

COVER SHEET

A S 0 9 1 1 9 0 3 8 5

SEC Registration Number

F I L I P I N O F U N D , I N C .

(Company's Full Name)

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

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

Natividad P. Chua

(Contact Person)

856-5801 to 03

(Company Telephone Number)

1 2

Month

3 1

Day

(Fiscal Year)

SEC FORM 17-A

(Form Type)

Month

Day

(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

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



1. For the fiscal year ended **December 31, 2017**
2. SEC Identification Number **ASO91-190385**
3. BIR Tax Identification No. **002-284-545-000**
4. Exact name of issuer as specified in its charter **FILIPINO FUND, INC.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **Units 1009-1011 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City** **1226**
Address of principal office Postal Code
8. **(632) 856-5801**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

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

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

Yes ☒ No ☐

If yes, state the name of such stock exchange: **PHILIPPINE STOCK EXCHANGE**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 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 ☒ No ☐

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

Yes ☒ 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. (See definition of "affiliate" in "Annex B").

PhP384,783,934.99 (50,167,397 outstanding shares multiplied by FFI's closing price of PhP 7.67 as of December 21, 2017, the last trading day of FFI covered by this report).

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

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

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:
- | | |
|--|--|
| (a) Any annual report to security holders; | Financial Statements attached herewith |
| (b) Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b) | NONE |
| (c) Any prospectus filed pursuant to SRC Rule 8.1-1. | NONE |

PART I – BUSINESS AND GENERAL INFORMATION

DESCRIPTION OF BUSINESS

1. Business Development

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

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

2. Business of Issuer

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

A total of 70.42% of FFI's total issued and outstanding shares of 23,846,850 was acquired by Vicsal Development Corporation ("VDC"), a holding company of the Metro Gaisano group, in September 2003 through a Tender Offer and was increased by stock dividends on February 24, 2014. VDC still remains the majority shareholder of FFI as of 2017.

3. Principal products or services and distribution methods

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

As of December 31, 2017, total investment in Unit Investment Trust Funds (UITF) account for 34.35% of total assets that contributed trading gain amounting to Php1.45 million. Investment in equity holdings represents 60.34% of total assets generated dividend income of Php3.23 million and a total net trading gain of Php22.99 Million.

FFI's services include investments in equities and UITFs. There are no distribution methods adopted by FFI as it does not deal or trade in goods or products.

4. Competition

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

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

5. Transactions with and/or dependence on related parties

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

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

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

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

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

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

The Fund structures the level of market risk it accepts through a market risk policy that determines what constitutes market risk for the Fund; the basis used to determine the fair value of the financial assets and liabilities; the asset allocation and duration limit based on the Fund's chosen benchmark; diversification benchmarks by type of instrument; sets out the net exposure limits by each counterparty or group of counterparties and industry segments; reporting of market risk exposure and breaches to the monitoring

authority; monitoring compliance with market risk policy and review of market risk policy for pertinence and changing environment.

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

Credit Risk

Credit Risk is the financial loss to the Fund if the counterparty to a financial instrument fails to meet its contractual obligations. The Fund invests in short-term deposits in banks, private debt securities and government securities wherein the risk of default is considered minimal.

Liquidity Risk

Liquidity Risk or funding risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity may result from inability to sell financial asset quickly at their fair value; counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated. All financial assets and financial liabilities of the Fund are to be realized and settled within one year from the respective statement of financial position dates. The Fund has no interest-bearing financial liabilities. Hence, the carrying values of the Fund's financial liabilities approximate their undiscounted contractual future payments.

8. Number of employees

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

9. Operation, investment objectives, and plans

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

10. Management contracts

FFI has entered into an Investment Management and Distribution Agreement (IMDA) with ABCIC, a corporation registered with the SEC primarily engaged in business as an investment house. The Fund pays management fee, on a quarterly basis, equivalent to 1.00% per annum of the average net asset value of the Fund at the beginning and the end of quarter period.

Frank S. Gaisano, FFI's Director, is also ABCIC's Chairman. Edward S. Go is an independent director of both FFI and ABCIC.

11. Sale of unregistered securities or exempt securities

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

12. Family relationships

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

PROPERTIES

FFI has no existing real properties.

LEGAL PROCEEDINGS

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

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. Market Information

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

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

	High	Low	Quarter-end Close
Year 2017			
First Quarter	7.73	7.72	7.72
Second Quarter	8.00	7.81	8.00
Third Quarter	8.04	8.04	8.04
Fourth Quarter	7.68	7.67	7.67
Year 2016			
First Quarter	7.50	7.35	7.35
Second Quarter	6.86	6.53	6.86
Third Quarter	6.64	6.64	6.64
Fourth Quarter	6.95	6.60	6.60
Year 2015			
First Quarter	9.50	8.51	8.80
Second Quarter	6.44	6.40	6.41
Third Quarter	7.50	7.50	7.50
Fourth Quarter	7.02	7.00	7.00

2. Dividends and exempt transaction

On March 26, 2018, the Board of Directors of the Company unanimously declared a cash dividend of P0.08 per share or amounting to P4,013,391.76 to all stockholders of record on the basis of the outstanding shares owned by them on the following dates:

Record Date – April 23, 2018

Payment Date – May 4, 2018

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

3. Number of Holders

FFI has a total of 5,485 stockholders owning at least one share as of December 31, 2017.

4. Top 20 Shareholders

Title of Class	Shareholder's Name	Amount of Ownership and Nature of Ownership		Percent of Class
Common A	PCD NOMINEE CORPORATION (FILIPINO)	43,873,060	(b)	87.4533%
Common A	PCD NOMINEE CORPORATION (NON-FILIPINO)	241,670	(b)	0.4817%
Common A	ALLEN C. ROXAS	94,667	(b)	0.1887%
Common A	ALBERT G. ONG	90,250	(b)	0.1798%
Common A	REYMONT INC	34,711	(b)	0.0691%
Common A	SEGUNDO SEANGIO AND/OR VIRGINIA SEANGIO	32,818	(b)	0.0654%
Common A	VICTOR, HERNANDEZ BOCALING	31,555	(b)	0.0628%
Common A	KA SIONG TIU	31,555	(b)	0.0628%
Common A	LETICIA C. SY	27,011	(b)	0.0538%
Common A	EMMANUEL HERNANDEZ BOCALING	25,244	(b)	0.0503%
Common A	INTERNATIONAL POLYMER CORP	22,089	(b)	0.0440%
Common A	ANTONIO SUNTAY TANJANGCO	20,826	(b)	0.0415%
Common A	WILLINGTON W. CHUA	20,524	(b)	0.0409%
Common A	NORBERTO VALDIVIA SAUCO	20,195	(b)	0.0402%
Common A	ALEXANDER JO TANCHAN	19,879	(b)	0.0396%
Common A	MELY NGO LIM	18,933	(b)	0.0377%
Common A	JAN CED	18,933	(b)	0.0377%
Common A	MA. GEORGINA VERA PEREZ	18,933	(b)	0.0377%
Common A	PATRICK YAP TONG	18,933	(b)	0.0377%
Common A	MARCIANO S. BACALLA JR.	16,409	(b)	0.0327%

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Key Performance Indicators:

- NAV Growth – Total Net Asset Value ("NAV") of FFI in 2017 increased by 10.42%, up by Php22.56 million from 2016. In 2016, NAV decreased by 2.48%, equivalent to a decrease of Php5.51 million from 2015.
- Earnings (or Loss) per Share – Earnings (or Loss) per share is computed as Net Investment Income (or Loss) divided by the weighted average number of shares outstanding. As of December 31, 2017, EPS was Php0.4496 registering an income of Php22.56 million as compared to net loss of Php5.51 million in 2016 with EPS of negative Php0.1098.
- Portfolio Quality – The Funds' portfolio should, at all times, adhere to the investment parameters as indicated in the Funds' prospectus. The Fund invests in a mix of high grade fixed income investments and local equities.
- Performance vs competition – In 2017, FFI ranked 15th with a full year return of positive 9.91%. FFI

ranked 22nd among the equity mutual funds in 2016 with a full year return of negative 2.51%.

- e. Market Price (MP) to Net Asset Value (NAV) -- Premium of MP to NAV as of December 31, 2017 and 2016 is at 61.04% and 53.02%, respectively.

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

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

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

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

Not Applicable

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

Not Applicable

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

None

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

None

Year 2017

Total assets of the Fund increased to Php241.15 million as of December 31, 2017 from Php218.06 million of previous year, an increase of 10.59% (Php23.09 million). The positive variance is due to increase in market value of investment in financial assets amounting to Php15.53 million and Php7.56 million increased in cash and receivables. Deducting liabilities of Php2.22 million, net assets are valued at Php238.93 million, it went up by Php22.55 million compared to P216.38 million of the same period of last year. This posted net asset value per share (NAVPS) of Php4.7628 and Php4.3131 in 2017 and 2016, respectively.

The Fund incurred gross investment income amounted to Php27.69 million, an increase of 7,971.49% from gross investment income of Php0.34 million as of end of 2016. Total net trading gain of Php24.43 million were derived from the financial assets of the Fund. Dividend income earned from equity investments amounting of Php3.23 million and interest income from deposits at Php0.03 million. Deducting total operating expenses incurred during the year amounted to Php5.13 million thus resulting to net investment income of Php22.56 million for the year ended 2017.

As of December 31, 2017, investment in Unit Investment and Trust Fund accounts for 34.35% of total assets, leaving investment in equity at 60.34% and liquid assets at 5.31% of total company resources.

Year 2016

Total assets as of end of 2016 amounted to PhP216.38 Million, a decrease of 2.52% (PhP5.64 Million in absolute terms) versus PhP223.70 Million as of the end of 2015. This is mainly attributed to the decrease in investment in financial assets amounting to PhP7.37 Million with an increase in cash amounting to PhP1.75 Million and PhP0.02 Million decrease in receivables. Deducting liabilities of PhP1.68 Million, net assets are valued at PhP216.38 Million, down by PhP5.510 Million compared to the same period of last year. This posted net asset value per share (NAVPS) of PhP4.3131 and PhP4.4230 as of December 31, 2016 and 2015, respectively.

The Fund incurred gross investment income amounting to PhP0.34 Million in 2016, an increase of 103.79% from gross investment loss of PhP9.06 Million in 2015. Investment income in 2016 is composed of net trading losses of PhP3.66 Million derived from the equity and unit investment trust funds, total dividend income on equity holdings amounting to PhP3.98 Million and interest income earned from deposits amounting to PhP0.02 Million. Total operating expenses incurred including local tax amounted to PhP5.85 Million thus resulting to net investment loss of PhP5.51 Million for the year ended 2016.

As of December 31, 2016, investment in Unit Investment and Trust Fund accounts for 37.33% of total assets, leaving investment in equity at 60.26% and other assets at 2.41% of total company resources.

Year 2015

Total assets as of end of 2015 amounted to PhP223.70 Million, a decrease of 8.34% (PhP20.35 Million in absolute terms) versus PhP244.05 Million as of the end of 2014. The negative variance is mainly explained by decrease in investment in financial assets wherein equity securities decrease due to market valuation amounting to PhP5.30 Million while investment in unit investment trust fund (UITF) was down by PhP14.46 Million. Total receivables decreased by PhP2.02 Million as cash increased by PhP1.96 Million, and other assets decreased amounting to PhP0.53 Million. Deducting liabilities of PhP1.81 Million, net assets are valued at PhP221.89 Million, down by PhP14.58 Million compared to the same period of last year. This posted net asset value per share (NAVPS) of PhP4.423 and PhP4.714 for the year ended 2015 and 2014, respectively.

The Fund incurred gross investment loss amounting to PhP9.06 Million, a decrease of 135.15% from gross investment income of PhP25.76 Million as of end of 2014. Total net trading loss of PhP13.37 Million was derived from the equity securities and UITFs. Total interest income from short-term bank placements amounted to PhP0.02 Million and a total of PhP4.29 Million was derived from dividend income on equity holdings. Total operating expenses incurred amounted to PhP5.52 Million thus resulting to net investment loss of PhP14.58 Million for the year ended 2015.

As of December 31, 2015, investment in Unit Investment and Trust Fund accounts for 8.08% of total assets, leaving investment in equities at 90.35% and 1.57% of total company resources pertaining to cash in bank and receivables.

There are no material changes in the Financial Statements of the Company during the past 3-year period and business performance is not dependent on any season of the year.

FINANCIAL STATEMENTS

The Fund's audited financial statements and schedule of investments for the year 2017 are attached hereto.

CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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



PART III – CONTROL AND COMPENSATION INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

BERNARDO M. VILLEGAS – CHAIRMAN OF THE BOARD

Dr. Villegas, PhD, 79 yrs. old, Filipino, has served as a director of the Fund since 2009 up to the present, but served as Chairman/Director from 1995-2007. He holds a Bachelor of Arts Degree and a Bachelor of Science Degree from De La Salle University (summa cum laude), and an M.A. and Ph.D. in Economics from Harvard University. He is also a Certified Public Accountant. He worked as a Professor for Economics in the University of Asia and the Pacific and as a Visiting Professor for IESE Business School in Barcelona, Spain. He is also the Research Director of the Center for Research and Communication. Currently, he is a columnist for the Manila Bulletin and a member on the Boards of Alaska Milk Corporation, PHINMA Properties and Transnational Diversified, Inc. He also served as the Dean of the School of Economics from 1989 to 2004 and in 2001; he was the Acting Vice President for Academic Affairs of the University of Asia and the Pacific. Up to the present, he remains to be a professor in said University. In 1999, he served as a member of the Preparatory Commission for Constitutional Reforms. He also became a member of the Constitutional Commission in 1986.

MARGARET G. ANG – PRESIDENT

Ms. Ang, 66 yrs. old, Filipino, has served as Director of the Fund from September 2003 up to the present. She holds a Bachelor of Science degree, major in Accounting (Cum Laude), from the University of San Carlos, Cebu City and is a Certified Public Accountant. She is currently the Director and Corporate Secretary of Vicsal Development Corporation from 1982 and Director of Metro Retail Stores Group, Inc. from 2003; President of Grand Holidays, Inc. from 1980; Director and Corporate Secretary of Taft Property Venture Development Corporation from 1992, Vicsal Securities & Stock Brokerage, Inc. from 1990, Midland Development Corporation from 1991 and Pacific Mall Corporation from 2001; Director of Manila Water Consortium, Inc. from 2012; and Trustee of Vicsal Foundation, Incorporated from 1996.

FRANK S. GAISANO – DIRECTOR

Mr. Gaisano, 60 yrs. old, Filipino, has served as Director of the Fund since September 2003 up to the present. He is a holder of a Bachelor of Science degree in Civil Engineering which he received from the Cebu Institute of Technology and is a licensed Civil Engineer. He also serves as Director of Vicsal Development Corporation from 1982; Chairman of the Board and Chief Executive Officer of Metro Retail Stores Group, Inc. from 2012; Chairman of AB Capital & Investment Corporation from 2012 and Chairman of Pacific Mall Corporation from 2001; President of Vicsal Securities & Stock Brokerage from 1990; Director of Taft Property Venture Development Corporation from 1992, Taft Punta Engaño Property, Inc. from 2011, HTLand, Inc. from 2014, Midland Development Corporation from 1991, and Grand Holidays, Inc. from 1980; and a Trustee of Vicsal Foundation, Incorporated from 1996.

EDWARD S. GO – INDEPENDENT DIRECTOR

Mr. Go, 79 yrs. old, Filipino, has served as a director of the Fund since 2004 up to the present. He holds a Bachelor of Arts degree from Ateneo de Manila University (magna cum laude). He is also Chairman of the Board of Directors of Hyundai Asia Resources, Inc. and Chairman of the Board of Trustees of ASA Philippines Foundation; Independent Director of various corporations including among others: Metro Pacific Investment Corp., PLDT Communications & Energy Ventures, Inc. (PCEV), Union Galvasteel Corporation, Trans-Asia Petroleum Corporation, Vicsal Investment, Inc. and AB Capital & Investment Corporation, Mediaquest Holdings, Inc., TV5 Network, Inc., Signal TV, Inc., BusinessWorld Publishing Corp., and PhilStar Daily Inc. and is Chairman and Trustee of the PLDT Beneficial Trust Fund (BTF). He also served as a trustee of the board of trustees of the Ateneo de Manila University for sixteen years until 2014, and as Chair of said board during the last four years of his tenure.



JOHN G. TAN – INDEPENDENT DIRECTOR

Mr. Tan, 50 yrs. old, Filipino, has served as a director of the Fund since February 2008. He holds a Bachelor of Arts degree in Human Resources Management from De La Salle – College of Saint Benilde. Currently, he serves as a Director of Tanduay Distillers, Inc. and PAL Holdings and a fellow in the Institute of Corporate Directors. He was a member of the Board of Philippine National Bank from 2009 to February of 2013, Director of PNB Remittance (Company) Canada and Financial Co., HK., Board of Advisor at PNB Remittance Center, Inc. He served as Vice President of Landcom Realty Corporations for 12 years and Vice President for Operations of Philippine Airlines from 2007 to 2009.

ALJIM C. JAMANDRE – DIRECTOR

Mr. Jamandre, 59 yrs. old, Filipino, has served as director of the Fund from 2004-2009. He was re-elected as a Director in 2014 and up to the present. He holds a B.S. Accountancy degree (Cum laude) from the University of San Carlos, MDP from the Asian Institute of Management, and a Certified Public Accountant. Currently, Group Chief Financial Officer of Vicsal Development Corporation; Director of Wealth Development Bank Corporation from 2003, Director of AB Capital & Investment Corporation from 2014, and Director of Pacific Mall Corporation from 2010; and a Trustee of Vicsal Foundation, Incorporated from 2006.

VINCENT E. TOMANENG – DIRECTOR AND CORPORATE SECRETARY

Atty. Tomaneng, 50 yrs. old, Filipino, is a Lawyer and a Certified Public Accountant, and has served as a Director and Corporate Secretary of the Fund since 2014. He earned his Bachelor of Laws (1994) and Bachelor of Science in Accountancy ("Magna Cum Laude") (1988) both from the University of San Carlos in Cebu City. He is presently the Group General Counsel of Vicsal Development Corporation and the Metro Gaisano Group of Companies. Prior to joining Vicsal and the Metro Gaisano Group in May 2003, he has worked with Sycip Salazar Hernandez & Gatmaitan Law Offices (1997 to 2003) and with Sycip Gorres Velayo & Co., CPA's (1988 to 1996). He is currently a Director of Pacific Mall Corporation from 2010, and Corporate Secretary of Metro Retail Stores Group, Inc. from 2015, and Trustee of Vicsal Foundation, Incorporated since 2017.

MARY JENNIFER V. MUSNI – TREASURER

Ms. Musni, 50 yrs. old, Filipino, was elected as the Treasurer of Fund on May 9, 2017. She holds a B.S. Accountancy Degree (Magna Cum Laude) from the University of San Carlos, and is a Certified Public Accountant. She is the Group Treasurer of Vicsal Development Corporation since 2011 until the present.

SIGNIFICANT EMPLOYEE

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

Additional Information required under Annex C of SRC Rule 12:

- The incorporators of FFI are Mr. Fernando Zobel de Ayala, Mr. Luciano E. Salazar, Mr. Felipe A. Eñage, Mr. Mauro B. Blardony, Jr. and Mr. Eduardo U. Miranda.
- Messrs. Bernardo M. Villegas, Edward Go and John Tan are the independent directors of the Fund. An independent director is a person not having any relationship or position in the Fund, or in parties related to the Fund, the holding of which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, in compliance with Section 38 of the Securities Regulation Code.
- Each Director shall serve for a term of 1 year from his election (excluding those serving the unexpired terms of resigned directors) and until his successor has been duly elected and qualified, provided, however, that any director may be removed from office at anytime with or without cause by a 3/4 vote of the subscribed capital stock entitled to vote.

- ☐ Directors Frank S. Gaisano and Margaret G. Ang are siblings.
- ☐ No member of the Board of FFI has been the subject of any legal/criminal proceedings for the past five years.
- a. Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
None.
- b. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal, domestic or foreign, excluding traffic violations and other minor offenses;
None.
- c. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
None.
- d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.
None.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE
Annual Compensation

Name and Principal position	Year	Compensation (P) (per diem)	Bonus (P)	Other Annual Compensation
All Directors and Officers of FFI	2018*	911,764.56	None	None
	2017	441,176.00	None	None
	2016	441,176.00	None	None

* Estimated compensation for 2018

Each Director and Officer is paid the amount of PhP 29,411.76, on the average, for every attendance in any meeting. Estimated aggregate directors and officers fee for the year 2018 is PhP911,764.56.

There are no other standard or consulting arrangements or any compensatory plan relating to resignation/retirement by which directors and officers are to be compensated other than that previously stated.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner	Citizenship	No. of Shares	% of Class
Common A	PCD Nominee Corporation	Various Stockholders	Filipino	43,873,060	87.4533%

As of December 31, 2017, Vicsal Development Corporation, as investor, owns 35,623,404 shares in the PCD Nominee Corporation representing 71.01% of the total outstanding capital stock of FFI. Mr. Frank S. Gaisano will vote for the shares of Vicsal Development Corporation.

SECURITY OWNERSHIP OF MANAGEMENT As of December 31, 2017

TITLE OF CLASS	NAME OF OWNER	AMOUNT AND NATURE OF OWNERSHIP	CITIZENSHIP	PERCENT OF
CLASS				
Common A	Mr. Frank S. Gaisano	10,518 (b)	Filipino	0.0210 %
Common A	Ms. Margaret G. Ang	10,518 (b)	Filipino	0.0210 %
Common A	Mr. Edward S. Go	10,518 (b)	Filipino	0.0210 %
Common A	Mr. Bernardo M. Villegas	10,518 (b)	Filipino	0.0210 %
Common A	Mr. John G. Tan	10,518 (b)	Filipino	0.0210 %
Common A	Mr. Aljim C. Jamandre	5,631 (b)	Filipino	0.0112 %
Common A	Mr. Vincent E. Tomaneng	5,000 (b)	Filipino	0.0100 %

CHANGES IN CONTROL

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


CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no transactions with or involving the Fund in which a director, executive officer, or stockholder owning ten percent (10%) or more of the Fund's total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest during the last two (2) years. No material transactions were made between the Fund and its related parties except as provided hereunder to non-controlling shareholders. As discussed in the notes to the Fund's audited financial statements, the Management fee for services rendered by Vicsal Investment, Inc. ("VIL"), up to June 30, 2017 and AB Capital & Investment Corporation ("ABCIC") starting July 1, 2017, the Fund Managers, are the only significant transaction and outstanding balance with related parties.

PART IV – CORPORATE GOVERNANCE

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

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



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

FFI has also adopted the following policies on August 31, 2017:

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

Since FFI has no employees, its Fund Manager, AB Capital & Investment Corporation ("ABCIC"), through its Compliance Officer, continually monitors the actions of, and ensures the compliance by, ABCIC employees responsible for the management of FFI.

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

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

EXTERNAL AUDIT FEES

Audit fees for fiscal year 2017 amounted to PhP318,625.00, exclusive of VAT and out of pocket expenses.

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

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

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

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

PART V – EXHIBITS AND SCHEDULES

EXHIBITS AND REPORTS ON SEC FORM 17-C

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

A Current Report on SEC Form 17-C was filed on March 26, 2018 disclosing the matters discussed in the regular meeting of the Fund's Board of Directors held on March 26, 2018.

SIGNATURES¹

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Cebu, Philippines on April 12, 2018.

By:


MARGARET G. ANG
 President


MARY JENNIFER V. MUSNI
 Treasurer


VINCENT E. TOMANENG
 Corporate Secretary/Director

Republic of the Philippines)
 Cebu City) S.S.

SUBSCRIBED AND SWORN to before me this APR 12 2018 day of APR 12 2018 affiants exhibiting to me their identifications, as follows:

NAMES	PASSPORT/DRIVER'S LICENSE NO.	EXPIRY	PLACE OF ISSUE
Mary Jennifer V. Musni	DL OR#1133515504	Aug. 29, 2022	Cebu City
Margaret G. Ang	EB9971357	Jan 10, 2019	Cebu City
Vincent E. Tomaneng	EB9485745	Oct. 29, 2018	Cebu City

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 Page No. 67
 Book No. XXX
 Series of 2018.


AILEEN P. LAZALA-GARROTE
 Notarial Commission No. 048-12
 Notary Public for Cebu City,
 Cebu City and San Fernando, Cebu
 Until December 31, 2019
 Roll of Attorneys No. 45647
 PTR No. 170811 / Cebu Province / Dec. 14, 2017
 ISPO.R. No. 1065204 / Cebu Province / Nov. 3, 2017
 MCLE Compliance No. V-0015070 / March 8, 2018
 Rm. M02 Aniceta Bldg., Mezzanine
 Cemeña Blvd., Capitol Site, Cebu City

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