



108142018001241



## SECURITIES AND EXCHANGE COMMISSION

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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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# COVER SHEET

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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 Day (Fiscal Year)

3 1

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

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Document ID

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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 : **June 30, 2018**
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 : **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  
stock outstanding

**Common Stock A**

**50,167,397 shares**

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

Yes [  ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

**PHILIPPINE STOCK EXCHANGE (PSE)**

**Common Shares**

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 [ x ] No [ ]

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

Yes [ x ] 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

As of June 30, 2018, the Fund posted total assets of P211.98 million, a decrease of P29.17 million or 12.10%, from P241.15 million as of December 31, 2017 while total liabilities of P3.07 million increased by P0.85 million or 38.32%, from P2.22 million. Moreover, the Fund's shareholders' equity amounted to P208.91 million dropped by P30.02 million or 12.57% compared to its shareholders' equity of P238.94 million as of December 31, 2017.

Cash and cash equivalents amounted to P2.03 million as of June 30, 2018, decreased by P10.17 million or 83.36%, from P12.20 million as of December 31, 2017, mainly due to acquisition of listed equity securities and cash dividends payment to all shareholders as of record date April 23, 2018 amounting to P4,013,391.76 or P0.08/sh.

Investment in financial assets which are classified as FVPL consisted of equity securities and unit investment trust fund which represent 62% and 37% of the Fund's total assets as of June 30, 2018. Fair values are based on quoted market prices for equity securities and net asset value per share for investments in UITF. As of June 30, 2018, equity securities and UITF had market value of P131.08 million and P78.72 million, respectively, from market value of P145.50 million and P82.85 million, respectively, as of December 31, 2017. The decrease of P14.42 million in equity securities is affected by the lower market prices as of June 30, 2018 and the P4.13 million decrease in UITF is a result of partial withdrawal for immediate cash requirement.

Receivables as of June 30, 2018 amounted to P0.05 million from P0.61 as of December 31, 2017, a decrease of P0.56 million.

Other assets consist merely of input tax amounting to P0.10 million as of June 30, 2018 versus last year's nil balance. The Fund's revenues are exempt from vat and there is no other source of income that is subject to output vat which the related input vat can be utilized or offset; thus, valuation allowance is fully provided.

Total liabilities went up to P3.07 million from P2.22 million or 38.32%, primarily due to increment in accruals for management fee, legal and professional fees and other expenses incurred by the Fund as of June 30, 2018.

Operations for the six months ended June 30, 2018 resulted to a total unrealized market loss of financial assets at FVPL amounting to P24.87 million compared to unrealized gain of P14.86 million, a decrease of P39.73 million or 267.37%. The realized gain from sale of financial assets at FVPL amounted to P0.03 million as of June 30, 2018 compared to P0.62 million during same period of 2017. Dividend revenue from investment on listed equities amounted to P1.87 million, P0.07 million lower or 3.54% from P1.94 million; moreover, interest income earned on cash in bank amounted to P0.01 million as of June 30, 2018 or 25.81% lower from June 30, 2017.



Total operating expenses as of June 30, 2018 went up to P3.05 million, P0.04 million higher from P3.01 million as of June 30, 2017.

As a result of the foregoing, the Fund generated net operating loss of P26.01 million for the six months ended June 30, 2018. This is significantly lower of P40.42 million or 280.46% compared to net operating income of P14.41 as of June 30, 2017.

#### **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 decreased by 12.57% from P238.94 million as of December 31, 2017 to P208.91 million as of June 30, 2018.
- 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 June 30, 2018, the Fund performance resulted to net loss per share of P0.52 versus earnings per share of P0.29 in the same period of 2017.
- 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 short term investments and listed equities.
- Expense Ratio – expense ratio is computed as Operating Expense divided by Net Asset Value. As of June 30, 2018, the Funds' expense ratio is 1.46% computed by dividing total operating expenses amounting to P3.05 million by the net asset value of P208.91 million.
- Market Price (MP) to Net Asset Value (NAV) – As of the end of second quarter of 2018 market price is P8.68 per share against NAV per share of P4.16 resulting to a premium of 108.65% per share versus end of 2017 of 61.04%.

#### **Discussion and Analysis of Material Events and Uncertainties**

As of June 30, 2018, the Fund is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Fund.


1. 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.
2. There are no events that will trigger direct or contingent financial obligation that is material to the Fund, including any default or acceleration of an obligation.
3. The Fund has no material off-balance sheet transactions, arrangements, obligations ((including contingent obligations), and other relationships of the Fund with unconsolidated entities or other persons created during the reporting period.
4. The Fund has no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described.

5. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

SIGNATURES

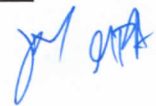
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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

Signature and Title :   
**NATIVIDAD P. CHUA**  
**For: AB Capital and Investment Corporation**  
**As Fund Manager of FFI**

Date : August 06, 2018

Principal Financial / Accounting Officer / Controller :   
**Mary Jennifer V. Musni**  
**Treasurer**



Date : August 10, 2018



**FILIPINO FUND, INC.****PART I-FINANCIAL INFORMATION**

Item 1. Financial Statements Required Under SRC Rule 68.1

Notes to Interim Financial Statements:

As of June 30, 2018

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, 2017.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Adoption of these amendments did not have any impact on the Fund's financial statements.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Adoption of these amendments did not have any impact on the Fund's financial position, performance or disclosures as the Fund does not have liabilities arising from financing activities.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Adoption of these amendments did not have any impact on the Fund's financial position, performance or disclosures as the Fund has no deductible temporary differences or assets that are in scope of the amendments.

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 26, 2018, the Board of Directors of the Fund 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 Fund's declaration of cash/stock dividends in the future will depend on the Fund's investment requirements, and unrestricted retained earnings, at the relevant time. This is the only restriction which may limit the Fund's ability to pay/declare cash/stock dividends.

7. For management purposes, the Fund is organizes into one main operating segment, which invests in equity securities. 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 not 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.

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Fund does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Fund intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after January 1, 2018*

- PFRS 9, *Financial Instruments*  
PFRS 9 reflects all phases of the financial instruments project and 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. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 is not expected to have an effect on the classification and measurement of the Fund's financial assets and financial liabilities but will have an impact on



the impairment of the fund's financial assets other than those classified as fair value through profit and loss.

- PFRS 15, *Revenue from Contracts with Customers*  
PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 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 PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full retrospective application or a modified retrospective application is required. The Fund plans to adopt the new standard on the required effective date.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

*Effective beginning on or after January 1, 2019*

- PFRS 16, *Leases*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

*Deferred effectivity*

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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:

|                              | <b>June 30, 2018</b><br><b>(Unaudited)</b> | <b>December 31, 2017</b><br><b>(Audited)</b> |
|------------------------------|--|--|
| Net Asset Value              | 208,911,542                                | 238,935,439                                  |
| Number of Shares Outstanding | 50,167,397                                 | 50,167,397                                   |
| <b>NAV per share</b>         | <b>4.1643</b>                              | <b>4.7628</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:

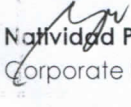
- a) The Fund registered last June 26, 2014 and has been issued a Global Intermediary Identification Number (GIIN).
- b) Filipino Fund, Inc is coordinating with its fund manager to raise issues and queries on FATCA implementations.

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

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|  | As of<br>30-Jun-18  | As of<br>31-Dec-17<br>(Audited) |
|--|---------------------|---------------------------------|
| <b>ASSETS</b>  |                     |                                 |
| Cash in Bank   | 2,029,544           | 12,197,259                      |
| Financial Assets:  |                     |                                 |
| Unit Investment Trust Funds  | 78,720,125          | 82,848,280                      |
| Equity Securities  | 131,075,224         | 145,499,886                     |
| Receivables  | 51,735              | 608,301                         |
| Other Assets   | 103,178             | -                               |
| <b>Total Assets</b>  | <b>211,979,806</b>  | <b>241,153,726</b>              |
| <b>LIABILITIES</b>   |                     |                                 |
| Accounts Payable and Accrued Expenses  | 3,068,263           | 2,218,287                       |
| <b>NET ASSETS BEFORE RESERVE FOR MARKET RISK</b>                                   | <b>208,911,542</b>  | <b>238,935,439</b>              |
| <b>ADJUSTMENT FOR MARKET RISK</b>  | <b>-</b>            | <b>-</b>                        |
| <b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>                                     | <b>208,911,542</b>  | <b>238,935,439</b>              |
| <b>NET ASSET VALUE PER SHARE(Net Assets divided by Outstanding shares)</b>         | <b>4.1643</b>       | <b>4.7628</b>                   |
| <b>Capital Stock - P1 par value</b>  |                     |                                 |
| Authorized 184,234, 038 common shares in 2017 and 2016                             |                     |                                 |
| Issued and fully paid 105,272,397 shares, at par                                   |                     |                                 |
| Outstanding shares 50,167,397  | 105,272,397         | 105,272,397                     |
|  | 105,272,397         | 105,272,397                     |
| <b>Paid in surplus</b>   | <b>94,361,124</b>   | <b>94,361,124</b>               |
| <b>Accumulated (decrease) increase in net assets<br/>resulting from operations</b> |                     |                                 |
| Beginning,   | 88,500,243          | 65,943,416                      |
| Cash dividend  | (4,013,392)         |                                 |
| Net increase (decrease) in net assets<br>resulting from operations                 | (26,010,505)        | 22,556,827                      |
| Ending   | 58,476,346          | 88,500,243                      |
| <b>Treasury stock, at cost -55,105,000 shares</b>                                  | <b>(49,198,325)</b> | <b>(49,198,325)</b>             |
|  | <b>208,911,542</b>  | <b>238,935,439</b>              |

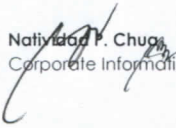
**FOR: AB CAPITAL AND INVESTMENT CORPORATION**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
**Natividad P. Chug**  
Corporate Information Officer

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

|  | For the Six Month Ending |                   | For the Quarter Ending |                   |
|--|--------------------------|-------------------|------------------------|-------------------|
|  | 30-Jun-18                | 30-Jun-17         | 30-Jun-18              | 30-Jun-17         |
| <b>INVESTMENT INCOME</b>   |                          |                   |                        |                   |
| Gain on market-to-market valuation of financial assets at FVPL                       | (24,865,369)             | 14,856,663        | (11,534,861)           | 8,317,413         |
| Net realized gain from sale of financial asset of FVPL                               | 27,537                   | 624,998           | 27,537                 | 915,874           |
| Dividend Income  | 1,866,644                | 1,935,233         | 411,686                | 793,619           |
| Interest   | 9,366                    | 12,624            | 1,833                  | 8,953             |
|  | <u>(22,961,822)</u>      | <u>17,429,518</u> | <u>(11,093,805)</u>    | <u>10,035,859</u> |
| <b>OPERATING EXPENSES</b>  |                          |                   |                        |                   |
| Management fee   | 1,124,400                | 1,115,692         | 543,000                | 545,692           |
| Professional fees  | 535,244                  | 536,970           | 267,622                | 294,968           |
| Directors' Fees  | 388,889                  | 441,176           | 138,889                | 176,471           |
| Membership Fees and Dues   | 256,000                  | 258,000           | -                      | -                 |
| Advertising and Publicity  | 232,730                  | 11,295            | 232,730                | 11,295            |
| Meetings   | 93,254                   | 99,489            | 93,254                 | 66,989            |
| Taxes and Licenses   | 88,446                   | 56,114            | 21,000                 | 11,187            |
| Commission and Other Transaction Fees  | 17,106                   | 76,947            | -                      | 45,808            |
| Donation   | -                        | 200,000           | -                      | -                 |
| Miscellaneous  | 310,739                  | 217,655           | 296,874                | 216,925           |
|  | <u>3,046,810</u>         | <u>3,013,339</u>  | <u>1,593,370</u>       | <u>1,369,333</u>  |
| <b>NET INCOME/(LOSS) BEFORE TAX</b>  | <u>(26,008,632)</u>      | <u>14,416,180</u> | <u>(12,687,175)</u>    | <u>8,666,525</u>  |
| <b>PROVISION FOR INCOME TAX</b>  |                          |                   |                        | -                 |
| <b>PROVISION FOR FINAL TAX</b>   | (1,873)                  | (2,525)           | (367)                  | (1,791)           |
| <b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS</b> | <u>(26,010,505)</u>      | <u>14,413,655</u> | <u>(12,687,542)</u>    | <u>8,664,735</u>  |
| <b>EARNINGS PER SHARE</b>  | <u>(0.52)</u>            | <u>0.29</u>       | <u>(0.25)</u>          | <u>0.17</u>       |

FOR: **AB CAPITAL AND INVESTMENT CORPORATION**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
Natividad P. Chuang  
Corporate Information Officer



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

|  | For the 6-month Period Ended |                    |
|--|------------------------------|--------------------|
|  | 30-Jun-18                    | 30-Jun-17          |
| <b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS</b> | (26,010,505)                 | 14,413,655         |
| <b>FROM FINANCIAL RESTRUCTURING</b>  |                              |                    |
| Distribution of PIF and SPT Values to Stockholders                                   |                              |                    |
| Dividends Paid   | (4,013,392)                  | -                  |
| <b>NET INCREASE (DECREASE) IN NET ASSETS</b>   | (30,023,897)                 | 14,413,655         |
| <b>NET ASSETS AT BEGINNING OF YEAR</b>   | 238,935,439                  | 216,378,613        |
| <b>NET ASSETS AT END OF YEAR</b>   | <b>208,911,542</b>           | <b>230,792,268</b> |

**FOR: AB CAPITAL AND INVESTMENT CORPORATION**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
**Natividad P. Chua**  
Corporate Information Officer

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

|  | For the 6-month Period Ended |                    |
|--|------------------------------|--------------------|
|  | 30-Jun-18                    | 30-Jun-17          |
| <b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE<br/>TO UNITHOLDERS FROM OPERATIONS</b> | <b>(26,010,505)</b>          | <b>14,413,655</b>  |
| <b>NET (DECREASE) INCREASE IN NET ASSETS</b>   |                              |                    |
| Cash dividends paid  | (4,013,392)                  | -                  |
|  | (4,013,392)                  | -                  |
| <b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE<br/>TO UNITHOLDERS FROM OPERATIONS</b> | <b>(30,023,897)</b>          | <b>14,413,655</b>  |
| Beginning of period  | 238,935,439                  | 216,378,613        |
| <b>End of period</b>   | <b>208,911,542</b>           | <b>230,792,268</b> |

**FOR: AB CAPITAL AND INVESTMENT CORPORATION**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
**Natwidad P. Chua**  
Corporate Information Officer

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

|   | For the period ended |               |
|---|----------------------|---------------|
|   | June 30, 2018        | June 30, 2017 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |                      |               |
| Net Investment Income (loss) before Tax             | (26,008,632)         | 14,416,180    |
| Adjustments for:                                    |                      |               |
| Interest Income                                     | (9,366)              | (12,624)      |
| Interest Received                                   | 7,493                | 10,099        |
| Changes in operating assets and liabilities:        |                      |               |
| Decrease (increase) in:                             |                      |               |
| Financial assets at FVPL                            | 18,552,817           | (7,222,085)   |
| Receivables   | 556,566              | (82,087)      |
| Other Assets  | (103,178)            | (62,154)      |
| Increase (decrease) in:                             |                      |               |
| Accounts payable and accrued expenses               | 849,976              | (351,120)     |
| Net cash provided by (used in) operating activities | (6,154,324)          | 6,696,209     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>        |                      |               |
| Dividends Paid                                      | (4,013,392)          | -             |
| Net cash provided by (used in) financing activities | (4,013,392)          | -             |
| <b>NET INCREASE (DECREASE) IN CASH IN BANKS</b>     | (10,167,715)         | 6,696,209     |
| <b>CASH IN BANKS AT BEGINNING OF YEAR</b>           | 12,197,259           | 5,220,953     |
| <b>CASH IN BANKS AT END OF YEAR</b>                 | 2,029,544            | 11,917,162    |

FOR: **AB CAPITAL AND INVESTMENT CORPORATION**  
As Fund Manager of Filipino Fund, Inc. (FFI)


  
**Natividad P. Chua**  
Corporate Information Officer



**FILIPINO FUND, INC.**  
**SCHEDULE OF INVESTMENTS**  
June 30, 2018

|   | Cost              | Market            |
|---|-------------------|-------------------|
| <b>INVESTMENT IN UNIT INVESTMENT TRUST FUND</b> |                   |                   |
| Equity Fund                                     | 1,939,019         | 1,677,037         |
| Balanced Fund                                   | 1,325,341         | 1,208,935         |
| Short Term Fund                                 | 75,111,455        | 75,834,153        |
|   | <b>78,375,816</b> | <b>78,720,125</b> |
| <b>TOTAL INVESTMENTS</b>                        | <b>78,375,816</b> | <b>78,720,125</b> |

**FOR: AB CAPITAL AND INVESTMENT CORPORATION**  
As Fund Manager of Filipino Fund, Inc. (FFI)

  
Natividad P. Chua  
Corporate Information Officer

**FILIPINO FUND, INC.**  
**AGING OF RECEIVABLES**  
**June 30, 2018**

| <b>Number of<br/>Days Outstanding</b> | <b>As of<br/>Jun 30, 2018</b> |
|---------------------------------------|-------------------------------|
| 1-90 days                             | 51,735.00                     |
| 91-180 days                           | -                             |
| 181-360 days                          | -                             |
| Over 360 days                         | -                             |
| <b>Total</b>                          | <b>51,735.00</b>              |

**FOR: AB CAPITAL AND INVESTMENT CORPORATION**  
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**

**June 30, 2018**

| <b>COMPANY</b>                                  | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
| Ayala Corporation                               | 3.346871%   | 2.430757%   |
| Aboitiz Equity Ventures, Inc.                   | 0.793063%   | 1.003049%   |
| Alliance Global Group, Inc.                     | 0.389351%   | 0.433723%   |
| Ayala Land, Inc.                                | 6.576348%   | 6.243439%   |
| Banco de Oro Unibank, Inc.                      | 1.882817%   | 1.683942%   |
| Cebu Air, Inc.                                  | -           | 0.636286%   |
| China Banking Corporation                       | 0.815426%   | -           |
| East West Banking Corporation                   | 0.629463%   | -           |
| First Gen Corporation                           | 2.227368%   | 2.635279%   |
| GT Capital Holdings, Inc.                       | 3.550067%   | 4.272890%   |
| International Container Terminal Services, inc. | 0.618662%   | 0.708523%   |
| Integrated Micro Electronics                    | 1.483395%   | -           |
| JG Summit Holdings, Inc.                        | 0.490638%   | 1.561794%   |
| Metropolitan Bank & Trust Company               | 9.455534%   | 8.152786%   |
| Megaworld Corporation                           | 1.190303%   | 1.082489%   |
| Manila Electric Company                         | 9.804418%   | 6.508918%   |
| Megawide Construction Corp                      | 0.929985%   | -           |
| Metro Retail Stores Group, Inc                  | 3.293317%   | 5.222593%   |
| Nickel Asia Corporation                         | 0.159915%   | 0.199660%   |
| Puregold Price Club, Inc                        | 1.115305%   | 0.965154%   |
| Philex Mining Corporation                       | 0.753908%   | 1.364864%   |
| San Miguel Food and Beverage, Inc.              | 1.059109%   | -           |
| Semirara Mining Corporation                     | 5.632675%   | 6.751935%   |
| SM Investments Corporation                      | 5.675249%   | 4.714478%   |
| Universal Robina Corporation                    | 0.868789%   | 1.058744%   |
| Xurpas Inc                                      | -           | 2.165281%   |



**FILIPINO FUND INCORPORATED****Total Investment of the Fund to the Outstanding Securities on an Investee Company  
June 30, 2018**

| <b>INVESTEE COMPANY</b>                         | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
| Ayala Corporation                               | 0.001222%   | 0.001063%   |
| Aboitiz Equity Ventures, Inc.                   | 0.000540%   | 0.000540%   |
| Alliance Global Group, Inc.                     | 0.000694%   | 0.000682%   |
| Ayala Land, Inc.                                | 0.002462%   | 0.002464%   |
| Banco de Oro Unibank, Inc.                      | 0.000717%   | 0.000718%   |
| Cebu Air, Inc.                                  | -           | 0.002475%   |
| China Banking Corporation                       | 0.001888%   | -           |
| East West Banking Corporation                   | 0.004133%   | -           |
| First Gen Corporation                           | 0.008812%   | 0.008790%   |
| GT Capital Holdings, Inc.                       | 0.004232%   | 0.004676%   |
| Integrated Micro Electronics                    | 0.009983%   | -           |
| International Container Terminal Services, inc. | 0.000823%   | 0.000826%   |
| JG Summit Holdings, Inc.                        | 0.000286%   | 0.000621%   |
| Metropolitan Bank & Trust Company               | 0.006762%   | 0.006762%   |
| Megawide Construction Corp                      | 0.004531%   | -           |
| Megaworld Corporation                           | 0.001802%   | 0.001802%   |
| Manila Electric Company                         | 0.005110%   | 0.005110%   |
| Metro Retail Stores Group, Inc.                 | 0.076574%   | 0.076574%   |
| Nickel Asia Corporation                         | 0.000947%   | 0.000947%   |
| Philex Mining Corporation                       | 0.007084%   | 0.007084%   |
| Puregold Price Club, Inc                        | 0.001808%   | 0.001808%   |
| San Miguel Food and Beverage, Inc.              | 0.002220%   | -           |
| Semirara Mining Corporation                     | 0.009137%   | 0.009114%   |
| SM Investments Corporation                      | 0.001125%   | 0.001125%   |
| Universal Robina Corporation                    | 0.000681%   | 0.000681%   |
| Xurpas Inc                                      | -           | 0.031772%   |

**FILIPINO FUND INCORPORATED**  
**Other Schedules**  
**June 30, 2018**

|  | <b>2018</b> | <b>June</b> | <b>2017</b> |
|--|-------------|-------------|-------------|
| Total investments in liquid assets to total assets | 100.00%     |             | 100.00%     |
| Total operating expenses to total net worth        | 1.46%       |             | 1.31%       |

**FILIPINO FUND INCORPORATED**  
**Financial Soundness Indicators**  
**June 30, 2018**

|                                      | <b>June<br/>2018</b> | <b>December<br/>2017</b> |
|--------------------------------------|----------------------|--------------------------|
| Current Ratio <sup>(a)</sup>         | 69.09:1.0            | 108.71:1.0               |
| Debt to Equity Ratio <sup>(b)</sup>  | 0.01:1.0             | 0.01:1.0                 |
| Asset to Equity Ratio <sup>(c)</sup> | 1.01x                | 1.01x                    |
| Profit Margin <sup>(d)</sup>         | -113.28%             | 81.45%                   |
| Return on Assets <sup>(e)</sup>      | -12.27%              | 9.82%                    |
| Return on Equity <sup>(f)</sup>      | -11.62%              | 9.91%                    |

<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.