Isla Lipana & Co.

Odyssey Asia Pacific High Dividend Equity Feeder Fund

Financial Statements
As at and for the years ended December 31, 2025 and 2024

Isla Lipana & Co.

Independent Auditor's Report

To the Unitholders and Trustee of
Odyssey Asia Pacific High Dividend Equity Feeder Fund
26th and 27th Floor, Ayala Triangles Gardens 2
Paseo de Roxas corner Makati Avenue
Makati City

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Odyssey Asia Pacific High Dividend Equity Feeder Fund (the "Fund") as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

What we have audited

The financial statements of the Fund comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of total comprehensive income for the years ended December 31, 2025 and 2024;
- the statements of changes in net assets attributable to holders of redeemable units for the years ended December 31, 2025 and 2024;
- the statements of cash flows for the years ended December 31, 2025 and 2024; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Other Matter - Restriction on Use

This report is intended solely for the information and use of the unitholders, the trustee of the Fund and the Bangko Sentral ng Pilipinas and is not intended for any other purpose.

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 PFRS Accounting Standards, 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 are 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 PSA 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 PSA, 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.

Isla Lipana & Co.

Dexter DJ V. Toledaña
Partner
CPA Cert. No. 0121827
P.T.R. No. 0032961; issued on January 8, 2026 at Makati City
SEC A.N. (individual) as general auditors 121827-SEC, Category A;
valid to audit 2022 to 2026 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 255-979-765
BIR A.N. 08-000745-241-2026, issued on January 16, 2026; effective until January 15, 2029
BOA/PRC Reg. No. 0142/P-031, effective until November 14, 2028

Makati City
June 22, 2026

Odyssey Asia Pacific High Dividend Equity Feeder Fund

Statements of Financial Position
December 31, 2025 and 2024
(All amounts in United States Dollar)

	Notes	2025	2024
Assets			
Current assets			
Deposits in banks	2	201,007	118,094
Financial assets at fair value through profit or loss	3	11,092,691	7,573,586
Receivables	4	89,805	78,258
Total assets		11,383,503	7,769,938
Liabilities and Net assets attributable to holders of redeemable units			
Current liabilities			
Accounts payable and accrued expenses	5	141,527	13,774
Net assets attributable to holders of redeemable units	6	11,241,976	7,756,164
Total liabilities and net assets attributable to holders of redeemable units		11,383,503	7,769,938

The notes on pages 1 to 14 are an integral part of these financial statements.

Odyssey Asia Pacific High Dividend Equity Feeder Fund

Statements of Total Comprehensive Income
For the years ended December 31, 2025 and 2024
(All amounts in United States Dollar)

	Notes	2025	2024
Income			
Net income on financial assets at fair value through profit or loss:			
Fair value gain	3	2,077,254	273,047
Realized gain on sale	3	333,558	106,935
Dividend income	3	316,353	317,573
Interest income from deposits in banks	2	3,370	3,941
		2,730,535	701,496
Expenses			
Trust fees	8	137,345	117,168
Others	7	2,916	1,418
		140,261	118,586
Income before tax		2,590,274	582,910
Final withholding tax		620	514
Net income for the year		2,589,654	582,396
Other comprehensive income		-	-
Total comprehensive income for the year		2,589,654	582,396

The notes on pages 1 to 14 are an integral part of these financial statements.

Odyssey Asia Pacific High Dividend Equity Feeder Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
For the years ended December 31, 2025 and 2024
(All amounts in United States Dollar)

	Notes	2025	2024
Balances as at January 1		7,756,164	8,071,552
Comprehensive income			
Net income for the year		2,589,654	582,396
Other comprehensive income		-	-
Total comprehensive income for the year		2,589,654	582,396
Transactions with unitholders			
Issuance of units	4,6	4,138,190	788,500
Redemption of units	5,6	(3,242,032)	(1,686,284)
Total transactions with unitholders		896,158	(897,784)
Balances as at December 31	6	11,241,976	7,756,164

The notes on pages 1 to 14 are an integral part of these financial statements.

Odyssey Asia Pacific High Dividend Equity Feeder Fund

Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(All amounts in United States Dollar)

	Notes	2025	2024
Cash flows from operating activities			
Income before tax		2,590,274	582,910
Adjustments for:			
Net income on financial assets at fair value through profit or loss:			
Fair value gain	3	(2,077,254)	(273,047)
Realized gain on sale	3	(333,558)	(106,935)
Dividend income	3	(316,353)	(317,573)
Interest income from deposits in banks	2	(3,370)	(3,941)
Operating loss before change in working capital		(140,261)	(118,586)
Changes in working capital			
Increase (decrease) in accounts payable and accrued expenses		4,656	2,644
Net cash used in operations		(135,605)	(115,942)
Dividends received	3,4	306,330	324,640
Interest received	2,4	3,393	3,902
Proceeds from sale of securities	3	1,838,000	1,079,999
Payments on acquisition of securities	3	(2,946,293)	(320,046)
Final taxes withheld		(620)	(514)
Net cash from operating activities		(934,795)	972,039
Cash flows from financing activities			
Proceeds from issuance of redeemable units	6	4,136,643	787,937
Payments for redemption of redeemable units	6	(3,118,935)	(1,726,495)
Net cash used in financing activities		1,017,708	(938,558)
Net increase in deposits in banks		82,913	33,481
Deposits in banks			
At January 1		118,094	84,613
At December 31	2	201,007	118,094

The notes on pages 1 to 14 are an integral part of these financial statements.

1 General information

Odyssey Asia Pacific High Dividend Equity Fund (the “Fund”) is a Unit Investment Trust Fund (UITF) established in accordance with, and operated subject to the provisions of, the Fund’s Trust Deed and the regulations issued by the Bangko Sentral ng Pilipinas (BSP). UITFs are created by virtue of BSP Circular No. 447 which governs the administration and investments of UITFs and requires that an external audit of the Fund be conducted annually. The Fund was launched as a UITF on May 20, 2008.

The Fund was organized to engage in the sale of its units and investment of the proceeds thereof in a diversified portfolio of attractively priced stocks with high dividend yields in the Asia Pacific Region to pursue long-term capital appreciation and intends to achieve investment returns that outperform the Morgan Stanley Capital International (MSCI) All Country (AC) Asia Pacific ex-Japan Total Return Index. As an open-end pooled trust fund, the Fund stands ready to redeem its outstanding units at a value defined under the Fund's Plan Rules.

On October 1, 2020, the Fund’s Plan Rules were amended to reflect the change in the Fund into a Feeder Fund to capitalize the scale of investing into a single Target Fund. In addition, the benchmark of the Fund was changed from the MSCI AC Asia Pacific ex-Japan Total Return Index to the MSCI AC Asia Pacific ex-Japan High Dividend Net Return USD Index to align with the Fund’s strategy and to provide better performance perspective to investors.

Pursuant to the existing BSP rules and regulations, as a Feeder Fund, this Fund is mandated to invest at least 90% of its assets in a single collective investment scheme, which is the Target Fund. JP Morgan Asia Equity Dividend Fund (the “Target Fund”) is managed by JP Morgan Asset Management (“JP Morgan AM”), a leading asset manager for individuals and institutions. The Target Fund aims to provide income and long-term capital growth by investing primarily (i.e. at least 70% of its total net asset value) in equity securities of companies in the Asia Pacific region (excluding Japan) that JP Morgan AM expects to pay dividends.

The Fund has no employees. The principal management and administration functions of the Fund are outsourced from BPI Wealth - A Trust Corporation (“BPI Wealth” or the “Fund Manager”).

The Fund Manager is a wholly-owned subsidiary of Bank of the Philippine Islands (“BPI” or “Parent Bank”), a domestic commercial bank with an expanded banking license in the Philippines.

The Fund’s proprietary assets are primarily under the custody of Deutsche Bank AG Manila Branch (DB) (Note 7).

Approval of the financial statements

These financial statements have been approved and authorized for issue by the Fund’s Trustee on June 17, 2026. There are no material events that occurred from June 17 to 22, 2026.

2 Deposits in banks

The account at December 31 consists of:

	2025	2024
Savings deposit	20,007	18,094
Time deposit	181,000	100,000
	201,007	118,094

In 2025, time deposit earns interest at 0.40% to 2.60% (2024 - 4%). The savings deposit are non-interest-bearing.

Interest income earned from time deposits amounts to US$3,370 in 2025 (2024 - US$3,941).

3 Financial assets at fair value through profit or loss (FVTPL)

In 2025 and 2024, as a Feeder Fund, the Fund's financial assets at FVTPL are fully invested in its Target Fund (Note 1).

Dividend income earned from investments in listed equity securities amounts to US$316,353 in 2025 (2024 - US$317,573), of which US$87,179 remains collectible as at December 31, 2025 (2024 - US$77,156) (Note 4).

Movements in the account for the years ended December 31 follows:

	2025	2024
At January 1	7,573,586	7,953,557
Additions	2,946,293	320,046
Disposals	(1,504,442)	(973,064)
Fair value adjustment, net	2,077,254	273,047
At December 31	11,092,691	7,573,586

Payments for acquisitions of securities in 2025 amount to US$2,946,293 (2024 - US$320,046).

In 2025, proceeds from disposals of financial assets at FVTPL amount to US$1,838,000 (2024 - US$1,079,999). Realized gain on sale of financial assets at FVTPL amounts to US$333,558 in 2025 (2024 - US$106,935).

4 Receivables

The account at December 31 consists of:

	Note	2025	2024
Dividend receivable	3	87,179	77,156
Capital shares receivable		2,610	1,063
Accrued interest receivable		16	39
		89,805	78,258

Capital shares receivable pertains to subscriptions made by investors with outstanding collections as at reporting date.

5 Accounts payable and accrued expenses

The account at December 31 consists of:

	Note	2025	2024
Capital shares redeemed payable		126,612	3,515
Trust fees payable	8	14,316	9,981
Others		599	278
		141,527	13,774

Capital shares redeemed payable represents redemptions made by investors yet to be paid as at reporting date.

Others represent accrued professional and custodian fees.

6 Net assets attributable to holders of redeemable units

The consideration received or paid for units issued or redeemed is based on the value of the Fund's net asset value (NAV) per redeemable unit at the date of the transaction. The total equity as shown in the statement of financial position represents the Fund's NAV based on Philippine Financial Reporting Standards (PFRS) Accounting Standards (PFRS NAV).

NAV consists of principal and accumulated earnings.

As at December 31, 2025, the PFRS NAV is equal to the Fund's trading NAV of US$11,154,747 (2024 - US$7,678,967), increased by the adjustments in unrecorded dividend income and over accrual of professional fees amounting to US$87,179 and US$50 (2024 - US$77,156 and US$41), respectively. The adjustment is due to timing difference only and does not materially affect the reported trading NAV of the Fund.

Details of the Fund's trading NAV per unit as at December 31 is calculated as follows:

	2025	2024
Trading NAV	11,154,747	7,678,967
Outstanding units	642,772	589,705
Trading NAV per unit	17.35	13.02

Proceeds from the issuance and payments for redemption of units in 2025 amount to US$4,136,643 and US$3,118,935 (2024 - US$787,937 and US$1,726,495), respectively.

The movements in the number of redeemable units of the Fund are as follows:

	2025	2024
At January 1	589,705	659,121
Issuances	262,522	60,370
Redemptions	(209,455)	(129,786)
At December 31	642,772	589,705

7 Other expenses

The account for the years ended December 31 consists of:

	2025	2024
Taxes and licenses	1,629	363
Custodian fees	896	-
Professional fees	390	318
Others	1	737
	2,916	1,418

The Fund has an existing custodian agreement with DB for custodial services of the Fund's proprietary assets and/or assets owned in the Philippines, as well as with other security custodians for its offshore securities. Relative to these, the Fund pays monthly custody fees of not more than 0.0011% (2024 - 0.0000%) of the average daily trading NAV of the Fund.

Others pertain to real-time gross settlement fee, time deposit placement fee and administrative fees.

8 Related party transactions

As the Fund's Trustee, BPI Wealth shall have the exclusive management, administration, operation and control of the Fund and full discretion in respect of investments, and the sole right, at any time, to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund.

In 2024, in consideration for the management, distribution and administration services, the Fund pays BPI Wealth a fee of not more than 1.50% per annum based on the Fund's trading NAV, net of applicable taxes (2024 - 1.50% per annum).

Total trust fees in 2025 amount to US$137,345 (2024 - US$117,168), of which US$14,316 remains unpaid as at December 31, 2025 (2024 - US$9,981) and recorded under accounts payable and accrued expenses in the statement of financial position (Note 5).

The Fund's units are being distributed through BPI branches. BPI acts as the receiving bank for the subscriptions and redemptions related to the Fund.

There were no remunerations paid by the Fund to the members of the Trustee's Board of Directors (BOD).

9 Financial risk and capital management

9.1 Risk management process

The Fund's activities expose it to financial risks: market risk (primarily price risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance.

The management of these risks is carried out by the Trustee under policies approved by the its BOD. The Trustee's BOD approves written policies covering overall risk management. Any prospective investment shall be limited to the type of investments described in the Plan Rules of the Fund thereby limiting the risk exposure of the Fund to the risks inherent in investments approved by the investors.

As at December 31, 2025 and 2024, the Fund, operating as a Feeder Fund, intends to achieve for its participants long-term capital growth by investing in a Target Fund that aims to provide returns in excess of the MSCI AC Asia Pacific ex-Japan High Dividend Net Return USD Index. Pursuant to existing BSP rules and regulations, as a Feeder Fund, this Fund is mandated to invest at least 90% of its assets in a single collective investment scheme.

9.2 Market risk

Price risk

The Fund invests at least 90% of its assets in the Target Fund, which bears the market price risk.

The Target Fund trades in financial instruments, taking tactical and strategic positions in traded equity instruments. Investment positions are reported at estimated market value with changes reflected in profit or loss. Investment positions are subject to various risk factors, which primarily include exposures to price risk. This arises from investments held by the Target Fund for which prices in the future are uncertain.

The Fund's overall market positions are monitored on a daily basis by the Trustee and is reviewed on a monthly basis by the Trustee's BOD. Compliance with the Fund's investment policies is reported to the Trustee's BOD on a monthly basis.

Pursuant to the existing BSP rules and regulations, as a Feeder Fund, this Fund is mandated to invest at least 90% of its assets in a single Target Fund. The Target Fund is selected based on the Fund's investment objective following the Trustee's established investment process.

The exposure of the Fund to a single entity and its related parties shall not exceed fifteen percent (15%) of the NAV except for non-risk assets as defined by the BSP. In the case of Feeder Funds, the exposure limit shall be applied on the Target Fund's underlying investments. Furthermore, the investment in the Target Fund shall not exceed ten percent (10%) of the total net asset value of the Target Fund.

To estimate its exposure to price risk, the Trustee evaluates the impact of changes in the benchmark on the Fund's net income (loss) on financial assets at FVTPL for years ended December 31:

	2025	2024
Benchmark	MSCI AC Asia Pacific ex-Japan High Dividend Net Return USD Index	MSCI AC Asia Pacific ex-Japan High Dividend Net Return USD Index
Changes in index (+/-)	16.78%	13.21%
Increase/decrease on net income on financial assets at FVTPL	1,875,489	1,000,750

The sensitivity analysis takes into account the annualized volatility of the benchmark in the past year. Annualized volatility determines how much the return of the Fund will deviate from normal returns because of the movement of the respective benchmarks.

Foreign exchange risk

The Fund takes on exposure to effects of fluctuations in prevailing exchange rates on cash flows from foreign currency-denominated investments. Foreign exchange risk arises when future commercial transactions or recognized monetary assets or monetary liabilities are denominated in a currency that is not the Fund's functional currency. Where non-monetary financial instruments, such as equity securities, are denominated in currencies other than the US Dollar, the price is initially expressed in foreign currency and then converted into US Dollar which will also fluctuate because of changes in foreign exchange rates. PFRS 7, *Financial Instruments, Disclosures*, considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk and of not foreign exchange risk.

As at December 31, 2025 and 2024, the Fund's investment in FVTPL is denominated in US Dollars and therefore not exposed to foreign exchange risk.

9.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund's main credit risk exposures are from deposits in banks, investment in Target Fund classified as financial assets at FVTPL and receivables. The carrying amounts of these financial assets, as shown in the statement of financial position, represent the Fund's maximum exposure to credit risk.

Credit risk is minimized through diversification or by investing in a variety of investments belonging to different sectors or industries. The Fund manages credit risk by the selection and approval of counterparties and brokers with stable credit ratings.

In accordance with the Fund's policy, the fund's overall credit position is monitored on a daily basis by the Trustee and is reviewed on a monthly basis by the Trustee's BOD.

All transactions in traded securities are coursed through approved counterparties. Pre-settlement and/or settlement risk exposures are earmarked against approved trading lines and lifted upon settlement of the transaction.

The maximum exposure to credit risk before any enhancements at December 31 is the carrying amount of the financial assets as set out below:

	Notes	2025	2024
Deposits in banks	2	201,007	118,094
Financial assets at fair value through profit or loss	3	11,092,691	7,573,586
Receivables	4	89,805	78,258
		11,383,503	7,769,938

For financial assets at amortized cost, which consists of deposits in banks and receivables, the Fund measures credit risk and expected credit loss (ECL) using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL. As a result, no loss allowance has been recognized based on 12-month ECL as any such impairment would be insignificant to the Fund.

As at December 31, 2025 and 2024, all of the Fund's financial assets are classified as stage 1 accounts (performing). There are no financial assets classified under stages 2 (underperforming) and 3 (impaired).

The credit quality of the Fund's financial assets as at December 31, 2025 and 2024 follows:

(a) Deposits in banks

In 2025 and 2024, the Fund's deposit exposure is with a highly reputable universal bank in the Philippines with a credit rating of Baa2 by Moody's.

(b) Financial assets at FVTPL

The Fund's financial assets at FVTPL consist of investments in the Target Fund with excellent capacity to meet financial commitments and with very low credit risk.

(c) Receivables

The Fund's receivables include dividend receivable, capital shares receivable and interest receivables.

Dividend receivable represents dividends earned from investments but not yet received.

Capital shares receivable pertains to subscriptions made by investors with outstanding collections as at reporting date.

Interest receivables pertains to interest earned from deposits in banks.

Receivables are considered to be fully collectible as at December 31, 2025 and 2024.

9.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily cash redemptions of redeemable units. It therefore invests the majority of its assets in securities that are regularly traded in an active market and can be readily disposed of. The Fund's portfolio mainly consists of listed foreign currency-denominated equity securities.

In accordance with the Fund's policy, the Trustee monitors the Fund's liquidity position on a daily basis and excess cash positions are invested in securities that are readily realizable to ensure that redemptions are funded within the prescribed period indicated in the Fund's Plan Rules.

The Trustee also has in place a liquidity contingency plan drawn up specifically for its UITFs and other managed accounts. The liquidity contingency plan provides a framework for addressing potential liquidity crisis situations which consists of identifying early warning indicators of a potential liquidity problem, setting out response action plans and defining the roles and responsibilities of key units and personnel to effectively manage the liquidity situation and ensure client's liquidity requirements are met in a timely and orderly manner.

The Fund's financial liabilities pertain to trust fees payable, capital shares redeemed payable and accrued professional fees, which are contractually due within twelve (12) months from the reporting date (Note 5). Overall, due to the Fund's structure and strong liquidity position, the liquidity risk exposure of the Fund is negligible.

9.5 Fair value of financial instruments

As at December 31, 2025, the Fund's financial assets at FVTPL amounting to US$11,092,691 (2024 - US$7,573,586) are classified under Level 1. There are no financial instruments measured at fair value which are classified under Level 2 and Level 3. There were no transfers between the fair value hierarchies during the reporting periods.

The fair value of listed equity securities is based on the closing price in Bloomberg.

The carrying amount of the Fund's other financial assets and financial liabilities at reporting period approximate their fair values considering that these have short-term maturities.

9.6 Capital management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units as shown in the statement of financial position. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders of the Fund. Units are redeemed on demand at the holder's discretion.

As at reporting date, the Fund does not foresee any imminent significant redemptions as holders of these investments typically retain their holdings for the medium-term to long-term period.

The Fund is not subject to externally imposed minimum capital requirements.

10 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

10.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC):

- PFRS Accounting Standards
- Philippine Accounting Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVTPL.

There are currently no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Fund's financial statements.

Changes in accounting policy and disclosures

(a) New standard and amendments to standards adopted by the Fund

There are no new standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2025 that have a material effect on the financial statements of the Fund.

(b) New standards and amendments to existing standards not yet adopted by the Fund

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Fund. The Fund's assessment of the impact of these new standards and amendments is set out below:

i. Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7 (effective for annual periods beginning on or after 1 January 2026)

   In May 2024, the International Accounting Standards Board (IASB) issued targeted amendments to International Financial Reporting Standard (IFRS) 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. In July 2024, the FSRSC adopted the targeted amendments to PFRS 9 and PFRS 7. These amendments:

   - clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
   - clarify and add further guidance for assessing whether a financial asset meets the SPPI criterion;
   - add new disclosures for certain instruments with contractual terms that can change cashflows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
   - update the disclosures for equity instruments designated at FVOCI.

ii. Annual Improvements to PFRS Accounting Standards – Volume 11 (effective for annual periods beginning on or after 1 January 2026)

On 18 July 2024, the IASB has issued narrow amendments to PFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards. These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several PFRS Accounting Standards. The amended Standards are:

- PFRS 1 First-time Adoption of Philippine Financial Reporting Standards;
- PFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing PFRS 7;
- PFRS 9 Financial Instruments;
- PFRS 10 Consolidated Financial Statements; and
- PAS 7 Statement of Cash Flows.

iii. PFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

PFRS 18 will replace PAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The amendments to PFRS 9, PFRS 7 and PFRS 18, as well as the annual improvements to PFRS Accounting Standards are not expected to have a material financial impact to the financial statements of the Fund.

There are no other standards, amendments to existing standards or interpretations effective subsequent to December 31, 2025 that are considered relevant or would be expected to have a material impact on the Fund’s financial statements.

10.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Fund recognizes a financial instrument in the statements of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

10.2.1 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Fund commits to purchase or sell the asset.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are recognized as expense in the statements of total comprehensive income. Immediately after initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), if any as described in Notes 9.3 and 10.2.2.2.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Fund recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

10.2.2 Financial assets

10.2.2.1 Classification and subsequent measurement

The Fund classifies its financial assets in the following measurement categories: at FVTPL and at amortized cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Fund's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into one of the following measurement categories:

- *Amortized cost*

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any ECL allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

  Amortized cost financial assets include deposits in banks and receivables.

  Deposits in banks include deposits held at call with a bank and short-term highly liquid investments with original maturities of three months or less from the date of acquisition. Receivables consist of capital shares receivable, and dividend receivable.

- *FVTPL*

  Assets that do not meet the criteria for amortized cost or FVOCI and the collection of contractual cash flows is only incidental to achieving the Fund's business model objective are measured at FVTPL. A gain or loss on a debt security that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss and presented in the statements of total comprehensive income under 'Net income (loss) on financial assets at fair value through profit or loss' in the period in which it arises.

  As at December 31, 2025 and 2024, the Fund has no debt instruments classified at FVTPL category.

Business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent SPPI (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity investments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Fund subsequently measures all equity investments at FVTPL, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as dividend income when the Fund's right to receive payments is established. Gains and losses on equity investments at FVTPL are included in 'Net income (loss) on financial assets at fair value through profit or loss' in the statements of total comprehensive income.

Equity investments classified as financial assets at FVTPL are disclosed in Note 3.

10.2.2.2 Impairment

The Fund assesses on a forward-looking basis the ECL associated with its debt instruments, deposits in banks and receivables carried at amortized cost, and FVOCI. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

At each reporting date, the Fund measures the loss allowance on debt instruments, deposits in banks and receivables at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

10.2.3 Financial liabilities

The Fund classifies its financial liabilities at amortized cost. The liabilities subsequently measured at amortized cost include accounts payable and accrued expenses.

10.2.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e., when the obligation is discharged or is cancelled or has expired).

10.3 Fair value measurement

The Fund classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The Fund has no financial assets and liabilities carried at fair value other than its investments in listed equity securities classified as financial assets at FVTPL and categorized under level 1 of the fair value hierarchy (Notes 3 and 9.5).

10.4 Subscriptions and redemptions

Subscriptions and additional investments by investors are recorded upon receipt of notice of subscription from unitholders. Redemptions are recorded upon receipt of notice of redemption.

10.5 Redeemable units

The Fund issues redeemable units, which are redeemable at the holder's option and are classified as equity in accordance with PAS 32, *Financial instruments: Presentation*. The equity of the Fund is represented by the net assets attributable to holders of redeemable units. Each unit has the following features which allow it to be classified as an equity:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- the unit has no priority over other claims to the assets of the Fund on liquidation, and it does not need to be converted into another instrument before it is classified as such; and
- all units impose a contractual obligation on the Fund to deliver a pro rata share of its net assets on liquidation.

In addition, the Fund has no other financial instrument or contract that has:

- total cash flows based substantially on profit or loss, change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund (excluding any effects of such instrument or contract); and
- the effect of substantially restricting or fixing the residual return to the unitholders.

Should the redeemable units' terms or conditions change such that they do not comply with the strict criteria as mentioned above, the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognized in equity.

Redeemable units are issued and redeemed at prices based on the Fund's trading NAV per unit at the time of issue or redemption. The Fund's trading NAV per unit is calculated by dividing the net assets attributable to the holders of redeemable units with the total number of outstanding redeemable units. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the NAV per unit for subscriptions and redemptions.

Redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV calculated in accordance with the Fund's regulations.

10.6 Revenue and expense recognition

Net income on fair value through profit or loss

Net income on financial assets at FVTPL includes all realized and unrealized fair value changes.

Interest income on financial assets measured at amortized cost

Interest is recognized on a time-proportionate basis using the effective interest rate method. Interest income on financial assets measured at amortized cost includes interest from deposits in banks.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Trust fees and other expenses

Expenses are recognized in the period in which they are incurred.

10.7 Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Fund has interest income from cash deposits and dividend income from investments in FVTPL which are subject to final withholding tax. Such income is presented at gross amount and the related final tax is presented in the statements of total comprehensive income as final withholding tax in profit or loss. Realized gain on sale of financial assets at FVTPL is tax-exempt.

10.8 Foreign transactions and translations

Functional and presentation currency

The subscriptions and redemptions of the Fund's redeemable units are denominated in United States Dollar (US Dollar or USD). The performance of the Fund is measured and reported to the investors in US Dollar. The Fund's Trustee considers the US Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US Dollar, which is the Fund's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of total comprehensive income. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated using the exchange rate when the fair value was determined.

10.9 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or unitholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

10.10 Subsequent events (or events after the reporting date)

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 non-adjusting are also disclosed in the notes to financial statements when material.