Restated Balance</b>						-
<b>C. Surplus</b>						-
C.1 Surplus (Deficit) on Revaluation of Properties						-
C.2 Surplus (Deficit) on Revaluation of Investments						-
C.3 Currency Translation Differences						-
C.4 Other Surplus (specify)						-
C.4.1						-
C.4.2						-
C.4.3						-
C.4.4						-
C.4.5						-
<b>D. Net Income (Loss) for the Period</b>					2,073	2,073
<b>E. Dividends (negative entry)</b>						-
<b>F. Appropriation for (specify)</b>						-
F.1						-
F.2						-
F.3						-
F.4						-
F.5						-
<b>G. Issuance of Capital Stock</b>						-
G.1 Issuance of Shares	213	32,991				33,204
G.2 Redemption of Shares	(213)	(84,027)	(58,991)		(5,166)	(148,397)
G.3 Deposits for Future Subscriptions						-
<b>H. Balance, 2022</b>	1,000	5,166	698,644	-	108,826	813,636
H.1 Correction of Error (s)						-
H.2 Changes in Accounting Policy						-
<b>I. Restated Balance</b>						-
<b>J. Surplus</b>						-
J.1 Surplus (Deficit) on Revaluation of Properties						-
J.2 Surplus (Deficit) on Revaluation of Investments						-
J.3 Currency Translation Differences						-
J.4 Other Surplus (specify)						-
J.4.1						-
J.4.2						-
J.4.3						-
J.4.4						-
J.4.5						-
<b>K. Net Income (Loss) for the Period</b>					32,244	32,244
<b>L. Dividends (negative entry)</b>						-
<b>M. Appropriation for (specify)</b>						-
M.1						-
M.2						-
M.3						-
M.4						-
M.5						-
<b>N. Issuance of Capital Stock</b>						-
N.1 Issuance of Shares	2,108	282,514				20,937
N.2 Redemption of Shares	(2,108)	(282,514)	(258,519)			(284,622)
N.3 Deposits for Future Subscriptions						-
<b>O. Balance, 2023</b>	1,000	-	440,125	-	141,070	582,195

**Table 4a. Statement of Recognized Gains and Losses**

FINANCIAL DATA	(Amount in P'000)		
	2023	2022	2021
A. Surplus (Deficit) on Revaluation of Properties			
B. Surplus (Deficit) on Revaluation of Investments			
C. Exchange Differences on Translation of the Financial Statements of Foreign Entities			
D. Net Gains (Losses) not recognized in the Income Statement			
E. Net Income for the Period	32,244	2,073	(3,660)
<b>Total Recognized Gains (Losses) (A + B + C + D + E)</b>	<b>32,244</b>	<b>2,073</b>	<b>(3,660)</b>
Effect of Changes in Accounting Policy			

<b>PHILAM MANAGED INCOME FUND</b> <b>ATTACHMENT TO FINANCIAL STATEMENTS</b> <i>(All amounts in thousands of Philippine Peso)</i>						
<b>TOTAL ASSETS-January 1 to December 31, 2023</b>			<b>591,572</b>			
<b>NET ASSET VALUE-January 1 to December 31, 2023</b>			<b>582,178</b>			
SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES	OUTSTANDING SECURITIES OF AN INVESTEE CO.	PERCENTAGE TO OUTSTANDING SECURITIES OF AN INVESTEE CO.
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:</b>						
<b>BONDS:</b>						
CB AYALA CORP ACFXBOND2024 3.026% DUE ON 28MAY2024	39,547	6.79%	6.69%	40,000	4,000,000	1.00%
CB BANK OF THE PHIL ISLAND 5.75% DUE 30JUL2024	50,219	8.63%	8.49%	50,000	20,300,000	0.25%
CB ENERGY DEVT CORP EDCFXBND2024 2.8565% 25JUN2024	24,561	4.22%	4.15%	25,000	2,500,000	1.00%
CB SECURITY BANK CORP 6.425% DUE 13JAN2025	48,729	8.37%	8.24%	50,000	18,500,000	0.27%
CB SMFBFXBD2025 5.05% DUE 10MAR25	14,141	2.43%	2.39%	15,000	8,000,000	0.19%
CB SM 5.6141% 22APR2027	11,991	2.06%	2.03%	12,000	10,918,010	0.11%
CB SMPH032025 4.8643% DUE ON 25MAR2025	24,717	4.25%	4.18%	25,000	11,372,540	0.22%
<b>TOTAL BONDS</b>	<b>213,905</b>					
<b>GOVERNMENT SECURITIES</b>						
GB R3-11 PIID0324C115 2.375% DUE 09MAR2024	194,225	33.36%	32.83%	195,000	463,318,000	0.04%
GB R513 PIID0525H130 2.625% 12AUG2025	33,681	5.79%	5.69%	35,000	516,340,790	0.01%
FXTN PIID0528B176 6.125% DUE 22AUG2028	76,189	13.09%	12.88%	75,000	283,763,658	0.03%
<b>TOTAL GOVERNMENT SECURITIES</b>	<b>304,094</b>					
<b>TOTAL FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT/LOSS</b>	<b>517,999</b>					
<b>INVESTMENT IN SEMI LIQUID/ LIQUID INVESTMENTS</b>						
CASH AND CASH EQUIVALENTS	66,757	11.47%	11.28%			
GOVERNMENT SECURITIES	304,094	52.23%	51.40%			
<b>TOTAL</b>	<b>370,851</b>	<b>63.70%</b>	<b>62.69%</b>			
<b>NO BORROWINGS FOR THE PERIOD</b>						
<b>TOTAL OPERATING EXPENSES</b>						
<b>AVERAGE DAILY NET ASSET VALUE - January 1 to December 31, 2023</b>			<b>716,845</b>			
NATURE OF EXPENSES	AMOUNT	PERCENTAGE TO NET ASSET VALUE				
Management fees	1,820	0.25%				
Fees and Other Charges	785	0.11%				
Taxes and Licenses	64	0.01%				
Miscellaneous	-	0.00%				
	<b>2,669</b>					

<b>PHILAM MANAGED INCOME FUND</b> <b>ATTACHMENT TO FINANCIAL STATEMENTS</b> <i>(All amounts in thousands of Philippine Peso)</i>				
TOTAL ASSETS-January 1 to December 31, 2022		826,926		
NET ASSET VALUE-January 1 to December 31, 2022		813,636		
SECURITY NAME	MARKET VALUE	PERCENTAGE TO NET ASSET VALUE	PERCENTAGE TO TOTAL ASSETS	NO. OF SHARES
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:</b>				
<b>BONDS:</b>				
CB AYALA CORP ACFXBOND2024 3.026% DUE ON 28MAY2024	37,953	4.66%	4.59%	40,000
CB CHINABANK CHIBFXBD2024 2.5% DUE ON 18 FEB 2024	49,631	6.10%	6.00%	50,000
CB ENERGY DEVT CORP EDCFXBND2024 2.8565% 25JUN2024	23,416	2.88%	2.83%	25,000
CB SMFBFXBD2025 5.05% DUE 10MAR25	14,164	1.74%	1.71%	15,000
CB SMPH032025 4.8643% DUE ON 25MAR2025	24,039	2.95%	2.91%	25,000
CB SMPH 2.4565% DUE 05AUG2023	24,638	3.03%	2.98%	25,000
		0.00%	0.00%	
<b>TOTAL BONDS</b>	<b>173,841</b>			
<b>GOVERNMENT SECURITIES</b>				
FXTN 7-58 PHY6972FWM85 3.5% DUE 21APR23	100,353	12.33%	12.14%	100,000
GB R3-11 PHY6972HJA50 2.375% DUE 09MAR2024	242,271	29.78%	29.30%	150,000
GB R512 PHY6972HDG84 6.25% DUE ON 12MAR2024	100,576	12.36%	12.16%	250,000
<b>TOTAL GOVERNMENT SECURITIES</b>	<b>443,200</b>			
<b>TOTAL FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT/LOSS</b>	<b>617,041</b>			
<b>INVESTMENT IN SEMI LIQUID/ LIQUID INVESTMENTS</b>				
CASH AND CASH EQUIVALENTS	202,887	24.94%	24.54%	
GOVERNMENT SECURITIES	443,200	54.47%	53.60%	
	<b>646,087</b>			
<b>NO BORROWINGS FOR THE PERIOD</b>				
<b>TOTAL OPERATING EXPENSES</b>				
AVERAGE DAILY NET ASSET VALUE - January 1 to December 31, 2022		912,636		
NATURE OF EXPENSES	AMOUNT	PERCENTAGE TO NET ASSET VALUE		
Management fees	2,386	0.26%		
Fees and Other Charges	1,460	0.16%		
Taxes and Licenses	118	0.01%		
Miscellaneous	437	0.05%		
	<b>4,401</b>			

**PHILAM MANAGED INCOME FUND**

## Financial Statement Ratios

	January 1 to December 31, 2023	January 1 to December 31, 2022
Current Asset	591,572	826,926
Current Liabilities	9,394	13,290
Current /Liquidity Ratio	62.97	62.22
Total Liabilities	9,394	13,290
Total Equity	582,178	813,636
Debt-to-Equity Ratio	0.0161	0.0163
Total Assets	591,572	826,926
Total Equity	582,178	813,636
Asset-to-Equity Ratio	1.02	1.02
Earnings Before Income Tax	38,365	8,432
Interest Expense	-	-
Interest Rate Coverage Ratio	n.a.	n.a.
Net Income	32,227	2,073
Total Equity	582,178	813,636
Return on Equity	0.0554	0.0025



**PHILAM MANAGED INCOME FUND, INC.**  
**MANUAL ON CORPORATE GOVERNANCE**  
(Revised July 2020)

Philam Managed Income Fund, Inc.

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## ARTICLE 1: CORPORATE GOVERNANCE PHILOSOPHY

The Board of Directors of the Philam Managed Income Fund, Inc. (the “Fund”), working closely with the Fund’s Investment Manager, and in compliance with the recommendations by the Securities and Exchange Commission (“SEC”),<sup>1</sup> hereby commit itself to the principles and best practices contained in this Manual (“Manual”), and acknowledge that the same shall guide the attainment of the Fund’s corporate goals.

This Manual shall institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Shareholders believe that corporate governance is a necessary component of what constitutes sound strategic business management and will, therefore, undertake every effort necessary to create awareness within the organization as soon as possible. Compliance with the principles of good corporate governance starts with the Board of Directors.

## ARTICLE 2: DEFINITION OF TERMS

1. **Affiliate** – an entity that holds directly or indirectly at least ten percent (10%) or more of the total number of issued shares in the Fund, Fund Manager, or vice versa, or have a common Shareholder that holds directly or indirectly 10% or more of the total number of the issued share capital of the Fund or the Fund Manager.
2. **Annual Corporate Governance Report** – or “ACGR” is a comprehensive report containing all of the Fund’s pertinent corporate governance information.
3. **Audio Conferencing** – a conference in which people at different locations speak to each other via telephone or Internet connections.
4. **Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal and social obligations thereby creating sustainable value for its Shareholders, Stakeholders, and the nation.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board of Directors and Senior Management accountable for ensuring ethical behavior and reconciling long-term customer satisfaction with Shareholder value to the benefit of all Stakeholders and the society.

5. **Board of Directors** – or the “Board” is the governing body elected by the Shareholders that exercises the corporate powers of the Fund, conducts all its business, and controls its properties.
6. **Board Risk Oversight Committee** – or the “BRO” is a committee responsible for the oversight of the Fund’s Enterprise Risk Management System to ensure its functionality and effectiveness.
7. **Computer Conferencing** – is teleconferencing supported by one or more computers.
8. **Enterprise Risk Management** – or “ERM” is a process, effected by the Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within

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<sup>1</sup> SEC Memorandum Circular No. 24; series of 2019 on the Manual of Corporate Governance for Public Companies and Registered Issuers

its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives. ERM is integral to an effective corporate governance process and the achievement of a company's value creation objectives.

9. **Management** – a group of Executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Fund;
10. **Manual on Corporate Governance** – or “MCG” is a reference document containing all the policies, programs, and procedures that would ensure transparency and better protection of Shareholders and Stakeholders.
11. **Independent Director** – a person who is independent of Management and the controlling Shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a Director;
12. **Executive Director** – or “ED” is a Director who has executive responsibility of day-to-day operations of a part or the whole of the Fund;
13. **Non-executive Director** – or “NED” is a Director who has no executive responsibility and does not perform any work related to the day-to-day operations of the Fund;
14. **Internal control** – a process designed and effected by the Board of Directors, Senior Management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through efficient and effective operations; reliable, complete and timely financial and management of corporate information; and compliance with applicable laws, regulations and the organization's policies and procedures.
15. **Independent Oversight Entity or Committee** – or “IOE” is an impartial entity or committee tasked to monitor the transactions and functions carried out by the Fund Manager.<sup>2</sup>
16. **Related parties** – covers the Fund's Directors, Officers, substantial Shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, and other persons if these persons have control, joint control or Significant Influence over the Fund. It also covers the Fund's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
17. **Related Party Transactions** – or “RPT” is a transfer of resources, services or obligations between a reporting entity and related party, regardless of whether a price is charged. It shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered with an unrelated party that subsequently becomes a related party;
18. **Remote Communication** – the transfer of data between two or more devices not located at the same site<sup>3</sup>.
19. **Significant Influence** – the power to participate in the financial and operating policy decisions of the Fund but has no control or joint control of those policies

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<sup>2</sup> SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications of Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

<sup>3</sup> SEC Memorandum Circular No. 6; series of 2020 on the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings Through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

20. **Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the Fund’s strategies, policies, business decisions and operations, in general. This includes, among others, non-proprietary certificate holders, customers, creditors, employees, suppliers, investors, as well as the government and the community in which the Fund operates.
21. **Teleconferencing** – the holding of a conference among people remote from one another by means of telecommunication devices such as telephone or computer terminals. It refers to an interactive group communication between three (3) or more people in two (2) or more locations through an electronic medium. In general terms, teleconferencing can bring people together under one roof even though they are separated by hundred miles.
22. **Videoconferencing** – the holding of a conference among people in remote locations by means of transmitted audio and video signals.

### ARTICLE 3: RULES OF INTERPRETATION

All references to the masculine gender in the salient provisions of this Manual shall likewise cover the feminine gender.

All doubts or questions that may arise in the interpretation or application of this Manual shall be resolved in favor of promoting transparency, accountability and fairness to the Shareholders and investors of the Fund.

### ARTICLE 4: BOARD GOVERNANCE

The Board is primarily responsible for the governance of the Fund. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities.

It must ensure the Fund’s ability to satisfy the needs of its customers, sustain its leadership and competitiveness, and uphold its reputation in order to maintain the Fund’s long-term success and viability as a business entity. Its mandate consists of setting the strategic business directions of the Fund, appointing its Senior Executive Officers, approving all major strategies and policies, overseeing all major risk-taking activities, monitoring the financial results, and generating a reasonable investment return to Shareholders.

Directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Fund and all Shareholders and all other Stakeholders.

#### A) Composition of the Board

The Board shall be composed of Directors with a collective working knowledge, experience or expertise that is relevant to the Fund’s industry/sector. The Board shall always ensure that it has an appropriate mix of competence and expertise and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction

The Fund as covered by this Manual shall have at least two (2) IDs or such number of Independent Directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of EDs and NEDs, which include IDs, in order that no Director or small group of Directors can dominate the decision-making process.

NEDs shall not concurrently serve as Directors to more than ten (10) public companies and/or registered issuers. However, the maximum concurrent directorships shall be five (5) public companies and/or registered issuers if the NED also sits in at least three (3) publicly-listed companies. NEDs shall possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

There shall be diversity in the composition of the Board in order to avoid groupthink and ensure that optimal decision-making is achieved and the efficiency of collective problem solving within such group

## **B) The Chairperson and Chief Executive Officer / President**

The Board shall be headed by a competent and qualified Chairperson ("Chair").

The roles of Chair and Chief Executive Officer ("CEO") shall, as much as practicable, be separate to foster an appropriate balance of power, increased accountability, and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chair and CEO upon their election.

If the positions of Chair and CEO are unified, the proper checks and balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

The Board shall designate a lead director among the IDs if the Chairperson of the Board is not independent, including if the positions of the Chair and CEO or its equivalent are held by one (1) person.

The duties and responsibilities of the Chair in relation to the Board may include, among others, the following:

1. Makes certain that the meeting's agenda focuses on strategic matters, including the overall risks appetite of the Fund, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
2. Guarantees that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
3. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual Directors;
4. Ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
5. Assures the conduct of proper orientation for first-time Directors and continuing training opportunities for all Directors; and
6. Makes sure that performance of the Board is evaluated at least once a year and discussed or followed up on if necessary.

### C) Qualifications of Directors

In addition to the qualifications for membership in the Board provided for in the Revised Corporation Code ("RCC")<sup>4</sup>, the Securities Regulation Code ("SRC"), and other relevant laws, a Director must have the following additional qualifications:

1. Holds at least PhP 5,000.00 worth of shares at cost of stock of the Fund;
2. At least twenty-five (25) years old;
3. At least a college graduate or its equivalent or adequate competence and understanding of the fundamentals of doing business or membership in good standing in relevant industry, and membership in business or professional organizations or sufficient experience and competence in managing a business to substitute for such formal education;
4. Possesses integrity, probity and shall be diligent and assiduous in the performance of his functions;
5. Has adequate physical health and mental stamina to withstand the rigors of his responsibilities;
6. Has no potential conflict of time and attention due to competing Officerships, Directorships, or memberships in other companies/Funds;
7. Has attended or will attend an accredited corporate governance seminar, as required by the SEC;
8. Possesses no disqualifications as provided for in the RCC, Bangko Sentral ng Pilipinas ("BSP") Circulars, and SEC rules and regulations;
9. Has practical understanding of the business of the Fund;
10. A member in good standing in relevant industry, business, or professional organizations; and
11. Has previous business experience.

### D) Qualifications of Independent Directors

The IDs shall possess a good general understanding of the industry that the Fund engages in, qualifications and stature that would enable them to effectively and objectively participate in the deliberations of the Board.

An ID refers to a person who:

1. Shall not or has not been a Senior Officer or employee of the Fund unless there has been a change in the controlling ownership therein;
2. Is not, and has not been in the two (2) years immediately preceding the election, a director of the Fund; a Director, Officer, employee of the Fund's subsidiaries, associates, affiliates or related companies; or a director, Officer, employee of the Fund's substantial Shareholders and its related companies;

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<sup>4</sup> Republic Act No. 11232 or the Revised Corporation Code of 2018

3. Has not been appointed in the Fund, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus," "Ex-Officio" Director/Officer of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two (2) years immediately preceding his election;
4. Is not an owner of more than two percent (2%) of the outstanding shares of the Fund, its subsidiaries, associates, affiliates, or related companies;
5. Is not a relative of a director, Officer, or substantial Shareholder of the Fund or any of its related companies or of any of its substantial Shareholders;
6. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister; and
7. Is not acting as a nominee or representative of any Director of the Fund or any of its Related Companies.

Related companies, as used in this section, refer to:

1. The Fund's holding/parent company;
2. Its subsidiaries; and
3. Subsidiaries of its holding/parent company.

IDs shall serve for a maximum cumulative term of nine (9) years. After which, the ID shall be perpetually barred from reelection as such, but may continue to qualify for nomination and election as a non-independent director.

In the instance that Fund seeks to retain an ID who has served for nine (9) years, the Board shall provide meritorious justification and seek Shareholders approval during the annual Shareholders' meeting.

## **E) Disqualification of Directors**

### **1. Permanent Disqualification**

The following shall be grounds for the permanent disqualification of a Director:

1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures SEC merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as Director or Officer of a bank, quasibank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the



- subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the RCC, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
3. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, *estafa*, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  4. Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Fund Code, Securities Regulation Manual or any other law administered by the SEC or BSP, or any of its rule, regulation or order;
  5. Any person judicially declared as insolvent;
  6. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct similar to any of the acts, violations, or misconduct enumerated above;
  7. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the RCC and SRC committed within five (5) years prior to the date of his election or appointment; and
  8. Other grounds as the SEC may provide pursuant to the provisions of the RCC, SRC, and other related laws.

## 2. Temporary Disqualification

The Board may provide for the temporary disqualification of a Director for any of the following reasons:

1. Refusal to comply with the disclosure requirements of the SRC and its implementing rules and regulations. The disqualification shall be in effect as long as the refusal persists;
2. Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
3. Dismissal or termination for cause as Director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the SEC. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal, termination, or removal;
4. If the beneficial equity ownership of an ID in the Fund or its affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an ID shall be lifted if the limit is later complied with; and

5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified Director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

## **F) Nomination of Directors**

The Board shall have a formal and transparent board nomination and election process that shall include how it accepts nominations from its Shareholders and reviews the qualifications of nominated candidates ("Candidates"). The process shall be assessed according to its effectiveness in the proper nomination, election, or replacement/removal of a Director. The process shall be aligned with the strategic direction of the Fund.

### **1. Process of Nomination**

1. All Shareholders, regardless of their shareholdings, shall have the right to nominate, elect, remove and replace Directors and vote on certain corporate acts in accordance with the RCC.
2. The Nomination Committee itself may likewise identify and recommend qualified individuals for nomination and election to the Board. For this purpose, the Committee may make use of professional search firms or other External sources of Candidates to search for qualified Candidates to the Board.
3. All written nominations for election of Directors by the Shareholders are to be received by the Nominations Committee not later than the date prescribed by law, rules, and regulations or at such earlier or later date as the Board of Directors may fix before the date of the next annual meeting of the Shareholders. All recommendations shall be signed by the nominating Shareholders together with the written acceptance and conformity of the would-be nominees. No nominee shall qualify to be elected as Director unless this requirement is complied with.
4. The Committee shall screen and shortlist qualified individuals for election as Directors to ensure that only those that possess all the qualifications and none of the disqualifications from Directorship as provided in the Fund's By-Laws, this Manual and relevant laws, rules and regulations may be elected to the Board.
5. In case of a vacancy in the Board other than removal of a Director or expiration of term, the Committee shall determine and identify the qualified nominee and recommend to the Board, if the remaining Directors still constitute a quorum, to elect such qualified nominee to fill the vacancy.
6. The Committee shall prepare a final list of qualified nominees, recommend for final approval of the Board such final list, and recommend to the Shareholders the qualified nominees included in the final list for election in the annual meeting of Shareholders.
7. The final list of Candidates shall contain all the information about all the nominees and shall be made available to the SEC and to all Shareholders through the filing and distribution of the Information Statement, or in such other reports the Fund is required to submit to SEC. The name of the person or group of persons who recommended the nomination of the Director shall also be identified in such report including any relationship with the nominee.

8. Only nominees whose names appear on the final list of Candidates shall be eligible for election as a Director. No other nominations shall be entertained after the final list of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual Shareholders' meeting.
9. The aforementioned process and requirements shall also apply to nominations for IDs.

## **G) Responsibilities, Duties and Functions of the Board**

It shall likewise be the Board's responsibility to foster the long-term success of the Fund and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interests of the Fund, its Shareholders, and Stakeholders.

The Board shall formulate the Fund's vision, mission, and strategic objectives that shall guide the Investment Manager's activities, including the means to effectively monitor the latter's performance.

To ensure a high standard of best practices for the Fund, its Shareholders and its Stakeholders, the Board, in close coordination with the Fund's duly registered Investment Manager, shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:

1. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Fund and all Shareholders and all other Stakeholders;
2. Oversee the development of and approve the Fund's business and strategy, and monitor its implementation, in order to sustain the company's long-term viability and strength;
3. Ensure and adopt an effective succession planning program for Directors, key Officers, and Management to ensure the continuous and consistent growth of the Fund. This should include adopting a retirement policy for Directors and key Officers;
4. Align the remuneration of key Officers and Board members with the long-term interests of the Fund. In doing so, it should formulate and adopt a policy specifying the relationship between remuneration and performance;
5. Install a process of selection to ensure a mix of competent Directors and Officers who can add value and contribute independent judgment to the formulation of sound corporate strategies;
6. Appoint competent, professional, honest and highly-motivated management Officers;
7. Ensure that the Fund complies with all relevant laws, regulations and codes of best business practices;
8. Establish and maintain an investor relations program that will keep the Shareholders informed of important developments in the Fund. If feasible, the Fund's President or Treasurer shall exercise oversight responsibility over this program;
9. Identify the Fund's major and other Stakeholders and formulate a clear policy on communicating or relating with them through an effective investor-relations program;
10. Ensure that the Fund has an adequate internal control system with proper checks and balances, to be carried out by its management directly or through its duly appointed Investment Manager;

11. Identify key risk areas and key performance indicators and monitor these factors with due diligence to enable its duly appointed Investment Manager to anticipate and prepare for possible threats to its operational and financial viability;
12. Constitute an Audit Committee and such other Committees it deems necessary to assist the Board in the performance of its duties and responsibilities;
13. Establish and maintain an alternative dispute resolution system in the Fund that can amicably settle conflicts or differences between the Fund and its Shareholders, and the Fund and third parties, including the regulatory authorities;
14. Properly discharge Board functions by meeting regularly. Independent views during Board meetings shall be given due consideration and all such meetings shall be duly recorded in the minutes;
15. Keep Board authority within the powers of the Fund as prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations;
16. Appoint a Compliance Officer who shall have the rank of at least Senior Vice President or an equivalent position with adequate stature and authority in the Fund;
17. Conduct an annual self-assessment of its performance, including the performance of the Chair, individual members and Committees;
18. Establish a system that provides, at the minimum, criteria and process to determine the performance of the Board, the individual Directors, Committees and such system should allow for a feedback mechanism from the Shareholders;
19. Adopt a Code of Business Conduct and Ethics ("Code of Ethics"), which would provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the Board. The Code of Ethics shall be properly disseminated to all the members of the Board and be made available to the public through the Fund's website;
20. Ensure the proper and efficient implementation and monitoring of compliance with the Code of Ethics; and
21. Approve the selection and assessing the performance of the Management led by the CEO or his equivalent, and control functions led by their respective heads of the internal audit, compliance and risk functions, as may be applicable.

#### **H) Specific Duties and Responsibilities of Directors**

A Director's office is one of trust and confidence. A Director shall act in the best interest of the Fund in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the Fund towards sustained progress.

A Director shall observe the following norms of conduct:

1. To conduct fair business transactions with the Fund and to ensure that personal interest does not bias Board decisions and does not conflict with the interest of the Fund;
2. To devote time and attention necessary to properly and effectively perform his duties and responsibilities;
3. To act judiciously;

4. To exercise independent judgment;
5. To have a working knowledge of the statutory and regulatory requirements affecting the Fund, including the contents of its Articles of Incorporation and By-Laws, the rules and regulations of the SEC, and where applicable, the requirements of other regulatory agencies;
6. To observe confidentiality;
7. To ensure the continuing soundness, effectiveness, and adequacy of the Fund's internal control environment;
8. Notify the Board before accepting a directorship in another company; and
9. To fully disclose his adverse interest, abstain from taking part in the deliberations for the same and recuse from voting on the approval of the transaction in case there is material or potential interest in any transaction affecting the Fund.

#### **I) Specific Duties and Responsibilities of Non-Executive Directors**

The NEDs shall have separate periodic meetings with the External Auditor and heads of the internal audit, compliance and risk functions, without any EDs present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead ID director, if applicable.

#### **J) Orientation and Continuing Training Program**

An orientation program and annual continuing training for first-time Directors shall be in place to promote effective Board performance and continuing qualification of the Directors in carrying out their duties and responsibilities. The orientation program ensures that new Directors are appropriately apprised of their duties and responsibilities, before beginning their directorships, and throughout their tenure. The orientation program shall cover SEC-mandated topics on corporate governance and shall include an introduction to the Fund's business, Articles of Incorporation and By-Laws, and Code of Ethics. The orientation program shall be for at least eight (8) hours.

The annual continuing training program shall ensure that Directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Fund. The training can be on any matter relevant to the Fund, which may include training on audit, internal controls, risk management, sustainability, and strategy. Training for corporate governance shall be conducted by SEC-accredited institutional training providers. The annual continuing training shall be for at least four (4) hours.

#### **K) Internal Control Responsibilities of the Board**

The control environment of the Fund consists of:

1. The Board which ensures that the Fund is properly and effectively managed and supervised;
2. Management that actively manages and operates the Fund in a sound and prudent manner;

3. The organizational and procedural controls supported by effective management information and risk management reporting systems; and
4. An independent audit mechanism to monitor the adequacy and effectiveness of the Fund's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility includes:

1. The definition of the duties and responsibilities of the CEO/President who is ultimately accountable for the Fund's organizational and operational controls; and
2. The selection of the person who possesses the ability, integrity, and expertise essential for the position of CEO/President;

#### **L) Board Meetings and Quorum Requirement**

The members of the Board shall attend and actively participate in its regular and special meetings in person or through teleconferencing, computer conferencing, audio conferencing, video conferencing, and other remote or electronic means of communication conducted in accordance with the rules and regulations of the SEC<sup>5</sup>, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so.

In Board and Committee meetings, the Directors shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations.

The IDs shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) ID in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Fund shall submit to the SEC, on or before January 30 of the following year, a sworn certification on the Directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

#### **M) Remuneration of Directors and Officers**

The levels of remuneration of the Fund shall be sufficient to be able to attract and retain the services of qualified and competent Directors and Officers. The Board shall align the remuneration of key Officers and Board members with the long-term interests of the Fund.

The Board shall have a formal and transparent procedure for the development of a policy on executive remuneration or determination of remuneration levels for individual Directors and Officers depending on the particular needs of the Fund.

No Director shall participate in the determination of his own per diem or compensation.

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<sup>5</sup> SEC Memorandum Circular No. 6; series of 2020 on the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings Through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

The Fund's annual reports and information and proxy statements shall include a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its Directors and top four (4) management Officers during the preceding fiscal year.

To protect the Fund, the SEC may, in exceptional cases, e.g., when a Fund is under receivership or rehabilitation, regulate the payment of the compensation, allowances, fees and fringe benefits to its Directors and Officers.

## **ARTICLE 5: BOARD COMMITTEES**

The Board may carry out its various responsibilities through Committees that shall be set up to support the effective performance of the Board's functions.

The Committees shall be composed only of Board members.

All Committees shall have Committee Charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information. The Charters should provide the standards for evaluating the performance of the Committees and its members.

### **A) Nomination Committee**

The Board shall create a Nomination Committee which shall consist of at least three (3) members of the Board, one of whom must be an ID.

#### **Duties and Responsibilities of the Nomination Committee**

1. Determine the nomination and election process for the Directors and defines the general profile of Board members that the Fund may need, and ensures that appropriate knowledge, competencies and expertise that complement the existing skills of the Board are adopted as standards and criteria for nomination and election;
2. Establishes a formal and transparent procedure for determining the remuneration of Directors and Officers that is consistent with the Fund's culture and business strategy as well as the business environment in which it operates.
3. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors;
4. In consultation with the Executive or Management Committees, re-define the role, duties and responsibilities of the CEO/President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
5. Consider the following guidelines in the determination of Directorship in the Board:
  1. The nature of the business of the Fund;
  2. Age of the Director;
  3. Number of Directorships and active memberships and Officerships in other Funds or organizations; and

4. Possible conflict of interest.

## **B) Audit Committee**

The Board should establish an Audit Committee to enhance its oversight capability over the Fund's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.

The Committee shall be composed of at least three (3) appropriately qualified NEDs, the majority of whom, including the Chair, shall be IDs. All of the members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. The Chair of the Committee shall not be the Chair of the Board or of any other committees.

In order to ensure independence and prevent conflict of interest, the members of the Audit Committee shall not be allowed to hold interlocking directorships in other entities involved in the operation of the Fund such as the Fund Manager, Fund Distributor, Fund Advisor, Transfer Agent, and Custodian.

### **Duties and Responsibilities of the Audit Committee**

1. Ensure a reliable and strong internal audit control system with the duly appointed / registered Investment Manager's own internal corporate set-up. A well-designed internal audit control system provides a system of checks and balances in order to:
  1. Safeguard the Fund's resources and ensure their effective utilization;
  2. Prevent occurrence of fraud and other irregularities;
  3. Protect the accuracy and reliability of the company's financial data; and
  4. Ensure compliance with applicable laws and regulations;
2. Monitor Management's responsiveness to the internal auditor's findings and recommendations;
3. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one (1) audit firm is involved in the activity to identify proper coverage and minimize duplication of efforts;
4. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid and the corporation's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with the duties of an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the Fund's Annual Report and ACGR;
5. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  1. Any change/s in accounting policies and practices;
  2. Areas where a significant amount of judgment has been exercised;
  3. Significant adjustments resulting from the audit;



4. Going concern assumptions;
  5. Compliance with accounting standards; and
  6. Compliance with tax, legal and regulatory requirements;
6. Review the recommendations in the External Auditor's management letter;
  7. Perform oversight functions over the Fund's Internal and External Auditors and ensures their independence and unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions taking into consideration relevant Philippine professional and regulatory requirements;
  8. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
  9. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the Shareholders;
  10. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, the Related Party Registry is updated to capture subsequent changes in relationships with counterparties from non-related to related and vice versa;
  11. Perform the functions of the IOE Committee, as provided under, in the absence thereof;
  12. Perform the functions of the Corporate Governance Committee, as provided under, in the absence thereof;
  13. Perform the functions of the RPT Committee, as provided under, in the absence thereof;
  14. Perform the functions of the BRO Committee, as provided under, in the absence thereof; and
  15. Meets internally and with the Board at least once every quarter without the presence of the CEO/President or other Management team members, and periodically meets with the head of the Independent Audit.

### **C) Independent Oversight Committee**

The Fund shall perform oversight over its Fund Manager. Pursuant to this, the Audit Committee shall also function as an impartial Committee or IOE, as recommended by SEC regulation<sup>6</sup>, to monitor the transactions and functions carried out by the Fund Manager.

#### **Duties and Responsibilities of the Independent Oversight Committee**

1. Exercise care and diligence when monitoring the transactions and functions of the Fund Manager;
2. Oversee the transactions and functions of the Fund Manager to ensure compliance with the disclosures made in the Registration Statement, prospectus, the ICA, SRC, and their

<sup>6</sup> SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications or Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

implementing rules and regulations. For cross-border offerings or transactions, in addition to the abovementioned, oversee the transactions of the Fund Manager in order to ensure that it also complies with the standards and requirements of bilateral or multilateral agreements allowing cross-border offerings and transactions that the Philippines is a party to;

3. Oversee the subscription and redemption of shares or units facilitated by the Fund Manager and to approve the request of the Fund Manager in the case of suspension of redemption of shares or units whenever necessary for the protection of investors subject to the rules on Suspension of Redemption provided under Rule 10.4 of the ICA implementing rules and regulations;
4. Oversee the activities of the Fund Manager in order to ensure that it complies with the rules on investment restrictions and limitations, liquidity requirements, and other regulations involving the operationalization of the investment objectives, investment policy or strategy of the Fund;
5. Oversee the transactions of the Fund Manager to ensure that delegation will not result in unnecessary fees to be paid by the Fund and ensure that it will not delegate its function to the extent that it becomes a letter box such as when it no longer has the power to take decisions in the implementation of the investment policy and strategies nor retain the suitable process to monitor, control the activities and evaluate the performance of the delegatee;
6. If, in the reasonable opinion of the IOE, the Fund Manager has not complied with any of the laws, rules or regulations applicable to the Fund, and/or it failed to report to the SEC the said non-compliance, notify the SEC of its opinion, including particulars of the non-compliance, not later than five (5) business days after forming the opinion or upon knowledge of the non-compliance. The notification shall be done by filing an SEC Form 17-C. It shall notify, without delay, the members of the Board of its opinion so that the Board can apprise the Fund Manager of the said non-compliance and address any resulting breach;
7. Report to the SEC any act of the Fund Manager, which in its opinion may be detrimental to the interests of the shareholders even if the said act is not in violation of any law, rule or regulation, not later than five (5) business days from knowledge thereof; and
8. If necessary, recommend to the Board that the Fund Manager be removed due to its inability to fulfill its functions.

#### **D) Corporate Governance Committee**

The Corporate Governance Committee is tasked with ensuring compliance with and proper observance of corporate governance principles and practices.

##### **Duties and Responsibilities of the Corporate Governance Committee**

1. Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Fund's size, complexity of operations and business strategy, as well as its business and regulatory environment;
2. Oversee the periodic performance evaluation of the Board and its Committees as well as the executive management, and conducts an annual evaluation of the said performance;

3. Ensure that the results of the Board evaluation are discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
4. Recommend the continuing education/training programs for Directors, assignment of tasks/projects to Committees, succession plan for the Board members and Senior Officers, and remuneration packages for and individual performance;
5. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and
6. Propose and plan relevant trainings for the members of the Board.

## **E) Related Party Transactions Committee**

### **Duties and Responsibilities of the RPT Committee**

1. Evaluate all RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied;
2. Determine any potential reputational risk issues that may arise as a result of or in connection with RPTs. In evaluating RPTs, the Committee takes into account, among others, the following:
  1. The related party's relationship to the Fund and interest in the transaction;
  2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  3. The benefits to the Fund of the proposed RPT;
  4. The availability of other sources of comparable products or services; and
  5. An assessment of whether the proposed RPT is undertaken on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Fund should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
3. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Fund's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
4. Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
5. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## **F) Board Risk Oversight Committee**

The BRO Committee shall be responsible for the oversight of the Fund's ERM System to ensure its functionality and effectiveness. The BRO Committee should be composed of at least three (3) directors, the majority of whom should be IDs, including the Chairperson. At least one (1) member of the committee must have relevant thorough knowledge and experience on risk and risk management.

The BRO Committee has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place in order that the Board and Senior Management will be in a position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

### **Duties and Responsibilities of the BRO Committee**

1. Develop a formal ERM plan which contains the following:
  1. Common language or register of risks,
  2. Well-defined risk management goals and objectives,
  3. Uniform processes of assessing risks and developing strategies to manage prioritized risks,
  4. Designing and implementing risk management strategies, and
  5. Continuing assessments to improve risk strategies, processes and measures;
2. Oversee the implementation of the ERM plan and conduct regular discussions on the Fund's prioritized and residual risk exposures based on regular risk management reports and assessing how these risks are addressed or managed;
3. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, looks for emerging or changing material exposures, and keeps abreast of significant developments that seriously impact the likelihood of harm or loss;
4. Advise the Board on its risk appetite levels and risk tolerance limits;
5. Review at least annually the Fund's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and major events which may have occurred affecting the Fund;
6. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Funds and its Stakeholders;
7. Oversee the Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Fund. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
8. Report to the Board on a regular basis, or as deemed necessary, the Fund's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

## ARTICLE 6: RELATED PARTY TRANSACTIONS

The Board should have the overall responsibility in ensuring that there is a policy and system governing RPTs and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.

Ensuring the integrity of RPTs is an important fiduciary duty of the Director. It is the Board's role to initiate policies and measures geared towards promotion of transparency, prevention of abuse, and protection of the interest of all Shareholders by:

1. Requiring material RPTs to be approved by at least two-thirds (2/3) of the Board, with majority of the IDs approving the transaction, in accordance with the provisions of the RCC, SEC issuances, and other related laws; and
2. Ensuring that transactions occur at market prices, at arm's-length basis and under conditions that protect the rights of all shareholders.

An RPT Policy shall be in place, which shall contain:

1. Identification of related parties;
2. Coverage of RPT policy;
3. Guidelines in ensuring arm's-length terms;
4. Identification and prevention or management of potential or actual conflicts of interest which may arise;
5. Adoption of materiality thresholds, as well as internal limits for individual and aggregate exposures;
6. Approval of material RPTs based on the Fund's materiality threshold;
7. Disclosure requirement of material RPTs;
8. Self-assessment and periodic review of policy;
9. Whistle-blowing mechanisms; and
10. Restitution of losses and other remedies for abusive RPTs.

The Fund may set its materiality threshold at a level where omission or misstatement of the transaction could pose a significant risk to the Fund and influence its economic decision.

Depending on the materiality threshold, the approval of Management, the Board, or the Shareholders may be required. In cases where the Board and/or Shareholders' approval is required, the interested Directors and/or Shareholders, respectively, shall abstain and let the disinterested parties decide.

## ARTICLE 7: ACCOUNTABILITY AND AUDIT

The Board is primarily accountable to the Shareholders. It shall provide them with a balanced and comprehensible assessment of the Fund's performance, position and prospects on a

regular basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the Shareholders.

## **A) Internal Auditor**

Due to the nature of an Investment Fund set-up where the Fund does not have any employees of its own and where all the daily business transactions are undertaken by the Fund's Investment Manager, the Fund does not intend to employ its own Internal Auditor but in return, the Board shall ensure a reliable and strong internal audit control system with the duly appointed / registered Investment Manager's own internal corporate set-up.

### **Functions of the Internal Auditor**

1. Provide an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in:
  1. Promoting the right values and ethics,
  2. Ensuring effective performance management and accounting in the Fund,
  3. Communicating risk and control information, and
  4. Coordinating the activities and information among the Board, External and Internal auditors, and Management,
2. Perform regular and special audit as contained in the annual audit plan and/or based on the Fund's risk assessment;
3. Perform consulting and advisory services related to governance and control as appropriate for the organization;
4. Perform compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
5. Review, audit and assess the efficiency and effectiveness of the internal control system of all areas of the Fund;
6. Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals, and whether the operations or programs are being carried out as planned;
7. Evaluate specific operations at the request of the Board or Management, as appropriate; and
8. Monitor and evaluate governance processes.

## **B) External Auditor**

An External Auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Fund. The Board, after consultations with the Audit Committee, shall recommend to the Shareholders an External Auditor duly accredited by the

SEC who shall undertake an independent audit of the Fund, and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the Shareholders.

#### *Dismissal / Resignation / Cessation from Service*

If the External Auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the Fund's annual and current reports. The report shall include a discussion of any disagreement between him and the Fund on accounting principles or practices, financial disclosures or audit procedures which the former Auditor and the Fund failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the Fund to the External Auditor before its submission.

The Audit Committee should have a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditor. The appointment, reappointment, removal, and fees of the External Auditor should be recommended by the Audit Committee and approved by the Directors and the Shareholders. For the removal or change in the External Auditor, the reasons for removal or change should be disclosed to the SEC, the shareholders, and the public through the Fund website and other required disclosures.

#### *Limitations of the Functions of the External Auditor*

The External Auditor shall not, at the same time, provide internal audit services to the Fund. Non-audit work may be given to the External Auditor, provided it does not conflict with his duties as an Independent Auditor, or does not pose a threat to his independence.

The Fund should disclose the nature of non-audit services performed by its External Auditor in the Annual Report in the interest of managing potential conflict of interest cases. The Audit Committee should be alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the External Auditor's objectivity.

#### *Duration / Term of Service*

The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Fund, shall be changed with the same frequency.

#### *Duty to Report Incorrect or Incomplete Statements on Report, etc.*

If the External Auditor believes that any statement made in an annual report, information statement or any report filed with the SEC or any regulatory body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

The Audit Committee Charter should include the Audit Committee's responsibility on assessing the integrity and independence of External Auditors and exercising effective oversight to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. The Charter should also contain the Audit Committee's responsibility on reviewing and monitoring the External Auditor's suitability and effectiveness on an annual basis.

## C) INDEPENDENT NET ASSET VALUE CALCULATION

The Fund shall engage an independent entity, as required by SEC regulation<sup>7</sup>, to calculate or cross-check its Net Asset Value every dealing day. The entity shall be duly licensed by the BSP, provided that it does not hold directly or indirectly ten percent (10%) or more of the total number of issued shares in the Fund, Fund Manager, or vice versa, nor have a common shareholder that holds directly or indirectly ten percent (10%) or more of the total number of issued share capital of the Fund or Fund Manager; and the entity shall not be the same as the one auditing the Fund and Fund Manager.

## ARTICLE 8: CORPORATE SECRETARY

The Board should ensure that it is assisted in its duties by a Corporate Secretary, who should be a separate individual from the Compliance Officer. The Corporate Secretary should not be a member of the Board of Directors and should annually attend a training on corporate governance.

### Qualifications of the Corporate Secretary

1. The Corporate Secretary shall be a Filipino citizen and a resident of the Philippines;
2. Considering his varied functions and duties, he must possess administrative and interpersonal skills, and if he is not the general counsel, then he must have adequate legal skills; and
3. He must also have a working knowledge of the operations of the Fund.

### Duties and Responsibilities of the Corporate Secretary

1. Assists the Board and the Committees in the conduct of their meetings (i.e. agenda setting, preparation of annual schedule of meetings and board calendar);
2. Safekeeps and preserves the integrity of the minutes of the meetings of the Board, Committees and Shareholders, as well as other official records of the Fund;
3. Keeps abreast of relevant laws, regulations, all governance issuances, industry developments and operations of the Fund, and advises the Board and the Chairperson on all relevant issues as they arise;
4. Works fairly and objectively with the Board, Management and Shareholders and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Shareholders as well as other Stakeholders;
5. Advises on the establishment of Committees and their terms of reference;
6. Informs members of the Board, in accordance with the By-Laws, of the agenda of their meetings at least five (5) working days before the date of the meeting, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

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<sup>7</sup> SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications or Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies



7. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so;
8. Performs all required administrative functions;
9. Oversees the drafting of the By-laws and ensures that they conform with regulatory requirements; and
10. Performs such other duties and responsibilities as may be provided by the Board and the SEC.

## **ARTICLE 9: COMPLIANCE OFFICER**

The Compliance Officer is a member of the Fund's Management team in charge of the compliance function. Similar to the Corporate Secretary, he is primarily liable to the Fund and its shareholders and not to the Chair or President.

The appointment of the Compliance Officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

### **Duties and Responsibilities of the Compliance Officer**

1. Ensures proper onboarding of new Directors (i.e., orientation on the Fund's business, charter, Articles of Incorporation and By-Laws, among others);
2. Monitors, reviews, evaluates and ensures the compliance by the Fund, its Officers and Directors the relevant laws, this Manual, rules and regulations and all governance issuances of regulatory agencies;
3. Reports to the Board if violations are found and recommends the imposition of appropriate disciplinary action;
4. Ensures the integrity and accuracy of all documentary and electronic submissions as may be allowed under SEC rules and regulations;
5. Appears before the SEC when summoned in relation to compliance with this Manual and other relevant rules and regulations;
6. Collaborates with other departments within the Fund to properly address compliance issues, which may be subject to investigation;
7. Identifies possible areas of compliance issues and works towards the resolution of the same; and
8. Ensures the attendance of Directors and key Officers to relevant trainings;

## **ARTICLE 10: ADEQUATE AND TIMELY INFORMATION**

To enable the members of the Board to properly fulfill their duties and responsibilities, the Investment Manager shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information furnished by Investment Manager may not be sufficient in all circumstances and further inquiries may be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the Directors shall be given independent access to Investment Manager and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.

The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the Fund's expense.

## **ARTICLE 11: DISCLOSURE AND TRANSPARENCY**

The essence of corporate governance is transparency. The more transparent the internal workings of the Fund are, the more difficult it will be for Management and dominant Shareholders to mismanage the Fund or misappropriate its assets.

It is therefore essential that all material information about the Fund which could adversely affect its viability or the interests of its Shareholders and other Stakeholders shall be publicly and timely disclosed. Such information shall include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, RPTs, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the SEC.

The Board shall therefore commit at all times to full disclosure of material information dealings. It shall cause the filing of all required information and submissions to the SEC for the interest of its Shareholders and other Stakeholders.

The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to Shareholders and other Stakeholders that gives a fair and complete picture of a Fund's financial condition, results, and business operations.

The Fund should have a policy requiring all Directors and Officers to disclose/report to the Fund any dealings in the Fund's shares by the said Directors and Officers within five (5) business days.

The Fund should disclose all relevant information on its corporate governance policies and practices in the ACGR, which shall be submitted to the SEC, and continuously updated and posted on the Fund's website.

### **Contents of the ACGR**

1. A policy on disclosure of all relevant and material information on Directors and key Officers to evaluate their experience and qualifications, and assess any potential and/or actual conflicts of interest that might affect their judgment.<sup>8</sup>
2. Board and Executive remuneration, as well as the level and mix of the same;
3. Accurate disclosure to the public of every material fact or event that occurs in the Fund, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its Shareholders and other Stakeholders, which includes policy on the appointment of an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets;

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<sup>8</sup> "Annex C", as amended, SRC Rule 12 on Non-Financial Disclosure Requirements

4. The non-audit work, if any, of the External Auditor, the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Fund's overall consultancy expenses;
5. The attendance record of the Fund's directors for the previous year; and
6. Other information that the SEC or other regulatory agencies, may, from time to time require disclosure of.

This Manual shall be submitted to and made available at the SEC. It shall also be available for inspection by any Shareholder of the Fund at its principal office during reasonable hours on a business day. The Manual shall, likewise, be posted on the Fund's website.

#### Reportorial or Disclosure System of the Fund's Corporate Governance Policies

1. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the responsible Committee or Officer through the Fund's Compliance Officer.
2. All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of Directors, and changes to ownership.
3. Other information that shall always be disclosed includes remuneration (including stock options) of all Directors and Senior Management, corporate strategy, and off-balance sheet transactions.
4. All disclosed information shall be released through announcements and annual reports.
5. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the Stakeholders.

### **ARTICLE 12: SHAREHOLDERS' RIGHTS AND PROTECTION**

The Fund recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and External parties concerned, as governance covenant between the Fund and all its investors:

#### Rights of Shareholders

The Board shall be committed to respect the rights of the Shareholders, namely:

1. Voting Rights
  1. Shareholders shall have the right to elect, remove and replace Directors and vote on certain corporate acts in accordance with the RCC.
  2. Cumulative voting shall be used in the election of Directors.
  3. A Director shall not be removed without cause if it will deny minority Shareholders representation in the Board.

4. Right to vote on all matters that require Shareholders' consent or approval

2. Pre-emptive Rights

All Shareholders shall have pre-emptive rights, unless the same is denied in the Articles of Incorporation or amendments thereto. They shall have the right to subscribe to the capital stock of the Fund. The Articles of Incorporation shall lay down the specific rights and powers of Shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the RCC.

3. Power of Inspection

All Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Manual and shall be furnished with annual reports, including financial statements, without costs or restrictions.

4. Right to Information

1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the Directors and Officers and certain other matters such as their holdings of the Fund's shares, dealings with the Fund, relationships among Directors and key Officers, and the aggregate compensation of Directors and Officers.
2. The minority Shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
3. The minority Shareholders shall have access to any and all information relating to matters for which Management is accountable for and to those relating to matters for which Management shall include such information and, if not included, then the minority Shareholders shall be allowed to propose to include such matters in the agenda of Shareholders' meetings, being within the definition of "legitimate purposes."

5. Right to Dividends

The Fund shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except when:

1. Justified by definite corporate expansion projects or programs approved by the Board;
2. The Fund is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
3. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Fund, such as when there is a need for special reserves for probable contingencies.

6. Appraisal Right

The Shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 81 of the RCC, under any of the following circumstances:

1. In case of any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any Shareholders or class of shares, or of

authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Fund's property and assets as provided in the RCC;
3. In case of merger or consolidation; and
4. In case of investment of corporate Funds for any purpose other than the primary purpose of the Fund.

The Board shall be transparent and fair in the conduct of the Annual and Special Shareholders' Meetings. The Shareholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the Shareholder's favor.

It is the duty of the Board to promote the rights of the Shareholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

#### Remedies For Infringement of Shareholders' Rights

The Board shall encourage the exercise of Shareholders' voting rights and the solution of collective action problems through appropriate mechanisms or alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.

Management shall ensure constant engagement and communication with Shareholders through a designated investor or customer relations officer. The Officer shall be present in Annual or Special Shareholders' Meetings and have a designated email address and telephone number to receive feedback, complaints, and queries.

#### Meetings of Shareholders

The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the Shareholders' meaningful participation in meetings, whether in person or by proxy. In furtherance thereof, poll voting shall be highly encouraged as opposed to the show of hands. Proxy voting may be considered, including the electronic distribution of proxy materials. The right to vote may also be exercised through remote communication or *in absentia*<sup>9</sup>.

In cases where the Shareholders cannot physically attend Shareholders' meetings, they may do so through remote communications or other alternative modes of communication. If the Shareholder intends to participate in a meeting through remote communication, he shall notify the Corporate Secretary

Although all Shareholders shall be treated equally or without discrimination, the Board shall give minority Shareholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the Fund. However, to prevent the abuse of this right, the Fund may require that the proposal be made by Shareholders holding a specified percentage of shares or voting rights. To ensure that minority Shareholders are not effectively prevented from exercising this right the degree of ownership concentration shall be considered in determining the threshold.

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<sup>9</sup> SEC Memorandum Circular No. 6; series of 2020 on the Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings Through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

All Shareholders shall be given the opportunity to nominate candidates to the Board, and/or cause the removal of any member thereof in accordance with the existing laws. The procedures of the nomination and removal process shall be discussed clearly by the Board. The Fund shall fully and promptly disclose all information regarding the expertise, experience and background of the candidates to enable the shareholders to study and conduct their own background check as to the candidates' qualification and credibility.

The result of the votes on matters taken during the most recent Annual or Special Shareholders' Meeting shall be made publicly available on the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the website.

#### Notice to Shareholders

Accurate and timely information shall be made available to the Shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval at least 21 days before the meeting. The Directors shall pave the way for the electronic filing and distribution of Shareholder information necessary to make informed decisions subject to legal constraints. In order for the Shareholders to plan their participation in the meeting, the notice shall also be posted on the Fund's website.

### **ARTICLE 13: STAKEHOLDERS' RIGHTS AND PROTECTION**

The Board shall identify the Fund's various Stakeholders and promote cooperation in creating wealth, growth and sustainability. These Stakeholders shall include, among others, the Fund's customers, resource providers, creditors, holders of proprietary and non-proprietary rights. and the community in which it operates.

The Board shall ensure that fair, professional, and objective dealings, as well as clear, timely and regular communication with the Stakeholders ensure fair treatment and protection of their rights.

Clear policies and programs shall be in place to provide a mechanism on the fair treatment, protection, and enforcement of the rights of Stakeholders.

### **ARTICLE 14: COMPREHENSIVE AND COST-EFFICIENT ACCESS TO INFORMATION**

The Fund shall maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for an informed decision-making by investors, Stakeholders and other interested users.

#### Contents of the Website:

1. Manual on Corporate Governance;
2. Annual Corporate Governance Report;
3. Board Charter;
4. Committee Charters, and
5. The Code of Business Conduct and Ethics.

**ARTICLE 15: LIQUIDATION OF ASSETS AND WINDING UP OF THE FUND<sup>10</sup>**

The Fund Manager shall carry out the liquidation of assets on behalf of the Fund. In all cases of revocation of the Registration Statement and Certificate of Permit to Offer Securities for Sale, the Fund Manager must liquidate the assets within a period of six (6) months from the receipt of the Fund of the Order revoking the Registration Statement or Certificate. The Fund shall wind up or amend its business purposes within one (1) year from receipt of the same.

The Fund or the Fund Manager shall inform the SEC of the status of the redemption of securities every 30<sup>th</sup> of January until all the shares have been fully redeemed<sup>11</sup>.

**ARTICLE 16: ADMINISTRATIVE SANCTIONS**

1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the Fund's Directors, Officers, staff, and affiliates and their respective Directors, Officers and staff in case of violation of any of the provisions of this Manual:
  1. In case of first violation, the subject person shall be reprimanded.
  2. Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
  3. For the third violation, the maximum penalty of removal from office shall be imposed.
2. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman the imposable penalty for such violation, for further review and approval of the Board.

**ARTICLE 17: ADOPTION AND EFFECTIVITY OF REVISED MANUAL**

Pursuant to the requirement of the SEC under Memorandum Circular No. 24; s. 2019, this amended Manual on Corporate Governance is signed on behalf of the registrant by the undersigned, thereunto duly authorized.

- Signature Page Follows -

<sup>10</sup> SEC Memorandum Circular No. 21; series of 2019 on the Rules on the Appointment of Independent Oversight Entity, Independent Net Asset Value Calculation, Qualifications or Key Officers of Fund Managers, and Liquidation of Assets and Winding Up of Investment Companies

<sup>11</sup> Rule 13.1.8 of the ICA IRR on the Residual Obligation of the Investment Company with a Revoked Registration Statement.

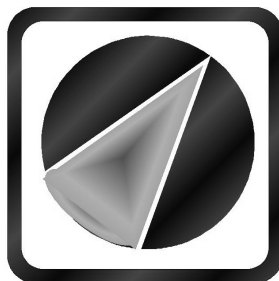
**SIGNATURES**

\_\_\_\_\_  
**ROBERTO F. DE OCAMPO**  
Chairman

\_\_\_\_\_  
**ATTY. PAOLO JOHN D. PURGANAN**  
Compliance Officer

Philam Managed Income Fund, Inc.





## **Prospectus**

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### **PHILAM MANAGED INCOME FUND, INC.**

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ONE HUNDRED MILLION (100,000,000) PHILAM MANAGED INCOME FUND, INC. (PMIF) SHARES OF COMMON AND VOTING STOCKS AMOUNTING TO PHP1,000,000.00 (INCLUSIVE OF THE 25,000,000 SHARES AMOUNTING TO PHP250,000.00 WHICH THE ORIGINAL PROPONENT HAVE SUBSCRIBED AND PAID FOR AND CANNOT BE WITHDRAWN FOR A PERIOD OF TWELVE (12) MONTHS FROM THE REGISTRATION OF PMIF). IT WILL BE OFFERED TO THE PUBLIC AT THE CURRENT NET ASSET VALUE PER SHARE. THE FUND SHALL BE READY TO BUY FROM AND SELL SHARES TO THE PUBLIC IN ANY OF ITS OFFICES AND BRANCHES.

THE FUND'S SHARES WILL BE SOLD OVER THE COUNTER. PHILAM ASSET MANAGEMENT, INC. IS THE FUND'S DISTRIBUTOR AND MANAGER.

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February 16, 2006

## **RISK DISCLOSURE STATEMENT**

### **GENERAL RISK WARNING**

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments each of which may carry a different level of risk.

### **PRUDENCE REQUIRED**

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

### **PROFESSIONAL ADVICE**

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading securities specially those high risk securities.

The original proponents have 25,000,000 shares that can be redeemed only after 12 months following the date of registration of the PMIF. A total of 100,000,000 (inclusive of the 25,000,000 shares held by the current shareholders) shares will be offered to the public on a continuing basis until all the shares have been subscribed and paid. The offering is expected to raise Php100,000,000.00 at a net asset value per share of Php1.00.

The proceeds from the sale of PMIF shares will be used to build up its investment in mostly domestic fixed-income instruments, including but not limited to, treasury bills, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other government securities or bonds and such other evidences of obligations issued by the BSP or guaranteed by the Philippine Government. Majority of the PMIF's portfolio will be invested in government securities. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.

The Fund's NAVPS will be valued based on market prices and its performance benchmarked against a comparable Government Securities Index, hence, the Fund's portfolio duration will approximate that of the chosen index. Nevertheless, the Fund's duration may be shortened or lengthened depending on market conditions with the objective of outperforming the index.

Aside from market conditions, timing will also be a critical area of consideration in the purchase or sale of the Fund's securities. At the initial stage, short-term tenors will be purchased first and as a stable rate environment is expected in year 2006, longer tenors may be purchased at the latter part of 2005.

Dividends may be declared from the surplus profits of the Corporation at such time and in such percentage as the Board of Directors of PMIF may deem proper and in accordance with law.

The Investment Manager (or "Fund Manager") of the Fund is Philam Asset Management, Inc. (PAMI). For its services, the Investment Manager shall charge a monthly fee equivalent to and not exceeding one-fourth of one per centum (1/4 of 1%), or 3% per year, of the average net value of the Fund's assets, computed on a daily basis.

PMIF's office is located at:

**5<sup>th</sup> Floor, Salustiana D. Ty Tower, 104 Paseo de Roxas  
cor. Nieva and Perea Streets,  
Legaspi Village, Makati City  
Telephone Numbers: (632) 867-3912 up to 18  
Fax Numbers: (632) 813-6813 and 18**

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

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## **PHILAM MANAGED INCOME FUND, INC.**

The Philam Managed Income Fund, Inc. (PMIF) or the Fund is an open-ended mutual fund with a par value of Php0.01 per share, which will be offered to the public at a starting offering price of Pph1.00, with a minimum investment of Php100,000.00 with succeeding investments of at least Php10,000.00. All investments shall be on cash basis and installment sales are prohibited. The PMIF considers a medium to long term investment horizon for its shareholders. The fund will be positioned as a conservative investment vehicle that provides investors, whose investment amounts total at least Php100,000.00, with quarterly cash flows while providing reasonable returns on their assets.

Automatic and compulsory cash flows will come in the form of scheduled redemptions to be filed based on the NAVPS at the end of each calendar quarter. However, shareholders still have the option to redeem the investment before the end of each quarter. Should the end of the calendar quarter fall on a weekend or a non-working holiday, the scheduled redemption will be filed on the next banking day. The amount of redemption will be equivalent to the 90% of the difference between the current value of the investment and the net investment amount (total amount invested less the total amount redeemed). If the current value is less than the net investment amount then no redemption will be filed for that period. The proceeds of the redemption will automatically be deposited to a savings account, the opening of which will be required, in order to facilitate the funds transaction smoothly and accurately for all shareholders. The fund manager will be given the option to choose the disbursing bank that they believe will best serve the shareholders needs.

PAMI is the Investment Manager. PAMI, through its Treasury Manager, will handle all investments of the fund with the guidance from PAMI's Asset Liability Committee (ALCO) and the officers of the Treasury Division of Philamlife.

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes.

For a description of the additional risk factors associated with the purchase of PMIF shares, see "Risk Factors" and other information.

## **FINANCIAL INFORMATION**

### **PHILAM MANAGED INCOME FUND, INC. (An Open-End Mutual Fund Company) Summary of Financial Information Balance Sheet as of December 31, 2005**

Total Assets	
Cash	25,000,000.00
Total Liabilities	-
Net Assets	<u>25,000,000.00</u>
Capital Stock - P0.01 par value	
Authorized Capital Stock 100,000,000 shares	
Issued and Outstanding - 25,000,000 shares	250,000.00
APIC	24,750,000.00
Net Assets	25,000,000.00
Net Asset Value Per Shares (NAVPS)	1.00
* The Company has not yet started commercial operations	

## **GLOSSARY**

"BSP"	: Bangko Sentral ng Pilipinas
"NAV"	: Net Asset Value
"NAVPS"	: Net Asset Value Per Share
"PAMI" or "Fund Management Company" or "Fund Manager"	: Philam Asset Management, Inc.
"PMIF" or "Fund" or "Company"	: Philam Managed Income Fund, Inc.
"PHP" or "Php"	: Philippines Pesos
"Philamlife"	: The Philippine American Life and General Insurance Company
"R.A. 2629"	: Republic Act No. 2629 or the Investment Company

“SEC”

“SGV”

**RISK FACTORS**

Act

: Securities and Exchange Commission

: SyCip Gorres Velayo and Co.

The Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. With the adoption of Philippine Accounting Standards (PAS) 39 that requires all assets to be valued on a mark-to-market basis, PMIF's NAVPS will experience volatility due to changes in local interest rates. Such changes in market value may occur as a result of various factors, including material changes in the Fund, general economic conditions or interest rate and foreign exchange policy changes. Investment companies, unlike bank deposit are not covered by the Philippine Deposit Insurance Corporation (PDIC).

- ❖ **Price Risk:** Even if the Fund is made up of government securities or high-grade corporate papers, its value can fluctuate just the same. The government guarantee on government securities assures that the interest payments will be made and that the bond will be redeemed at face value when it matures. However, the government guarantee does not assure that a bond will not decrease in market value between now and maturity. Such guarantees back the bond's credit worthiness, not its market value.
- ❖ **Market Risk:** How volatile are bonds? That depends on the average maturity of the portfolio. The average maturity is nothing more than the weighted average of the maturities of all the bonds held by the Fund. And the maturity of the bond is merely the number of years left until its issuer redeems the bond for its full, principal value. Maturity is a revealing piece of information. The longer the maturity, the more sensitive the bond prices are to changes in interest rates. And buying the golden credit of the Philippine Treasury is no safe haven from fluctuating bond prices.
- ❖ **Liquidity Risk:** A credit situation wherein the local market is highly non liquid making it impossible to sell the funds assets thereby causing substantial delay in the processing of redemption proceeds.

The Fund only invests in marketable securities which are composed of government securities. The fund also maintains 10% liquidity of cash or near cash instrument in order to service redemptions.
- ❖ **Inflation Risk:** This risk will occur in case the Fund's returns fall below the local inflation rate.
- ❖ **Settlement Risk:** A situation wherein the fund management company goes bankrupt which results to a delay in the sale of the Funds' assets.

The fund maintains a 10% limit on exposures to counter parties.

The investment manager will manage the risk through active fund management and portfolio diversification. Diversification will be done across asset classes and maturity profiles. The investment manager's sensitivity to risk is demonstrated by its exhaustive due diligence and systematic portfolio controls. Investment controls will be done through an Asset Liability Committee that meets periodically to assess risk and opportunities.

**Philosophy**

PAMI's fixed income team steadfastly believes that successful long-term investment must be inherently based on sound, fundamental research. Its team-oriented approach is considered a key PAMI strength and a valuable source of opportunities as its management style emphasizes yield enhancement and portfolio diversification – as no single strategy or security should dominate portfolio results.

**Process - Collaborative Decision Making**

PAMI's investment process combines the best elements of portfolio manager top-down viewpoints (providing sector allocation) research analyst bottom-up input (providing security selection) and traders real-time market analysis to provide PAMI with an unparalleled team-oriented approach to investing.

This clearly defined process enables PAMI to mine the various sources of opportunities: security selection, sector allocation, duration, credit, and trading. Through a systematic analysis of Fundamental, Valuation and Technical drivers PAMI is able to maximize risk-adjusted yield by purchasing bonds with improving credit outlook and avoid industries and issues that are likely to experience credit deterioration

## **FUND FEATURES**

### **Classification of Investment Objectives**

The PMIF considers a medium to long term investment horizon for its shareholders. The Fund will be positioned as a conservative investment vehicle that provides investors with reasonable returns on their assets while making available a quarterly cash stream for investors with at least P100,000.00 invested in the Fund.

### **Initial Investment Plans**

In light of the rising interest rate environment and considering that the Fund will be marked-to-market, the planned portfolio mix, at least for the initial year, will have an average tenor of 3.5 years with 40% of the portfolio invested in 3-year tenor. Investments will still be heavy on fixed-rate treasury notes (FXTNs) as there are only limited commercial paper issuances at present.

### **Shares Offered**

PMIF shares are redeemable common stocks (one class of shares only).

## **INVESTMENT RESTRICTIONS**

1. Unless ordered otherwise by the Securities and Exchange Commission, the Fund shall not sell securities short or invest in any of the following:
  - a) margin purchase of securities (investments in partially paid shares are excluded);
  - b) commodity futures contracts;
  - c) precious metals;
  - d) unlimited liability investments;
  - e) other investments as the SEC shall, from time to time prescribe.
2. The Fund shall not incur any further debt or borrowings unless at the time of its occurrence or immediately thereafter, there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall fall below 300%, the Fund shall within three (3) days thereafter, reduce the amount of its borrowings to an extent that the asset coverage of such borrowings shall be at least 300%.
3. The Fund shall not participate in an underwriting or selling group in connection with public distribution of securities except for its own capital stock.
4. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of the Fund Management Company, managers or distributors or other firms of which any of them are members, any security other than the capital stock of the Fund.
5. The Fund shall not make any investment for the purpose of exercising control of management.
6. Operational expenses of the Fund shall not exceed ten percent (10%) of its total investment fund or total net worth as shown in the previous year's audited financial statements of the Fund.
7. The maximum investment of the Fund in any single enterprise shall not exceed an amount equivalent to ten percent (10%) of the Fund's net asset value except obligations of the Philippine government or its instrumentalities, provided that in no case shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
8. For liquidity purposes, unless otherwise prescribed by the SEC, in case of open-end companies, at least ten percent (10%) of its fund shall be invested in liquid/semi-liquid assets such as:
  - a) Treasury notes or bills, Central Bank Certificates of Indebtedness which are short-term, and other government securities or bonds and such other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines.
  - b) Savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposits account be accepted or allowed under a "bearer", "numbered" account or other similar arrangement.

9. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.
10. The fund may not lend to individual and corporate borrowers.
11. Change in the Fund's investment objective should be with notice and prior approval of the SEC. An investment company shall not change its investment objective without the approval from the majority of the fund's shareholders.

### **Portfolio Mix**

Majority of the PMIF's portfolio will be invested in government securities. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC. The Fund's NAVPS will be valued based on market prices and its performance benchmarked against a comparable Government Securities Index, hence, the Fund's portfolio duration will approximate that of the chosen index.

### **Eligible Applicant**

Any person of legal age or any duly organized and existing corporation, partnership, or any other legal entity regardless of citizenship or nationality may hold shares of the Fund. If the applicant is a corporation, partnership or other legal entity, copies of the Articles of Incorporation and By-Laws, Certificate of Registration and the Resolution of the applicant's Board of Directors authorizing the investment, all duly certified, must be submitted with the application.

### **Offering Price**

At Net Asset Value (NAV) per share for the banking day, if payment is made within the daily cut-off time; otherwise, NAV per share on the following banking day will be used for payment made after the daily cut-off time. The daily cut-off time shall be 12:00 o'clock noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

### **Sales Load**

Sales load for each investment will not be more than 3%.

### **Minimum Purchase**

Minimum initial purchase of P100,000 and a minimum of P10,000 for each additional purchase. All investments shall on cash basis. Installment sales are prohibited.

### **Income Distribution Policy**

All investment income derived by the Fund shall be distributed proportionately among the shareholders. Dividends may be declared from the surplus profits of the Company at such time and in such percentage as the Board of Directors may deem proper and in accordance with law.

## **PROCEDURES IN THE PURCHASE AND SALE OF SECURITIES**

### **Opening an Account**

Any qualified investor may purchase PMIF shares, through the principal distributor, PAMI, or through any authorized investment solicitor. The minimum initial purchase is P100,000.00 and subsequent investments shall be a minimum of P10,000.00.

Opening an account requires filling-out, disclosing and presenting the following information and documents:

#### **1. Individual Accounts**

- Client Information Sheet (CIS) for the primary, secondary and principal investors
- Investment Application Form (IAF)
- Photocopy of one (1) valid ID with photo from each "AND" and "OR" joint investors (authenticated copy).



Examples of acceptable IDs issued by an official authority as contained in the CIS are listed below.

1. Bureau of Internal Revenue (BIR) Tax Identification No. (TIN) I.D.
  2. Department of Foreign Affairs I.D.
  3. Social Security System (SSS) I.D.
  4. Government Service Insurance System (GSIS) I.D.
  5. Philippine Health Insurance Corp. (Philhealth) I.D.
  6. Home Development Mutual Fund (PAG-IBIG) I.D.
  7. Commission on Election (COMELEC) Voters I.D.
  8. Philippine Regulatory Commission (PRC) I.D.
  9. Philippine Postal Office I.D.
  10. Land Transportation Office (LTO) Driver's License
  11. Philippine Passport
  12. Barangay Office or Center I.D.
- Copy of Trust Agreement in case of ITF account

The receiving agent, PAMI sales or sales & administrative assistant personnel should confirm that the original IDs were personally shown to him by writing in the IAF the statement: *ID authenticated by "name of receiving personnel"* and affixing his signature after the statement.

## **2. Corporate Accounts**

- Client Information Sheet (CIS) for corporate accounts
- Investment Application Form (IAF)
- Articles of Incorporation or Partnership
- By-laws
- Board Resolution or Secretary's Certificate to invest in the Fund
- Board Resolution or Secretary's Certificate on the authorized signatories
- Latest General Information Sheet
- Contact numbers
- Sworn statement as to the existence or non-existence of beneficial owners
- Verification of the authority and identification of the person purporting to act on behalf of the client

The receiving agent, PAMI sales or sales & administrative assistant personnel should confirm that he has verified the authority and identification of the person transacting in behalf of the corporate client by writing in the IAF: *"Capacity of Mr. X to transact in behalf of "name of company" authenticated by "name of receiving"* and affixing his signature after the statement.

## **Additional Investments**

To add to an existing account, an IAF is accomplished and, together with the check or payment order, submitted to the business development officer. For existing joint accounts, any one of the investors can add to the investment and sign the documents.

## **Acceptance of Applications**

Applications to purchase are subject to confirmation by PAMI as to the amount of shares, the applicable NAVPS and the final approval by the investment manager. Applications that do not comply with the purchase terms, rules and regulations are liable to be rejected at the sole discretion of the investment manager.

## **Determination of NAVPS**

The offering price of one share is its NAVPS plus an entry fee or sales load. The NAVPS is normally calculated as of 4 P.M. each banking day. It is determined by taking the fair value of the Fund's total assets less all its liabilities, and divided by the total number of shares outstanding. Expenses are accrued daily and applied when computing for the NAVPS. Investments made before the cut-off time of 12 o'clock noon shall be priced at the applicable NAVPS for the day. NAVPS of the following day will be used for investments received after 12 o'clock noon.

## **Issuance of Stock Certificates**

A Confirmation of Purchase (COP) will be given to the shareholder upon approval of the investment application. Stock certificates evidencing ownership of shares shall only be issued by the transfer agent upon the written request of the shareholder and delivered after approval of the application to purchase and the receipt of payment thereof, at the address of the investor indicated in the official application to purchase or, upon instruction, to the investment manager. Costs of issuance of stock certificates will be borne by the Fund.

## **Statements and Reports**

Investors will receive a statement of account after the end of each quarter. PAMI also sends investors annual publication to keep the investors updated with the present economic conditions, the Fund's performance, and answers to commonly asked questions from investors. PAMI may also issue a certification and annual report, as may be requested by an investor.

## **Redemption**

The price of securities surrendered for redemption within the daily cut-off time shall be the current banking day's NAVPS after the redemption is received, while those surrendered after the daily cut-off time shall be deemed to have been received the following banking day. The daily cut-off time for redemption shall be 12:00 o'clock noon. Payment shall be made no later than seven (7) days from receipt of redemption request, at the principal office of the investment manager.

## **NAVPS Computation**

NAVPS is defined as the difference of total assets of the Fund less its total liabilities, divided by the number of shares outstanding. The fund shall compute the NAVPS daily. The price of the fund will be posted on a conspicuous place in the principal office of the company and published in at least two newspapers of general circulation in the Philippines.

## **Manner and Method of Redemption**

### **A. How to Redeem**

Shareholders can file their redemption request forms in any PAMI office. Redemption from the fund requires filling-out, disclosing and presenting the following information and documents:

- Redemption Request Form (RRF)
- Stock Assignment Forms (SAF)
- Reason for Redemption (monitoring form)
- Confirmation of Purchase (COP)
- 2 Valid IDs (for walk-in redemptions)

The receiving agent, PAMI sales or sales & administrative assistant personnel should make sure that the forms are completely filled-out with the client's signature affixed on the RRF and SAF. If the redemption is coursed thru fax, the original redemption documents must be submitted before the proceeds will be released. Redemption proceeds will be available three days after the transaction date.

### **B. Amount of Redemption**

Over and above the automatic and compulsory quarterly redemptions, shareholders can redeem their shares partially or in full. Partial redemption is not allowed if the number of shares that would remain after such redemption is less than three thousand (3,000). In cases of shareholders with partial redemptions, the proceeds of these partial redemptions will be deducted from the total investment amount in computing the scheduled quarterly redeemable amounts.

### **C. Redemption Price**

The redemption price of the securities surrendered before the daily cut-off time shall be the current day's NAVPS after the request for redemption is received, while those surrendered after the daily cut-off time shall be deemed to have been received on the following banking day. The daily cut-off time shall be 12:00 o'clock noon. Payments for securities redeemed shall be effected within seven (7) banking days from receipt of the request for redemption.

#### **D. Claiming Redemption Proceeds**

Shareholders, upon claiming the proceeds must present 2 valid IDs and sign the receiving copy. In case of a representative, present an authorization letter signed by the shareholder and one (1) valid ID of the shareholder.

#### **E. Special Considerations**

PMIF shall not suspend the right of redemption or postpone the date of payment or satisfaction upon redemption of any redeemable security for more than seven banking days after the tender of such security to the Company, except on the following cases:

1. For any period during which banks are closed other than customary weekend and holiday closings.
2. For any period during which an emergency exists as a result of which (a) disposal by the Company of securities owned by it is not reasonably practicable or (b) it is not reasonably practicable for the Company to determine the value of its net assets; or
3. For such other periods as the SEC may, by order, permit for the protection of security holders of the Company.
4. The Commission may, whenever necessary or appropriate in the public interest and for the protection of investors, suspend the redemption of securities of open-end investment companies.

Note: Shareholders can file their redemption request forms in any PAMI office. If necessary, the fund may establish a network of redemption centers.

#### **F. Redemption Fee**

Not more than 1% of the redemption proceeds.

#### **USE OF PROCEEDS**

PMIF is a conservative type of investment that exposes the shareholders to low risk. The investment manager plans to use the Php100,000,000.00 proceeds from the sale of PMIF shares on the initial offering price of Php1.00 per share to build up its investment in mostly domestic fixed-income instruments, including but not limited to, treasury bills, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other government securities or bonds and such other evidences of obligations issued by the BSP or guaranteed by the Philippine Government. The Fund will also invest in deposit agreements for liquidity. Majority of the PMIF's portfolio will be invested in government securities. The Fund does not plan to invest in foreign securities. However, SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.

The Fund's NAVPS will be valued based on market prices and its performance benchmarked against a comparable Government Securities Index, hence, the Fund's portfolio duration will approximate that of the chosen index. However, the investment manager, may, at any time, change the reference index where, for reasons outside the investment manager's control, the index has been replaced by another index, or where another index may be reasonably be considered to have become the industry standard for the relevant exposure. Shareholders will be advised of any change in the reference index in the next annual report of the fund. A custodian bank duly appointed by the board of directors will safe keep the proceeds of the sale of shares.

No material amount of proceeds will discharge debt nor will the proceeds be used to acquire or finance the acquisition of other businesses. The filing fees for the incorporation and registration of the fund, and publication of notices required thereof shall be deducted or paid out of the gross proceeds. Expenses chargeable to the fund are: management fees, taxes, legal fees, audit fees, shareholder services (statements-of-account, notices, meetings), and directors' fees.

#### **DETERMINATION OF OFFERING PRICE**

The offering price is determined at Net Asset Value per share (NAVPS) for the banking day. If payment is made within the daily cut-off time, NAVPS on the following banking day will be used for payment made after the daily cut-off time. The daily cut-off time shall be 12:00 o'clock noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

## **PLAN OF DISTRIBUTION**

The Fund's primary market niche will be retired individuals that need to invest their retirement funds over the long haul but require a form of liquidity mechanism that will provide for their basic financing needs. Furthermore, packaging the Fund with insurance and pre-need products as investment-linked life insurance packages will provide Philamlife agents and their prospective clients with highly affordable insurance coverage combined with tailor-made life benefits. Packaging contributions through programmed design will essentially make fund investing a strategic option for the Philamlife and Philam Plans policyholders who want to augment plan benefits. Another packaging option is to match the Fund with Accident and Health that will double the investors placements in the event of accidental death.

PAMI, a company licensed by the SEC to engage in the distribution of securities to the public, will directly distribute Fund shares. Initial campaigns will utilize print media, direct mailers, and telemarketing. PAMI's main distribution channel will be the Philamlife (about 6,000 agents) and Philam Plans (about 40,000 agents) agency forces. PAMI will also maximize on the established corporate relationships of the Philam Group through its officers' network, GMD and PhilamCare to tap the institutional investment segment. A major distribution channel will be third party distributors looking to grow their customer relationships by expanding their product and service offerings.

There are currently 32 registered mutual funds in the industry with over P75B in assets. Over 93% of the total asset base is invested in bond funds which show that most Filipino investors are very conservative. In terms of geographic location, over 90% of the assets are from Metro Manila with the rest coming from key provincial cities like Cebu, Iloilo, Bacolod, and Davao.

The principal method of competition within the mutual fund industry is performance and service. However, with the emergence of unit investment trust funds (UITF), pricing might be a critical area of competition in the near future.

The principal competitors in the mutual fund industry are Ayala Life Fixed Income Fund and Sunlife Prosperity Bond Fund both of which are peso denominated bond funds. The Ayala fund has over P40 Billion in assets while the Sunlife fund has over P5 Billion. Both funds are actively distributed by their respective distribution agents.

PMIF can compete very well with all the available bond funds because PAMI's financial muscle and distribution capabilities. Hence, the fund will perform well in both yield and sales. Furthermore, the funds cash flow facility will be a major differential advantage that will attract long-term investors.

## **DESCRIPTION OF SECURITIES TO BE REGISTERED**

One Hundred Million (100,000,000) PMIF shares of common and voting stocks of par value of Php 0.01 per share (inclusive of the 25,000,000 shares which the original proponents have subscribed and paid for and which cannot be transferred for a period of twelve (12) months from the registration of PMIF) will be offered to the public.

No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Corporation. Any part of such stock or other securities may at any time be issued, optioned for sale, and sold or disposed of by the Corporation pursuant to resolution of its Board of Directors, to such persons and upon such terms as to such Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote at stockholders' meetings and otherwise to exercise other rights or privileges of stockholders, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

There is no provision in the charter or by-laws that would delay, deter, or prevent a change in control of the registrant.

## **CORPORATE PROFILE**

PMIF is a stock corporation incorporated on October 20, 2005. The company's principal products are shares (securities) of PMIF. PAMI will directly distribute fund shares.

PMIF is an open-ended mutual fund whose shares will be offered to the public at net asset value with a minimum investment of P5,000. The PMIF considers a medium to long term investment horizon for its shareholders.

PAMI is the investment manager of PMIF. As investment manager, PAMI is tasked to provide and render management and technical services to PMIF. PAMI also functions as the principal distributor of PMIF. As such, it takes charge of sales of the PMIF shares to prospective investors. Through its Management and Distribution Agreement with PMIF, the guidelines for the management of the resources and operations of PMIF by PAMI are set. PAMI is wholly owned by Philippine American Life and General Insurance Company (Philamlife), an affiliate of the American International Group, Inc. (AIG).

The Custodial Agreement establishes the relationship between PMIF, PAMI and Citibank, N.A. as the custodian bank. The Custodial Agreement covers the custodian bank's duties on receipt of securities, identification and segregation of assets, registration of assets, reports and records to be accomplished by the custodian bank, custody of PMIF investment and fees of the custodian bank.

The transfer agent of PMIF is Bank of the Philippine Islands (BPI). The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

The management fee to be charged by PAMI is a maximum of 3% per year. The management fee to be charged will be set at the start of each quarter and will remain constant for the duration of the calendar quarter. PAMI will vary the entry fee depending on the fund's performance in order to provide shareholders with reasonable returns on their investments. A sales load of not more than 3% will also be charged. No load arrangements can be negotiated with institutional investors on a case-to-case basis.

The registrant has complied with the following requirements as conditions for the registration of its securities as an investment company:

- The registrant is organized in the form of a stock corporation.
- The registrant has minimum subscribed and paid-in capital of at least P20 million.
- The registrant has a Board of Directors composed entirely of Filipino citizens.
- The registrant's shares of capital stock are composed of common and voting shares.
- The registrant's Articles of Incorporation provide for the waiver of preemptive rights of shareholders.

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

### **Plan of Operation**

The registrant was incorporated in October 20, 2005, hence, has not registered revenues in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure document. Nevertheless, the registrant can satisfy cash requirements in the medium term (5 years) through internally generated funds. This is so because the registrant does not have substantial fixed overhead costs to cover. Therefore, the registrant does not have to raise additional funds in the next twelve months to meet its cash requirements. Once the registration is approved by the Commission, the registrant will start selling its shares to the public and will invest the proceeds as indicated in the prospectus (see use of proceeds). Since the registrant does not have any employees and does not plan to hire any in the future, there will be significant change in the number of employees in the future.

### **Notes:**

- There will be no public trading market for PMIF shares.
- As of the date of this registration there are twelve (12) holders of redeemable common stock (one class of shares only).
- There are no pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is party of.
- There exist no restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future.

- The registrant has not sold any unregistered or exempt securities and is prohibited from selling these types of securities. Hence, no exceptions from registration were claimed nor were there any dealings with underwriters to this effect.

## **PMIF DIRECTORS AND EXECUTIVE OFFICERS**

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Citizenship</u></b>	<b><u>Position</u></b>	<b><u>Term</u></b>
FRANCISCO M. ORTIGAS III	60	Filipino	Chairman	1 Year
VICTOR A. LIM	82	Filipino	Vice Chairman	1 Year
ROBERTO F. DE OCAMPO	60	Filipino	President	1 Year
RAFAEL A. MORALES	54	Filipino	Corporate Secretary	1 Year
JESUS P. TAMBUNTING	68	Filipino	Treasurer	1 Year
EDGARDO A. GRAU	63	Filipino	Director	1 Year
ARMAND BRAUN	68	Filipino	Director	1 Year

### **FRANCISCO M. ORTIGAS III** ***Chairman of the Board (2005-2006)***

Mr. Ortigas is a recognized businessman and civic leader. He obtained his degree in Business Administration from De La Salle University and his Master's Degree in Business Administration from the Santa Clara University (USA). Mr. Ortigas currently serves as Chairman of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Dollar Bond Fund, Inc., and Bayer (Phils.), Inc. He is the General Partner and Treasurer of Ortigas and Co. and President of Concrete Aggregates Corporation. He is also the Director and Treasurer of Philippine Golf Foundation and Bell Telecommunications Phils. Mr. Ortigas likewise serves as the Director for Commonwealth Foods Corporation, J. Romero & Associates and Valle Verde Country Club.

### **VICTOR A. LIM** ***Director and Vice-Chairman (2005-2006)***

Mr. Lim is a professional executive, businessman, engineer and civic leader. He has Mechanical Engineering degrees from the University of the Philippines and the Massachusetts Institute of Technology (USA). Mr. Lim is currently the Chairman of Uniplastic International, Inc. and Unionseal Plastics Corp. He is also the Vice-Chairman of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc. A professor at Asian Institute of Management, he also acts as a Director of North Luzon Railways, Inc. and Galeria de Magallanes Condominium Associates. Mr. Lim was the former Chairman and president of the Bases Conversion Development Authority from 1993 to 1996.

### **ROBERTO F. DE OCAMPO** ***Director and President (2005-2006)***

Dr. Roberto F. De Ocampo is a cum laude graduate of Bachelor of Arts in Economics at the Ateneo de Manila University. He has a Master in Business Administration from the University of Michigan and a post-graduate diploma from the London School of Economics. He has also been conferred three Doctorates (Honoris Causas). Dr. de Ocampo is the current President of the Asian Institute of Management. He is also the President of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc. He served as the Secretary of Finance under the Ramos administration and was widely recognized as the principal architect of the resurgence of the Philippine economy. He was the first Filipino and the first ASEAN finance minister to be recognized and was cited as the "Finance Minister of the Year" in 1996 by the Euromoney. He was conferred the Legion of Honor in 1998, the highest honor conferred on Filipino civilians by the Philippine government and was conferred the Ordre National de la Legion d' Honneur by the Republic of France with the rank of Chevalier.

### **RAFAEL A. MORALES** ***Director and Corporate Secretary (2005-2006)***

Atty. Morales is a cum laude graduate of Political Science at the University of the Philippines. Thereafter, he entered U.P. College of Law and graduated cum laude and class valedictorian. In 1978, he finished his Master of Laws at the University of Michigan (USA). Currently, he is a Senior Partner at SyCip Salazar Hernandez & Gatmaitan and Head of the Banking, Finance and Securities Department. He is also a member of various national and international lawyers' organizations: Integrated Bar of the Philippines, Philippine Bar Association, American Bar Association, and the Inter-Pacific Bar Association. Atty. Morales is also the Corporate Secretary of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc.

**JESUS P. TAMBUNTING**  
***Director and Treasurer (2005-2006)***

Ambassador Tambunting earned his Bachelor of Science degree in Economics from the University of Maryland in the U.S.A. He is currently the Chairman and Chief Executive Officer of Planters Development Bank (Planters). He also chairs Plantersbank SME Solutions, Inc. and its Vice-Chairman of the Micro Enterprise Bank of the Philippines. Outside his activities in Planters, he is the Chairman of the Philippine-British Business Council, Vice Chairman of the Philippines Business for Social Progress, and member of the Board of Trustees of the Carlos P. Romulo Foundation. He was appointed Special Adviser to the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). He is also a member of the Advisory Board of the Institute of Corporate Directors Foundation, and is currently the President of the Manila Polo Club. Ambassador Tambunting is also the Treasurer of Philam Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and Philam Dollar Bond Fund, Inc.

**ARMAND F. BRAUN, JR.**  
***Independent Director (2005-2006)***

Mr. Armand Braun is a graduate of the Ateneo de Manila University where he acquired a degree of Bachelor of Science in Business Administration. He also took an Advance Management Program for Overseas Bankers at the prestigious Wharton School in Philadelphia, USA. He is currently an independent director of Union Bank of the Philippines where he chairs the firms audit committee. Mr. Braun also sits on the board of various other companies: Signworld Corp. (Chairman), AFBraun & Co. Holdings (Chairman and Pres.), OLRAM Construction Co., Inc. (Chairman), A-1 Microfinance, Inc. (Director), ALROSE Foods Corp. (Director), Iligan Pizza Corp. (Director), Union Properties, Inc. (Director), Philam Bond Fund, Inc. (Director), Philam Fund, Inc. (Director), Philam Strategic Growth Fund, Inc. (Director) and Philam Dollar Bond Fund, Inc. (Director).

**EDGARDO A. GRAU**  
***Director (2005-2006)***

Mr. Grau's expertise in investment banking and financial market operations has earned him the position of Philamlife's Executive Vice President and Chief Investment Officer since 1996. He graduated at the De La Salle University with a degree in Bachelor of Science in Mechanical Engineering and pursued M.B.A major in Industrial Management at Wharton Graduate School, University of Pennsylvania. Mr. Grau was then Assistant Vice President of Meralco's Technical Services Group and Vice President and Senior Officer of the Philippine Commercial International Bank (PCIBank). Furthermore, he was also affiliated with Atlantic Gulf & Pacific Company of Manila, Inc. as its Executive Vice President & Chief Operating Officer. His knowledge of the industry may also be attributed to the former posts he held at Magellan Capital Holdings Corporation as Senior Vice President and Chief Financial Officer and likewise, with the Philippine Asia Equity Securities, Inc. as the company's Senior Vice President for investment banking. Mr. Grau currently sits on the board of other companies: Philam Bond Fund, Inc. (Director), Philam Fund, Inc. (Director), Philam Strategic Growth Fund, Inc. (Director) and Philam Dollar Bond Fund, Inc. (Director).

**Notes:**

- The registrant does not have any significant employee nor will it have any in the future.
- There are no family relationships up to the fourth degree either by consanguinity or affinity among the directors, executive officers, or persons nominated or chosen by the registrant to become directors or executive officers.
- The registrant has not been involved in any legal proceeding or bankruptcy petition in any domestic or foreign court.
- The registrant does not have any executive under its employ and therefore does not pay any executive compensation. For every board meeting attended by each Director he will receive a per diem of Php4,000.00. Projected per diem for 2006 is Php84,000.00.

**PHILAM ASSET MANAGEMENT, INC. (PAMI)**  
**INVESTMENT MANAGER AND PRINCIPAL DISTRIBUTOR**

PAMI is the investment manager of PMIF. As investment manager, PAMI is tasked to provide and render management and technical services to PMIF. PAMI also functions as the principal distributor of PMIF. As such, it takes charge of sales of the PMIF shares to prospective investors. Through its Management and Distribution Agreement with PMIF, the guidelines for the management of the resources and operations of PMIF by PAMI are set.

PAMI is wholly owned by Philippine American Life Insurance Company (Philamlife) and an affiliate of the American International Group. Philamlife, which started in 1947, is the country's largest and most

diversified insurance company and the undisputed market leader for over half the century. It is a wholly owned subsidiary of the American International Group, Inc. (AIG). At present, PAMI manages and distributes five other investment companies, namely: Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Fund, Inc., Philam Strategic Growth Fund, Inc. and GSIS Mutual Fund, Inc. The management fee to be charged by PAMI is a maximum of 3% per year. PAMI will vary the entry fee depending on the fund's performance in order to provide shareholders with reasonable returns on their investments. A sales load of not more than 3% of the investment will also be charged.

#### **PAMI Board of Directors**

##### **TREVOR BULL**

*Chairman of the Board*

Mr. Trevor Bull joined Philam Life as President & CEO in August 2009. Mr. Bull was Tata AIG Life's Managing Director from 2006. His previous experience includes appointments as Senior Vice-President and General Manager at American International Assurance (AIA) in Korea and Vice-President for American Life Insurance Co. (ALICO) Japan. Mr. Bull has over 31 years of experience in the insurance industry and has spent considerable time working in Britain prior to his assignments in Asia.

##### **KAREN LIZA M. ROA**

*President and CEO*

Ms. Roa obtained her degree in Bachelor of Science in Legal Management at the Ateneo De Manila University. She later on pursued her MBA degree with a Major in Management at the Fordham University in New York, USA. Ms. Roa was an Operations Analyst in Chase Manhattan Bank N.A. in New York for two years and eventually became an Associate in the Bank's Management Development Program. She returned to the Philippines and became the Assistant Vice-President and Financial Business Process Manager for the Asia Regional Financial Center of Citibank N.A. She later joined Philam Savings Bank Trust Banking Division as the Vice-President and Trust Officer. She was responsible for setting up and managing the Bank's trust business including investments, credit and compliance, and operations. Prior to joining Philam Asset Management, Inc., Ms. Roa was the Asia-Pacific Product Director for Investment and Wealth Management Solutions of Sungard Asia-Pacific.

##### **OMAR T. CRUZ**

*Director*

Mr. Cruz is Philam Life's Executive Vice-President and Chief Investment Officer. He graduated at the De La Salle University with a degree in Bachelor of Science in Industrial Management Engineering and Master of Science in Industrial Economics at the University of Asia & the Pacific. Since 2008, he is Director of the following: Philam Fund, Inc., Philam Bond Fund, Inc., Philam Dollar Bond Fund, Inc., Philam Strategic Growth Fund, Inc., Philam Managed Income Fund, Inc. and PAMI Global Bond Fund Philippines, Inc. Previous to his current post at Philam Life, Mr. Cruz was the Treasurer of the Philippines from March 2005 to May 2007. A renowned economist and financial expert even prior to his stint with the government, Mr. Cruz was a key senior officer at Citibank N.A. overseeing several groups such as Treasury, Risk Management and Private Banking.

##### **REYNALDO C. CENTENO**

*Director*

Mr. Centeno has truly proven himself up the ladder as he is now Philam Life's Senior Executive Vice-President and Chief Operating Officer. He has been with this company for 24 years. He started working with Philam Life as an Actuarial Associate in 1986, got promoted as Assistant Vice-President and Actuary immediately after a year and eventually as the Senior Assistant Vice-President of the Actuarial Department in 1989. Shortly after that, he became the Vice-President and supervised the overall operation of the actuarial area and its coordination with other departments. In 1991, he was promoted as First Vice-President of the Actuarial Division and eventually as a Senior Vice-President for Insurance Operations. Mr. Centeno was also affiliated with the Social Security System where he became OIC of the Investment Accounts and Real Estate Departments. He is a member of the Board of Directors of Philam Life (2005-present), BPI-Philam Life Assurance Corp. (2010-present), Philam Asset Management, Inc. (1994-present), Philam Call Center (1999-present), Philam Equitable Life Assurance Co. (2003-present), Tower Club, Inc. (2000-present), and the Asian Eye Institute, Inc. He is Chairman of the Board of Directors of Philam Properties Corporation (2010-present), Philam Life Tower Condominium Corporation (2002-present), Philam Life Tower Management Corp. (2000-present), and Philam Tower Realty Corp. (2000-present). He is a member of the Board of Trustees of Philam Foundation. He is a Fellow of the Society of Actuaries (USA), the Actuarial Society of the Philippines, and the Life Management Institute. He is also a Member of the American Academy of Actuaries and the International Actuarial Association. He holds a Bachelor of Science degree in Mathematics, *cum laude*,



from the University of the Philippines and Master of Science degree in Actuarial Mathematics from the University of Michigan. Mr. Centeno is a graduate of the Top Management Program of the Asian Institute of Management.

**FE R. VELASCO**

*Director*

Effective January 2009, Ms. Velasco was appointed as the Senior Vice-President and Chief Finance Officer of Philam Life. Prior to this, she held the position of First Vice-President and Controller for nine years. She spent four years serving as Associate Controller and eight years as Budget Manager, prior to which as an Audit Assistant at SGV & Co. She is a member of the Board of Directors of Philam Properties Corporation (1995 to 1996, 1998 to present), 18/f, Holdings, Inc. (2006 – present), 45/f, Holdings, Inc. (2007- present), Kapatiran Realty Corporation (April 2002 – present), PERF Realty Corporation (2002-present), Philam Asset Management, Inc. (April 2010 – present), Tower Club Inc. (2000 – present) and a member of the Board of Trustees of Philam Foundation, Inc (2002 – present). She is a member of the Philippine Institute of Certified Public Accountants, Financial Executives of the Philippines and she is a Fellow of the Life Management Institute. Ms. Velasco received a BSC in Accounting from the University of Sto. Tomas, Magna Cum Laude.

**LING CHI KEVIN NG**

*Director*

Mr. Ng is a graduate of Bachelor of Information Technology (Economics) from the Australian National University and completed his MSc in International Management and MSc in Financial Economics from the University of London. He is likewise a Chartered Financial Analyst. He is currently the Vice-President, Head of Asset Allocation Advisory of the American International Assurance Company Limited (AIA). He was formerly the Vice-President, Wealth Management Products, Asia at the ABN AMRO Bank where he set up a regional investment advisory platform up and a structured product development platform for all ABN AMRO branches in Asia.

**WING CHE ANDREW LEUNG**

*Director*

Mr. Leung holds a Ph.D. in Engineering from the University of Cambridge and is also a Chartered Financial Analyst. He is currently Vice-President and Head of External Manager Strategies of the American International Assurance Company Limited (AIA). He is responsible for overseeing investment outsourcing strategy and manager evaluation processes for the Group. Prior to joining AIA, he was Executive Director, Head of Research of SPARX International where he led the manager selection process across alternative investment strategies in Asia. Mr. Leung spent 12 years with HSBC Asset Management where he was involved in building up the multi-manager function and drove the manager research process across a wide range of traditional investment funds, and where as a member of the Multi-Manager Global Investment Committee, he was responsible for setting research procedures and criteria, and for selecting and monitoring performances of third party managers on the HSBC global platforms.

**JAVIER CALERO**

*Independent Director*

Mr. Calero was previously Senior Adviser for International Foundation for Elections Systems based in Washington D.C. which is currently working on Strengthening National and Provincial Legislative Governance in Pakistan. He was also Chairman of the Zenith Optimedia and Signium Ward Howell, an Executive Development Search Firm. His exposure to social and political climate was very evident as he was involved in the Indonesian Presidential Elections in 1999 where he became part of the post-election program funded by the USAID. Likewise, he was then President and CEO of J. Walter Thompson, Philippines and was promoted as its Regional Director in countries like Sri Lanka, Malaysia, Indonesia, and Singapore in which he was responsible in ensuring the profitability of the said countries. Currently, he holds directorship in various organizations—Institute of Corporate Directors, Philippine Band of Mercy, Asian Institute for Journalism and Communication, Dearborn Motors-Ford Dealership, Performance Auto Motors Group, Inc. and World Association of Psychosocial Rehabilitation. He is also Trustee and Vice-Chairman of the University of Asia and the Pacific.

**EDGARDO A. GRAU**

*Independent Director*

Mr. Grau is a graduate of the De La Salle University with a degree in Bachelor of Science in Mechanical Engineering and graduated with an MBA degree, major in Industrial Management at Wharton Graduate School, University of Pennsylvania. He was previously the Executive Vice-President and Chief

Investment Officer of Philam Life and a director of various mutual funds of Philam Asset Management, Inc. as well as the affiliates, subsidiaries and investee companies of Philam Life. Mr. Grau also held positions at Meralco's Technical Services Group as Assistant Vice-President, Philippine Commercial International Bank as Vice-President, Atlantic Gulf & Pacific Company of Manila, Inc. as Executive Vice-President & Chief Operating Officer, Magellan Capital Holdings Corporation as Senior Vice-President and Chief Financial Officer, and Philippine Asia Equity Securities, Inc. as Senior Vice-President for Investment Banking.

NOTE: The registrant has not transacted with nor was involved in any transaction with any entity where any of its director, executive officer, or stockholder owns more than 10% or where any of their immediate family had or is to have a direct or indirect material interest.

#### **CUSTODIAN BANK**

The Custodial Agreement establishes the trustor-trustee relationship between PMIF, PAMI and Citibank, N.A. as the custodian bank. The Custodial Agreement covers the custodian bank's duties on receipt of securities, identification and segregation of assets, registration of assets, reports and records to be accomplished by the custodian bank, custody of PMIF investments and fees of the custodian bank.

#### **TRANSFER AGENT**

The transfer agent of PMIF is Bank of the Philippine Islands (BPI). The primary responsibility of the transfer agent is the accurate record keeping of individual shareholdings and the issuance and cancellation of stock certificates.

#### **LEGAL COUNSEL**

The law firm of SyCip Salazar Hernandez and Gatmaitan serves as the legal counsel for the Company.

#### **EXTERNAL AUDITORS**

The accounting firm of SyCip Gorres Velayo and Company (SGV) serves as external auditors for the Company.

## Board Self-Assessment Form

Rating Scale: 1. Needs Improvement 2. Satisfactory 3. Good 4. Very Good 5. Excellent (Director to check (✓) the box that corresponds to the selected rating and provide comments, if any)						
EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
<b>A. Strategic Foresight</b>						
1. The Board evaluates the financial results periodically vis-à-vis its investment objectives to assess the PAMI Mutual Funds as well as Management's performance, considers new opportunities and responds promptly to industry trends and external developments.						
2. The Board reviews and evaluates changes in fund features, major investment movements, significant expenses, including key assumptions, major risks and critical issues before approval and monitors outcomes.						
<b>B. Board Structure and Committee Effectiveness</b>						
1. Each PAMI Mutual Fund has an appropriate board size and structure that promotes efficiency, allows critical discussion of issues and thorough review of matters, and proper discharge of its functions, taking into account the nature and complexity of operations, and size and types of risks to which PAMI Mutual Funds are exposed.						
2. The Board is guided by a Manual of Corporate Governance.						
3. The composition of the Board has the right mix of expertise, diversity and independence, allowing it to add value, critical thinking and judgment to effectively govern PAMI Mutual Funds' formulation and implementation of sound corporate strategies and policies.						
4. The Board has appropriately constituted the committees necessary to heighten efficiency of board operations and assist in exercising its authority for oversight of internal control, risk management and performance monitoring of PAMI Mutual Funds, with well-defined charters and board reporting requirements.						
<b>C. Board Meetings and Procedures</b>						
1. The number of board meetings during the year is adequate. The schedule of matters is up to date and regularly reviewed.						

EVALUATION FACTOR	RATINGS					COMMENTS
	1	2	3	4	5	
2. Board members receive accurate minutes and board packs; written agendas and meeting notices; and relevant material to prepare in advance of meetings and enable full and proper consideration to be given to important issues.						
3. Board meetings are conducted with sufficient time and management presence, as well as in a manner that encourages open communication and meaningful participation.						
4. All board decisions, other than those that have been properly delegated are made in the board room.						
5. The level of support from the Corporate Secretary that is placed at the Board's disposal is satisfactory.						
6. There is a proper level of follow-up on outstanding actions arising from board meetings.						
<b>D. Board and Management Relations</b>						
1. The relationship between the Board and the Fund Manager and Principal Distributor strikes the right balance between challenge and mutuality.						
2. The Board's discussions enhance the quality of Fund Manager's decision making (e.g., engaging them in dialogue that stimulates and enhances their thinking and performance).						
3. The Board sets the overall tone and direction of PAMI Mutual Funds and establishes guidelines on the nature and amount of risk that the Funds may take.						
4. The Board has approved comprehensive policies and procedures for all material activities and risks in the organization. The Board is kept fully informed on all material matters between meetings (e.g., appropriate external information on emerging risks, regulatory changes, etc).						
<b>E. Induction and Continuing Education</b>						
1. The continuing education program, special briefings by external advisors, formal courses and conferences and focused seminars received by the Board and new members are timely and appropriate (e.g., regulatory matters, cyber risks, industry developments)						

EVALUATION FACTOR	RATINGS					COMMENTS	
	1	2	3	4	5		
and assist Board members in the execution of their duties.							
<b>F. Performance Evaluation</b>							
1. The Board has in place an appropriate process for regular board, committee and individual board member evaluation.							
2. The Board's performance assessment process enhances Board effectiveness.							
<b>G. Value Creation</b>							
1. The Board has good key relationships with PAMI Mutual Funds' major stakeholders and there is respect for what the Board does.							
2. The Board makes well-informed and high quality decisions based on a clear line of sight into the business that creates stakeholder value.							
3. The Board creates a performance culture that drives value creation without exposing PAMI Mutual Funds to excessive risk of value destruction.							
4. The Board holds executive or private sessions as often as needed to discuss sensitive matters.							
OVERALL RATING OF BOARD PERFORMANCE	Excellent		Very Good		Good	Satisfactory	Needs Improvement
OTHER COMMENTS/ SUGGESTIONS	<div>.....</div> <div>.....</div> <div>.....</div>						
Name of Director: Signature: _____ Date: _____							