

STRENGTHENING BONDS



2019 ANNUAL REPORT

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STRENGTHENING BONDS

With almost 50 years under its belt, the Private Education Retirement Annuity Association (PERAA) has built for itself a reputation of trust and reliability. The organization, which is and has always been led by some of the most illustrious and accomplished academicians, leaders, and educators, has always prioritized and valued its solid partnerships among its members and peers to ensure that it is abreast of the needs and concerns of its stakeholders. This year, PERAA further extended its reach and intensified its network within and outside the organization so it can remain agile and capable despite throughout the years; proving once again that PERAA is strong and dependable enough to weather and conquer the times. Through the use of intersecting circles that form an "8" or infinity sign which are highlighted by photos of the PERAA Board and Officers, the cover connotes the leadership's long-term commitment to strengthen the organization.

SUMMARY OF OPERATIONS

	December 31, 2019	December 31, 2018
ASSETS	7,549,910,088	7,075,257,339
Total Members' Fund	7,090,159,046	6,517,829,928
Contribution of Members	496,362,818	555,595,788
Investment Earnings	425,554,568	53,196,550
Unrealized Loss on FVOCI/AFS Investments	93,928,745	(17,360,865)
Remeasurement losses on retirement plan	-	(3,590,418)
Net Investment Earnings	519,483,313	32,245,267
Credited Rate of Interest	7.34%	1.57%
Benefit Payments		
Retirement	260,704,478	243,170,105
Repurchase	87,877,740	94,193,656
Payment of benefits from Reserve Fund	123,941,571	110,051,064
Forfeited benefit claims	13,402,669	12,948,572
Death	11,400,581	8,282,352
Separation-from-Service	6,084,464	10,008,465
Disability	0	17,690
Total Benefit Payments	503,411,503	478,671,904
Multi-Purpose Loans	218,150,126	195,855,207
Operating Expenses	66,581,226	59,243,298

Message from the **Chairman**



We wish to assure you that PERAA, led by its Board and its management, will not waiver in its commitment to safeguard the funds entrusted to it and to do our best for our primary mission of helping member institutions provide adequate funds for the retirement of their personnel.

FR. ANTONIO S. SAMSON, SJ
Chairman, Board of Trustees



Dear PERAA Members,

I am pleased to present a brief Report as Board Chair of the Private Education Retirement Annuity Association Fund (PERAA Fund) for CY Ended 31 December 2019.

The President's Report, the Treasurer's Report and the Audited Financial Report for CY Ended 31 December 2019 give you detailed data on PERAA activities and operations, financial position and investment performance, compliance and fund stewardship for PERAA's CY 2019.

As you know PERAA had shifted its fiscal year to the calendar year. CY 2019 Beginning 01 January and Ending 31 December 2019 was a good year for PERAA, with Return on Investment (ROI) a good positive 7.34%.

In 2018 we had a positive but modest ROI of 1.57%. I can then say that the performance of CY 2019 has shown the responsible and prudent stewardship of the PERAA Board and Management in a better investment climate in 2019.

CY 2019 was the start of our shift to monthly valuation of members' Fund. With this development, from an annual declaration of ROI to monthly distribution of earnings and losses, each of our members gets his/her full values-worth when he/she receives his/her retirement fund entrusted to PERAA.

With monthly valuation of PERAA Fund, each member leaving the PERAA Fund gets a simpler and more equitable share in the earnings or losses of the Fund, rather than waiting for the yearly valuation and having to await earnings adjustments when one leaves the Fund next year.

We have continued and will continue to be true to our mandate of safeguarding the Fund primarily focusing on capital preservation rather than growth and prudently maximizing all available resources to work in our/your favor.

We are in our 47th year of service to private education. We started in 1972 with an initial 14 Participating Institutions; 335 member-faculty and staff; and ₱420,000 retirement contribution. Now we stand with 1,903 Participating Institutions; 73,976 members -faculty and staff; and ₱7.55 billion Retirement Fund.

The global pandemic due to COVID - 19 has radically changed our world and after half a year we really do not know what our new world order will be. The world economy has been devastated and no one really knows when we will get to some sort of "normality," as we had known it. We pray that somehow the world could begin to recover during the latter part of 2020: obviously, we are apprehensive how the Fund performance would be at end of CY 2020.

Because of this global pandemic we are then not able to hold our Annual Meeting for CY Ended 31 December 2019. The Philippine government has mandated specific protocols in our fight against this virus and gatherings as big as our Annual Meeting are not yet allowed.

We will continue to update you in any way we can and strengthen the bond we had established with you. Our remarkable progress over the past years would not have been possible without your trust in the Association's mission and its governing Board, management and staff. We commend your sense of duty and care for your personnel and your dedication to provide for a well-deserved retirement for your personnel.

This pandemic brings innumerable uncertainties. We wish to assure you that PERAA, led by its Board and its management, will not waiver in its commitment to safeguard the funds entrusted to it and to do our best for our primary mission of helping member institutions provide adequate funds for the retirement of their personnel.

PERAA joins you and the whole world in praying and working for the end of this pandemic, most especially for the provision of a proper vaccine for COVID-19.

God bless.

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



Report from the President



For the Private Education Retirement Annuity Association, strengthening bonds matter. Adversities don't get easier and as years pass; our members' continued trust in the Association will make us stronger and more resilient.

We are now on our 47th year in service to private education. Not once have we faltered in providing for the benefits of our members. Headed by the Board of Trustees, PERAA has intensified its integrity and has thrived hard to continue its strong commitment and dedication to serve all of its members as responsibly as it can. And as part of that commitment, I am pleased to report PERAA's operation and performance for Calendar year ending December 31, 2019.

PERIOD IN REVIEW

2019 was a big year for PERAA. It was the start of years-long preparation and announcement on the shift from an annual declaration to monthly valuation of the Return on Investment or what we commonly refer as ROI. The Board, seeing the very unpredictable financial market condition since the global financial crisis, saw to it that measures had to be taken to address sustainability of the Fund. The shift is one of the measures to ensure that both current members and members' leaving the Fund will get the actual appraised value of their fund and will get a share in any earnings or losses. Consequently, enhancements were done in the system to meet the requirements of a monthly ROI valuation. In addition to the continuous upgrade of our database, generation of system reports were added to cater to members' institutional audit needs and our own accounting needs.

On the financial market, 2019 was also a big year for the Philippines as the government implemented business policies in easing doing business in the country and extensively overhauled the tax system. Though there was a delay in the passage of the 2019 budget which may have slowed down economic growth, still, the Philippines' economy remained strong and ended the year with a GDP of 6.4% in the fourth quarter of 2019.

PERFORMANCE 2019

PERAA gained much from its diversification of asset allocation. Our shift to defensive and market neutral investments protected and cushioned the Fund from inevitable market risks. We stayed focus on our fundamentals planning out ways to preserve our capital and improve overall performance of the Fund. For Calendar Year ending December 31, 2020, PERAA was able to achieve a very good Return on Investment of 7.34%.

Assets

PERAA's Total Assets as of December 31, 2019 was at ₱7.55 billion, an increase of 6.71% as compared to ₱7.08 billion for calendar year ending December 31, 2018.

Net Investment Earnings as of December 31, 2019 totaled to ₱519.48 million as compared to ₱32.24 million as of December 31, 2018.

Member's Fund

Total Contributions of members slightly decreased for calendar year 2019 summing up to ₱496.36 million as of December 31, 2019 as compared to ₱555.59 million contributions made for calendar year 2018 ending December 31, 2018.

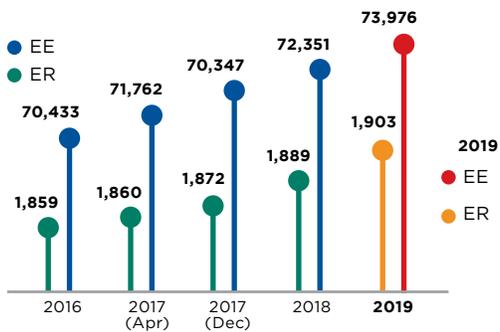


Saddled by the reality that Covid-19 may not be totally eradicated even with the discovery of vaccines, I will assure our members that our services will continue. Slowly but continuously we will deliver.

BERNADETTE M. NEPOMUCENO
President



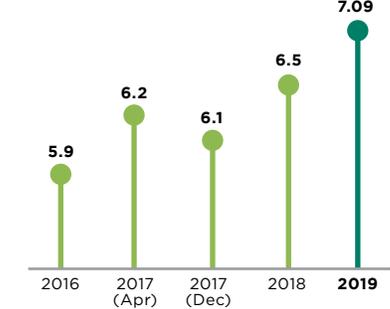
Membership



Members' Contribution (In Million Pesos)



Members' Fund (In Billion Pesos)



Although the contributions for the year decreased, the Total Member's Fund still increased by 8.78% as of December 31, 2019 reaching ₱7.09 billion from ₱6.52 billion as of December 31, 2018.

Benefit Pay-outs

PERAA has released Benefit Payments for calendar year ending December 31, 2019 totaling to ₱503.41 million distributed to 2,264 claimants as follows:

- Retirement - ₱372.54 million for 713 members
- Repurchase - ₱110.25 million for 1,423 members
- Separation-from-Service - ₱8.17 million for 85 members
- Death Claim - ₱12.45 million for 43 members

Loan Utilization

PERAA's Multi-Purpose Loan (MPL) program benefited a total of 3,541 members for the whole calendar year 2019. Total Loan Amount summed up to ₱228.53 million for calendar year ending December 31, 2019 as compared to ₱208.66 million total loan amount for calendar year ending December 31, 2018.

FULFILLING THE PERAA PROMISE

Strengthening Bonds

We take pride as the first retirement plan provider for private education in the Philippines and we take pride for having some of the most illustrious and accomplished academicians, leaders and educators lead the association. The dedication and contributions of these men and women in the past have cemented the pillars of PERAA as the private schools' solid partner for their retirement needs.

The PERAA Board of Trustees has always valued the member's trust and confidence in the association so much so that monthly, the Board meets and discusses PERAA's financial standing, PERAA's operation as a whole and PERAA's developments in further improving its services to its members.

Management sees to it that PERAA is present and active in all of its affiliate organizations' events and conferences to stay abreast with the issues and concerns affecting their members who are also PERAA members. It is our way of intensifying the solid partnership that has been formed in the past; strengthening the bond of commitment in helping one another. It is our way of letting them know that PERAA is always here to support their endeavors and advocacies.

Our unwavering passion and commitment to improve the lives we touch have increased our member schools to 1903 Participating Institutions (PI) with 73,976 member-employees as of calendar year ending December 31, 2019. We welcomed 14 new institutions in 2019 with a total of 196 member-employees and an aggregate initial fund of ₱5.76 million.

We strengthen our ties and communication by holding Regional Coordinators' Handbook Seminar every year and for 2019 we held two seminars. One was on July 25, 2019 at Brokenshire College, Davao City where 41 Participating Institutions were represented by 68 delegates. Another was held in Iloilo City on November 7, 2019 at the John B. Lacson Colleges Foundation-Arevalo

campus. It was attended by 48 participants from 25 Participating Institutions. We continued to strengthen our member engagement achieving a total of 47 school visitations in 2019 meeting new administrators, orienting new management, answering requests, issues and concerns or simply getting in touch with the inactive schools motivating them to revive their participation in PERAA. We served 9 Employee's Orientation and presented to 13 none PERAA members giving them a detailed view on how PERAA helps build retirement resources to comply with Republic Act 7641.

Safer, better and swifter release of Members' Loan proceeds encouraged more members to choose PERAA for their financial needs. There was an increase in 2019 of 2.2% in the number of member borrowers from CY 2018 and an increase of 9.5% in the total amount loaned from CY 2018. The Multi-Purpose Loan (MPL) program of PERAA not only is safe but it is one of the lowest interest-bearing loan program in the country. It culminates our desire to improve the lives we touch... that of our members.

NEW NORMAL

With the threat of the corona virus (Covid-19), the gains of 2019 slowly eroded. Most markets suffered significant losses and PERAA was not spared. The systematic risk posted by this global crisis was impossible to completely avoid. The pandemic took the world by surprise and has driven government around the world to enforce quarantine and lockdowns. People movements were restricted and all establishments, including our schools, were closed. This posted a major problem to most of our member institutions. PERAA, not anticipating any pandemic to happen but just thinking ahead and embracing new technology, has already introduced in 2019 the Philippine Electronic Fund Transfer System and Operations Network (PESONet). It is the first Automated Clearing House under the National Retail Payment System (NRPS) where our Participating Institutions can take advantage of with the quarantine being enforced in their respective area. Even with the quarantine most of the banks were allowed to open, but some of our schools in the provinces found it hard to travel to the cities where the major banks are located. As part of the 'new normal', we are glad that some of our member schools took advantage of this while it was free of charge. The Cashless payment facility such as On-line transactions and Fund transfers with our two existing bank accounts, BDO and UCPB paved a new way for our member institutions to send their remittances and to pay for loan amortizations. These are all part of the 'new normal' that we have to embrace and in which PERAA has to adopt.

We have yet to see how badly this pandemic has affected the Fund and how it will fare up to the end of the calendar year 2020. As the lockdown period has been relaxed, our economy is gradually recovering. Still, a lot of sectors like, travel, airlines, tourism and even education are heavily weighed down by the 'new normal'.

Saddled by the reality that Covid-19 may not be totally eradicated even with the discovery of vaccines, I will assure our members that our services will continue. Slowly but continuously we will deliver.

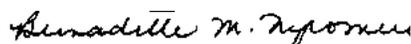
OUR DEEPEST GRATITUDE

I will always be thankful to the owners, administrators and leaders of our Participating Institutions. Your valuable trust and confidence in the Association have ensured our longevity.

I will always be thankful to the Board of Trustees past and present. All your valuable contributions, dedication and commitment to the Association have ensured our growth, stability and resiliency.

I will always be thankful to the Staff. That despite their own personal needs in this very challenging time, they fulfilled their duties and responsibilities putting the members' welfare above their own.

Together let us all continue to work hand in hand to hurdle the challenges up ahead.

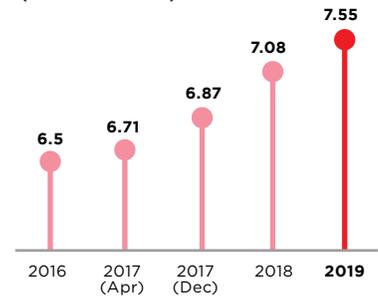

BERNADETTE M. NEPOMUCENO
President

Treasurer's Report

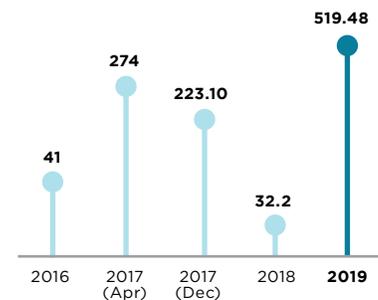


VICENTE K. FABELLA
Treasurer
Trustee from NCR

Assets (In Billion Pesos)



Net Investment Earnings (In Million Pesos)



2019, after witnessing phase-one of the on-off trade war between U.S. and China, records high on global equity and other market tailwinds, was a very good year for PERAA. The year gained for the Fund a Return on Investment (ROI) of 7.34% ending December 31, 2019.

It was a perfect year example of unpredictability of stock markets. Most investors, fearing more interest rate hikes for 2019, brewing trade war and Europe and China's economic slowdown, were shied away from stock investments. Surprisingly, equity markets have responded positively surging to new highs. All major asset classes were positive. Not only were they positive, but the gains were large. The Fed's management of interest rate expectations in the first few months of 2019 may have been the perfect catalyst capping the recovery, still, markets rallied strongly over the year.

We will be your solid partner. There will be periods of growth and decline but we will ensure that your Fund will safely sail through the market turmoil. We will, as what we have always been doing, prudently manage the Fund you all have entrusted to us against all emerging challenges we might face ahead.

PHILIPPINES ECONOMIC ENVIRONMENT

The Philippine economy struggled with high inflation and low interest rates in late 2018 that spilled over to 1H of 2019. It was further aggravated by the delay in the approval of the 2019 budget and the ban on new public works projects ahead of the May mid-term elections, slowing down public spending significantly. Late part of the year, the Philippines had its own share of evitable controversies as the market roiled by the government's hostility towards listed water companies and threats of regulatory risks for investors heightened.

Nevertheless, private consumption drove the country's economy to regain its growth momentum by 2H of 2019, posing 5.9% 2019 GDP growth alongside robust revenue from the implementation of previous tax-policy reforms. From 5.1% inflation last December 2018, it tempered down, even touching 0.80% in October 2019 before closing at 2.5% for the year. The slowdown of inflation was achieved as measures were put in place to address supply-side disruptions in 2018 and oil prices were traded at stable to lower level working in our favor as an importing country.

Bangko Sentral ng Pilipinas (BSP) further supported the economy by a series of policy rate cuts in May, August, and September 2019, bringing the key policy rate down to 4.0% from a ten-year high of 4.75%. This pushed prices of high yielding fixed income holdings higher and stock investments as an attractive alternate investment outlet as well. Unrealized gains in mark-to-market investments skyrocketed for the year.

Meanwhile, the peso appreciated towards year-end to close at ₱50.63 from ₱52.58 versus the US dollar in 2018. This dampened dollar-denominated holdings with foreign exchange translation losses, though, minimal as compared to elevated interest collections. Overall, much of the large gain in 2019 is recovery from 2018.

PERAA FINANCIAL STANDING

Growth has always been central to our long-term viability but capital preservation and resiliency has been our pursuit for sustainability. We have strategically placed measures to cushion the Fund from any impact of volatilities in the market. One of which was our shift from annual to monthly declaration of the Return on Investment or ROI beginning January 2019.

For Calendar Year (CY) ending December 31, 2019, PERAA's Net Investment Earnings amounted to ₱519.48 million giving our members a Return on Investment of 7.34%. Although PERAA ended CY 2018 with a Net Investment Earnings of ₱32.2 million with an ROI of 1.57%, the 7.34% was a respite from Losses recorded from CY 2018.

PERAA's Assets now stand at ₱7.55 billion ending December 31, 2019, an increase of 6.70% from December 31, 2018's recorded Asset of ₱7.08 billion. Net Assets available for distribution to members increased by 8.64% or ₱567.62 in figures bringing the total to ₱7.14 billion as compared to ₱6.57 billion ending December 31, 2018.

Our Multi-Purpose Loan (MPL) programs continuously yielded for the fund 9.30% with a stable growth and increasing number of member-borrowers.

Latter part of the year we were able to finally lease out a portion of our BGC property. Rental fee secured is at a competitive rate with a longer tenure period of 5 years and provision for fee escalation starting on the 2nd year. For the other investment properties, South Center Tower units located at Madrigal Business Park in Muntinlupa City and Y2 property located in the Central Business District of Makati City, both remained fully occupied and earning. The combined rental income for calendar year 2019 amounted to ₱5.912 million.

As promising as it may sound, real estate business being a stellar asset in 2019 was one of the most badly hit industries when the COVID-19 pandemic hit the whole world in early 2020. Thus, we expect some adjustments in the lease prices and a much slower take up for leasable areas, including those of our investments in real estates in prime locations.

PERAA STRATEGIES

Strategies employed for 2019

Generally, we kept the fund invested in a well-diversified portfolio through the help of our Fund Managers' active management and asset holdings rebalancing complemented by our In-House fund's passive strategy.

- Fund Managers did active trading in the market across asset classes – stocks, bonds, cash, alternative assets and asset categories - geographical location, industry focus, and favored investment themes.

- In-House stayed on the conservative by keeping the high yielding bonds for accrual of interest to support the cash flow requirement of our operations and Market neutral assets were included in the portfolio as cushion against volatility of mark-to-market valuations.

For asset classes:

EQUITY – we stayed allocated in PHL stocks and traded actively to ride the ups and downs all throughout the year. Luckily, we were able to realized gain early on before the end of the year. We were able to add 3% more allocation in Global Equity that delivered an average return of 20%.

FIXED INCOME BONDS – Local Fund Managers that are conservative in stance have started accumulating and locking-in high yielding PHL bonds, ranging 6%-7% for 1-5 year term. This is in anticipation of Inflation moving below 2% and BSP’s plan to cut reserve requirements of banks (flooding the market with liquidity) and cutting down policy rates while our foreign Fund Managers favored high yielding Global Fixed Income bonds due to attractive valuations.

ALTERNATIVE ASSETS - most of the Fund Managers ventured in commodities, like gold. Almost all FMs did some exposure especially during the hype of US-China Trade war discussions. We started collecting income in our Real estate investment in Bonifacio Global City (BGC) and the Multi-Purpose Loan (MPL) program has consistently been delivering good guaranteed returns.

The only laggard to our fund’s performance for 2019 is our foreign exchange translation as Peso appreciated by 3.7% versus 2018 close. This Peso strengthening reduced the fund by - ₱90.69 million for book forex losses.

In summary, PERAA Fund’s portfolio ending December 31, 2020 is as follows:

- 37.49% or ₱2.78 billion in Equity
- 51.60% or ₱3.83 billion in Fixed Income exposure which includes MPL & Cash and Cash equivalents
- 10.91% or ₱809.39 million in Alternative Investments which includes Real Estate amounting to ₱517 million and The Glasston Towers (parked in Other Asset) amounting to ₱292 million

OUTLOOK FOR 2020

Year 2020 pictured a rosy sustained market recovery, as the government was poised to play catch-up on their infrastructure projects after an early passage of the 2020 budget and economic indicators were at comfortable levels. BUT the year started with a natural calamity, the Taal volcano eruption, heightening regulation risks on the issues raised by the government on our water concessionaires and then, corona (COVID-19) pandemic crisis exploded.

Now, the global economy is seen to post its steepest recession in years. The lingering disruption and uncertainty on the duration of this pandemic is challenging the survival of many companies. The primal goal to keep businesses alive is very difficult. This uncertainty brought about by the pandemic is adding up to the already rapidly evolving financial landscape.

The current market disruption has not spared PERAA. It is both unpredictable and impossible to completely avoid. While it is not possible to avoid systematic risk altogether, it is always possible to reduce its impact by diversifying investments. As the government relaxes the lockdown period and the economy is slowly opening up, the positive hopes of economic recovery has managed to put the PERAA Fund at break-even levels.

Our promise is to continue making our investment and financial decisions responsive and attuned to the present global situation that is challenging our performance for the PERAA Fund. There will always be some risk but as long as we stick to sound investment strategies, we take much of the risk out and by planning out ways to cover the downside; the risk can be greatly reduced.

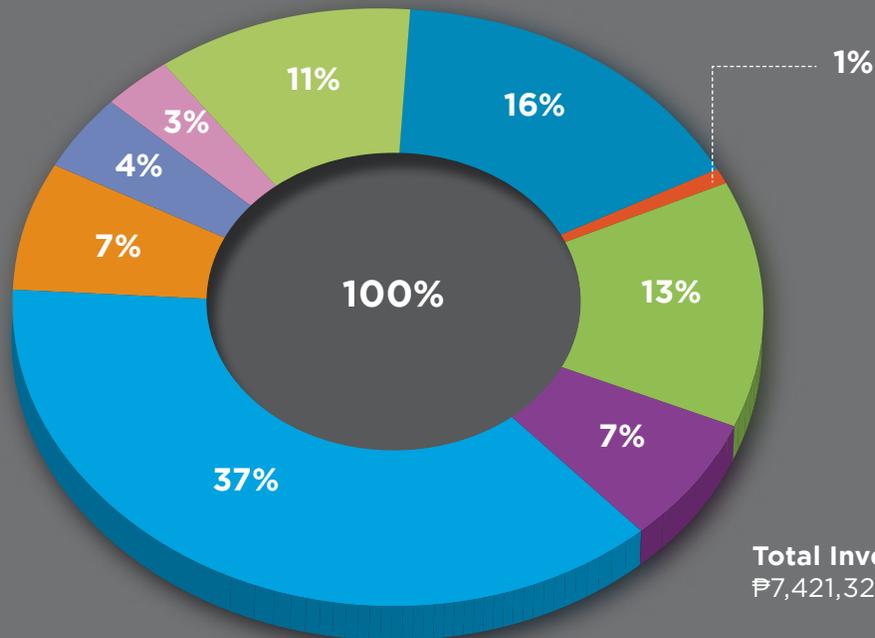
We will be your solid partner. There will be periods of growth and decline but we will ensure that your Fund will safely sail through the market turmoil. We will, as what we have always been doing, prudently manage the Fund you all have entrusted to us against all emerging challenges we might face ahead.



VICENTE K. FABELLA
Treasurer
Trustee from NCR

INVESTMENT PORTFOLIO

As of December 31, 2019



Total Investment Assets
₱7,421,323,315

Peso Government Debt Securities
₱1,204,672,693

Dollar Corporate Debt Securities
₱544,918,806

Other Asset
₱292,231,330

Foreign Government Debt Securities
₱93,254,701

Equity
₱2,782,606,142

MPL
₱218,150,125

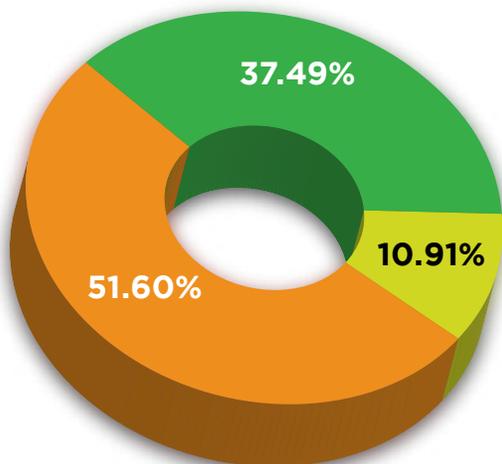
Peso Corporate Debt Securities
₱947,858,263

Real Estate
₱517,163,566

Cash and Cash Equivalents
₱820,467,689

INVESTMENT PROFILE

December 31, 2019



Equity
₱2,782,606,142

Fixed Income
₱3,829,322,277

Alternative Investments
₱809,394,896

- Fixed Income includes Cash and Cash Equivalents as well as MPL
- Alternative Asset includes the following:
 - a. Investment Properties amounting to ₱517 million
 - b. Partial payment for The Glasston Towers (parked in Other Asset) amounting to ₱292 million.

EVENTS

Administrators' Conference 2019



Master of Ceremonies
Dr. Karen Belina F. De Leon



Opening Prayer
Sr. Caroline S. Capili, O.P.



Opening Remarks
Br. Raymundo B. Suplido, F.S.C.



Introduction of Speakers
Dr. Patricia Bustos-Lagunda



First Speaker
"Updates UniFAST Law"
Dr. Vicente K. Fabella
Technical Working Group, UniFAST



Second Speaker
"First Year Baccalaureate Data"
Ms. Bernadette M. Nepomuceno
PERAA President

EVENTS

Administrators' Conference 2019



Third Speaker
“Strengthening the Complementarity
of Private and Public Education Towards
Greater Inclusion Efficiency and
Freedom of Choice”
Dr. Vicente B. Paqueo
Distinguished Visiting Research Fellow
Philippine Institute for Development Studies



PERAA Fund Performance
Dr. Vicente K. Fabella



Moderator (Open Forum)
Fr. Roberto C. Yap, S.J.



Dr. Della Grace G. Bacaltos
BOT Vice Chairperson
Brokenshire College, Davao City



Rev. Dr. Armando S. Kole
President, Bacolod Christian College
of Negros, Inc., Bacolod City



Mr. Juan Antonio Z. Villaluz, MBA
School President
Southland College of Kabankalan City, Inc.
Kabankalan, Negros Occidental



Ms. Leonora N. Yngente
Vice President for Admin & Finance
Trinity University of Asia, Inc.
Quezon City



Ms. Aida T. Fedee
Vice President for Finance
Philippine Women's College of Davao, Inc.
Davao City

EVENTS

2019 Annual Meeting

THE STRENGTH IN US

July 26, 2019
Marco Polo Hotel Davao



THE PERAA BOARD OF TRUSTEES



Verification of Quorum
Atty. Joseph Jason M. Natividad



Message
Br. Raymundo B. Suplido, F.S.C.



President's Report on PERAA Operations
For Calendar Year 2018
Ms. Bernadette M. Nepomuceno

EVENTS

2019 Annual Meeting



Treasurer's Report
Dr. Vicente K. Fabella

Mr. Danny S. Dionaldo
HR Director
Davao Medical School Foundation, Inc.
Davao City



Rev. Fr. Chito G. Butardo
Vice President for Admin &
Student Affairs
Father Saturnino Urios University
Butuan City

Rev. Dr. Armando S. Kole
President
Bacolod Christian College
of Negros, Inc.
Bacolod City



Mr. Wilson D. Guanzon
BOT Vice Chairman
Bacolod Christian College
of Negros, Inc.
Bacolod City

EVENTS

Institutional Awards

OUTSTANDING PARTICIPATING INSTITUTIONS (OPI)

(As of December 31, 2018)



MGC NEW LIFE CHRISTIAN ACADEMY, INC., Taguig City, represented by Ms. Joanna L. Uy, Administrator with Dr. Elizabeth Q. Lahoz, Trustee at-large and Dr. Vicente K. Fabella, Trustee (NCR)



CENTER FOR EDUCATIONAL MEASUREMENT, Makati City, represented by Atty. Diosdado G. Madrid, Trustee Corporate Secretary with Dr. Elizabeth Q. Lahoz, Trustee at-large and Dr. Vicente K. Fabella, Trustee (NCR)



NATIONAL UNIVERSITY, Sampaloc, Manila, represented by Mr. Rosauro Manuel, Vice-President for Academic Operations with Dr. Elizabeth Q. Lahoz, Trustee at-large and Dr. Vicente K. Fabella, Trustee (NCR)

EVENTS

PLATINUM AWARD (P50M A.V.) (As of December 31, 2018)



FR. SATURNINO URIOS UNIVERSITY, Butuan City, represented by Rev. Fr. Chito G. Butardo, Vice-President for Admin & Student Affairs; MISAMIS UNIVERSITY, INC., Ozamiz City, represented by Dr. Karen Belina F. De Leon, President; CENTER FOR EDUCATIONAL MEASUREMENT, Makati City, represented by Atty. Diosdado G. Madrid, Trustee and Corporate Secretary with Dr. Elizabeth Q. Lahoz, Trustee at-large and Dr. Vicente K. Fabella, Trustee (NCR)

MULTI-MILLIONAIRES CLUB (P5 MILLION A.V.) (As of December 31, 2018)



INSTITUTE ON CHURCH AND SOCIAL ISSUES, Quezon City, represented by Fr. Roberto C. Yap, S.J., Trustee at-large; ASIAN THEOLOGICAL SEMINARY, Quezon City, represented by Dr. Fernando C. Lua, Vice-President for Administration & Finance; PHILIPPINE WOMEN'S COLLEGE OF DAVAO, INC., Davao City, represented by Ms. Aida Fedee, Vice President for Finance with Dr. Karen Belina F. De Leon, Trustee at-large and Br. Raymundo B. Suplido, F.S.C., Trustee at-large

MILLIONAIRES CLUB (P1 MILLION A.V.) (As of December 31, 2018)



HOLY FAMILY ACADEMY OF QUEZON NUEVA ECIJA, INC., Quezon, Nueva Ecija, represented by Ms. Janice E. Magno, School Treasurer; KASAGANA-KA MUTUAL BENEFIT ASSOCIATION INC., Quezon City, represented by Ms. Silvida Antiquera, General Manager; SOUTHLAND COLLEGE OF KABANKALAN CITY, INC., Kabankalan, Negros Occidental, represented by Mr. Juan Antonio Villaluz, School President with Dr. Elizabeth Q. Lahoz, Trustee at-large and Fr. Roberto C. Yap, S.J., Trustee at-large

EVENTS

Prestige Awardees

(As of December 31, 2018)



MA. EDNA SOLEDAD G. BLANCAFLOR, Edna's School, Dagupan City; LORETA R. STA. TERESA, Ateneo de Zamboanga University, Zamboanga City represented by Engr. Aldrina A. Hitalia, HRADO Director; SIMPLICIO T. DELA CRUZ, Ateneo de Zamboanga University, Zamboanga City; JEREMY S. ELIAB, Ateneo de Davao University, Davao City; JIMMY E. DELGADO, Ateneo de Davao University, Davao City, with Dr. Patricia Bustos-Lagunda, Trustee (Luzon) and Sr. Caroline S. Capili, O.P., Trustee at-large

GLORIA G. SEMPIO, Davao Medical School Foundation, Davao City; DOMINICA R. BATISTIL, Davao Medical School Foundation, Davao City; PETRONILO A. BASA, Davao Medical School Foundation, Davao City represented by Mr. Danny Dionaldo, HR Officer; JOSEPHINE A. TORINO, Cebu Institute of Technology, Cebu City; RAINERA C. BOHOLST, Cebu Institute of Technology, Cebu City represented by Ms. Josephine A. Torino; RANIZA R. ROMERO, Cebu Institute of Technology, Cebu City; CRISPINA D. MARFA, Cebu Institute of Technology, Cebu City; NIEVES A. ANQUILIANO, Cebu Institute of Technology, Cebu City with Dr. Patricia Bustos-Lagunda, Trustee (Luzon) and Sr. Caroline S. Capili, O.P., Trustee at-large



ROMMEL C. NAVARRO, Jose Rizal University, Mandaluyong City; MAGDALENA B. MARTIN, Jose Rizal University, Mandaluyong City represented by Ms. Grace Marie Martin; ANGELITA C. MADIAM, Jose Rizal University, Mandaluyong City represented by Ms. Ivory Joy C. Malinao; GLORIA R. ENRIQUEZ, Jose Rizal University, Mandaluyong City represented by Ms. Josephine Culala; GENEVA M. ELER, John B. Lacson Colleges Foundation, Iloilo City with Dr. Patricia Bustos-Lagunda, Trustee (Luzon) and Sr. Caroline S. Capili, O.P., Trustee at-large

LANIE B. EGERA, Private Education Retirement Annuity Association, Makati City; AMELIA G. AZUCENA, Southern Baptist College, M'lang, South Cotabato; OFELIA C. ENRIQUEZ, Sto. Niño Parochial School, Quezon City; YOLANDA B. CASERO, Sto. Niño Parochial School, Quezon City; CATHERINE LALAIN R. RAMOS, Sto. Niño Parochial School, Quezon City represented by Ms. Yolanda B. Casero; ELMER C. ELIGIO, University of Baguio, Baguio City with Dr. Patricia Bustos-Lagunda, Trustee (Luzon) and Sr. Caroline S. Capili, O.P., Trustee at-large



EVENTS

The Outstanding PERAA Members (TOPM) 2019 Winners

ADMINISTRATIVE STAFF



JERICO G. VILLAREAL, 3rd Place, University of Baguio, Baguio City; JEAN VICTORIA C. MALENAB, 1st Place, St. Joseph's College, Quezon City; JOCELYN D. ABAD, 2nd Place, Technological Institute of the Philippines, Quiapo, Manila; presented by Bernadette M. Nepomuceno, PERAA President and Fr. Roberto C. Yap, S.J., Trustee at-large

ADMINISTRATIVE HEAD



JOHN NIGEL C. MILLARE, 3rd Place, University of Baguio, Baguio City; FRANK D. ALEJANDRINO, 2nd Place, Technological Institute of the Philippines, Quezon City; ALFRED G. ESPINOSA, 1st Place, John B. Lacson Foundation Maritime University-Molo, Inc., Iloilo City; presented by Bernadette M. Nepomuceno, PERAA President and Fr. Roberto C. Yap, S.J., Trustee at-large

FULL-TIME TEACHER



JESSICA O. PACALIOGA, 2nd Place, University of St. La Salle, Bacolod City; RHODA C. TIQUE, 1st Place, University of Baguio, Baguio City; CYRILLE Y. PANIMDIM, 3rd Place, Cebu Institute of Technology-University, Cebu City presented by Bernadette M. Nepomuceno, PERAA President and Fr. Roberto C. Yap, S.J., Trustee at-large

ACADEMIC HEAD



KAREEN B. LEON, 3rd Place, University of Baguio, Baguio City; DRANDREB EARL O. JUANICO, 2nd Place, Technological Institute of the Philippines, Quiapo, Manila ; ANNABELLE C. BALOR, 1st Place, University of St. La Salle, Bacolod City presented by Bernadette M. Nepomuceno, PERAA President and Fr. Roberto C. Yap, S.J., Trustee at-large

EVENTS

The Employers of the 2019 TOPM Winners



JOHN B. LACSON FOUNDATION MARITIME UNIVERSITY, MOLO INC., Iloilo City, represented by Mr. Peter John Raymund Pacheco, System Internal Auditor; ST. JOSEPH'S COLLEGE, Quezon City, represented by Sr. May A. Gaylan, SFIC, School Treasurer, St. Joseph's School of Toril, Davao City and Ms. Jean Victoria C. Malenab, Student Discipline and Welfare Officer; CEBU INSTITUTE OF TECHNOLOGY-UNIVERSITY, Cebu City, represented by Ms. Cyrille Y. Panimdim, Associate Professor 4 with Dr. Karen Belina F. De Leon, Trustee-at-large and Dr. Patricia Bustos-Lagunda, Trustee (Luzon)



TECHNOLOGICAL INSTITUTE OF THE PHILIPPINES, Quiapo, Manila, represented by Dr. Elizabeth Q. Lahoz, President; UNIVERSITY OF BAGUIO, Baguio City, represented by Atty. Rommel Ayson, Vice-President for Administration; UNIVERSITY OF ST. LA SALLE, Bacolod City, represented by Ms. Charo Mae Cordova, Vice Chancellor for Administration with Dr. Karen Belina F. De Leon, Trustee at-large and Dr. Patricia Bustos-Lagunda, Trustee (Luzon)

EVENTS

Special Awards

Recognition of Institutions as No. 1 Partner in terms of MPL Investment

LARGE NUMBER OF MEMBER-BORROWER



CEBU INSTITUTE OF TECHNOLOGY UNIVERSITY, INC., Cebu City, represented by Ms. Cyrille Y. Panimdim, Associate Professor 4 with Dr. Elizabeth Q. Lahoz, Trustee at-large

UST ANGELICUM COLLEGE, INC., Quezon City, represented by Rev. Fr. Ferdinand L. Bautista, O.P., Pro Vice Rector with Dr. Elizabeth Q. Lahoz, Trustee at-large

HIGHEST AVAILMENT AMOUNT OF LOAN



Intermission/Entertainers

Students from Assumption College of Davao



Emcees
Ms. Novilla Canalita
Mr. Jigs Rodolph Esios



Mr. Lloyd Edison J. Montibon



Ms. Angelique Alcantara



Siklab
Assumption College of Davao Cultural Group

EVENTS

Delegates



EVENTS

Delegates



THE PERAA BOARD OF TRUSTEES



Fr. Antonio S. Samson, S.J.

CHAIRMAN / TRUSTEE (Visayas)
VICE CHAIRMAN
Sacred Heart School-Ateneo de Cebu, Inc.
*22 yrs. from 1997

- Chairman, Ateneo de Iloilo
- Ordained Priest, 25 March 1973
- Recipient, PAASCU's 'James Meany Award'
- Ph.D. and M.A. in Chemistry (Brandeis University, M.A., U.S.A.)
- M.A. in Philosophy (Berchmans College)
- A.B. - Chemistry Cum Laude, Class Valedictorian (Ateneo de Manila University)



Bernadette M. Nepomuceno

PRESIDENT
*12 yrs. from 2007

- President, Private Education Retirement Annuity Association
- Member, Board of Directors, First Metro Save and Learn Mutual Fund
- Founding Member, Friends of Jung
- M.A. in Psychology (candidate) (Ateneo de Manila University)
- A.B. Psychology (University of the Philippines)

THE PERAA BOARD OF TRUSTEES



Fr. John Christian U. Young

VICE CHAIRMAN / TRUSTEE (Mindanao)
PRESIDENT
Father Saturnino Urios University
*8 yrs. from 2011

- President, Father Saturnino Urios University
- Ordained Priest, July 1994
- Doctorate in Missiology, Licentiate in Missiology (Pontifical Gregorian University, Rome, Italy)
- M.A. Pastoral Ministry, Philosophical Studies (Ateneo de Manila University)
- Bachelor of Sacred Theology (SThB) Loyola School of Theology, Ateneo de Manila (Granted by Fu Jen Catholic University, Taipei, Taiwan)
- Course for Ecclesiastical Financial Administrators (Catholic Bishops' Conference of the Philippines and University of Sto. Tomas, Manila)
- San Jose Seminary (A.D.M.U.)
- BS Zoology (UP Diliman)



Vicente K. Fabella

TREASURER / TRUSTEE (NCR)
PRESIDENT
Jose Rizal University
*16 yrs. from 2003

- President, Jose Rizal University
- Ph.D. in Business Administration (University of the Philippines, Diliman, Q.C.)
- A.B. Economics and Development Studies (Brown University, R.I.)
- Master in Business Administration (Columbia Business School, N.Y., U.S.A.)
- Master in Public Administration (Columbia School of International and Public Affairs, N.Y., U.S.A.)

THE PERAA BOARD OF TRUSTEES



Sr. Caroline Saculles Capili, O.P.

TRUSTEE (AT-LARGE)
PRESIDENT
Siena College of Taytay

- Member, General Council, OP-Siena Congregation
- Member, Finance Council, OP-Siena Congregation
- Commissions on Tertiary and Research, Siena Schools
- Member, Commission on Tertiary Education, PAASCU
- Chair, Search Committee for Private Sector Representative Commission on Higher Education (CHED- MIMAROPA)
- Member, CHED Regional Quality Assessment Team (RQAT)
- Certificate in Educational Leadership Harvard Institute of Higher Education (Harvard University, USA)
- PhD in Education (University of Santo Tomas) Magna Cum Laude
- MA in Educational Management (Xavier University, Cagayan de Oro City)
- BSC Accounting (Notre Dame of Dadiangas College)
 - Theology (University of Santo Tomas)
 - Executive Course in Hospital Administration (UP-Manila)



Fr. Roberto C. Yap, S.J.

TRUSTEE (AT-LARGE)
PRESIDENT
Ateneo de Manila University
*7 yrs. from 2012

- President, Ateneo de Manila University
- Director, Realty Investment Inc.
- Trustee, Manila Observatory
- Trustee, Philippine Institute of Pure and Applied Chemistry
- Trustee, International Association of Jesuit Universities
- Ordained Priest, March 1992
- PhD in Economics (University College London, UK)
- Master in Public Policy (Harvard University, Cambridge MA USA)
- MA in Theology (Ateneo de Manila University)
- Bachelor in Sacred Theology (Loyola School of Theology)
- MA in Economics (New School for Social Research, NY USA)
- Bachelor of Arts in Economics Honors (Ateneo de Manila University)



Elizabeth Quirino-Lahoz

TRUSTEE (AT-LARGE)
CHAIRMAN OF THE BOARD
OF TRUSTEES / PRESIDENT
Technological Institute of
the Philippines
*16 yrs. from 2003

- 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
- AB in Communication Arts, Maryknoll College
- Professional and Civic Activities (Among Others)
- Member, Board of Trustees, Private Education Retirement Annuity Association (PERAA)
- 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
- Distinguished Educator by the University of the Philippines Education Alumni Association (UPEAA), 2010
- Most Outstanding Dissertation, College of Education, University of the Philippines, 2006
- Magna Cum Laude, Class valedictorian, and Communication Arts area awardee, Maryknoll College, 1973

THE PERAA BOARD OF TRUSTEES



Patricia Bustos-Lagunda

TRUSTEE (LUZON)
PRESIDENT
Baliuag University
*8 yrs. from 2011

- President and Board Member, Baliuag University
- Regional Vice President for Luzon, Philippine Association of Colleges and Universities (PACU)
- 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.)



Br. Raymundo B. Suplido, F.S.C.

TRUSTEE (AT-LARGE)
PRESIDENT, De La Salle University
MEMBER, De La Salle Brothers, Inc.
*6 yrs. from 2013

- President, De La Salle University
- Chairman of the Board, Lasallian Supervised Schools Association, Inc.
- Trustee, various De La Salle Schools
- Board Member, St. Paul University Iloilo
- Board Member, Philippine Catechetical and Rel. Educ. Foundation (PhilCare)
- 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 & Bachelor of Science in Education Magna Cum Laude (De La Salle University-Manila)
- Certificate in Religious Formation, Institute of Religious Formation (St. Louis University, Illinois, USA)



Karen Belina F. De Leon

TRUSTEE (AT-LARGE)
PRESIDENT
Misamis University
*12 yrs. from 2007

- President, Misamis University
- President, Misamis Bank, Inc.
- Executive Education Course, Lee Kuan Yew School of Public Policy in National University of Singapore last 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)

PERAA OFFICERS, CONSULTANTS, DIRECTORS, MANAGER



Liza H. Fadol
Vice President, Operations



Bernadette M. Nepomuceno
President



Roushelle T. Nazario
Vice President, Finance



Joseph Jason M. Natividad
Board Secretary
Consultant



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



Soledad A. Cayari
Director, Member Services



Jennifer P. Tanate
Manager, Institutional
Relations Services

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, 2019 and 2018, 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, 2019 and 2018, 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

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 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

SEC Accreditation No. 1510-AR-1 (Group A),
September 18, 2018, valid until September 17, 2021

Tax Identification No. 216-950-288

BIR Accreditation No. 08-001998-107-2018,
February 14, 2018, valid until February 13, 2021

PTR No. 8125208, January 7, 2020, Makati City

October 27, 2020

STATEMENTS OF NET ASSETS AVAILABLE FOR DISTRIBUTION TO MEMBERS

	2019	2018
ASSETS		
Cash and cash equivalents (Note 7)	₱804,640,796	₱951,660,697
Financial assets at fair value through profit or loss (Note 8)	4,292,996,828	3,396,848,644
Financial assets at fair value through other comprehensive income (Note 9)	686,080,600	954,211,560
Loans and receivables (Note 10)	344,369,981	375,515,661
Hold-to-collect investment securities (Note 11)	558,400,000	537,159,468
Property and equipment (Note 12)	51,030,459	52,856,905
Software costs (Note 13)	2,996,528	3,682,241
Investment properties (Note 14)	517,163,566	511,585,800
Other assets (Note 14)	292,231,330	291,736,363
	₱7,549,910,088	₱7,075,257,339
LIABILITIES		
Accounts payable and other liabilities (Note 15)	₱79,035,786	₱142,796,555
Members' deposits (Note 19)	72,955,236	31,321,915
Benefits payable	6,735,141	4,818,518
	158,726,163	178,936,988
NET ASSETS (Note 19)	7,391,183,925	6,896,320,351
LESS SPECIAL RESERVES (Note 22)	254,017,451	326,869,114
NET ASSETS AVAILABLE FOR DISTRIBUTION TO MEMBERS	₱7,137,166,474	₱6,569,451,237

See accompanying Notes to Financial Statements.

STATEMENTS OF OPERATIONS

	Years Ended December 31	
	2019	2018
INVESTMENT INCOME (LOSSES)		
Interest income (Notes 7, 8, 9, 10, and 11)	₱191,319,862	₱167,521,078
Foreign exchange gains (losses)	(90,693,281)	107,049,864
Gain on sale of investments (Notes 8 and 9)	85,295,158	28,859,302
Dividends	33,084,690	40,100,451
Fair value gain on investment properties (Note 14)	-	156,379,461
Miscellaneous income (Notes 13, 14, 22, and 24)	13,399,307	15,818,784
	232,405,736	515,728,940
Unrealized gain (loss) on revaluation of financial assets at fair value through profit or loss (Note 8)	281,784,331	(383,641,724)
TOTAL INCOME	514,190,067	132,087,216
EXPENSES		
Operating expenses (Note 23)	66,581,226	59,243,298
Investment expenses (Notes 14 and 18)	22,054,273	19,647,368
TOTAL EXPENSES	88,635,499	78,890,666
EXCESS OF INVESTMENT INCOME OVER EXPENSES	₱425,554,568	₱53,196,550

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
EXCESS OF INVESTMENT INCOME OVER EXPENSES	₱425,554,568	₱53,196,550
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net change in fair value of financial assets at FVOCI (Note 9)	93,928,745	(17,360,865)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement losses on retirement plan (Note 16)	-	(3,590,418)
	93,928,745	(20,951,283)
TOTAL COMPREHENSIVE INCOME	₱519,483,313	₱32,245,267

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Members' Equity (Note 19)	Surplus (Deficit) (Note 21)	Net Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income (Note 9)	Remeasurement Gain on Retirement Plan (Note 16)
Balance at January 01, 2019	₱6,517,829,928	₱51,083,831	₱42,859	₱494,619
Appropriation of surplus	-	66,789,011	-	-
Appropriation of unappropriated contingency	-	-	-	-
Earnings distributed to members CY 2018 at 1.57%	101,506,357	(101,506,357)	-	-
Members' contributions	496,362,818	-	-	-
Contributions previously recognized as member's deposit (Note 19)	11,109,217	-	-	-
Deductions from members' equity (Note 20)	(520,133,947)	-	-	-
Net increase (decrease) in net assets before results of operations	88,844,445	(34,717,346)	-	-
Total comprehensive income		425,554,568	93,928,745	-
Earnings distribution to members CY 2019	483,484,673	(389,555,928)	(93,928,745)	-
Other adjustments	-	(11,957,827)	-	-
Reversal of appropriation for special projects	-	6,062,652	-	-
Balance at December 31, 2019	7,090,159,046	46,469,950	42,859	494,619
Balance at January 01, 2018	6,186,758,445	297,987,134	17,403,724	4,085,037
Appropriation of surplus	-	(7,434,374)	-	-
Appropriation of unappropriated contingency	-	-	-	-
Earnings distributed to members	248,108,535	(248,108,535)	-	-
Members' contributions	555,595,788	-	-	-
Contributions previously recognized as members' deposit (Note 19)	10,268,277	-	-	-
Deductions from members' equity (Note 20)	(482,901,117)	-	-	-
Net increase (decrease) in net assets before results of operations	331,071,483	(255,542,909)	-	-
Total comprehensive income	-	53,196,550	(17,360,865)	(3,590,418)
Reversal of appropriation for special projects	-	(44,556,944)	-	-
Balance at December 31, 2018	₱6,517,829,928	₱51,083,831	₱42,859	₱494,619

See accompanying Notes to Financial Statements.

Net Assets Available for Distribution to Members	Special Reserves (Note 21)				Subtotal	Total
	Appropriated Projects	Contingency	Other Reserves			
₱6,569,451,237	₱155,960,986	₱131,108,967	₱39,799,161	₱326,869,114	₱6,896,320,351	
66,789,011	(66,789,011)	-	-	(66,789,011)	-	
-	37,373,147	(37,373,147)	-	-	-	
-	-	-	-	-	-	
496,362,818	-	-	-	-	496,362,818	
11,109,217	-	-	-	-	11,109,217	
(520,133,947)	-	-	-	-	(520,133,947)	
54,127,099	(29,415,864)	(37,373,147)	-	(66,789,011)	(12,661,912)	
519,483,313	-	-	-	-	519,483,313	
-	-	-	-	-	-	
(11,957,827)	-	-	-	-	(11,957,827)	
6,062,652	(6,062,652)	-	-	(6,062,652)	-	
7,137,166,474	120,482,470	93,735,820	39,799,161	254,017,451	7,391,183,925	
6,506,234,340	154,982,961	103,078,347	42,049,538	300,110,846	6,806,345,186	
(7,434,374)	(3,204,992)	7,434,374	-	7,434,374	-	
-	-	(3,204,992)	-	-	-	
-	-	-	-	-	-	
555,595,788	-	-	-	-	555,595,788	
10,268,277	-	-	-	-	10,268,277	
(482,901,117)	-	-	-	-	(482,901,117)	
75,528,574	3,204,992	4,229,382	-	7,434,374	82,962,948	
32,245,267	-	-	-	-	32,245,267	
(44,556,944)	(2,226,967)	23,801,238	(2,250,377)	19,323,894	(25,233,050)	
₱6,569,451,237	₱155,960,986	₱131,108,967	₱39,799,161	₱326,869,114	₱6,896,320,351	

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of investment income over expenses	₱425,554,568	₱53,196,550
Adjustments for:		
Unrealized loss (gain) on revaluation of financial assets at fair value through profit or loss (Note 8)	(281,595,574)	383,641,724
Interest income (Notes 7, 8, 9, 10 and 11)	(191,319,862)	(167,521,078)
Fair value gain on investment properties (Note 14)	-	(161,205,008)
Foreign exchange losses (gains)	90,693,281	(107,049,864)
Dividends	(33,084,690)	(40,100,451)
Depreciation and amortization (Note 23)	5,442,976	5,786,740
Gain (loss) on sale of financial assets at FVOCI investments (Note 9)	818,303	5,683,766
Retirement expense (Note 24)	3,616,520	668,871
Changes in operating assets and liabilities:		
Decrease (increase) in amounts of:		
Financial assets at fair value through profit or loss	(360,087,115)	373,019,432
Other assets	(494,967)	(261,560,089)
Loans and receivables	31,187,965	135,365,090
Long-term time deposit	-	57,127,484
Increase (decrease) in amounts of:		
Accounts payable and other liabilities	(63,760,769)	103,192,232
Members' deposits	41,633,320	18,683,552
Benefits payable	1,916,623	(4,313,758)
Net cash generated from (used in) operations	(329,479,421)	394,615,193
Interest received	188,100,371	165,604,535
Net cash generated from (used) in by operating activities	(141,379,050)	560,219,728
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI investments	195,842,560	159,960,533
Hold-to-collect investment securities	60,331,248	36,553,125
Acquisitions of:		
Financial assets at FVOCI investments	(152,734,860)	(167,505,725)
Hold-to-collect investment securities	(115,000,000)	(139,249,170)
Property and equipment (Note 12)	(1,957,388)	(522,018)
Software cost (Note 13)	(929,900)	(1,380,722)
Dividends received	32,578,619	39,344,136
Net cash generated from (used in) by investing activities	18,130,279	(72,799,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deductions from members' equity (Notes 20 and 25)	(520,133,948)	(482,901,117)
Members' contributions	496,362,818	555,595,788
Net cash generated from (used in) financing activities	(23,771,130)	72,694,671
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,019,901)	560,114,558
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	951,660,697	391,546,139
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 7)	₱804,640,796	₱951,660,697

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), investment properties and derivative financial instrument, 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, 2019. 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:

PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position. The Fund adopted PFRS 16 on a modified retrospective basis. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

Lessor accounting under PFRS 16 is substantially unchanged from the accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Fund is the lessor.

On January 1, 2019 and December 31, 2019, the Fund has not entered into lease arrangements that would qualify for lessee accounting under PFRS 16. Therefore, PFRS 16 did not have an impact for leases where the Fund is the lessee.

Several other amendments and interpretations as listed below apply for the first time in 2019, but do not have an impact on the financial statements of the Fund:

- Amendments
 - PFRS 9, *Prepayment Features with Negative Compensation*
 - PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
 - PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs 2015-2018 Cycle*
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
 - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
 - Philippine Interpretation - 23, *Uncertainty over Income Tax Treatment*

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, and Time Deposits

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. Long-term time deposits represent cash placements with maturities of more than one year. These are classified as 'Long-term Time Deposits' and due to their long-term nature are subject to significant risk of changes in value. As of December 31, 2019 there are no outstanding long-term time deposits.

Fair Value Measurement

The Fund measures assets such as financial assets at FVPL, Financial assets at FVOCI, investment properties and derivative instruments at fair value at 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 an assets or liability measure 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 nonfinancial 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.

'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, 2019 and 2018, 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 Nonfinancial 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 (prior to January 1, 2019)

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Leases (PFRS 16)

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, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after June 1, 2020

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

Effective beginning on or after January 1, 2021

- 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 under PFRS 9, 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.

5. Financial Instruments and Fair Value Measurement

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

	2019					Total
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Financial liabilities at amortized cost		
Financial Assets						
Cash and cash equivalents	P-	P-	P804,640,796	P-	P804,640,796	
Financial assets at FVPL	4,292,996,828	-	-	-	4,292,996,828	
Financial assets at FVOCI						
Hold-to-collect financial assets:		686,080,600	-	-	686,080,600	
Loans and receivables	-	-	344,369,981	-	344,369,981	
HTC investments	-	-	558,400,000	-	558,400,000	
	P4,292,996,828	P686,080,600	P1,707,410,777	P-	P6,686,488,205	
Financial Liabilities						
Accounts payable and other liabilities	P-	P-	P-	P79,035,786	P79,035,786	
Members' deposits	-	-	-	72,955,236	72,955,236	
Benefits payable	-	-	-	6,735,141	6,735,141	
	P-	P-	P-	P158,726,163	P158,726,163	

	2018					Total
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Financial liabilities at amortized cost		
Financial Assets						
Cash and cash equivalents	P-	P-	P951,660,697	P-	P951,660,697	
Financial assets at FVPL	3,396,848,644	-	-	-	3,396,848,644	
Financial assets at FVOCI	-	954,211,560	-	-	954,211,560	
Hold-to-collect financial assets:						
Loans and receivables	-	-	375,515,661	-	375,515,661	
HTC investments	-	-	537,159,468	-	537,159,468	
	P3,396,848,644	P954,211,560	P1,864,335,826	P-	P6,215,396,030	

	2018				Total
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Financial liabilities at amortized cost	
Financial Liabilities					
Accounts payable and other liabilities	P-	P-	P-	P142,796,555	P142,796,555
Members' deposits	-	-	-	31,321,915	31,321,915
Benefits payable	-	-	-	4,818,518	4,818,518
	P-	P-	P-	P178,936,988	P178,936,988

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 1.25% to 8.00% and 2.00% to 12.00% as at December 31, 2019 and 2018, 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 based on the net asset value of the Fund.

Derivative instruments

The fair values of forward foreign exchange transactions are derived using acceptable valuation methods. The valuation assumptions are based on market conditions existing at the reporting date.

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, 2019 and 2018.

	2019				Total
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	
Assets and liabilities measured at fair value:					
Financial assets at FVPL:					
Debt securities	P1,510,390,685	P1,510,390,685	P-	P-	P1,510,390,685
Equity securities	946,458,843	946,458,843	-	-	946,458,843
Mutual trust funds	1,836,147,300	-	1,836,147,300	-	1,836,147,300
Financial assets at FVOCI:					
Debt securities	686,080,600	686,080,600	-	-	686,080,600
Investment properties	517,163,566	-	-	517,163,566	517,163,566
Assets for which fair values are disclosed:					
Hold-to-collect investment securities	558,400,000	561,074,567	-	-	561,074,567
Unquoted debt securities	34,743,048	-	-	36,297,506	36,297,506
Multi-purpose loans	218,150,125	-	-	231,546,556	231,546,556

	2018				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Assets and liabilities measured at fair value:					
Financial assets at FVPL:					
Debt securities	₱1,125,519,574	₱1,125,519,574	₱-	₱-	₱1,125,519,574
Equity securities	837,033,989	837,033,989	-	-	837,033,989
Mutual trust funds	1,434,295,081	-	1,434,295,081	-	1,434,295,081
Financial assets at FVOCI:					
Debt securities	954,211,560	954,211,560	-	-	954,211,560
Investment properties	511,585,800	-	-	511,585,800	511,585,800
Assets for which fair values are disclosed:					
Hold-to-collect investment securities	537,159,468	510,141,109	-	-	510,141,109
Unquoted debt securities	109,971,365	-	-	104,335,643	104,335,643
Multi-purpose loans	195,855,207	-	-	198,101,017	198,101,017

There are no transfers from Level 1 to Levels 2 or 3 in December 31, 2019 and 2018. 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 2 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:

	Valuation Techniques	Significant Unobservable Inputs
South Center Tower, Muntinlupa City <i>Office condominiums</i> <i>Parking slots</i>	Income Capitalization Approach	Net Income and Capitalization Rate
The Y2 Residences Hotel, Makati City High Street South Corporate Plaza, Taguig City	Market Data Approach	Location, Condition and Time Element

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

Valuation Technique

Market Data Approach	A comparable method wherein the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element.
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	Range
Office condominium		
South Center Tower, Muntinlupa City	Price per square meter	₱82,875 - ₱86,775
The Y2 Residences Hotel, Makati City	Price per square meter	₱126,000 - ₱136,500
High Street South Corporate Plaza, Taguig City	Price per square meter	₱208,350 - ₱231,500
Parking slot		
South Center Tower, Muntinlupa City	Price per slot	₱476,580
High Street South Corporate Plaza, Taguig City	Price per slot	₱847,000

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

The table below shows the Fund's gross maximum exposure to credit risk for the components of the statements of net assets available for distribution to members.

	2019	2018
Cash and cash equivalents	₱804,640,796	₱951,660,697
Loans and receivables:		
Multi-purpose loans	218,150,125	195,855,207
Other receivables	46,420,021	19,469,415
Accrued interest receivable	38,520,766	35,602,360
Unquoted debt securities	34,859,555	109,971,365
Due from brokers/investment managers	5,377,615	13,861,000
Dividends receivable	1,158,406	756,315
Financial assets at FVPL:		
Debt securities:		
Government bonds	607,010,457	386,387,216
Private bonds	903,380,204	739,132,358
Financial assets at FVOCI:		
Debt securities:		
Government bonds	622,170,855	778,528,636
Private bonds	63,909,745	175,682,924
HTC investments	558,400,000	537,159,468
	₱3,903,998,545	₱3,944,066,961

As of December 31, 2019 and 2018, 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 Aa, Aa1, Aa2, Aa3 A, A1, A2, A3	Best quality to upper-medium-grade obligations
Baa, Baa1, Baa2, Baa3 Ba, Ba1, Ba2, Ba3 B, B1, B2, B3	Neither highly protected nor poorly secured
Caa, Caa1, Caa2, Caa3 Ca, Ca1, Ca2, Ca3 C	Poor standing
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 debt obligations
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:

	2019				
	Aaa (PhilRatings)	BBB (Fitch)	Baa 2 (Moody's)	Unrated	Total
Hold to collect investments:					
Cash and cash equivalents	P-	P-	P-	P156,490	P156,490
Receivables:					
Accrued interest receivable	1,150,245	5,066,592	57,722		6,274,559
Dividends receivable	-	-	-	81,784	81,784
Other receivable	-	-	-	41,816,300	41,816,300
Financial assets at FVPL:					
Debt securities:					
Government bonds	-	232,188,532	-	-	232,188,532
Private bonds	91,178,158	-	10,987,519	-	102,165,677
	P92,328,403	P237,255,124	P11,045,241	P42,054,574	P382,683,342

	2018				
	Aaa (PhilRatings)	AA+ (CRISP)	Baa 2 (Moody's)	Unrated	Total
Hold to collect investments:					
Cash and cash equivalents	P-	P-	P-	P73,219,983	P73,219,983
Loans and receivables:					
Accrued interest receivable	1,206,871	-	110,714	2,489,937	3,807,522
Dividends receivable	-	-	-	88,448	88,448
Other receivable	-	-	-	15,061,126	15,061,126
Financial assets at FVPL:					
Debt securities:					
Government bonds	-	-	-	244,015,101	244,015,101
Private bonds	92,645,264	3,302,592	10,742,354	-	106,690,210
	P93,852,135	P3,302,592	P10,853,068	P334,874,595	P442,882,390

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

	2019					
	Aaa (PhilRatings)	AA+ (CRISP)	Baa 2-Baa 3 (Moody's)	A-B S & P	Unrated	Total
Hold to collect investments						
Cash and cash equivalents	P-	P-	P-	P-	P308,850	P308,850
Loans and receivables:						
Notes receivable	-	-	-	-	14,613,781	14,613,781
Accrued interest receivable	-	-	-	1,139,217	-	1,139,217
Dividend Receivable	-	-	-	-	376,981	376,981
Other receivable	-	-	-	-	772,812	772,812
Financial assets at FVPL						
Debt securities:						
Government Bonds	-	-	-	47,798,225	-	47,798,225
Private bonds	-	-	-	64,696,219	-	64,696,219
	P-	P-	P-	P113,633,661	P16,072,424	P129,706,085

	2018					Total
	Aaa (PhilRatings)	AA+ (CRISP)	Baa 2-Baa 3 (Moody's)	BBB-BB+ S & P	Unrated	
Hold to collect investments						
Cash and cash equivalents	P-	P-	P-	P-	P34,164,220	P34,164,220
Loans and receivables:						
Notes receivable	8,237,991	4,265,249	-	4,136,942	-	16,640,182
Accrued interest receivable	477,627	-	371,499	24,872	237,526	1,111,524
Dividend Receivable	-	-	-	625,352	-	625,352
Other receivable	-	-	-	475,762	-	475,762
Financial assets at FVOCI:						
Debt securities:						
Government Bonds	-	-	20,414,789	-	-	20,414,789
Private bonds	29,570,228	-	-	3,694,955	-	33,265,183
	P38,285,846	P4,265,249	P20,786,288	P8,957,883	P34,401,746	P106,697,012

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

	2019			Total
	Aaa (PhilRatings)	BBB (Fitch)	Unrated	
Hold to collect investments				
Cash and cash equivalents	P-	P-	P334,606	P334,606
Loans and receivables:				
Notes receivable	-	-	10,113,610	10,113,610
Accrued interest receivable	365,648	1,727,988	41,229	2,134,865
Dividends receivable	-	-	699,639	699,639
Other receivable	-	-	870,000	870,000
Financial assets at FVPL				
Debt securities:				
Government bonds	-	113,379,725	-	113,379,725
Private bonds	38,502,464	-	-	38,502,464
	P38,868,112	P115,107,713	P12,059,084	P166,034,909

	2018			Total
	Aaa (PhilRatings)	AA- (Fitch)	Unrated	
Hold to collect investments				
Cash and cash equivalents	P-	P-	P320,097,470	P320,097,470
Loans and receivables:				
Notes receivable	9,978,040	1,353,142	-	11,331,182
Accrued interest receivable	700,369	9,075	1,975,784	2,685,228
Dividends receivable	-	-	42,515	42,515
Other receivable	-	-	870,000	870,000
Financial assets at FVOCI				
Debt securities:				
Government bonds	-	-	165,454,374	165,454,374
Private bonds	52,845,543	-	-	52,845,543
	P63,523,952	P1,362,217	P488,440,143	P553,326,312

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

	2019				Total
	Aaa (PhilRatings)	BBB (S&P)	Baa2 (Moody's)	Unrated	
Hold to collect investments					
Cash and cash equivalents	P-	P-	P-	P10,264,383	P10,264,383
Receivables:					
Accrued interest receivable	-	55,026	1,246,036	4,780,520	6,081,582
Other receivables	-	-	-	807,735	807,735
Financial assets at FVPL					
Debt securities:					
Government bonds	-	-	-	261,442,198	261,442,198
Private bonds	-	10,017,240	99,503,363	2,000,000	111,520,603
	P-	P10,072,266	P100,749,399	P279,294,836	P390,116,501

	2018				
	Aaa (PhilRatings)	BBB (S&P)	Baa2 (Moody's)	Unrated	Total
Hold to collect investments					
Cash and cash equivalents	P-	P-	P-	P9,286,074	P9,286,074
Loans and receivables:					
Notes receivable	-	-	-	30,000,000	30,000,000
Accrued interest receivable	-	47,201	1,255,577	3,909,308	5,212,086
Other receivables	-	-	-	791,695	791,695
Financial assets at FVPL					
Debt securities:					
Government bonds	-	-	-	142,372,116	142,372,116
Private bonds	-	10,017,240	118,582,324	2,000,000	130,599,564
Held-to-collect Investments	-	-	-	42,881,427	42,881,427
	P-	P10,064,441	P119,837,901	P231,240,620	P361,142,962

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

	2019					Total
	Aa1-Aa3 (Moody's)	Baa1-Baa3 (Moody's)	A, A+ - A-, A- (S&P)	B-BBB (S&P)	Unrated	
Hold to collect investments						
Cash and cash equivalents	P-	P-	P-	P-	P18,306,628	P18,306,628
Receivables:	-	-	-	-	-	-
Accrued interest receivable	49,333	207,498	334,084	1,756,539	492,369	2,839,823
Other receivable	-	-	-	-	-	-
Financial Assets at FVPL :						
Debt securities:						
Private bonds	10,152,317	29,536,914	43,664,687	136,362,679	44,235,799	263,952,396
	P10,201,650	P29,744,412	P43,998,771	P138,119,218	P63,034,796	P285,098,847

	2018					Total
	Aa1-Aa3 (Moody's)	Baa1-Baa3 (Moody's)	A, A+ - A-, A- (S&P)	B-BBB (S&P)	Unrated	
Hold to collect investments						
Cash and cash equivalents	P-	P-	P-	P-	P40,735,934	P40,735,934
Receivables:						
Accrued interest receivable	51,229	130,574	597,460	1,821,770	160,530	2,761,563
Other receivable	-	-	-	-	3,786	3,786
Financial Assets at FVPL :						
Debt securities:						
Private bonds	10,390,860	18,245,207	65,571,204	141,169,608	20,997,034	256,373,913
	P10,442,089	P18,375,781	P66,168,664	P142,991,378	P61,897,284	P299,875,196

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

	2019							Unrated	Total
	A-A3 (Moody's)	Aa1-Aa3 (Moody's)	Aaa-Aaa3 (Moody's)	B1-B3 (Moody's)	Ba1-Ba3 (Moody's)	Baa1-Baa3 (Moody's)			
Hold to collect investments:									
Cash and cash equivalents	P-	P-	P-	P-	P-	P-	P31,627,610	P31,627,610	
Receivables:									
Accrued interest receivable	292,378	23,260	18,266	444,424	400,879	1,054,733	1,148,025	3,381,965	
Financial assets at FVPL:									
Debt securities:									
Private bonds	30,429,095	2,527,572	1,356,764	23,600,426	24,657,498	101,497,754	90,675,503	274,744,612	
	P30,721,473	P2,550,832	P1,375,030	P24,044,850	P25,058,377	P102,552,487	P123,451,138	P309,754,187	

	2018							Unrated	Total
	Aa1-Aa3 (Moody's)	A-A3 (Moody's)	B1-B2 (Moody's)	Ba1-Ba3 (Moody's)	Baa1-Baa3 (Moody's)	A+- A- (S&P)			
Hold to collect investments:									
Cash and cash equivalents	P-	P-	P-	P-	P-	P-	P42,377,660	P42,377,660	
Receivables:									
Accrued interest receivable	24,154	287,073	213,688	663,189	902,042	-	980,561	3,070,707	
Financial assets at FVPL:									
Debt securities:									
Private bonds	2,587,593	30,682,441	14,457,395	35,482,643	87,223,873	-	75,034,725	245,468,670	
	P2,611,747	P30,969,514	P14,671,083	P36,145,832	P88,125,915	P-	P118,392,946	P290,917,037	

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:

	2019				
	Aaa (PhilRatings)	Baa1-Baa3 (Moody's)	Unrated	Impaired	Total
Held to collect investments					
Cash and cash equivalents	P-	P-	P743,642,229	P-	P743,642,229
Loans and receivables:					
Notes receivable	-	-	252,955,792	-	252,955,792
Accrued interest receivable	2,541,376	70,802	11,411,139	-	14,023,317
Financial Assets at FVOCI:					
Debt securities:					
Government bonds	-	-	622,170,855	-	622,170,855
Private bonds	-	-	63,909,745	-	63,909,745
Hold-to-collect Investments	294,000,000	15,000,000	249,400,000	-	558,400,000
	P296,541,376	P15,070,802	P1,943,489,760	P-	P2,255,101,938

	2018				
	Aaa (PhilRatings)	Baa1-Baa3 (Moody's)	Unrated	Impaired	Total
Held to collect investments					
Cash and cash equivalents	P-	P-	P370,188,280	P-	P370,188,280
Loans and receivables:					
Notes receivable	-	30,000,000	22,000,000	318,525	52,318,525
Accrued interest receivable	3,856,133	8,179,780	4,917,817	-	16,953,730
Financial Assets at FVOCI:					
Debt securities:					
Government bonds	-	508,451,717	84,207,756	-	592,659,473
Private bonds	58,795,710	-	30,888,537	-	89,684,247
Hold-to-collect Investments	294,000,000	15,000,000	185,278,041	-	494,278,041
	P356,651,843	P561,631,497	P697,480,431	P318,525	P1,616,082,296

The following financial assets - Loans and receivables are included in the books of PERAA In-House Operations and are not rated:

	2019	2018
Cash and cash equivalents	P244,739,843	P61,591,071
Multi-purpose loans	218,150,125	195,855,207
Other receivables	230,609	1,487,042
	P463,120,577	P258,933,320

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.

Accordingly, the ECL allowance of all financial assets is measured using 12-month ECL (Stage 1) except for impaired notes receivables which are measured at Stage 3.

As of December 31, 2019 and 2018, the Fund has no past due but not impaired accounts. There were no movements in Stage 3 accounts in 2019 and 2018.

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):

	2019					
	Cash and Cash Equivalents	Debt Securities at FVPL	Debt Securities at FVOCI	Loans and Receivables	HTC Investments	Total
Financial intermediaries	P804,641	P81,404	P-	P344,486	P130,000	P1,360,531
Government	-	654,808	622,171	-	-	1,276,979
Holding firms	-	83,524	63,909	-	134,000	281,433
Real estate and renting	-	102,742	-	-	239,400	342,142
Electricity, gas and water	-	25,210	-	-	20,000	45,210
Transportation, storage and communication	-	10,017	-	-	35,000	45,017
Food, beverages and tobacco	-	13,988	-	-	-	13,988
Mining	-	-	-	-	-	-
Others	-	538,697	-	-	-	538,697
	804,641	1,510,390	686,080	344,486	558,400	3,903,997
Less allowance for credit losses	-	-	-	116	-	116
Total	P804,641	P1,510,390	P686,080	P344,370	P558,400	P3,903,881

	2018					
	Cash and Cash Equivalents	Debt Securities at FVPL	Debt Securities at FVOCI	Loans and Receivables	HTC Investments	Total
Financial intermediaries	P951,661	P47,091	P34,583	P110,290	P45,000	P1,188,625
Government	-	386,386	778,531	-	54,359	1,219,276
Holding firms	-	50,692	107,258	-	322,800	480,750
Real estate and renting	-	66,714	33,952	-	80,000	180,666
Electricity, gas and water	-	31,253	-	-	-	31,253
Transportation, storage and communication	-	17,582	-	-	35,000	52,582
Food, beverages and tobacco	-	15,296	-	-	-	15,296
Mining	-	3,303	-	-	-	3,303
Others	-	507,203	-	-	-	507,203
	951,661	1,125,520	954,324	110,290	537,159	3,678,954
Less allowance for credit losses	-	-	112	319	-	431
Total	P951,661	P1,125,520	P954,212	P109,971	P537,159	P3,678,523

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):

	2019				
	Carrying Amount	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial Assets					
Cash and cash equivalents	₱804,640,796	₱804,640,796	₱-	₱-	₱804,640,796
Financial assets at FVPL	4,292,996,828	3,028,440,884	656,986,792	629,537,422	4,314,965,098
Financial assets at FVOCI	686,080,600	166,018,277	86,209,286	443,147,813	695,375,376
Loans and receivables	344,369,981	329,756,201	4,954,710	9,659,070	344,369,981
Hold-to-collect Investments	558,400,000	145,857,017	407,071,357	10,200,168	563,128,542
	6,686,488,205	4,474,713,176	1,155,222,145	1,092,544,472	6,722,479,793
Financial Liabilities					
Accounts payable and other liabilities	79,035,786	79,035,786	-	-	79,035,786
Members' deposits	72,955,236	72,955,236	-	-	72,955,236
Benefits payable	6,735,141	6,735,141	-	-	6,735,141
	158,726,163	158,726,163	-	-	158,726,163
Net Liquidity Surplus	₱6,527,762,042	₱4,315,987,013	₱1,155,222,145	₱1,092,544,472	₱6,563,753,630
	2018				
	Carrying Amount	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial Assets					
Cash and cash equivalents	₱951,660,697	₱953,541,825	₱-	₱-	₱953,541,825
Financial assets at FVPL	3,396,848,644	2,536,183,361	656,126,040	278,304,703	3,470,614,104
Financial assets at FVOCI	954,211,560	324,866,564	343,757,274	702,873,013	1,371,496,851
Loans and receivables	375,515,661	193,837,371	158,354,012	84,232,828	436,424,211
Hold-to-collect Investments	537,159,468	40,503,336	440,836,197	177,038,683	658,378,216
	₱6,215,396,030	₱4,048,932,457	₱1,599,073,523	₱1,242,449,227	₱6,890,455,207
Financial Liabilities					
Accounts payable and other liabilities	141,138,933	141,138,933	-	-	141,138,933
Members' deposits	31,321,915	31,321,915	-	-	31,321,915
Benefits payable	4,818,518	4,818,518	-	-	4,818,518
	177,279,366	177,279,366	-	-	177,279,366
Net Liquidity Surplus	₱6,038,116,664	₱3,871,653,091	₱1,599,073,523	₱1,242,449,227	₱6,713,175,841

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, 2019 and 2018:

	2019		2018	
	+25	-25	+25	-25
Change in interest rates (in basis points)				
Sensitivity of investment income	(₱19,390,763)	₱22,238,730	(₱9,101,028)	₱9,237,573
As a percentage of unrealized gain on revaluation of financial assets at FVPL	(6.89%)	7.90%	(2.37%)	2.41%

	2019		2018	
	+25	-25	+25	-25
Change in interest rates (in basis points)				
Sensitivity of OCI	(₱16,772,249)	₱17,266,695	(₱10,809,470)	₱11,110,672
As a percentage of net unrealized gain on financial assets at FVOCI/AFS investments	(17.63%)	18.15%	(6.37%)	6.55%

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, 2019 and 2018.

	2019		2018	
	Change in PSEI	Impact on Investment Income	Change in PSEI	Impact on Investment Income
Equity securities	5.72% (5.72%)	₱41,314,724 (41,314,724)	7.53% (7.53%)	₱63,027,008 (63,027,008)

The assumed fluctuation rates in December 31, 2019 and 2018 are based on the average change in fiscal year-end PSEI from years 2013 to 2019.

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:

	2019		2018	
	Change in NAVPS	Impact on Investment Income	Change in NAVPS	Impact on Investment Income
Mutual funds	4.07% (4.07%)	₱74,731,195.11 (74,731,195.11)	4.07% (4.07%)	₱48,658,579 (48,658,579)

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:

	USD	EUR	AUD	CAD	CHF	GBP	JPY	SGD	HKD	CNY	SEK	IDR	THB
Cash and cash equivalents	\$6,187,094	€302,647	\$1	\$72,217	CHF-	£62,922	¥10,235,858	\$134,065	HK\$341,075	CNY 4,807		IDR 802,560	
Financial assets at FVPL:													
Debt securities	11,852,574												
Equity securities	3,194,492	512,252	41,061		42,948	73,528	3,266,688	59,797	2,316,305		910,210	121,880,000	317,900
Mutual trust funds	24,756,563	546,942	77,352		45,059	158,775	32,985,350	34,188	350,892				
Financial assets at FVOCI:													
Debt securities	2,010,220												
	\$48,000,943	€1,361,841	\$118,414	\$72,217	CHF88,007	£295,225	¥46,487,896	\$228,050	HK\$3,008,272	\$4,807	\$910,210	\$122,682,560	\$317,900
Exchange rate	50.64	56.35	35.26	38.72	51.71	65.99	0.46	37.49	6.52	7.25	5.39	0.0037	1.68
Net Exposure	₱2,430,767,754	₱76,739,740	₱4,175,278	₱2,796,242	₱4,550,842	₱19,481,898	₱21,384,432	₱8,549,595	₱19,613,933	₱34,851	₱4,906,032	₱453,925	₱534,072

	December 31, 2018											
	USD	EUR	AUD	CAD	CHF	GBP	JPY	SGD	TWD	HKD	CNY	
Cash and cash equivalents	\$9,492,898	€531,032	\$10	\$126,077	CHF-	£80,318	¥631,433	\$329,386	NT\$-	HK\$898,542	CNY3,091	
Financial assets at FVPL:												
Debt securities	5,996,012	-	-	-	-	-	-	-	-	-	-	-
Equity securities	2,135,218	464,319	84,669	173,284	365,083	35,196	31,909,754	56,291	691,180	4,284,584	-	-
Mutual trust funds	21,993,834	53,381	-	-	-	-	6,863,586	-	1,212,701	-	-	-
Financial assets at FVOCI:												
Debt securities	1,808,602	-	-	-	-	-	-	-	-	-	-	-
	\$41,426,564	€1,048,732	\$84,679	\$299,361	\$365,083	\$115,514	\$39,404,773	\$385,677	\$1,903,881	\$5,183,126	\$3,091	
Exchange rate	52.58	60.31	37.07	38.73	53.40	66.73	0.48	38.47	1.71	6.73	7.68	
Net Exposure	₱2,178,208,735	₱63,249,027	₱3,139,051	₱11,594,252	₱19,495,432	₱7,708,249	₱18,914,291	₱14,836,994	₱3,255,637	₱34,882,438	₱23,739	

A 10% strengthening of the Philippine peso against foreign currencies as of December 31, 2019 and 2018 would have decreased investment income by ₱259.38 million and ₱244.65 million in December 31, 2019 and 2018, respectively.

A 10% weakening of the Philippine peso against foreign currencies as of December 31, 2019 and 2018 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:

	2019	2018
Cash equivalents	₱429,987,151	₱734,164,610
Cash in bank	374,623,645	217,466,087
Cash on hand	30,000	30,000
	₱804,640,796	₱951,660,697

Cash in bank earns interest at respective bank deposit rates.

Cash equivalents earn interest ranging from 1.25% to 7.00% and from 1.25% to 8.00% for the years ended December 31, 2019 and 2018, respectively.

8. Financial Assets at Fair Value through Profit or Loss

This account consists of:

	2019	2018
Debt securities:		
Private bonds	₱903,380,204	₱739,132,358
Government bonds	607,010,481	386,387,216
Equity securities	946,458,843	837,033,989
Mutual trust funds	1,836,147,300	1,434,295,081
	₱4,292,996,828	₱3,396,848,644

Debt securities at FVPL consist of investments in bonds earning interest ranging from 3.70% to 10.63% and from 3.50% to 8.75% for the years ended December 31, 2019 and 2018, respectively, for peso-denominated bonds and from 2.35% to 11.50% and from 2.35% to 10.625% for the years ended December 31, 2019 and 2018, respectively, for foreign currency-denominated bonds.

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

	2019	2018
Debt securities	₱37,804,243	(₱4,545,008)
Equity securities	(1,636,605)	4,738,713
Mutual funds	48,309,217	34,349,363
	₱84,476,855	₱34,543,068

Financial assets at FVPL include unrealized gain on fair market revaluation amounting to ₱281.59 million and unrealized loss on fair market revaluation amounting to ₱383.64 million for the years ended December 31, 2019 and 2018, respectively.

9. Financial Assets at Fair Value Through Other Comprehensive Income/Available-for-Sale Investments

This account consists of:

	2019	2018
Debt securities:		
Government bonds	₱622,170,855	₱778,528,636
Private bonds	63,909,745	175,682,924
	₱686,080,600	₱954,211,560

Financial assets at FVOCI - debt securities consist of peso-denominated and foreign-currency denominated investments in bonds earning interest ranging from 3.38% to 11.25% and 3.95% to 5.00% for the year ended December 31, 2019 and 2018, respectively.

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

	2019	2018
Balance at beginning of the period, as restated	₱42,859	₱17,403,724
Unrealized gain (loss) on FVOCI investments	94,747,048	(23,044,631)
Realized (gain) loss taken to profit or loss	(818,303)	5,683,766
Earnings for distribution to members	(93,928,745)	-
Balance at end of the period	₱42,859	₱42,859

10. Loans and Receivables

This account consists of:

	2019	2018
Multi-purpose loans (Note 24)	₱218,150,125	₱195,855,207
Accrued interest receivable	38,520,766	35,602,360
Unquoted debt securities	34,859,555	110,289,889
Due from brokers/investment managers	5,377,615	13,861,000
Dividends receivable	1,158,406	756,315
Others	46,420,021	19,469,414
	344,486,488	375,834,185
Less: Allowance for credit losses	116,507	318,524
	₱344,369,981	₱375,515,661

Unquoted debt securities earn interest ranging from 4.25% to 7.07% and 5.38% to 7.07% for the years ended December 31, 2019 and 2018, respectively. Other receivables consist of unremitted coupon payments, car loans and housing loans.

As of December 31, 2019 and 2018, the Fund's unquoted debt securities that are fully provided with allowance amounting to ₱0.12 and ₱0.32 million, respectively, are considered as clean loans.

11. Hold-to-Collect Investment Securities Investments

HTC investments consist of investment in bonds earning interest ranging from 5.20% to 7.82% and 5.20% to 10.13% for the years ended December 31, 2019 and 2018, respectively.

12. Property and Equipment

The composition of and movements in this account follow:

	2019					Total
	Condominium Units	Office Equipment	Furniture and Fixtures	Transportation Equipment	Office Improvements	
Cost						
Balance at beginning of period	P69,531,816	P8,786,656	P4,890,827	P5,326,367	P11,498,824	P100,034,490
Acquisitions	-	374,611	269,384	1,313,392	-	1,957,387
Disposal	-	(809,893)	(40,545)	(1,793,000)	-	(2,643,438)
Balance at end of period	69,531,816	8,351,374	5,119,666	4,846,759	11,498,824	99,348,439
Accumulated Depreciation						
Balance at beginning of period	22,607,852	7,311,373	3,652,345	4,155,591	9,450,424	47,177,585
Depreciation and amortization	1,656,644	697,970	342,682	565,582	270,658	3,533,536
Disposal	-	(809,893)	(40,545)	(1,542,703)	-	(2,393,141)
Balance at end of period	24,264,496	7,199,450	3,954,482	3,178,470	9,721,082	48,317,980
Net Book Value at End of Period	P45,267,320	P1,151,924	P1,165,184	P1,668,289	P1,777,742	P51,030,459

	2018					Total
	Condominium Units	Office Equipment	Furniture and Fixtures	Transportation Equipment	Office Improvements	
Cost						
Balance at beginning of period	P69,531,816	P8,264,638	P4,890,827	P5,326,367	P11,498,824	P99,512,472
Acquisitions	-	522,018	-	-	-	522,018
Balance at end of period	69,531,816	8,786,656	4,890,827	5,326,367	11,498,824	100,034,490
Accumulated Depreciation						
Balance at beginning of period	20,951,208	6,628,904	3,306,055	3,468,854	9,179,765	43,534,786
Depreciation and amortization	1,656,644	682,469	346,290	686,737	270,659	3,642,799
Balance at end of period	22,607,852	7,311,373	3,652,345	4,155,591	9,450,424	47,177,585
Net Book Value at End of Period	P46,923,964	P1,475,283	P1,238,482	P1,170,776	P2,048,400	P52,856,905

Depreciation and amortization, included under 'Operating expenses' in the statements of operations (Note 24), consist of depreciation and amortization on:

	2019	2018
Property and equipment	P3,533,536	P3,642,799
Software costs (Note 13)	1,615,613	1,859,716
Other assets	293,827	284,255
	P5,442,976	P5,786,770

As of December 31, 2019 and 2018, the gross amount of fully depreciated property and equipment still in use by the Fund amounted to P18.22 million and P18.87 million, respectively.

13. Software Costs

The movements in this account follow:

	2019	2018
Cost		
Balance at beginning of period	P20,602,883	P19,222,161
Additions	929,900	1,380,722
Balance at end of period	21,532,783	20,602,883
Accumulated Amortization		
Balance at beginning of period	16,920,642	15,060,926
Amortization (Note 12)	1,615,613	1,859,716
Balance at end of period	18,536,255	16,920,642
Net Book Value at End of Period	P2,996,528	P3,682,241

14. Investment Properties

The movements in this account follow:

	2019	2018
Balance at beginning of period	₱511,585,800	₱355,206,339
Additions	5,577,766	-
Increase in fair value	-	156,379,461
Balance at end of period	₱517,163,566	₱511,585,800

Total rent income earned from investment properties amounted to ₱7.54 million and ₱6.58 million for the year ended December 31, 2019 and year ended December 31, 2018, respectively, which are included under 'Miscellaneous income'. Direct operating expenses related to investment properties amounted to 4.72 million and 1.56 million for the year ended December 31, 2019 and for the year ended December 31, 2018, respectively, which are included under 'Investment expenses'.

In 2019 and 2018, the 'Other assets' comprised of reservation fees and down payments of ₱259.23 million for real properties intended for capital appreciation. Also, input taxes related to additions to investment properties in 2015 amounting to ₱29.67 million as of December 31, 2019 and 2018, are included under 'Other assets' in the statement of net assets available for distribution to members.

15. Accounts Payable and Other Liabilities

This account consists of:

	2019	2018
Accounts payable and accrued expenses	₱19,510,451	₱13,809,370
Investment fee payable	10,486,947	8,264,003
Due to brokers	5,564,695	116,346,263
Withholding tax payable	1,158,859	497,689
Dividends to members	-	437,163
Others	42,314,834	3,442,067
	₱79,035,786	₱142,796,555

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, 2019 and 2018, the Fund's retirement liability is presented below:

	Fair Value of plan assets	Present Value of DB	Effect of Asset Ceiling	Net DB Liability
December 31, 2019				
Balance at beginning of the period	₱26,301,577	(₱23,930,828)	(₱2,370,749)	₱-
Retirement Expense (Note 23)	-	(3,616,520)	-	(3,616,520)
Contribution to the retirement fund	3,616,520	-	-	3,616,520
Balance at end of the period	₱29,918,097	(₱27,547,348)	(₱2,370,749)	₱-
December 31, 2018				
Balance at beginning of the period	₱25,002,465	(₱24,290,575)	(₱711,890)	₱-
Retirement Expense:				
Current service cost	-	(763,752)	-	(763,752)
Net interest	1,390,009	(1,258,252)	(36,876)	94,881
Retirement Expense (Note 24)	1,390,009	(2,022,004)	(36,876)	(668,871)
Contribution to the retirement fund	3,850,792	-	-	3,850,792
Benefits paid	(187,415)	187,415	-	-
Remeasurements:				
Actuarial change due to:				
Financial assumptions	-	3,976,642	-	3,976,642
Experience adjustments	-	(1,782,306)	-	(1,782,306)
Return on plan assets in excess of net interest	(3,754,274)	-	-	(3,754,274)
Remeasurement loss on changes in the effect of the asset ceiling	-	-	(1,621,983)	(1,621,983)
Remeasurements recognized in other comprehensive income	(3,754,274)	2,194,336	(1,621,983)	(3,181,921)
Balance at end of the period	₱26,301,577	(₱23,930,828)	(₱2,370,749)	₱-

The Fund expects to contribute ₱3.24 million to its DC plan in the next calendar year.

The fair values of plan assets by each class as at December 31, 2019 and 2018 follow:

	2019	2018
Cash and cash equivalents	₱3,476,769	₱5,483,879
Available-for-sale investments		
Equity securities	8,915,429	6,662,189
Debt securities:		
Private bonds	9,005,452	7,627,457
Government bonds	5,367,262	4,260,855
Investment properties	3,361,911	1,478,149
Loans and receivable	915,756	789,047
Others	-	-
	₱31,042,579	₱26,301,576

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

Discount rate	7.70%
Future salary increases	3.00%
Average remaining working life (in years)	20.2

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DB obligation as of December 31, 2019, assuming all other assumptions are held constant:

	Changes in basis points (bps)	Increase (decrease) in present value of DB obligation
Discount rate		
+100 bps	+100 bps	(1,248,299)
-100 bps	-100 bps	1,419,113
Salary increases		
+100 bps	+100 bps	1,473,129
-100 bps	-100 bps	(1,313,566)
No Attrition Rates		288,245

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2019 and 2018:

	2019	2018
Less than 1 year	P-	₱9,377,204
More than 1 year to 5 years	5,472,761	5,472,761
More than 5 years	15,302,838	15,302,838
	₱20,775,599	₱30,152,803

The weighted average duration of the DB obligation as of December 31, 2019 and 2018 is 8.5 years.

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, 2019 and 2018 (in thousands):

	2019			2018		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets						
Cash and cash equivalents	₱804,641	P-	₱804,641	₱951,661	P-	₱951,661
Financial assets at FVPL	3,116,789	1,176,208	4,292,997	2,372,060	1,024,789	3,396,849
Financial assets at FVOCI/AFS	74,520	611,560	686,080	216,543	737,781	954,324
Loans and receivables	329,756	14,730	344,486	168,788	207,046	375,834
Held-to-collect investments/HTM	101,805	456,595	558,400	39,300	497,859	537,159
Nonfinancial Assets						
Property and equipment	-	99,348	99,348	-	100,034	100,034
Software cost	-	21,533	21,533	-	20,603	20,603
Investment properties	-	517,164	517,164	-	511,586	511,586
Other assets	1,922	290,309	292,231	1,327	290,409	291,736
	4,429,433	3,187,447	7,616,880	3,749,679	3,390,107	7,139,786
Less: Allowance for credit losses			(116)			(431)
Accumulated depreciation and amortization			(66,854)			(64,098)
			₱7,549,910			₱7,075,257
Financial Liabilities						
Accounts payable and other liabilities	₱79,036	P-	₱79,036	₱140,372	P-	₱140,372
Members' deposits	72,955	-	72,955	31,322	-	31,322
Benefits' payable	6,735	-	6,735	4,818	-	4,818
Nonfinancial Liabilities						
Accounts payable and other liabilities	-	-	-	2,425	-	2,425
	₱158,726	P-	₱158,726	₱178,937	P-	₱178,937

18. Fund Management Agreements

The BOT entered into investment management agreements with MBTC, BPI, BDO, ATRAM, Credit Suisse and Bank of Singapore. 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, 2019 and 2018, about 54.85% and 52.82%, 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 ₱14.2 million and ₱8.26 million for the year ended December 31, 2019 and 2018, respectively, which are included under 'Investment expenses' in the statements of operations.

19. Members' Equity

This account 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 PIs 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:

	2019	2018
Retirement	₱260,704,478	₱243,170,105
Benefits from reserve fund	123,941,571	110,051,064
Repurchase of plans	87,877,740	94,193,656
Other adjustments	16,722,444	4,229,213
Forfeited benefit claims	13,402,669	12,948,572
Death benefits	11,400,581	8,282,352
Separation from service	6,084,464	10,008,465
Disability	-	17,690
	₱520,133,947	₱482,901,117

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.

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

- a. 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
- b. Contingency - appropriation to cover unexpected losses or shortfall in the values of investments and to distribute incurred losses;

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.

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

Effective January 1, 2019, the BOT declared the monthly ROI of the Fund. The BOT of the Fund approved and authorized the ROI for the year of 7.34% which is based on the monthly declaration of ROI of the Fund totaling to ₱483.48 million. The accounts of members are automatically updated after each declaration.

On February 21, 2019, the BOT of the Fund approved and authorized the distribution of ROI of 1.57% amounting to ₱101.51 million for December 31, 2018 (One Year). Distribution of ROI was made on February 22, 2019.

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, 2019 and 2018, the Fund has no contingent rent receivable. Total rent income earned by the Fund amounted to ₱7.54 million and ₱6.58 million in December 31, 2019 and 2018 respectively, which are included under 'Miscellaneous income'.

Future minimum rental receivables under operating leases follow:

	2019	2018
Within one year	₱11,889,201	₱2,909,109
After one year but not more than five years	665,674	-
	₱12,554,875	₱2,909,109

23. Operating Expenses

This account consists of:

	2019	2018
Salaries, wages and allowances (Note 25)	₱27,359,022	₱26,979,272
Social security costs and other employee benefits (Note 25)	15,820,493	13,900,148
Depreciation and amortization (Notes 12 and 13) (<i>forward</i>)	5,442,976	5,786,770

	2019	2018
Retirement expense (Note 17)	₱3,616,520	₱668,871
Meetings and representation - BOT	2,369,116	1,024,426
Professional fees	1,729,856	1,562,414
General meeting	1,426,532	1,229,651
Medical and recreation	1,340,861	1,142,516
Condominium dues	1,237,694	1,186,124
Light and water	1,210,551	1,295,189
Communications	1,043,089	1,200,057
Top Outstanding PERAA Member	578,820	-
Security services	366,647	353,260
Office supplies	294,709	335,956
Meetings and representation	282,649	217,988
Miscellaneous	2,461,691	2,360,656
	₱66,581,226	₱59,243,298

Miscellaneous expenses pertain to expenses incurred for 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:

	2019	2018
Short-term benefits	₱19,624,418	₱19,848,045
Retirement contributions	500,370	517,979
	₱20,124,788	₱20,366,024

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 24).

Loans to members

The PERAA Fund offers multi-purpose loans to its qualified members with terms ranging from 12 to 60 months. Multi-purpose loans amounted to ₱218.15 million and ₱195.86 million as of December 31, 2019 and 2018, respectively. Multi-purpose loans earn interest ranging from 6.00% to 12.00% in December 31, 2019 and 2018, respectively. A 1.50% 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 ₱5.06 million and ₱4.37 million for the year ended December 31, 2019 and 2018, 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 ₱11.11 million and ₱10.27 million in December 31, 2019 and 2018, respectively.

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, 2019 and 2018, 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. Events after Reporting Period

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed community quarantine that have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Fund considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter considering the evolving nature of the outbreak. The Fund will continue to monitor the situation.

28. Approval for the Release of Financial Statements

The accompanying comparative financial statements of the Fund were authorized for issue by the BOT on October 27, 2020.

29. Supplementary Information Required Under RR No. 15-2010

In compliance with the requirements set forth by Revenue Regulations 15-2010, the Fund reported and/or paid the following types of taxes and license fees for the calendar year ended December 31, 2019:

Taxes and licenses

For the calendar year ended December 31, 2019, taxes and licenses of the Fund recorded under 'Miscellaneous expense' in operating expenses in the statement of operations amounts to ₱26,050. These are reported and paid in accordance with existing regulations of the Bureau of Internal Revenue (BIR) in the case of national internal revenue taxes, or the concerned local government unit, in the case of local taxes.

Withholding Taxes

Details of total remittances in 2019 and outstanding balance of withholding taxes as of December 31, 2019 follow:

	Total Remittances	Balance as of December 31
Expanded withholding taxes	₱13,375,020	₱687,105
Withholding taxes on compensation and benefits	6,485,761	471,754
	<u>₱19,860,781</u>	<u>₱1,158,859</u>

Tax Assessments and Cases

As of December 31, 2019, there are no outstanding tax cases under investigation, litigation nor prosecution in courts or bodies outside the BIR.

2019 HONORARY AWARDEES

PLATINUM AWARDEE 50M

Holy Family Academy
Angeles City, Pampanga

Southern Christian College
Midsayap, North Cotabato

Elizabeth Seton School
Las Piñas City

De La Salle-Araneta University
Malabon City

**Asia Pacific Technology
Educational Foundation, Inc.**
Makati City

**Maria Montessori
Foundation, Inc.**
Muntinlupa City

St. Jude College
Sampaloc, Manila

Fellowship Baptist College
Kabankalan,
Negros Occidental

New Era University
New Era, Quezon City

**Philippine Institute
of Quezon City**
Central, Quezon City

**Jesus Reigns Christian Academy
Foundation, Inc.**
Malate, Manila

MULTI-MILLIONAIRE 5M

**Daniel B. Peña Memorial
College Foundation**
Tabaco City, Albay

Great Eastern Institute
La Paz, Tarlac

Lucban Academy, Inc.
Lucban, Quezon

**Claret School
of Zamboanga City**
Zamboanga City

Talisay Malayan Academy
Talisay, Cebu

**Sta. Cruz Academy
of Lubao, Inc.**
Lubao, Pampanga

**Rizal Memorial Institute
of Dapitan City, Inc.**
Dapitan City

Union Theological Seminary
Dasmariñas, Cavite

FEU Alabang, Inc.
Filinvest City, Muntinlupa City

MILLIONAIRE 1M

St. Benedicts Academy
Guinobatan, Albay

St. Claire Academy
Lian, Batangas

**St. Gabriel the Archangel
High School, Inc.**
San Gabriel, La Union

Carmel Academy
Balilihan, Bohol

**I.B. Caliñagan
Memorial Institution**
Nasugbu, Batangas

**Wesleyan University-
Philippines (Aurora)**
Maria Aurora, Aurora

Emmaus Christian Schools, Inc.
Malanday, Valenzuela City

New Jerusalem School
Lopez, Quezon

J.P. Sioson Colleges, Inc.
Quezon City

**Assumpta School of
Tagum, Incorporated**
Tagum City

**Disciples Learning Academy
of Dasmariñas, Cavite Inc.**
Dasmariñas, Cavite

**Epiphany School of
Peace and Goodwill-IFI
Learning Institution Inc.**
Odiangan, Romblon

**St. Therese School
of Southville, Inc.**
Biñan, Laguna

**Saint Mary's Angels College of
Valenzuela**
Valenzuela City

**Microfinance Council of the
Philippines, Inc.**
Pasig City

MUIR Woods Academy Inc.
Bayombong, Nueva Vizcaya

**St. Andrew's School of
Pantabangan, Inc.**
Pantabangan, Nueva Ecija

Misamis Bank Inc., A Rural Bank
Tudela, Misamis Occidental

East Asian Pastoral Institute
Loyola Heights, Quezon City

**Partnership of Philippine Support
Service Agencies, Inc.**
Loyola Heights, Quezon City

TOP 100 PARTICIPATING INSTITUTIONS

Based on Accumulated Value as of December 31, 2018

- 1. John B. Lacson Colleges Foundation**
Iloilo City
- 2. Technological Institute of the Philippines**
Quiapo, Manila
- 3. Xavier University**
Cagayan de Oro City, Misamis Oriental
- 4. Cebu Institute of Technology**
Cebu City
- 5. Ateneo De Zamboanga University**
Zamboanga City, Zamboanga del Sur
- 6. Jose Rizal University**
Mandaluyong City
- 7. Ateneo de Davao University**
Davao City, Davao del Sur
- 8. University of the Cordilleras**
Baguio City, Benguet
- 9. Colegio San Agustin**
Makati City
- 10. University of Nueva Caceres**
Naga City, Camarines Sur
- 11. University of Baguio**
Baguio City, Benguet
- 12. Philippine Christian University**
Malate, Manila
- 13. East Asia Computer Center, Inc.**
Sampaloc, Manila
- 14. UST Angelicum College, Inc.**
Quezon City
- 15. University of the Assumption**
San Fernando City, Pampanga
- 16. Center for Educational Measurement**
Makati City
- 17. Claret School**
Quezon City
- 18. San Pedro College, Inc.**
Davao City, Davao del Sur
- 19. Father Saturnino Urios University**
Butuan City, Agusan del Norte
- 20. Misamis University, Incorporated**
Ozamiz City, Misamis Occidental
- 21. Wesleyan University-Philippines**
Cabanatuan City, Nueva Ecija
- 22. Private Education Retirement Annuity Association**
Makati City
- 23. Elizabeth Seton School**
Las Piñas City
- 24. Asia Pacific Technology Educational Foundation, Inc.**
Makati City
- 25. Southern Christian College**
Midsayap, North Cotabato
- 26. Holy Family Academy**
Angeles City, Pampanga
- 27. De La Salle-Araneta University**
Malabon City
- 28. University of St. La Salle**
Bacolod City, Negros Occidental
- 29. Lorma Colleges**
San Fernando City, La Union
- 30. Siena College of Taytay**
Taytay, Rizal
- 31. National College of Business and Arts**
Quezon City
- 32. Sacred Heart School-Ateneo de Cebu, Inc.**
Mandaue City, Cebu
- 33. University of Batangas**
Batangas City
- 34. University of Saint Anthony**
Iriga City, Camarines Sur
- 35. General De Jesus College**
San Isidro, Nueva Ecija
- 36. St. Joseph's College**
Quezon City
- 37. Iloilo Doctors College**
Iloilo City
- 38. Holy Angel University**
Angeles City, Pampanga
- 39. Philippine College of Criminology**
Sta. Cruz, Manila
- 40. St. Paul University Quezon City**
Quezon City
- 41. Brent School, Inc.**
Baguio City, Benguet
- 42. Siena College**
Quezon City
- 43. Republic Central Colleges**
Angeles City, Pampanga
- 44. Davao Medical School Foundation**
Davao City, Davao del Sur
- 45. University of Southern Philippines**
Cebu City
- 46. Holy Cross of Davao College**
Davao City, Davao del Sur
- 47. Baliuag University**
Baliuag, Bulacan
- 48. National University**
Sampaloc, Manila
- 49. Saint Joseph College**
Maasin, Southern Leyte
- 50. Central Colleges of the Philippines**
Quezon City
- 51. De La Salle John Bosco College, Inc.**
Bislig City, Surigao Del Sur
- 52. Infant Jesus Academy**
Marikina City
- 53. University of Luzon, Inc.**
Dagupan City, Pangasinan
- 54. University of Pangasinan**
Dagupan City, Pangasinan
- 55. Febias College of Bible**
Karuhatan, Valenzuela City
- 56. Maria Montessori Children's School Foundation, Inc.**
Parañaque City
- 57. Ateneo de Iloilo, Inc.**
Iloilo City
- 58. Cor Jesu College, Inc.**
Digos City, Davao del Sur
- 59. MGC New Life Christian Academy, Inc.**
Taguig City
- 60. Jubilee Christian Academy**
Quezon City

- | | | |
|---|---|---|
| 61. Trinity University of Asia, Inc.
Quezon City | 74. Systems Plus College Foundation
Angeles City, Pampanga | 88. Harris Memorial College
Taytay, Rizal |
| 62. College of the Immaculate Conception
Cabanatuan City, Nueva Ecija | 75. (The) Roman Catholic Bishop of Cubao, Inc.
Quezon City | 89. St. Michael's Institute of Bacoor, Inc.
Bacoor, Cavite |
| 63. St. Columban College
Pagadian City, Zamboanga del Sur | 76. Assumption College of Davao, Inc.
Davao City, Davao del Sur | 90. Southern Baptist College
M'lang, North Cotabato |
| 64. Our Lady of the Sacred Heart College of Guimba, Inc.
Guimba, Nueva Ecija | 77. University of Manila
Sampaloc, Manila | 91. Cebu Doctors' College of Arts and Sciences
Mandaue City, Cebu |
| 65. St. Vincent's College
Dipolog City, Zamboanga del Norte | 78. Good Shepherd Christian School
Mandaluyong City | 92. Mother Goose Playskool
Dagupan City, Pangasinan |
| 66. Velez College
Cebu City | 79. Brokenshire College
Davao City, Davao del Sur | 93. De Ocampo Memorial College
Sampaloc, Manila |
| 67. Holy Trinity College of General Santos City
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| 68. Sto. Niño Parochial School
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San Mateo Rizal
- 2. Our Lady of Guadalupe Colleges**
Mandaluyong City
- 3. Arrupe International Residence**
Quezon City
- 4. East Asian Pastoral Institute**
Quezon City
- 5. RCC Colegio De San Rafael, Inc.**
San Fernando City, Pampanga
- 6. FEU High School**
Sampaloc, Manila
- 7. Sto. Rosario Montessori School, Inc.**
Valenzuela City
- 8. Prince of Peace Integrated School, Inc.**
Antipolo Rizal

- 9. Our Lady of Divine Grace School De Manila, Inc.**
Sampaloc, Manila
- 10. Partnership of Philippine Support Service Agencies, Inc.**
Quezon City

MINDANAO

- 11. Misamis Bank, Inc., A Rural Bank**
Tudela, Misamis Occidental
- 12. Rhema King's Kid Academy, Inc.**
Digos City, Davao Del Sur
- 13. Tagum Doctors College, Inc.**
Tagum City, Davao
- 14. Malaybalay Jesuit Retreat House, Inc.**
Malaybalay, Bukidnon

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