



# Fifty Years of Unwavering Commitment



# 2022

PERAA FUND Annual Report

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## About the Cover

### Fifty Years of Unwavering Commitment

Adversities may come and go, but one thing will remain true – our unwavering and focused commitment to serve those who work in Private Education. For 50 years, we have partnered and grown alongside our members, the thousands of member-employees, and Participating Institutions who have put their trust in us as we hurdled roadblocks and uncertainties to safeguard their interests. Today, as we press on towards another 50 years, we remain single-minded and firm in our commitment to providing affordable and adequate retirement programs to private education educators and employees.

# Summary of Operations

|   | December 31, 2022    | December 31, 2021 |
|---|----------------------|-------------------|
| <b>ASSETS</b>                             | <b>7,768,774,935</b> | 7,922,523,223     |
| <b>TOTAL MEMBERS' FUND</b>                | <b>7,269,886,094</b> | 7,433,496,124     |
| <b>CONTRIBUTION OF MEMBERS</b>            | <b>561,211,916</b>   | 530,820,604       |
| <b>INVESTMENT EARNINGS (LOSS)</b>         | <b>(129,095,277)</b> | 380,254,490       |
| UNREALIZED GAIN/LOSS ON FVOCI INVESTMENTS | (97,354,343)         | (45,680,810)      |
| REMEASUREMENT LOSSES ON RETIREMENT PLAN   | –                    | –                 |
| <b>NET INVESTMENT EARNINGS (LOSS)</b>     | <b>(226,449,620)</b> | 334,573,680       |
| <b>CREDITED RATE OF INTEREST</b>          | <b>-3.11%</b>        | 4.38%             |
| <b>BENEFIT PAYMENTS</b>                   |                      |                   |
| RETIREMENT                                | 297,487,979          | 357,055,070       |
| REPURCHASE                                | 120,340,636          | 100,769,699       |
| PAYMENT OF BENEFITS FROM RESERVE FUND     | 108,231,796          | 199,808,716       |
| FORFEITED BENEFIT CLAIMS                  | 23,334,239           | 19,288,909        |
| DEATH                                     | 24,252,837           | 30,001,028        |
| SEPARATION-FROM-SERVICE                   | 8,678,603            | 32,759,396        |
| DISABILITY                                | 94,032               | –                 |
| <b>TOTAL BENEFIT PAYMENTS</b>             | <b>582,420,122</b>   | 739,682,818       |
| <b>MULTI-PURPOSE LOANS</b>                | <b>211,050,351</b>   | 195,039,308       |
| <b>OPERATING EXPENSES</b>                 | <b>63,590,387</b>    | 59,952,334        |

# Message from the Chairman

Commitment, prudence and reliability have been PERAA goals and by-words since its foundation in 1972. For 51 years PERAA has helped countless Filipino educators and personnels obtain retirement benefits after years of dedicated service. PERAA was founded primarily to assist schools in providing and preserving retirement funds for their personnel.

Beginning in March 2020, PERAA and the whole world faced the most dangerous and worldwide Covid-19 pandemic which has brought countless deaths and has had great negative effects on the world's economy and life. Amazingly and in a rather short time, reliable vaccines have been produced to control the virus.

In addition, the Russian invasion of Ukraine and annexation of Crimea which began in 2014 with tremendous negative effect on the world's economy and transport of goods, indeed on the life and food security of the whole world.

The Philippine economy, though we are really so far away from Ukraine, has really suffered: prices of goods and food have skyrocketed, inflation has remained high, the stock market index has gone down, recovery for trade and industry, already down due to the pandemic, has been slow and difficult.

Like most institutions here and abroad, PERAA has suffered from this most difficult world landscape: for the first time in its 50 years of existence, PERAA had a negative fund return for the year: PERAA's Return of Investment of Year Ended 31 December 2022 was a negative 3.11%.

PERAA has continued to be careful and prudent in its fund management. We have employed strategies

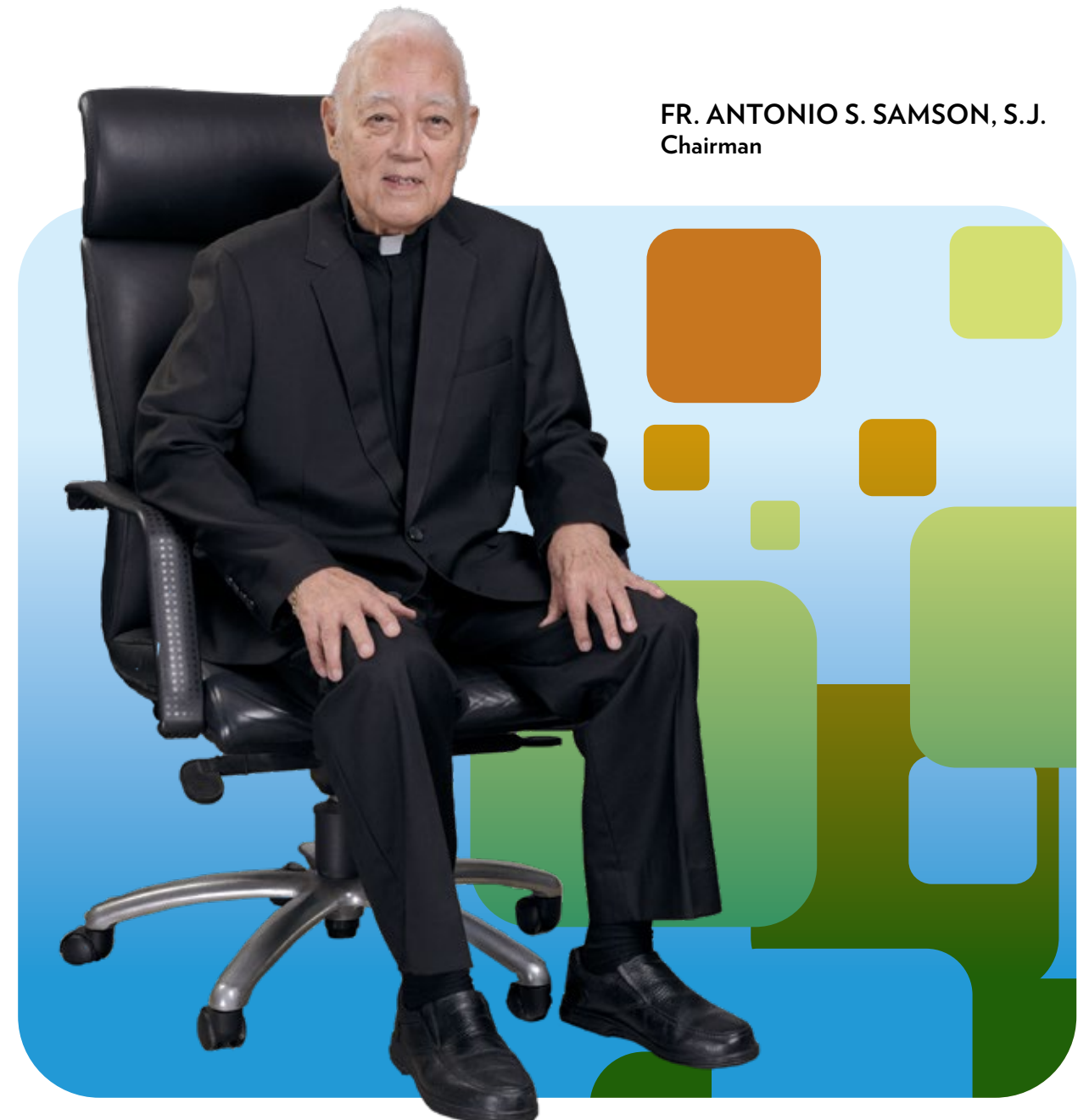
centered on capital preservation to protect the fund from highly volatile and unpredictable market and world conditions. As added service to members, PERAA has provided loans at a minimum of 3% effective interest rate, certainly much lower than prevailing rates for loans in the country.

PERAA started 50 years ago in 1972 with 14 Participating Institutions, 344 Member-Employees and a fund of Php421,276. As of December 31, 2022, PERAA has 73,259 Member-Employees from 1,348 active Participating Institutions and 570 remaining institutions which have either closed or stopped their contributions but still have funds in PERAA. As of December 31, 2022, PERAA's fund value is at Php7.768 billion.

For all the support and trust, work and commitment, I wish to thank all of you. I thank the PERAA Board which has continued with monthly meetings on Zoom since early 2020 for its continuing competent guidance and governance. I thank the PERAA Management and Staff for their persistent and dedicated work. I thank our local and foreign fund managers for their expertise and careful work. Most of all, I extend my deepest gratitude to all PERAA Participating Institutions and Member-Employees for their continuing confidence and trust in PERAA for their retirement fund needs.

We pray for a more peaceful and secure world. May the good God bless and protect us all and this world and all peoples he has created.

FR. ANTONIO S. SAMSON, S.J.  
PERAA Board Chair





# Report from the President

## PERAA: Fifty years of unwavering commitment A model of resilience and strength in tumultuous times

BERNADETTE M. NEPOMUCENO  
President



### A TESTAMENT OF STRENGTH

How does one withstand adversity and continue to sustain its robustness? How can an organization find the muscle and heart to battle the unexpected curve balls and be able to bounce back repeatedly? More specifically, how can an institution like the Private Education Retirement Annuity Association (PERAA) deliver through to its commitments year after year?

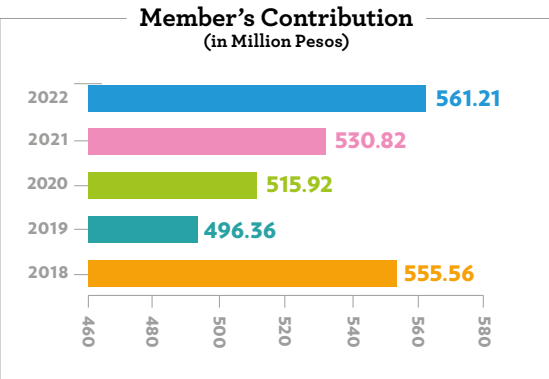
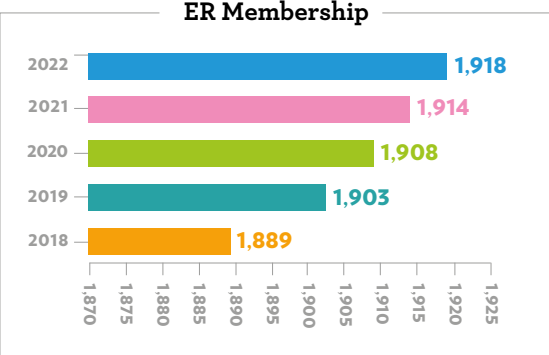
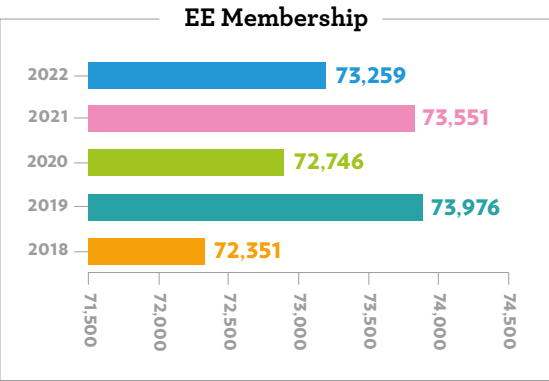
Since its formal inception on September 2, 1972, which was concurred and overseen by 14 founding members, PERAA was built on the premise that it will continuously, without fail, safeguard and promote its members’ interests and retirement contributions. Despite the enormity and frequency of challenges, PERAA would have the strength to preserve and grow the Members’ fund and to continue servicing the benefits of its members.

For fifty years, the Participating Institutions have contributed Php10.331 billion for all its 73K member accounts. And PERAA, for the same period, has released a total of Php10.616 billion in benefit payouts. In all of its fifty years in existence, the PERAA Fund has earned a total of Php8.516 billion (net) of Investment Earnings averaging a remarkable 11.23% in Return on Investment (ROI).

| CONCRETE TESTAMENT OF FIFTY YEARS OF FAITHFUL SERVICE (1972-2023) |                |
|---|----------------|
| Member’s Contribution   | 10.331 Billion |
| Benefit Payout  | 10.616 Billion |
| Net Assets (Audited as of December 31, 2022)                      | 7.564 Billion  |

The figures show that even if the benefit payout that PERAA has released was more than what the members have contributed to the Fund still, the Fund stands at Php7.564 billion audited as of December 31, 2022. The promise we uttered fifty years ago has never swayed despite all the crises from the double-dip recessions in the 80s, financial crisis in the late 90s to global financial crises in 2008 and pandemic and political unrest of the current decade where we are now.

This robustness and resiliency are the goal posts of our decisions both for investments and operations. This



commitment has guided us through the years as we built the Fund. Each stock or asset we have purchased, every investment we have looked into, and every system or process we implemented have been thoroughly studied, considered, and evaluated by our Team, who, in turn, are overseen and guided by our prudent Board of Trustees.

Our fifty years of conscientious good governance have carried us through these challenging times—and that is the continuous and reliable fulfillment of all benefit payments, including the creation of special loan programs that have been of utmost importance to our member-employees during these turbulent times.

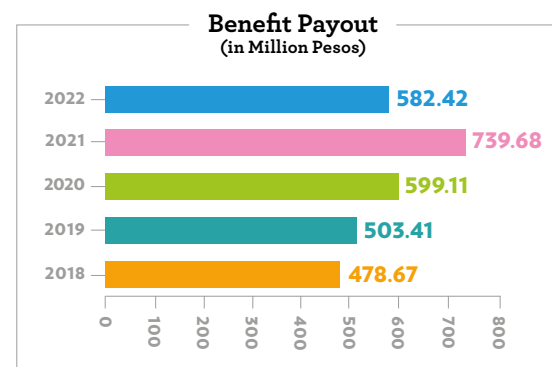
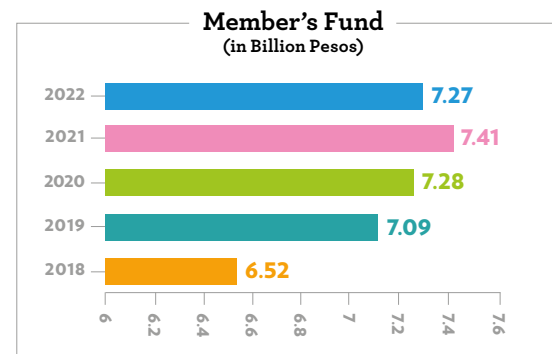
This achievement is the outcome of the Board of Trustees' active monitoring and direction. The Board has continued to meet monthly, whether in-person or virtual, to discuss all concerns from Fund monitoring, assets, operations, Fund Managers, and investment policies to members' concerns.

Our organization's constancy, purposefulness, and unwavering reliability have continuously drawn new members to our fold, resulting in a constant growth in membership. In 2022, there were five (5) new member schools, one (1) member hospital and one (1) association which added up to our 1,348 active Participating Institutions. The seven (7) new institutions have a total of 1,094 personnel which also added up to our 73,259 members.

## NAVIGATING CHALLENGES

If lockdowns made it challenging to handle remittances and payments in 2021, the major hurdle we had to overcome in 2022 resulted from the merger of UCPB with Landbank of the Philippines. The lengthy system integration and account migration disrupted PERAA's collection facility, which stalled members' contributions and payments. These complications prompted us to discontinue the use of the UCPB facility. We then referred our members to our other bank, BDO, and to utilize other fund transfer facilities and e-wallets.

Another area that we needed to work on was the lengthier claims processing. The extended handling time was mainly due to the late submission of remittance slips by institutions that were still limited to online work or skeletal operations. This delay gravely affected our posting of contributions and



claims processing because we could not properly attribute nor verify real-time payments made. The extensive re-computation and verification of the latest ROI of exiting members' contributions further pushed back our timelines. Our sincerest apologies for the inconveniences caused by these disruptions.

## ADAPTING TO THE TIMES

To ensure that both Participating Institutions and member-employees will continue to receive the assistance and benefits they deserve, we employed continuous improvements on our systems, processes and policies. We girded our procedures for any eventuality that when the economy slowly opened in the first quarter of 2022, we immediately resumed on-site operations and then transitioned to face-to-face transactions, allowing only two clients at a time inside our head office. These restrictions were lifted towards the end of the year.

Aside from in-person transactions, we continued to conduct virtual meetings and presentations for the convenience of our existing and prospective members. In the same way, we maintained the online disbursements of loan proceeds through UnionBank Pesonet fund transfers.

The wellbeing of our staff has always been a priority to us. Thus, we helped them secure COVID-19 booster shots from their respective local government units and gave them flexible work schedules.

## 2022 PERFORMANCE

Now that it's the third year of the COVID-19 pandemic, the economic implications of the crisis have become even more apparent. Global economies struggled to get back on their feet, hoping to recover losses accumulated during the past two years. To make matters worse, other unexpected situations such as the Russia-Ukraine war, soaring inflation rates, fuel crisis, natural disasters, and increasing cost of living worldwide further aggravated the already tough scenario.

We, too, felt the adverse impact on the market as PERAA's calendar year ended December 31, 2022, posted an ROI of -3.11%, which is the first ever negative ROI we posted in 50 years and, hopefully, will be the last.

Through the judicious and careful management of our Fund Managers, namely, Metrobank, ATRAM Investment Management, BDO Private Bank, Credit Suisse, BPI, and Bank of Singapore, we were able to cushion the negative market impact and ended at a lower negative return than the deep losses seen in most of the other investment funds.

The wise call of the Board of Trustees to diversify asset allocation, to employ a higher currency mix, and to include alternative assets critically contributed to the Fund's stability and enabled it to ride the volatility of the capital market.

PERAA's Total Assets for 2022 stands at Php7.768 billion, a 1.94% decrease from Php7.922 billion in 2021. The Total Members' Fund is Php7.269 billion or 2.2% less than the previous year's Php7.433 billion.

On the other hand, our Outstanding Multi-purpose Loan balances as of December 31, 2022 stand at Php211 million up by 8.20% versus the past year's Php195 million.

Our Team with our consultants, fund managers, and our Board of Trustees, vigilantly and meticulously monitor and oversee the health of the Fund to protect the interest of all our members. Our commitment to serving the Private

Education sector with excellence is as strong, or even more intense, as it was when we opened our doors 51 years ago.

## LOAN UTILIZATION

As we realized the extent of the ordeal that our members, like the rest of our countrymen, faced because of the lingering health crisis, your Board decided to extend the COVID-19 Loan Response Program up to December 31, 2022. The annual effective interest rates PERAA's COVID-19 Loan Program offered were the lowest ever given by a Philippine private retirement fund. Our (classic) Multi-Purpose Loan's (MPL) interest rate stood at only 3% per annum, the Expanded Multi-Purpose Loan's (EMPL) rates ranged from 3% to 5% depending on the amortization period, and the Multi-Purpose Loan Plus' (MPL Plus) interest rates were from 4% to 5%. These rates were very affordable as member-borrowers who applied for an MPL could loan up to Php50,000, and those who opted for EMPL could borrow amounts up to Php200,000. While members who availed of MPL Plus were extended loan amounts above Php200,000.

In 2022, we noticed a sharp increase in loan utilization, which could indicate the impact of rising inflation rates and higher living costs for us. A total of 3,385 member-borrowers from 1,444 Participating Institutions availed of our various Multi-Purpose Loan programs with a total loan amount of Php240 million. It's a 22.67% increase from last year total loan released of Php206 million.

Of the Total Loan released in 2022, Php56.88 million were released to 2,086 MPL (classic) borrowers. While a total of Php131.78 million were loaned by 1,275 member-borrowers on the Expanded MPL. For MPL Plus, a total of Php51.05 million was extended to 150 member-borrowers.

## ACKNOWLEDGING OUR MEMBER-BORROWERS

Throughout the year, we welcomed numerous requests for financial loans or assistance from our valued Participating Institutions (PIs) and member-employees. Our top borrower had a total loan amount of Php750,000.00 for a five-year term; next were three (3) borrowers with a loan amount of Php500,000.00 each for two-year term. The majority amount loaned for the year was Php300,000.00 for an average term of three (3) years. In contrast, the smallest loan was extended at Php2,000 for a one-year term.

# Treasurer's Report

VICENTE K. FABELLA  
Treasurer  
Trustee from NCR



## DISBURSING BENEFIT PAYOUTS

For 2022, the Fund saw a drop in claims. Benefit payouts were given to 2,851 members, or 14.69% less compared to the 3,342 members who filed for claims last year. The total benefit payments disbursed in 2022 was Php582 million, a 21.26% decrease versus Php739 million in 2021.

Here is a comparative breakdown of the benefit payouts for 2022 and 2021.

| Benefit Payments           | 2022        | 2021        |
|----------------------------|-------------|-------------|
| Retirement                 | 297,487,979 | 357,055,070 |
| Repurchase                 | 120,340,636 | 100,769,699 |
| Benefits from Reserve Fund | 108,231,796 | 199,808,716 |
| Forfeited benefit claims   | 23,334,239  | 19,288,909  |
| Death                      | 24,252,837  | 30,001,028  |
| Separation-from-Service    | 8,678,603   | 32,759,396  |
| Disability                 | 94,032      | 0           |
| Total Benefit Payments     | 582,420,122 | 739,682,818 |

## MOVING FORWARD

On top of maintaining the Fund's strength, wealth, and health, we have stepped up efforts to enhance our accessibility and relevance. Through a step-up digitalization campaign, we have begun the roll-out of our Membership Management Information System 2.0 (MMIS 2) in 2022. MMIS 2 is a web-based platform that enables external users, the Participating Institutions and member-employees, and internal users or PERAA staff and management, to initiate and facilitate transaction requests, monitor and track fund value, contributions, and existing loan balances, send remittance lists, and submit and process PERAA benefit applications.

This comprehensive digital touchpoint will enable us to easily interact, assist, and serve the thousands of member-employees and Participating Institutions across the Philippines who depend on us for financial assistance and their retirement benefit. Our experiences from the past two years have prompted us to explore a more straightforward method of interacting with our clients so that not even the strictest mobility restrictions can hinder them from receiving PERAA's services.

I would like to thank each and every member of our staff who has worked tirelessly to ensure that PERAA maintains its smooth operations. Their perseverance and can-do attitude were inspiring during these trying times.

I am grateful to our Board of Trustees, past and present, for their wisdom and sound governance. Their foresight and contributions have enabled us to lay a solid groundwork for the Fund and prepared us for an eventuality such as this.

I extend my deep appreciation to our Fund Managers for watchfully safeguarding the Fund and keeping the best interests of our stakeholders in mind.

Most of all, I sincerely thank our loyal PERAA members and Participating Institutions for their unfailing confidence and trust in our organization. We draw our inspiration to overcome current obstacles from you.

Together, let us set our sights on a brighter and stronger PERAA.

*Bernadette M. Nepomuceno*  
BERNADETTE M. NEPOMUCENO  
President

The year 2022 was confronted with a high degree of uncertainty that warranted a vigilant stance from investors at home and around the globe. Although it was already the 3rd year of the COVID-19 pandemic, a period that most nations and organizations thought would herald the beginning of the end of the health crisis, an even more transmissible and highly infectious variant called “Omicron” once again pushed daily cases to new highs. The rising numbers caused by the latest variant threatened to escalate the Philippines’ status back to the previous crippling alert level 4 mobility restrictions, the second highest level of lockdown in the country, to mitigate the spread of the virus.

This uncertainty caused panic in the market as another hard lockdown could bring the economy to its knees. As it was, the country was still struggling to get back on track since it was one of the last few nations to open its borders and lift safety and community containment measures.

Though offshore developed countries were more decisive and resolute in opening their economies, a much larger, impending concern forced global central banks to quickly address the heating inflation rates using large, drastic measures.



The excessive monetary accommodation implemented by international central banks during the long-term pandemic pushed inflation in global economies to historic highs that were not seen in decades. With this looming risk, the United States Federal Reserve (US Fed) signaled the end of its quantitative easing as it intensified efforts to manage and curb inflation back to its target level of 2%. To achieve this, the US Fed implemented a plan to raise rates until it became evident that inflation had not only peaked but was returning to a trending decline. This scenario influenced the direction of the global market and the local economy for 2022.

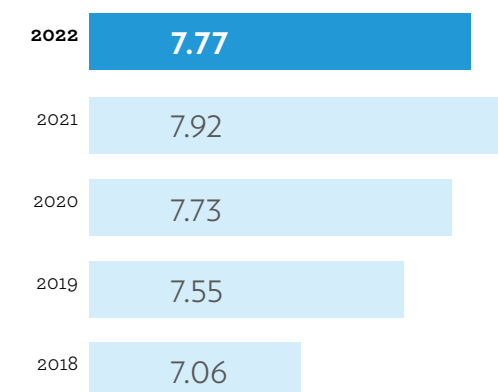
The US Fed's drastic move startled investors, who then started selling off risky asset positions that drove the local bourse, the Philippine Stock Exchange Index (PSEi), to plummet quite sharply. Surprisingly, the PSEi and the Philippine Peso remained resilient, albeit only for a short term, as Philippine stocks finally gave way and followed the rest of global equities downwards. However, this decline lingered due to the depreciating Peso and persistently weakening global markets.

Amid these stubborn inflation hikes, an unexpected event happened: Russia invaded Ukraine. This conflict deeply exacerbated the sharp rise in commodity prices, triggering crude oil prices to surge even higher. The Philippines, a net oil importer with 65% of its Gross Domestic Product (GDP) coming from domestic consumption (primarily driven by food and energy prices), saw inflation rates jump higher and experienced a major risk to its annual growth.

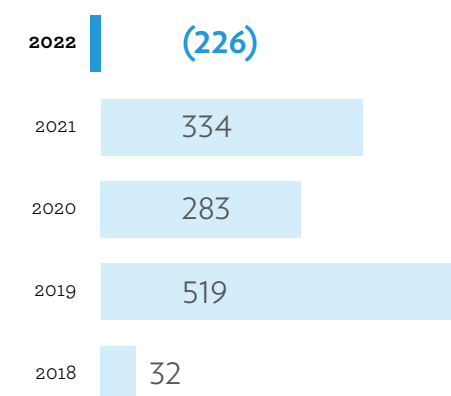
In an effort to stop the geopolitical conflict from worsening, Western nations increased sanctions against Russia. However, instead of seeing a swift end to the Russian-Ukraine crisis, Russian President Vladimir Putin vowed to continue it. This move drove oil prices further up and negatively impacted the Philippine economy.

With the hostilities showing no signs of waning and inflation remaining stubbornly high, interest rates began to move upwards. In March 2022, the US Fed announced its first rate hike, followed by consecutive, aggressive, and huge interest rate increases to bring down inflation, which already hit a 21-year high. In over a year, the US central bank raised the Fed Funds rate close to five percentage points from zero.

#### ASSETS (In Billion Pesos)



#### NET INVESTMENT EARNINGS (LOSS) (In Million Pesos)



The European Union (EU) also raised rates for the first time in 11 years, ending its era of negative interest rates. With all this pressure, the Bangko Sentral ng Pilipinas (BSP) was eventually forced to follow suit. However, its delayed implementation, a welcome move to investors, led to the Peso's sharp depreciation. The Philippine Peso (PHP) was only at Php51 against the US Dollar at the start of the year, yet during the 3rd quarter of 2022, it traded close to Php59 to a Dollar before it slightly bounced back to Php55.755 to

close the year, a considerable depreciation of 9.32% from the previous year.

This level of Peso depreciation hurt the domestic market, making it more expensive for foreign investors. Thus, many were compelled to exit the Philippine market. The insistent rate hike caused the PSEi to slump to 6,566, a drop of 7.81% from 7,122 at the beginning of the year. Fixed-income investment prices were not spared as yields increased 225 - 250 basis points parallel with the increase in inflation and rate hikes, and prices moved to the same extent but in the opposite directions. By year-end, bond holdings have badly deteriorated.

Trading was also affected by the choppy market, caused by the anticipation of inflation finally reaching its peak. Scenarios of markets rallying or showing signs of recovery were short-lived as following trades experienced steep drops that were sometimes deeper than the previous level. Even the PSEi touched a support level of 5,700 and then recovered above 6,000, proving the Philippine economy's resiliency amidst this harsh environment.

This resilience became more palpable when the mobility restrictions were finally eased, triggering momentum in the country's economic recovery. Corporate earnings, especially those of banks and consumer companies, demonstrated a resurgence as early as the second quarter. Amazingly, the Philippines' gross domestic product (GDP) challenged the conditions by growing +7.6% in the third quarter. Although the PSE Composite Index or Phisix slightly declined -7.8% to 6,566, it performed better compared to overseas markets like Nasdaq, which nose-dived -33%, and Standard & Poor's 500 (S&P 500 index) tumble of -19%.

In terms of fixed income, the drop in headline inflation led to a decrease in bond prices and a rally in yields. Yields further bounced as the US Fed remained hawkish, aggressively supporting higher interest rates. Soon after, the market showed a preference for Philippine fixed-income after yields in the Philippines also moved higher.

The PERAA Fund also felt the challenging market conditions. However, through the active monitoring and management of our fund managers, its impact was softened to a muted -3.11% performance for 2022, PERAA's first negative return on investment (ROI) in its 50 years of service. What also helped dampen its effects is our new real estate property, The Glaston Tower, which was turned over as scheduled during the pandemic and appraised higher than the purchase price. More importantly, the PERAA's Board of Trustees' prudent and watchful management of the Fund, as seen through its aggressive participation in Philippine Fixed Income Issuances by the Bureau of Treasury (BTr), allowed us to lock in high yields at accrual, adding stability to the Fund while providing regular cashflows through accrual of interest.

The Board's decision in the previous years to allow the Fund to adopt a more diverse asset allocation, higher currency mix, and add alternative assets, to name a few, prepared and strengthened the Fund's stability during these arduous and unprecedented times.

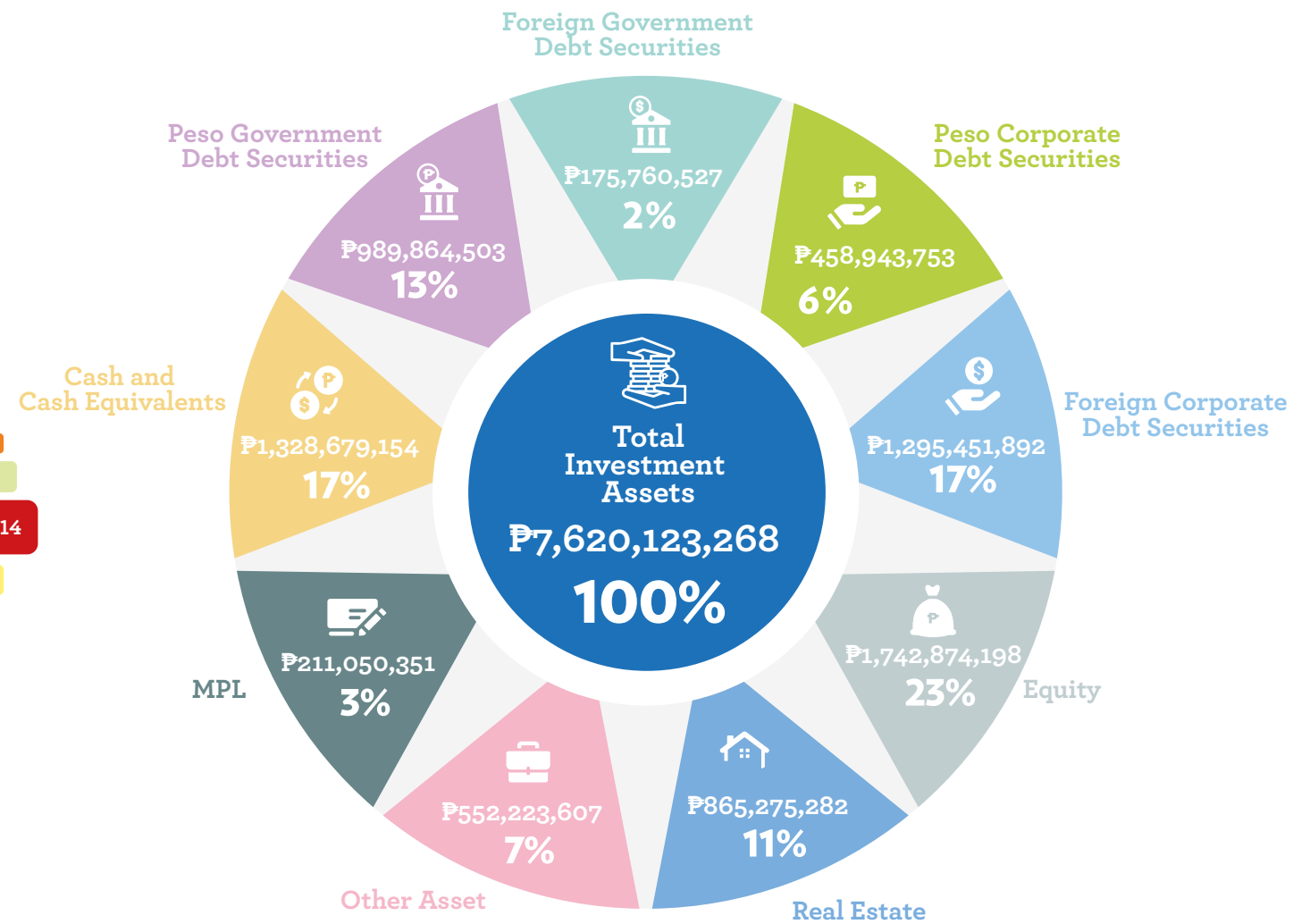
These efforts cushioned the impact on the Fund resulting to only 1.94% decrease in the Net Assets for CY 2022 of Php7.564 billion versus Php7.735 billion in 2021. Net Assets Available for Distribution to Members also declined by -2.20% at Php7,270 billion less than the previous year's Php7,433 billion.

Though the threats are still very much present, and headwinds have not abated, we at PERAA faced 2023 with renewed hope, determination, and a stronger commitment to press on with our pledge of leading the PERAA Fund towards better years to come. Rest assured that as we work towards continuous improvement and pursue promising opportunities, all decisions of the Board will be matched with enhanced prudence in managing our risks. Your steadfast support and confidence in the Fund continue to inspire us to reach for new accomplishments in the months and years to come.

  
VICENTE K. FABELLA  
Treasurer  
Trustee from NCR

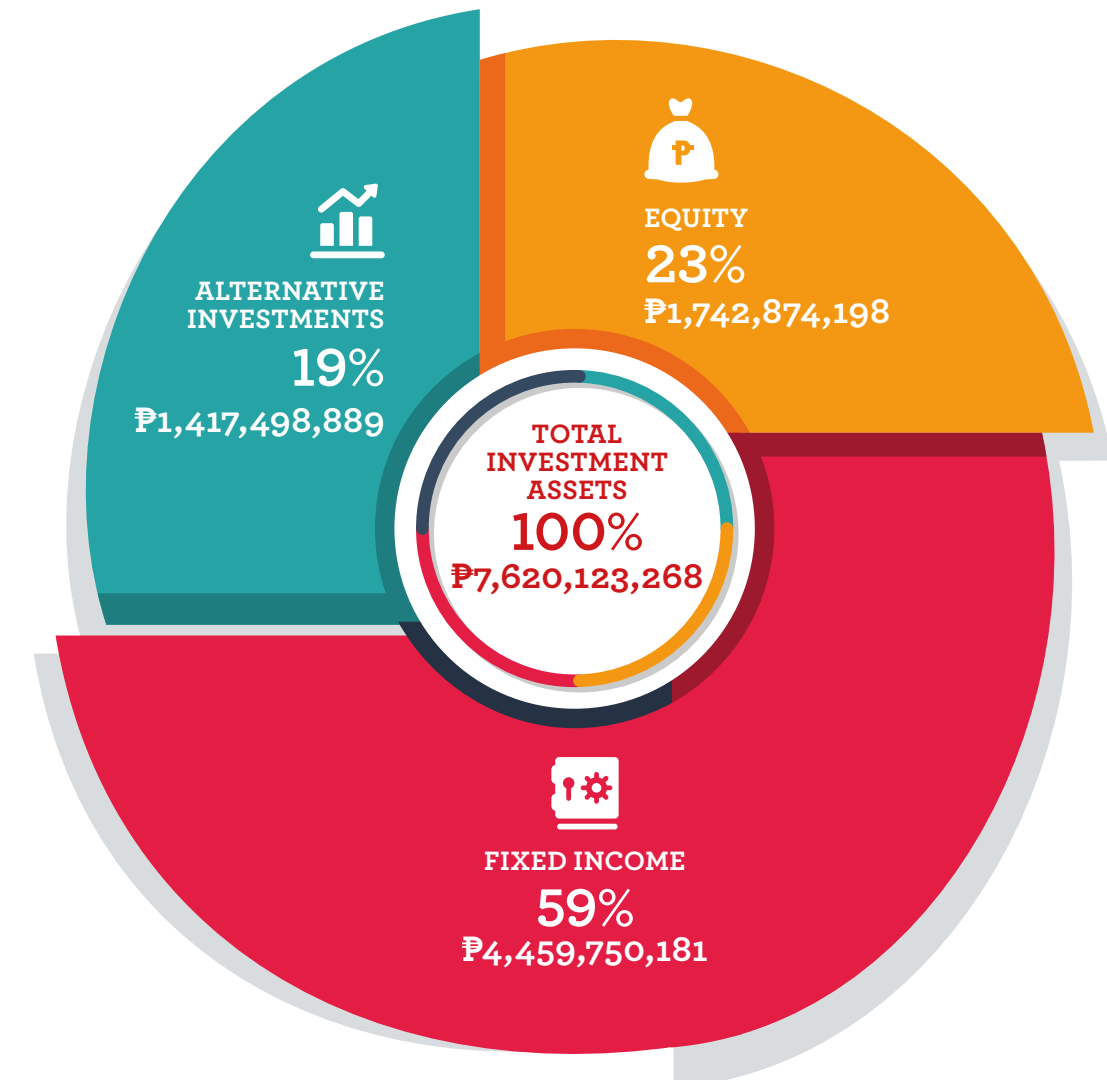
# Investment Portfolio

As of December 31, 2022



# Investment Profile

As of December 31, 2022



\*Cash & Cash Equivalents as well as MPL are included in Fixed Income

\*\*Alternative Investments comprise of the following:  
a. Real Estate Investments amounting to ₱865 Mn.  
b. Other Asset amounting to ₱552 Mn.



# The PERAA Board of Trustees



**Fr. Antonio S. Samson, S.J.**  
Chairman | Trustee (At-Large)



**Ms. Bernadette M. Nepomuceno**  
President



**Dr. Karen Belina F. De Leon**  
Trustee (At-Large)



**Dr. Patricia Bustos-Lagunda**  
Trustee (Luzon)



**Fr. Roberto C. Yap, S.J.**  
Trustee (At-Large)



**Fr. John Christian U. Young**  
Vice Chairman | Trustee (Mindanao)



**Dr. Vicente K. Fabella**  
Treasurer | Trustee (NCR)



**Dr. Elizabeth Quirino-Lahoz**  
Trustee (At-Large)



**Br. Raymundo B. Suplido, FSC**  
Trustee (At-Large)



**Sr. Caroline S. Capili, OP**  
Trustee (At-Large)



**Br. Joaquin Severino S. Martinez, FSC, D. Min**  
Trustee (Visayas)

# Board of Trustees’ Profiles

**Fr. ANTONIO S. SAMSON, S.J.**

Chairman / Trustee (At-Large)  
Vice Chairman, Sacred Heart School - Ateneo de Cebu

**ACADEMIC BACKGROUND**

Doctor of Philosophy, Chemistry, Brandeis University, Waltham, MA, USA • M.A. and PhD in Chemistry, Brandeis University, Waltham, MA, USA • M.A. in Philosophy, Berchmans College, Cebu City • Bachelor of Arts in Chemistry, Ateneo de Manila University, Quezon City

**PROFESSIONAL & CIVIC ACTIVITIES**

Trustee/Chairman, Private Education Retirement Annuity Association (PERAA) • Chairman, Realty Investments, Inc. (RII) • Vice Chairman, Sacred Heart School – Ateneo de Cebu, Mandaue City • Vice Chairman, Philippine Institute of Pure and Applied Chemistry (PIPAC) • Director, Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) • Former President, Ateneo de Davao University • Former President, Xavier University • Former President, Davao Medical School Foundation • Former Executive Vice President, Ateneo de Manila University

**BERNADETTE M. NEPOMUCENO**

President

**ACADEMIC BACKGROUND**

M.A. in Psychology (candidate) Ateneo de Manila University • A.B. Psychology (University of the Philippines)

**PROFESSIONAL & CIVIC ACTIVITIES**

President, Private Education Retirement Annuity Association • Chairman Emeritus, Carl Jung Circle Center • Founding Member, Friends of Jung • Director, National Teachers College (2018 to present) • Director, University of Nueva Caceres (2015 to present)

**FR. JOHN CHRISTIAN U. YOUNG**

Vice-Chairman / Trustee (Mindanao)  
President, Father Saturnino Urios University

**ACADEMIC BACKGROUND**

Doctorate in Missiology, Pontifical Gregorian University, Rome, Italy • Licentiate in Missiology, Pontifical Gregorian University, Rome, Italy • M.A. Pastoral Ministry, Ateneo de Manila University • Bachelor of Sacred Theology, Loyola School of Theology, Ateneo de Manila (Granted by Fu Jen Catholic University, Taipei, Taiwan)

**PROFESSIONAL & CIVIC ACTIVITIES**

Vice Chairman | Member: Investment Committee | (present), Private Education Retirement Annuity Association (PERAA) • Board of Trustee, Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU) • Regional Program Director for Caraga, Private Education Assistance Committee (PEAC) • National Executive Board, Boy Scouts of the Philippines • Vice<sup>1</sup> Council Chairman, Boy Scouts of the Philippines Agusan Council • Board of Consultants and Senate of Priests, Diocese of Butuan • Convenor, Save Taguibo Watershed Network (STWN) • Member, Butuan City Tourism Council • Board Member, De La Salle John Bosco College (Mangagoy, Bislig City) •

Board Member, Asian University Digital Resource Network (AUDRN) • Member, Philippine Association of Catholic Missiologists • Board Member, Mindanao Studies Consortium Foundation, Inc. (MSCFI) • Vice Chairman, Foundation for Philippine Environment • Chairman, FSUU Foundation, Inc. • Representative, Civil Society Organization – Local Investment Board, City of Butuan • Board of Trustee, Catholic Educational Association of the Philippines (CEAP) NHEC-2014 to 2020; Member, Finance Committee • Board Member, Marywoods Academy, Inc. (Malaybalay City, Bukidnon) • Member, CHED K to 12 Transition Scholarship • Member, Standing Committee on Higher Education & Teacher Education Development (EDCOMM II) TWG • Chairman, National Committee for Catholic Scouting

**VICENTE K. FABELLA**

Treasurer / Trustee (NCR)  
President, Jose Rizal University

**ACADEMIC BACKGROUND**

Ph.D. Business, Administration, University of the Philippines • M.A. Business Administration, Columbia Business School, New York • M.A. Public Administration, Columbia School of International and Public Affairs, New York • A.B. Economics and Development Studies, Brown University, Rhode Island

**PROFESSIONAL & CIVIC ACTIVITIES**

President, Jose Rizal University • Member-Board of Trustees/Treasury, Private Education Retirement Annuity Association (PERAA) • Member, CHED UNIFAST Governing Board • Member-Board of Advisors, Philippine Business in Education • Member of the Board, Academy on International Business (Southeast Asia Region) • Member-CHED Technical Working Group of K to 12 Implementation and Transition • Member, CHED Task Force on Pre-Baccalaureate Year • Member, Association of Southeast Asian Institutions of Higher Learning (ASAIHL) • Former President (2 terms), Philippine Association of Colleges and Universities (PACU) • Former Chairman, Coordinating Council of the Philippine Educational Associations • Former President, Philippine Association of Colleges and Schools of Business • Former President, National Collegiate Athletics Association • Ulirang Mandaleño Award for Education • Standing Committee Members, The Second Congressional Commission on Education (EDCOM2)

**ELIZABETH QUIRINO-LAHOZ**

Trustee (At-Large)  
Chairman and President, Technological Institute of the Philippines

**ACADEMIC BACKGROUND**

Doctor of Philosophy in Education Major in Educational Administration, University of the Philippines • Master in Business Administration for Senior Executives and Professionals, Ateneo de Manila University Graduate School of Business • A.B. in Communication Arts, Maryknoll College • Most Outstanding Dissertation, College of Education, University of the Philippines, 2006 • Distinguished Educator by the University of the Philippines Education Alumni Association (UPEAA), 2010 • Class Valedictorian, Magna Cum Laude, and Communication Arts area awardee, Maryknoll College, 1973

**PROFESSIONAL & CIVIC ACTIVITIES**

Member, Board of Trustees, Philippine Association of Colleges and Universities (PACU) • Amazing Alumni Achiever Awardee 2018, Maryknoll/Miriam College Alumni Association • Go Negosyo’s Inspiring Women Entrepreneurs of 2016, under the Large Enterprise Category • PLT Eminent Filipino Women Educators Award, Pi Lambda Theta (PLT), 2013

**KAREN BELINA F. DE LEON**

Trustee (At-Large)  
President, Misamis University

**ACADEMIC BACKGROUND**

Executive Program – Transforming Education Leaders Through Effective Policy Reforms, Lee Kuan Yew School of Public Policy, National University of Singapore May 2019 • Doctor of Education Major in Educational Management (Misamis University) • Master in Business Administration (M.U.) • Doctor of Medicine, University of the East • Ramon Magsaysay Memorial Medical Center • Bachelor of Arts (University of the Philippines)

**PROFESSIONAL & CIVIC ACTIVITIES**

President, Misamis Bank, Inc. • Trustee, Philippine Association of Colleges and Universities (PACU)

**PATRICIA BUSTOS-LAGUNDA**

Trustee (Luzon)  
President, Baliuag University

**ACADEMIC BACKGROUND**

Ph.D. in Educational Leadership and Management (Executive Program) Degree Program with Distinction (De La Salle University, Manila) • Master in Business Administration (Asian Institute of Management, Makati) • Bachelor of Arts in Economics (University of the Philippines, Diliman, Q.C.)

**PROFESSIONAL & CIVIC ACTIVITIES**

Regional Vice President for Luzon, Philippine Association of Colleges and Universities (PACU)

**FR. ROBERTO C. YAP, S.J.**

Trustee (At-Large)  
Board Member, Loyola School of Theology

**ACADEMIC BACKGROUND**

Doctor of Philosophy in Economics, University College London, UK • Master in Public Policy, Harvard University, Cambridge MA, USA • M.A. in Theology, Ateneo de Manila University • Bachelor in Sacred Theology, Loyola School of Theology • M.A. in Economics, New School for Social Research, New York, USA • Bachelor of Arts in Economics (Honors Program), Ateneo de Manila University

**PROFESSIONAL & CIVIC ACTIVITIES**

President, Ateneo de Manila University • Trustee, Private Education Retirement Annuity Association (PERAA) • Independent Director, Metro Pacific Investment Corporation • Board Advisory Committee Member, PLDT • President, Association of Jesuit Colleges and Universities-Asia Pacific • Board Member, International Association of Jesuit Universities • Trustee, Loyola School of Theology • Trustee, Ateneo de Naga University • Former President, Xavier University – Ateneo de Cagayan • Former Province Treasurer, Jesuit Philippine Province

**BR. RAYMUNDO B. SUPLIDO FSC, PH.D.**

Trustee (At-Large)  
Chairman /President, Lasallian Supervised Schools Supervision Services Assoc., Inc.  
Member, De La Salle Brothers, Inc.

**ACADEMIC BACKGROUND**

Ph.D. in Counseling Psychology with High Distinction (De La Salle University-Manila) • M.A. in Education-Educational Management Magna Cum Laude (De La Salle University-Manila) • Baccalaureate and Licentiate in Clinical Psychology Magna Cum Laude (Pontifical Gregorian University, Rome, Italy) • Bachelor of Arts and Bachelor of Science in Education Magna Cum Laude (De La Salle UniversityManila) • Certificate in Religious Formation, Institute of Religious Formation (St. Louis University, Illinois, USA)

**PROFESSIONAL & CIVIC ACTIVITIES**

President, De La Salle University Science Foundation • Member, Board of Trustees, La Salle Greenhills • Chairman, Board of Trustees, De La Salle Lipa • Chairman, Board of Trustees, De La Salle Santiago Zobel School • Member, Board of Trustees, De La Salle – College of St. Benilde • Chairman, Board of Trustees, Lasallian Supervised Schools Supervision Services Assoc., Inc. • Chairman, Board of Trustees, Br. Anelino Manuel Catechetical & Rel. Ed. Foundation • President, 1911 Insurance Agency • Member, Brothers of the Christian Schools (La Salle Brothers)

**SR. CAROLINE S. CAPILI, OP**

Trustee (At-Large)  
President  
Notre Dame Hospital-Siena College of Cotabato, Inc. Cotabato City

**ACADEMIC BACKGROUND:**

Certificate in Educational Leadership Harvard Institute of Higher Education (Harvard University, USA) • Ph.D. in Education (University of Santo Tomas) • M.A. in Educational Management (Xavier University, Cagayan de Oro City) • BSC Accounting (Notre Dame of Dadiangas University) • Executive Course in Hospital Administration (UP-Manila)

**BR. JOAQUIN SEVERINO S. MARTINEZ, FSC, D. MIN**

Trustee (Visayas)  
President, University of St. La Salle

**ACADEMIC BACKGROUND**

Doctor in Educational Leadership and Management (CAR), De La Salle University Manila • Doctor of Ministry, San Francisco Theological Seminary, California • M.A. Theological Studies, Ateneo de Manila University • B.S. Pharmacy, University of the Philippines, Diliman • Educational Leadership Workshop – Harvard Institute of Education • Leadership in Times of Crises Workshop - Wharton School • AIM CHED GALP Class, March 2022

**PROFESSIONAL & CIVIC ACTIVITIES**

President, University of St. La Salle, August 15, 2023-present • President and Chancellor, University of St. La Salle, May 16, 2017-August 14, 2023 • President, St. Joseph High School La Salle, Bacolod City, 2019-present • President, La Salle College-Victorias, Victorias City May 2017-May 2023 • Chairman of the Board, La Salle Academy, Iligan City, Dec 2015 to 20019 / Board of Trustees, 2011 – 2019 • Board of Incorporators, De La Salle University Manila, 2003 to Present • Board of Trustee, La Salle Greenhills, 2020 – July 2022 • De La Salle University Manila, Board of Incorporators, 2003 to Present • Board of Trustee, La Salle University, Ozamiz City, Misamis Oriental, 2005 to Present • Regional Director, International Association of La Salle Universities (IALU), September 2022 – Present • Catholic Education Associations of the Philippines – Negros Island Region (CEAP NIR – October 2022 –Present)



# Consultants and Management Team



Joseph Jason M. Natividad  
Board Secretary  
Consultant



Diosdado G. Madrid  
Legal Counsel  
(For Corporate Business, Consultant)



Bernadette M. Nepomuceno  
President



Liza H. Fadol  
Vice President  
Operations



Roushelle T. Nazario  
Vice President  
Finance



Soledad A. Cayari  
Director  
Member Services



Jennifer P. Tanate  
Director  
Institutional Relations Services



Mr. Erwin S. Querido  
Manager  
Information Technology Services



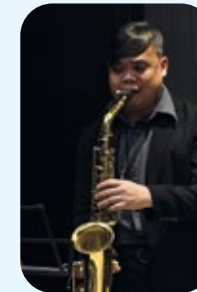
Myllah D. Garcia  
Assistant Manager  
Database Services



Mary Grace D. Uy  
Assistant Manager  
Accounting Department









PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION FUND

# Independent Auditor’s Report

**The Board of Trustees and Members**  
**Private Education Retirement Annuity Association Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Private Education Retirement Annuity Association Fund (the Fund), which comprise the statements of net assets available for distribution to members as at December 31, 2022 and 2021, and the statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

**Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance is responsible for overseeing the Fund’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

**Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and 34-2020**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and 34-2020 in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Private Education Retirement Annuity Association Fund. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Ray Francis C. Balagtas*

Ray Francis C. Balagtas  
Partner  
CPA Certificate No. 108795  
Tax Identification No. 216-950-288  
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024  
SEC Partner Accreditation No. 108795-SEC (Group A)  
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions  
SEC Firm Accreditation No. 0001-SEC (Group A)  
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions  
BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023  
PTR No. 9369775, January 3, 2023, Makati City

August 31, 2023

## PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION FUND

# Statements of Net Assets Available for Distribution to Members

|  | December 31           |                |
|--|-----------------------|----------------|
|  | 2022                  | 2021           |
| <b>ASSETS</b>  |                       |                |
| Cash and cash equivalents (Notes 7 and 10)                                 | <b>₱601,451,713</b>   | ₱663,639,111   |
| Financial assets at fair value through profit or loss (Note 8)             | <b>4,800,461,549</b>  | 5,158,984,011  |
| Financial assets at fair value through other comprehensive income (Note 9) | <b>533,883,148</b>    | 646,238,659    |
| Loans and receivables (Note 10)  | <b>499,809,722</b>    | 385,977,719    |
| Hold-to-collect investment securities (Note 11)                            | <b>359,060,345</b>    | 210,600,000    |
| Property and equipment (Note 12)   | <b>43,393,519</b>     | 46,099,024     |
| Software costs (Note 13)   | <b>5,666,554</b>      | 2,324,133      |
| Investment properties (Note 14)  | <b>865,275,282</b>    | 517,839,001    |
| Other assets (Note 14)   | <b>59,773,103</b>     | 290,821,565    |
|  | <b>₱7,768,774,935</b> | ₱7,922,523,223 |
| <b>LIABILITIES</b>   |                       |                |
| Accounts payable and other liabilities (Note 15)                           | <b>₱92,980,741</b>    | ₱51,688,498    |
| Members' deposits (Note 19)  | <b>102,750,648</b>    | 135,542,918    |
| Benefits payable   | <b>8,996,354</b>      | 181,228        |
|  | <b>204,727,743</b>    | 187,412,644    |
| <b>NET ASSETS</b> (Note 19)  | <b>7,564,047,192</b>  | 7,735,110,579  |
| <b>LESS SPECIAL RESERVES</b> (Note 21)                                     | <b>294,161,098</b>    | 301,614,455    |
| <b>NET ASSETS AVAILABLE FOR DISTRIBUTION TO MEMBERS</b>                    | <b>₱7,269,886,094</b> | ₱7,433,496,124 |

See accompanying Notes to Financial Statements

## PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION FUND

# Statements of Operations

|  | Years Ended December 31 |              |
|--|-------------------------|--------------|
|  | 2022                    | 2021         |
| <b>INVESTMENT INCOME (LOSSES)</b>  |                         |              |
| Interest income  |                         |              |
| Investment securities (Notes 8, 9, 11)   | <b>₱150,863,162</b>     | ₱144,235,128 |
| Loans and receivables (Note 10)  | <b>5,834,284</b>        | 7,641,795    |
| Cash and cash equivalents (Note 7)   | <b>102,868</b>          | 106,546      |
|  | <b>156,800,314</b>      | 151,983,469  |
| Foreign exchange gains   | <b>290,927,883</b>      | 172,423,996  |
| Gain (Loss) on sale of investments (Notes 8 and 9)   | <b>(161,652,001)</b>    | 137,720,708  |
| Dividends  | <b>38,245,771</b>       | 35,753,593   |
| Miscellaneous income (Notes 14, 22, and 24)  | <b>15,389,862</b>       | 15,817,248   |
|  | <b>339,711,829</b>      | 513,699,014  |
| Unrealized loss on revaluation of financial assets at fair value through profit or loss (Note 8) | <b>(431,619,387)</b>    | (51,054,896) |
| Gain on revaluation of investment properties (Note 14)   | <b>76,892,598</b>       | -            |
| <b>TOTAL INVESTMENT INCOME (LOSS)</b>  | <b>(15,014,960)</b>     | 462,644,118  |
| <b>EXPENSES</b>  |                         |              |
| Operating expenses (Note 23)   | <b>63,590,387</b>       | 59,952,334   |
| Investment expenses (Note 14 and 18)   | <b>26,318,326</b>       | 22,437,294   |
| Provision for credit losses (Note 6)   | <b>24,171,604</b>       | -            |
| <b>TOTAL EXPENSES</b>  | <b>114,080,317</b>      | 82,389,628   |
| <b>EXCESS (DEFICIENCY) OF INVESTMENT INCOME OVER EXPENSES</b>                                    | <b>(₱129,095,277)</b>   | ₱380,254,490 |

See accompanying Notes to Financial Statements



## PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION FUND

# Statements of Comprehensive Income

|  | Years Ended December 31 |                     |
|--|-------------------------|---------------------|
|  | 2022                    | 2021                |
| <b>EXCESS (DEFICIENCY) OF INVESTMENT INCOME OVER EXPENSES</b>                        | <b>(₱129,095,277)</b>   | <b>₱380,254,490</b> |
| <b>OTHER COMPREHENSIVE LOSS</b>  |                         |                     |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods: |                         |                     |
| Net change in fair value of financial assets at FVOCI (Note 9)                       | (97,354,343)            | (45,680,810)        |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>   | <b>(₱226,449,620)</b>   | <b>₱334,573,680</b> |

See accompanying Notes to Financial Statements

## PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION FUND

# Statements of Cash Flows

|  | Years Ended December 31 |                     |
|--|-------------------------|---------------------|
|  | 2022                    | 2021                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                         |                     |
| Excess of investment income over expenses  | (₱129,095,277)          | ₱380,254,490        |
| Adjustments for:   |                         |                     |
| Foreign exchange gains   | (290,927,883)           | (172,423,996)       |
| Interest income (Notes 7, 8, 9, 10 and 11)   | (156,800,314)           | (151,983,469)       |
| Provision for credit losses  | 24,678,740              | –                   |
| Unrealized loss on revaluation of financial assets at fair value through profit or loss (Note 8) | 431,619,387             | 51,054,896          |
| Dividends  | (38,245,771)            | (35,753,593)        |
| Depreciation and amortization (Notes 12 and 13)  | 4,891,922               | 4,184,560           |
| Retirement expense (Notes 16 and 23)   | 1,926,634               | 3,607,192           |
| Fair value gain on investment properties (Note 14)   | (76,892,598)            | –                   |
| Changes in operating assets and liabilities:   |                         |                     |
| Decrease (increase) in amounts of:   |                         |                     |
| Financial assets at fair value through profit or loss  | 217,830,958             | (207,643,394)       |
| Loans and receivables  | (211,947,593)           | (143,727,568)       |
| Other assets   | –                       | 288,805             |
| Increase (decrease) in amounts of:   |                         |                     |
| Members' deposits  | 129,198,721             | 95,793,268          |
| Benefits payable   | (8,815,126)             | (5,123,757)         |
| Accounts payable and other liabilities   | (33,267,453)            | (5,393,390)         |
| Net cash generated from (used in) operations   | (135,845,653)           | (186,865,956)       |
| Interest received  | 152,770,242             | 155,170,709         |
| Net cash generated from (used in) operating activities   | 16,924,589              | (31,695,247)        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                         |                     |
| Proceeds from maturities of:   |                         |                     |
| Financial assets at FVOCI investments  | 36,377,711              | 296,373,822         |
| Hold-to-collect investment securities  | 50,000                  | 254,050,000         |
| Acquisitions of:   |                         |                     |
| Financial assets at FVOCI investments  | (21,376,543)            | (275,641,004)       |
| Hold-to-collect investment securities  | (148,510,345)           | (31,000,000)        |
| Investment properties (Notes 14 and 20)  | (39,547,209)            | –                   |
| Property and equipment (Note 12)   | (506,093)               | (1,006,627)         |
| Software cost (Note 13)  | (4,970,758)             | (735,500)           |
| Dividends received   | 38,598,807              | 36,052,922          |
| Net cash generated from (used in) investing activities   | (139,884,430)           | 278,093,613         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                         |                     |
| Deductions from members' equity (Note 20)  | (602,232,134)           | (763,230,021)       |
| Members' contributions   | 561,211,951             | 530,820,604         |
| Net cash used in financing activities  | (41,020,183)            | (232,409,417)       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                      | <b>(163,980,024)</b>    | <b>13,988,949</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>  | <b>765,431,737</b>      | <b>649,650,162</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>  | <b>₱601,451,713</b>     | <b>₱663,639,111</b> |

See accompanying Notes to Financial Statements

## PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION FUND

## Statement of Changes in Net Assets

|   | Members' Equity<br>(Note 19) | Surplus (Deficit)<br>(Note 21) | Net Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income<br>(Note 9) | Remeasurement Gain on Retirement Plan<br>(Note 16) | Net Assets Available for Distribution to Members | Special Reserves (Note 21) |              |                |              |                |
|---|------------------------------|--------------------------------|--|--|--|----------------------------|--------------|----------------|--------------|----------------|
|   |                              |                                |  |  |  | Appropriated Projects      | Contingency  | Other Reserves | Subtotal     | Total          |
| Balance at January 1, 2022  | ₱7,408,551,570               | ₱32,865,647                    | ₱42,859  | (₱7,963,952)                                       | ₱7,433,496,124                                   | ₱149,797,254               | ₱112,018,040 | ₱39,799,161    | ₱301,614,455 | ₱7,735,110,579 |
| Members' contributions  | 561,211,916                  | -                              | -  | -  | 561,211,916                                      | -                          | -            | -              | -            | 561,211,916    |
| Contributions previously recognized as member's deposit (Note 19) | 96,406,451                   | -                              | -  | -  | 96,406,451                                       | -                          | -            | -              | -            | 96,406,451     |
| Deductions from members' equity (Note 20)                         | (602,232,134)                | -                              | -  | -  | (602,232,134)                                    | -                          | -            | -              | -            | (602,232,134)  |
| Net increase in net assets before results of operations           | 55,386,233                   | -                              | -  | -  | 55,386,233                                       | -                          | -            | -              | -            | 55,386,233     |
| Total comprehensive loss  | -                            | (129,095,277)                  | (97,354,343)   | -  | (226,449,620)                                    | -                          | -            | -              | -            | (226,449,620)  |
| Reversal of appropriation for special projects                    | -                            | 7,453,357                      | -  | -  | 7,453,357  | (7,453,357)                | -            | -              | (7,453,357)  | -              |
| Balance at December 31, 2022                                      | ₱7,463,937,803               | (₱88,776,273)                  | (₱97,311,484)  | (₱7,963,952)                                       | ₱7,269,886,094                                   | ₱142,343,897               | ₱112,018,040 | ₱39,799,161    | ₱294,161,098 | ₱7,564,047,192 |
| Balance at January 1, 2021  | ₱7,281,310,477               | ₱61,386,688                    | ₱42,859  | (₱7,963,952)                                       | ₱7,334,776,072                                   | ₱115,771,949               | ₱93,735,820  | ₱39,799,161    | ₱249,306,930 | ₱7,584,083,002 |
| Appropriation of surplus  | -                            | (52,143,589)                   | -  | -  | (52,143,589)                                     | 26,189,146                 | 25,954,443   | -              | 52,143,589   | -              |
| Appropriation of unappropriated contingency                       | -                            | -                              | -  | -  | -  | 7,672,223                  | (7,672,223)  | -              | -            | -              |
| Members' contributions  | 530,820,604                  | -                              | -  | -  | 530,820,604                                      | -                          | -            | -              | -            | 530,820,604    |
| Contributions previously recognized as member's deposit (Note 19) | 48,863,314                   | -                              | -  | -  | 48,863,314                                       | -                          | -            | -              | -            | 48,863,314     |
| Deductions from members' equity (Note 20)                         | (763,230,021)                | -                              | -  | -  | (763,230,021)                                    | -                          | -            | -              | -            | (763,230,021)  |
| Net decrease in net assets before results of operations           | (183,546,103)                | (52,143,589)                   | -  | -  | (235,689,692)                                    | 33,861,369                 | 18,282,220   | -              | 52,143,589   | (183,546,103)  |
| Total comprehensive income  | -                            | 380,254,490                    | (45,680,810)   | -  | 334,573,680                                      | -                          | -            | -              | -            | 334,573,680    |
| Earnings distribution to members CY 2021                          | 310,787,196                  | (356,468,006)                  | 45,680,810   | -  | -  | -                          | -            | -              | -            | -              |
| Reversal of appropriation for special projects                    | -                            | (163,936)                      | -  | -  | (163,936)  | 163,936                    | -            | -              | 163,936      | -              |
| Balance at December 31, 2021                                      | ₱7,408,551,570               | ₱32,865,647                    | ₱42,859  | (₱7,963,952)                                       | ₱7,433,496,124                                   | ₱149,797,254               | ₱112,018,040 | ₱39,799,161    | ₱301,614,455 | ₱7,735,110,579 |

See accompanying Notes to Financial Statements

# Notes to Financial Statements

1. **Organization**

Private Education Retirement Annuity Association Fund (PERAA Fund or the Fund) is composed of private schools as well as institutions or foundations within the private education sector. These schools, referred to as Participating Institutions (PIs), periodically contribute to the Fund based on a fixed rate as determined in their respective Retirement Plan Resolution. The Fund controls and manages contributions that will be used eventually to pay the retirement obligations of the PIs to their qualified employees. The contributions, together with the gains and losses, realized and unrealized, less expenses, shall constitute the PERAA Fund held by the board of trustees (BOT). The retirement benefits to the PIs’ retiring members shall be based on the accumulated value of their contributions together with their credited earnings (losses).

On June 5, 1972, the Bureau of Internal Revenue (BIR) approved the PERAA Plan Agreement (the Plan) as a tax-exempt plan under Republic Act (R.A.) No. 4917, an act providing that retirement benefits of employees of private firms shall not be subject to attachment, levy, execution, or any tax whatsoever. The BOT of the Fund is a qualified trustee that is entitled to all the benefits and privileges provided for by Section 60(B), in relation to Section 32(B)(6)(a), both of R.A. No. 8424, otherwise known as the “Tax Reform Act of 1997”. Consequently, the funds created to implement the provisions of the plans and the retirement pay to their respective retirees remains exempt pursuant to said law.

To be consistent to the Fund’s registration with the BIR as a trust fund, on October 19, 2017, the BOT of the Fund unanimously approved the change of its fiscal year from April 30 to December 31. The Fund filed the application to change its accounting period with the BIR after obtaining approval of the BOT of such change. On December 20, 2017, the application with the BIR was approved.

The registered office address of the Fund, which is also its principal place of business, is at 16th Floor, Multinational Bancorporation Centre, 6805 Ayala Avenue, Salcedo Village, Makati City.

2. **Administration of the Plan**

The Fund is administered by the BOT which is composed of eleven (11) members distributed as follows:

- a) Four (4) regional representatives, one (1) member each from Luzon, National Capital Region, Visayas, and Mindanao, elected by the PIs;
- b) Six (6) trustees-at-large elected by the PIs; and
- c) The President of the Fund who is elected by the BOT.

The PIs and the BOT entered into a Trust Agreement which spells out the rights, privileges, obligations, and responsibilities of the PIs, and the control, direction, management and administration of the PERAA Fund by the BOT.

3. **Summary of Significant Accounting Policies**

Basis of Preparation

The accompanying financial statements of the Fund have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI) and investment properties, which have been measured at fair value.

The financial statements are presented in Philippine peso, which is the Fund’s functional currency, and all amounts are rounded to the nearest peso unless otherwise stated.

Statement of Compliance

The financial statements of the Fund have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

**Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year except for the following new, amendments and improvements to PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation which became effective as of January 1, 2022. Except as otherwise indicated, these changes in the accounting policies did not have any significant impact on the financial position or performance of the Fund:

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - o Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - o Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
  - o Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The Fund has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

**Significant Accounting Policies**

Presentation of Financial Statements

The Fund present its statement of financial position in order of liquidity. An analysis regarding recovery of assets and settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17.

Financial instruments are offset and the net amount reported in the statement of net assets available for distribution to members, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Fund assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the fund and all of the counterparties.

Income and expenses are not offset in the statements of operations unless required or permitted by any accounting standard of interpretations, and as specifically disclosed in the accounting policies of the Fund.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes cash in banks and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from dates of placement, and that are subject to insignificant risk of changes in value.

Fair Value Measurement

The Fund measures assets such as financial assets at FVPL, Financial assets at FVOCI, and investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy. In an exchange market, closing prices of equity securities are both readily available and generally representative of fair value.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.



A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities in the absence of a principal market, in the most advantageous market for the asset or liability
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at every statement of net assets available for distribution to members date.

External appraisers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Financial Instruments - Initial Recognition and Subsequent Measurement

##### *Date of recognition*

Financial instruments are recognized in the statements of net assets available for distribution to members when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Fund, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day it is delivered by the Fund. Deposits, amounts due from banks, loans and receivables are recognized when cash is received by the Fund or advanced to the borrowers.

The Fund recognizes financial instruments when, and only when, the Fund becomes a party to the contractual terms of the financial instruments.

Any change in fair value of unrecognized financial asset is recognized in the statement of operations for assets classified as financial assets at FVPL.

##### *'Day 1' difference*

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of operations unless it qualifies for recognition as some other type of asset. In cases where the fair value is determined using data which is not observable, the difference between the transaction price and the model value is only recognized in the statement of operations when the inputs become observable or when the instrument is derecognized. For each transaction, the Fund determines the appropriate method of recognizing the 'Day 1' difference amount.

#### Classification, Measurement and Reclassification of Financial Assets

After initial recognition, financial assets are classified as and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL).

The classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

##### *Contractual cash flows characteristics*

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Fund

assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Instruments that do not pass this test are automatically classified as FVPL investments.

In making this assessment, the Fund determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

##### *Business model*

The Fund's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Fund's business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its financial assets in order to generate cash flows.

The Fund's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Fund in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Fund's key management personnel.

##### *Financial Assets at FVPL*

Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Fund has chosen to designate as at FVPL at initial recognition, are classified as financial assets at FVPL. Equity investments are classified as financial assets at FVPL, unless the Fund designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Fund's financial assets at FVPL include government securities, corporate bonds and equity securities which are held for trading purposes.

A financial asset is considered as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or,
- it is a derivative that is not designated and effective as a hedging instrument or financial guarantee.

Financial assets at FVPL are measured at fair value. Related transaction costs are recognized directly as expense in profit or loss. Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVPL and gains or losses arising from disposals of these instruments are included in 'Gain on sale of investments' account in the statements of operations.

Interest recognized based on the modified effective interest rate of these investments is reported in statements of operations under 'Interest income' account while dividend income is reported in statements of operations under 'Dividends' account when the right of payment has been established.

##### *Financial Assets at FVOCI - Equity Investments*

At initial recognition, the Fund can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Fund for trading.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in net unrealized fair value gains (losses) on investment securities in the statements of net assets available for distribution to members. When the asset is disposed of, the cumulative gain or loss previously recognized in the net unrealized fair value gains (losses) on investment securities account is not reclassified to profit or loss, but is reclassified directly to Surplus free account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Dividends' account.

##### *Financial Assets at FVOCI - Debt Investments*

The Fund applies debt instruments measured at FVOCI category when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value being recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. The ECL calculation for financial assets at FVOCI is explained in the 'Impairment of Financial Assets' section.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

*Investment Securities at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Fund's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Fund's investment securities at amortized cost are presented in the statements of net assets available for distribution to members as due from other banks, hold-to-collect investments, loans and receivables and accrued interest receivables.

The Fund may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

*Financial liabilities at amortized cost*

Issued financial instruments or their components, which are not designated as at FVPL where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities not qualified as and not designated as at FVPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR.

The Fund's financial liabilities include 'Accounts payable and other liabilities', 'Members' deposits' and 'Benefits payable'. As of December 31, 2022 and 2021, the Fund has no financial liabilities at FVPL.

*Reclassification of financial assets*

The Fund can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Fund is required to reclassify as follows:

- From amortized cost or FVTOCI to FVTPL, if the objective of the business model changes so that the amortized cost or FVTOCI criteria are no longer met;
- From FVTPL to amortized cost or FVTOCI, if the objective of the business model changes so that the amortized cost or FVTOCI criteria start to be met and the characteristics of the instrument's contractual cash flows are SPPI; and
- From amortized cost to FVTOCI if the business model changes so that the objective becomes both to collect contractual cash flows and to sell or from FVTOCI to amortized cost if the business model becomes solely for the collection of contractual cash flows.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVTOCI at initial recognition is not permitted.

A change in the objective of the Fund's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

*Impairment of Financial Assets*

The Fund has been recording the allowance for expected credit losses for debt financial assets carried at amortized cost, and FVOCI. Equity instruments are not subject to impairment under PFRS 9.

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition (General Approach). The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For cash and cash equivalents, the Fund applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Fund's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

At each reporting date, the Fund assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Fund compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Fund considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*Derecognition of Financial Instruments**Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired; or the Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or the Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

*Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of operations.

*Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets available for distribution to members if, and only if:

- there is a currently enforceable legal right to offset the recognized amounts not only in the normal course of business, but also in the event of default and in the event of bankruptcy or insolvency of all counterparties to the contract including the reporting entity; and
- there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of net assets available for distribution to members.

*Property and Equipment*

Property and equipment are stated at cost less accumulated depreciation, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, any directly attributable costs of bringing the asset to its working condition and location for its intended use and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located to the extent it had recognized an obligation for that cost.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance costs, are normally charged against operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets.

The estimated useful lives of the depreciable assets follow:

|                          |            |
|--------------------------|------------|
| Office equipment         | 3-10 years |
| Furniture and fixtures   | 5-10 years |
| Transportation equipment | 5-10 years |
| Office improvements      | 10 years   |
| Condominium units        | 42 years   |

The useful lives, depreciation method and any residual values are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of operations in the period the asset is derecognized.

Software Cost

Software cost is capitalized on the basis of the cost incurred to acquire and bring to use the specific software. Software cost is amortized over five (5) years on a straight-line basis and assessed for impairment whenever there is an indication that the software cost may be impaired.

Costs associated with maintaining the computer software programs are recognized as expense when incurred.

The amortization period and the amortization method for software cost are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortization expense on software cost is recognized in the statement of operations.

Investment Property

Investment property consists of properties which are held either to earn rental income or capital appreciation or for both. The Fund’s investment property is stated in accordance with the fair value model with any change therein is recognized in the statement of operations.

Gains or losses on derecognition of an investment property are recognized in the statement of operations in the year of derecognition.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Impairment of Non-financial Assets

At each reporting date, the Fund assesses whether there is any indication that its nonfinancial assets which include property and equipment and software cost may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Fund makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged against operations in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of operations. After such a reversal, depreciation and amortization is adjusted in future years to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Investment Income and Expenses

The Fund’s investment income comprises interest income on funds invested, dividend income, changes in market value of financial assets at FVPL and investment properties, realized gains or losses on sale or maturities of investments and foreign exchange gains or losses of monetary assets and liabilities.

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Fund expects to be entitled in exchange for those goods or services.

Interest income is recognized as it accrues, using the effective interest method. When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in “Impairment of Financial Assets” above), the Fund calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Fund reverts to calculating interest income on a gross basis.

Dividend income is recognized on the date that the Fund’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Gain on sale of investments represents results arising from trading activities, including gains and losses from changes in fair value of financial assets and liabilities at FVTPL.

Investment expenses are comprised of management fee, bank charges, commission, operating expenses related to investment properties, and tax expense, which are recognized as incurred.

Retirement Benefits

The Fund maintains a defined contribution (DC) plan that covers all regular full-time employees. Under its DC plan, the Fund pays fixed contributions based on the employees’ monthly salaries. The Fund, however, is covered under R.A. 7641 which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. 7641. Accordingly, the Fund accounts for its retirement obligation under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from the DC plan.

For the DB minimum guarantee plan, the liability is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation is calculated every two years by a qualified independent actuary using the projected unit credit method. The Fund determines the net interest expense (income) on the net DB liability (asset) for the period by applying the discount rate used to measure the DB obligation at the beginning of the annual period to the then net DB liability (asset), taking into account any changes in the net DB liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB plan are recognized in the statement of operations.

The DC liability, on the other hand, is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the DC benefits.

Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Fund recognizes gains or losses on the settlement of a DB plan when the settlement occurs.

Leases

The Fund assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Fund as a lessor

Leases where the Fund retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rentals are recognized as an income in the statement of operations on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Fund has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Foreign Currency Translation

The books of accounts of the Fund are maintained in Philippine peso. For financial reporting purposes, foreign currency-denominated monetary assets and liabilities are translated into their equivalents in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at end of the period and for foreign currency-denominated income and expenses, at the BAP weighted average rate for the period.

Events after the Reporting Period

Post-period-end events that provide additional information about the Fund’s position at the reporting date (adjusting events) are reflected in the financial statements.

Post-period-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Fund intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Fund’s financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

4. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS requires the Fund to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

(a) Classification of financial assets

As discussed in Note 3, the Fund classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

The Fund developed business models which reflect how it manages its portfolio of financial instruments. The Fund’s business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Fund) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument, the Fund evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established

by the Fund, various risks and key performance indicators being reviewed and monitored by responsible officers, as well as the manner of compensation for them.

In performing the SPPI test, the Fund applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

Estimates

(a) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined using valuation techniques such as discounted cash flow analysis. Where the valuation techniques are used to determine fair values, they are reviewed by qualified personnel independent of the area that created them. All financial models are reviewed before they are used and to the extent practicable, financial models use only observable data, however, areas such as credit risk (both own and counterparty) volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(b) Expected credit losses on financial assets

The Fund reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the statement of net assets available for distribution to members and any changes thereto in the statement of operations. In particular, judgments and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset’s probability of default as well as the Fund’s forecast of these macro-economic factors; and
- sufficiency and appropriateness of data used and relationships assumed in building the components of the Fund’s expected credit loss models.

(c) Revaluation of investment properties

The Fund carries its investment properties at fair value, with changes in fair value being recognized in the statement of operations. A valuation methodology based on income capitalization approach was used, as there is a lack of comparable market data because of the nature of the properties. The Fund engaged an independent valuation specialist to assess fair values as at December 31, 2022.

The key assumptions used to determine the fair value of investment properties are discussed in Note 5.

5. Financial Instruments and Fair Value Measurement

The Fund’s financial assets and financial liabilities classified into the categories of financial instruments follow:

|  | 2022                     |                           |                                    |   |                |
|--|--------------------------|---------------------------|------------------------------------|---|----------------|
|  | Financial assets at FVPL | Financial assets at FVOCI | Financial assets at amortized cost | Financial liabilities at amortized cost | Total          |
| <b>Financial Assets</b>                  |                          |                           |                                    |   |                |
| Cash and cash equivalents                | ₱–                       | ₱–                        | ₱601,451,713                       | ₱–                                      | ₱601,451,713   |
| Financial assets at FVPL                 | 4,800,461,549            | –                         | –                                  | –                                       | 4,800,461,549  |
| Financial assets at FVOCI                | –                        | 533,833,148               | –                                  | –                                       | 533,833,148    |
| <b>Hold-to-collect financial assets:</b> |                          |                           |                                    |   |                |
| Loans and receivables                    | –                        | –                         | 499,809,722                        | –                                       | 499,809,722    |
| HTC investments                          | –                        | –                         | 359,060,345                        | –                                       | 359,060,345    |
|  | ₱4,800,461,549           | ₱533,833,148              | ₱1,460,321,780                     | ₱–                                      | ₱6,794,616,477 |
| <b>Financial Liabilities</b>             |                          |                           |                                    |   |                |
| Accounts payable and other liabilities   | ₱–                       | ₱–                        | ₱–                                 | ₱92,980,741                             | ₱92,980,741    |
| Members’ deposits                        | –                        | –                         | –                                  | 102,750,648                             | 102,750,648    |
| Benefits payable                         | –                        | –                         | –                                  | 8,996,354                               | 8,996,354      |
|  | ₱–                       | ₱–                        | ₱–                                 | ₱204,727,743                            | ₱204,727,743   |

|  | 2021                     |                           |                                    |   |                |
|--|--------------------------|---------------------------|------------------------------------|---|----------------|
|  | Financial assets at FVPL | Financial assets at FVOCI | Financial assets at amortized cost | Financial liabilities at amortized cost | Total          |
| Financial Assets                       |                          |                           |                                    |   |                |
| Cash and cash equivalents              | ₱–                       | ₱–                        | ₱663,639,111                       | ₱–                                      | ₱663,639,111   |
| Financial assets at FVPL               | 5,158,984,011            | –                         | –                                  | –                                       | 5,158,984,011  |
| Financial assets at FVOCI              | –                        | 646,238,659               | –                                  | –                                       | 646,238,659    |
| Hold-to-collect financial assets:      |                          |                           |                                    |   |                |
| Loans and receivables                  | –                        | –                         | 385,977,719                        | –                                       | 385,977,719    |
| HTC investments                        | –                        | –                         | 210,600,000                        | –                                       | 210,600,000    |
|  | ₱5,158,984,011           | ₱646,238,659              | ₱1,260,216,830                     | ₱–                                      | ₱7,065,439,500 |
| Financial Liabilities                  |                          |                           |                                    |   |                |
| Accounts payable and other liabilities | ₱–                       | ₱–                        | ₱–                                 | ₱51,688,498                             | ₱51,688,498    |
| Members’ deposits                      | –                        | –                         | –                                  | 135,542,918                             | 135,542,918    |
| Benefits payable                       | –                        | –                         | –                                  | 181,228                                 | 181,228        |
|  | ₱–                       | ₱–                        | ₱–                                 | ₱187,412,644                            | ₱187,412,644   |

The methods and assumptions used by the Fund in estimating the fair value of the financial instruments are:

Cash and cash equivalents

Carrying amounts approximate fair values due to the relatively short-term maturity of these assets.

Quoted debt and equity securities

Fair values of listed shares of stocks, government bonds and quoted private bonds are based on quoted prices published in markets.

Financial assets at amortized cost, other than quoted debt securities

Fair values of unquoted debt securities, multi-purpose loans and long-term time deposits are estimated using the discounted cash flow methodology using the Fund’s current incremental lending rates for similar types of loans. These were discounted at 3% to 8.03% and 0.07% to 9% as at December 31, 2022 and 2021, respectively. Carrying amounts of other items of loans and receivables approximate their fair value due to the relatively short-term maturities of these assets.

Investment in mutual trust funds

Fair values are determined by reference to the published net asset value per unit or per share of the underlying fund.

Accounts payable and other liabilities

Carrying values approximate fair values due to either the demand feature or the relatively short-term maturities of these liabilities.

The table below presents the assets and liabilities that are either carried at fair value or for which fair value is required to be disclosed (excluding financial instruments where carrying values approximate fair values), by valuation method as of December 31, 2022 and 2021.

|  | 2022           |                |               |             |                |
|--|----------------|----------------|---------------|-------------|----------------|
|  | Fair Value     |                |               |             |                |
|  | Carrying Value | Level 1        | Level 2       | Level 3     | Total          |
| Assets and liabilities measured at fair value: |                |                |               |             |                |
| Financial assets at FVPL:                      |                |                |               |             |                |
| Debt securities                                | ₱1,450,416,327 | ₱1,450,416,327 | ₱–            | ₱–          | ₱1,450,416,327 |
| Equity securities                              | 849,124,015    | 849,124,015    | –             | –           | 849,124,015    |
| Mutual trust funds                             | 2,500,921,207  | –              | 2,500,921,207 | –           | 2,500,921,207  |
| Financial assets at FVOCI:                     |                |                |               |             |                |
| Debt securities                                | 533,883,148    | 533,883,148    | –             | –           | 533,883,148    |
| Investment properties                          | 865,275,282    | –              | –             | 865,275,282 | 865,275,282    |
| Assets for which fair values are disclosed:    |                |                |               |             |                |
| Hold-to-collect investment securities          | 359,060,345    | 360,326,085    | –             | –           | 360,326,085    |
| Multi-purpose loans                            | 211,050,351    | –              | –             | 330,618,652 | 330,618,652    |
| Unquoted debt securities                       | 169,937,115    | –              | –             | 169,937,115 | 169,937,115    |
| Notes receivable                               | 101,792,626    | –              | –             | 141,210,315 | 141,210,315    |

|  | 2021           |                |               |             |                |
|--|----------------|----------------|---------------|-------------|----------------|
|  | Fair Value     |                |               |             |                |
|  | Carrying Value | Level 1        | Level 2       | Level 3     | Total          |
| Assets and liabilities measured at fair value: |                |                |               |             |                |
| Financial assets at FVPL:                      |                |                |               |             |                |
| Debt securities                                | ₱1,628,712,848 | ₱1,628,712,848 | ₱–            | ₱–          | ₱1,628,712,848 |
| Equity securities                              | 1,048,688,308  | 1,048,688,308  | –             | –           | 1,048,688,308  |
| Mutual trust funds                             | 2,481,582,855  | –              | 2,481,582,855 | –           | 2,481,582,855  |
| Financial assets at FVOCI:                     |                |                |               |             |                |
| Debt securities                                | 646,238,659    | 646,238,659    | –             | –           | 646,238,659    |
| Investment properties                          | 517,839,001    | –              | –             | 517,839,001 | 517,839,001    |
| Assets for which fair values are disclosed:    |                |                |               |             |                |
| Hold-to-collect investment securities          | 210,600,000    | 192,145,439    | –             | –           | 192,145,439    |
| Multi-purpose loans                            | 195,039,308    | –              | –             | 200,137,532 | 200,137,532    |
| Notes Receivable                               | 101,792,626    | –              | –             | 141,210,315 | 141,210,315    |
| Unquoted debt securities                       | 55,096,451     | –              | –             | 55,913,245  | 55,913,245     |

There are no transfers from Level 1 to Levels 2 or 3 in December 31, 2022 and 2021. There are also no changes in the valuation techniques of financial instruments under Level 2 and Level 3 fair value hierarchy.

The inputs used in the fair value measurement based on Level 3 are as follows:

The fair values of the Fund’s investment properties have been determined based on valuations made by independent professionally qualified appraisers on the basis of recent sales of similar properties in the same areas as the properties and taking into account the economic conditions prevailing at the time the valuations were made.

The table below summarizes the valuation techniques used and the significant unobservable inputs to valuation for each type of investment properties held by the Fund:

|  | 2022 and 2021         |                                 |
|--|-----------------------|---------------------------------|
|  | Valuation Techniques  | Significant Unobservable Inputs |
| High Street South Corporate Plaza, Taguig City |                       |                                 |
| The Y2 Residences Hotel, Makati City           |                       |                                 |
| Glaston Tower, Pasig City                      | Income Capitalization | Net Income and                  |
| South Center Tower, Muntinlupa City            | Approach              | Capitalization Rate             |
| Office condominiums                            |                       |                                 |
| Parking slots                                  |                       |                                 |

Description of the valuation techniques used to valuation of the Fund’s investment properties are as follow:

Valuation Technique

Income Capitalization Approach

A comparative approach that considers income and expense data relating to the property being valued and estimates value through a capitalization process.

Capitalization relates income (usually net income) and a define value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year’s income) yield or discount rates (reflecting measures of return on investment) applied to a series of incomes over a projected period, or both.

Significant Unobservable Inputs

Capitalization Rate The rate of return on an investment property based on the income that the property is expected to generate.

Condition This pertains to the age and the degree of maintenance of subject unit in particular with consideration to physical deterioration and other factors deemed relevant.

Location The analysis of a property’s location focuses on the time-distance relationships between the property and common origins or destinations. It is also concerned with the location of the condominium units in relation to floor level. Units located on the upper levels are considered superior.

Time Element The measured or measurable period during action or condition exist. It is usually associated with the period in which the property can be sold in an open market within reasonable time.

| Location                                       | Significant unobservable input | 2022             | 2021              |
|--|--------------------------------|------------------|-------------------|
| <b>Office condominium</b>                      |                                |                  |                   |
| South Center Tower, Muntinlupa City            | Price per square meter         | <b>₱114,628</b>  | ₱69,086 – ₱73,543 |
| The Y2 Residences Hotel, Makati City           | Price per square meter         | <b>151,580</b>   | 136,500 – 147,000 |
| High Street South Corporate Plaza, Taguig City | Price per square meter         | <b>212,000</b>   | 228,000           |
| The Glaston Tower, Pasig City                  | Price per square meter         | <b>204,000</b>   | –                 |
| <b>Parking slot</b>                            |                                |                  |                   |
| South Center Tower, Muntinlupa City            | Price per slot                 | <b>703,950</b>   | 557,143           |
| High Street South Corporate Plaza, Taguig City | Price per slot                 | <b>945,000</b>   | 627,000           |
| The Glaston Tower, Pasig City                  | Price per slot                 | <b>1,039,000</b> | –                 |

6. Financial Risk Management Objectives and Policies

The Fund’s principal financial instruments comprise of cash, receivables, equity securities, mutual trust funds, investment in notes and bonds, and accounts payable. The main risks arising from the Fund’s financial instruments are credit risk, liquidity risk and market risk. The Fund’s policies for managing each of these risks are summarized below:

- a. Credit risk
- Credit risk represents the loss that the Fund would incur if counterparty failed to perform under its contractual obligations. The Fund has established controls and procedures to determine and monitor the credit worthiness of its counterparties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Maximum exposure to credit risk after taking account of any collateral or other credit enhancements

As of December 31, 2022 and 2021, the Fund does not hold any collateral or other credit enhancements to cover the credit risks associated with its financial assets except for multi- purpose loans. Hence, the carrying values of those financial assets best represent the maximum exposure to credit risk. Maximum exposure on multi-purpose loans is reduced to zero since these are covered by the respective contributions of the members.

Credit quality per class of financial assets

The Fund invests only in investments with credit ratings consistent with the portfolio benchmark through trustee banks. Majority of the Plan is managed by Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group, BPI Asset Management (BPI), BDO Private Bank (BDOPB), ATRAM Trust Corporation (ATRAM), Credit Suisse and Bank of Singapore (collectively, the Investment Managers).

Description of credit risk ratings is as follows:

Moody’s

| Rating                | Risk Level / Description                       |
|-----------------------|--|
| Aaa,Aaa1, Aaa2, Aaa3  | Best quality to upper-medium-grade obligations |
| Aa,Aa1, Aa2, Aa3      |  |
| A, A1, A2, A3         |  |
|                       |  |
| Baa, Baa1, Baa2, Baa3 | Neither highly protected nor poorly secured    |
| Ba, Ba1, Ba2, Ba3     |  |
| B, B1, B2, B3         |  |
|                       |  |
| Caa, Caa1, Caa2, Caa3 | Poor standing                                  |
| Ca, Ca1, Ca2, Ca3 C   |  |
| Unrated               | Non-credit assets do not carry credit ratings  |

PhilRatings

Long-term issuances

| Rating | Risk Level / Description   |
|--------|--|
| Aaa    | Highest quality with minimal credit risk   |
| Aa     | High quality and are subject to very low credit risk   |
| A      | With favorable investment attributes and is considered as upper-medium grade obligations   |
| Baa    | Exhibits adequate protection parameters  |
| Ba     | Less vulnerable to nonpayment than other speculative issues  |
| B      | More vulnerable to nonpayment than obligations rated ‘PRS Ba’, but the obligor currently has the capacity to meet its financial commitment on the obligation |
| Caa    | The issue is considered to be of poor standing and is subject to very high credit risk   |
| Ca     | Presently highly vulnerable to nonpayment. Likely already in or very near default with some prospect for partial recovery of principal or interest           |
| C      | An obligation is already in default with very little prospect for any recovery of principal or interest  |

Short-term issuances

| Rating | Risk Level / Description   |
|--------|--|
| PRS 1  | Strongest capability for timely payment of debt instrument issue on both interest and principal. |
| PRS 2  | Strong capability for payment of commercial paper issue for both interest and principal.         |
| PRS 3  | Satisfactory capability for payment of debt instrument issue on both interest and principal.     |
| PRS 4  | Minimal assurance for timely payment of debt instrument issue on both interest and principal.    |
| PRS 5  | Capability to pay interest or principal of debt instrument issue is very doubtful.               |
| PRS 6  | Payment of interest or principal of debt instrument issue is in default.                         |

Standard & Poor’s

| Rating            | Risk Level / Description   |
|-------------------|--|
| AAA, AA, A        | The obligor’s capacity to meet its financial commitment on the obligation ranges from strong to extremely strong         |
| BBB               | Exhibits adequate protection parameters  |
| BB, B, CCC, CC, C | Obligations have significant speculative characteristics. BB indicates the least degree of speculation and C the highest |
| D                 | In payment default   |

Fitch

| Rating     | Risk Level / Description                            |
|------------|---|
| AAA, AA, A | High to highest underlying credit quality           |
| BBB, BB, B | Very speculative to good underlying credit quality  |
| CCC        | Substantially speculative underlying credit quality |

CRISP’s

| Rating     | Risk Level / Description  |
|------------|---|
| AAA, AA, A | Strong to strongest capacity to repay debt obligations  |
| BBB, BB, B | Reflects current capacity to repay debt obligations to adequate capacity to repay debtobligations |
| C          | Reflects speculative position to repay debt   |

The table below shows the credit quality by class of financial assets of the Plan managed by ATRAM:

|                                     | 2022              |            |                    |                     |                     |
|-------------------------------------|-------------------|------------|--------------------|---------------------|---------------------|
|                                     | Aaa(PhilRatings)  | BBB+ (S&P) | Baa 2 (Moody’s)    | Unrated             | Total               |
| <b>Hold to collect investments:</b> |                   |            |                    |                     |                     |
| Cash and cash equivalents           | <b>₱–</b>         | <b>₱–</b>  | <b>₱–</b>          | <b>₱203,744,203</b> | <b>₱203,744,203</b> |
| Loans and receivables:              |                   |            |                    |                     |                     |
| Accrued interest receivable         | <b>42,284</b>     | –          | <b>1,199,710</b>   | –                   | <b>1,241,994</b>    |
| Dividends receivable                | –                 | –          | –                  | <b>124,214</b>      | <b>124,214</b>      |
| <b>Financial assets at FVPL:</b>    |                   |            |                    |                     |                     |
| Debt securities:                    |                   |            |                    |                     |                     |
| Government bonds                    | –                 | –          | <b>76,103,541</b>  | –                   | <b>76,103,541</b>   |
| Private bonds                       | <b>2,239,260</b>  | –          | –                  | –                   | <b>2,239,260</b>    |
|                                     | <b>₱2,281,544</b> | <b>₱–</b>  | <b>₱77,303,251</b> | <b>₱203,868,417</b> | <b>₱283,453,212</b> |



|                              | 2021                 |               |                    |             |              |
|------------------------------|----------------------|---------------|--------------------|-------------|--------------|
|                              | Aaa<br>(PhilRatings) | BBB+<br>(S&P) | Baa 2<br>(Moody's) | Unrated     | Total        |
| Hold to collect investments: |                      |               |                    |             |              |
| Cash and cash equivalents    | ₱–                   | ₱–            | ₱–                 | ₱66,046,675 | ₱66,046,675  |
| Loans and receivables:       |                      |               |                    |             |              |
| Accrued interest receivable  | 569,350              | 483,356       | –                  | –           | 1,052,706    |
| Dividends receivable         | –                    | –             | –                  | 223,101     | 223,101      |
| Financial assets at FVPL:    |                      |               |                    |             |              |
| Debt securities:             |                      |               |                    |             |              |
| Government bonds             | –                    | 330,868,841   | –                  | –           | 330,868,841  |
| Private bonds                | 23,615,351           | –             | –                  | –           | 23,615,351   |
|                              | ₱24,184,701          | ₱331,352,197  | ₱–                 | ₱66,269,776 | ₱421,806,674 |

The table below shows the credit quality by class of financial assets of the Plan managed by BDO:

|                                    | 2022                 |                          |              |             |              |
|------------------------------------|----------------------|--------------------------|--------------|-------------|--------------|
|                                    | Aaa<br>(PhilRatings) | Baa 2-Baa 3<br>(Moody's) | A-B<br>S & P | Unrated     | Total        |
| <b>Hold to collect investments</b> |                      |                          |              |             |              |
| Cash and cash equivalents          | ₱–                   | ₱–                       | ₱–           | ₱8,310,434  | ₱8,310,434   |
| Loans and receivables:             |                      |                          |              |             |              |
| Accrued interest receivable        | –                    | –                        | 1,038,450    | 142,141     | 1,180,591    |
| Dividend receivable                | –                    | –                        | –            | 16,930      | 16,930       |
| Other receivable                   | –                    | –                        | –            | 459,836     | 459,836      |
| <b>Financial assets at FVPL</b>    |                      |                          |              |             |              |
| Debt securities:                   |                      |                          |              |             |              |
| Government bonds                   | –                    | –                        | 80,026,422   | –           | 80,026,422   |
| Private bonds                      | –                    | –                        | 51,128,560   | 9,933,510   | 61,062,070   |
|                                    | ₱–                   | ₱–                       | ₱132,193,432 | ₱18,862,851 | ₱151,056,283 |

|                             | 2021                 |                          |              |            |              |
|-----------------------------|----------------------|--------------------------|--------------|------------|--------------|
|                             | Aaa<br>(PhilRatings) | Baa 2-Baa 3<br>(Moody's) | A-B<br>S & P | Unrated    | Total        |
| Hold to collect investments |                      |                          |              |            |              |
| Cash and cash equivalents   | ₱–                   | ₱–                       | ₱–           | ₱1,073,898 | ₱1,073,898   |
| Loans and receivables:      |                      |                          |              |            |              |
| Unquoted debt securities    | –                    | –                        | –            | 5,096,451  | 5,096,451    |
| Accrued interest receivable | –                    | –                        | 937,808      | 27,760     | 965,568      |
| Dividend receivable         | –                    | –                        | –            | 105,559    | 105,559      |
| Other receivable            | –                    | –                        | –            | 459,836    | 459,836      |
| Financial assets at FVPL    |                      |                          |              |            |              |
| Debt securities:            |                      |                          |              |            |              |
| Government bonds            | –                    | –                        | 59,417,448   | –          | 59,417,448   |
| Private bonds               | –                    | –                        | 57,101,918   | –          | 57,101,918   |
|                             | ₱–                   | ₱–                       | ₱117,457,174 | ₱6,763,504 | ₱124,220,678 |

The table below shows the credit quality by class of financial assets of the Plan managed by BPI:

|                                    | 2022                 |                   |         |              |
|------------------------------------|----------------------|-------------------|---------|--------------|
|                                    | Aaa<br>(PhilRatings) | Baa2<br>(Moody's) | Unrated | Total        |
| <b>Hold to collect investments</b> |                      |                   |         |              |
| Cash and cash equivalents          | ₱–                   | ₱–                | ₱28,446 | ₱28,446      |
| Loans and receivables:             |                      |                   |         |              |
| Accrued interest receivable        | 389,609              | 2,594,891         | –       | 2,984,500    |
| Dividends receivable               | –                    | –                 | 68,432  | 68,432       |
| <b>Financial assets at FVPL</b>    |                      |                   |         |              |
| Debt securities:                   |                      |                   |         |              |
| Government bonds                   | –                    | 214,845,230       | –       | 214,845,230  |
| Private bonds                      | 37,045,628           | –                 | –       | 37,045,628   |
|                                    | ₱37,435,237          | ₱217,440,121      | ₱96,878 | ₱254,972,236 |

|                             | 2021                 |                   |            |              |
|-----------------------------|----------------------|-------------------|------------|--------------|
|                             | Aaa<br>(PhilRatings) | Baa2<br>(Moody's) | Unrated    | Total        |
| Hold to collect investments |                      |                   |            |              |
| Cash and cash equivalents   | ₱–                   | ₱–                | ₱1,343     | ₱1,343       |
| Loans and receivables:      |                      |                   |            |              |
| Accrued interest receivable | 149,628              | 2,182,133         | 166,095    | 2,497,856    |
| Dividends receivable        | –                    | –                 | 233,952    | 233,952      |
| Financial assets at FVPL    |                      |                   |            |              |
| Debt securities:            |                      |                   |            |              |
| Government bonds            | –                    | 147,137,550       | 9,009,038  | 156,146,588  |
| Private bonds               | 11,421,603           | 17,793,125        | –          | 29,214,728   |
|                             | ₱11,571,231          | ₱167,112,808      | ₱9,410,428 | ₱188,094,467 |

The table below shows the credit quality by class of financial assets of the Plan managed by MBTC:

|                                    | 2022                 |              |                   |             |              |
|------------------------------------|----------------------|--------------|-------------------|-------------|--------------|
|                                    | Aaa<br>(PhilRatings) | BBB<br>(S&P) | Baa2<br>(Moody's) | Unrated     | Total        |
| <b>Hold to collect investments</b> |                      |              |                   |             |              |
| Cash and cash equivalents          | ₱–                   | ₱–           | ₱–                | ₱33,096,307 | ₱33,096,307  |
| Loans and receivables:             |                      |              |                   |             |              |
| Accrued interest remceivable       | 1,018,946            | –            | 4,980,771         | 71,475      | 6,071,192    |
| Other receivables                  | –                    | –            | –                 | 2,930,192   | 2,930,192    |
| <b>Financial assets at FVPL</b>    |                      |              |                   |             |              |
| Debt securities:                   |                      |              |                   |             |              |
| Government bonds                   | –                    | –            | 300,968,887       | –           | 300,968,887  |
| Private bonds                      | 83,130,816           | –            | 20,423,726        | 4,930,485   | 108,485,027  |
|                                    | ₱84,149,762          | ₱–           | ₱326,373,384      | ₱41,028,459 | ₱451,551,605 |

|                             | 2021                 |              |                   |             |              |
|-----------------------------|----------------------|--------------|-------------------|-------------|--------------|
|                             | Aaa<br>(PhilRatings) | BBB<br>(S&P) | Baa2<br>(Moody's) | Unrated     | Total        |
| Hold to collect investments |                      |              |                   |             |              |
| Cash and cash equivalents   | ₱–                   | ₱–           | ₱–                | ₱2,699,144  | ₱2,699,144   |
| Loans and receivables:      |                      |              |                   |             |              |
| Accrued interest receivable | 886,619              | 837,131      | 2,797,173         | 432,032     | 4,952,955    |
| Other receivables           | –                    | –            | –                 | 467,386     | 467,386      |
| Financial assets at FVPL    |                      |              |                   |             |              |
| Debt securities:            |                      |              |                   |             |              |
| Government bonds            | 17,321,488           | 51,019,622   | 249,980,480       | –           | 318,321,590  |
| Private bonds               | 64,678,123           | 11,770,194   | –                 | 29,464,742  | 105,913,059  |
|                             | ₱82,886,230          | ₱63,626,947  | ₱252,777,653      | ₱33,063,304 | ₱432,354,134 |

The tables below show the credit quality by class of financial assets of the Plan managed by Credit Suisse:

|                                    | 2022                 |                        |                       |                |             |              |
|------------------------------------|----------------------|------------------------|-----------------------|----------------|-------------|--------------|
|                                    | Aa1-Aa3<br>(Moody's) | Baa1-Baa3<br>(Moody's) | A-,A+- A-,A-<br>(S&P) | B-BBB<br>(S&P) | Unrated     | Total        |
| <b>Hold to collect investments</b> |                      |                        |                       |                |             |              |
| Cash and cash equivalents          | ₱–                   | ₱–                     | ₱–                    | ₱–             | ₱6,568,620  | ₱6,568,620   |
| Loans and receivables:             |                      |                        |                       |                |             |              |
| Accrued interest receivable        | 82,924               | 734,116                | 111,363               | 1,432,480      | 1,153,698   | 3,514,581    |
| <b>Financial Assets at FVPL</b>    |                      |                        |                       |                |             |              |
| Debt securities:                   |                      |                        |                       |                |             |              |
| Private bonds                      | 5,735,322            | 79,478,028             | 16,723,601            | 137,534,595    | 39,197,576  | 278,669,122  |
|                                    | ₱5,818,246           | ₱80,212,144            | ₱16,834,964           | ₱138,967,075   | ₱46,919,894 | ₱288,752,323 |

|                             | 2021                 |                        |                       |                |              |              |
|-----------------------------|----------------------|------------------------|-----------------------|----------------|--------------|--------------|
|                             | Aa1-Aa3<br>(Moody's) | Baa1-Baa3<br>(Moody's) | A-,A+- A-,A-<br>(S&P) | B-BBB<br>(S&P) | Unrated      | Total        |
| Hold to collect investments |                      |                        |                       |                |              |              |
| Cash and cash equivalents   | ₱–                   | ₱–                     | ₱–                    | ₱–             | ₱28,626,012  | ₱28,626,012  |
| Loans and receivables:      |                      |                        |                       |                |              |              |
| Accrued interest receivable | 1,960                | 2,240                  | 6,815                 | 21,545         | 32,554       | 65,114       |
| Financial Assets at FVPL    |                      |                        |                       |                |              |              |
| Debt securities:            |                      |                        |                       |                |              |              |
| Private bonds               | 4,253,317            | 25,873,068             | 10,719,225            | 96,409,295     | 120,309,318  | 257,564,223  |
|                             | ₱4,255,277           | ₱25,875,308            | ₱10,726,040           | ₱96,430,840    | ₱148,967,884 | ₱286,255,349 |

The tables below show the credit quality by class of financial assets of the Plan managed by Bank of Singapore:

|                                     | 2022              |                      |                       |                    |                      |                        |                        | Unrated      | Total        |
|-------------------------------------|-------------------|----------------------|-----------------------|--------------------|----------------------|------------------------|------------------------|--------------|--------------|
|                                     | A-A3<br>(Moody's) | Aa1-Aa3<br>(Moody's) | Aaa-Aaa3<br>(Moody's) | B1-B3<br>(Moody's) | Ba1-Ba3<br>(Moody's) | Baa1-Baa3<br>(Moody's) | Caa1-Caa3<br>(Moody's) |              |              |
| <b>Hold to collect investments:</b> |                   |                      |                       |                    |                      |                        |                        |              |              |
| Cash and cash equivalents           | P-                | P-                   | P-                    | P-                 | P-                   | P-                     | P-                     | P13,229,726  | P13,229,726  |
| Loans and receivables:              |                   |                      |                       |                    |                      |                        |                        |              |              |
| Accrued interest receivable         | 279,313           | 196,089              | 90,156                | 318,423            | 335,108              | 1,465,959              | -                      | 1,090,655    | 3,775,703    |
| Other Receivables                   | -                 | -                    | -                     | -                  | -                    | -                      | -                      | 55,448       | 55,448       |
| <b>Financial assets at FVPL</b>     |                   |                      |                       |                    |                      |                        |                        |              |              |
| Debt securities:                    |                   |                      |                       |                    |                      |                        |                        |              |              |
| Private bonds                       | 24,333,152        | 12,366,190           | 5,641,904             | 18,885,370         | 23,858,376           | 106,550,817            | -                      | 61,864,948   | 253,500,757  |
| Government bonds                    | -                 | -                    | -                     | -                  | -                    | -                      | -                      | 37,270,132   | 37,270,132   |
|                                     | P24,612,465       | P12,562,279          | P5,732,060            | P19,203,793        | P24,193,484          | P108,016,776           | P-                     | P113,510,909 | P307,831,766 |

|                              | 2021              |                      |                       |                    |                      |                        |                        | Unrated      | Total        |
|------------------------------|-------------------|----------------------|-----------------------|--------------------|----------------------|------------------------|------------------------|--------------|--------------|
|                              | A-A3<br>(Moody's) | Aa1-Aa3<br>(Moody's) | Aaa-Aaa3<br>(Moody's) | B1-B3<br>(Moody's) | Ba1-Ba3<br>(Moody's) | Baa1-Baa3<br>(Moody's) | Caa1-Caa3<br>(Moody's) |              |              |
| Hold to collect investments: |                   |                      |                       |                    |                      |                        |                        |              |              |
| Cash and cash equivalents    | P-                | P-                   | P-                    | P-                 | P-                   | P-                     | P-                     | P27,153,418  | P27,153,418  |
| Loans and receivables:       |                   |                      |                       |                    |                      |                        |                        |              |              |
| Accrued interest receivable  | 2,470             | 14                   | -                     | 6,341              | 9,629                | 33,610                 | 170                    | 24,998       | 77,232       |
| Financial assets at FVPL     |                   |                      |                       |                    |                      |                        |                        |              |              |
| Debt securities:             |                   |                      |                       |                    |                      |                        |                        |              |              |
| Private bonds                | 8,893,825         | 337,958              | -                     | 25,500,816         | 49,724,285           | 118,390,816            | 532,108                | 87,169,296   | 290,549,104  |
|                              | P8,896,295        | P337,972             | P-                    | P25,507,157        | P49,733,914          | P118,424,426           | P532,278               | P114,347,712 | P317,779,754 |

The tables below show the credit quality by class of financial assets (gross of allowance for credit losses) of the Plan managed by PERAA In-House Investments:

|                                    | 2022                   |                        |              |          |                |
|------------------------------------|------------------------|------------------------|--------------|----------|----------------|
|                                    | A-Aaa<br>(PhilRatings) | Baa1-Baa3<br>(Moody's) | Unrated      | Impaired | Total          |
| <b>Held to collect investments</b> |                        |                        |              |          |                |
| Cash and cash equivalents          | P-                     | P-                     | P84,072,795  | P-       | P84,072,795    |
| Loans and receivables:             |                        |                        |              |          |                |
| Multi-purpose loans                | -                      | -                      | 211,050,351  | -        | 211,050,351    |
| Accrued interest receivable        | 8,508,109              | 3,117,265              | 5,556,289    | -        | 17,181,663     |
| Other receivables                  | -                      | -                      | 2,734,551    | -        | 2,734,551      |
| Unquoted debt securities           | -                      | -                      | 165,000,000  | -        | 165,000,000    |
| Debt securities:                   |                        |                        |              |          |                |
| Government bonds                   | -                      | 80,230,345             | -            | -        | 80,230,345     |
| Private bonds                      | -                      | 178,830,000            | 100,000,000  | -        | 278,830,000    |
| <b>Financial assets at FVOCI:</b>  |                        |                        |              |          |                |
| Debt securities:                   |                        |                        |              |          |                |
| Government bonds                   | 358,428,455            | -                      | -            | -        | 358,428,455    |
| Private bonds                      | -                      | -                      | 175,454,693  | -        | 175,454,693    |
|                                    | P366,936,564           | P262,177,610           | P743,868,679 | P-       | P1,372,982,853 |

|                             | 2021                 |                        |                |          |                |
|-----------------------------|----------------------|------------------------|----------------|----------|----------------|
|                             | Aaa<br>(PhilRatings) | Baa1-Baa3<br>(Moody's) | Unrated        | Impaired | Total          |
| Held to collect investments |                      |                        |                |          |                |
| Cash and cash equivalents   | P-                   | P-                     | P529,772,852   | P-       | P529,772,852   |
| Loans and receivables:      |                      |                        |                |          |                |
| Multi-purpose loans         | -                    | -                      | 195,039,308    | -        | 195,039,308    |
| Accrued interest receivable | 1,262,598            | 4,916,306              | 2,498,317      | -        | 8,677,221      |
| Other receivables           | -                    | -                      | 525,255        | -        | 525,255        |
| Unquoted debt securities    | -                    | -                      | 50,000,000     | -        | 50,000,000     |
| Investment securities       | 99,600,000           | -                      | 111,000,000    | -        | 210,600,000    |
| Financial assets at FVOCI:  |                      |                        |                |          |                |
| Debt securities:            |                      |                        |                |          |                |
| Government bonds            | -                    | 256,101,230            | 158,554,932    | -        | 414,656,162    |
| Private bonds               | 15,409,695           | 68,230,337             | 147,942,465    | -        | 231,582,497    |
|                             | P116,272,293         | P329,247,873           | P1,195,333,129 | P-       | P1,640,853,295 |

Further, the financial assets are also grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 120 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The Fund's cash and cash equivalents that are unrated pertain to those that are invested in universal banks.

The Fund's loans and receivables that are unrated pertain to receivables from counterparties who are less likely to default in settling their obligations and are collectible within the year from billing.

The Fund's debt securities that are unrated pertain to government bonds that have zero credit risks and private bonds that are less likely to default in settling their obligations.

Allowance of all financial assets is measured using 12-month ECL (Stage 1) except for lifetime ECL on specifically impaired notes receivable and unquoted debt securities as of December 31, 2022 amounting to P24.17 million and P0.07 million, respectively, and specifically impaired unquoted debt securities as of December 31, 2021 amounting to P0.07 million, all under in-house investments.

Concentration of credit risk by industry sector

The tables below show the concentration of credit risk of the financial assets of the Fund by industry sector, before taking into account any collateral held or other credit enhancements (in thousands):

|   | 2022                       |                             |                          |                    |                   |
|---|----------------------------|-----------------------------|--------------------------|--------------------|-------------------|
|   | Debt Securities<br>at FVPL | Debt Securities<br>at FVOCI | Loans and<br>Receivables | HTC<br>Investments | Total             |
| Financial intermediaries                  | P9,989                     | P-                          | P524,488                 | P-                 | P534,477          |
| Government                                | 709,214                    | 358,428                     | -                        | 80,230             | 1,147,872         |
| Holding firms                             | 50,905                     | 37,356                      | -                        | 90,150             | 178,411           |
| Real estate and renting                   | 101,632                    | 25,497                      | -                        | 157,680            | 284,809           |
| Electricity, gas and water                | 10,757                     | 42,016                      | -                        | 26,000             | 78,773            |
| Transportation, storage and communication | 20,763                     | 42,203                      | -                        | -                  | 62,966            |
| Food, beverages and tobacco               | 4,350                      | -                           | -                        | -                  | 4,350             |
| Others                                    | 542,806                    | 28,382                      | -                        | 5,000              | 576,188           |
|   | 1,450,416                  | 533,882                     | 524,488                  | 359,060            | 2,867,846         |
| Less allowance for credit losses          | -                          | -                           | 24,678                   | -                  | 24,678            |
| <b>Total</b>                              | <b>P1,450,416</b>          | <b>P533,882</b>             | <b>P499,810</b>          | <b>P359,060</b>    | <b>P2,843,168</b> |

|   | 2021                       |                             |                          |                    |                   |
|---|----------------------------|-----------------------------|--------------------------|--------------------|-------------------|
|   | Debt Securities<br>at FVPL | Debt Securities<br>at FVOCI | Loans and<br>Receivables | HTC<br>Investments | Total             |
| Financial intermediaries                  | P38,395                    | P-                          | P386,046                 | P-                 | P424,441          |
| Government                                | 864,754                    | 414,656                     | -                        | -                  | 1,279,410         |
| Holding firms                             | 59,071                     | 83,640                      | -                        | 50,000             | 192,711           |
| Real estate and renting                   | 68,217                     | 26,790                      | -                        | 129,600            | 224,607           |
| Electricity, gas and water                | 13,255                     | 39,039                      | -                        | 26,000             | 78,294            |
| Transportation, storage and communication | 12,732                     | 45,594                      | -                        | -                  | 58,326            |
| Food, beverages and tobacco               | 13,430                     | -                           | -                        | -                  | 13,430            |
| Others                                    | 558,859                    | 36,520                      | -                        | 5,000              | 600,379           |
|   | 1,628,713                  | 646,239                     | 386,046                  | 210,600            | 2,871,598         |
| Less allowance for credit losses          | -                          | -                           | 68                       | -                  | 68                |
| <b>Total</b>                              | <b>P1,628,713</b>          | <b>P646,239</b>             | <b>P385,978</b>          | <b>P210,600</b>    | <b>P2,871,530</b> |

b. Liquidity Risk

Liquidity risk arises from the possibility that the Fund may encounter difficulty in raising funds to meet commitments from financial instruments. The Fund's objectives to manage its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.



The Fund manages liquidity risk by assessing the gap for additional funding and determining the best source and cost of funds on a regular basis.

The following are the contractual maturities of financial assets and financial liabilities, including estimated undiscounted cash flows (i.e., interest payments):

|  | 2022                  |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | Carrying Amount       | Less than 1 year      | 1 to 5 years          | Over 5 years          | Total                 |
| <b>Financial Assets</b>                |                       |                       |                       |                       |                       |
| Cash and cash equivalents              | <b>₱601,451,713</b>   | <b>₱601,451,713</b>   | <b>₱–</b>             | <b>₱–</b>             | <b>₱601,451,713</b>   |
| Financial assets at FVPL               | <b>4,800,461,549</b>  | <b>3,451,708,196</b>  | <b>697,240,417</b>    | <b>651,512,936</b>    | <b>4,800,461,549</b>  |
| Financial assets at FVOCI              | <b>533,883,148</b>    | <b>515,857</b>        | <b>166,926,653</b>    | <b>403,512,832</b>    | <b>570,955,342</b>    |
| Loans and receivables                  | <b>524,488,462</b>    | <b>220,409,802</b>    | <b>241,353,635</b>    | <b>140,208,680</b>    | <b>601,972,117</b>    |
| Hold-to-collect investments            | <b>359,060,345</b>    | <b>73,570,744</b>     | <b>184,052,168</b>    | <b>123,607,546</b>    | <b>381,230,458</b>    |
|  | <b>6,819,345,217</b>  | <b>4,347,656,312</b>  | <b>1,289,572,873</b>  | <b>1,318,841,994</b>  | <b>6,956,071,179</b>  |
| <b>Financial Liabilities</b>           |                       |                       |                       |                       |                       |
| Accounts payable and other liabilities | <b>92,980,741</b>     | <b>92,980,741</b>     | <b>–</b>              | <b>–</b>              | <b>92,980,741</b>     |
| Members' deposits                      | <b>102,750,648</b>    | <b>102,750,648</b>    | <b>–</b>              | <b>–</b>              | <b>102,750,648</b>    |
| Benefits payable                       | <b>8,996,354</b>      | <b>8,996,354</b>      | <b>–</b>              | <b>–</b>              | <b>8,996,354</b>      |
|  | <b>204,727,743</b>    | <b>204,727,743</b>    | <b>–</b>              | <b>–</b>              | <b>204,727,743</b>    |
| <b>Net Liquidity Surplus</b>           | <b>₱6,614,617,474</b> | <b>₱4,142,928,569</b> | <b>₱1,289,572,873</b> | <b>₱1,318,841,994</b> | <b>₱6,751,343,436</b> |

|  | 2021                  |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | Carrying Amount       | Less than 1 year      | 1 to 5 years          | Over 5 years          | Total                 |
| <b>Financial Assets</b>                |                       |                       |                       |                       |                       |
| Cash and cash equivalents              | ₱663,639,111          | ₱664,841,001          | ₱–                    | ₱–                    | ₱664,841,001          |
| Financial assets at FVPL               | 5,158,984,011         | 4,042,232,255         | 839,922,507           | 584,837,243           | 5,466,992,005         |
| Financial assets at FVOCI              | 646,238,659           | 59,996,397            | 256,201,089           | 411,168,622           | 727,366,108           |
| Loans and receivables                  | 385,977,719           | 233,661,994           | 180,754,092           | 101,792,626           | 414,416,086           |
| Hold-to-collect Investments            | 210,600,000           | 11,765,248            | 188,939,293           | 40,587,816            | 241,292,357           |
|  | 7,065,439,500         | 5,012,496,895         | 1,465,816,981         | 1,036,593,681         | 7,514,907,557         |
| <b>Financial Liabilities</b>           |                       |                       |                       |                       |                       |
| Accounts payable and other liabilities | 51,688,498            | 51,688,498            | –                     | –                     | 51,688,498            |
| Members' deposits                      | 135,542,918           | 135,542,918           | –                     | –                     | 135,542,918           |
| Benefits payable                       | 181,228               | 181,228               | –                     | –                     | 181,228               |
|  | 187,412,644           | 187,412,644           | –                     | –                     | 187,412,644           |
| <b>Net Liquidity Surplus</b>           | <b>₱6,878,026,856</b> | <b>₱4,825,084,251</b> | <b>₱1,465,816,981</b> | <b>₱1,036,593,681</b> | <b>₱7,327,494,913</b> |

c. *Market Risk*

Market risk is the risk that changes in market prices, such as equity prices, interest rate, and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while optimizing the return on risk.

*Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in interest rates. The Fund follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The following tables show the sensitivity to a reasonably possible change in interest rates of the Fund's floating rate financial instruments with all other variables held constant as of December 31, 2022 and 2021:

|   | 2022                 |                    | 2021          |             |
|---|----------------------|--------------------|---------------|-------------|
| Change in interest rates (in basis points)                                    | +25                  | –25                | +25           | –25         |
| Sensitivity of investment income  | <b>(₱11,362,443)</b> | <b>₱11,362,443</b> | (₱12,826,114) | ₱12,826,114 |
| As a percentage of unrealized gain on revaluation of financial assets at FVPL | <b>(12.48%)</b>      | <b>12.48%</b>      | (58.72%)      | 58.72%      |

|   | 2022                |                   | 2021         |            |
|---|---------------------|-------------------|--------------|------------|
| Change in interest rates (in basis points)                                      | +25                 | –25               | +25          | –25        |
| Sensitivity of OCI  | <b>(₱4,182,974)</b> | <b>₱4,182,974</b> | (₱5,089,129) | ₱5,089,129 |
| As a percentage of net unrealized gain on financial assets at FVOCI investments | <b>(13.99%)</b>     | <b>13.99%</b>     | (7.55%)      | 7.55%      |

The Fund's financial investments comprised mostly of fixed-rate financial instruments, thus fluctuation of interest rates will not significantly affect its interest income.

*Price risk sensitivity analysis*

The Fund's exposure to price risk arises from its investment in equity securities. The Fund has investment managers which monitor its equity securities in its investment portfolio based on daily price quotes and current developments on the underlying companies which could potentially affect the market values of the shares.

The following table shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange Composite Index (PSEi), with all variables held constant, of the Fund's financial assets at FVPL investments equity securities as of December 31, 2022 and 2021:

|                   | 2022                            |                                      | 2021              |                             |
|-------------------|---------------------------------|--------------------------------------|-------------------|-----------------------------|
|                   | Change in PSEi                  | Impact on Investment Income          | Change in PSEi    | Impact on Investment Income |
| Equity securities | <b>0.06 %</b><br><b>(0.06%)</b> | <b>₱366,097</b><br><b>(₱366,097)</b> | 1.09 %<br>(1.09%) | ₱9,066,100<br>(₱9,066,100)  |

The assumed fluctuation rates in December 31, 2022 and 2021 are based on the average change in fiscal year-end PSEi from years 2013 to 2022.

The analysis below is performed for reasonably possible movements in Net Asset Value per share (NAVPS) with all other variables held constant, showing the impact on profit and equity that reflects adjustments due to changes in fair value:

|              | 2022                            |  | 2021              |                                |
|--------------|---------------------------------|--|-------------------|--------------------------------|
|              | Change in NAVPS                 | Impact on Investment Income                | Change in NAVPS   | Impact on Investment Income    |
| Mutual funds | <b>4.05 %</b><br><b>(4.05%)</b> | <b>₱99,995,347</b><br><b>(₱99,995,347)</b> | 4.07 %<br>(4.07%) | ₱101,002,422<br>(₱101,002,422) |

*Foreign currency risk sensitivity analysis*

The Fund's exposure to foreign currency risk results from its investments denominated in foreign currencies. The Fund has investment managers to administer its investments.

The Fund's exposure to foreign currency risk based on notional amounts follows:

|                            | 2022           |             |            |         |            |           |             |             |            |             |            |
|----------------------------|----------------|-------------|------------|---------|------------|-----------|-------------|-------------|------------|-------------|------------|
|                            | USD            | EUR         | AUD        | CAD     | CHF        | CNY       | GBP         | HKD         | IDR        | JPY         | SGD        |
| Cash and cash equivalents  | \$3,167,685    | €207,295    | \$46,343   | \$22    | CHF–       | CNY16,999 | £4,129      | \$139,216   | IDR798,381 | ¥724,164    | \$30,060   |
| Financial assets at FVPL:  |                |             |            |         |            |           |             |             |            |             |            |
| Debt securities            | 11,869,460     | –           | –          | –       | –          | –         | –           | –           | –          | –           | –          |
| Equity securities          | 2,487,605      | 203,658     | 51,327     | –       | 29,283     | –         | 202,395     | 2,253,456   |            | 7,027,932   | 22,757     |
| Mutual trust funds         | 33,178,803     | 692,908     | –          | –       | 100,648    | –         |             | 236,535     |            | 26,364,161  |            |
| Financial assets at FVOCI: |                |             |            |         |            |           |             |             |            |             |            |
| Debt securities            | 4,597,813      | –           | –          | –       | –          | –         | –           | –           | –          | –           | –          |
|                            | \$55,301,366   | €1,103,861  | \$97,670   | \$22    | CHF129,931 | CNY16,999 | £206,524    | \$2,629,207 | IDR798,381 | ¥34,116,257 | \$52,817   |
| Exchange rate              | 55.755         | 59.5545     | 37.8024    | 41.2405 | 60.4286    | 8.0372    | 67.4394     | 7.1996      | 0.0036     | 0.4174      | 41.5796    |
| Net Exposure               | ₱3,083,327,661 | ₱65,739,890 | ₱3,692,160 | ₱907    | ₱7,851,548 | ₱136,624  | ₱13,927,855 | ₱18,929,239 | ₱2,874     | ₱14,240,126 | ₱2,196,110 |

|                            | 2021           |             |            |         |            |           |             |             |                |             |            |
|----------------------------|----------------|-------------|------------|---------|------------|-----------|-------------|-------------|----------------|-------------|------------|
|                            | USD            | EUR         | AUD        | CAD     | CHF        | CNY       | GBP         | HKD         | IDR            | JPY         | SGD        |
| Cash and cash equivalents  | \$1,939,114    | €215,811    | \$44,837   | \$22    | CHF22,319  | CNY12,967 | £58,315     | \$41,684    | IDR804,560     | ¥390,736    | \$29,099   |
| Financial assets at FVPL:  |                |             |            |         |            |           |             |             |                |             |            |
| Debt securities            | 12,546,444     | -           | -          | -       | -          | -         | -           | -           | -              | -           | -          |
| Equity securities          | 3,305,123      | 345,928     | 45,071     | -       | 58,837     | -         | 184,032     | 2,488,014   | 547,452,000    | 2,571,708   | 21,915     |
| Mutual trust funds         | 40,427,940     | 913,946     | -          | -       | 40,937     | -         | 78,217      | 311,440     | -              | 39,753,721  | -          |
| Financial assets at FVOCI: |                |             |            |         |            |           |             |             |                |             |            |
| Debt securities            | 5,175,872      | -           | -          | -       | -          | -         | -           | -           | -              | -           | -          |
|                            | \$63,394,493   | €1,475,685  | \$89,908   | \$22    | CHF122,093 | CNY12,967 | £320,564    | \$2,841,138 | IDR548,256,560 | ¥42,716,165 | \$51,014   |
| Exchange rate              | 50.9990        | 57.5117     | 36.8061    | 39.8540 | 55.5879    | 7.9669    | 68.5347     | 6.5101      | 0.0036         | 0.4413      | 37.5547    |
| Net Exposure               | ₱3,233,055,749 | ₱84,869,153 | ₱3,309,163 | ₱877    | ₱6,786,893 | ₱103,307  | ₱21,969,758 | ₱18,496,092 | ₱1,973,724     | ₱18,850,644 | ₱1,915,815 |

A 10% strengthening of the Philippine peso against foreign currencies as of December 31, 2022 and 2021 would have decreased investment income by ₱321.01 million and ₱339.13 million in December 31, 2022 and 2021, respectively.

A 10% weakening of the Philippine peso against foreign currencies as of December 31, 2022 and 2021 would have an equal but opposite effect, on the basis that all other variables remain constant.

7. Cash and Cash Equivalents

This account consists of:

|                  | 2022         | 2021         |
|------------------|--------------|--------------|
| Cash in bank     | ₱415,529,565 | ₱282,794,117 |
| Cash equivalents | 185,872,148  | 380,794,994  |
| Cash on hand     | 50,000       | 50,000       |
|                  | ₱601,451,713 | ₱663,639,111 |

Cash in bank earns interest at respective bank deposit rates.

Cash equivalents earn interest ranging from 3% to 6.75% and from 1.04% to 6.00% in 2022 and 2021, respectively, with remaining terms ranging from five (5) to ninety-one (91) days and twenty-nine (29) to sixty two (62) days in 2022 and 2021, respectively.

8. Financial Assets at Fair Value through Profit or Loss

This account consists of:

|                    | 2022           | 2021           |
|--------------------|----------------|----------------|
| Mutual trust funds | ₱2,500,921,207 | ₱2,481,582,855 |
| Equity securities  | 849,124,015    | 1,048,688,308  |
| Debt securities:   |                |                |
| Government bonds   | 709,414,463    | 864,754,466    |
| Private bonds      | 741,001,864    | 763,958,382    |
|                    | ₱4,800,461,549 | ₱5,158,984,011 |

Debt securities at FVPL consist of investments in bonds earning interest ranging from 2.63% to 10.13% for the years ended December 31, 2022 and 2021, respectively, for both peso- and foreign currency- denominated bonds.

The gains (losses) on sale of financial assets at FVPL by class follows:

|                   | 2022           | 2021         |
|-------------------|----------------|--------------|
| Equity securities | ₱14,436,981    | ₱104,483,622 |
| Mutual funds      | (111,322,891)  | 31,858,538   |
| Debt securities   | (63,890,223)   | 898,174      |
|                   | ₱(160,776,133) | ₱137,240,334 |

Financial assets at FVPL include unrealized loss on revaluation amounting to ₱431.62 million and ₱51.05 million for the years ended December 31, 2022 and 2021, respectively.

9. Financial Assets at Fair Value Through Other Comprehensive Income

This account consists of:

|                  | 2022         | 2021         |
|------------------|--------------|--------------|
| Debt securities: |              |              |
| Government bonds | ₱358,428,455 | ₱414,656,162 |
| Private bonds    | 175,454,693  | 231,582,497  |
|                  | ₱533,883,148 | ₱646,238,659 |

Financial assets at FVOCI - debt securities consist of peso-denominated and foreign-currency denominated investments in bonds earning interest ranging from 3.50% to 11.25% in 2022 and 2021, respectively, with remaining terms ranging from six (6) months to eighteen (18) years and from six (6) months to nineteen (19) years in 2022 and 2021, respectively.

Movements in net unrealized gain on financial assets at FVOCI investments follow:

|                                       | 2022         | 2021         |
|---------------------------------------|--------------|--------------|
| Balance at beginning of the period    | ₱42,859      | ₱42,859      |
| Unrealized loss on FVOCI investments  | (97,354,342) | (45,680,810) |
| Realized loss taken to profit or loss | (875,868)    | (480,374)    |
| Amounts closed to members’ net assets | 98,230,210   | 46,161,184   |
| Balance at end of the period          | ₱42,859      | ₱42,859      |

10. Loans and Receivables

This account consists of:

|                                   | 2022         | 2021         |
|-----------------------------------|--------------|--------------|
| Multi-purpose loans (Note 24)     | ₱211,050,351 | ₱195,039,308 |
| Unquoted debt securities          | 169,937,115  | 55,096,451   |
| Notes receivable                  | 101,792,626  | 101,792,626  |
| Accrued interest receivable       | 35,033,729   | 31,003,657   |
| Dividend receivable               | 209,576      | 562,612      |
| Others                            | 6,465,065    | 2,551,511    |
|                                   | 524,488,462  | 386,046,165  |
| Less: Allowance for credit losses | 24,678,740   | 68,446       |
|                                   | ₱499,809,722 | ₱385,977,719 |

Unquoted debt securities earn interest of 4.88% to 11% for the years ended December 31, 2022 and 2021, respectively. Other receivables consist of unremitted coupon payments, car loans and housing loans.

As of December 31, 2022, the Fund’s notes receivable have allowances amounting to ₱24.68 million. As of December 31, 2022 and 2021, out of the total unquoted debt securities, ₱0.07 million are impaired and fully provided with allowance as these are considered as clean loans.

Reclassification of restructured corporate notes  
In 2022, comparative financial statements were restated to correct the classification of a restructured short-term placement that no longer meets definition of cash equivalents from ‘Cash and cash equivalents’ to ‘Notes receivable’ under ‘Loans and receivables’. The impact of reclassification follows:

|   | As previously reported | Reclassification | As Restated  |
|---|------------------------|------------------|--------------|
| Statement of Net Assets As at December 31, 2021 |                        |                  |              |
| Cash and Cash Equivalents                       | ₱765,431,737           | (₱101,792,626)   | ₱663,639,111 |
| Loans and Receivables                           | 284,185,093            | 101,792,626      | 385,977,719  |



11. Hold-to-Collect Investment Securities

HTC investments consist of investment in bonds earning interest ranging from 3.38% to 8.03% and 3.38% to 7.82% in 2022 and 2021, respectively, with remaining terms ranging from six (6) months to ten (10) years and two (2) years to six (6) years in 2022 and 2021, respectively.

12. Property and Equipment

The composition of and movements in this account follow:

|  | 2022               |                   |                                       |                  |                     | Total              |
|--|--------------------|-------------------|---------------------------------------|------------------|---------------------|--------------------|
|  | Condominium Units  | Office Equipment  | Furniture and Transportation Fixtures | Equipment        | Office Improvements |                    |
| <b>Cost</b>                            |                    |                   |                                       |                  |                     |                    |
| Balance at beginning of period         | ₱69,531,816        | ₱9,840,574        | ₱5,126,630                            | ₱4,923,455       | ₱11,498,824         | ₱100,921,299       |
| Acquisitions                           | –                  | 506,093           | –                                     | –                | –                   | 506,093            |
| <b>Balance at end of period</b>        | <b>69,531,816</b>  | <b>10,346,667</b> | <b>5,126,630</b>                      | <b>4,923,455</b> | <b>11,498,824</b>   | <b>101,427,392</b> |
| <b>Accumulated Depreciation</b>        |                    |                   |                                       |                  |                     |                    |
| Balance at beginning of period         | 27,577,784         | 8,273,806         | 4,553,976                             | 4,163,909        | 10,252,800          | 54,822,275         |
| Depreciation and amortization          | 1,656,644          | 774,193           | 239,115                               | 290,188          | 251,458             | 3,211,598          |
| <b>Balance at end of period</b>        | <b>29,234,428</b>  | <b>9,047,999</b>  | <b>4,793,091</b>                      | <b>4,454,097</b> | <b>10,504,258</b>   | <b>58,033,873</b>  |
| <b>Net Book Value at End of Period</b> | <b>₱40,297,388</b> | <b>₱1,298,668</b> | <b>₱333,539</b>                       | <b>₱469,358</b>  | <b>₱994,566</b>     | <b>₱43,393,519</b> |

|  | 2021               |                   |                        |                          |                     | Total              |
|--|--------------------|-------------------|------------------------|--------------------------|---------------------|--------------------|
|  | Condominium Units  | Office Equipment  | Furniture and Fixtures | Transportation Equipment | Office Improvements |                    |
| <b>Cost</b>                            |                    |                   |                        |                          |                     |                    |
| Balance at beginning of period         | ₱69,531,816        | ₱8,840,911        | ₱5,119,666             | ₱4,923,455               | ₱11,498,824         | ₱99,914,672        |
| Acquisitions                           | –                  | 999,663           | 6,964                  | –                        | –                   | 1,006,627          |
| <b>Balance at end of period</b>        | <b>69,531,816</b>  | <b>9,840,574</b>  | <b>5,126,630</b>       | <b>4,923,455</b>         | <b>11,498,824</b>   | <b>100,921,299</b> |
| <b>Accumulated Depreciation</b>        |                    |                   |                        |                          |                     |                    |
| Balance at beginning of period         | 25,921,140         | 7,738,214         | 4,287,854              | 3,739,846                | 9,991,740           | 51,678,794         |
| Depreciation and amortization          | 1,656,644          | 535,592           | 266,122                | 424,063                  | 261,060             | 3,143,481          |
| <b>Balance at end of period</b>        | <b>27,577,784</b>  | <b>8,273,806</b>  | <b>4,553,976</b>       | <b>4,163,909</b>         | <b>10,252,800</b>   | <b>54,822,275</b>  |
| <b>Net Book Value at End of Period</b> | <b>₱41,954,032</b> | <b>₱1,566,768</b> | <b>₱572,654</b>        | <b>₱759,546</b>          | <b>₱1,246,024</b>   | <b>₱46,099,024</b> |

Depreciation and amortization, included under ‘Operating expenses’ in the statements of operations (Note 23), consist of depreciation and amortization on:

|                          | 2022              | 2021              |
|--------------------------|-------------------|-------------------|
| Property and equipment   | ₱3,211,598        | ₱3,143,481        |
| Software costs (Note 13) | 1,628,336         | 915,517           |
| Other assets             | 51,988            | 125,562           |
|                          | <b>₱4,891,922</b> | <b>₱4,184,560</b> |

As of December 31, 2022 and 2021, the gross amount of fully depreciated property and equipment still in use by the Fund amounted to ₱25.39 million and ₱21.97 million, respectively.

13. Software Costs

The movements in this account follow:

|  | 2022              | 2021              |
|--|-------------------|-------------------|
| <b>Cost</b>                            |                   |                   |
| Balance at beginning of period         | ₱23,219,054       | ₱22,483,554       |
| Additions                              | 4,970,757         | 735,500           |
| <b>Balance at end of period</b>        | <b>28,189,811</b> | <b>23,219,054</b> |
| <b>Accumulated Amortization</b>        |                   |                   |
| Balance at beginning of period         | 20,894,921        | 19,979,404        |
| Amortization (Note 12)                 | 1,628,336         | 915,517           |
| <b>Balance at end of period</b>        | <b>22,523,257</b> | <b>20,894,921</b> |
| <b>Net Book Value at End of Period</b> | <b>₱5,666,554</b> | <b>₱2,324,133</b> |

14. Investment Properties

The movements in this account follow:

|                                | 2022                | 2021                |
|--------------------------------|---------------------|---------------------|
| Balance at beginning of period | ₱517,839,001        | ₱517,839,001        |
| Additions                      | 270,543,683         | –                   |
| Increase in fair value         | 76,892,598          | –                   |
|                                | <b>₱865,275,282</b> | <b>₱517,839,001</b> |

Total rent income earned from investment properties amounted to ₱10.60 million and ₱11.35 million for the years ended December 31, 2022 and 2021, respectively, which are included under ‘Miscellaneous income’. Direct operating expenses related to investment properties amounted to ₱3.12 million and ₱3.59 million for the years ended December 31, 2022 and 2021, respectively, which are included under ‘Investment expenses’.

In 2022, the Fund obtained title for irrevocable transfer of asset, and therefore capitalized the real properties intended for capital appreciation from ‘Other Assets’ amounting to ₱231.45 million and input taxes related to 2015 additions amounting to ₱29.67 million.

15. Accounts Payable and Other Liabilities

This account consists of:

|                                       | 2022               | 2021               |
|---------------------------------------|--------------------|--------------------|
| Due to brokers                        | ₱52,949,529        | ₱9,100,783         |
| Accounts payable and accrued expenses | 23,759,467         | 25,288,081         |
| Investment fee payable                | 11,538,566         | 12,932,084         |
| Withholding tax payable               | 1,666,572          | 1,272,474          |
| Others                                | 3,066,607          | 3,095,076          |
|                                       | <b>₱92,980,741</b> | <b>₱51,688,498</b> |

Due to broker pertains to payable to fund managers for the acquisition of investments other than shares of stocks. Others include deposit payable and due to fund managers.

16. Retirement Plan

R.A. No. 7641, *Retirement Pay Law*, requires provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

The Fund established a DC retirement plan for the benefit of its eligible member-employees, to be administered under and in accordance with the plan. Members of the retirement plan shall contribute 4.00% of their current basic monthly compensation; the Fund shall add 4.00% of each member’s current monthly compensation as its contribution. Members have the option to make additional contributions at a rate not exceeding that of the Fund’s contribution.

The BOT is responsible for the administration of the plan assets and for the definition of the investment strategy.

As of December 31, 2022 and 2021, the Fund’s retirement liability is presented below:

|  | Fair Value of<br>plan assets | Present Value<br>of DB | Effect of<br>Asset Ceiling | Net DB<br>Liability |
|--|------------------------------|------------------------|----------------------------|---------------------|
| December 31, 2022  |                              |                        |                            |                     |
| Balance at beginning of the period                               | P35,598,404                  | (P30,571,141)          | (P5,027,263)               | P–                  |
| Retirement expense (Note 23):                                    |                              |                        |                            |                     |
| Current service cost   | –                            | (792,445)              | –                          | (792,445)           |
| Net interest   | 1,318,429                    | (1,134,189)            | (186,511)                  | (2,271)             |
|  | 1,318,429                    | (1,926,634)            | (186,511)                  | (794,716)           |
| Contribution to the retirement fund                              | 1,894,252                    | –                      | –                          | 1,894,252           |
| Benefits paid*   | (2,016,702)                  | 2,016,702              | –                          | –                   |
| Remeasurements: Actuarial change due to:                         |                              |                        |                            |                     |
| Financial assumptions  | –                            | 5,711,163              | –                          | 5,711,163           |
| Experience adjustments   | –                            | 553,808                | –                          | 553,808             |
| Return on plan assets in excess of net interest                  | (983,716)                    | –                      | –                          | (983,716)           |
| Remeasurement loss on changes in the effect of the asset ceiling | –                            | –                      | (6,380,791)                | (6,380,791)         |
| Remeasurements recognized in other comprehensive income          | (983,716)                    | 6,264,971              | (6,380,791)                | (1,099,536)         |
| Balance at end of the period                                     | P35,810,667                  | (P24,216,102)          | (P11,594,565)              | P–                  |

|                                     | Fair Value of<br>plan assets | Present Value<br>of DB | Effect of<br>Asset Ceiling | Net DB Liability |
|-------------------------------------|------------------------------|------------------------|----------------------------|------------------|
| December 31, 2021                   |                              |                        |                            |                  |
| Balance at beginning of the period  | P31,991,212                  | (P26,963,949)          | (P5,027,263)               | P–               |
| Retirement expense (Note 23)        | –                            | (3,607,192)            | –                          | (3,607,192)      |
| Contribution to the retirement fund | 3,607,192                    | –                      | –                          | 3,607,192        |
|                                     | P35,598,404                  | (P30,571,141)          | (P5,027,263)               | P–               |

The Fund expects to contribute ₱1.02 million in 2023 to the retirement fund.

The fair values of plan assets by each class as at December 31, 2022 and 2021 follow:

|   | 2022        | 2021        |
|---|-------------|-------------|
| Cash and cash equivalents   | P5,479,032  | ₱3,479,797  |
| Financial assets at fair value through other comprehensive income |             |             |
| Equity securities   | 9,031,450   | 12,101,454  |
| Debt securities:  |             |             |
| Private bonds   | 10,965,226  | 8,889,938   |
| Government bonds  | 5,360,857   | 6,190,415   |
| Investment properties   | 3,974,984   | 4,008,608   |
| Loans and receivable  | 999,118     | 928,192     |
|   | P35,810,667 | ₱35,598,404 |

The principal assumptions used in determining pension for the DB liability as of the reporting dates follow:

|   | 2022  | 2021  |
|---|-------|-------|
| Discount rate                             | 7.10% | 3.71% |
| Future salary increases                   | 3.00% | 3.00% |
| Average remaining working life (in years) | 20.1  | 21.8  |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DB obligation as of December 31, 2022 and 2021, assuming all other assumptions are held constant:

|                    | 2022         | 2021         |
|--------------------|--------------|--------------|
| Discount rate      |              |              |
| +100 bps           | (P1,280,284) | (₱2,235,357) |
| -100 bps           | 1,440,152    | 2,584,133    |
| Salary increases   |              |              |
| +100 bps           | 1,485,809    | 2,576,375    |
| -100 bps           | (1,340,539)  | (2,270,214)  |
| No attrition rates | 204,774      | 736,912      |

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2022 and 2021:

|                             | 2022        | 2021        |
|-----------------------------|-------------|-------------|
| Less than 1 year            | P6,534,565  | ₱1,684,567  |
| More than 1 year to 5 years | 3,491,941   | 3,644,034   |
| More than 5 years           | 19,032,115  | 13,234,144  |
|                             | P29,058,621 | ₱18,562,745 |

The weighted average duration of the DB obligation as of December 31, 2022 and 2021 is 5.6 years and 7.9 years, respectively.

17. Maturity Profile of Assets and Liabilities

The following table presents the assets and liabilities by maturity based on expected settlement as of December 31, 2022 and 2021 (in thousands):

|   | 2022                   |                        |            | 2021                   |                        |            |
|---|------------------------|------------------------|------------|------------------------|------------------------|------------|
|   | Due Within<br>One Year | Due Beyond<br>One Year | Total      | Due Within<br>One Year | Due Beyond<br>One Year | Total      |
| Financial Assets  |                        |                        |            |                        |                        |            |
| Cash and cash equivalents                                   | P601,452               | P–                     | P601,452   | ₱663,639               | P–                     | ₱663,639   |
| Financial assets at FVPL                                    | 3,451,508              | 1,348,954              | 4,800,462  | 3,976,881              | 1,182,103              | 5,158,984  |
| Financial assets at FVOCI                                   | 498                    | 533,385                | 533,883    | 23,892                 | 622,347                | 646,239    |
| Loans and receivables                                       | 203,663                | 320,825                | 524,488    | 171,471                | 214,575                | 386,046    |
| Hold-to-collect investments securities                      | 69,550                 | 289,510                | 359,060    | –                      | 210,600                | 210,600    |
| Nonfinancial Assets   |                        |                        |            |                        |                        |            |
| Property and equipment                                      | –                      | 101,427                | 101,427    | –                      | 100,921                | 100,921    |
| Software cost   | –                      | 28,189                 | 28,189     | –                      | 23,219                 | 23,219     |
| Investment properties                                       | –                      | 865,275                | 865,275    | –                      | 517,839                | 517,839    |
| Other assets  | –                      | 59,773                 | 59,773     | –                      | 290,821                | 290,821    |
|   | 4,326,671              | 3,547,338              | 7,874,009  | 4,835,883              | 3,162,425              | 7,998,308  |
| Less:   |                        |                        |            |                        |                        |            |
| Allowance for credit losses                                 | –                      | (24,679)               | (24,679)   | –                      | (68)                   | (68)       |
| Accumulated depreciation and amortization (Notes 12 and 13) | –                      | (80,555)               | (80,555)   | –                      | (75,717)               | (75,717)   |
|   | P4,326,671             | P3,442,104             | P7,768,775 | ₱4,835,883             | ₱3,086,640             | ₱7,922,523 |
| Financial Liabilities                                       |                        |                        |            |                        |                        |            |
| Accounts payable and other Liabilities                      | P92,981                | P–                     | P92,981    | ₱51,688                | P–                     | ₱51,688    |
| Members’ deposits   | 102,751                | –                      | 102,751    | 135,543                | –                      | 135,543    |
| Benefits’ payable   | 8,996                  | –                      | 8,996      | 182                    | –                      | 182        |
|   | P204,728               | P–                     | P204,728   | ₱187,413               | P–                     | ₱187,413   |

18. Fund Management Agreements

The BOT entered into investment management agreements with the Investment Managers. Under these agreements, a portion of the Fund’s funds, the amount of which shall be fixed by the BOT from time to time, is to be managed by the Investment Managers under an investment management account.

As of December 31, 2022 and 2021, about 55.01% and 56.15% respectively, of the Fund’s total fund investment is managed by the Investment Managers.

The Investment Managers are paid based on a certain percentage of net assets of the respective funds being managed. Expenses relating to management fees amounted to ₱14.20 million and ₱16.44 million for the years ended December 31, 2022 and 2021, respectively, which are included under ‘Investment expenses’ in the statements of operations.

19. Net Assets Available for Distribution to Members

This account is composed of the members’ equity, surplus (deficit), net unrealized gains (losses), remeasurement gain (losses), and other adjustments to the fund that determines the fund value of members as of a given period.

Members’ equity is composed of the accumulated employer and employee contributions plus reserve fund and credited earnings less payouts to the members as a result of retirement, repurchase, separation of service, death, earnings from fund and other claims by the members.

The Pls contribute reserve fund to members' contribution to cover any shortfall between the accumulated equity of each member and the retirement benefits required under the law.

Unidentified collections from members are temporarily lodged as part of 'Members' deposits' which are consequently reclassified to 'Members' contributions' or payments for multi-purpose loans.

#### Capital management

The Fund's objectives when managing capital are to increase the value of members' equity and maintain high growth by applying free cash flow to selective investments. The BOT sets strategies for the Fund with the objective of establishing a versatile and resourceful financial management and capital structure.

There were no changes in the Fund's approach to capital management during the period. The Fund is not subject to externally-imposed capital requirement.

## 20. Deductions from Members' Equity

This account consists of payments for:

|                            | 2022                | 2021         |
|----------------------------|---------------------|--------------|
| Retirement                 | <b>P297,487,979</b> | ₱357,055,070 |
| Benefits from reserve fund | <b>108,231,796</b>  | 199,808,716  |
| Repurchase of plans        | <b>120,340,636</b>  | 100,769,699  |
| Separation from service    | <b>8,678,603</b>    | 32,759,396   |
| Death benefits             | <b>24,252,837</b>   | 30,001,028   |
| Other adjustments          | <b>19,812,012</b>   | 23,547,203   |
| Forfeited benefit claims   | <b>23,334,239</b>   | 19,288,909   |
| Disability                 | <b>94,032</b>       | —            |
|                            | <b>P602,232,134</b> | ₱763,230,021 |

Other adjustments include outstanding loans of members that remain unpaid three months after the maturity of the loan. Members are notified as to the delinquency of their loan account. Outstanding balance, plus penalties if there are any, is deducted from the member's account.

## 21. General and Special Reserves (Deficit)

General reserves (deficit) represent the balance of accumulated earnings that are available for distribution to members. Special reserves represent appropriation for specific purposes as may be determined by the BOT and as discussed below.

Effective January 1, 2019, the BOT shifted to a monthly declaration of ROI of the Fund.

The ROI declared by the Board aggregated to (₱231.24) million and ₱310.79 million for the year ended December 31, 2022 and 2021, respectively, or (3.11%) and 4.38%, respectively. In accordance with PERAA Plan Agreement (PPA), the return (loss) on investment was added (deducted) to each members' accounts.

Under Article VII - (*Earnings*), Section 1 of the PERAA Plan Agreement, the earnings of the Fund shall be based on the return on investment (ROI) determined by the BOT at the end of the year.

- For members who have not yet applied for benefits, such earnings shall be added to the fund of the member; and
- For members or beneficiaries who have applied for benefits, such earnings will be paid in a single sum at the end of the year.

Under Article X - (*Financing*), Section 1 of the PPA, the contributions of the participating institutions, of the members, or other benefactors, if there are any, together with the gains and losses, realized and unrealized, less expenses, shall constitute the Private Education Retirement Annuity Association Fund.

Special reserves represent appropriation for specific purposes as discussed below and are not available for distribution to members:

- Special projects - appropriation to cover the related cost in transferring to the Fund's present office space in Multinational Bancorporation Centre and acquisition and development of computer system; and
- Contingency - appropriation to cover unexpected losses or shortfall in the values of investments and to distribute incurred losses;

## 22. Leases

The Fund leases out its investment properties for varying periods, which are renewable upon mutual agreement of the parties. The lease contracts do not include annual escalation clauses except for one contract which includes annual escalation clause of 5.00%.

As of December 31, 2022 and 2021, the Fund has no contingent rent receivable. Total rent income earned by the Fund amounted to ₱10.60 million and ₱11.35 million in December 31, 2022 and 2021, respectively, which are included under 'Miscellaneous income'.

Future minimum rental receivables under operating leases follow:

|   | 2022               | 2021        |
|---|--------------------|-------------|
| Within one year                             | <b>P11,890,311</b> | ₱10,844,690 |
| After one year but not more than five years | <b>8,220,365</b>   | 13,233,384  |
|   | <b>P20,110,676</b> | ₱24,078,074 |

## 23. Operating Expenses

This account consists of:

|   | 2022               | 2021        |
|---|--------------------|-------------|
| Salaries, wages and allowances (Note 24)                    | <b>P27,281,606</b> | ₱26,033,449 |
| Social security costs and other employee benefits (Note 24) | <b>15,010,905</b>  | 14,999,048  |
| Depreciation and amortization (Notes 12 and 13)             | <b>4,891,922</b>   | 4,184,560   |
| General meeting   | <b>2,213,504</b>   | 213,623     |
| Retirement expense (Note 16)                                | <b>1,926,633</b>   | 3,607,192   |
| Meetings and representation – BOT                           | <b>1,173,897</b>   | 1,740,962   |
| Professional fees   | <b>1,434,106</b>   | 1,275,770   |
| Light and water   | <b>1,429,879</b>   | 1,247,334   |
| Condominium dues  | <b>1,237,694</b>   | 1,237,694   |
| Communications  | <b>1,178,372</b>   | 1,147,703   |
| Medical and recreation                                      | <b>1,259,072</b>   | 861,985     |
| System costs  | <b>634,158</b>     | —           |
| Security services   | <b>352,326</b>     | 356,455     |
| Office supplies   | <b>133,932</b>     | 330,342     |
| Meetings and representation                                 | <b>215,848</b>     | 247,442     |
| Top Outstanding PERAA Member                                | <b>46,301</b>      | —           |
| Miscellaneous   | <b>3,170,232</b>   | 2,468,775   |
|   | <b>P63,590,387</b> | ₱59,952,334 |

Miscellaneous expenses pertain to expenses incurred for repairs & maintenance, computer usage, services and supplies, transportation, hospitalization and insurance, staff development, printing and production, information services, travel and promotion, bank charges and taxes and licenses.



24. **Related Party Transactions**

Compensation of key management personnel  
Compensation of the Fund’s key management personnel is as follows:

|                          | 2022               | 2021        |
|--------------------------|--------------------|-------------|
| Short-term benefits      | <b>₱25,139,329</b> | ₱22,075,085 |
| Retirement contributions | <b>633,405</b>     | 557,829     |
|                          | <b>₱25,772,734</b> | ₱22,632,914 |

Short-term benefits are included under ‘Salaries, wages and allowances’ and under ‘Social security costs and other employee benefits’ while retirement contributions are presented under ‘Social security costs and other employee benefits’ (Note 23).

Loans to members  
The PERAA Fund offers multi-purpose loans to its qualified members with terms ranging from 12 to 60 months amounting to ₱211.05 million and ₱195.04 million as of December 31, 2022 and 2021, respectively. Multi-purpose loans earn interest ranging from 3.00% to 12.00% in 2022 and 2021, respectively. A 1.00% service fee is charged by the Fund for every loan released and a penalty is imposed which is equivalent to 1/10 of 1.00% of any unpaid monthly amortization for each day of delay. Service charges and penalties from multi-purpose loans included under ‘Miscellaneous income’ amounted to ₱3.92 million and ₱4.24 million in 2022 and 2021, respectively.

25. **Note to Statements of Cash Flows**

The statements of cash flows include non-cash items pertaining to contributions reclassified from members’ deposits amounting to ₱96.41 million and ₱48.86 million in 2022 and 2021, respectively, and capitalized costs reclassified to investment properties from other assets amounting to ₱231.01 million as of December 31, 2022.

26. **Contingencies**

There are contingent liabilities that arise in the normal course of the Fund’s operations which are not reflected in the accompanying financial statements. As of December 31, 2022 and 2021, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Fund’s financial statements.

27. **Approval for the Release of Financial Statements**

The accompanying comparative financial statements of the Fund were authorized for issue by the BOT on August 31, 2023.

28. **Supplementary Information Required Under RR No. 15-2010 and 34-2020**

Revenue Regulations (RR) 15-2010  
The Fund reported and/or paid the following types of taxes and license fees for the calendar year ended December 31, 2022:

Taxes and licenses  
For the calendar year ended December 31, 2022, taxes and licenses of the Fund recorded under ‘Miscellaneous expense’ in operating expenses in the statement of operations amounts to ₱343,643. These are reported and paid in accordance with existing regulations of the BIR in the case of national internal revenue taxes, or the concerned local government unit, in the case of local taxes.

Output VAT  
The Company is a VAT-registered company with VAT output tax declaration of ₱1.40 million for the year based on the amount of rental income.

|   |                    |
|---|--------------------|
| Input VAT                                 |                    |
| Balance at beginning of the year          | ₱58,218,139        |
| Current year’s purchases:                 |                    |
| Domestic purchases of services            | 965,797            |
| Purchase of capital goods                 | 480,000            |
| Purchase of goods and other capital goods | 216,307            |
| Input closed to Output VAT application    | (1,401,763)        |
| Balance at end of the year                | <u>₱58,478,480</u> |

Withholding Taxes  
Details of total remittances in 2022 and outstanding balance of withholding taxes as of December 31, 2022 follow:

|  | Total Remittances  | Outstanding Balance |
|--|--------------------|---------------------|
| Expanded withholding taxes                     | ₱15,038,819        | ₱1,149,576          |
| Withholding taxes on compensation and benefits | 7,162,413          | 516,996             |
|  | <u>₱22,201,232</u> | <u>₱1,666,572</u>   |

Tax Assessments and Cases  
As of December 31, 2022, there are no outstanding tax cases under investigation, litigation nor prosecution in courts or bodies outside the BIR.

RR 34-2020  
The Company is not covered by the requirements and procedures for related party transactions under Section 2 of RR No. 34-2020.

## PERAA Officers and Employees



**Database Services**



**Institutional Relations Services**



**Information Technology Services**



**Executive Department**



**Member Services**



**Accounting and Investment Departments**



**Administrative and HR Services**

## 2022 Honorary Awardees

### PLATINUM AWARDEE

**New Era University**  
Quezon City

### SILVER JUBILEE CLUB AWARDEES

**Siena College of Taytay**  
Taytay, Rizal

**Sacred Heart School-Ateneo De Cebu, Inc.**  
Mandaue City

**MGC New Life Christian Academy, Inc.**  
Taguig City

**Lorma Colleges**  
San Fernando City, La Union

**General De Jesus College**  
San Isidro, Nueva Ecija

**Davao Medical School Foundation**  
Davao City

**National College of Business and Arts**  
Quezon City

**St. Paul University Quezon City**  
Quezon City

**Cor Jesu College, Inc.**  
Digos City

**Saint Joseph College**  
Maasin, Southern Leyte

**Iloilo Doctors College**  
Iloilo City

**Baliuag University**  
Baliuag, Bulacan

**Republic Central Colleges**  
Angeles City

**University of Southern Philippines**  
Cebu City

**St. Joseph's College**  
Quezon City

**Infant Jesus Academy**  
Marikina City

**De La Salle John Bosco College, Inc.**  
Bislig City

**Siena College**  
Quezon City

**University of Perpetual Help Rizal, Inc.**  
Las Piñas City

**Our Lady of the Sacred Heart College of Guimba, Inc.**  
Guimba, Nueva Ecija

**Ateneo De Iloilo, Inc.**  
Iloilo City

**Jubilee Christian Academy**  
Quezon City

**Sisters of Mary of Banneux, Inc.**  
Silang, Cavite

**College of the Immaculate Conception**  
Cabanatuan City

### MEGA CIRCLE AWARDEES

**Academy of Saint John - La Salle Greenhills Supervised**  
General Trias, Cavite

**Small World Christian School Foundation**  
Baguio City

### MULTI-MILLIONAIRE AWARDEES

**University of Perpetual Help Dalta Medical Center, Inc.**  
Las Piñas City

**FEU High School, Inc.**  
Sampaloc, Manila

**Northern Mindanao Colleges**  
Cabadbaran, Agusan del Norte

**NU Sports Academy, Inc.**  
Calamba City

**Andres Soriano College**  
Bislig City



# Top 100 Participating Institutions

BASED ON ACCUMULATED VALUE AS OF DECEMBER 31, 2022

- |  |  |  |   |  |  |
|--|--|--|---|--|--|
| 1. <b>John B. Lacson Colleges Foundation</b><br>Iloilo City                    | 19. <b>San Pedro College, Inc.</b><br>Davao City                           | 37. <b>University of Batangas</b><br>Batangas City                                     | 55. <b>College of the Immaculate Conception</b><br>Cabanatuan City            | 71. <b>University of Manila</b><br>Sampaloc, Manila                              | 86. <b>Naga Parochial School</b><br>Naga City                                  |
| 2. <b>Ateneo De Zamboanga University</b><br>Zamboanga City                     | 20. <b>Elizabeth Seton School</b><br>Las Piñas City                        | 38. <b>St. Paul University Quezon City</b><br>Quezon City                              | 56. <b>University of St. La Salle</b><br>Bacolod City                         | 72. <b>Mother Goose Special School System, Inc.</b><br>Dagupan City              | 87. <b>Cebu Doctors' University, Inc.</b><br>Mandaue City                      |
| 3. <b>Cebu Institute of Technology</b><br>Cebu City                            | 21. <b>Private Education Retirement Annuity Association</b><br>Makati City | 39. <b>Cor Jesu College, Inc.</b><br>Digos City  | 57. <b>Holy Trinity College of General Santos City</b><br>General Santos City | 73. <b>Bicol College</b><br>Daraga, Albay  | 88. <b>Harris Memorial College</b><br>Taytay, Rizal                            |
| 4. <b>Technological Institute of the Philippines</b><br>Quiapo, Manila         | 22. <b>Misamis University, Incorporated</b><br>Ozamiz City                 | 40. <b>Saint Joseph College</b><br>Maasin City   | 58. <b>Philippine College of Criminology</b><br>Sta. Cruz, Manila             | 74. <b>Central Colleges of the Philippines</b><br>Quezon City                    | 89. <b>Union Christian College</b><br>San Fernando City, La Union              |
| 5. <b>Xavier University</b><br>Cagayan de Oro City                             | 23. <b>Claret School</b><br>Quezon City                                    | 41. <b>Iloilo Doctors College</b><br>Iloilo City                                       | 59. <b>Brent School, Inc.</b><br>Baguio City                                  | 75. <b>Dominican College</b><br>San Juan City                                    | 90. <b>Holy Family School of Quezon City, Inc.</b><br>Quezon City              |
| 6. <b>Ateneo de Davao University</b><br>Davao City                             | 24. <b>UST Angelicum College, Inc.</b><br>Quezon City                      | 42. <b>Baliuag University</b><br>Baliuag, Bulacan                                      | 60. <b>Systems Plus College Foundation</b><br>Angeles City                    | 76. <b>Maria Montessori Children's School Foundation, Inc.</b><br>Parañaque City | 91. <b>Davao Doctors College</b><br>Davao City                                 |
| 7. <b>Jose Rizal University</b><br>Mandaluyong City                            | 25. <b>De La Salle-Araneta University</b><br>Malabon City                  | 43. <b>Republic Central Colleges</b><br>Angeles City                                   | 61. <b>University of Pangasinan</b><br>Dagupan City                           | 77. <b>Brokenshire College</b><br>Davao City                                     | 92. <b>The College of Maasin</b><br>Maasin City                                |
| 8. <b>University of the Cordilleras</b><br>Baguio City                         | 26. <b>Southern Christian College</b><br>Midsayap, North Cotabato          | 44. <b>Holy Angel University</b><br>Angeles City                                       | 62. <b>Rizal Memorial Colleges</b><br>Davao City                              | 78. <b>Bacolod Tay Tung High School, Inc.</b><br>Bacolod City                    | 93. <b>Ormoc Educational Corporation (Western Leyte College)</b><br>Ormoc City |
| 9. <b>East Asia Computer Center, Inc.</b><br>Sampaloc, Manila                  | 27. <b>New Era University</b><br>Quezon City                               | 45. <b>University of Southern Philippines</b><br>Cebu City                             | 63. <b>Velez College</b><br>Cebu City   | 79. <b>Southern Baptist College</b><br>M'Lang, North Cotabato                    | 94. <b>Holy Cross Colleges, Inc.</b><br>Santa Ana, Pampanga                    |
| 10. <b>Colegio San Agustin</b><br>Makati City                                  | 28. <b>Wesleyan University-Philippines</b><br>Cabanatuan City              | 46. <b>St. Joseph's College</b><br>Quezon City   | 64. <b>Trinity University of Asia, Inc.</b><br>Quezon City                    | 80. <b>Southern Mindanao Colleges</b><br>Pagadian City                           | 95. <b>University of Cebu, Inc.</b><br>Cebu City                               |
| 11. <b>University of Baguio</b><br>Baguio City                                 | 29. <b>Holy Family Academy</b><br>Angeles City                             | 47. <b>Infant Jesus Academy</b><br>Marikina City                                       | 65. <b>St. Michael's College of Laguna</b><br>Biñan, Laguna                   | 81. <b>Assumption College of Davao, Inc.</b><br>Davao City                       | 96. <b>St. Therese-MTC Colleges-Jalandoni, Inc.</b><br>Iloilo City             |
| 12. <b>University of Nueva Caceres</b><br>Naga City                            | 30. <b>Siena College of Taytay</b><br>Taytay, Rizal                        | 48. <b>De La Salle John Bosco College, Inc.</b><br>Bislig City                         | 66. <b>St. Columban College</b><br>Pagadian City                              | 82. <b>Colegio De Dagupan, Inc.</b><br>Dagupan City                              | 97. <b>The Philippine Women's University</b><br>Malate, Manila                 |
| 13. <b>National University</b><br>Sampaloc, Manila                             | 31. <b>Sacred Heart School-Ateneo de Cebu, Inc.</b><br>Mandaue City        | 49. <b>Siena College</b><br>Quezon City  | 67. <b>Febias College of Bible</b><br>Valenzuela City                         | 83. <b>Silliman University</b><br>Dumaguete City                                 | 98. <b>Dansalan College</b><br>Marawi City                                     |
| 14. <b>Philippine Christian University</b><br>Malate, Manila                   | 32. <b>MGC New Life Christian Academy, Inc.</b><br>Taguig City             | 50. <b>University of Perpetual Help Rizal, Inc.</b><br>Las Piñas City                  | 68. <b>University of Luzon, Inc.</b><br>Dagupan City                          | 84. <b>(The) Roman Catholic Bishop of Cubao, Inc.</b><br>Quezon City             | 99. <b>St. Paul University Surigao</b><br>Surigao City                         |
| 15. <b>University of the Assumption</b><br>San Fernando City, Pampanga         | 33. <b>Lorma Colleges</b><br>San Fernando City                             | 51. <b>Our Lady of the Sacred Heart College of Guimba, Inc.</b><br>Guimba, Nueva Ecija | 69. <b>Southwestern University</b><br>Cebu City                               | 85. <b>St. Vincent's College</b><br>Dipolog City                                 | 100. <b>Cavite Institute</b><br>Silang, Cavite                                 |
| 16. <b>Asia Pacific Technology Educational Foundation, Inc.</b><br>Makati City | 34. <b>General De Jesus College</b><br>San Isidro, Nueva Ecija             | 52. <b>Ateneo de Iloilo, Inc.</b><br>Iloilo City                                       | 70. <b>Aklan Catholic College, Inc.</b><br>Kalibo, Aklan                      |  |  |
| 17. <b>Center for Educational Measurement</b><br>Makati City                   | 35. <b>Davao Medical School Foundation</b><br>Davao City                   | 53. <b>Jubilee Christian Academy</b><br>Quezon City                                    |   |  |  |
| 18. <b>Father Saturnino Urios University</b><br>Butuan City                    | 36. <b>National College of Business and Arts</b><br>Quezon City            | 54. <b>Sisters of Mary of Banneux, Inc.</b><br>Silang, Cavite                          |   |  |  |

## New Participating Institutions - 2022

### LUZON

**Simbag sa Emerhensya Asin Dagdag Paseguro Mutual Benefit Association (SEDP MBA) Inc.**  
Legaspi City

**La Marea Academy, Inc.**  
Dagupan City

**Clark College of Science and Technology, Inc.**  
Mabalacat, Pampanga

**Blessed James Cusmano Academy, Inc.**  
Mabitac, Laguna

**University of Perpetual Help Dalta Medical Center, Inc.**  
Las Piñas City

**NU MOA Incorporated**  
Pasay City

**Golden Minds Academy of Guiguinto, Bulacan Inc.**  
Guiguinto, Bulacan



# List of PERAA Officers and Employees

## Executive Department

- Bernadette M. Nepomuceno**  
PRESIDENT
- Liza H. Fadol**  
VICE PRESIDENT FOR OPERATIONS
- Roushelle T. Nazario**  
VICE PRESIDENT FOR FINANCE
- Sherrie S. Dorol**  
EXECUTIVE ASSISTANT
- Diana A. Songuad**  
EXECUTIVE ASSISTANT / ADMINISTRATIVE SUPERVISOR

## Accounting and Investment Departments

- Roushelle T. Nazario**  
VICE PRESIDENT FOR FINANCE
- Mary Grace D. Uy**  
ACCOUNTING ASSISTANT MANAGER
- Angelica M. De La Torre**  
**Michael I. General**  
**Michael T. Lagne**  
ACCOUNTING STAFF
- Rowena G. Bazar**  
INVESTMENT ASSISTANT
- Donavenuz B. Adame**  
**Kelvin D. Dacasin**  
INVESTMENT STAFF
- John Roger P. Padilla**  
**Daniel R. Perlas**  
INVESTMENT CLERK

## Administrative and HR Services

- Liza H. Fadol**  
VICE PRESIDENT FOR OPERATIONS
- Reneilyn Q. Acedera**  
**Shaira Pauline Kendra T. Olivar**  
HR STAFF
- Diana A. Songuad**  
EXECUTIVE ASSISTANT / ADMINISTRATIVE SUPERVISOR
- Rio J. Amolo**  
ADMINISTRATIVE STAFF
- Junelle C. Valencia**  
ADMINISTRATIVE STAFF / MESSENGER
- Peter M. Busque**  
DRIVER / MESSENGER
- Joseph V. Algordo**  
MAINTENANCE / MESSENGER
- Sheila A. Lumbao**  
ASSISTANT CASHIER
- Jennifer Y. Dantes**  
CASHIER STAFF
- Institutional Relations Services**
- Jennifer P. Tanate**  
INSTITUTIONAL RELATIONS SERVICES DIRECTOR
- Lanie B. Egera**  
IRS ASSISTANT
- Girlie C. Casilag**  
**Rubi Rose M. Erasquin**  
IRS STAFF
- Christian Lloyd M. Dimayuga**  
BUSINESS DEVELOPMENT STAFF

## Information Technology Services

- Erwin S. Querido**  
IT MANAGER
- Gary Wilson C. Villete**  
IT SUPERVISOR
- Julius Matthews R. Gutierrez**  
IT ASSISTANT / PROGRAMMER
- Database Services**
- Liza H. Fadol**  
VICE PRESIDENT FOR OPERATIONS
- Myllah D. Garcia**  
DATABASE ASSISTANT MANAGER
- Krishna May M. Amistad**  
**May B. Fabricante**  
**Ivy Mae G. Malabanan**  
DATA ENCODERS

## Member Services

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**The Private Education Retirement Annuity Association (PERAA)** was established on September 2, 1972 to complement the Social Security System. A non-profit, multi-employer trust providing a systematic retirement program to private educational entities and its affiliates, PERAA was the answer of the Fund for Assistance to Private Education (FAPE) – a non-profit organization committed to improve private education – to the clamor of private schools for a non-profit retirement program which would establish a well-designed and soundly-funded pension plan for their employees.

PERAA is the product of the combined expertise of Filipino and American actuaries and the consortium of private school administrators. The PERAA Plan Agreement has been adjudicated as a reasonable retirement benefit plan within the contemplation of R.A. 4917 on June 5, 1972.

### THE PERAA VISION

PERAA seeks to become the retirement plan of choice for private educational institutions, through the provisions of adequate and affordable retirement schemes.

### THE PERAA MISSION

PERAA aims to provide adequate and affordable retirement programs to participating private educational institutions through the achievement of economies of scale from commonly managed funding retirement arrangement, and by operating as a non-profit organization administered by a highly motivated and competent Board of Trustees.

### ADVANTAGES OF BEING WITH PERAA FUND

Retirement is the sole reason for PERAA’s existence. It is the only focus and purpose of an evolving fusion of leadership; of competent Board of Trustees prudently administering the Fund. PERAA FUND, being a co-mingled fund, is able to invest in a more diverse mix of investment instruments. Over the past years, its performance has outperformed benchmarks earning every peso equally. It has an effective investment and membership monitoring system in place. Moreover, the PERAA FUND is a tax qualified plan.

Its membership since 1972 has steadily soared, proof that PERAA is indeed the right association for you.

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PRINTED IN THE PHILIPPINES BY  
Cover & Pages  
September 2023 · 1,000 copies



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