



OVERCOMING UNCERTAINTY

2020 WEALTH SERIES REPORT TO POLICYHOLDERS

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MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



Dear Valued Policyholders:

Last year was remarkable by any measure and through all the challenges, we continue to champion the importance of life insurance and how it can improve situations even when uncertainty is at its peak. This Wealth Series Annual Report shows the performance of your investment funds during one of the most turbulent times we have ever faced.

2020 brought many headwinds to our economy beginning with the eruption of the Taal Volcano in January and the many tropical storms that battered the country. However, these were overshadowed by the health crisis which resulted to strict quarantine measures that caused non-essential businesses to cease operations.

The Philippines saw 2020 Q2 GDP of -16.5%, the sharpest decline on record. Even with multiple stimulus measures and Bayanihan Acts I and II, 2020's full year GDP contracted by 9.5%.

The quarantine caused panic in the equity market resulting in the Philippine Stock Exchange index (PSEi) decline by 40.8% in March 2020. Despite late-year rallies, the benchmark index still ended the year at -8.6%. The Bangko Sentral ng Pilipinas (BSP) responded with five rate cuts to keep accommodative rates to promote growth while keeping average inflation within its target range at 2.6%.

It is in this context that our fixed income funds outperformed our equity-laced funds with our Peso and Dollar Fixed Income Funds returning 5.9% and 5.5% year-on-year, respectively. Even with a negative return for the year, our flagship Equity Fund continues to be a sustainable long-term option with its 10-year annual return of 5.08%. Stock selection for our high conviction equity funds provided downside protection compared to the benchmark index for the year. Our investment managers conducted several webinars to keep our financial advisers informed so they, in turn, can advise policyholders to stay calm and invested to weather this volatile period.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

It was also in the uncertain period of 2020 that your Company persevered and launched several innovative investment funds. The Peso Global Technology Fund, with its focus on global technology companies, posted a return of 28.9% since its launch in January. The Dollar Opportunity Fund, our first dollar-denominated equity fund exposed to US growth stocks, delivered 2.8% since its November debut.

Our new Recovery Equity Fund, offered for a limited period, is taking an active trading approach to take advantage of the temporary local equity market weakness to reach its return objective.

The performance of the rest of the Wealth Series Funds shall be discussed in detail in the succeeding sections of this annual report.

2021 looks to be the start of recovery and I am optimistic that we can look back to the past year with lessons that can guide us in the years to come. I would like to assure you, our dear policyholders, that your Company is focused on prudently managing your investments to help you reach your long-term financial goals.

Finally, allow me to express my deep gratitude for your continuous trust in InLife during this historic crisis. Our commitment to providing you a lifetime for good is stronger than ever.

I pray that you and your loved ones will remain safe and healthy.



RAOUL ANTONIO E. LITTAUA
President and Chief Executive Officer

FUND MANAGER'S REPORT

PESO FIXED INCOME FUND

FUND PERFORMANCE

Peso Fixed Income Fund posted an annual return of 5.98%, ending 2020 with a NAVPU of Php 2.132115. The Peso bond market touched historic low interest rates in 2020 as the government unleashed aggressive measures and policy actions to address the crisis brought by the COVID-19 pandemic. The Fund continues to invest in a mix of government and corporate bonds, treasury bills and other short-term securities.

MARKET REVIEW

In 2020, the pandemic placed the country in a deep recession that urged the BSP to introduce aggressive monetary policy measures. These monetary policy accommodations led to further decline in interest rates by 100 basis points (bps) or so by the end of 2020. The central bank trimmed the rates on BSP's overnight reverse repurchase, lending, and deposit facilities by a total of 200 basis points (bps) to 2%, 2.5%, and 1.5%, respectively; reduced the reserve requirement ratio or RRR on big banks by 200 basis points (bps) to 12% and engaged in buying of government securities in the secondary market. BSP also implemented some regulatory relief measures for banks to be able to increase loans extended to micro, small, and medium enterprises. With these liquidity enhancement measures, BSP has injected almost Php 2 trillion liquidity into the system which greatly influenced continued decline and stability in interest rates.

Despite the slight uptick in inflation during the second half of the year, domestic bond yields sustained its downward trend given elevated liquidity in the financial system resulting from BSP's policy measures to protect the economy. Nonetheless, as local inflation hit 3.3% and 3.5%yoY in November and December 2020, respectively, the bond market stayed defensive and preferred to buy short-term securities.

OUTLOOK

The monetary support that has already been unleashed by the BSP will likely keep bond yields low for now. Investors continue to favor short-term assets while waiting for any solid developments particularly on the onshore inflation trend and vaccine roll-out. While the impact of the pandemic continues to dampen economic activity, policy stance is expected to remain accommodative over the near term. Ample liquidity and expectations of potential reduction in RRR will likewise provide support for the local bond market barring any significant breakout on inflation forecasts for 2021 moving forward.

FUND MANAGER'S REPORT

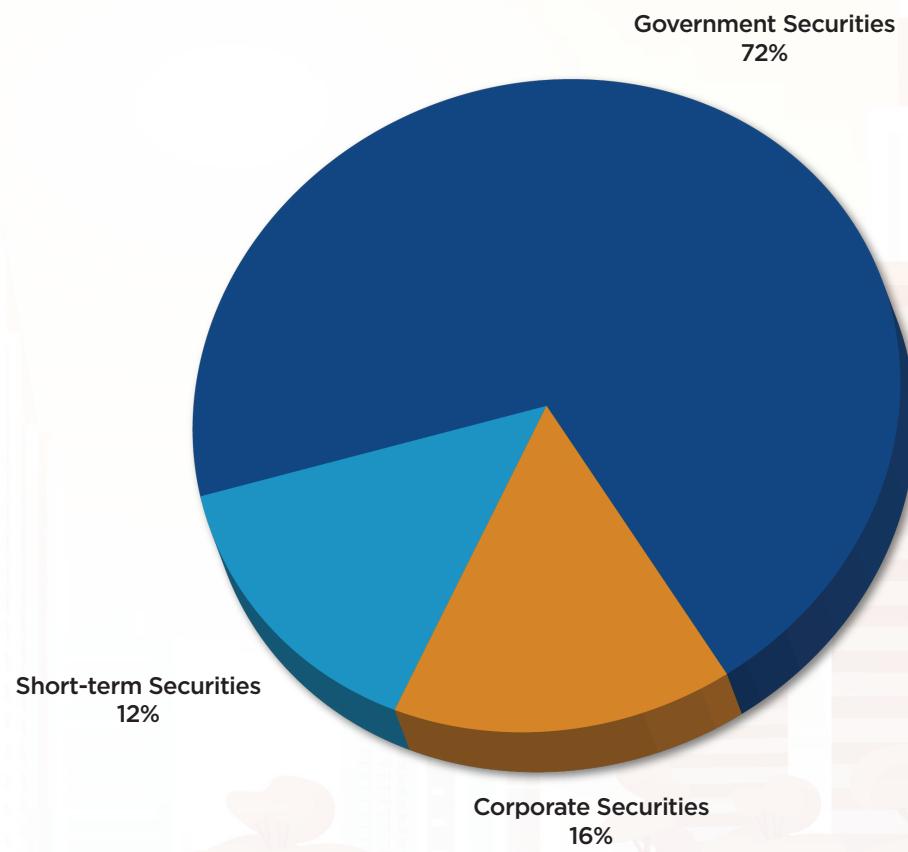
PESO FIXED INCOME FUND

Fund Distribution by Market Value

TOP HOLDINGS

Government Securities:

- Philippine Government Bond due 2021
- Philippine Government Bond due 2022
- Philippine Government Bond due 2023
- Philippine Government Bond due 2025
- Philippine Government Bond due 2033



FUND MANAGER'S REPORT

EQUITY FUND

FUND PERFORMANCE

The Equity Fund closed the year with a NAVPU of Php 4.06357, down by 11.0% from the previous year. The Fund underperformed the Philippine Stock Exchange index (PSEi), which posted a decline of 8.6% for the year. Underperformance was due to the rally of PSEi in December following the positive news on vaccine development. The late market rally was led by big caps that were underweight in the portfolio.

Volatility of the Fund was lower at 27.0% versus the PSEi's 33.1% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

The Fund maintains its exposure across all sectors of the market, favoring holding firms, consumer-related companies, and property developers. Cash position of the Fund was 7.0% by year-end as we prepare for a fragile market in 2021.

For 2021, the Fund will retain its diversified position across the business sectors of the country. Focus will be maintained in the conglomerate and consumer sector, with a long-term view of an expanding economy given the continuing drive to improve infrastructure and a resilient consumer base.

MARKET REVIEW

The Philippine Stock Exchange index (PSEi) ended 2020 lower by 8.6% from the prior year, largely affected by weak corporate and economic performance brought about by the COVID-19 pandemic. From the start of the year negative sentiment was creeping in as uncertainties were

raised due to a possible US-Iran conflict, and the abrupt Taal eruption. The 2-day market suspension (March 17-18), brought the market to its knees when it re-opened, dropping by almost 41% year-to-date (YTD) in March 19. The market recovered quickly albeit not completely, after investors recognized the over-reaction in the sell-off. Throughout the remainder of the year, COVID-19 impact-related news would trigger volatility, resulting to a stepladder recovery of the stock market. The 4Q20 showed the most promising recovery as the market rose by almost 22% as vaccine development news came into play.

OUTLOOK

The market recovery towards 7,500-8200 levels hinges on several factors, which include the ability to roll-out vaccines, containment of the virus while the vaccine is not yet available, the re-opening and speed of recovery of the economy, and the return of foreign investors. How these factors come into play, will determine whether the recovery will be quick or protracted. Nevertheless, this pandemic has proven the resilience of most companies and their ability to adapt.

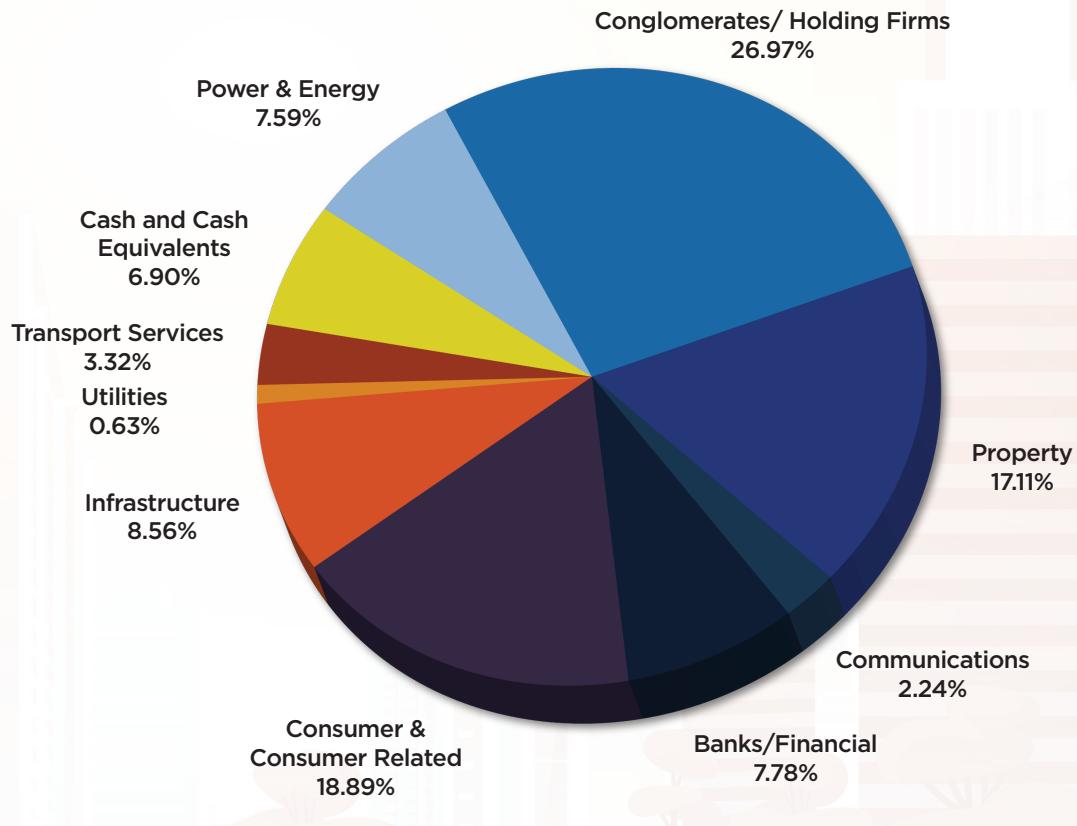
Throughout the years, investors have been rewarded repeatedly for taking a long-term view of the market. As we ultimately rise above this crisis, the fundamental value of the companies we invested in, will be realized.

FUND MANAGER'S REPORT

EQUITY FUND

Fund Distribution by Market Value

EQUITY FUND STOCK LIST	
	As of December 31, 2020
AC	Alaya Corporation
AEV	Aboitiz Equity Ventures
AGI	Alliance Global Inc.
ALI	Ayala Land Inc.
AP	Aboitiz Power Corporation
AREIT	AREIT, Inc. (Ayala Land Real Estate Investment Trust)
BDO	BDO UniBank, Inc.
BPI	Bank of the Philippine Islands
CEB	Cebu Air, Inc.
CNPF	Century Pacific Food, Inc.
CNVRG	Converge ICT Solutions, Inc.
DMC	DMCI Holdings, Inc.
DNL	D and L Industries, Inc.
EAGLE	Eagle Cement Corporation
EEI	EEI Corporation
EW	East West Banking Corporation
FB	SMC Food & Beverage
FDC	Filinvest Development Corporation
FGEN	FirstGen Corporation
FLI	First West Land, Inc.
FPH	First Philippine Holdings
GLO	Globe Telecoms
GTCAP	GT Capital Holdings, Inc.
ICT	International Container Terminal Services, Inc.
JFC	Jollibee Foods Corporation
JGS	JG Summit Holdings, Inc.
LPZ	Lopez Holdings, Inc.
MAC	MacroAsia Corp.
MAXS	Max' Group, Corp.
MBT	Metrobank and Trust Co.
MEG	Megaworld Corporation
MER	Manila Electric Co.
MPI	Metra Pacific Investments, Corp.
MWC	Manila Water Co.
MWIDE	Megawide Construction Corp.
PBB	Philippine Business Bank
PCOR	Petron Corporation
PGOLD	Puregold Price Club, Inc.
PIZZA	Shakey's Pizza
RLC	Robinsons Land Corporation
RRHI	Robinsons Retail Holdings, Inc.
SCC	Semirara Power & Mining Corporation
SECB	Security Bank Corporation
SHLPH	Pilipinas Shell Petroleum Corporation
SM	SM Investments Corp.
SMC	San Miguel Corp.
SMPH	SM Prime Holdings, Inc.
SSI	SSI Group, Inc.
TEL	PLDT, Inc.
UBP	Union Bank of the Philippines
URC	Universal Robina Corporation
VLL	Vista Land and Lifescapes, Inc.
WLCON	Wilcon Depot, Inc.



FUND MANAGER'S REPORT

PESO GLOBAL EQUITY FUND

MARKET AND PORTFOLIO PERFORMANCE - CALENDAR YEAR 2020

2020 was a highly volatile year for global equities; markets fell sharply in the first quarter as the COVID-19 pandemic led to a sharp drop in economic activity. However, markets witnessed a strong rebound and ended the year at an all-time high as progress on potential vaccines, easing of lockdowns in several economies, substantial stimulus measures and the US presidential election results provided support. Risk assets were boosted by vaccine related developments as Pfizer/BioNTech, Moderna and AstraZeneca/Oxford reported encouraging results of their respective clinical trials. The former's early extraordinary findings indicated a 90% efficacy rate. In general, cyclicals and high growth stocks fared better than most defensives as investors flocked to familiar names within mega-cap technology and 'work from home' winners. Energy stocks were the standout underperformer, while real estate and financials also ended the year in negative territory. Meanwhile, UK equities were hit particularly hard.

Over the year, the Target Fund delivered positive returns but failed to keep pace with a rapidly rising market. Following the significantly lower drawdown and outperformance during the market sell-off of Q1 2020; sector, geographic and stylistic headwinds have intensified. The underrepresentation (versus benchmark) in high growth, high valuation areas of the market and cyclically sensitive, momentum stocks created a performance headwind for the strategy.

MARKET AND PORTFOLIO PERFORMANCE - Q4 2020

Global equities advanced during the quarter and continued to rally amid hopes of a swift economic recovery on COVID-19 vaccine rollouts. Markets were buoyed by positive global developments including the signing of a post-Brexit trade deal and a deal on a US\$900 billion stimulus package in the US. Subsequent rollout of vaccination programs in different countries fuelled optimism towards global growth and helped investors look through the concerns over a more infectious COVID-19 strain which kept markets volatile. All sectors ended in positive territory. Sectors that have suffered most severely from the pandemic this year, such as energy and financials, were the top gainers over the quarter, while more defensive sectors lagged.

The Target Fund also recorded solid absolute returns as improving market breadth was supportive for its performance. However, it underperformed a strongly rising market. Pandemic winners such as health care and consumer staples underperformed the market which was driven by hopes of a reopening of global economy, and our overweight in these sectors weighed on relative returns.

OUTLOOK

The Target Fund Managers can assess the outlook for returns by looking at three key building blocks. Firstly, whether the dividend yield is attractive, at around 3 per cent (in comparison to around 2 percent for the MSCI ACWI). Secondly, expect dividend growth in mid-single digits, in keeping with the long-term growth rates for the strategy. Finally, and always hardest to predict, is any change in valuation for the strategy and the market. Valuations are sensitive to unpredictable macro variables such as long-term interest rates and growth expectations. As such, valuations across the market could change meaningfully if expectations or central bank messaging changes. The quality of the businesses in the portfolio, the defensive tilt to positioning, and the significant valuation discount of holdings should underpin an attractive long-term total return. This should also give the Target Fund some protection if current expectations for a sharp recovery in 2021 prove overly optimistic.

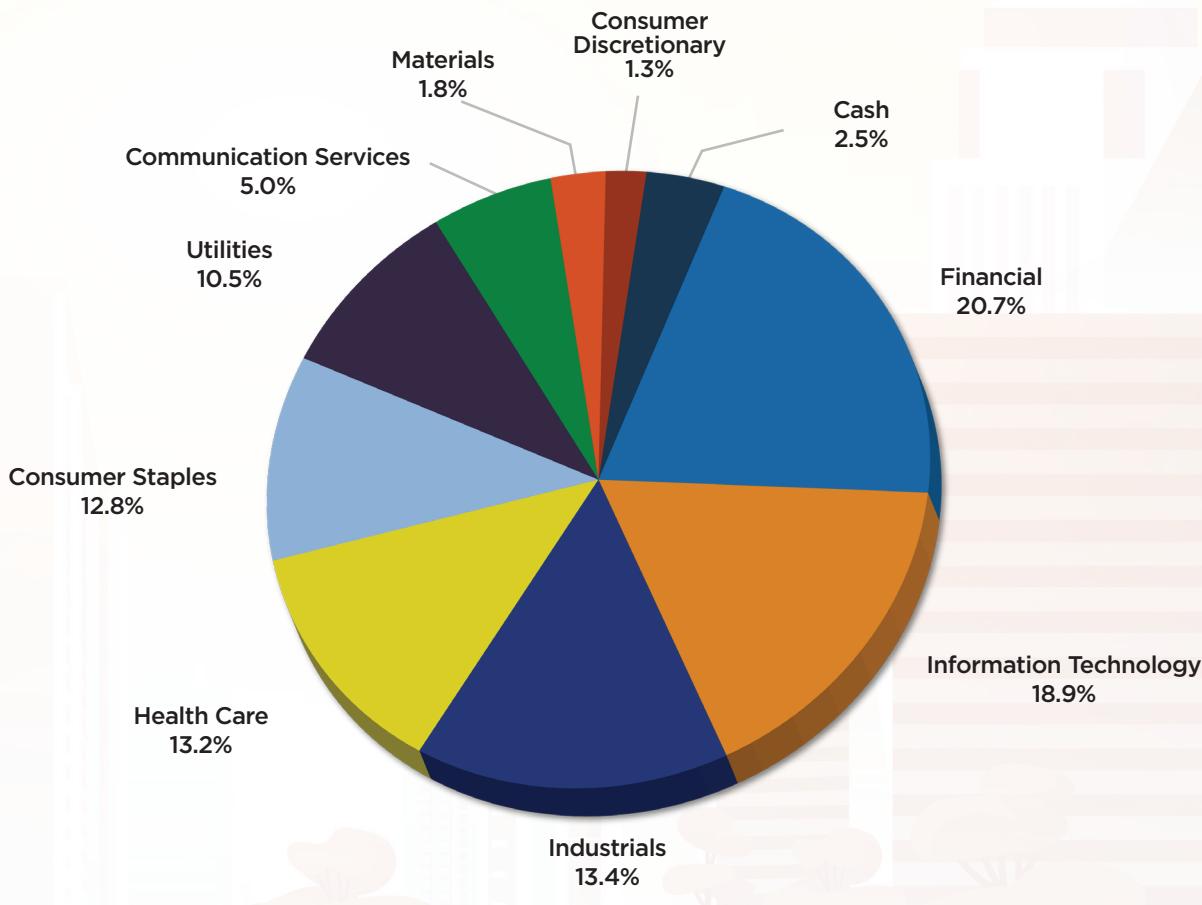
It is harder than ever to make predictions for what will drive equity markets in 2021. The Fund Managers can expect continuing volatility as markets become more or less optimistic about the possibility of a vaccine rollout, enabling a return to some degree of normality in parts of the economy most impacted by social distancing measures. Valuations in the 'big five' US technology companies still reflect expectations for high levels of growth into the future, against a backdrop of weak global growth. The shine could come off these highly valued companies if and when economic activity increases and inflation expectations rise. This effect would be magnified if a Biden administration adopts an aggressive regulatory stance towards the technology sector.

FUND MANAGER'S REPORT

PESO GLOBAL EQUITY FUND

Fund Distribution by Market Value

TARGET FUND'S TOP 10 HOLDINGS	
As of December 31, 2020	
Taiwan Semiconductor Mfg. Co. Ltd.	
Unilever PLC	
Samsung Electronics Co. Ltd.	
Iberdrola SA	
Roche Holding Ltd.	
Schneider Elec. SA	
Cisco Systems Inc.	
Blackrock Inc.	
Deutsche Boerse AG	
Novartis AG	



FUND MANAGER'S REPORT

GROWTH FUND

FUND PERFORMANCE

Growth Fund closed 2020 with a NAVPU of Php 1,478739, down 9.7% from the previous year. The Fund lagged the Philippine Stock Exchange Index (PSEi), which declined by 8.6% year on year. Underperformance was due to the rally of PSEi in December following the positive news on vaccine development. The late market rally was led by big caps that were underweight in the portfolio.

Volatility of the Fund was lower at 27.9% versus the PSEi's 33.1% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

The Fund was biased on companies exposed in consumer staples sector, which was expected to show resiliency amid the pandemic. Cash position of the Fund was 7.2% to cushion against expected volatility next year.

For 2021, the Fund will be partial on cyclical stocks that are viewed to benefit significantly from the eventual reopening of the economy. This is consistent with the Fund's long-term strategy to overweight exposure in the growth sectors of the Philippine economy.

MARKET REVIEW

The Philippine Stock Exchange Index (PSEi) ended 2020 lower by 8.6% from the prior year, largely affected by weak corporate and economic performance brought about by the COVID-19 pandemic. From the start of the year negative sentiment was creeping in as uncertainties were raised due to a possible US-Iran conflict, and the abrupt Taal eruption. The 2-day market suspension (March17-18), brought the market to its knees when it re-opened, dropping by almost 41% year-to-date (YTD)

in March 19. The market recovered quickly albeit not completely, after investors recognized the over-reaction in the sell-off. Throughout the remainder of the year, COVID-19 impact-related news would trigger volatility, resulting to a stepladder recovery of the stock market. The 4Q20 showed the most promising recovery as the market rose by almost 22% as vaccine development news came into play.

OUTLOOK

The market recovery towards 7,500-8200 levels hinges on several factors, which include the ability to roll-out vaccines, containment of the virus while the vaccine is not yet available, the re-opening and speed of recovery of the economy, and the return of foreign investors. How these factors come into play, will determine whether the recovery will be quick or protracted. Nevertheless, this pandemic has proven the resilience of most companies and their ability to adapt.

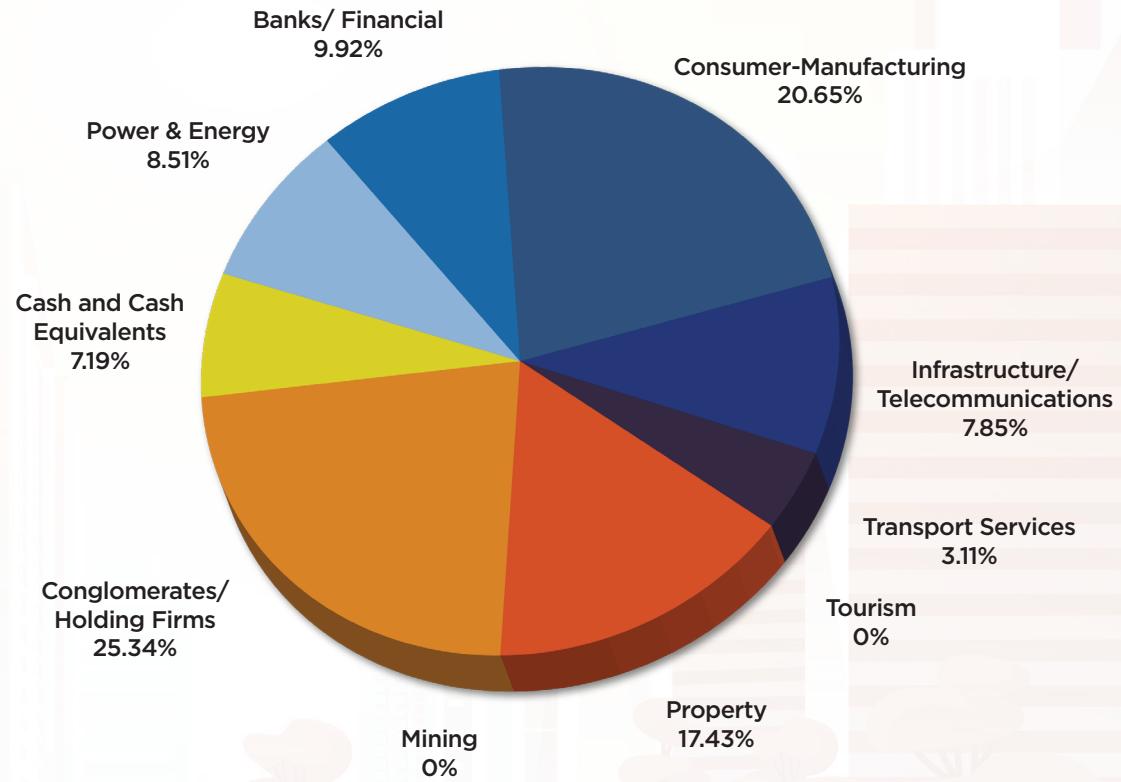
Throughout the years, investors have been rewarded repeatedly for taking a long-term view of the market. As we ultimately rise above this crisis, the fundamental value of the companies we invested in will be realized.

FUND MANAGER'S REPORT

GROWTH FUND

Fund Distribution by Market Value

GROWTH FUND STOCK LIST	
	As of December 31, 2020
AC	Ayala Corporation
ACEN	AC Energy Philippines, Inc.
AEV	Aboitiz Equity Ventures, Inc.
AGI	Alliance Global Inc.
ALI	Ayala Land, Inc.
AP	Aboitiz Power Corporation
BDO	BDO UniBank, Inc.
CIC	Conception Industrial Corporation
CLI	Cebu Landmasters, Inc.
CNPF	Century Pacific Food, Inc.
CNVRG	Converge ICT Solutions, Inc.
DELM	Del Monte Pacific Ltd.
DMC	DMCI Holdings, Inc.
DNL	D and L Industries, Inc.
EAGLE	Eagle Cement Corporation
EEI	EEI Corporation
EW	East West Banking Corporation
FB	San Miguel Food & Beverage, Inc.
FGEN	FirstGen Corporation
FPH	First Philippine Holdings
GLG	Globe Telecoms
GTCAP	GT Capital Holdings, Inc.
ICT	International Container Terminal Services, Inc.
JGS	JG Summit Holdings, Inc.
LPZ	Lopez Holdings
MAC	MacoAsia Corp.
MAXS	Max's Group, Inc.
MBT	Metropolitan Bank and Trust Company
MEG	Megaworld Corporation
MPI	Metro Pacific Investments
MWIDE	Megawide Construction Corp.
PBB	Philippine Business Bank
PCOR	Petron Corporation
PGOLD	Puregold Price Club, Inc.
PXP	Philex Petroleum Corporation
RLC	Robinsons Land Corporation
RRHI	Robinsons Retail Holdings, Inc.
SCC	Semirara Mining Corporation
SECB	Security Bank Corporation
SHLPH	Pilipinas Shell Petroleum Corporation
SM	SM Investments Corp.
SMC	San Miguel Corporation
SPMH	SM Prime Corporation
SSI	SSI Group, Inc.
URC	Universal Robina Corporation
VLL	Vista Land and Lifescapes, Inc.



FUND MANAGER'S REPORT

O.N.E. FUND (Own the New Economy)

FUND PERFORMANCE

ONE Fund closed 2020 at Php 0.877135, down 8.7% from the previous year. The Fund slightly underperformed the Philippine Stock Exchange index (PSEi), which was up 8.6% for the year. Underperformance was due to the rally of PSEi in December following the positive news on vaccine development. The late market rally was led by big caps that were overweight in the portfolio.

Volatility of the Fund was lower at 26.0% versus the PSEi's 33.1% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

The Fund remains overweight in consumer related stocks as the Philippines remains a consumer driven economy. Portfolio composition of the Fund is consistent with its mandate of representing the GDP drivers of the country.

Cash position of the Fund was 4.0% by year-end on expectations of a recovery of consumer spending in 2021.

MARKET REVIEW

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OUTLOOK

The market recovery towards 7,500-8,200 levels hinges on several factors, which include the ability to roll-out vaccines, containment of the virus while the vaccine is not yet available, the re-opening and speed of recovery of the economy, and the return of foreign investors. How these factors come into play, will determine whether the recovery will be quick or protracted. Nevertheless, this pandemic has proven the resilience of most companies and their ability to adapt.

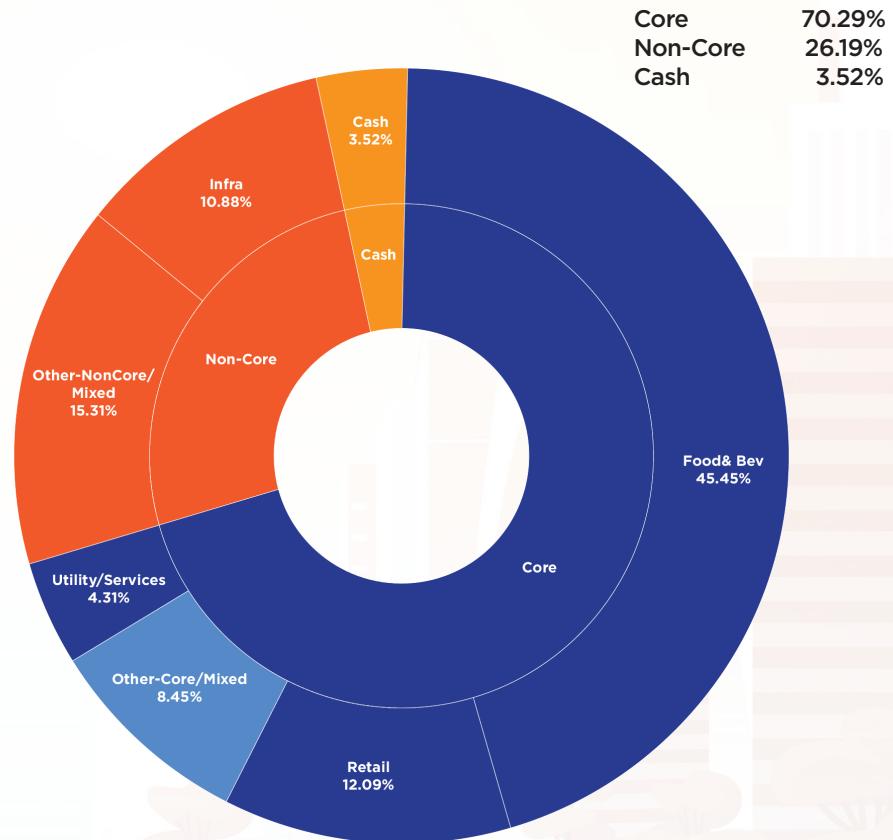
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FUND MANAGER'S REPORT

O.N.E. FUND (Own the New Economy)

Fund Distribution by Market Value

O.N.E. FUND STOCK LIST	
As of December 31, 2020	
AC	Ayala Corporation
ALI	Ayala Land Inc.
AP	Aboitiz Power Corporation
BPI	Bank of the Philippine Islands
CNPF	Century Pacific Food, Inc.
CNVRG	Converge ICT Solutions, Inc.
DMC	DMCI Holdings, Inc.
EAGLE	Eagle Cement Corporation
EEI	EEI Corporation
FB	SMC Food & Beverage
JFC	Jollibee Foods Corporation
MAC	MacroAsia Corp.
MAXS	Max's Group, Corp.
MER	Manila Electric Co.
MPI	Metro Pacific Investments, Corp.
MWC	Manila Water Co.
MWIDE	Megawide Construction Corp.
PGOLD	Puregold Price Club, Inc.
PIZZA	Shakey's Pizza Asia Ventures, Inc.
RLC	Robinsons Land Corporation
RRHI	Robinsons Retail Holdings, Inc.
SHLPH	Pilipinas Shell Petroleum Corporation
SM	SM Investments Corp.
SMPH	SM Prime Holdings, Inc.
WLCON	



FUND MANAGER'S REPORT

SELECT EQUITIES FUND (SEF)

FUND PERFORMANCE

SEF NAVPU closed 2020 at Php 0.829173, down 3.7% from the previous year. The Fund outperformed the Philippine Stock Exchange index (PSEi), which was down 8.6% for the year. Outperformance was mainly due to the resilience of the telco sector, where the Fund has significant exposure. SEF volatility was lower at 31.0% versus the PSEi's 33.1% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

MARKET REVIEW

The Philippine Stock Exchange index (PSEi) ended 2020 lower by 8.6% from the prior year, largely affected by weak corporate and economic performance brought about by the COVID-19 pandemic. From the start of the year negative sentiment was creeping in as uncertainties were raised due to a possible US-Iran conflict, and the abrupt Taal eruption. The 2-day market suspension (March 17-18), brought the market to its knees when it re-opened, dropping by almost 41% year-to-date (YTD) in March 19. The market recovered quickly albeit not completely, after investors recognized the over-reaction in the sell-off. Throughout the remainder of the year, COVID-19 impact-related news would trigger volatility, resulting to a stepladder recovery of the stock market. The 4Q20 showed the most promising recovery as the market rose by almost 22% as vaccine development news came into play.

OUTLOOK

The market recovery towards 7,500-8,200 levels hinges on several factors, which include the ability to roll-out vaccines, containment of the virus while the vaccine is not yet available, the re-opening and speed of recovery of the economy, and the return of foreign investors. How these factors come into play, will determine whether the recovery will be quick or protracted. Nevertheless, this pandemic has proven the resilience of most companies and their ability to adapt.

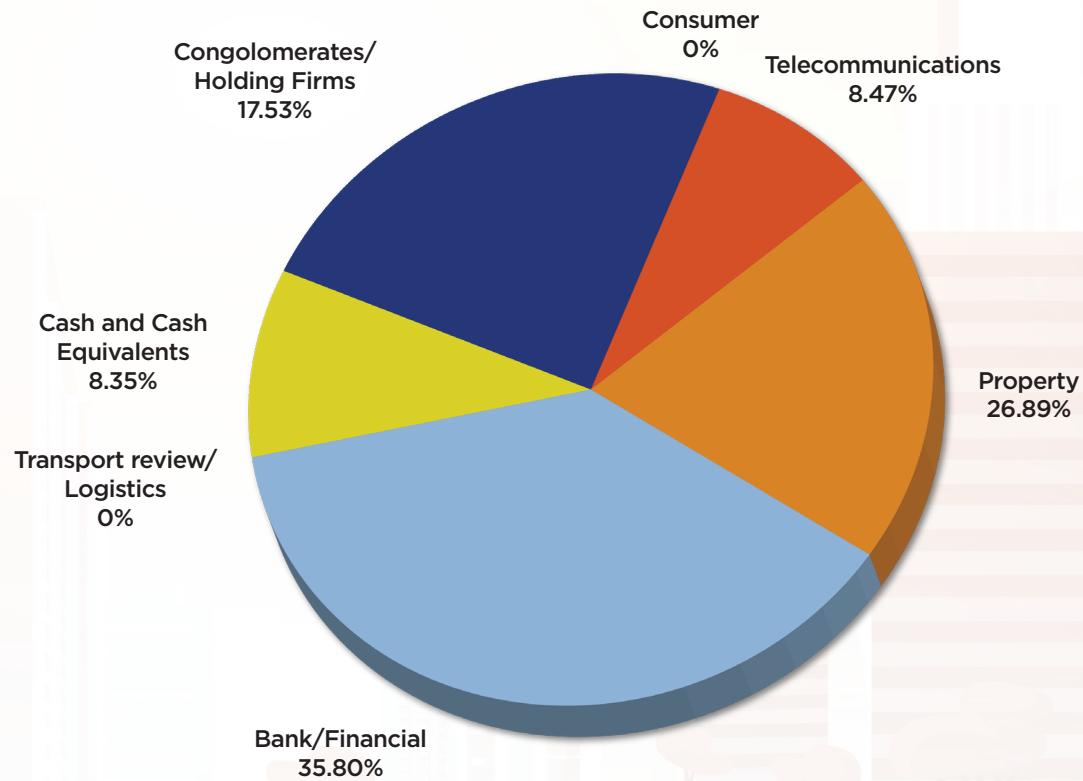
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FUND MANAGER'S REPORT

SELECT EQUITIES FUND

Fund Distribution by Market Value

COMPOSITION OF SEF AS OF 29 DECEMBER 2020 IS AS FOLLOWS:	
AC	Ayala Corporation
ALI	Ayala Land, Inc.
BDO	BDO Unibank
BPI	Bank of the Philippine Islands
MBT	Metropolitan Bank and Trust Company
MEG	Megaworld Corporation
MPI	Metro Pacific Investments Corporation
SECB	Security Bank Corporation
SM	SM Investments Corporation
SMPH	SM Prime Holdings Corporation
TEL	Pldt, Inc.
Reserve List	
GLO	Globe Telecom, Inc.
GTCAP	GT Capital Holdings, Inc.
ICT	Int'l Container Terminal Services, Inc.
JGS	JG Summit Holdings, Inc.
URC	Universal Robina Corporation



FUND MANAGER'S REPORT

GUARDIAN FUND

FUND PERFORMANCE

Guardian Fund NAVPU closed 2020 at Php 0.683396, down 8.2% from the previous year. The Fund slightly outperformed the Philippine Stock Exchange index (PSEi), which was down by 8.6% for the year. Volatility of the Fund remained lower at 28.7% versus the PSEi's 33.1% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

Cash position was maintained at 9.9% as the Fund prepares for market volatility next year.

MARKET REVIEW

The Philippine Stock Exchange index (PSEi) ended 2020 lower by 8.6% from the prior year, largely affected by weak corporate and economic performance brought about by the COVID-19 pandemic. From the start of the year negative sentiment was creeping in as uncertainties were raised due to a possible US-Iran conflict, and the abrupt Taal eruption. The 2-day market suspension (March 17-18), brought the market to its knees when it re-opened, dropping by almost 41% year-to-date (YTD) in March 19. The market recovered quickly albeit not completely, after investors recognized the over-reaction in the sell-off. Throughout the remainder of the year, COVID-19 impact-related news would trigger volatility, resulting to a stepladder recovery of the stock market. The 4Q20 showed the most promising recovery as the market rose by almost 22% as vaccine development news came into play.

OUTLOOK

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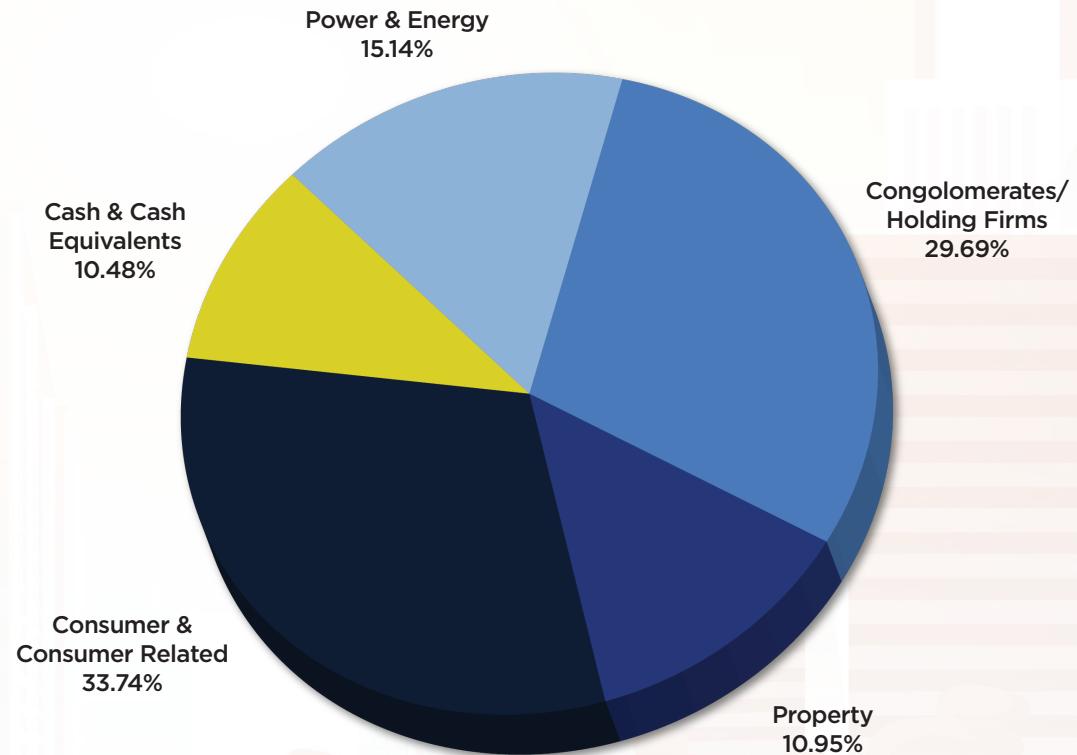
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FUND MANAGER'S REPORT

GUARDIAN FUND

Fund Distribution by Market Value

COMPOSITION OF GUARDIAN FUND AS OF 31 DECEMBER 2020 IS AS FOLLOWS:	
AC	Ayala Corporation
FGEN	First Gen Corporation
DNL	D and L Industries, Inc.
GTCAP	GT Capital Holdings, Inc.
JGS	JG Summit Holdings, Inc.
MWIDE	Megawide Construction Corporation
PGOLD	Puregold Price Club, Inc.
RLC	Robinsons Land Corporation
RRHI	Robinsons Retail Holdings, Inc.
SCC	Semirara Mining and Power Corporation



FUND MANAGER'S REPORT

BALANCED FUND

FUND PERFORMANCE

Balanced Fund ended the year with a NAVPU of 2.95673, down 0.63% from the previous year. The Fund continues to have a balanced exposure in Equities and Fixed Income through InLife's VUL Equity Fund and Peso Fixed Income Fund.

MARKET REVIEW

The Philippine Stock Exchange index (PSEi) ended 2020 lower by 8.6% from the prior year, largely affected by weak corporate and economic performance brought about by the COVID-19 pandemic. Negative sentiment crepted in at the start of the year as uncertainties increased due to a possible US-Iran conflict and the abrupt Taal eruption. The 2-day market suspension in March 17-18 brought the market to its knees as it dropped by almost 41% year-to-date (YTD) when it re-opened in March 19. The market recovered quickly albeit not completely, after investors recognized the over-reaction in the sell-off. Throughout the remainder of the year, COVID-19 impact-related news triggered volatility, resulting to a stepladder recovery of the stock market. The 4Q20 showed the most promising recovery as the market rose by almost 22% as vaccine development news came into play.

The deep recession caused by the pandemic urged the BSP to introduce aggressive monetary policy measures. These monetary policy accommodations led to further decline in interest rates by 100 basis points (bps) or so by the end of 2020. The central bank trimmed the rates by a total of 200 bps, reduced the reserve requirement ratio (RRR) on big banks by 200 basis points (bps), engaged in buying of government securities in the secondary market, and implemented some regulatory

relief measures for banks. With these measures, the BSP has injected almost Php 2 trillion liquidity into the system which greatly influenced continued decline and stability in interest rates. Given the elevated liquidity, domestic bond yields sustained its downward trend notwithstanding the slight uptick in inflation during the second half of the year. The bond market stayed defensive, preferring to buy short-term securities

OUTLOOK

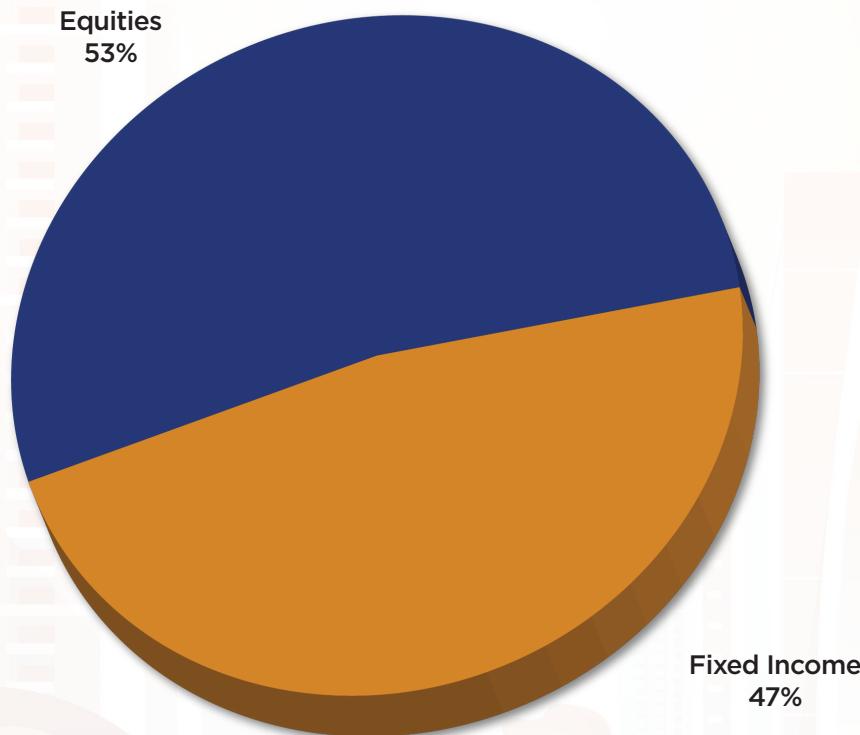
The PSEi recovery towards 7,500-8,200 levels hinges on several factors, which include the ability to roll-out vaccines, containment of the virus while the vaccine is not yet available, the re-opening and speed of recovery of the economy, and the return of foreign investors. How these factors come into play will determine whether the recovery will be quick or protracted. Nevertheless, this pandemic has proven the resilience of most companies and their ability to adapt. Investors have been rewarded repeatedly throughout the years for taking a long-term view and as we ultimately rise above the crisis, the fundamental value of the companies we invested in will be realized.

The monetary support that has already been unleashed by the BSP will likely keep bond yields low for now. Investors continue to favor short-term assets while waiting for any solid developments particularly on the onshore inflation trend and vaccine roll-out. While the impact of the pandemic continues to dampen economic activity, policy stance is expected to remain accommodative over the near term. Ample liquidity and expectations of potential reduction in RRR will likewise provide support for the local bond market barring any significant breakout on inflation forecasts for 2021 moving forward.

FUND MANAGER'S REPORT

BALANCED FUND

Fund Distribution by Market Value



FUND MANAGER'S REPORT

DOLLAR FIXED INCOME FUND

FUND PERFORMANCE

In 2020, ROP yield curve shifted downwards, tracking movement in US Treasury yield curve. Given that yields move in opposite direction from prices, the Dollar Fixed Income Fund increased by 5.53% YoY to USD1.770209 Net Asset Value per Unit (NAVPU) in 2020. The Fund continues to invest in a mix of ROP and corporate bonds, and short-term securities.

MARKET REVIEW

The year started with investors rushing into safe haven assets amid heightened U.S. and Iran geopolitical tensions. Concerns were also fueled by the outbreak of a new strain of coronavirus originating in China, which was later identified as COVID-19. As the first quarter ends, risk-off sentiment had become more apparent as lockdowns were imposed in several countries to rein in the transmission of the coronavirus. The Fed carried out a total of 150 basis points (bps) interest rate cut, as well as implemented a bond buying program to support the U.S. economy from the implications posed by the COVID-19 pandemic. Fiscal stimulus packages were also signed by the U.S. to aid households, small businesses, and heavily affected industries during the lockdown. Key U.S. economic data were negatively affected, with GDP contracting by as much as 31.4% in Q2 2020 and unemployment rate reaching as high as 14.8% in April. Economic recovery was seen at the second half of the year as the U.S. reported positive quarterly GDP growth rate and improvement in unemployment rate. Confidence on the path of economic recovery was boosted by the newly elected President Joe Biden's proposal of a massive fiscal stimulus package for passage next year as well as the rollout of COVID-19 vaccines in the U.S. in December.

On the local front, the country plunged into recession as adverse economic impact of the pandemic was experienced amid prolonged lockdowns imposed by the government. To support the economy, the Bangko Sentral ng Pilipinas (BSP) implemented various accommodative measures and reduced the policy rates by a total of 200 basis points (bps) during the year. Fiscal stimulus packages were also passed to aid households and small businesses as well as to expand healthcare.

OUTLOOK

COVID-19 pandemic will likely remain a key risk next year as new variants emerged in the latter part of 2020. Economic recovery in the U.S. and the PH moving forward will largely remain hinged on the containment of the coronavirus and on the progress of the vaccination program. In this backdrop, accommodative monetary policy stance and additional fiscal support are expected in the near term.

FUND MANAGER'S REPORT

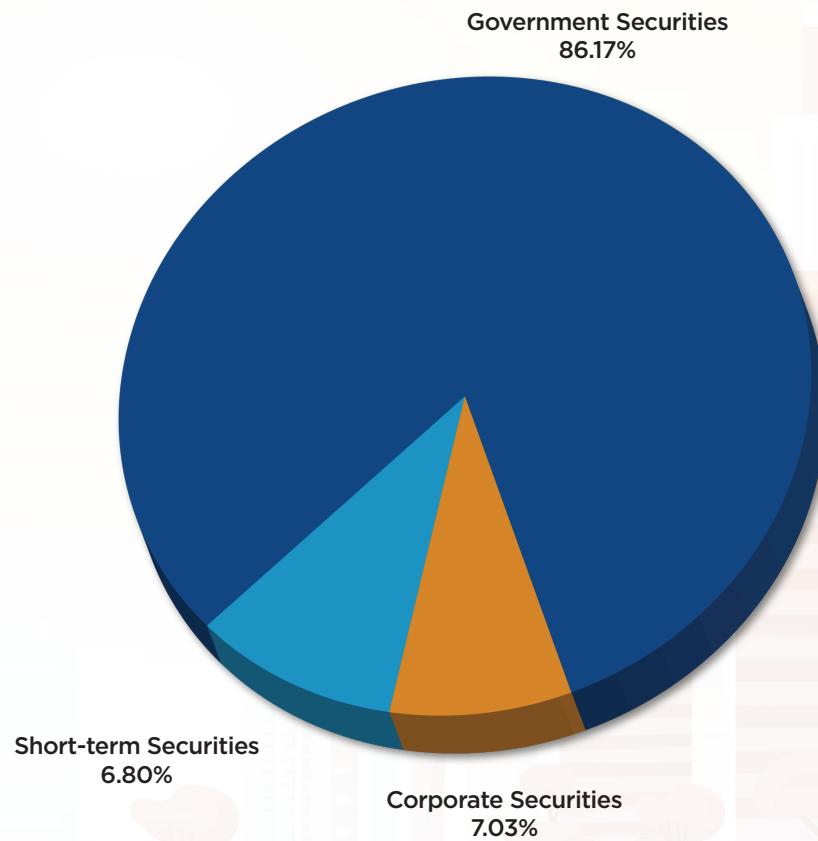
DOLLAR FIXED INCOME FUND

Fund Distribution by Market Value

TOP HOLDINGS as of December 31, 2020

Government Securities:

- Republic of the Philippines 2034
- Republic of the Philippines 2031
- Republic of the Philippines 2030
- Republic of the Philippines 2025
- Republic of the Philippines 2024



FUND MANAGER'S REPORT

DOLLAR OPPORTUNITY FUND

MARKET AND PORTFOLIO PERFORMANCE - CALENDAR YEAR 2020

Despite concerns over the global pandemic, trade wars and deepening political tension, exciting long-term opportunities still exist in the U.S. market. Global innovators with business models that are enabling huge paradigm shifts are driving this across myriad industries. The Target Fund identifies and invests in U.S. companies that are benefiting from multi-year growth platforms and leveraging innovation that can lead to sustainable competitive advantages and long-term growth. It focuses on innovative, fast-growing companies, particularly those demonstrating increasing profitability or growth potential relative to the overall economy.

The Fund Management Team's location in Silicon Valley gives it unparalleled access to the world's largest and well-established technology, biotechnology and pharmaceutical companies, research universities and venture capitalist firms. Its dedicated experts in health care focus on both the traditional aspects of health sciences as well as the rapidly developing health care innovation. This provides them the advantage to see investment opportunities and technology-driven disruption before the broader markets.

MARKET AND TARGET FUND PERFORMANCE - Q4 2020

The target fund outperformed its benchmark for the year due to its growth strategy with focus on technology, health care and consumer discretionary. US equities gained during the last quarter of 2020 due to positive sentiment from vaccine approvals and the results of the US presidential elections in November. Along with a \$900 billion stimulus plan announced towards December, these provided the positive backdrop that the recovery is imminent.

One of the things expected from the Biden administration is a significant infrastructure bill with spending. A lot of that will be focused on the traditional roads and bridges and airports. The target fund managers expect to see a lot

of money go into things like broadband access, 5G infrastructure, other areas of technology that's going to be very supportive and be very different than past infrastructure spending plans.

OUTLOOK

The Target Fund Managers invest in companies that are leveraged to secular growth themes that would last for the next decade, such as the Fintech, Digital Payments & E-Commerce. Financial services transformation disrupted traditional banking. It accelerates adoption of mobile banking, digital payments/wallets and social lending. Cloud Computing Services - this scalable, flexible and cost-efficient solution is a top priority for many companies. Cloud services spending estimated to surpass \$1 trillion in 2024. Health Care Innovation Personalized and precision medicine will see demand globally from an aging population.

One of the target fund's big themes, digital innovation, continues to lead, transforming the more traditional economy. It's really moving beyond technology and to many other sectors of the market and some of the biggest opportunities right now are really how digital innovation is moving beyond technology and into industrials, health care, financials, and really bringing those industries up to speed and bringing them into a more competitive positioning for the global landscape.

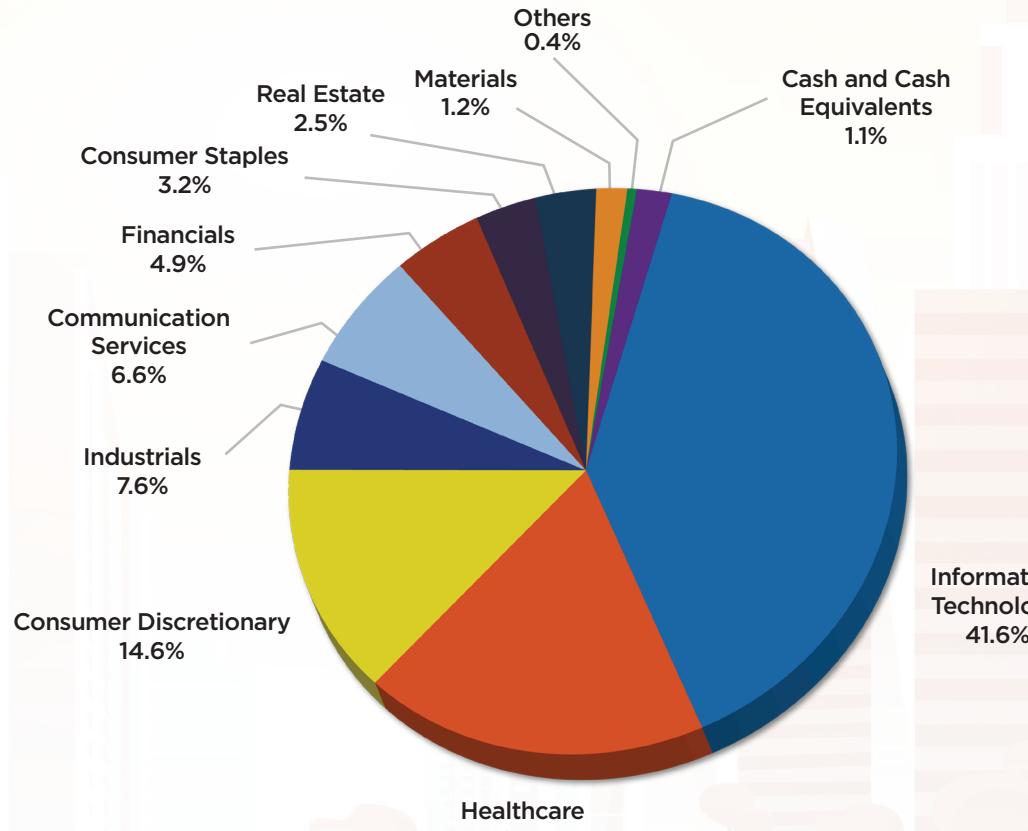
The Target Fund Managers are continuing to monitor the vaccine rollout, as well as some of the new variants, as some of that could bring about a potential for stall risk of the overall economy. All of these really tie together into sort of a bigger picture of how accelerating GDP growth will affect inflation and interest rates. The US has a tremendous amount of stimulus in the system, driving a lot of the recovery and supporting consumer confidence. It is something that they are watching very closely over the next year and probably well into 2022.

FUND MANAGER'S REPORT

DOLLAR OPPORTUNITY FUND

Fund Distribution by Market Value

TARGET FUND'S TOP 10 HOLDINGS	
As of December 31, 2020	
Amazon.com Inc.	
Microsoft Corp.	
Mastercard Inc.	
Apple Inc.	
Visa Inc.	
ServiceNow Inc.	
CoStar Group Inc.	
Alphabet Inc.	
SBA Communications Corp.	
Adobe Inc.	



FUND MANAGER'S REPORT

RECOVERY EQUITY FUND

BACKGROUND

2020 was not a good year for the Philippine equities market as sentiment continued to be weak amid the COVID-19 pandemic. The Philippine Stock Exchange index (PSEi) dropped by as much as 40.8% year-to-date (YTD) in March 2020 as Metro Manila was placed under Enhanced Community Quarantine to avert the spread of the virus. Despite government efforts to gradually reopen the economy, the PSEi still ended the year with a negative 8.6% YTD performance.

Long term performance of the market suggests that despite several downturns in the past, the market has managed to recover every time. Following this thesis, Recovery Equity Fund (REF) was launched to provide policyholders the opportunity to take advantage of the eventual recovery of the market.

NEW FUND

The theme of the Fund anchors on the thesis that the market always recovers from every downturn as evidenced in the historical performance of the PSEi. The Fund aims to take advantage of the current market weakness and ride the upward trend when the market starts to recover.

Unlike the existing equity funds of InLife which adhere to the principles of long-term investing, investment horizon of the Fund is just 5-years since its main objective is to participate in the recovery path of the market amid the current crisis. Another differentiation of REF is its expected high volumes of trading activity in contrast to the generally buy-and-hold strategy of existing InLife equity funds.

FUND PERFORMANCE

REF closed 2020 at Php 0.992852, down 0.7% since its launch on 27 November 2020. Cash position of the Fund remained elevated at 77.8% by year-end due to the early phase of building its portfolio positions.

The Fund aims to build a portfolio that would be in the best position to ride the market recovery after the COVID-19 crisis. The Fund will be invested in companies that are expected to benefit from the reopening of the economy. Exposure on defensive stocks in the telco and consumer staples industries will also be maintained to cushion the portfolio in case market recovery becomes protracted.

Given its short-term horizon and aggressive trading strategy, the Fund ranks highest in terms of risk profile. On the other hand, the Fund is expected to be more agile, and in a better position to take advantage of the interim volatility of the market.

FUND MANAGER'S REPORT

PESO GLOBAL TECHNOLOGY FUND

MARKET AND PORTFOLIO PERFORMANCE - CALENDAR YEAR 2020

The Target Fund continues to favor reasonably priced long-term growth opportunities in the global technology space, with an emphasis on valuation discipline. The Target Fund strongly outperformed the comparative index over Q4, though marginally underperformed over the full year 2020. Stock selection among entertainment names added value - particularly earlier in the year, given the stay-at home orders in place in many countries owing to COVID-19. Stock picking and an overweight to semiconductor names also added value; though stock selection and an underweight to hardware businesses was a source of weakness.

In Q4, the Target Fund benefitted in relative performance terms from a risk-on rally in small and mid-caps and cyclical-value stocks. The portfolio manager continues to weight cyclical opportunities more heavily, ahead of a likely further recovery in these areas as markets start to price in a post-pandemic environment. Recently the portfolio manager has been taking profits on COVID winners of this year as well as semiconductor names which have done well and reducing in some internet firms where he sees increased regulatory risk. He has also been allocating to attractively valued opportunities in software, and positioning more towards industrial technology exposure, in areas like factory automation and electric vehicle (EV) supply chains.

MARKET AND TARGET FUND PERFORMANCE - Q4 2020

Global equities advanced over the quarter amid optimism around vaccine deployment and the potential for economic and societal normalization post COVID-19. Despite a sharp selloff in technology names in October, as investors rotated towards cyclical-value opportunities and out of perceived COVID winners in the mega cap internet space and areas like gaming, the sector outperformed the broad market over the period.

The technology rally in November and December was partly down to what looked like being a relatively favorable US election outcome for the space, with Democrats controlling the White House and with a narrow majority in the House of Representatives, while the Republicans looked likely to retain control of the Senate. Such divided government would have made new regulatory initiatives harder to proceed with. Alongside increased volatility and cyclical outperformance, small and mid-caps outperformed in October and November, which along with the value rally was conducive to Target Fund outperformance.

Within technology industries, cyclical areas like electronic equipment, semiconductors and hardware rallied, while defensive software lagged.

Strong stock selection in the semiconductors & semiconductors equipment and technology hardware, storage & peripherals segments drove returns, while an underweight stance in software names also added relative value.

OUTLOOK

Life will slowly return to normal post COVID-19. While the timing for this is difficult and partly dependent on news around vaccines, the Target Fund Manager expects more cyclical stocks to benefit. He has recently seen some big moves up in stocks that he holds with significant sensitivity to travel markets, and he expects many of these names to continue performing well. This seems even more certain if he takes a three-year view of likely normalization. As a result, the portfolio is positioned slightly more towards cyclicals than usual.

The technology market continues to benefit from structural drivers as well. Areas such as cloud migration and demand for digitization solutions should continue to see robust growth. COVID-19 has demonstrated the centrality of technology to all our lives - whether in the form of IT for working from home or e-commerce and home entertainment. That said, in the short-term; 'virus beneficiary' stocks in e-commerce, home entertainment and other areas now have a high hurdle to reach in terms of 2021 expectations.

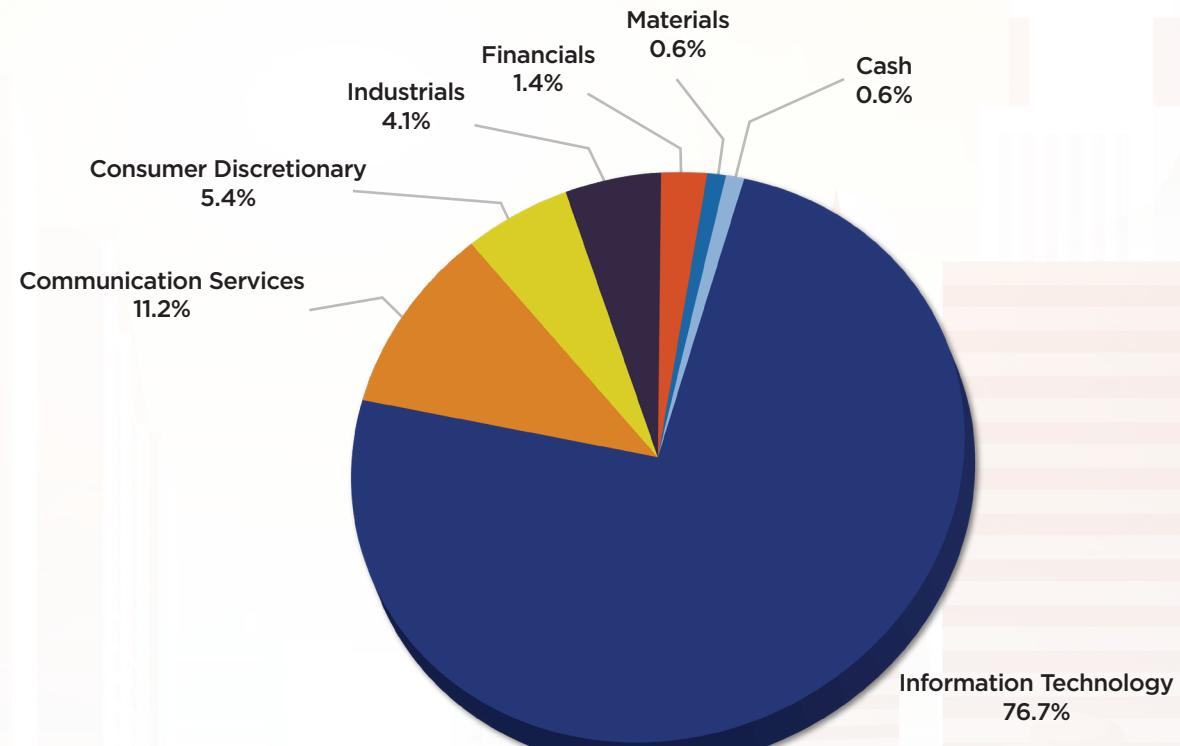
Global recovery could be faster than people expect. There is a lot of pent-up demand for things like travel, while governments' encouragement of investment in green energy as a means for stimulating economic recovery is also likely to benefit technology firms with exposure to things like supply chains of electric vehicles. Internet advertising should also benefit from recovery, as advertisers start spending more again. Ongoing deployment of 5G networks, which should be fairly insensitive to economic news flow, should continue to benefit component and equipment providers. An earlier than expected return to more office-based working could also boost associated on-premise IT spending, and enterprise hardware providers. The Target Fund Manager has seen demand brought forward significantly in areas like e-commerce as a result of the pandemic. While he remains positive on many names in this space, some companies are reporting expected 2025 levels of demand for this year, which as mentioned creates high expectation hurdles. He also continues to avoid many high growth software names, that he believes are trading at unreasonable valuations, and would be vulnerable in any market move towards more cyclical/value names.

FUND MANAGER'S REPORT

PESO GLOBAL TECHNOLOGY FUND

Fund Distribution by Market Value

TARGET FUND'S TOP 10 HOLDINGS	
As of December 31, 2020	
Apple Inc	
Samsung Electronics Co Ltd	
Microsoft Corp	
Alphabet Inc	
Visa Inc	
NXP Semiconductors Nv	
Intel Corp	
SAP Se	
Analog Devices Inc	
Cisco Systems Inc	



INDEPENDENT AUDITORS' REPORT

THE BOARD OF TRUSTEES AND MEMBERS THE INSULAR LIFE ASSURANCE COMPANY, LTD.

OPINION

We have audited the accompanying combined financial statements of Insular Life Wealth Series Funds (the "Separate Funds"), which comprise the combined statements of financial position as at December 31, 2020 and 2019, and the combined statements of comprehensive income, combined statements of changes in net assets attributable to unitholders, and combined statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Insular Life Wealth Series Funds as at December 31, 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 Combined Financial Statements section of our report. We are independent of the Separate Funds 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 combined financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Separate Funds' 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 Separate Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Separate Fund's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE COMBINED 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.

INDEPENDENT AUDITORS' REPORT

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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined 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 auditors' report. However, future events or conditions may cause the Separate Funds 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

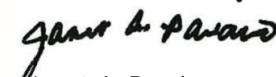
financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

RESTRICTION ON DISTRIBUTION AND USE

This report is intended solely for the information and use of the board of trustees, members, and management of The Insular Life Assurance Company, Ltd. and for submission to the Insurance Commission and should not be used for any other purpose.

SYCIP GORRES VELAYO & CO.



Janet A. Paraiso
Partner

CPA Certificate No. 92305
SEC Accreditation No. 0778-AR-3 (Group A),
June 19, 2018, valid until June 18, 2021
Tax Identification No. 193-975-241
BIR Accreditation No. 08-001998-062-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534211, January 4, 2021, Makati City

April 22, 2021

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31, 2020												
	Peso Investment Funds												
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	Peso ONE Global Fund	Peso Technology Global Fund	Recover Equity Fund
ASSETS													
Cash and cash equivalents (Note 4)	₱132,550	₱123,847,859	₱956,020,938	₱287,350,780	₱-	₱-	₱295,737,896	₱40,906,660	₱60,620,564	₱14,493,422	₱19,212,795	₱19,394,068	₱318,658,791
Financial assets at fair value through profit or loss (Note 5):													
Debt securities	-	2,782,714,341	-	-	305,671,000	149,370,000	-	366,065,020	-	-	-	-	-
Equity securities	-	-	12,674,146,080	3,688,596,108	-	-	3,256,800,544	-	550,292,267	1,282,000,766	470,309,238	910,059,488	96,387,804
Investment in fixed income fund	956,332,431	-	-	-	-	-	-	-	-	-	-	-	-
Investment in equity fund	1102,340,288	-	-	-	-	-	-	-	-	-	-	-	-
Receivables (Note 6):													
Subscriptions receivable	-	5,489,454	-	1,000,833	-	-	-	-	278,722	-	-	24,142,008	-
Investment income receivable	-	16,890,270	7,095,617	2,248,607	-	-	4,259,035	800	31,225	-	278,530	-	-
Other receivables	194,654	3,316,906	3,321,713	1802,000	-	-	-	-	-	10,000	-	20,018,500	-
	2,058,999,923	2,932,258,830	13,640,584,348	3,980,998,328	305,671,000	149,370,000	3,556,797,475	406,972,480	61,502,778	1296,504,188	489,800,563	973,614,064	415,046,595
LIABILITIES (Note 7)													
Accounts payable	1911,453	96,827	26,705,222	4,526,250	-	-	2,498,423	70,507	-	13,397,730	2,480,257	-	4,544,188
Accrued and other liabilities	4,922,388	4,385,360	26,983,177	7,897,153	-	-	6,241,013	209,529	1275,706	1,366,880	1,066,133	869,527	771,807
	6,833,841	4,482,187	53,688,399	12,423,403	-	-	8,739,436	280,036	1275,706	14,764,610	3,546,390	869,527	5,315,995
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS													
	₱2,052,166,082	₱2,927,776,643	₱13,586,895,949	₱3,968,574,925	₱305,671,000	₱149,370,000	₱3,548,058,039	₱406,692,444	₱61,227,072	₱1,281,739,578	₱486,254,173	₱972,744,537	₱409,730,600
Number of Units	694,109,150	1,373,179,236	3,343,585,944	2,683,755,317	305,000	150,000	4,279,034,272	370,395,421	892,932,965	1,093,339,323	554,366,229	749,318,680	412,680,515
Net Asset Value Per Unit	₱2.96	₱2.13	₱4.06	₱1.48	₱1,002.20	₱995.80	₱0.83	₱1.10	₱0.68	₱1.17	₱0.88	₱1.30	₱0.99

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31, 2020						
	Dollar Investment Funds						
	Fixed Income Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Balanced Fund Eliminating Entries	Combined Total
ASSETS							
Cash and cash equivalents (Note 4)	₱144,723,299	₱-	₱-	₱181,995,777	₱4,931,478	₱-	₱2,468,026,877
Financial assets at fair value through profit or loss (Note 5):							
Debt securities	2,865,204,144	353,545,326	353,980,653	-	-	-	7,176,550,484
Equity securities	-	-	-	-	296,213,353	-	23,224,805,648
Investment in fixed income fund	-	-	-	-	-	(956,332,431)	-
Investment in equity fund	-	-	-	-	-	(1,102,340,288)	-
Receivables (Note 6):							
Subscriptions receivable	1,344,089	-	-	-	5,539,665	-	37,794,771
Investment income receivable	47,510,782	-	-	42,981	-	-	78,637,847
Other receivables	1,201	-	-	-	15,369,281	(6,720,840)	37,313,415
	3,058,783,515	353,545,326	353,980,653	182,038,758	322,053,777	(2,065,393,559)	33,023,129,042
LIABILITIES (Note 7)							
Accounts payable	-	-	-	132,379	-	(1,911,453)	54,451,783
Accrued and other liabilities	4,645,479	-	-	23,237	255,051	(4,809,387)	56,103,053
	4,645,479	-	-	155,616	255,051	(6,720,840)	110,554,836
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS							
	₱3,054,138,036	₱353,545,326	₱353,980,653	₱181,883,142	₱321,798,726	(₱2,058,672,719)	₱32,912,574,206
Number of Units	35,925,295	10,000	7,550	3,616,446	6,474,378		
Net Asset Value Per Unit	₱85.01	₱35.354.53	₱46,884.85	₱50.29	₱49.70		

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31, 2019										
	Peso Investment Funds										
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund
ASSETS											
Cashand cash equivalents (Note 4)	₱132,131	₱276,442,992	₱937,775,642	₱356,384,627	₱-	₱-	₱66,018,852	₱449,466,987	₱51,653,101	₱22,746,229	₱17,978,450
Financial assets at fair value through profit or loss (Note 5):											
Debt securities	-	2,299,412,944	-	-	298,747,500	145,845,000	-	-	-	-	-
Equity securities	-	-	12,083,807,823	3,948,807,783	-	-	3,660,982,504	-	598,402,059	1,652,317,273	441,063,160
Investment in fixed income fund	1,063,949,347	-	-	-	-	-	-	-	-	-	-
Investment in equity fund	955,516,165	-	-	-	-	-	-	-	-	-	-
Receivables (Note 6):											
Subscriptions receivable	712,502	25,262,136	25,275,120	3,871,472	-	-	1,210,763	-	-	10,432,303	-
Investment income receivable	-	23,042,890	10,702,978	3,827,011	-	-	1,846,458	1,178,854	1,220,308	3,783	805,026
Other receivables	1,000	2,856,897	2,831,829	3,845	-	-	-	-	1,878,668	5,500	-
	2,020,311,145	2,627,017,859	13,060,393,392	4,312,894,738	298,747,500	145,845,000	3,730,058,577	450,645,841	653,154,136	1,685,505,088	459,846,636
LIABILITIES (Note 7)											
Accounts payable	2,430,301	-	23,968,999	4,934,790	-	-	-	781,567	1,816,941	-	823,741
Accrued and other liabilities	4,154,596	3,791,435	24,765,423	8,258,860	-	-	6,503,078	213,057	1,302,739	1,752,058	951,615
	6,584,897	3,791,435	48,734,422	13,193,650	-	-	6,503,078	994,624	3,119,680	1,752,058	1,775,356
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS											
	₱2,013,726,248	₱2,623,226,424	₱13,011,658,970	₱4,299,701,088	₱298,747,500	₱145,845,000	₱3,723,555,499	₱449,651,217	₱650,034,456	₱1,683,753,030	₱458,071,280
Number of Units	676,806,627	1,303,860,037	2,849,963,399	2,625,281,924	305,000	150,000	4,325,044,077	414,195,464	872,967,300	1,439,344,641	476,805,580
Net Asset Value Per Unit	₱2.98	₱2.01	₱4.57	₱1.64	₱979.50	₱972.30	₱0.86	₱1.09	₱0.74	₱1.17	₱0.96

See accompanying Notes to Combined Financial Statements.

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF FINANCIAL POSITION

	December 31, 2019						
	Dollar Investment Funds						
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Balanced Fund Eliminating Entries	Combined Total
ASSETS							
Cash and cash equivalents (Note 4)	₱463,303,973	₱-	₱-	₱-	₱165,977,302	₱-	₱2,807,880,286
Financial assets at fair value through profit or loss (Note 5):							
Debt securities	2,723,506,107	149,155,520	481,133,770	374,954,200	-	-	6,472,755,041
Equity securities	-	-	-	-	-	-	22,385,380,602
Investment in fixed income fund	-	-	-	-	-	(1,063,949,347)	-
Investment in equity fund	-	-	-	-	-	(955,516,165)	-
Receivables (Note 6):							
Subscriptions receivable	469,251	-	-	-	-	(712,502)	66,521,045
Investment income receivable	49,670,283	-	-	-	377,584	-	92,675,175
Other receivables	1,266	-	-	-	-	(5,624,558)	1,954,447
	3,236,950,880	149,155,520	481,133,770	374,954,200	166,354,886	(2,025,802,572)	31,827,166,596
LIABILITIES (Note 7)							
Accounts payable	-	-	-	-	632	(2,430,301)	32,326,670
Accrued and other liabilities	4,808,345	-	-	-	85,680	(3,906,759)	52,680,127
	4,808,345	-	-	-	86,312	(6,337,060)	85,006,797
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS							
	₱3,232,142,535	₱149,155,520	₱481,133,770	₱374,954,200	₱166,268,574	(₱2,019,465,512)	₱31,742,159,799
Number of Units	38,046,082	3,000	10,000	7,550	3,146,087		
Net Asset Value Per Unit	₱84.95	₱49,718.51	₱48,113.38	₱49,662.81	₱52.85		

See accompanying Notes to Combined Financial Statements.

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31, 2020

Peso Investment Funds

	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantedge Fund Tranche 1	Philippine Equity Advantedge Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Peso Global Technology Fund	Recover Equity Fund
INCOME													
Net change in unrealized gain (loss) on investment	(₱56,961,396)	₱107,469,401	₱1,196,665,415	(₱430,015,683)	₱6,923,500	₱3,525,000	(₱46,626,148)	₱1,114,874	(₱50,583,412)	(₱43,315,815)	(₱36,543,521)	₱126,059,488	(₱2,010,992)
Realized gains (losses) on sale of investment	47,024,502	11,202,938	17,771,010	35,736,930	—	—	(92,574,741)	337,497	(2,468,899)	(5,000,692)	4,490,564	—	83,000
Interest income-deposits (Note 4)	525	4,183,033	15,356,332	4,822,067	—	—	2,509,648	7,941,682	750,215	155,289	203,071	66,241	—
Interest income-debt securities (Note 5)	—	110,413,517	—	—	—	—	—	—	—	—	—	—	—
Dividends (Note 6)	—	—	193,283,288	57,036,579	—	—	58,583,084	—	10,553,606	35,472,797	4,524,344	—	—
Other income	—	—	7,462	—	—	—	—	—	—	—	—	—	—
	(9,936,369)	233,268,889	(970,247,323)	(332,420,107)	6,923,500	3,525,000	(78,108,157)	9,394,053	(41,748,490)	(2,688,421)	(27,325,542)	126,125,729	(1,927,992)
EXPENSES													
Management fees (Note 8)	—	42,984,523	228,888,328	68,267,535	—	—	53,699,911	2,094,523	10,674,411	13,800,799	8,175,586	2,814,782	698,445
Administration fees (Note 8)	767,793	1,374,372	4,751,942	1,610,289	—	—	1,461,564	235,340	277,146	516,763	214,675	88,814	17,461
Custody fees (Note 8)	—	106,890	1,857,130	581,251	—	—	533,020	14,376	96,616	—	77,443	—	889
Government taxes, duties and other transaction costs	105	21,896,882	5,707,575	3,049,555	—	—	2,642,804	1,596,086	275,128	31,058	691,845	13,948	305,039
Professional fees	—	73,699	73,699	73,699	—	—	73,699	—	73,699	—	73,699	—	—
	767,898	66,436,366	241,278,674	73,582,329	—	—	58,410,998	3,940,325	11,397,000	14,348,620	9,233,248	2,917,544	1,021,834
NET INCOME(LOSS)	(10,704,267)	166,832,523	(1,211,525,997)	(406,002,436)	6,923,500	3,525,000	(136,519,155)	5,453,728	(53,145,490)	(27,037,041)	(36,558,790)	123,208,185	(2,949,826)
OTHER COMPREHENSIVE INCOME (LOSSES)													
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS													
	(₱10,704,267)	₱166,832,523	(₱1,211,525,997)	(₱406,002,436)	₱6,923,500	₱3,525,000	(₱136,519,155)	₱5,453,728	(₱53,145,490)	(₱27,037,041)	(₱36,558,790)	₱123,208,185	(₱2,949,826)

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2020							
	Dollar Investment Funds							
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Eliminating Entries	Combined
INCOME								
Net change in unrealized gain (loss) on investment	₱98,814,406	₱6,085,753	(₱102,769,220)	(₱1,631,580)	—	₱9,371,975	₱56,961,396 (₱150,797,389)	
Realized gains (losses) on sale of investment	(13,445,960)	—	—	—	—	—	(47,024,502)	(43,868,353)
Interest income-deposits (Note 4)	2,443,412	—	—	—	1,221,804	—	—	39,653,319
Interest income-debt securities (Note 5)	127,220,311	—	—	—	—	—	—	237,633,828
Dividends (Note 6)	—	—	—	—	—	—	—	359,453,698
Other income	—	—	—	—	—	—	—	7,462
	215,032,169	6,085,753	(102,769,220)	(1,631,580)	1,221,804	9,371,975	9,936,894	(957,917,435)
EXPENSES								
Management fees (Note 8)	46,003,907	—	—	—	431,775	259,154	—	478,793,679
Administration fees (Note 8)	1,447,486	—	—	—	57,553	7,068	—	12,828,266
Custody fees (Note 8)	366,237	—	—	—	—	—	—	3,633,852
Government taxes, duties and other transaction costs	380,286	—	—	—	189,514	288	—	36,780,113
Professional fees	74,477	—	—	—	—	—	—	516,671
	48,272,393	—	—	—	678,842	266,510	—	532,552,581
NET INCOME(LOSS)	166,759,776	6,085,753	(102,769,220)	(1,631,580)	542,962	9,105,465	9,936,894	(1,490,470,016)
OTHER COMPREHENSIVE INCOME (LOSSES)								
Cumulative translation adjustment	(166,729,659)	(162,014)	(24,819,224)	(19,341,967)	(8,576,944)	—	—	(219,629,808)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS								
	₱30,117	₱5,923,739	(₱127,588,444)	(₱20,973,547)	(₱8,033,982)	₱9,105,465	₱9,936,894 (₱1,710,099,824)	

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2019											
	Peso Investment Funds											
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Asian Emerging Companies Fund
INCOME												
Net change in unrealized gain (loss) on investment	₱110,033,711	₱234,845,892	(₱97,140,667)	₱193,216,874	₱ 17,415,500	₱8,940,000	₱174,543,903	₱-	₱50,691,594	₱166,746,093	₱49,829,229	₱103,911,223
Realized gains (losses) on sale of investment	15,975,560	580,867	128,540,443	9,868,967	-	-	3,887,246	-	(14,586,208)	3,134,072	11,111,482	-
Interest income - deposits (Note 4)	412	4,703,921	47,967,144	15,563,193	-	-	23,938,768	16,834,381	2,981,283	582,349	1,489,351	-
Interest income - debt securities (Note 5)	-	109,942,078	-	-	-	-	-	-	-	-	-	-
Dividends (Note 6)	-	-	227,886,027	73,018,132	-	-	65,722,644	-	13,799,273	33,485,411	5,501,289	-
	126,009,683	350,072,758	307,252,947	291,667,166	17,415,500	8,940,000	268,092,561	16,834,381	52,885,942	203,947,925	(31,727,107)	103,911,223
EXPENSES												
Management fees (Note 8)	-	35,208,194	255,658,685	89,787,600	-	-	70,992,865	1,523,029	15,459,080	13,227,259	7,350,768	-
Administration fees (Note 8)	967,251	1,167,160	5,534,858	2,140,019	-	-	1,947,113	173,666	406,607	602,501	198,411	-
Custody fees (Note 8)	-	175,747	2,473,878	912,467	-	-	742,371	-	158,200	-	125,276	-
Government taxes, duties and other transaction costs	82	23,218,244	9,620,764	3,118,014	-	-	4,801,154	3,367,676	600,907	116,820	303,466	-
Professional fees	-	58,520	58,520	58,520	-	-	58,520	-	58,520	-	56,782	-
	967,333	59,827,865	273,346,705	96,016,620	-	-	78,542,023	5,064,371	16,683,314	13,946,580	8,034,703	-
NET INCOME	125,042,350	290,244,893	33,906,242	195,650,546	17,415,500	8,940,000	189,550,538	11,770,010	36,202,628	190,001,345	(39,761,810)	103,911,223
OTHER COMPREHENSIVE INCOME (LOSSES)												
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS	₱125,042,350	₱290,244,893	₱33,906,242	₱195,650,546	₱17,415,500	₱8,940,000	₱189,550,538	₱11,770,010	₱36,202,628	₱190,001,345	(₱39,761,810)	₱103,911,223

See accompanying Notes to Combined Financial Statements.

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2019								
	Dollar Investment Funds								
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Eliminating Entries	Combined
INCOME									
Net change in unrealized gain (loss) on investment	₱210,556,148	₱3,372,293	₱19,038,760	₱17,050,323	₱-	₱4,796,358	₱2,340,498	(₱10,033,711)	₱1,060,495,563
Realized gains (losses) on sale of investment	-	-	-	-	-	-	-	(15,975,560)	142,536,869
Interest income - deposits (Note 4)	6,493,931	-	-	-	3,079,353	-	-	-	123,634,086
Interest income - debt securities (Note 5)	135,803,773	-	-	-	-	-	-	-	245,745,851
Dividends (Note 6)	-	-	-	-	-	-	-	-	419,412,776
	352,853,852	3,372,293	19,038,760	17,050,323	3,079,353	4,796,358	2,340,498	(126,009,271)	1,991,825,145
EXPENSES									
Management fees (Note 8)	46,172,879	-	-	-	659,486	-	-	-	536,039,845
Administration fees (Note 8)	1,493,938	-	-	-	75,192	-	-	-	14,706,716
Custody fees (Note 8)	340,473	-	-	-	-	-	-	-	4,928,412
Government taxes, duties and other transaction costs	1,085,777	-	-	-	462,916	-	-	-	46,695,820
Professional fees	58,986	-	-	-	-	-	-	-	408,368
	49,152,053	-	-	-	1,197,594	-	-	-	602,779,161
NET INCOME	303,701,799	3,372,293	19,038,760	17,050,323	1,881,759	4,796,358	2,340,498	(126,009,271)	1,389,045,984
OTHER COMPREHENSIVE INCOME (LOSSES)									
Cumulative translation adjustment	(110,133,733)	(5,599,850)	(17,750,070)	(13,747,863)	(5,186,840)	(5,472,152)	(926,856)	-	(158,817,364)
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS									
	₱193,568,066	(₱2,227,557)	₱1,288,690	₱3,302,460	(₱3,305,081)	(₱675,794)	₱1,413,642	(₱126,009,271)	₱1,230,228,620

See accompanying Notes to Combined Financial Statements.

INSULAR LIFE WEALTH SERIES FUNDS
COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

December 31, 2020														
Peso Investment Funds														
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Peso Global Technology Fund	Recover Equity Fund	Asian Emerging Companies Fund
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2018	₱1,768,569,908	₱2,096,604,532	₱1,673,456,417	₱4,336,697,979	₱281,332,000	₱136,905,000	₱3,953,042,723	₱283,182,017	₱844,001,566	₱842,293,336	₱195,207,738	₱-	₱-	₱280,289,102
Contributions received from units issued	194,367,465	597,141,865	2,062,147,508	278,138,035	-	-	123,829,733	332,883,919	39,593,254	872,857,433	319,480,866	-	-	-
Redemptions during the year	(74,253,475)	(360,764,866)	(757,851,197)	(510,785,472)	-	-	(542,867,495)	(178,184,729)	(269,762,992)	(221,399,084)	(16,855,514)	-	-	(384,200,325)
	120,113,990	236,376,999	1,304,296,311	(232,647,437)	-	-	(419,037,762)	154,699,190	(230,169,738)	651,458,349	302,625,352	-	-	(384,200,325)
Net increase (decrease) in net assets attributable to unitholders resulting from operations	125,042,350	290,244,893	33,906,242	195,650,546	17,415,500	8,940,000	189,550,538	11,770,010	36,202,628	190,001,345	(39,761,810)	-	-	103,911,223
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2019	2,013,726,248	2,623,226,424	13,011,658,970	4,299,701,088	298,747,500	145,845,000	3,723,555,499	449,651,217	650,034,456	1,683,753,030	458,071,280	-	-	-
Contributions received from units issued	105,090,027	1,002,977,762	2,147,946,882	241,786,042	-	-	104,850,193	148,553,928	39,433,054	150,171,492	81,688,029	872,185,489	412,906,514	-
Redemptions during the year	(55,945,926)	(865,260,066)	(361,183,906)	(166,909,769)	-	-	(143,828,498)	(196,966,429)	(26,094,948)	(525,147,903)	(16,946,346)	(22,649,137)	(226,088)	-
	49,144,101	137,717,696	1,786,762,976	74,876,273	-	-	(38,978,305)	(48,412,501)	(374,976,411)	64,741,683	849,536,352	412,680,426	-	-
Net increase (decrease) in net assets attributable to unitholders resulting from operations	(10,704,267)	166,832,523	(121,525,997)	(406,002,436)	6,923,500	3,525,000	(136,519,155)	5,453,728	(53,145,490)	(27,037,041)	(36,558,790)	123,208,185	(2,949,826)	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2020	₱2,052,166,082	₱2,927,776,643	₱13,586,895,949	₱3,968,574,925	₱305,671,000	₱149,370,000	₱3,548,058,039	₱406,692,444	₱610,227,072	₱1,281,739,578	₱486,254,173	₱972,744,537	₱409,730,600	₱-

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31, 2020									
	Dollar Investment Funds									
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Fund	Dollar Money Market Fund	Dollar Opportunity Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Eliminating Entries	Combined
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2018	₱2,977,291,363	₱151,383,077	₱479,845,080	₱371,651,740	₱140,218,003	₱-	₱206,996,944	₱90,248,313	(₱1,773,342,251)	₱29,335,874,587
Contributions received from units issued	282,743,251	-	-	-	81,006,934	-	-	-	(194,367,465)	4,989,822,798
Redemptions during the year	(221,460,145)	-	-	-	(51,651,282)	-	(206,321,150)	(91,661,955)	74,253,475 (3,813,766,206)	
	61,283,106	-	-	-	29,355,652	-	(206,321,150)	(91,661,955)	(120,113,990)	1,176,056,592
Net increase (decrease) in net assets attributable to unitholders resulting from operations	193,568,066	(2,227,557)	1,288,690	3,302,460	(3,305,081)	-	(675,794)	1,413,642	(126,009,271)	1,230,228,620
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2019	3,232,142,535	149,155,520	481,133,770	374,954,200	166,268,574	-	-	-	(2,019,465,512)	31,742,159,799
Contributions received from units issued	166,093,186	-	-	-	38,561,322	312,693,261	-	-	(105,090,027)	5,719,847,154
Redemptions during the year	(344,127,802)	(155,079,259)	-	-	(14,912,772)	-	-	-	55,945,926 (2,839,332,923)	
	(178,034,616)	(155,079,259)	-	-	23,648,550	312,693,261	-	-	(49,144,101)	2,880,514,231
Net increase (decrease) in net assets attributable to unitholders resulting from operations	30,117	5,923,739 (127,588,444)	(20,973,547)	(8,033,982)	9,105,465	-	-	-	9,936,894 (1,710,099,824)	
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2020	₱3,054,138,036	₱-	₱353,545,326	₱353,980,653	₱181,883,142	₱321,798,726	₱-	₱-	(₱2,058,672,719)	₱32,912,574,206

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31, 2019											
	Peso Investment Funds											
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Asian Emerging Companies Fund
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2017												
Contributions received from units issued	₱1,855,542,387	₱2,273,898,454	₱8,868,529,889	₱5,257,171,138	₱283,558,500	₱13,970,000	₱5,064,854,528	₱184,667,138	₱933,872,788	₱422,541,408	₱-	₱281,415,515
Redemptions during the year	247,397,222	344,471,058	4,238,081,446	300,147,453	-	-	171,445,248	249,140,265	42,412,382	556,510,225	192,155,175	-
	(179,984,755)	(407,924,877)	(343,071,959)	(492,313,461)	-	-	(456,018,710)	(157,349,247)	(62,809,946)	(93,870,533)	-	-
	67,412,467	(63,453,819)	3,895,009,487	(192,166,008)	-	-	(284,573,462)	91,791,018	(20,397,564)	462,639,692	192,155,175	-
Net increase (decrease) in net assets attributable to unitholders resulting from operations	(154,384,946)	(113,840,103)	(1,090,082,959)	(728,307,151)	(2,226,500)	(1,065,000)	(827,238,343)	6,723,861	(69,473,658)	(42,887,764)	3,052,563	(1,126,413)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2018												
Contributions received from units issued	1,768,569,908	2,096,604,532	11,673,456,417	4,336,697,979	281,332,000	136,905,000	3,953,042,723	283,182,017	844,001,566	842,293,336	195,207,738	280,289,102
Redemptions during the year	194,367,465	597,141,865	2,062,147,508	278,138,035	-	-	123,829,733	332,883,919	39,593,254	872,857,433	319,480,866	-
	(74,253,475)	(360,764,866)	(757,851,197)	(510,785,472)	-	-	(542,867,495)	(178,184,729)	(269,762,992)	(221,399,084)	(16,855,514)	(384,200,325)
	120,113,990	236,376,999	1,304,296,311	(232,647,437)	-	-	(419,037,762)	154,699,190	(230,169,738)	651,458,349	302,625,352	(384,200,325)
Net increase (decrease) in net assets attributable to unitholders resulting from operations	125,042,350	290,244,893	33,906,242	195,650,546	17,415,500	8,940,000	189,550,538	11,770,010	36,202,628	190,001,345	(39,761,810)	103,911,223
NET ASSETS ATTRIBUTABLE UNITHOLDERS AT DECEMBER 31, 2019												
	₱2,013,726,248	₱2,623,226,424	₱13,011,658,970	₱4,299,701,088	₱298,747,500	₱145,845,000	₱3,723,555,499	₱449,651,217	₱650,034,456	₱1,683,753,030	₱458,071,280	₱-

See accompanying Notes to Combined Financial Statements

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	December 31, 2019								
	Dollar Investment Funds								
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Eliminating Entries	Combined
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2017									
Contributions received from units issued	₱2,995,932,897	₱146,354,267	₱456,745,527	₱364,329,566	₱90,170,691	₱194,799,546	₱84,193,891	(₱1,859,309,122)	₱28,037,239,008
Redemptions during the year	(298,565,085)	-	-	-	(303,418)	-	-	179,984,755	(2,312,227,236)
	(113,004,869)	-	-	-	44,124,095	-	-	(67,412,467)	4,012,123,745
Net increase (decrease) in net assets attributable to unitholders resulting from operations	94,363,335	5,028,810	23,099,553	7,322,174	5,923,217	12,197,398	6,054,422	153,379,338	(2,713,488,166)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2018									
Contributions received from units issued	2,977,291,363	151,383,077	479,845,080	371,651,740	140,218,003	206,996,944	90,248,313	(1,773,342,251)	29,335,874,587
Redemptions during the year	(221,460,145)	-	-	-	81,006,934	-	-	(194,367,465)	4,989,822,798
	61,283,106	-	-	-	(51,651,282)	(206,321,150)	(91,661,955)	74,253,475	(3,813,766,206)
Net increase (decrease) in net assets attributable to unitholders resulting from operations	193,568,066	(2,227,557)	1,288,690	3,302,460	(3,305,081)	(675,794)	1,413,642	(126,009,271)	1,230,228,620
NET ASSETS ATTRIBUTABLE UNITHOLDERS AT DECEMBER 31, 2019									
	₱3,232,142,535	₱149,155,520	₱481,133,770	₱374,954,200	₱166,268,574	₱-	₱-	(₱2,019,465,512)	₱31,742,159,799

See accompanying Notes to Combined Financial Statements

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year Ended December 31, 2020												
	Peso Investment Fund												
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Peso Global Technology Fund	Recovery Equity Fund
CASH FLOWS FROM OPERATING ACTIVITIES													
Net income	(₱10,704,267)	₱166,832,523	(₱1,211,525,997)	(₱406,002,436)	₱6,923,500	₱3,525,000	(₱136,519,155)	₱5,453,728	(₱53,145,490)	(₱27,037,041)	(₱36,558,790)	₱123,208,185	(₱2,949,826)
Changes in operating assets and liabilities:													
Net decrease (increase):													
Financial assets at fair value through profit or loss	9,936,894	(118,672,339)	1,178,894,405	394,278,753	(6,923,500)	(3,525,000)	139,200,889	(1,452,371)	53,052,311	48,316,507	32,052,957	(126,059,488)	1,927,992
Subscription receivable	712,502	19,772,682	25,275,120	2,870,639	–	–	120,763	–	(278,722)	10,432,303	–	(24,142,008)	–
Investment income receivable	–	6,152,620	3,607,361	1,578,404	–	–	(2,412,577)	1,178,054	909,083	3,783	526,496	–	–
Other receivable	(193,654)	(460,009)	(489,884)	(1,798,155)	–	–	–	–	1,878,668	(4,500)	–	(20,018,500)	–
Net decrease (increase) in Investments	(49,144,101)	(364,629,058)	(1,769,232,662)	(134,067,078)	–	–	264,981,071	(364,612,649)	(4,942,519)	322,000,000	(61,299,035)	(784,000,000)	(98,315,796)
Net increase (decrease) in Accounts payable, accrued and other liabilities	248,944	690,752	4,953,977	(770,247)	–	–	2,236,358	(714,588)	(1,843,974)	13,012,552	1,771,034	869,527	5,315,995
Net cash from operating activities	(49,143,682)	(290,312,829)	(1,768,517,680)	(143,910,120)	–	–	268,697,349	(360,147,826)	(4,370,643)	366,723,604	(63,507,338)	(830,142,284)	(94,021,635)
CASH FLOWS FROM FINANCING ACTIVITIES													
Net contributions to (redemptions from) the funds	49,144,101	137,717,696	1,786,762,976	74,876,273	–	–	(38,978,305)	(48,412,501)	13,338,106	(374,976,411)	64,741,683	849,536,352	412,680,426
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS													
	419	(152,595,133)	18,245,296	(69,033,847)	–	–	229,719,044	(408,560,327)	8,967,463	(8,252,807)	1,234,345	19,394,068	318,658,791
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	132,131	276,442,992	937,775,642	356,384,627	–	–	66,018,852	449,466,987	51,653,101	22,746,229	17,978,450	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱132,550	₱123,847,859	₱956,020,938	₱287,350,780	₱–	₱–	₱295,737,896	₱40,906,660	₱60,620,564	₱14,493,422	₱19,212,795	₱19,394,068	₱318,658,791

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year Ended December 31, 2020							
	Dollar Investment Funds							
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Balanced Fund Eliminating Entries	Combined
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income	₱166,759,776	₱6,085,753	(₱102,769,220)	(₱1,631,580)	₱542,962	₱9,105,465	₱9,936,894	(₱1,490,470,016)
Changes in operating assets and liabilities:								
Net decrease (increase):								
Financial assets at fair value through profit or loss	(107,213,354)	(6,085,753)	102,769,220	1,631,580	(8,576,944)	(9,347,813)	(9,936,894)	1,564,268,052
Subscription receivable	(874,838)	-	-	-	-	(5,539,665)	(712,502)	28,726,274
Investment income receivable	2,159,501	-	-	-	334,603	-	-	14,037,328
Other receivable	65	-	-	-	-	(15,369,281)	1,096,282	(35,358,968)
Net decrease (increase) in Investments	(201,214,342)	155,079,259	-	-	-	(286,865,540)	49,144,101	(3,327,118,349)
Net increase (decrease) in Accounts payable, accrued and other liabilities	(162,866)	-	-	-	69,304	255,051	(383,780)	25,548,039
Net cash from operating activities	(140,546,058)	155,079,259	-	-	(7,630,075)	(307,761,783)	49,144,101	(3,220,367,640)
CASH FLOWS FROM FINANCING ACTIVITIES								
Net contributions to (redemptions from) the funds	(178,034,616)	(155,079,259)	-	-	23,648,550	312,693,261	(49,144,101)	2,880,514,231
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
	(318,580,674)	-	-	-	16,018,475	4,931,478	-	(339,853,409)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	463,303,973	-	-	-	165,977,302	-	-	2,807,880,286
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱144,723,299	₱-	₱-	₱-	₱181,995,777	₱4,931,478	₱-	₱2,468,026,877

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year Ended December 31, 2019											
	Peso Investment Fund											
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Asian Emerging Companies Fund
CASH FLOWS FROM OPERATING ACTIVITIES												
Net income	₱125,042,350	₱290,244,893	₱33,906,242	₱195,650,546	₱17,415,500	₱8,940,000	₱189,550,538	₱11,770,010	₱36,202,628	₱190,001,345	(₱39,761,810)	₱103,911,223
Changes in operating assets and liabilities:												
Net decrease (increase):												
Financial assets at fair value through profit or loss	(126,009,271)	(235,426,759)	(31,399,776)	(203,085,841)	(17,415,500)	(8,940,000)	(178,431,149)	-	(36,105,386)	(169,880,165)	38,717,747	(103,911,223)
Subscription receivable	1,389,087	(23,461,328)	(12,735,517)	(697,351)	-	-	(149,775)	5,994,953	93,915	14,109,545	3,242,546	-
Investment income receivable	-	(1,713,503)	(4,607,794)	(2,160,555)	-	-	(1,420,752)	(148,841)	(703,982)	(1,228)	(772,787)	-
Other receivable	-	(411,918)	(370,832)	121,271,225	-	-	-	-	(1,878,668)	2,131,610	6,215	-
Net decrease (increase) in Investments	(120,113,990)	(142,291,259)	(1,328,696,586)	360,043,142	-	-	357,304,852	-	196,585,555	(682,000,000)	(300,759,638)	384,200,325
Net increase (decrease) in Accounts payable, accrued and other liabilities	(421,836)	856,093	(314,792)	(161,960,696)	-	-	61,154	875,198	1,533,485	826,773	(13,464,806)	-
Net cash from operating activities	(120,113,660)	(112,203,781)	(1,344,219,055)	309,060,470	-	-	366,914,848	18,491,320	195,727,547	(644,812,120)	(312,792,533)	384,200,325
CASH FLOWS FROM FINANCING ACTIVITIES												
Net contributions to (redemptions from) the funds	120,113,990	236,376,999	1,304,296,311	(232,647,437)	-	-	(419,037,762)	154,699,190	(230,169,738)	651,458,349	302,625,352	(384,200,325)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS												
	330	124,173,218	(39,922,744)	76,413,033	-	-	(52,122,914)	173,190,510	(34,442,191)	6,646,229	(10,167,181)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	131,801	152,269,774	977,698,386	279,971,594	-	-	118,141,766	276,276,477	86,095,292	16,100,000	28,145,631	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱132,131	₱276,442,992	₱937,775,642	₱356,384,627	₱-	₱-	₱66,018,852	₱449,466,987	₱51,653,101	₱22,746,229	₱17,978,450	₱-

See accompanying Notes to Combined Financial Statements.

INSULAR LIFE WEALTH SERIES FUNDS

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Year Ended December 31, 2019								
	Dollar Investment Funds								
	Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Balanced Fund Eliminating Entries	Combined
CASH FLOWS FROM OPERATING ACTIVITIES									
Net income	₱303,701,799	₱3,372,293	₱19,038,760	₱17,050,323	₱1,881,759	₱4,796,358	₱2,340,498	(₱126,009,271)	₱1,389,045,984
Changes in operating assets and liabilities:									
Net decrease (increase):									
Financial assets at fair value through profit or loss	(224,824,876)	(3,372,293)	(19,038,760)	(17,050,323)	(5,186,840)	(4,796,358)	(2,340,498)	126,009,271	(1,222,488,000)
Subscription receivable	(469,251)	–	–	–	–	–	–	(1,389,088)	(14,072,264)
Investment income receivable	2,279,661	–	–	–	(158,232)	–	–	–	(9,408,013)
Other receivable	785	–	–	–	–	–	–	–	120,748,417
Net decrease (increase) in Investments	15,983,341	–	–	–	–	206,321,150	91,661,955	120,113,990	(841,647,163)
Net increase (decrease) in Accounts payable, accrued and other liabilities	(521,843)	–	–	–	22,937	–	–	1,389,088	(171,119,265)
Net cash from operating activities	96,149,616	–	–	–	(3,440,376)	206,321,150	91,661,955	120,113,990	(748,940,304)
CASH FLOWS FROM FINANCING ACTIVITIES									
Net contributions to (redemptions from) the funds	61,283,106	–	–	–	29,355,652	(206,321,150)	(91,661,955)	(120,113,990)	1,176,056,592
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS									
	157,432,722	–	–	–	25,915,276	–	–	–	427,116,288
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	305,871,251	–	–	–	140,062,026	–	–	–	2,380,763,998
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱463,303,973	₱–	₱–	₱–	₱65,977,302	₱–	₱–	₱–	₱2,807,880,286

See accompanying Notes to Combined Financial Statements.

INSULAR LIFE WEALTH SERIES FUNDS

NOTES TO FINANCIAL STATEMENTS

1. INVESTMENT FUND INFORMATION

On February 14, 2005, the Insurance Commission (“IC”) approved the license of The Insular Life Assurance Co., Ltd. (the “Company”) to sell variable-unit linked (“VUL”) insurance contracts, a life insurance product that is linked to investment in Insular Life Wealth Series Funds (the “Separate Funds”). The Separate Funds of the Company consisted of the following Philippine Peso (“Peso”) Investment Funds and United States Dollar (“Dollar”) Investment Funds:

Peso Investment Funds

Balanced Fund	(established and launched March 2005)
Peso Fixed Income Fund	(established and launched March 2005)
Equity Fund	(established and launched March 2005)
Growth Fund	(established and launched February 2011)
Philippine Equity Advantage Fund Tranche 1	(established and launched February 2014)
Philippine Equity Advantage Fund Tranche 2	(established and launched April 2014)
Select Equities Fund	(established and launched January 2015)
Peso Money Market Fund	(established and launched January 2016)
Select Equities Fund 2	(established and launched June 2016)
Peso Global Equity Fund	(established and launched July 2017)
Own the New Economy Fund	(established and launched September 2018)
Peso Global Technology Fund	(established and launched January 2020)
Recovery Equity Fund	(established and launched November 2020)

Dollar Investment Funds

Dollar Fixed Income Fund	(established and launched September 2007)
Asia Dynamic Equity Fund	(established and launched February 2013)
Asian Emerging Companies Dollar Fund	(established and launched May 2013)
Euro Blue Chips Dollar Fund	(established and launched July 2014)
Dollar Money Market Fund	(established and launched January 2016)
Dollar Opportunity Fund	(established and launched November 2020)

Following are the investment objectives of the Separate Funds:

Peso Investment Funds

Balanced Fund

This fund simultaneously provides long-term growth and steady income. It invests in prime-rated stocks that are listed in the Philippine Stock Exchange (“PSE”) and in government securities, bonds issued by and term loans extended to prime Philippine corporations and short-term money market instruments.

Fixed Income Fund

This fund invests in debt obligations and debentures issued by corporations, or by the government. These include government securities, fixed income instruments issued by Philippine corporations and short-term money market instruments.

Equity Fund

This fund provides long-term total return and capital appreciation by investing primarily in dividend-paying shares of local companies with large capitalization and growth potential, and which are listed in the PSE. It also invests in short-term money market instruments.

Growth Fund

This fund provides long-term growth and capital appreciation by investing largely in medium to largely capitalized listed companies in the PSE leaning towards those with significant growth potential. It also invests in short-term money market instruments.

Philippine Equity Advantage Fund - Tranche 1

This fund was offered for a limited period in February 2014. The objective of this fund is to deliver competitive returns on

INSULAR LIFE WEALTH SERIES FUNDS

NOTES TO FINANCIAL STATEMENTS

peso-denominated variable life insurance by investing in a structured note linked to a custom index exposed to the Philippine Equity market. This fund is fully invested in a 7-year, Peso-Denominated, Dollar-settled structured note issued by BNP Paribas in February 2014. The structured note provides principal protection at maturity and an upside potential determined through a participation in the performance of Insular Philippine Equity PHP VT 10% Index.

Philippine Equity Advantage Fund - Tranche 2

This fund was offered for a limited period in April 2014. The objective of this fund is to deliver competitive returns on peso-denominated variable life insurance by investing in a structured note linked to a custom index exposed to the Philippine Equity market. This fund is fully invested on a 7-year, Peso-Denominated, Dollar-settled structured note issued by BNP Paribas in April 2014. The structured note provides principal protection at maturity and an upside potential determined through a participation in the performance of Insular Philippine Equity PHP 2 VT 10% Index.

Select Equities Fund

This fund provides long-term portfolio growth from capital appreciation by primarily investing in ten (10) of the most liquid and well-capitalized dividend-paying stocks listed in the PSE. It also invests in short-term money market instruments.

Money Market Fund

This fund is designed to provide stable returns while maintaining adequate liquidity through investments in peso-denominated short-term securities. This is a very conservative fund with low risk classification given that the investments entered are comprised mainly of cash and near-cash investments.

Select Equities Fund 2

The fund is an actively managed fund primarily investing in ten (10) of the most liquid and well-capitalized dividend-paying stocks listed in the PSE. It also invests in short-term money market instruments. The set of rules and criteria that cover the stock selection process is a continuation of Select Equities Fund (SEF) wherein dividend payments, free float market capitalization, and average monthly turnover are all taken into consideration.

Peso Global Equity Fund

This fund aims to achieve long-term growth and capital appreciation by investing majority of its assets in instruments whose principal exposure is in income-producing equity securities in markets throughout the world. The fund is invested in a local domiciled fund whose underlying investment is an offshore fund (Target Fund) composed of income producing company shares globally.

Own the New Economy (ONE) Fund

This fund is an actively managed fund that seeks to provide long-term portfolio for growth from capital appreciation. It employs a top-to-bottom investment strategy which starts with looking at the components of the country's GDP, checking the sectors that drive economic progress, and then selecting the companies that build up the identified sectors.

Peso Global Technology Fund

The Fund seeks to achieve long-term capital appreciation by investing all or substantially all its assets in a collective investment scheme that invests principally in equity securities of companies throughout the world that derive or benefit significantly from technological advances and improvements.

INSULAR LIFE WEALTH SERIES FUNDS

NOTES TO FINANCIAL STATEMENTS

Recovery Equity Fund

The Fund seeks to provide a short to medium term portfolio growth from capital appreciation. The fund will employ an active approach to investing to take advantage of market weakness and ride the road to market and economic recovery, by investing primarily in common stocks listed in the Philippine Stock Exchange. The fund has a 5-year horizon from launch date and a return objective of 25% of single premium net of early withdrawals. Reaching the return objective prior to end of the 5-year period from launch date will allow options for the policyholder to exit the fund.

Dollar Investment Funds

Fixed Income Fund

This fund seeks to achieve capital preservation and provide income growth over a medium to long term period by investing on a diversified portfolio of Dollar-denominated fixed income instruments issued mainly by the Philippine government and prime corporations.

Asia Dynamic Equity Fund

This fund was offered for a limited period in February 2013. The objective of this fund is to deliver competitive returns on dollar denominated variable life insurance by investing in a structured note that provides exposure to equities listed in Asia excluding Japan. This fund is fully invested in a 7-year, Dollar-structured note issued by Standard Chartered Bank in March 2013. It provides payouts from the 1st to the 6th policy anniversary of 0.5% of the in force single premium and an upside potential at maturity determined through a participation in the performance of the Asia Risk Control Investable Index (ARC-I Index). This fund matured on March 3, 2020.

Asian Emerging Companies Dollar Fund

This fund was offered for a limited period in May 2013. The objective of

this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note that provides exposure to emerging companies in Asia through a customized risk-control index called ING Asian Emerging Companies VT 10% Index. The fund is fully invested in a 10-year, Dollar-structured note issued by ING Bank N.V. in May 2013. Maturity benefit of the note is paid out in four equal payouts on the 7th, 8th, 9th, and 10th anniversary. The payout will include both portion of the principal and the upside potential observed during the first 7 years through a participation in the performance of the ING Asian Emerging Companies VT 10% Index.

Euro Blue Chips Dollar Fund

This fund was offered for a limited period in July 2014. The objective of this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note that provides exposure to European Blue-Chip companies through a customized risk-control index called ING European Blue-Chip Companies VT 10% Index. The fund is fully invested in a 7-year, Dollar-structured note linked to ROP credit issued by ING Bank N.V. in July 2014. The structured note provides principal protection at maturity and an upside potential determined through a participation in the performance of ING European Blue-Chip Companies VT 10% Index.

Money Market Fund

This fund is designed to provide stable returns while maintaining adequate liquidity through investments in dollar denominated short-term securities. This is a very conservative fund with low risk classification given that the investments entered are comprised mainly of cash and near-cash investments.

Opportunity Fund

The Fund seeks to achieve capital appreciation by investing majority of its assets in a fund principally exposed in equity securities of US

INSULAR LIFE WEALTH SERIES FUNDS

NOTES TO FINANCIAL STATEMENTS

companies believed to possess sustainable growth characteristics. These include small, medium, and large capitalization companies across a wide range of sectors that have exceptional growth potential and fast growing, innovative companies within these sectors.

Balanced Fund, Peso Fixed Income Fund, Equity Fund, Growth Fund, Select Equities Fund, Peso Money Market Fund, Select Equities Fund 2, Own the New Economy Fund, Peso Global Equity Fund, Peso Global Technology Fund, Recovery Equity Fund, Dollar Fixed Income Fund, Dollar Money Market Fund and Dollar Opportunity Fund are classified as "Traditional VUL."

Philippine Equity Advantage Fund Tranche 1, Philippine Equity Advantage Fund Tranche 2, Asia Dynamic Equity Fund, Asian Emerging Companies Dollar Fund, and Euro Blue Chips Dollar Fund are classified as "Structured VUL."

The Company entered into Service Level Agreement with a third-party multinational bank (the "Fund Administrator") accredited by the Bangko Sentral ng Pilipinas ("BSP"). Under this agreement, the Fund Administrator, a third-party multinational bank accredited by the BSP, shall perform fund accounting, valuation services and custodianship of the Separate Funds. The Company acts as Fund Manager to the Separate Funds.

The combined financial statements of the Separate Funds, which were prepared from the accounts maintained by the Fund Administrator, are provided solely for the Company's use and for submission to the IC.

The combined financial statements were authorized for issue by the President and Chief Executive Officer of the Company on April 22, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Statement of Compliance

The Separate Funds' combined financial statements have been prepared in accordance with Philippine Financial Reporting Standards ("PFRS").

Basis of Financial Statement Preparation

The combined financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss ("FVPL") which are carried at fair value. The combined financial statements are presented in Philippine Peso, which is the Separate Funds' functional currency.

The combined financial statements include the financial statements of the 19 Separate Wealth Series Funds comprised of Peso Investment Funds and Dollar Investment Funds as of and for the years ended December 31, 2020 and 2019. The Peso Investment Funds consist of Balanced Fund, Peso Fixed Income Fund, Equity Fund, Growth Fund, Select Equities Fund, Peso Money Market Fund, Select Equities Fund 2, Peso Global Equity Fund, Own the New Economy Fund, Philippine Equity Advantage Fund Tranche 1, and Philippine Equity Advantage Fund Tranche 2, Peso Global Technology Fund and Recovery Equity Fund. Dollar Investment Funds consist of Dollar Fixed Income Fund, Dollar Money Market Fund, Asia Dynamic Equity Fund, Asian Emerging Companies Dollar Fund, Euro Blue Chips Dollar Fund and Dollar Opportunity Fund. Inter-fund investments are eliminated in full.

Changes in Accounting Policies and Disclosures

The accounting policies adopted by the Separate Funds are consistent with those of the previous financial year, except for the following new pronouncements effective January 1, 2020. The adoption of these

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amendments did not have any significant impact on the combined financial statements unless otherwise indicated.

- Amendments to PFRS 3, Business Combinations, Definition of a Business
- Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material
- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 16, COVID-19 related Rent Concessions

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. The Separate Funds intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Separate Funds' combined financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform - Phase 2

Effective beginning on or after January 1, 2022

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

- Amendments to PAS 41, Agriculture, Taxation in fair value measurements

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
- PFRS 17, Insurance Contracts

Deferred effectiveness

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
- Level 3 - inputs are unobservable inputs for the asset or liability

For assets that are recognized in the combined financial statement on a recurring basis, the Separate Funds determine whether transfers between level in the hierarchy have occurred by reassessing categorization at the end of each reporting period.

Financial Instruments - Initial Recognition

Date of recognition

The Separate Funds recognize a financial asset or a financial liability in the statement of financial position when it 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 settlement date.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities includes transaction costs.

Classification and Subsequent Measurement of financial instruments

Classification of financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Separate Funds' business model for managing financial assets. The Separate Funds classify their financial assets to the following categories: financial assets at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and financial assets measured at amortized cost (AC).

Contractual cash flows characteristics

The Separate Funds assess whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. Instruments with cash flows that do not represent as such are classified at FVTPL.

In making this assessment, the Separate Funds determine whether the contractual cash flows are consistent with a basic lending arrangement,

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i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Business model

The Separate Funds' business model does not depend on management's intentions for an individual instrument, rather it refers to how it manages its group of financial assets in order to generate cash flows (i.e. collecting contractual cash flows, selling financial assets or both).

Relevant factors considered by the Separate Funds in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Separate Funds' key management personnel. The Separate Funds also consider the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers, if any, of the business are compensated.

As of December 31, 2020 and 2019, the Separate Funds have no financial assets classified as financial assets at fair value through other comprehensive income (FVOCI).

Financial assets at FVTPL

Financial assets are classified as held for trading (HFT) if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at FVTPL are recorded in the statement of financial position at fair value, with changes in the fair value included under the 'Net change in unrealized gains (losses) on investment' account in the profit or loss. Interest earned is reported in the statement of income under 'Interest income' while dividend income is reported under 'Dividends' when the right to receive payment has been established.

As of December 31, 2020 and 2019, the Separate Funds classified their investment in equity securities, debt securities, fixed income fund and equity fund as financial assets at FVTPL.

Financial assets at amortized cost

A debt financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) 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. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are integral part of the EIR. The amortization is included in 'Interest Income' in the statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset. Losses arising from impairment are recognized in 'Provision for credit and impairment losses' in the statement of income. The Separate Funds' financial assets at amortized cost consist of 'Cash and cash equivalents' and 'Receivables'.

Reclassifications of financial instruments

The Separate Funds reclassify its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Separate Funds and any previously recognized gains, losses or interest shall not be restated.

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost which includes 'Accounts payable' and 'Accrued and other

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liabilities', where the substance of the contractual arrangement results in the Separate Funds having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortized cost 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 EIR.

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 financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Separate Funds' retain 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 Separate Funds have transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control over the asset.

Financial liability

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

Impairment of Financial Assets

PFRS 9 requires the Separate Funds to record expected credit loss (ECL) for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts.

Expected credit loss methodology

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

Definition of "default"

The Separate Funds define a financial instrument as in default in all cases when the counterparty becomes over 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a counterparty is in default, the Separate Funds also consider a variety of instances that may indicate objective evidence of impairment, such as significant problems in the operations of the customers and bankruptcy of the counterparties.

Significant increase in credit risk (SICR)

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Separate Funds' aging information, the borrower becomes past due over 30 days. Further, the Separate Funds assume that the credit risk of a financial asset, particularly on cash and cash equivalents and short-term investments, has not increased significantly since origination if the financial asset is determined to have "low credit risk" as of the reporting date. A financial asset is considered "low credit risk" when it has an external rating equivalent to "investment grade".

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In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Separate Funds shall revert to recognizing a 12-month ECL.

Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Separate Funds recognize a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Separate Funds recognize a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

ECL parameters and methodologies

For financial assets such as 'Cash and cash equivalents' and 'Receivables', the Separate Funds' calculation of ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

Forward looking information

A range of economic overlays are considered and expert credit judgment is applied in determining the forward-looking inputs to the ECL calculation.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a

currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the statement of financial position.

Revenue Recognition (outside the scope of PFRS 15)

The following specific recognition criteria must be met before revenue is recognized.

Interest income recognized using the effective interest rate method - Interest income is recognized in profit or loss for all instruments measured at amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Separate Funds estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Other interest income - Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognized using the contractual interest rate.

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Dividend income is recognized when the Separate Funds' rights to receive payment have been established. Dividend income relating to exchange-traded equity investments is recognized in the statements of comprehensive income on ex-dividend date.

Trading and securities gains (losses) represent results arising from trading activities, gains and losses from changes in the fair values of financial assets at FVTPL.

Expense Recognition

All expenses, including administration, custody, and investment management fees, are recognized in the statements of comprehensive income on an accrual basis.

Administration, custody, and investment management fees of the Separate Funds are being charged by the Fund Administrators, Fund Custodians, and the Fund Manager, respectively, as a percentage of the Separate Funds' net asset value before deduction for such expenses and are recognized in the statements of comprehensive income as they accrue.

Transaction costs include charges by brokers for the purchase and sell transactions of equity and debt securities and are recognized in the statements of comprehensive income when incurred.

Government taxes and fees related to the investment income of the Separate Funds are charged to the statements of comprehensive income when incurred.

Foreign Currency Translation

Transactions and balances

The combined financial statements are presented in Philippine peso, the Separate Funds' functional and presentation currency and all values represent absolute amounts except when otherwise indicated.

Items included in the combined financial statements of the Separate Funds are measured using their functional currency. Functional currency is the currency of the primary economic environment in which the Separate Funds operate. The Separate Funds use the Philippine peso as their functional currency, except for the dollar investment funds. Foreign exchange differences arising from the revaluation of the foreign currency-denominated monetary assets and liabilities of the dollar investment funds to the Separate Funds' presentation currency are taken to the Statements of Comprehensive Income as "Cumulative Translation Adjustment" under the "Net Assets Attributable to Unitholders" account.

3. SIGNIFICANT JUDGMENT AND ESTIMATES

As of December 31, 2020 and 2019, the preparation of the combined financial statements in accordance with PFRS requires the Separate Funds to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities, if any. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the combined financial statements as they become reasonably determinable.

Judgements 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.

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Judgments

As of December 31, 2020 and 2019, management assessed that there is no significant accounting judgement exercised in respect to the preparation of the Separate Funds' combined financial statements.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows:

Fair value of financial instruments

Fair value determination for instruments are based generally on listed or quoted market prices. Where the fair value of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to the combined financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

The Separate Funds have structured notes with fair value computed by counterparties using present value calculations and option pricing models as applicable. The management performs an independent testing and sensitivity analyses to validate the reasonableness of counterparty values. The valuation requires management to make certain assumptions about the model inputs particularly the credit spread of the issuer. Refer to Note 9 for the details on the fair valuation and sensitivity analysis.

As of December 31, 2020 and 2019, the carrying value of the investments in structured notes under financial assets at FVTPL amounted to 1,162,566,979 and 1,449,835,990, respectively (see Note 9).

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NOTES TO FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS

2020												2020				
	Peso Investment Funds											Dollar Investment Funds				
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Peso Global Technology Fund	Recovery Equity Fund	Fixed Income Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Combined	
Cash in banks	₱132,550	₱123,847,859	₱453,296,636	₱102,769,072	₱175,519,437	₱10906,660	₱27,104,994	₱14,493,422	₱19,212,795	₱19,394,068	₱318,658,791	₱27,847,462	₱19,763	₱4,931,478	₱1298,234,987	
Cash equivalents	-	502,724,302	184,581,708	120,218,459	30,000,000	33,515,570	-	-	-	-	116,875,837	181,876,014	-	1,169,791,890		
	₱132,550	₱123,847,859	₱956,020,938	₱287,350,780	₱295,737,896	₱40906,660	₱60,620,564	₱14,493,422	₱19,212,795	₱19,394,068	₱318,658,791	₱144,723,299	₱181,995,777	₱4,931,478	₱2468,026,877	

2019												2019			
	Peso Investment Funds											Dollar Investment Funds			
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Fixed Income Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Combined		
Cash in banks	₱132,131	₱559,346	₱4,257,151	₱1,124,667	₱4,827,431	₱285,634	₱520,171	₱346,229	₱278,450	₱71,181	₱72,819	₱13,115,210			
Cash equivalents	-	275,883,646	933,518,491	355,259,960	61,191,421	449,181,353	51,132,930	22,400,000	17,700,000	462,592,792	165,904,483	2,794,765,076			
	₱132,131	₱276,442,992	₱937,775,642	₱356,384,627	₱66,018,852	₱449,466,987	₱51,653,101	₱22,746,229	₱17,978,450	₱463,303,973	₱165,977,302	₱2,807,880,286			

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of between one day and three months and earn interest at the prevailing short-term deposit rates. Interest income on bank deposits totaled Php 39,653,319 and Php 123,634,086 in 2020 and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

INVESTMENTS IN DEBT SECURITIES

2020				2020					
Peso Investment Funds				Dollar Investment Funds					
	Fixed Income Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Peso Money Market Fund	Fixed Income Fund	Asia Dynamic Equity Fund	Asia Emerging Companies Fund	Euro Blue Chips Dollar Fund	Combined
Acquisition cost	P2,675,998,456	P305,000,000	P150,000,000	P364,950,146	P2,793,301,139	P149,155,517	P10,000,000	P7,550,000	P6,455,955,258
Accumulated fair value gains (losses)	106,715,885	671,000	(630,000)	114,874	71,903,005	(149,155,517)	343,545,326	346,430,653	720,595,226
Fair value	P2,782,714,341	P305,671,000	P149,370,000	P366,065,020	P2,865,204,144	P-	P353,545,326	P353,980,653	P7,176,550,484

2019				2019							
Peso Investment Funds				Dollar Investment Funds							
	Fixed Income Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Asian Emerging Companies Fund	Fixed Income Fund	Asia Dynamic Equity Fund	Asia Emerging Companies Fund	Euro Blue Chips Dollar Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Combined
Acquisition cost	P2,300,166,461	P305,000,000	P150,000,000	P375,471,000	P2,751,881,235	P133,242,000	P444,140,000	P328,123,000	P177,656,000	P77,724,500	P7,043,404,196
Accumulated fair value gains (losses)	(753,517)	(6,252,500)	(4,155,000)	(375,471,000)	(28,375,128)	15,913,520	36,993,770	46,831,200	(177,656,000)	(77,724,500)	(570,649,155)
Fair value	P2,299,412,944	P298,747,500	P145,845,000	P-	P2,723,506,107	P149,155,520	P481,133,770	P374,954,200	P-	P-	P6,472,755,041

Investments in debt securities include bonds and structured notes (see Note 9).

The following tables present the breakdown of investments in debt securities by contractual maturity as of December 31:

2020				2020			
Peso Investment Funds				Dollar Investment Funds			
	Fixed Income Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Peso Money Market Fund	Fixed Income Fund	Asia Emerging Companies Fund	Euro Blue Chips Dollar Fund
Due within one year	P522,880,365	P305,671,000	P149,370,000	P366,065,020	P62,583,477	P-	P353,980,653
Due after one year through five years	1,513,733,625	-	-	-	694,722,900	353,545,326	-
Due beyond five years	746,100,351	-	-	-	2,107,897,767	-	2,562,001,851
	P2,782,714,341	P305,671,000	P149,370,000	P366,065,020	P2,865,204,144	P353,545,326	P353,980,653
							P7,176,550,484

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	2019			2019				
	Peso Investment Funds			Dollar Investment Funds				
	Fixed Income Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Fixed Income Fund	Asia Dynamic Equity Fund	Asia Emerging Companies Fund	Euro Blue Chips Dollar Fund	Combined
Due within one year	₱230,288,380	₱-	₱-	₱116,968,065	₱149,155,520	₱-	₱-	₱496,411,965
Due after one year through five years	1,047,055,415	298,747,500	145,845,000	393,692,037	-	481,133,770	374,954,200	2,741,427,922
Due beyond five years	1,022,069,149	-	-	2,212,846,005	-	-	-	3,234,915,154
	₱2,299,412,944	₱298,747,500	₱145,845,000	₱2,723,506,107	₱149,155,520	₱481,133,770	₱374,954,200	₱6,472,755,041

Interest income from investment in debt securities totaled Php 237,633,828 and Php 245,745,851 in 2020 and 2019, respectively.

INVESTMENTS IN EQUITY SECURITIES

	2020									
	Peso Investment Funds								Dollar	
	Equity Fund	Growth Fund	Select Equities Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Peso Global Technology	Recovery Equity Fund	Dollar Opportunity Fund	Combined
Acquisition cost	₱13,624,865,550	₱3,797,654,840	₱3,492,205,332	₱656,437,866	₱1,208,225,933	₱553,350,029	₱784,000,000	₱98,398,796	₱286,841,379	₱24,501,979,725
Accumulated fair value gains (losses)	(950,719,470)	(109,058,732)	(235,404,788)	(106,145,599)	73,774,833	(83,040,791)	126,059,488	(2,010,992)	9,371,974	(1,277,174,077)
Fair value	₱12,674,146,080	₱3,688,596,108	₱3,256,800,544	₱550,292,267	₱1,282,000,766	₱470,309,238	₱910,059,488	₱96,387,804	₱296,213,353	₱23,224,805,648

	2019							
	Equity Fund	Growth Fund	Select Equities Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Combined	
Acquisition cost	₱11,837,861,877	₱3,627,850,832	₱3,849,761,144	₱653,964,246	₱1,535,226,624	₱487,560,429	₱21,992,225,152	
Accumulated fair value gains (losses)	245,945,946	320,956,951	(188,778,640)	(55,562,187)	117,090,649	(46,497,269)	393,155,450	
Fair value	₱12,083,807,823	₱3,948,807,783	₱3,660,982,504	₱598,402,059	₱1,652,317,273	₱441,063,160	₱22,385,380,602	

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NOTES TO FINANCIAL STATEMENTS

6. RECEIVABLES

	2020										2020					
	Peso Investment Funds										Dollar Investment Funds					
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Peso Money Market Fund	Select Fund 2	Peso Global Equity Fund	Peso ONE Fund	Global Technology Fund	Recovery Equity Fund	Dollar Fixed Income Fund	Money Market Fund	Dollar Opportunity Fund	Balanced Fund Elimination	Combined
Investment income receivables:																
Accrued interest	₱-	₱16,890,270	₱357,564	₱95,939	₱66,978	₱800	₱8,925	₱-	₱-	₱-	₱-	₱47,510,782	₱42,981	₱-	₱-	₱64,974,239
Accrued dividends	-	-	6,738,053	2,152,668	4,192,057	-	302,300	-	278,530	-	-	-	-	-	-	13,663,608
Total investment income receivables	-	16,890,270	7,095,617	2,248,607	4,259,035	800	311,225	-	278,530	-	-	47,510,782	42,981	-	-	78,637,847
Subscriptions receivable	-	5,489,454	-	1,000,833	-	278,722	-	-	-	24,142,008	-	1,344,089	-	5,539,665	-	37,794,771
Other receivables	194,654	3,316,906	3,321,713	1,802,000	-	-	-	10,000	-	20,018,500	-	1,201	-	15,369,281	(6,720,840)	37,313,415
	₱194,654	₱25,696,630	₱10,417,330	₱5,051,440	₱4,259,035	₱800	₱589,947	₱10,000	₱278,530	₱44,160,508	₱-	₱48,856,072	₱42,981	₱20,908,946	(₱6,720,840)	₱153,746,033

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NOTES TO FINANCIAL STATEMENTS

2019													
	Peso Investment Funds								Dollar Investment Funds				
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	ONE Fund	Fixed Income Fund	Dollar Money Market Fund	Balanced Fund Eliminating Entries	Combined
Investment income receivables:													
Accrued interest	₱-	₱23,042,890	₱1,959,041	₱1,232,735	₱128,026	₱1,178,854	₱103,884	₱3,783	₱2,989	₱49,670,283	₱377,584	₱-	₱77,700,069
Accrued dividends	-	-	8,743,937	2,594,276	1,718,432	-	1,116,424	-	802,037	-	-	-	14,975,106
Total investment income receivables	-	23,042,890	10,702,978	3,827,011	1,846,458	1,178,854	1,220,308	3,783	805,026	49,670,283	377,584	-	92,675,175
Subscriptions receivable	712,502	25,262,136	25,275,120	3,871,472	1,210,763	-	-	10,432,303	-	469,251	-	(712,502)	66,521,045
Other receivables	1,000	2,856,897	2,831,829	3,845	-	-	1,878,668	5,500	-	1,266	-	(5,624,558)	1,954,447
	₱713,502	₱51,161,923	₱38,809,927	₱7,702,328	₱3,057,221	₱1,178,854	₱3,098,976	₱10,441,586	₱805,026	₱50,140,800	₱377,584	(₱6,337,060)	₱61,150,667

- Accrued interest receivable pertains to interest earned on investments in debt securities and short-term investments but not yet received by the Separate Funds as of reporting date. Interest rates for such investments range from 0.15% to 10.625% in 2020 and from 1.900% to 10.625% in 2019.
- Accrued dividend receivables are noninterest-bearing and pertain to dividends earned on investment in equity securities but not yet received by the Separate Funds.
- Dividends from investment in equity securities totaled Php 359,453,698 and Php 419,412,776 in 2020 and 2019, respectively.
- Subscription receivable pertains to value of units subscribed but not yet received as at reporting date.
- Other receivables include inter-fund receivables and unsettled sales as at reporting period.

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NOTES TO FINANCIAL STATEMENTS

7. ACCOUNTS PAYABLE AND ACCRUED AND OTHER LIABILITIES

	December 31, 2020															
	Peso Investment Funds								Dollar Investment Fund							
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	Peso ONE Fund	Global Technology Fund	Recovery Equity Fund	Dollar Fixed Income Fund	Money Market Fund	Dollar Opportunity Fund	Balanced Fund	
Accounts payable-																
Due to broker	₱—	₱—	₱16,511,798	₱4,526,250	₱—	₱—	₱—	₱1,997,552	₱—	₱4,508,386	₱—	₱—	₱—	₱27,543,986		
Redemptions payable	193,654	96,827	10,193,424	—	2,498,423	70,507	—	13,397,730	482,705	—	35,802	—	—	(193,654)		
Due to related party	1,717,799	—	—	—	—	—	—	—	—	—	—	132,379	—	(1,717,799)		
	1,911,453	96,827	26,705,222	4,526,250	2,498,423	70,507	—	13,397,730	2,480,257	—	4,544,188	—	132,379	(1,911,453)		
Accrued and other liabilities:																
Management fees payable (Note 8)	—	4,058,678	25,519,459	7,379,383	5,802,301	169,812	1,137,604	1,302,842	918,054	831,345	698,445	4,246,244	16,912	247,983	—	52,329,062
Administration fees payable (Note 8)	4,922,388	233,822	927,312	303,063	274,592	36,064	50,708	63,456	40,982	37,925	17,461	243,892	6,261	7,068	(4,809,387)	2,355,607
Custody fees payable (Note 8)	—	19,415	313,903	90,928	81,519	3,196	13,619	—	11,578	—	889	84,212	—	—	—	619,259
Professional fees payable	—	68,086	68,086	68,086	68,086	—	68,086	—	68,086	—	—	68,086	—	—	—	476,602
Transaction fees payable	—	—	84,864	36,816	3,800	—	1,500	—	4,920	—	11,384	—	—	—	—	143,284
Taxes payables	—	—	69,553	18,877	10,715	457	4,189	—	17,913	—	37,728	1,652	64	—	—	161,148
Other payables	—	5,359	—	—	—	—	—	582	4,600	257	5,900	1,393	—	—	—	18,091
	4,922,388	4,385,360	26,983,177	7,897,153	6,241,013	209,529	1275,706	1,366,880	1066,133	869,527	771,807	4,645,479	23,237	255,051	(4,809,387)	56,103,053
	₱6,833,841	₱4,482,187	₱53,688,399	₱12,423,403	₱8,739,436	₱280,036	₱1,275,706	₱14,764,610	₱3,546,390	₱869,527	₱5,315,995	₱4,645,479	₱155,616	₱255,051	(₱6,720,840)	₱110,554,836

	December 31, 2019												
	Peso Investment Funds								Dollar Investment Fund				
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Peso Money Market Fund	Select Equities Fund 2	Peso Global Equity Fund	Peso ONE Fund	Dollar Fixed Income Fund	Dollar Money Market Fund	Balanced Fund	
Accounts payable-													
Due to broker	₱712,502	₱—	₱23,968,999	₱4,934,790	₱—	₱—	₱—	₱1,648,565	₱—	₱—	₱—	(₱712,502)	₱30,552,354
Redemptions payable	—	—	—	—	—	781,567	—	168,376	—	823,741	—	—	1,773,684
Due to related party	1,717,799	—	—	—	—	—	—	—	—	—	632	(1,717,799)	632
	2,430,301	—	23,968,999	4,934,790	—	781,567	1,816,941	—	823,741	—	632	(2,430,301)	32,326,670
Accrued and other liabilities:													
Management fees payable (Note 8)	—	3,399,393	22,655,583	7,481,674	5,780,281	162,657	1,122,631	1,559,321	802,368	4,248,053	64,845	—	47,276,806
Administration fees payable (Note 8)	4,154,596	305,250	1,341,651	499,649	455,727	50,400	81,577	192,737	57,623	383,515	20,835	(3,906,759)	3,636,801
Custody fees payable (Note 8)	—	27,537	606,109	199,675	188,886	—	29,966	—	22,099	120,431	—	—	1,194,703
Professional fees payable	—	56,286	56,286	56,286	56,284	—	56,286	—	56,286	56,286	—	—	394,000
Transaction fees payable	—	—	65,272	9,400	—	—	4,800	—	7,100	—	—	—	86,572
Taxes and other payables	—	2,969	40,522	12,176	21,900	—	7,479	—	6,139	60	—	—	91,245
	4,154,596	3,791,435	24,765,423	8,258,860	6,503,078	213,057	1,302,739	1,752,058	951,615	4,808,345	85,680	(3,906,759)	52,680,127
	₱6,584,897	₱3,791,435	₱48,734,422	₱13,193,650	₱6,503,078	₱994,624	₱3,119,680	₱1,752,058	₱1,775,356	₱4,808,345	₱86,312	(₱6,337,060)	₱85,006,797

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8. FEES

a) Management fees

Pursuant to the investment management agreement, the Fund Manager is entitled to receive from the Separate Funds an investment management fee equal to the following rates per annum based on the net asset value before deduction of the administration, custody, and investment management fee:

Peso Fixed Income Fund	1.500%
Dollar Fixed Income Fund	1.500%
Select Equities Fund	1.750%
Peso Money Market Fund	0.445%
Dollar Money Market Fund	0.445%
Growth Fund	2.000%
Equity Fund	2.000%
Select Equities Fund 2	2.000%
Peso Global Equity Fund	1.100%
Own the New Economy (ONE) Fund	2.000%
Peso Global Technology Fund	1.050%
Recovery Equity Fund	2.000%
Dollar Opportunity Fund	1.100%

The other remaining funds are passively managed hence do not incur investment management fee.

Investment management fees expense amounted to Php 478,793,679 and Php 536,039,845 in 2020 and 2019, respectively. Investment

management fees payable as of December 31, 2020 and 2019 amounted to Php 52,329,062 and Php 47,276,806, respectively (see Note 7).

b) Administration fees

Pursuant to the Service Level Agreement, the Fund Administrator is entitled to receive administration fee payable monthly in arrears and calculated at 3.75 to 5.00 basis points in a progressive tiering per fund according to tariff effective March 1, 2019 based on the net asset value before deduction of the administration, custody, and investment management fees. Passively managed investments do not incur administration fees in 2020 and 2019.

Administration fees expense amounted to Php 12,828,266 and Php 14,706,716 in 2020 and 2019, respectively. Administration fees payable as of December 31, 2020 and 2019 amounted to Php 2,355,607 and Php 3,636,801, respectively (see Note 7).

c) Custody fees

Pursuant to the Service Level Agreement, the Fund Custodian is entitled to receive between 0.5 to 2.0 basis points according to tariff effective March 1, 2019 based on the total portfolio asset value of the Separate Funds. Structured notes are held at the custody of the Company and as such there was no custody fee expense incurred for all structured notes in 2020 and 2019.

Custody fees expense amounted to Php 3,633,852 and Php 4,928,412 in 2020 and 2019, respectively. Outstanding balances of custody fees payable amounted to Php 619,259 and Php 1,194,703 as of December 31, 2020 and 2019, respectively (see Note 7).

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NOTES TO FINANCIAL STATEMENTS

9. FINANCIAL INSTRUMENTS

The following tables summarize the financial instruments by category of the Separate Funds as of December 31:

	2020		
	Peso Investment Funds		Dollar Investment Funds
	Fair Value through profit or loss	Amortized cost	Fair Value through profit or loss
Financial assets at FVPL			
Traditional VULs:			
Cash and cash equivalents	–	₱2,136,376,323	–
Equity securities quoted	₱20,736,532,041	–	₱331,650,554
Debt securities with fixed rates-quoted	3,148,779,361	–	₱2,865,204,144
Subscription receivable	–	30,911,017	–
Investment income receivable	–	31,084,084	–
Other receivables	–	21,942,933	–
Structured VULs	455,041,000	–	707,525,979
Investment in UITF	2,192,060,254	–	296,213,353
	₱26,532,412,656	₱2,220,314,357	₱3,868,943,476
			₱401,458,553
			₱33,023,129,042

	2020		
	Peso Investment Funds		Dollar Investment Funds
	Other financial liabilities	Other financial liabilities	Total
Financial liabilities at amortized cost			
Accounts payable	₱54,319,404	₱132,379	₱54,451,783
Accrued and other liabilities*	51,019,854	4,922,051	55,941,905
	₱105,339,258	₱5,054,430	₱110,393,688

*Excluding taxes payable amounting ₱161,148

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NOTES TO FINANCIAL STATEMENTS

	2019				
	Peso Investment Funds		Dollar Investment Funds		
	Fair Value through profit or loss	Amortized cost	Fair Value through profit or loss	Amortized cost	Total
<i>Financial assets at FVPL</i>					
Traditional VULs:					
Cash and cash equivalents	₱-	₱2,178,599,011	₱-	₱629,281,275	₱2,807,880,286
Equity securities quoted	20,733,063,329	-	-	-	20,733,063,329
Debt securities with fixed rates-quoted	2,299,412,944	-	2,723,506,107	-	5,022,919,051
Subscriptions receivable	-	66,051,794	-	469,251	66,521,045
Investment income receivable	-	42,627,308	-	50,047,867	92,675,175
Other receivables	-	1,953,181	-	1,266	1,954,447
Structured VULs	444,592,500	-	1,005,243,490	-	1,449,835,990
Investment in UITF	1,652,317,273	-	-	-	1,652,317,273
	₱25,129,386,046	₱2,289,231,294	₱3,728,749,597	₱679,799,659	₱31,827,166,596

	2019			
	Peso Investment Funds		Dollar Investment Funds	
	Other financial liabilities	Other financial liabilities	Other financial liabilities	Total
<i>Financial liabilities at amortized cost</i>				
Accounts payable				
	₱32,326,038		₱632	₱32,326,670
Accrued and other liabilities*	47,694,917		4,893,965	52,588,882
	₱80,020,955		₱4,894,597	₱84,915,552

*Excluding taxes payable amounting ₱91,245

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The following table presents the fair value hierarchy of the financial assets at FVPL as of December 31:

	2020			
	Level 1	Level 2	Level 3	Total
Equity securities	₱20,736,532,041	₱–	₱–	₱20,736,532,041
Debt securities:				
Traditional VULs:				
Local currency	3,148,779,361	–	–	3,148,779,361
Foreign currency	2,865,204,144	–	–	2,865,204,144
Structured VULs:				
Local currency	–	–	455,041,000	455,041,000
Foreign currency	–	–	707,525,979	707,525,979
Investment in UITF				
Local currency	–	2,192,060,254	–	2,192,060,254
Foreign currency	–	296,213,353	–	296,213,353
	₱26,750,515,546	₱2,488,273,607	₱1,162,566,979	₱30,401,356,132

	2019			
	Level 1	Level 2	Level 3	Total
Equity securities	₱20,733,063,329	₱–	₱–	₱20,733,063,329
Debt securities:				
Traditional VULs:				
Local currency	2,299,412,944	–	–	2,299,412,944
Foreign currency	2,723,506,107	–	–	2,723,506,107
Structured VULs:				
Local currency	–	–	444,592,500	444,592,500
Foreign currency	–	–	1,005,243,490	1,005,243,490
Investment in UITF				
Local currency	–	1,652,317,273	–	1,652,317,273
	₱25,755,982,380	₱1,652,317,273	₱1,449,835,990	₱28,858,135,643

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For all other financial assets and liabilities, the carrying values approximate their respective fair values due to their short-term nature. They include receivables, cash and cash equivalents, accounts payable and accrued and other liabilities.

The fair values of financial assets at FVPL on Level 1 category are based on quoted market prices. The fair value of financial assets at FVPL on Level 2 category is based on the Net Asset Value Per Unit (NAVPU) of the underlying UITF.

The following table shows the reconciliation of the beginning and ending balances of Level 3 financial assets at FVPL as of December 31:

	2020	2019
Peso		
Beginning balance	₱444,592,500	₱698,526,102
Maturities	–	(384,200,325)
Fair value gain (loss)	10,448,500	130,266,723
Ending balance	455,041,000	444,592,500
USD		
Beginning balance	1,005,243,490	1,300,125,154
Maturities	(155,079,259)	(297,983,105)
Fair value gain (loss)	(98,315,050)	46,598,231
Foreign exchange adjustments	(44,323,202)	(43,496,790)
Ending balance	707,525,979	1,005,243,490
Total Level 3 financial assets	₱1,162,566,979	₱1,449,835,990

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There were no transfers within different levels of the fair value hierarchy in 2020 and 2019.

The structured notes can be decomposed into bond components and option components. Fair value of structured notes have been computed by counterparties using present value calculations and option pricing models as applicable. Management performs independent testing to validate the reasonableness of counterparty values. Inputs used for the sensitivity analysis include credit default swap (CDS) of the ROP, USD interest rate swap rates (IRS) (for the USD denominated issuances), and USD/PHP cross currency swap rates (for the PHP-denominated issuances).

The analysis of the fair market value of the structured notes, including both peso and dollar notes, as of December 31 is performed for the reasonable possible movement in the significant inputs other than quoted prices included within Level 1, with all other variables held constant, showing the impact to profit and loss follows:

	Significant observable input other than quoted prices within Level 1	Range of input	Sensitivity of the input to fair value		Significant observable input other than quoted prices within Level 1	Range of input	Sensitivity of the input to fair value
2020	ROP CDS level (4yrs-8yrs)	36 basis points	50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱3,430,162 and ₱3,473,248, respectively.	2019	ROP CDS level (3yrs-8yrs)	34 basis points	50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱7,316,467 and ₱7,429,115, respectively.
	USD IRS (4yrs-8yrs)	42–64 basis points	50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱3,430,162 and ₱3,473,248, respectively.		USD IRS (3yrs-8yrs)	171 –178 basis points	50 basis points increase or decrease in USD IRS would result in the decrease and increase in market value of the note by ₱7,316,467 and ₱7,429,115, respectively.
	PHP IRS (1yr–7yrs)	278–338 basis points	50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱365,653 and ₱367,805, respectively.		PHP IRS (1yr–6yrs)	345–350 basis points	50 basis points increase or decrease in PHP IRS would result in the decrease and increase in market value of the note by ₱2,608,528 and ₱2,638,252, respectively.

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The analysis of the fair market value of the structured notes as of December 31 is performed for the reasonably possible movement in the significant unobservable inputs with all other variables held constant, showing the impact to profit and loss follows:

Peso denominated notes

	Significant unobservable input	Range of input	Sensitivity of the input to fair value
2020	Bank CDS level (1–7 years)	42–52 basis points	A 50 basis points increase (decrease) in CDS would result in the decrease and increase in fair value of the note by ₱365,653 and ₱367,805, respectively.
2019	Bank CDS level (1–7 years)	37–47 basis points	A 50 basis points increase (decrease) in CDS would result in the decrease and increase in fair value of the note by ₱2,608,528 and ₱2,638,252, respectively.

Note: The sensitivity is only applied to the bond portion of the structured notes. Further, the results of the sensitivity do not reflect stressed scenarios due to the non-linearity characteristics of the product.

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Dollar denominated notes

Significant unobservable input	Range of input	Sensitivity of the input to fair value
2020 ROP CDS level (4–8 years)	23–33 basis points	50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱3,430,162 and ₱3,473,248, respectively.
2019 ROP CDS level (3–8 years)	21–41 basis points	50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱7,316,467 and ₱7,429,115, respectively.

Note: The sensitivity is only applied to the bond portion of the structured notes. Further, the results of the sensitivity do not reflect stressed scenarios due to the non-linearity characteristics of the product.

The Bank CDS level is based on the closest available CDS maturity of the counterparty matched to the remaining maturity of the structured notes. Further, the Bank CDS is a proxy for the funding cost of the counterparty which is considered as a significant unobservable input.

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NOTES TO FINANCIAL STATEMENTS

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Separate Funds consist mainly of cash and cash equivalents, investment in equity and debt securities, receivables, accounts payable and accrued and other liabilities excluding taxes. The overall risk management program of the Separate Funds focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The Separate Funds are exposed to market risk (which includes price risk, interest rate risk, and currency risk), credit risk, and liquidity risk arising from the financial instruments the Separate Funds hold.

Risk measurement and reporting system

The Separate Funds' risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses that are an estimate of the ultimate actual loss based on statistical models. The models make use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks are primarily set up to be performed based on limits established. These limits reflect the business strategy, including the risk that the Separate Funds are willing to accept and the market environment of the Separate Funds. In addition, the Separate Funds monitor and measure the overall risk in relation to the aggregate risk exposure across all risks type and activities.

Credit risk

Credit risk is the risk that the Separate Funds will incur a loss because its counterparties failed to discharge their contractual obligations. The Separate Funds are exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honor its contractual obligations. These credit exposures exist

within debt instruments, short-term trade receivables, and cash and cash equivalents with a maximum credit exposure equal to their respective carrying amounts.

It is the Separate Funds' policy to enter into financial instruments with reputable counterparties. The Investment Manager's policy is to closely monitor the creditworthiness of the Separate Funds' counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The Separate Funds use a credit rating concept based on the borrowers' and counterparties' overall creditworthiness, as follows:

- Investment grade - rating given to borrowers and counterparties who possess strong to very strong capacity to meet their obligations;
- Non-investment grade - rating given to borrowers and counterparties who possess above average capacity to meet their obligations.

As of December 31, 2020 and 2019, all of the Separate Funds' financial assets fall under investment grade category.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to PFRS 9's impairment disclosures or not.

Financial assets subject to PFRS 9's impairment requirements

The Separate Funds' financial assets subject to the expected credit loss model within PFRS 9 are only cash and cash equivalents and short-term receivables. There is no concentration of credit risk within short-term receivables. All cash and cash equivalents are deposited with the Fund Administrator. No assets are considered impaired and no amounts have been written off. An amount is considered to be in default if it has not been received after it is due.

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The Separate Funds have adopted general approach on its cash and cash equivalents. The Separate Funds are deposited with the Fund Administrator which is part of an international banking group rated as investment grade by the global external rating agency. Accordingly, placements in the Fund Administrator are considered to be low credit risk investments. In addition, cash in bank is on demand while cash equivalents have terms of three months or less. As of December 31, 2020 and 2019, the Company determined that the impact of 12-month ECL ("Stage 1") is not material.

The Separate Funds have adopted the simplified approach on its trade receivables. Any loss allowance is therefore based on lifetime ECLs. Items have been grouped by their nature into the following categories: accrued income and amounts due from brokers. As of December 31, 2020 and 2019, all of the Separate Funds' receivables are neither past due nor impaired. All receivables are collectible in a very short period. Accordingly, the ECL is determined to be negligible.

Financial assets not subject to PFRS 9's impairment requirements

The Separate Funds are exposed to credit risk on debt instruments. This class of financial assets is not subject to PFRS 9's impairment requirements as they are measured at FVTPL. The carrying value of these assets represents the Separate Funds' maximum exposure to credit risk as of the respective reporting dates (see Notes 4 and 6). Investment in debt securities at FVTPL totaled Php 7,176,550,484 and Php 6,472,755,041 as of December 31, 2020 and 2019, respectively.

Credit quality of financial assets not subject to PFRS 9's impairment requirements

The Separate Funds invest only in interest-bearing investments (debt securities) rated by global (S&P/Moody's) and local (PhilRatings) credit rating agencies.

The following table analyses the Fund's portfolio of such assets by rating agency category:

Credit Rating	2020		2019		
	Peso Fixed Income Fund	Peso Money Market Fund	Dollar Fixed Income Fund	Peso Fixed Income Fund	Dollar Fixed Income Fund
PRSAaa	14%	—	3%	8%	3%
BBB-/Baa2	3%	—	2%	92%	97%
BBB/Baa2	83%	100%	93%	—	—
Unrated	—	—	2%	—	—
	100%	100%	100%	100%	100%

Excessive risk concentration

Concentration of risk indicates the relative sensitivity of the Separate Funds' performance to developments affecting a particular industry or geographical location. Concentration of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realize liquid assets. Concentration of foreign exchange risk may arise if the Separate Funds have a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. In order to avoid excessive concentrations of risk, the Separate Funds' policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Risk concentrations of the maximum exposure to credit risk

The Company's market risk policy requires it to manage such risks

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by setting and monitoring objectives and constraints on investments, diversification plan, and limits on investment in each industry or sector.

The following table presents the Separate Funds' concentration of credit risk in its FVTPL debt securities portfolio by industrial distribution as percentage of total FVTPL debt securities as of December 31:

	2020	2019
Government	75%	66%
Financial institutions	20%	31%
Food, Beverage & Tobacco	1%	—
Electricity, energy, power, and water	2%	2%
Others	2%	1%
Total	100%	100%

Equity price risk

The Separate Funds' equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Separate Funds are exposed to equity price risk because of equity investments held under Equity Fund, Growth Fund, Select Equities Fund, Select Equities Fund 2, Own the New Economy Fund and Recovery Equity Fund which are classified in the statements of financial position as financial assets at FVPL. The maximum exposure to equity price risk is equal to the carrying amount of the investment in securities. Investment in equity securities totaled Php 23,224,805,648 and Php 22,385,380,602 as of December 31, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonable possible change in the price of equity securities as of December 31:

	2020		2019
Change in Quoted Prices of Investments Carried at Fair Value	Effect on Net Asset Value Attributable to Unitholders	Change in Quoted Prices of Investments Carried at Fair Value	Effect on Net Asset Value Attributable to Unitholders
Increase by 5%	₱955,831,208	Increase by 5%	₱874,461,704
Decrease by 5%	(955,831,208)	Decrease by 5%	(874,461,704)

Risk concentrations of the maximum exposure to equity price risk

The Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, and limits on investment in each industry or sector.

The following table analyses the Separate Funds' concentration of equity price risk in its equity portfolio by industrial distribution as percentage of total equity securities as of December 31:

	2020	2019
Holding Firms	24%	24%
Banks/Financial	23%	21%
Property	17%	18%
Food, beverage, and tobacco	10%	10%
Retail	9%	7%
Electricity, energy, power, and water	7%	4%
Construction, Infrastructure	4%	—
Transportation Services	2%	3%
Telecommunications	2%	2%
Mining	1%	3%
Others	1%	—
Total	100%	100%

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Liquidity risk

Liquidity or funding risk is the risk that the Separate Funds will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values, or counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Separate Funds manage liquidity through a group liquidity risk policy which determines what constitutes liquidity risk for the Separate Funds, specify minimum proportion of funds to meet emergency calls, set up of contingency funding plans, specify the sources of funding and the events that would trigger the plan, and determine concentration of funding sources, report of liquidity risk exposures, and breaches to the monitoring authority. The Separate Funds invest primarily in marketable securities and other financial instruments which, under normal market conditions, are readily fixed rate to cash. It is the Separate Funds' policy that the investment manager monitors the Separate Funds' liquidity position on a daily basis.

As of December 31, 2020 and 2019, the Separate Funds' other financial liabilities excluding taxes payable amounting to Php 110,393,688 and Php 84,915,552 respectively, have maturities of less than one year. The Separate Funds have cash and cash equivalents amounting to Php 2,468,026,877 and Php 2,807,880,286 as of December 31, 2020 and 2019, respectively, which are due on demand that can be used to settle financial liabilities.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum

risk resulting from financial instruments equals their fair value.

Fair value interest rate risk

Fair value interest rate risk arises from the possibility that changes in interest rates will affect the fair values of investment in debt securities under FVPL. The exposure of the Separate Funds to market risk for changes in interest rates is related primarily to investments under the Peso Fixed Income Fund and Dollar Fixed Income Fund with fixed interest rates are classified in the statements of financial position as financial assets at FVPL. The carrying amount of the investment in debt securities amounted to Php 7,176,550,484 and Php 6,472,755,041 as of December 31, 2020 and 2019, respectively, and represents the maximum exposure to fair value interest rate risk.

The following table provide the sensitivity analysis of the fair value of financial assets and its impact to profit or loss due to changes in interest rates as of December 31:

2020		2019	
Change in Market Rate of Interest	Effect on Net Asset Value Attributable to Unitholders	Change in Market Rate of Interest	Effect on Net Asset Value Attributable to Unitholders
25 basis points rise	(₱73,523,917)	25 basis points rise	(₱73,634,044)
25 basis points fall	75,146,031	25 basis points fall	75,632,859

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Foreign currency risk

The Separate Funds are not subject to foreign currency risk. The Peso Investment Funds do not hold assets and liabilities denominated in USD or other third currencies. Meanwhile, the functional currency of Dollar Investment Funds is USD and the impact of foreign exchange rate fluctuations is limited to the revaluation of the dollar-denominated monetary assets and liabilities to the financial statements presentation currency, the Philippine Peso. These foreign exchange differences are recognized as "Cumulative Translation Adjustment" under the "Net Assets Attributable to Unitholders" account.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on cumulative translation adjustment:

	2020		2019
Change in Peso– Foreign Exchange Rate	Effect on Cumulative Translation Adjustment	Change in Peso– Foreign Exchange Rate	Effect on Cumulative Translation Adjustment
Peso depreciation of .51%	₱21,753,264	Peso depreciation of 2.58%	₱113,614,289
Peso appreciation of .51%	(21,753,264)	Peso appreciation of 2.58%	(113,614,289)



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