COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	0	6	3	0	9

COMPANY NAME

AIB MONEY MARKET MUTUAL FUND, INC.

(AN OPEN-END INVESTMENT COMPANY)

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

11TH FLOOR, MULTINATIONAL

BANCORPORATION CENTRE 6805 AYALA AVENUE

MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS20	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
infosec@aibaami.com	588-4242	0998-841-9337

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11	21st of April	December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
VILMA M. AQUIATAN	vilma@aib.com.ph	588-4270	0920-902-3991

CONTACT PERSON'S ADDRESS

11th Floor Multinational Bancorporation Centre, 6805 Ayala Avenue, Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

AIB MONEY MARKET MUTUAL FUND, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of AIB Money Market Mutual Fund, Inc. (the "Fund") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders.

Roxas Cruz Tagle and Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Fund in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ROBERT M. LEHMANN
Chairman of the Board

SERVANDO B. ALVAREZ JR.
President

VILMA M. AQUIATAN
Treasurer

Signed this 28th day of April, 2021.

BDO Roxas Cruz Tagle and Co.
Audit | Tax | Consulting | BSO

BOA/PRC Reg. No. 0005,
December 13, 2018, valid until July 20, 2021
SEC Accreditation No. 0005-SEC,
April 13, 2021, valid until April 12, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
AIB Money Market Mutual Fund, Inc.
(An Open-End Investment Company)
11th Floor Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AIB Money Market Mutual Fund, Inc. *(An Open-End Investment Company)* (the "Fund"), which comprise the statements of assets and liabilities as at December 2020 and 2019 and the statements of comprehensive income, statements of changes in net assets attributable to shareholders 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 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 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 PFRS, 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.

Report on the Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information as disclosed in Note 12 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management. 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.

ROXAS CRUZ TAGLE AND CO.

Aljuver R. Gamao
Partner
CPA Certificate No. 0126931
Tax Identification No. 944-910-315
SEC Accreditation No. 1776-SEC, Group A, issued on September 10, 2019,
effective until September 09, 2022
BIR Accreditation No. 08-001682-015-2019, issued on February 8, 2019,
effective until February 7, 2022
PTR No. 2436947, issued on January 8, 2021, Cebu City

April 28, 2021
Makati City

AIB MONEY MARKET MUTUAL FUND INC.
(An Open-End Investment Company)

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE
AUDITED FINANCIAL STATEMENTS
DECEMBER 2020 AND 2019

Financial Statements

Supplementary Schedules

AIB MONEY MARKET MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF ASSETS AND LIABILITIES
DECEMBER 2020 AND 2019

	Note	**2020**	2019
ASSETS			
Cash and cash equivalents	*5*	**₱218,838,690**	₱265,003,715
Interest receivable		**241,333**	130,887
		219,080,023	265,134,602
LIABILITIES			
Advances from a related party	*8*	**10,104,987**	9,989,182
Accrued expenses		**68,322**	101,572
		10,173,309	10,090,754
Net assets attributable to shareholders	*6*	**₱208,906,714**	₱255,043,848
Net asset value per share	*6*	**₱1.0359**	₱1.0202

See Notes to the Financial Statements.

AIB MONEY MARKET MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 2020 AND 2019

	Note	**2020**	2019
INCOME			
Interest income	*5*	**₱4,931,778**	₱6,874,754
PRE-OPERATING EXPENSES			
Professional fees		**(47,145)**	(2,602,773)
Taxes and licenses		**(35,411)**	(12,860)
Miscellaneous expense		**–**	(76)
		(82,556)	(2,615,709)
INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS BEFORE TAXES		**4,849,222**	4,259,045
TAXES			
Final tax	*7*	**(986,356)**	(1,374,951)
INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS/ TOTAL COMPREHENSIVE INCOME		**₱3,862,866**	₱2,884,094
BASIC DILUTED PER SHARE		**0.01545**	0.01154

See Notes to the Financial Statements.

AIB MONEY MARKET MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEARS ENDED DECEMBER 2020 AND 2019

	Capital Stock (Note 6)	Retained Earnings	Total
As at January 1, 2020	**₱250,000,000**	**₱5,043,848**	**₱255,043,848**
Increase in net assets attributable to shareholders	**–**	**3,862,866**	**3,862,866**
Redemption of shares	**(48,341,874)**	**(1,658,126)**	**(50,000,000)**
As at December 31, 2020	**₱201,658,126**	**₱7,248,588**	**₱208,906,714**
As at January 1, 2019	₱250,000,000	₱2,159,754	₱252,159,754
Increase in net assets attributable to shareholders	–	2,884,094	2,884,094
As at December 31, 2019	₱250,000,000	₱5,043,848	₱255,043,848

See Notes to the Financial Statements.

AIB MONEY MARKET MUTUAL FUND, INC.
(An Open-End Investment Company)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 2020 AND 2019

	Note	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in net assets attributable to shareholders before taxes and working capital changes		**₱4,849,222**	₱4,259,045
(Increase) decrease in interest receivable		**(110,446)**	118,003
Increase (decrease) in accrued expenses		**(33,250)**	66,332
Net cash provided in operations		**4,705,526**	4,443,380
Final tax paid	*7*	**(986,356)**	(1,374,951)
Net cash provided in operating activities		**3,719,170**	3,068,429
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in advances from a related party		**115,805**	2,564,301
Redemption of shares		**(50,000,000)**	–
Net cash used by (used in) financing activities		**(49,884,195)**	2,564,301
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS		**(46,165,025)**	5,632,730
CASH AND CASH EQUIVALENTS AT JANUARY 1		**265,003,715**	259,370,985
CASH AND CASH EQUIVALENTS AT DECEMBER 31	*5*	**₱218,838,690**	₱265,003,715

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 2020 AND 2019

1. **Reporting Entity**

AIB Money Market Mutual Fund, Inc. (the “Fund”) was registered with the Philippine Securities and Exchange Commission (SEC) on March 27, 2015. The Fund has been in its pre-operating stage and is set to offer its securities to the investing public on the second half of the year 2021.

The Fund was organized and existing under the laws of the Philippines, to carry on the business as an open-end investment company and to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of, fixed-income instruments; promissory notes; exchange-listed securities; marketable securities that are traded in an organized exchange; loans traded in an organized market; and such other tradable investment outlets/categories as the SEC may allow.

The Fund has already secured the depository agreement with Philippine Depository & Trust Fund Corporation (PDTC) as the Fund’s depository agent. As a depository agent, PDTC shall be paid a reasonable fee as may be agreed upon from time to time and which shall be accordingly deducted from the Fund as allowable expenses. The shares of stock of the Fund shall be sold through Amalgamated Investment Bancorporation (AIB) and its qualified mutual fund sales agents. A local bank shall serve as the Fund's receiving bank which shall implement contributions and withdrawals related to the Fund as may be instructed by AIB. AIB shall serve as the receiving institution for further deposit to the funds account at Unionbank of the Philippines.

<u>Status of Operations</u>
The Fund, being an investment company, requires clearance from Corporate Governance and Financial Department (CGFD) of the Securities and Exchange Commission (SEC) for its application for permit to sell. The fund’s permit to sell was given on December 27, 2018. Its principal place of business is located at the 11th Floor, Multinational Bancorporation Centre, 6805 Ayala Avenue, Makati City.

The Fund does not have employees of its own since its management will be handled by its fund manager. Nonetheless, the Fund vests upon its Board of Directors (BOD) the responsibility to oversee the Fund’s overall operations.

The Fund is wholly owned by AIB. In 2020 and 2019, the accounting and administrative functions are undertaken by AIB employees at no cost to the Fund.

2. Basis of Preparation

Statement of Compliance

The financial statements of the Fund have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

The Fund qualifies as a Small and Medium-sized Entity (SME) based on the criteria set out by the Securities and Exchange Commission (SEC). However, as provided by Revised Securities Regulations Code (SRC) Rule 68, the Fund availed of the exemption from the mandatory adoption of PFRS for SMEs on the basis that the management believes that the Fund will breach the floor or ceiling of the size criteria for SMEs on the next accounting period as it expects to become operational upon approval of its application for permit to sell. In addition, once the Fund obtains its secondary license from the SEC, it will be mandatory to use full PFRS as its financial reporting framework.

The accompanying financial statements as at December 2020 and 2019 of the Fund were authorized for issuance, in accordance with a resolution of the Board of Directors (BOD), on April 28, 2021 and that the President, Chairman of the Board and Treasurer is authorized to approve the financial statements on their behalf.

Basis of Measurement

These financial statements have been prepared on the historical cost basis.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (₱), which is the Fund’s functional and presentation currency. All financial information has been rounded off to the nearest peso unless otherwise indicated.

3. Significant Accounting Policies

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Fund adopted effective for annual periods beginning on or after January 1, 2020:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.* The amendments address the definition of material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. These amendments had no impact on the financial statements of the Fund.

- Conceptual Framework for Financial Reporting (Revised). The IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), a comprehensive set of concepts for financial reporting, in March 2018.

It sets out:

- the objective of financial reporting
- the qualitative characteristics of useful financial information
- a description of the reporting entity and its boundary
- definitions of an asset, a liability, equity, income and expenses
- criteria for including assets and liabilities in financial statements (recognition) and guidance on when to remove them (derecognition)
- measurement bases and guidance on when to use them
- concepts and guidance on presentation and disclosure

The purpose of the Conceptual Framework is to assist the IASB to develop financial reporting standards (Standards) based on consistent concepts, resulting in financial information that is useful to investors, lenders and other creditors. It also assists preparers to develop consistent accounting policies for transactions or other events when no Standard applies, or a Standard allows a choice of accounting policies. The Conceptual Framework is not a Standard and does not override any Standard or any requirement in a Standard.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*. The amendments to PFRS 9 and PAS 39 *Financial Instruments: Recognition and Measurement* and PAS 7 *Financial Instruments: Disclosures* include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  The mandatory reliefs provided in the Standard are as follows:

  - The assessment of whether a forecast transaction (or component thereof) is highly probable.
  - Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss.
  - The assessment of the economic relationship between the hedged item and the hedging instrument.
  - For a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship.

  These amendments had no impact on the financial statements of the Fund as it does not have any interest rate hedge relationships.

- Amendment to PFRS 16, *COVID-19 Related Rent Concession*. The amendment to PFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary.

  Lessees will apply the practical expedient retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings at the beginning of the annual reporting period in which the amendment first applied.

  These amendments had no impact on the financial statements of the Fund.

New and Amended PFRS Issued But Not Yet Effective
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2021:

- Annual Improvements to PFRS: 2018-2020 Cycle

  - PFRS 1, *First-time Adoption of PFRS - Subsidiary as a first-time adopter*. The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  - PFRS 9, *Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities*. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  - PFRS 16, *Leases – Lease incentives*. The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- Amendments to PAS 37, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract – The amendments specify the costs a Fund includes when assessing whether a contract will be loss-making and is therefore recognized as an onerous contract. The amendments apply a "directly related approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

- Amendments to PAS 16, Property, Plant and Equipment: Proceeds before Intended Use – The amendments prohibit the entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management. Instead, the entity recognizes such sales proceeds and any related costs in the profit or loss.

- Amendments to PAS 1, Presentation of Financial Statements - The amendments to PAS 1 specify the requirements for classifying current and noncurrent liabilities. The amendments will clarify that a right to defer must exist at the end of reporting period and the classification is unaffected by the likelihood that an entity will exercise its deferral right. The issuance of amendments was deferred until January 1, 2023 as a result of COVID-19 pandemic.

Deferred effectivity -

- Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture – The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Fund.

Financial Assets and Financial Liabilities

Date of Recognition. The Fund recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction 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 profit or loss.

In cases where there is no observable data on inception, the Fund deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss 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.

Classification. The Fund classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Fund's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL. Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Fund had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Fund may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 2020 and 2019, the Fund does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 2020 and 2019, the Fund’s cash and cash equivalents and interest receivable are included under this category (see Note 5).

Financial Assets at FVOCI. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Fund may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 2020 and 2019, the Fund does not have financial assets at FVOCI.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when 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 settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities 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 an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 2020 and 2019, the Fund's liabilities arising from its advances from a related party and accrued expenses, excluding statutory liabilities, are included under this category (see Note 8).

Reclassification
The fund reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI
The Fund records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For interest receivables, the Fund has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, 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 consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

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 right to receive cash flows from the asset has expired;
- the Fund retains the right to receive cash flows from the financial 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 right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Fund's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial 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, cancelled or has expired. When 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 statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Fund could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is 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 statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Fund; or
- 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.

If the Fund does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks which are stated at amortized cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

<u>Accrued expenses</u>
Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

<u>Net Assets Attributable to Shareholders</u>
Capital Stock
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding agreement and is measured at par value.

The Fund's common stock qualifies as puttable financial instruments under PAS 32, *Financial Instruments: Presentation.*

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

a) the instrument entitles the holder to require the entity to repurchase or redeem the instrument (either on an ongoing basis or on liquidation) for a pro rata share of the entity's net assets;

b) the instrument is in the most subordinate class of instruments, with no priority over other claims to the assets of the entity on liquidation;

c) all instruments in the subordinate class have identical features;

d) the instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro rata share of the entity's net assets; and

e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

The issuance, acquisition and resale of shares are accounted for as equity transactions. Sales of Fund's shares are recorded by crediting capital stock at par value and additional paid-in capital (APIC) for the amount received in excess of the par value; redemptions are recorded by debiting those accounts. In the event that the APIC balance is exhausted as a result of redemptions, the retained earnings account is reduced by redemptions in excess of par.

Transaction costs incurred by the Fund in issuing, acquiring or reselling its own equity instruments are accounted for as a deduction from the equity instruments to the extent that they are incremental costs directly attributable to the equity transactions that otherwise would have been avoided.

Own equity instruments which are acquired (treasury shares) are deducted from the equity instruments and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Fund's own equity instruments.

Retained Earnings (Deficit)
Retained earnings (deficit) represent the cumulative balance of the increase (decrease) in net assets attributable to shareholders of the Fund.

Earnings (loss) Per Share
Earnings (loss) per share is computed by dividing increase (decrease) in net assets attributable to shareholders for the year by the weighted average number of shares issued and outstanding during the year after giving retroactive effect to stock dividends declared during the year, if any.

Diluted earnings (loss) per share is computed by adjusting the weighted-average number of shares issued and outstanding to assume conversion of all dilutive potential common shares.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest Income. Interest is recognized as it accrues and is presented gross of final tax.

Other Income. Income from other sources is recognized when earned.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized when incurred.

Net Asset Value (NAV) Per Share
NAV per share is computed by dividing net assets attributable to shareholders (total assets less total liabilities) by the total number of units issued at the reporting date.

Income Taxes
Income tax expense comprises current and deferred taxes. Income tax is recognized in the statements of comprehensive income except to the extent that it relates to items recognized directly in equity.

Current Tax. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized using the liability method for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - Minimum Corporate Income Tax (MCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The unrecognized deferred tax assets amounted to ₱3.18 million and ₱4.82 million as at December 2020 and 2019, respectively (see Note 7).

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax are recognized in the statements of income, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Final Tax. Final tax is recognized as interest income from cash in bank and placements accrues.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control and significant influence. Related parties may be individuals or corporate entities.

Provisions
Provisions are recognized when: (a) the Fund has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Events After the Reporting Date
Post year-end events that provide additional information about the Fund's financial position at the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Estimate and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

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. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments
In the process of applying the accounting policies, the Fund has made the following judgments, apart from those involving estimations, which have an effect on the amounts recognized in the financial statements:

Classifying Financial Instruments.
The Fund exercises judgments in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

Estimates and Assumptions
The key estimates and assumptions used in the financial statements are based upon the Fund's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all deductible differences to the extent that it is probable that the taxable income will be available against which these temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

Based on management's assessment of its future taxable profits, the Fund did not recognize deferred tax asset on unused NOLCO amounting to ₱3.18 million and ₱4.82 million as at December 2020 and 2019, respectively (see Note 7).

5. Cash and Cash Equivalents

As at December 31, this account consists of:

	2020	2019
Cash in bank	**₱20,116,477**	₱20,096,531
Short-term placements	**198,722,213**	244,907,184
	₱218,838,690	₱265,003,715

Cash in bank generally earn interest base on daily bank deposit rates of 0.125% and 1% to 1.75% per annum in 2020 and 2019, respectively. Short-term placements earn interest ranging from 1% to 1.75% and 1.5% to 5.5% in 2020 and 2019, respectively.

Interest income earned on cash and cash equivalents amounted to ₱4.93 million and ₱6.87 million in 2020 and 2019, respectively.

6. Net Assets Attributable to Shareholders

The details of the capital stock are as follows:

	2020	2019
Authorized		
Par value per share	**₱1**	₱1
Number of shares	**1,000,000,000**	1,000,000,000
Issued and Outstanding		
Paid up capital	**₱250,000,000**	₱250,000,000
Redemption	**(48,341,874)**	–
	₱201,658,126	₱250,000,000

On October 30, 2020, the Fund redeemed a total of 48,341,874 at 1.0343 net asset value per share.

Basic/ Diluted earnings per share is computed as follows:

	2020	2019
Increase in net assets attributable to shareholders	**₱3,862,866**	₱2,884,094
Weighted average number of units outstanding during the year	**201,658,126**	250,000,000
Basic/ diluted earnings per share	**₱0.01915**	₱0.0115

NAV per share is computed as follows:

	2020	2019
Net assets attributable to shareholders	**₱208,906,714**	₱255,043,848
Number of shares outstanding	**201,658,126**	250,000,000
NAV per share	**₱1.0359**	₱1.0202

7. Income Taxes

The reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	2020	2019
Final tax	**₱986,356**	₱1,374,951

	2020	2019
Increase in net assets attributable to shareholders before taxes	**₱4,849,222**	₱4,259,045
Statutory income tax at 30%	**₱1,454,767**	₱1,277,714
Adjusted for the tax effects of:		
Unrecognized deferred tax assets	**24,767**	784,712
Non-taxable income subjected to final tax	**(493,178)**	(687,475)
Effective income tax	**₱986,356**	₱1,374,951

In 2020 and 2019, the Fund did not recognize the deferred tax assets on NOLCO because the management does not expect that sufficient future taxable income will be available against which the tax benefits can be utilized.

As at December 31, 2020, the details of the Fund's unrecognized deferred tax asset on the following NOLCO, gross of 30% income tax are presented below:

Inception Year	Expiry Year	Beginning	Additions	Expired	Ending
2020	2025	**₱–**	**₱82,556**	₱–	**₱82,556**
2019	2022	**2,615,709**	**–**	–	2,615,709
2018	2021	**483,359**	**–**	–	483,360
2017	2020	**1,719,092**	**–**	**(1,719,092)**	–
		₱4,818,160	**₱82,556**	**(₱1,719,091)**	**₱3,181,625**

Pursuant to Section 4 of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

8. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related entities in an economically comparable market and are being settled in cash.

Name of Related Party	Relationship	Nature of Operations	Country of Incorporation
Amalgamated Investment Bancorporation	Under common control	Investment house	Philippines

Details of the significant related party transactions of the Fund are as follows:

			Outstanding Balance			
Category/ Transaction	Year	Amount of the Transaction	Advances to a Related Party	Advances from a Related Party	Terms	Conditions
▪ Cash advances from AIB	**2020**	**₱115,805**	**₱–**	**₱10,104,987**	Non-interest bearing	Unsecured; due and demandable; unimpaired
	2019	₱2,564,301	₱–	₱9,989,182	Non-interest bearing	Unsecured; due and demandable; unimpaired

<u>Compensation of Key Management Personnel and BOD</u>
There were no key management personnel compensation for 2020 and 2019. The authority and responsibility for planning, directing and controlling the activities of the Fund including the administrative and accounting functions were undertaken by AIB's BOD and Management. Likewise, the Fund did not remunerate any director in 2020 and 2019.

9. Financial Assets and Financial Liabilities

The carrying amounts of cash and cash equivalents, interest receivable, advances from a related party and accrued expenses approximate their fair value due to relatively short-term maturities of these financial assets and financial liabilities.

As at December 31, 2020, the Fund has no financial assets and financial liabilities carried at fair value. As such, presentation of fair value hierarchy is not necessary.

10. Financial Risk Management Objectives and Policies

The Fund's financial assets comprise of cash and cash equivalents and interest receivable. The main purpose of these financial instruments is to finance its pre-operations. The Fund's financial liabilities comprise of advances from a related party and accrued expenses, which arise directly from its pre-operations. During the year, no changes were made by the Fund to its investment objectives and policies from the previous year.

<u>Governance Framework</u>
The Fund drafted an agreement appointing AIB Asia as its fund manager, and AIB as its qualified mutual fund sales agents as its distributors. AIB Asia has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risk. It also supports the effective implementation of policies.

The policies define the Fund's identification of risks and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specific reporting requirements.

<u>Regulatory Framework</u>
The operations of the Fund are also subject to the regulatory requirements of the SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provision (e.g., investment portfolios repurchase, capital requirements, etc.).

<u>Capital Management</u>
The Fund's objective for managing its capital is to maximize profit consistent with its policy to preserve capital and to maintain liquidity of its investments through a diversified portfolio of high-grade fixed income securities and equity securities. The capital of the Fund consists mainly of proceeds from issuance of shares which are subject to redemption by the shareholders.

The Fund is guided by its investment policies and legal limitations. All the proceeds from the sale of shares, including the original subscription payments at the time of incorporation constituting the paid in capital, are held by a depository agent.

The Fund considers its capital stock and retained earnings (deficit) as its capital.

On March 27, 2015, the Fund was incorporated in the Philippines but with no commercial operations yet thereafter. The Fund's initial authorized capital stock amounted to ₱1.00 billion divided into 1.00 billion shares with a par value of ₱1.00 each from which 250.00 million shares were outstanding and issued.

The Fund's objectives when managing capital are:

a. To safeguard the Fund's ability to continue as a going concern so that it can continue to provide returns to stockholders and benefits for other stakeholders;

b. To provide an adequate return to shareholders by pricing services commensurately with the level of risk; and

c. To maintain an optimal capital structure to reduce to cost of capital.

To substantially meet these capital management objectives, the Fund monitors its operational performance and ensures that enough cash flows are generated by its operations to repay the creditors.

In addition, the Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets.

Externally-imposed capital requirements are set and regulated by the SEC ICA Rule 35-1. The Fund has complied with the externally-imposed capital requirements during the financial reporting period and no changes were made to its capital base, investment objectives and policies from the previous year.

As at December 2020 and 2019, the Fund is in compliance with the minimum equity requirement of the SEC of ₱50.00 million.

The equity ratio as at December 31 is as follows:

	2020	2019
Net Assets Attributable to Shareholders	**₱208,906,714**	₱255,043,848
Total Assets	**219,080,023**	265,134,602
Equity Ratio	**0.95:1**	0.96:1

The main risks arising from the Fund's financial instruments are described below:

Credit Risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's credit risk is reduced to a minimum since transactions of the Fund are considered cash transactions. The Fund transacts only with recognized and creditworthy third parties. It is the Fund's policy that all credit is subject to credit verification procedures.

The table below summarizes credit quality and concentration risk of the Fund's financial assets, gross of allowance for impairment losses.

	2020					
	Neither Past Due nor Impaired			**Past Due but**	**Past Due or Individually**	
	High Grade	**Standard**	**Substandard**	**not Impaired**	**Impaired**	**Total**
Financial assets at amortized cost						
Cash in banks	**₱20,116,477**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,116,477**
Short-term investments	**198,722,213**	**–**	**–**	**–**	**–**	**198,722,213**
Interest receivables	**241,333**	**–**	**–**	**–**	**–**	**20,625,251**
	₱219,080,023	**₱–**	**₱–**	**₱–**	**₱–**	**₱219,080,023**

	2019					
	Neither Past Due nor Impaired			**Past Due but**	**Past Due or Individually**	
	High Grade	**Standard**	**Substandard**	**not Impaired**	**Impaired**	**Total**
Financial assets at amortized cost						
Cash in banks	₱20,096,531	₱–	₱–	₱–	₱–	₱20,096,531
Short-term investments	244,907,184	–	–	–	–	244,907,184
Interest receivables	130,887	–	–	–	–	130,887
	₱265,134,602	₱–	₱–	₱–	₱–	₱265,134,602

Credit Quality Per Class of Financial Assets

The Fund grades its financial assets in accordance with the following:

a. Neither Past Due nor Impaired
Financial assets that are neither past due nor impaired include financial assets which have a high probability of collection. Collections are also probable due to the reputation and the financial ability of the counterparty. There was also few or no history of default on the agreed terms of the contract.

- High grade pertains to accounts which have high probability of collection, as evidenced by debtor's long history of stability, and profitability. The debtor has strong debts service record and ability to raise substantial amounts of funds through the public market.

- Standard grade pertains to accounts where collections are probable due to the reputation and the financial capacity of the counterparty to pay but which have been outstanding for a considerable length of time.

- Substandard grade pertains to those accounts where the counterparties are, most likely, not capable of honoring their financial obligations.

b. Past Due but not Impaired
Past due but not impaired financial assets are financial assets where contractual payments are past due but the Fund believes that impairment is not appropriate on the basis of the level of collateral available and/or status of collection of amounts owed to the Fund.

c. Impaired Financial Assets
Impaired financial assets are financial assets for which the Fund determines that it is probable that it will not be able to collect all principal and interest due based on the contractual terms and agreements.

As of December 31, 2019, and 2018, the Fund does not have financial assets which are past due nor impaired.

Maximum Exposure to Credit Risk
The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Fund's maximum credit risk exposure for its financial assets that is neither past due nor impaired as at December 2020 and 2019 are as follows:

	2020	**Amount Exposed to Risk**	2019	**Amount Exposed to Risk**
Cash in bank	**₱20,116,477**	**₱19,616,477**	₱20,096,531	₱19,596,531
Short-term investments	**198,722,213**	**198,722,213**	244,907,184	244,907,184
Interest receivables	**241,333**	**241,333**	130,887	130,887
	₱219,080,023	**₱218,580,023**	₱265,134,602	₱264,634,602

Liquidity Risk
Liquidity risk is the risk of being unable to meet payment obligations as these come due without incurring unacceptable losses due to disruption in funding sources, and/or inability to liquidate assets quickly due to changes in market conditions, and/or unplanned utilization of cash resources.

The Fund seeks to manage its liquidity profile to be able to finance its working capital requirements. It intends to use internally generated funds and advances from a related party to cover its financing requirements.

As at December 2020 and 2019, the contractual maturity of the Fund's financial liabilities is one year or less amounting to ₱10.17 million and ₱10.09 million, respectively (see Note 8).

Market Risk
Market risk is the risk of change in fair value of financial instruments from movements in market interest rates (interest rate risk) and market prices of equities and commodities (price risk) whether such change in price is caused by factors specific to the individual instrument or its issuers or factors affecting all instruments traded in the market. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Fund's interest rate exposure originates from its cash in bank and financial assets at FVPL. These are subject to interest rate risk as the income is derived from the current inter-bank lending rates and investment in government securities at a fixed rate; however, the interest rate risk is not actively managed as it is not considered significant. As a result, no sensitivity analysis was deemed necessary.

Price Risk
Price risk is the risk that the fair value of equity securities increases or decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all instruments in the market.

As at December 2020 and 2019, the Fund has no investments in equity securities. As such, the Fund is not exposed to price risk.

11. **Events after reporting period**

Continuing Effects of COVID-19 Pandemic
On March 11, 2020, the World Health Organization assessed that the novel coronavirus of 2019 (COVID-19) has become a pandemic. In an effort to contain the spread of COVID-19 in the Philippines, the Government issued Presidential Proclamation No. 929 on March 16, 2020. The Proclamation declared a State of Calamity throughout the Philippines for a period of six months and imposed enhanced community quarantine (ECQ), among others. Subsequently, as measure to limit the spread of COVID-19 in the Philippines, community quarantines of varying strictness were imposed in numerous parts of the country.

In March 2021, following spike in the number of new COVID-19 cases, the Philippine Government has placed Metro Manila and other risk areas back to ECQ from March 29 to April 4, 2021 which was later extended to April 11, 2021.

The scale and duration of these developments remain uncertain as of the report date. Considering the evolving nature of the pandemic, the Fund will continue to monitor the situation.

Corporate Recovery and Tax Incentives for Enterprises or “CREATE” Act
On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, ratified the Corporate Recovery and Tax Incentives for Enterprises (the CREATE bill). The CREATE bill seeks to reform corporate income taxes and rationalize fiscal incentives in the country by implementing certain changes to the current tax regulations. Under the bill, some changes will be implemented for periods beginning July 1, 2020.

On February 24, 2021, the final version of the CREATE bill was transmitted to the Office of the President for signing or approval into law. On March 26, 2021, the Office of the President approved the bill, now called Republic Act No. 11534 or CREATE Act. The CREATE Act will become effective 15 days after complete publication in the Official Gazette or any newspaper of general circulation in the Philippines.

The CREATE ACT resulted to the reduction of the Fund’s tax rate from 30% to 20% on July 1, 2020. However, the Fund is still at pre-operating stage and has no other sources of taxable income as of date. Per assessment, this amendment will have no significant impact on the 2020 financial statements.

12. **Supplementary Information Required by the Bureau of Internal Revenue (BIR)**

The following supplementary information are presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Supplementary Information required by Revenue Regulation (RR) No. 15-2010

On December 28, 2010 the BIR issued RR No.15-2010, which amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to the Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS for Small Entities.

The following is the tax information required for the taxable year ended December 31, 2020:

1. Value-added Tax

   There were no output taxes declared and input taxes claimed during the year.

2. Other Taxes and Licenses

   Details of the Fund's other taxes and licenses and permits in 2020 are as follows:

Registration fee and others	₱35,411

3. Withholding taxes

   There were no withholding taxes accrued and paid during the year.

4. Deficiency Tax Assessments and Tax Cases

   As at December 31, 2020, the Fund has no pending tax court cases and has not received tax assessment notices from the BIR.

Revenue Regulation (RR) No. 34-2020

BIR issued Revenue Regulations (RR) No. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents. Section 2 of the RR enumerated the taxpayers required to file and submit the RPT Form, together with the Annual Income Tax Return.

The Fund is not covered under Section 2 of the RR 34-2020, hence the requirements and procedures for related party transactions provided under the said RR is not applicable.

BDO Roxas Cruz Tagle and Co.
Audit | Tax | Consulting | BSO

BOA/PRC Reg. No. 0005,
December 13, 2018, valid until July 20, 2021
SEC Accreditation No. 0005-SEC,
April 13, 2021, valid until April 12, 2024

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Mindanao Avenue corner Biliran Road,
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INDEPENDENT AUDITOR'S SUPPLEMENTAL WRITTEN STATEMENT

The Board of Directors and Shareholders
AIB Money Market Mutual Fund, Inc.
(An Open-End Investment Company)
11th Floor Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City

We have audited the financial statements of AIB Money Market Mutual Fund, Inc. *(An Open-End Investment Company)* (the "Fund") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated April 28, 2021.

In compliance with the Revised Securities Regulation Code (SRC) Rule 68, we are stating that the Fund has only one (1) shareholder owning more than one hundred (100) shares.

ROXAS CRUZ TAGLE AND CO.

Aljuver R. Gamao
Partner
CPA Certificate No. 0126931
Tax Identification No. 944-910-315
SEC Accreditation No. 1776-SEC, Group A, issued on September 10, 2019,
effective until September 09, 2022
BIR Accreditation No. 08-001682-015-2019, issued on February 8, 2019,
effective until February 7, 2022
PTR No. 2436947, issued on January 8, 2021, Cebu City

April 28, 2021
Makati City

BDO Roxas Cruz Tagle and Co.
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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Shareholders
AIB Money Market Mutual Fund, Inc.
(An Open-End Investment Company)
11th Floor Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards Auditing, the financial statements of AIB Money Market Mutual Fund, Inc. *(An Open-End Investment Company)* (the "Fund") as at and for the year ended December 31, 2020 included in this Audited Financial Statements (AFS) and have issued our report thereon dated April 28, 2021. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules in this AFS are presented for purposes of complying with the Revised Securities Regulation Code (SRC) Rule 68 and are not part of the basic financial statements. Such schedules are the responsibility of management. The schedules have 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.

ROXAS CRUZ TAGLE AND CO.

Aljuver R. Gamao
Partner
CPA Certificate No. 0126931
Tax Identification No. 944-910-315
SEC Accreditation No. 1776-SEC, Group A, issued on September 10, 2019,
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effective until February 7, 2022
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April 28, 2021
Makati City

ANNEX 68-D

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF DECEMBER 31, 2020

AIB MONEY MARKET MUTUAL FUND, INC.
(An Open-End Investment Company)
11th floor, Multinational Bancorporation Center
6805 Ayala Avenue, Makati City

Unappropriated Retained Earnings (Deficit), available for dividend distribution beginning as previously presented	**₱5,043,848**
Add: Net income actually earned/ realized during the year	**3,862,866**
Redemption of shares	**(1,658,126)**
RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DISTRIBUTION	**₱7,248,588**

ANNEX 68-E

SCHEDULE OF FINANCIAL SOUNDNESS

AIB MONEY MARKET MUTUAL FUND, INC.
AS OF DECEMBER 31, 2020

Ratio	Formula	**2020**	2019
Curresnt ratio	Current assets/Current liabilities	**21.53**	26.28
Acid test ratio	Liquid Assets/Current Liabilities	**21.53**	26.28
Solvency ratio	Net Income + Non-Cash Expenses/Total Liabilities	**0.38**	0.29
Debt-to-equity ratio	Total Liabilities/Net Assets Attributable to Shareholders	**0.05**	0.04
Asset-to-equity ratio	Total Assets/Net Assets Attributable to Shareholders	**1.05**	1.04
Return on equity	Net Income/Average Shareholder's Equity	**0.02**	0.01
Return on assets	Net Income/Total Assets	**0.02**	0.01
Net profit margin	Net Income/Total Revenue	**0.78**	0.42

ANNEX 68-G

SCHEDULE FOR MUTUAL FUNDS

AIB MONEY MARKET MUTUAL FUND, INC.

(An Open-End Investment Company)

FOR THE PERIOD ENDED DECEMBER 31, 2020

	Ratios/Percentages	2020	2019
1	Percentage of Investment in a single enterprise to Total Net Asset Value	–	–
2	Total Investment of the Fund to the Outstanding Securities of an Investee Company	–	–
3	Total Investment in Liquid or Semi-Liquid Assets to Total Assets	–	–
4	Total Operating Expenses to Net Worth	**0.0004**	0.0100
5	Total Assets to Total Borrowings	**21.53**	26.28

SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-J
PURSUANT TO REVISED SRC RULE 68
December 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
	NOT APPLICABLE		

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
		NOT APPLICABLE					

Schedule C. Amounts Receivable from Related parties which are eliminated during the consolidation of financial statements

Name and designation of debtor	Balance of beginning period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
			NOT APPLICABLE				

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers	Others
Common shares	1,000,000,000	201,658,126	–	201,658,117	5	4