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## SECURITIES AND EXCHANGE COMMISSION

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**Received From** : Head Office

Company Representative

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Doc Source

Company Information

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SEC Registration No. 0000190385  
Company Name FILIPINO FUND, INC.  
Industry Classification  
Company Type Stock Corporation

### Document Information

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Document ID 111032016000235  
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
Document Code 17-Q  
Period Covered September 30, 2016  
No. of Days Late 0  
Department CFD  
Remarks



**FILIPINO FUND, INC.**

November 02, 2016

**JANET A. ENCARNACION  
HEAD, DISCLOSURE DEPARTMENT**

The Philippine Stock Exchange, Inc.  
Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City

Dear Ms. Encarnacion,

In compliance with the reportorial requirements prescribed by the Philippine Stock Exchange (PSE), we are hereby submitting herewith a copy of the SEC Form 17-Q and the Interim Financial Statements of FILIPINO FUND, INC. (FFI) for the fiscal quarter ended September 30, 2016.

Hope you find it in order.

Thank you.

Sincerely yours,

**VICSAL INVESTMENT, INC.**  
As Fund Manager of Filipino Fund, Inc.

By:

  
**NATIVIDAD P. CHUA**  
*Corporate Information Officer*

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 3 1

Month Day (Fiscal Year)

SEC FORM 17-Q

(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

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## SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended *September 30, 2016*
2. Commission identification number *AS091-190385*
3. BIR Tax Identification No. *002-284-545-000*
4. Exact name of issuer as specified in its charter  
*FILIPINO FUND, INC.*
5. Province, country or other jurisdiction of incorporation or organization  
*METRO MANILA, PHILIPPINES*
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
*UNITS 1009-1011 TOWER ONE AND EXCHANGE PLAZA, AYALA TRIANGLE,*  
*AYALA AVE., MAKATI CITY* *1226*
8. Issuer's telephone number, including area code  
*(632) 856-5801*
9. Former name, former address and former fiscal year, if changed since last report  
*N/A*
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | Title of each Class   | Number of shares of common<br>stock outstanding |
|-----------------------|---|
| <i>Common Stock A</i> | <i>50,167,397</i>                               |
11. Are any or all of the securities listed on a Stock Exchange?  
Yes  No  *PHILIPPINE STOCK EXCHANGE*
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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



## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

*Financial Statements attached.*

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Total assets as of September 30, 2016 amounted to P244.47 million, an increase of 9.29% against P223.70 million for the year ended December 31, 2015. Deducting liabilities of P5.82 million, net assets totaled P238.65 million as of quarter end, an increase of P16.76 million from P221.89 million for the year ended 2015. This resulted to a higher net asset value per share (NAVPS) of P4.757 against P4.423 of last year.

Operations for the nine months of 2016 resulted to a net income of P16.76 million. This is attributed to trading gains realized from sale of financial assets amounting to P11.71 million, total unrealized gain from market valuation amounting of P5.87million, interest income and dividend revenue amounted to P3.97, deducting operating expenses of P4.79 million for the quarter ending September 30, 2016.

In the interim, there were no known trends, demands, commitments, events or uncertainties that will have material impact in the company's liquidity, nor ones that have had or that are reasonably expected to have a favorable or unfavorable impact on revenue or income from continuing operations. There were no events that would trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of obligations. There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the period. There were, likewise, no significant elements of income or loss that did not arise from the company's continuing operations.

#### **Key Performance Indicators:**


- NAV growth – NAV growth of FFI should be at least be in line with other similarly managed funds. Total net asset value of FFI increased by 7.56% from December 31, 2015 to September 30, 2016.
- Income (or Loss) per share – income (or loss) per share is computed as Net Investment Income (or Loss) divided by the weighted average number of shares outstanding. As of the end of the third quarter of 2016, income amounted to P0.33 per share versus loss per share of P0.33 in the same period of 2015.
- 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 unit investment trust funds (UITFs) and listed equity shares.
- Expense Ratio – expense ratio is computed as Operating Expense divided by Net Asset Value. As of September 30, 2016, the Funds' expense ratio is 2.00% computed by dividing total operating expenses amounting to P4.78 million by the net asset value of P238.65 million.

- Market Price (MP) to Net Asset Value (NAV) – As of the end of third quarter of 2016 market price is P6.64 per share against NAV per share of P4.757 resulting to a premium of 39.58% per share versus end of 2015 of 54.65%.

### SIGNATURES



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

Issuer : **FILIPINO FUND, INC. ("FFI")**

Signature and Title :   
**NATIVIDAD P. CHUA**  
*For: Vicsal Investment, Inc.*  
*As Fund Manager of FFI*

Date : October 24, 2016

Principal Financial / Accounting Officer / Controller :

  
**FRANK S. GAISANO**  
*Treasurer*  


Date :



## FILIPINO FUND, INC.

### PART I-FINANCIAL INFORMATION

#### Item 1. Financial Statements Required Under SRC Rule 68.1

##### Notes to Interim Financial Statements:

As of September 30, 2016

1. The interim financial reports were prepared in accordance with the accounting standards generally accepted in the Philippines
2. The accounting policies adopted by the Fund are consistent with those of the previous financial year except for the following new and amended PFRSs, PASs and Philippine Interpretations which were adopted as of January 1, 2015.

#### PFRS 9, Financial Instruments – Classification and Measurement (2010 version)

PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, Financial Instruments: Recognition and Measurement. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

#### Effective January 1, 2015

#### PAS 19, Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)

PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Fund, since it does not have defined benefit plans with contributions from employees or third parties



#### Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Fund.

#### PFRS 2, Share-based Payment – Definition of Vesting Condition

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition

If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

#### PFRS 3, Business Combinations – Accounting for Contingent Consideration in a Business Combination

The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). The Fund shall consider this amendment for future business combinations.

#### PFRS 8, Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets

The amendments are applied retrospectively and clarify that:

An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

#### PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

#### PAS 24, Related Party Disclosures – Key Management Personnel

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

#### Annual Improvements to PFRSs (2011-2013 cycle)



The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Fund.

**PFRS 3, Business Combinations – Scope Exceptions for Joint Arrangements**

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.

This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

**PFRS 13, Fair Value Measurement – Portfolio Exception**

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

**PAS 40, Investment Property**

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

**Annual Improvements to PFRSs (2010-2012 cycle)**

In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, Fair Value Measurement. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Fund.

**Annual Improvements to PFRSs (2011-2013 cycle)**

In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Fund as it is not a first time PFRS adopter.

3. There were no items of unusual nature, size or incident, which occurred in the interim period affecting assets, liabilities, equity, net income or cash flow.
4. The preparation of financial statements in compliance with PFRS requires the Fund to make use of estimated, assumption and judgments that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and liabilities, if any. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimated are reflected in the financial statements as they become reasonably determinable.
5. There were no issuances, repurchases, and repayments of debt and equity securities that have a material effect on the interim financial report.



6. On March 19, 2013, the Fund declared a PhP0.20 cash dividend per share for stockholders on record as of April 04, 2013 and was paid on April 30, 2013.

Also on March 19, 2013, subject to the approval of the SEC and the shareholders, the Board of Directors declared the issuance of stock dividends to shareholders of record on the fifteenth (15<sup>th</sup>) day counted from the approval by the SEC of the increase in the authorized capital stock, 26,320,547 shares of stock of FFI, with an aggregate par value of PhP26,320,547.00, to be distributed to the stockholders as of said record date within eighteen (18) trading days after the record date, in proportion to their respective stockholdings as of said record date, provided that any fraction of a share shall be deemed to have not been issued. Any fractional share shall be rounded down to the nearest whole number. The record date was set on January 28, 2014 and the stock dividends were distributed to the shareholders on February 24, 2014.

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.

7. For management purposes, the Fund is organized into one main operating segment, which invests in equity securities and debt instruments. All of the Fund's activities are interrelated and interdependent. Accordingly, all significant reporting decisions are based upon the analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.
8. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are recognized in the financial statements but disclosed when an inflow of economic benefits is probable.
9. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

The Fund will adopt the Standards and Interpretations enumerated below when these become effective. Except as otherwise indicated, the Fund does not expect the adoption of these new and amended PFRSs and Philippine Interpretations to have significant impact on its financial statements.

**Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate**  
 This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.



Effective January 1, 2016

**PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)**

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund given that the Fund has not used a revenue-based method to depreciate its non-current assets.

**PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture – Bearer Plants (Amendments)**

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund up as the Fund does not have any bearer plants.

**PAS 27, Separate Financial Statements – Equity Method in Separate Financial Statements (Amendments)**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Fund.

**PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.



### PFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (Amendments)

The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund.

### PFRS 14, Regulatory Deferral Accounts

PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Fund is an existing PFRS preparer, this standard would not apply.

In December 2015, the IASB deferred the effectivity of the amendments to PFRS 10 and PAS 28 for a broader review by the Board.

### Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Fund. They include:

#### PFRS 5, Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

#### PFRS 7, Financial Instruments: Disclosures – Servicing Contracts

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively.



However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

#### PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

#### PAS 19, Employee Benefits – Regional Market Issue Regarding Discount Rate

This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

#### PAS 34, Interim Financial Reporting – Disclosure of Information ‘Elsewhere in the Interim Financial Report’

The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

#### PFRS 9, Financial Instruments (2014 or final version)

PFRS 9 replaces PAS 39, Financial Instruments: Recognition and Measurement and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at: (a) amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding; or (b) at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. PFRS 9 also replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.



The adoption of PFRS 9 will have an effect on the classification and measurement of the Fund's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Fund's financial liabilities. The adoption will also have an effect on the Fund's application of hedge accounting. The Fund is currently assessing the impact of adopting this standard.

The adoption of PFRS is not expected to have any significant impact on the Fund's financial statements.

The following new standards issued by the IASB have not yet been adopted by the FRSC.

#### IFRS 15, Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

#### IFRS 16, Leases

On January 13, 2016, the IASB issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with term of 12 months or less or for which the underlying asset is of low value are exempted from this requirements.

The accounting by lessors is substantially unchanged as the new standard carried forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, Revenue from Contracts with Customers. When adopting IFRS 16, an entity is permitted to use either a full retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.



10. SEC Memorandum Circular No. 12 Series of 2013 (Net Asset Value (NAV) per Share)

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

NAV per share is computed as follows:

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)
Net Asset Value	238,653,102	221,888,698
Number of Shares Outstanding	50,167,397	50,167,397
<b>NAV per share</b>	<b>4.7571</b>	<b>4.4230</b>

11. SEC Memorandum Circular No.8, Series of 2014. (Compliance with FATCA regulations)

In compliance with SEC Memorandum Circular No. 8, Series 2014, on US Foreign Account Tax Compliance Act (FATCA), the following actions were undertaken:


- a) Vicsal Investment, Inc. (VII), being the fund manager of Filipino Fund, Inc. (FFI), has registered FFI, last June 26, 2014 and has been issued a Global Intermediary Identification Number (GIIN).
- b) Filipino Fund, Inc is coordinating with its fund manager, VII to raise issues and queries on FATCA implementations.

**FILIPINO FUND, INC.**  
**BALANCE SHEETS**

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	As of 30-Sep-16	As of 31-Dec-15 (Audited)
<b>ASSETS</b>		
Cash in Bank	4,479,347	3,468,152
Financial Assets:		
Unit Investment Trust Funds	96,986,963	18,066,128
Equity Securities	142,724,253	202,120,200
Receivables	112,630	46,725
Other Assets	168,684	-
<b>Total Assets</b>	<b>244,471,877</b>	<b>223,701,205</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	5,818,775	1,812,507
<b>NET ASSETS BEFORE RESERVE FOR MARKET RISK</b>	<b>238,653,102</b>	<b>221,888,698</b>
<b>ADJUSTMENT FOR MARKET RISK</b>	-	-
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>238,653,102</b>	<b>221,888,698</b>
<b>NET ASSET VALUE PER SHARE (Net Assets divided by Outstanding shares)</b>	<b>4.757</b>	<b>4.423</b>
<b>Capital Stock</b>		
Authorized and issued 105,272,397 shares (Outstanding 50,167,397)		
Reduction in capital stock as a result of financial restructuring		
78,951,850 shares at P1 par value per share (Outstanding 23,846,850 shares) in 2	105,272,397	105,272,397
	105,272,397	105,272,397
<b>Paid in surplus</b>	94,361,124	94,361,124
<b>Accumulated (decrease) increase in net assets resulting from operations</b>		
Beginning,	71,453,502	86,036,107
Common dividends		
Contributions		
Withdrawal		
Net increase (decrease) in net assets resulting from operations	16,764,404	(14,582,605)
Ending	88,217,906	71,453,502
<b>Treasury stock, at cost -55,105,000 shares</b>	<b>(49,198,325)</b>	<b>(49,198,325)</b>
	<b>238,653,102</b>	<b>221,888,698</b>

**FOR: VICSAL INVESTMENT, INC.**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
Natividad P. Chua  
Corporate Information Officer



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

	For the Nine Month Ending		For the Quarter Ending	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
<b>INVESTMENT INCOME</b>				
Net realized gain from sale of financial asset of FVPL	11,716,480	3,402,662	8,363,972	(455,250)
Gain on market-to-market valuation of financial assets at FVPL	5,868,339	(20,232,663)	(6,731,999)	(17,801,104)
Interest	10,803	17,520	4,114	4,217
Dividends and Other Income	3,956,332	4,223,207	1,008,813	1,190,122
	<u>21,551,953</u>	<u>(12,589,273)</u>	<u>2,644,900</u>	<u>(17,062,014)</u>
<b>OPERATING EXPENSE</b>				
Management fee	1,748,268	1,730,000	595,878	530,000
Meetings	116,093	86,142	7,093	-
Professional fees	674,968	599,695	239,419	177,674
Membership Fees and Dues	253,000	253,000	-	-
Directors' Fees	441,176	411,765	-	-
Commission and Other Transaction Fees	1,079,664	494,009	563,537	16,288
Donation	200,000	-	-	-
Advertising and Publicity	169,335	148,699	-	-
Miscellaneous	102,883	226,379	140	310
	<u>4,785,388</u>	<u>3,949,688</u>	<u>1,406,066</u>	<u>724,272</u>
<b>NET INCOME/(LOSS) BEFORE TAX</b>	<u>16,766,565</u>	<u>(16,538,961)</u>	<u>1,238,834</u>	<u>(17,786,287)</u>
<b>PROVISION FOR INCOME TAX</b>				
<b>PROVISION FOR FINAL TAX</b>	(2,161)	(3,504)	(823)	(843)
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS</b>	<u>16,764,404</u>	<u>(16,542,465)</u>	<u>1,238,011</u>	<u>(17,787,130)</u>
<b>EARNINGS PER SHARE</b>	<u>0.33</u>	<u>(0.33)</u>	<u>0.02</u>	<u>(0.35)</u>

FOR: VICSAL INVESTMENT, INC.  
As Fund Manager of Filipino Fund, Inc. (FFI)


*Nathyaad P. Chua*  
Corporate Information Officer



**FILIPINO FUND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	For the 9-month Period Ended	
	30-Sep-16	30-Sep-15
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS</b>	16,764,404	(16,542,465)
<b>FROM FINANCIAL RESTRUCTURING</b>		
Distribution of PIF and SPT Values to Stockholders	-	-
Dividends Paid		
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	16,764,404	(16,542,465)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	221,888,698	236,471,303
<b>NET ASSETS AT END OF YEAR</b>	238,653,102	219,928,838


FOR: **VICSAL INVESTMENT, INC.**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
**Natividad P. Chua**  
Corporate Information Officer

**FILIPINO FUND, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**

	For the 9-month Period Ended	
	30-Sep-16	30-Sep-15
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS</b>	<b>16,764,404</b>	<b>(16,542,465)</b>
<b>NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM CAPITAL STOCK TRANSACTIONS</b>		
Distribution of PIF and SPT Values to Stockholders		
Expenses directly related to the initial public offering		
Contributions	-	-
Cash dividends declared	-	-
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS</b>	<b>16,764,404</b>	<b>(16,542,465)</b>
Beginning of period	221,888,698	236,471,303
End of period	<b>238,653,102</b>	<b>219,928,838</b>

FOR: **VICSAL INVESTMENT, INC.**  
 As Fund Manager of Filipino Fund, Inc. (FFI)


  
**Natividad P. Chua**  
 Corporate Information Officer



**FILIPINO FUND, INC.**  
**STATEMENT OF CASH FLOWS**

	For the period ended	
	September 30, 2016	September 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Investment Income (loss) before Tax	16,766,565	(16,538,961)
Adjustments for:		
Interest Income	(10,803)	(17,520)
Interest Received	8,642	14,016
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets at FVPL	(19,524,888)	25,039,447
Receivables	(65,905)	1,679,219
Other Assets	(168,684)	(135,751)
Increase (decrease) in:		
Accounts payable and accrued expenses	4,006,268	(5,324,058)
<b>Net cash provided by (used in) operating activities</b>	<b>1,011,195</b>	<b>4,716,393</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of financial assets	-	-
Acquisition cost of investments at FVPL	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of capital stock		
Redemption of capital stock		
Dividends Paid		
<b>Net cash provided by (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH IN BANKS</b>	<b>1,011,195</b>	<b>4,716,393</b>
<b>CASH IN BANKS AT BEGINNING OF YEAR</b>	<b>3,468,152</b>	<b>1,510,727</b>
<b>CASH IN BANKS AT END OF YEAR</b>	<b>4,479,347</b>	<b>6,227,120</b>


FOR: **VICSAL INVESTMENT, INC.**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
Natividad P. Chua  
Corporate Information Officer

**FILIPINO FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
September 30, 2016

	Cost	Market
<b>INVESTMENT IN UNIT INVESTMENT TRUST FUND</b>		
Equity Fund	1,697,214	1,703,357
Balanced Fund	1,228,581	1,240,173
Short Term Fund	93,659,972	94,043,434
	<b>96,585,767</b>	<b>96,986,963</b>
<b>TOTAL INVESTMENTS</b>	<b>96,585,767</b>	<b>96,986,963</b>

FOR: **VICSAL INVESTMENT, INC.**  
As Fund Manager of Filipino Fund, Inc. (FFI)


  
**Natividad P. Chua**  
Corporate Information Officer



FILIPINO FUND, INC.  
AGING OF RECEIVABLES  
September 30, 2016

<i>Number of Days Outstanding</i>	<i>As of September 30, 2016</i>
1-90 days	Php112,630.00
91-180 days	
181-360 days	
Over 360 days	
<b>Total</b>	<b>Php112,630.00</b>

FOR: **VICSAL INVESTMENT, INC.**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
**Natividad P. Chua**  
Corporate Information Officer

**FILIPINO FUND INCORPORATED**

**Percentage of Investment in a Single Enterprise to Net Asset Value**

**September 30, 2016**

COMPANY	2016	2015
Ayala Corporation	2.370051%	-
Aboitiz Equity Ventures, Inc.	0.964915%	0.797567%
Alliance Global Group, Inc.	-	3.134650%
Ayala Land, Inc.	4.415876%	4.473302%
Aboitiz Power Corporation	-	3.825897%
Banco de Oro Unibank, Inc.	1.205415%	1.227033%
Belle Corporation	-	0.850879%
Bank of the Philippine Islands	-	1.107443%
Bloomerry Resorts Corporation	-	1.308844%
Cebu Air, Inc.	1.231076%	1.653524%
China Banking Corporation	-	0.000205%
DMCI Holdings, Inc.	-	4.584801%
D & L Industries, Inc.	-	0.659801%
Energy Development Corporation	-	1.998146%
Emperador Inc.	-	0.095213%
First Gen Corporation	3.377744%	2.807917%
Globe Telecom, Inc.	-	0.500498%
GT Capital Holdings, Inc.	4.157331%	4.332301%
International Container Terminal Services, inc.	0.539461%	1.112464%
Jollibee Foods Corporation	-	0.663487%
JG Summit Holdings, Inc.	1.389150%	0.980476%
LT Group Inc.	-	0.214133%
Metropolitan Bank & Trust Company	7.686014%	8.175255%
Megaworld Corporation	1.149082%	2.448947%
Manila Electric Company	7.491644%	5.252517%
Metro Pacific Investment Corporation	-	3.609404%
Metro Retail Stores Group, Inc.	6.205928%	-
Nickel Asia Corporation	0.512878%	1.805396%
Petron Corporation	-	2.003785%
Puregold Price Club, Inc.	0.890414%	-
Philex Mining Corporation	0.436449%	-
Robinsons Land Corporation	-	0.349272%
Robinsons Retail Holdings, Inc	-	1.196967%
Resorts World Manila	-	0.471550%
Semirara Mining Corporation	5.110996%	4.461193%
SM Investments Corporation	4.106138%	5.553610%
San Miguel Corporation "A"	-	0.073015%
SM Prime Holdings, Inc.	-	1.142084%
Philippine Long Distance Telephone Company	-	3.730752%
Universal Robina Corporation .	1.118779%	1.302694%
Xurpas Inc	5.444723%	5.681656%



**FILIPINO FUND INCORPORATED**

**Total Investment of the Fund to the Outstanding Securities on an Investee Company  
September 30, 2016**

INVESTEE COMPANY	2016	2015
Ayala Corporation	0.001064%	0.000646%
Aboitiz Equity Ventures, Inc.	0.000540%	0.000547%
Alliance Global Group, Inc.	-	0.004382%
Ayala Land, Inc.	0.001825%	0.001992%
Aboitiz Power Corporation	-	0.002650%
Banco de Oro Unibank, Inc.	0.000718%	0.000719%
Belle Corporation	-	0.005857%
Bank of the Philippine Islands	-	0.000772%
Bloomberry Resorts Corporation	-	0.005008%
Cebu Air, Inc.	0.004291%	0.006946%
China Banking Corporation	-	0.000001%
DMCI Holdings, Inc.	-	0.006225%
D & L Industries, Inc.	-	0.002036%
Emperador Inc.	-	0.000186%
Energy Development Corporation	-	0.004261%
First Gen Corporation	0.008790%	0.007723%
Globe Telecom, Inc.	-	0.000354%
GT Capital Holdings, Inc.	0.003953%	0.004321%
International Container Terminal Services, inc.	0.000822%	0.001599%
Jollibee Foods Corporation	-	0.000711%
JG Summit Holdings, Inc.	0.000621%	0.000426%
LT Group Inc	-	0.000434%
Metropolitan Bank & Trust Company	0.006762%	0.006929%
Megaworld Corporation	0.001802%	0.003849%
Manila Electric Company	0.005110%	0.003460%
Metro Pacific Investment Corporation	-	0.005716%
Metro Retail Stores Group, Inc	0.076574%	-
Nickel Asia Corporation	0.002238%	0.008172%
Puregold Price Club, Inc.	0.001808%	-
Petron Corporation	-	0.006773%
Philex Mining Corporation	0.002429%	-
Robinsons Land Corporation	-	0.000660%
Robinsons Retail Holdings Inc	-	0.002622%
Resorts World Manila	-	0.002025%
Semirara Mining Corporation	0.010020%	0.006745%
SM Investments Corporation	0.001208%	0.001715%
San Miguel Corporation "A"	-	0.000142%
SM Prime Holdings, Inc.	-	0.000425%
Philippine Long Distance Telephone Company	-	0.001736%
Universal Robina Corporation	0.000688%	0.000688%
Xurpas Inc	0.049508%	0.051744%

**FILIPINO FUND INCORPORATED**  
**Other Schedules**  
**September 30, 2016**

	<u>2016</u>	September	<u>2015</u>
Total investments in liquid assets to total assets	100.00%		100.00%
Total operating expenses to total net worth	2.01%		1.80%



**FILIPINO FUND INCORPORATED**  
**Financial Soundness Indicators**  
**September 30, 2016**

	<u>September 2016</u>	<u>December 2015</u>
Current Ratio <sup>(a)</sup>	42.01:1.0	123.42:1.0
Debt to Equity Ratio <sup>(b)</sup>	0.02:1.0	0.01:1.0
Asset to Equity Ratio <sup>(c)</sup>	1.02x	1.01x
Profit Margin <sup>(d)</sup>	77.79%	161.04%
Return on Assets <sup>(e)</sup>	6.86%	-6.24%
Return on Equity <sup>(f)</sup>	7.28%	-6.36%

<sup>(a)</sup> Current ratio is measured as current assets divided current liabilities.

<sup>(b)</sup> Debt to equity ratio is measured as total liabilities to total equity.

<sup>(c)</sup> Asset to equity ratio is measured as total assets divided by total equity.

<sup>(d)</sup> Profit margin is derived by dividing net income with total revenues.

<sup>(e)</sup> Return on assets is measured as net income with total assets.

<sup>(f)</sup> Return on equity is derived by dividing net income over average equity.