

C S 2 0 0 5 1 7 0 0 3

SEC Registration Number

P H I L A M M A N A G E D I N C O M E F U N D , I N C .
(A n O p e n - E n d M u t u a l F u n d C o m p a n y)

(Company's Full Name)

1 7 / F , P H I L A M L I F E H E A D O F F I C E ,
N E T L I M A B U I L D I N G , 5 T H A V E N U E
C O R N E R 2 6 T H S T . , B O N I F A C I O
G L O B A L C I T Y , T A G U I G 1 6 3 4

(Business Address: No. Street City/Town/Province)

MARISSA P. ESCALA

(Contact Person)

521-6300

(Company Telephone Number)

0 3 3 1

Month Day
(Fiscal Year)

F 1 7 Q

(Form Type)

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

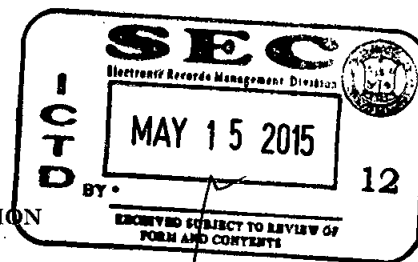
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the fiscal year ended: March 31, 2015
2. SEC Identification Number: CS200517003
3. BIR Tax Identification No.: 247-064-691-000
4. Exact name of registrant as specified in its charter: Philam Managed Income Fund, Inc.
5. Province, country or other jurisdiction of incorporation or organization: Philippines
6. Industry Classification Code: _____ (SEC use Only)
7. Address of principal office: : 17/F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig 1634, Philippines²
8. Registrant's telephone number, including area code: (632) 521-6300
9. Former name, former address, and former fiscal year, if changed since last report:
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

<u>Title of each class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common voting stock	160,180,201 ¹

11. Are any of these securities listed on the Philippine Stock Exchange?
Yes () No (x)

¹ Total number of shares consists of the fully subscribed share capital totaling one hundred million (100,000,000) shares and the equivalent shares relating to deposits for share subscriptions.

² Philam Managed Income Fund, Inc.'s current principal address is Makati City, Metro Manila, Philippines. On January 31, 2013, the Board of Directors approved the change of the principal address of the Fund to 17/F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig, 1634. This was subsequently approved by the shareholders during the Annual Stockholders' Meeting last July 24, 2014.

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements**

The following comparative financial statements are attached:

- a. Statement of Assets and Liabilities as of March 31, 2015 and as of December 31, 2014 (with breakdown of Net Assets)
- b. Statement of Operations for the 1st quarter of 2015 and 2014
- c. Statement of Changes in Net Assets as of 1st quarter of 2015 and 2014
- d. Statement of Cash Flows for 1st quarter of 2015 and 2014
- e. Portfolio Valuation Report as of March 31, 2015

Item 2: Management's Discussion and Analysis or Plan of Operation

Result of Operation for the 1st Quarter of 2015 and Plan of Operation:
Refer to attached Annex A – Fund Performance – 1st quarter of 2015

PART II – OTHER INFORMATION**Item 1. Disclosures not made under SEC Form 17-C**

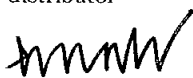
All information were disclosed in the submitted SEC Form 17-C

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **PHILAM MANAGED INCOME FUND, INC**

By: PAMI-distributor



MARISSA P. ESCALA
Head- Investment Operations & Control



ELENITA G. VILLAMAR
Head- Finance

PHILAM MANAGED INCOME FUND, INC.

FUND PERFORMANCE – 1st Quarter of 2015

Fixed Income

The Interest rates market received a boost from pro-growth policy action across global central banks in the first quarter of the year. More than 20 central banks moved to cut key interest rates to alleviate concerns on growth and persistent decline in consumer prices ushered by the fall of global oil prices to 6-year lows. The liquidity from the massive Eur1.1T bond buying program of the European Central Bank, complemented by the expanding stimulus from Japan and China has tapered the negative impact of the impending US policy rate normalization and allayed downside risks to global growth. World GDP is forecast to grow from 2.52% in 2014 to 3%-3.5% in 2015 led by the US economy.

The Philippine economic landscape has remained constructive. It is 3rd fastest growing economy in Asia, (after China and India) and forecast to grow between 6.4%-6.7% in 2015 following a 6.1% growth the previous year. Philippine inflation is expected to slow from the 4.1% average in 2014 to 2.2% target average in 2015; Policy rates is seen appropriate at 4%, and the local currency at 44.70 as of March 31 has also exhibited managed weakness versus the prevailing strong dollar.

Outlook

Following the positive momentum in the first quarter, the fixed income funds will tread cautiously as US economic recovery warrants policy adjustment, as the strength of the US dollar impacts capital flows, as oil supply and price levels stabilize, and as economic conditions improve in developed countries following liquidity stimulus. On the local front, markets to increasingly shift focus on political developments as 2016 election-related activities and issues heat up.

Fund Performance

The performance of the Fund as of March 31, 2015 as compared with December 31, 2014 can be assessed using the comparative financial indicators as follows:

Market Indicator	31-Mar-15	31-Dec-14*/31-Mar-14	Inc/(Dec)
NAVPS*	1.1580	1.1513	0.0067
ROE (Year-on-Year)	0.05%	-0.09%	0.14%
EPS (Year-on-Year)	0.0180	-0.00010	0.0190
EBT (Year-on-Year) in thousands	1,228	-14	1,242
Expense Ratio (Year-on-Year)	0.39%	0.35%	0.04%

NAVPS: NAVPS is computed by dividing the net assets over the outstanding shares. It represents the current value of each outstanding share.

Return on Equity (ROE): ROE is computed by dividing the net income for the period by the net assets attributable to unit holders. This is a measure of profitability which captures the return earned on the common stockholder's investment in the Fund.

Earnings Per Share (EPS): The EPS is computed by dividing the earnings after tax by the weighted average number of shares during the period. It indicates the amount of earnings represented by each outstanding share.

Earnings before Taxes (EBT): The EBT is computed by deducting the operating expenses from the gross income. It represents the amount of income the Fund has after deducting its operating expenses.

Expense Ratio: The expense ratio is computed by dividing the operating expenses by the average daily net asset value. It represents the percentage of net asset value that is used for operating expenses.

PHILAM MANAGED INCOME FUND, INC.
FUND PERFORMANCE – 1st Quarter of 2015

Assets

Total assets decreased by Php151 million as of March 31, 2015 from December 31 2014. This is due to decrease in clients' subscription and a significant redemption.

Liabilities

The Php 33 thousand increase in liabilities in March 31, 2015 as compared with December 31, 2014 pertains generally to accruals of expenses that has been outstanding until end of the quarter.

Net Assets

The decrease in Fund's net assets due to increased redemptions of unit-holders during the two last months of the quarter.

Gross Income

The Fund's investment income increased due to the higher investments in money market placements and fixed income securities where interest income is derived, plus realized/unrealized gains arising from market valuation of government securities held.

Operating Expenses

The increase in operating expenses can be largely attributed to the movement of AUM for the quarter ended March 31, 2015 as accruals of various expenses of the Fund, e.g. management fees, administration and transfer agent fees, are AUM-based.

Net Investment Income

The net investment income of the Fund increased by Php 933 thousand as compared on a year-on-year basis, due to movements in gross income and operating expenses as discussed above.

Investment in Foreign Securities

The Fund has no investment in foreign securities as of March 31, 2015.

Fair Values of Assets and Income for the Period

The comparison of the fair values as at March 31, 2015 and December 31, 2014 is reflected in the statement of assets and liabilities while amounts of income for the period ended March 31, 2015 are reflected in the statement of operations.

Below is the summary:

Assets

	Unaudited as at	Audited as at	Increase/Decrease	
	3-Mar-2015	31-Dec-2014	Amount	%
	(PHP)	(PHP)		
ASSETS				
Cash & Cash Equivalents	46,281	180,383	(134,102)	-74.34%
Financial Assets	138,407	156,091	(17,684)	-11.33%
Due from Philam Asset Management, Inc.	406	354	52	14.69%
Accrued Interest Receivable	714	251	463	184.46%
Other Assets	10	10	-	100%
TOTAL ASSETS	185,818	337,089	(151,271)	-44.88%

Total assets decreased by Php151 million as of March 31, 2015 from December 31 2014. This is due to decrease in clients' subscription and a significant redemption amounting to Php 139 million on February 2015.

Investment Income

	FOR THE PERIOD ENDED	
	31-Mar-2015	31-Mar-2014
	(PHP)	(PHP)
INVESTMENT INCOME		
Interest	1,106	144
Miscellaneous Income	-	25
Realized Gains - Investments	444	-
Unrealized Gains - Investments	12	-
Total Investment Income	1,562	169

The Fund's investment income increased due to the higher investments in money market placements and fixed income securities where interest income is derived, plus realized/unrealized gains arising from market valuation of government securities held.

Liabilities

The comparison of liabilities as at March 31, 2015 and December 31, 2014 is reflected in the statement of asset and liabilities and summarized below:

	Unaudited as at 31-Mar-15 (PHP)	Audited as at 31-Dec-14 (PHP)	Increase/Decrease 31-Mar-15 vs. 31-Dec-14	
			Amount	%
LIABILITIES				
Accounts Payable and Accrued Expenses	333	300	33	11.00%
TOTAL LIABILITIES	333	300	33	-11.00%

The Php 33 thousand increase in liabilities in March 31, 2015 as compared with December 31, 2014 pertains generally to accruals of expenses that has been outstanding until end of the quarter.

PHILAM MANAGED INCOME FUND, INC**MANAGEMENT'S DISCUSSION, ANALYSIS AND PLAN OF OPERATIONS****Plan of Operation for the next 12 months****A. Distribution**

The Fund will be distributed by Philam Asset Management, Inc. (PAMI) through licensed investment solicitors. PAMI will tap its existing distribution network of insurance and pre-need agents and third party distributors in order to inform as many retail and institutional investors about the advantages of mutual fund investments.

Training and promotional campaigns will be focused on the distribution networks. PAMI will commit resources and exert substantial effort to help future distributors acquire their licenses as mutual fund solicitors.

B. Use of Proceeds

The proceeds from the sale of PMIF shares will be used to build up its investment in mostly domestic fixed income instruments, including but not limited to, treasury bills, Bangko Sentral ng Pilipinas' (BSP) Certificate of Indebtedness, other evidences of obligations issued by the BSP. Majority of PMIF's portfolio will be invested in fixed income securities. The Fund does not plan to invest in foreign securities. However, the SEC allows mutual fund companies to invest up to one hundred percent (100%) of its net assets in foreign securities subject to safety nets and standards set by the SEC.

C. Determination of Offering Price

The offering price is determined at NAVPS computed for the current banking day, if payment is made within the daily cut-off time. Otherwise, the NAVPS on the following banking day will be used for payments made after the daily cut-off time. The daily cut-off time shall be 12:00 noon of a banking day. A banking day is defined as a day when commercial banks in Metro Manila are not required or authorized to close by law.

D. Material Events and Uncertainties**E. Liquidity**

There are no demands, commitments, events or uncertainties which will impair the liquidity of the fund. The Fund is mandated by SEC, through Investment Company Act, to maintain at least 10% of its net assets to be invested at liquid assets (ICA Rule 35 - 1 p. d4). But since the Fund has a contingency liquidity plan, the liquid assets can be at a minimum of 5% of the Net Asset Value.

There are no events that triggered direct or contingent financial obligation that is material to the Fund.

F. Material Transactions

There are no material off-balance sheet transactions, arrangement, obligations and other relationships of the company with unconsolidated entities or other persons created during the period. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material, favorable or unfavorable, impact on net sales or revenues or income from continuing operations. PMIF knows no events that will cause a material change in the relationship between costs and revenues.

The Fund, being subjected to mark-to-market valuation, has significant dependency on the market value fluctuations of securities held by it.

ANNEX 1

PHILAM MANAGED INCOME FUND
 (An Open-End Investment Company)
 1.1 STATEMENT OF ASSETS AND LIABILITIES

	Unaudited as at 31-Mar-2015 (PHP)	Audited as at 31-Dec-2014 (PHP)	Increase/Decrease 31 Mar 2015 vs. 31 Dec 2014	
			Amount	%
ASSETS				
Cash & Cash Equivalents	46,281	180,383	(134,102)	-74.34%
Financial Assets	138,407	156,091	(17,684)	-11.33%
Accrued Interest Receivable	714	251	463	184.46%
Due from Philam Asset Management, Inc.	406	354	52	14.69%
Other Assets	10	10	-	0.00%
TOTAL ASSETS	185,818	337,089	(151,271)	-44.88%
LIABILITIES				
Accounts Payable and Accrued Expenses	333	300	33	11.00%
TOTAL LIABILITIES	333	300	33	11.00%
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	185,485	336,789	(151,304)	-44.93%
EQUITY ATTRIBUTABLE TO UNITHOLDERS				
Share Capital	114,871	1,000	113,871	11387.10%
Share Premium	(119,184)	14,056	(133,240)	-947.92%
Deposit for Capital Stock Subscriptions	179,329	312,152	(132,823)	-42.55%
Retained Earnings	10,469	9,581	888	9.27%
EQUITY ATTRIBUTABLE TO UNITHOLDERS	185,485	336,789	(151,304)	-44.93%
TOTAL LIABILITIES AND EQUITY	185,818	337,089	(151,271)	-44.88%
NET ASSET VALUE PER SHARE (NAVPS)	0.0012	0.0012	0.0000	0.32%
AVERAGE DAILY NET ASSET VALUE				
January 1, 2015 – March 31, 2015 & January 1, 2014 – March 31, 2014	854,030,494.67	179,808,249.29	674,222,245.38	374.97%

ANNEX 1

PHILAM MANAGED INCOME FUND

(An Open-End Investment Company)

1.2 STATEMENT OF OPERATIONS

All amounts in thousands of Philippine Peso)

	For the Quarter Ended		For the Quarter Ended	
	31-Mar-2015 (PHP)	31-Mar-2014 (PHP)	31-Mar-2015 (PHP)	31-Mar-2014 (PHP)
INVESTMENT INCOME/(LOSS)				
Interest	1,106	144	1,106	144
Realized Gains/(Losses) - Investments	444	-	444	-
Unrealized Gains/(Losses) - Investments	12	-	12	-
Miscellaneous Income	-	25	-	25
Total Investment Income/(Loss)	1,562	169	1,562	169
OPERATING EXPENSES				
Management fees	190	42	190	42
Administration fees	19	4	19	4
Transfer Agent Fees	34	7	34	7
Directors' fees	44	63	44	63
Custodian fees	2	0	2	0
Taxes and Licenses fees	2	18	2	18
Bank charges	31	0	31	0
Marketing fees	3	3	3	3
Legal & Audit fees	3	23	3	23
Other Expenses	6	20	6	20
Documentary Stamp Tax	-	1	-	1
Total Operating Expenses	334	182	334	182
INVESTMENT INCOME BEFORE INCOME TAX	1,228	(14)	1,228	(14)
PROVISION FOR INCOME TAX	340	32	340	32
NET INVESTMENT INCOME	888	(45)	888	(45)
Number of shares outstanding	160,180,201	45,017,666	160,180,201	45,017,666
Earnings per share (PHP)	PHP 0.0180	(PHP 0.0010)	PHP 0.0180	(PHP 0.0010)

ANNEX 1

PHILAM MANAGED INCOME FUND
(An Open-End Investment Company)

1.3 STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS

(All amounts in thousands of Philippine Peso)

	Unaudited For the Quarter Ended 31-Mar-2015 (PHP)	Unaudited For the Quarter Ended 31-Mar-2014 (PHP)
FROM INVESTMENT ACTIVITIES		
Net Investment Income	888	(45)
TRANSACTION WITH UNITHOLDERS		
Proceeds from issuance of units	100	1,365
Payment for redemption of units	(152,292)	(10,777)
Deposits for future stock subscriptions	-	-
Net increase (decrease) from transactions with unitholders	(152,192)	(9,412)
NET INCREASE IN NET ASSETS	(151,304)	(9,458)
BALANCE AT BEGINNING OF PERIOD	336,789	61,287
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT END OF YEAR	185,485	51,829

ANNEX 1

PHILAM MANAGED INCOME FUND

(An Open-End Investment Company)

1.4 STATEMENT OF CASH FLOWS

(All amounts in thousands of Philippine Peso)

	Unaudited as at 31-Mar-2015	Unaudited as at 31-Mar-2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/(loss) before income tax	1,228	(14)
Less: Interest Income	(1,106)	(144)
Operating income/(loss) before working capital changes	122	(157)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase)/decrease in assets:</i>		
Amounts due from PAMI	(52)	101
Other Assets	-	-
Financial Assets	17,684	-
<i>Increase/(decrease) in liabilities:</i>		
Accounts payable and accrued expenses	33	(2,928)
Amounts due to PAMI	-	(128)
<i>Purchases of:</i>		
Held-to-maturity investments	-	(799)
<i>Proceeds from disposals/maturities of:</i>		
Held-to-maturity investments	-	-
Net cash provided by (used in) operations	17,787	(3,911)
Interest received	643	144
Income taxes paid	(340)	(32)
Net cash from (used in) operating activities	18,090	(3,799)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	100	1,364
Payments for units redeemed	(152,292)	(10,777)
Payments for withdrawal of deposits for future stock subscriptions	-	-
Adjustment on Retained Earnings	-	-
Net cash from (used in) Financing Activities	(152,192)	(9,413)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(134,102)	(13,212)
CASH AND CASH EQUIVALENTS, BEGINNING	180,383	63,662
CASH AND CASH EQUIVALENTS, END	46,281	50,450

PAMPHIP FUNDS GROUP
 PHILAM MANAGED INCOME FUND, INC.
 PORTFOLIO VALUATION REPORT AS AT

DEUTSCHE BANK

SECURITY CODE	SECURITY DESCRIPTION	31 MAR 2015		BOOK COST	MARKET VALUE	UNREALIZED PROFIT/LOSS	UNREALIZED PROFIT/LOSS DUE TO PRICE	INTEREST ACCRUAL	% OF TOTAL	% OF ISSUED CAPITAL	PRICE YIELD DUE TO MATURITY
		QUOTATION PORTFOLIO CCY	FACE VALUE / NO OF SHARES								

ASSET AND LIABILITY MANAGEMENT											
ALM - ASSETS											
PH_0R0THPP	ACCOUNTS RECEIVABLE - OTHERS	PHP	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00	0.01	0.00	0.000000
PH_0R0THPP		PHP	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00	0.01	0.00	0.000000
PH_0R0THPP	DUE FROM PAMM	PHP	442,109.32	442,109.32	442,109.32	0.00	0.00	0.00	0.24	0.00	0.000000
PH_0R0THPP		PHP	442,109.32	442,109.32	442,109.32	0.00	0.00	0.00	0.24	0.00	0.000000
PH_0R0THPP	DUE FROM AFFILIATES	PHP	(0.56)	(0.56)	(0.56)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP		PHP	(0.56)	(0.56)	(0.56)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP	SUB TOTAL	PHP	451,108.76	451,108.76	451,108.76	0.00	0.00	0.00	0.24	0.00	0.000000
PH_0R0THPP		PHP	451,108.76	451,108.76	451,108.76	0.00	0.00	0.00	0.24	0.00	0.000000
PH_0R0THPP	SUB TOTAL ALM - ASSETS	PHP	451,108.76	451,108.76	451,108.76	0.00	0.00	0.00	0.24	0.00	0.000000
PH_0R0THPP		PHP	451,108.76	451,108.76	451,108.76	0.00	0.00	0.00	0.24	0.00	0.000000

ALM - LIABILITIES											
PH_0R0THPP	ACCRUED ADMINISTRATION FEES	PHP	(42,562.21)	(42,562.21)	(42,562.21)	0.00	0.00	0.00	(0.02)	0.00	0.000000
PH_0R0THPP		PHP	(42,562.21)	(42,562.21)	(42,562.21)	0.00	0.00	0.00	(0.02)	0.00	0.000000
PH_0R0THPP	ACCOUNTS PAYABLE - OTHERS	PHP	(21,314.06)	(21,314.06)	(21,314.06)	0.00	0.00	0.00	(0.01)	0.00	0.000000
PH_0R0THPP		PHP	(21,314.06)	(21,314.06)	(21,314.06)	0.00	0.00	0.00	(0.01)	0.00	0.000000
PH_0R0THPP	AP - trade checks	PHP	(21,542.86)	(21,542.86)	(21,542.86)	0.00	0.00	0.00	(0.01)	0.00	0.000000
PH_0R0THPP		PHP	(21,542.86)	(21,542.86)	(21,542.86)	0.00	0.00	0.00	(0.01)	0.00	0.000000
PH_0R0THPP	ACCRUED LEGAL & AUDIT FEES	PHP	(3,829.42)	(3,829.42)	(3,829.42)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP		PHP	(3,829.42)	(3,829.42)	(3,829.42)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP	ACCRUED DIRECTORS' FEES	PHP	(165,509.64)	(165,509.64)	(165,509.64)	0.00	0.00	0.00	(0.10)	0.00	0.000000
PH_0R0THPP		PHP	(165,509.64)	(165,509.64)	(165,509.64)	0.00	0.00	0.00	(0.10)	0.00	0.000000
PH_0R0THPP	DOCUMENTARY STAMP TAX PAYABLE	PHP	(4.32)	(4.32)	(4.32)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP		PHP	(4.32)	(4.32)	(4.32)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP	DUE TO PAMM - MANAGEMENT FEES	PHP	(39,154.47)	(39,154.47)	(39,154.47)	0.00	0.00	0.00	(0.02)	0.00	0.000000
PH_0R0THPP		PHP	(39,154.47)	(39,154.47)	(39,154.47)	0.00	0.00	0.00	(0.02)	0.00	0.000000
PH_0R0THPP	DUE TO PAMM - OTHERS	PHP	169,827.53	169,827.53	169,827.53	0.00	0.00	0.00	0.09	0.00	0.000000
PH_0R0THPP		PHP	169,827.53	169,827.53	169,827.53	0.00	0.00	0.00	0.09	0.00	0.000000
PH_0R0THPP	ACCRUED MARKETING FEES	PHP	(24,404.43)	(24,404.43)	(24,404.43)	0.00	0.00	0.00	(0.01)	0.00	0.000000
PH_0R0THPP		PHP	(24,404.43)	(24,404.43)	(24,404.43)	0.00	0.00	0.00	(0.01)	0.00	0.000000
PH_0R0THPP	ACCRUED POSTAGE AND MAILING FEES	PHP	(459.07)	(459.07)	(459.07)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP		PHP	(459.07)	(459.07)	(459.07)	0.00	0.00	0.00	0.00	0.00	0.000000
PH_0R0THPP	REVENUE DEFERRABLE TO SUBSEQUENT PERIOD	PHP	239,459.19	239,459.19	239,459.19	0.00	0.00	0.00	0.13	0.00	0.000000
PH_0R0THPP		PHP	239,459.19	239,459.19	239,459.19	0.00	0.00	0.00	0.13	0.00	0.000000
PH_0R0THPP	ACCRUED TAX AND LICENSE FEES	PHP	(379,514.84)	(379,514.84)	(379,514.84)	0.00	0.00	0.00	(0.20)	0.00	0.000000
PH_0R0THPP		PHP	(379,514.84)	(379,514.84)	(379,514.84)	0.00	0.00	0.00	(0.20)	0.00	0.000000

FUND OF FUNDS
FINANCIALS
BANKS

PL_BDOICF

BDO Institutional Cash Reserve Fund	PHP	11,028,824.00	12,500,000.01	12,500,000.01	107.873650	1.0000	12,512,005.67	12,005.66	12,005.66	0.00	0.01	0.000000
	PHP	12,500,000.01	12,500,000.01	12,500,000.01		1.0000	12,512,005.67	12,005.66	12,005.66	0.00	0.01	0.000000
SUB TOTAL BANKS	PHP	12,500,000.01	12,500,000.01	12,500,000.01			12,512,005.67	12,005.66	12,005.66	0.00	0.01	0.000000
SUB TOTAL FINANCIALS	PHP	12,500,000.01	12,500,000.01	12,500,000.01			12,512,005.67	12,005.66	12,005.66	0.00	0.01	0.000000
SUB TOTAL FUND OF FUNDS	PHP	12,500,000.01	12,500,000.01	12,500,000.01			12,512,005.67	12,005.66	12,005.66	0.00	0.01	0.000000

MONEY MARKET
BANKS

FIXED DEPOSITS

PL_PANINB101	PHP	3,025,429.58	3,025,429.58	3,025,429.58	100.000000	1.0000	3,025,429.58	0.00	0.00	1,754.63	0.00	0.000000
PL_PANINB101	PHP	3,025,429.58	3,025,429.58	3,025,429.58		1.0000	3,025,429.58	0.00	0.00	1,754.63	1.63	0.000000
PL_PANINB101	PHP	5,040,125.43	5,040,125.43	5,040,125.43	100.000000	1.0000	5,040,125.43	0.00	0.00	2,840.07	2.72	0.000000
PL_PANINB101	PHP	5,040,125.43	5,040,125.43	5,040,125.43		1.0000	5,040,125.43	0.00	0.00	2,840.07	2.72	0.000000
PL_PANINB101	PHP	32,267,202.56	32,267,202.56	32,267,202.56	100.000000	1.0000	32,267,202.56	0.00	0.00	21,959.68	17.40	0.000000
PL_PANINB101	PHP	32,267,202.56	32,267,202.56	32,267,202.56		1.0000	32,267,202.56	0.00	0.00	21,959.68	17.40	0.000000
PL_PANINB101	PHP	5,043,477.11	5,043,477.11	5,043,477.11	100.000000	1.0000	5,043,477.11	0.00	0.00	12,871.37	2.72	0.000000
PL_PANINB101	PHP	5,043,477.11	5,043,477.11	5,043,477.11		1.0000	5,043,477.11	0.00	0.00	12,871.37	2.72	0.000000
SUB TOTAL FIXED DEPOSITS	PHP	45,376,334.68	45,376,334.68	45,376,334.68			45,376,334.68	0.00	0.00	38,525.86	24.66	0.000000
SUB TOTAL BANKS	PHP	45,376,334.68	45,376,334.68	45,376,334.68			45,376,334.68	0.00	0.00	38,525.86	24.66	0.000000
SUB TOTAL MONEY MARKET	PHP	45,376,334.68	45,376,334.68	45,376,334.68			45,376,334.68	0.00	0.00	38,525.86	24.66	0.000000

ACCRUED INTEREST	PHP						892,879.68			0.48		
ACCS PAYABLES / RECEIVABLES	PHP						0.00			0.00		
INTEREST / DIVIDEND RECEIVABLES	PHP						0.00			0.00		
GRAND TOTAL	PHP	185,172,267.84	184,980,331.38	185,165,216.73			12,005.66	12,005.66	892,879.68	100.00		

TOTAL NAV	PHP			185,448,278.73								
NO. OF UNITS OUTSTANDING	PHP			150,189,261.00								
NAV PER UNIT	PHP			1,199.00								

**PHILAM MANAGED INCOME FUND, INC.
(An Open-End Mutual Fund Company)**

**NOTES TO FINANCIAL STATEMENTS
As of the Quarter ended March 31, 2015**

1. Corporate Information

Philam Managed Income Fund, Inc. (the "Fund") is an open-end mutual fund company engaged in the sale of its shares of stock, the proceeds of which are invested in fixed income investments. It was registered on February 27, 2006 with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1960 or Republic Act 2629 and The Revised Securities Act or Batas Pambansa Blg. 178. As an open-end mutual fund company, its outstanding shares are redeemable anytime at the holder's option based on the net asset value ("NAV") per share at the time of redemption.

The Fund is registered as an issuer of securities with the SEC under Section 12 of the Securities Regulation Code ("SRC"). In compliance with the SRC, the Fund is required to file registration statements for each instance of increase in authorized shares. As of December 31, 2014, the Fund has applied for an increase in authorized capital stock with the SEC.

The Fund's registered office address, which is also its principal place of business, is located at 17F Philam Life Head Office, Net Lima Building, 5th Avenue corner 26th St., Bonifacio Global City, Taguig 1634, Philippines.

The Fund has no employees. Philam Asset Management, Inc. ("PAMI"), a wholly-owned subsidiary of The Philippine American Life and General Insurance Company, acts as the Fund manager. PAMI also serves as adviser, administrator and distributor of the Fund and provides management, distribution and all required operational services.

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS"). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards ("PAS") and interpretations of the Philippine Interpretations Committee ("PIC"), Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") which have been approved by the Financial Reporting Standards Council ("FRSC") and adopted by the SEC.

The financial statements have been prepared under the historical cost convention except for the revaluation of financial assets at fair value through profit or loss ("FVTPL").

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies.

Changes in accounting policy and disclosures

a) Amended standard adopted by the Fund

The following relevant standard has been adopted by the Fund effective January 1, 2014:

- *Amendment to PAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant impact on the financial statements of the Fund.*

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2014 are not considered relevant and significant to the Fund.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014 and have not been applied in preparing the financial statements of the Fund. None of these are expected to have a significant effect on the financial statements of the Fund, except the following set out below:

- *PFRS 9, Financial Instruments.* This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of PFRS 9 was issued in July 2014. It replaces the guidance in PAS 39 that relates to the classification and measurement of financial instruments. PFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI without recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in PAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. PFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under PAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Fund is currently assessing the impact of PFRS 9 on its financial statements.

- *PFRS 15, Revenue from contracts with customers.* This deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces PAS 18 'Revenue' and PAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is assessing the impact of PFRS 15 on its financial statements.

There are no other relevant standards, amendments or interpretations that are not yet effective that would be expected to have a significant impact on the Fund.

2.2 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from date of acquisition.

2.3 Financial instruments*Date of recognition*

Financial instruments are recognized in the statements of financial position when the Fund becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments

Financial instruments not carried at fair value through profit or loss ("FVTPL") are initially recognized at fair value plus transaction costs. Financial instruments carried at FVTPL are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

Day 1 profit

Where the transaction price in a non-active market is different from the fair value from 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" profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where variables are made of data which are not observable, the difference between the transaction price and model value is only recognized 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 profit amount.

Classification of financial instruments

The Fund classifies its financial assets in the following categories: (a) financial assets at FVTPL, (b) held-to-maturity, (c) loans and receivables and (d) available-for-sale ("AFS"). The Fund classifies its financial liabilities at FVTPL or as other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether they are quoted in an active market. Management determines the classification of the Fund's financial instruments at initial recognition. The Fund does not hold any financial assets under categories (b), (c) and (d) during and at each reporting date. The Fund does not hold any financial liabilities at FVTPL during and at each reporting date.

Financial assets or financial liabilities at FVTPL

This category consists of financial assets or financial liabilities that are held for trading or designated by management as at FVTPL on initial recognition. Derivative instruments, except those covered by hedge accounting relationships (none as at reporting date), are classified under this category.

Financial assets or financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets at FVTPL are recorded in the statements of financial position at fair value, with changes in the fair value recorded in profit or loss, included under fair value gains (losses). Interest earned is recorded in interest income, while dividend income on equity instruments is recorded in profit or loss under dividend income when the right of the payment has been established. Gains or losses realized from the sale of financial assets at FVTPL are recorded in fair value gains (losses) in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, designated as AFS or at FVTPL. This accounting policy applies to cash and cash equivalents, accrued income, due from PAMI and other assets.

After initial measurement, loans and receivables 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. The amortization is included in Interest income in profit or loss. The losses arising from impairment of such loans and receivables are recognized in Income tax expense in profit or loss.

Other financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated as financial liabilities at FVTPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Fund having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Fund's own equity shares.

After initial measurement, other 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.

This accounting policy applies to accounts payable and accrued expenses (excluding taxes payable) and due to PAMI.

Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets at amortized cost

For loans and receivables which are carried at amortized cost, the Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics such as type of borrower, collateral type, past-due status and term, and collectively assesses for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to profit or loss. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost had the impairment not been recognized at the reversal date.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. If an instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash

flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Derecognition of financial assets and liabilities

Financial asset

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 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 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 an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

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. The quoted market price used for financial assets held by the fund is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily FTSE 100 equity investments classified as trading securities or available-for-sale.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The fund classifies its fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Philippine Stock Exchange, Inc., Philippine Dealing and Exchange Corp., etc.).

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The Fund's classification of its financial assets based on the above fair value hierarchy is presented in Note 3 to the financial statements.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

2.5 Share capital

The Fund issues shares, which are redeemable at the holder's option and are classified as equity in accordance with PAS 32, Financial Instruments: Presentation. Each share has the following features which support the equity classification:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- The share 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 shares 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 the profit or loss, the 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 shareholders.

Should the redeemable shares' terms or conditions change such that they do not comply with the strict criteria as mentioned above, the redeemable shares 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 shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's trading NAV calculated in accordance with the Fund's regulations. Redeemed shares are not cancelled and may be reissued in the future.

Share premium

Sales of shares are recorded by crediting share capital at par value and share premium for the amount received in excess of the par value; redemptions are recorded by debiting those accounts. In the event that the share premium balance is exhausted as a result of redemptions, the retained earnings account is reduced by redemptions in excess of par.

Deposit for share subscription (DFFS)

Deposit for share subscription represent amounts received by the Fund with a view to applying the same as payment for a future additional issuance of shares either from its authorized but unissued shares, from a proposed increase in authorized share capital, or as share premium. Upon application, the amount will be credited to share capital for the par value of the shares and share premium for the amount in excess of the par value.

Based on SEC Bulletin No. 6, issued in January 2013, the Company shall classify deposit for future share subscription as equity if, and only if, all of the following are present at the end of the reporting period:

- (a) The unissued authorized share capital is insufficient to cover the amount of shares indicated in the contract;
- (b) There is BOD's approval on the proposed increase in authorized share capital (for which a deposit was received);
- (c) There is stockholders' approval of said proposed increase; and
- (d) The application for the approval of the proposed increase has been filed with the SEC.

If the criteria above are not met, the deposits for share subscriptions will be presented as liabilities in the statement of financial position. As at December 31, 2014, all of the above criteria have been met by the Fund, hence, the DFFS has been included as part of equity.

2.6 Revenue recognition

Interest income

Interest income is presented gross of final tax and recognized on a time-proportion basis using the effective interest method.

Other income

Other income is recognized when earned and the Fund's right to receive payment is established.

2.7 Expenses

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

2.8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Fund by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

As at December 31, 2014 and 2013, there are no dilutive potential shares.

2.9 NAV per share

NAV per share is computed by dividing net assets attributable to shareholders (total assets less total liabilities) by the weighted average number of shares issued and outstanding and shares covered by DFFS at the reporting date.

2.10 Taxation

The Fund is domiciled in the Philippines. Under the existing tax laws of the Philippines, a documentary stamp tax, included under Taxes and licenses in profit or loss, is payable by the Fund on original issue and subsequent sale or transfer of its redeemable shares.

The Fund has interest income from bank deposits which are subject to final withholding tax. Such income is presented at gross amount and the related final tax is presented as part of Income tax expense in profit or loss.

2.11 Current and deferred income tax

Income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case, the tax is also recognized directly in other comprehensive income or equity.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred income tax ("DIT") is provided, using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, DIT liabilities are recognized for all taxable temporary differences and DIT assets are recognized for all deductible temporary differences and the carry-forward benefits of unused tax losses (net operating loss carry over or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that taxable profit will be available against which the DIT assets can be utilized.

DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the DIT liability arises from the initial recognition of goodwill.

The carrying amount of DIT asset is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the DIT asset to be utilized. The Fund reassesses at each reporting date the need to recognize a previously unrecognized DIT.

DIT assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

2.12 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 its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.13 Functional and presentation currency

The Fund is not engaged in foreign currency transactions at reporting dates. Subscriptions and redemptions of the Fund's redeemable shares are denominated in Philippine Peso. The performance of the Fund is measured and reported to the investors in Philippine Peso. The BOD considers the Philippine Peso as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Philippine Peso, which is the Fund's functional and presentation currency.

2.14 Events after the reporting date

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

Note 3 - Capital and financial risk management

3.1 Governance framework

The primary objective of the Fund's risk and financial management framework is to protect the Fund from events that hinder the sustainable achievement of the Fund's performance objectives, including failing to exploit opportunities. The Fund recognizes the critical importance of having efficient and effective risk management systems in place.

BOD has approved the Fund's risk management policies and meets regularly to approve on any commercial, regulatory and own organizational requirements in such policies. The policies define the Fund's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of investment strategy to the corporate goals and specify reporting requirements.

3.2 Capital management

The Fund's objectives for managing capital are: (a) to invest the capital in investments meeting the description and risk exposure indicated in its prospectus; (b) to achieve consistent returns while safeguarding capital; and (c) to maintain sufficient liquidity to meet the expenses of the Fund and to meet redemption requests as they arise.

As provided by Investment Company Act of 1960, the Fund's minimum required capitalization amounts to P50,000. The Fund's existing capitalization is more than the amount required by the SEC.

The Fund considers the net assets attributable to shareholders as its capital (or total equity as shown in the statements of financial position). As at December 31, 2014, the net assets attributable to shareholders amounted to P336,789.

3.3 Regulatory framework

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 provisions. Until the SEC shall, by order, provide otherwise, the Fund shall not sell securities short or invest in any of the following:

- a. margin purchase of securities (investments in partially paid shares are excluded);
- b. commodity future contracts;
- c. precious metals;
- d. unlimited liability investments;
- e. short selling of currencies;
- f. short selling of investments; and
- g. other investments as the SEC shall, from time to time prescribe.

Any changes in the Fund's investment objective should be with notice and prior approval of the SEC. An investment company shall not change its investment objective without the approval from the majority of the Fund's shareholders.

In addition, the SEC also provides maximum limits on exposure to counterparties, maintenance of a certain level of liquid assets and conditions for incurring borrowings.

SCHEDULE A

1. Percentage of Investment in a Single Enterprise to Net Asset Value- NOT APPLICABLE.
2. Total Investment to Outstanding Securities of an Investee Company-NOT APPLICABLE.
3. Total investments in liquid or semi-liquid assets to total assets

	Mar-15	Dec-14
Liquid Assets over Total Assets	99.39%	99.82%

4. Total operating expenses to total net worth

	Mar-15	Mar-14
Expense Ratio (Year-on-Year)	0.39%	0.35%

The expense ratio is computed by dividing the operating expenses by the average daily net asset value. It represents the percentage of net asset value that is used for operating expenses.

NOTE: PMIF does not have any loans hence the ratio of total asset to total borrowings is not applicable.

SCHEDULE B
Financial Soundness Indicators

Current/Liquidity Ratio		Solvency Ratio / Debt to Equity Ratio		Asset to Equity Ratio	
		Mar-15	Dec-14	Mar-15	Dec-14
141.16	602.15	0.0018	0.0009	1.0018	1.0009