



# EMERGING STRONGER



WEALTH SERIES REPORT TO POLICYHOLDERS

# CONTENTS

WEALTH SERIES REPORT TO POLICYHOLDERS

Message from  
the President

page **3**

Fund Manager's  
Report

page **5**

Independent  
Auditors' Report

page **32**

Statements of  
Financial Position

page **35**

Statements of  
Comprehensive  
Income

page **39**

Statements of Changes  
in Net Assets Attributable  
to Unitholders

page **43**

Statements of  
Cash Flows

page **47**

Notes to Financial  
Statements

page **51**

## MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



Dear Valued Policyholders,

In this 111<sup>th</sup> year of InLife's continued service and the second year of the global pandemic, let me begin by thanking you for trusting InLife. It is our pursuit of excellence and your unwavering support that have allowed us to fulfill our mission of building a stronger Philippines by empowering families through financial security. In this 2021 edition of the Wealth Series Annual Report, our investment managers will detail the year that was and how the variable-unit linked (VUL) investment funds performed.

2021 was still a story of crisis as new and more contagious and lethal variants of COVID-19 circumnavigated the globe. To mitigate the downside impact of the pandemic, lockdown measures were relaxed following global vaccine deployment leading to the gradual reopening of the global economy. In the Philippines, Gross Domestic Product grew by 5.6% in 2021, a turnaround from the 9.5% decline in 2020. The local equity market experienced volatility linked to the gravity of lockdowns imposed to curb the spread of COVID-19 ultimately causing a minor decline of 0.24% for the PSEi benchmark index. The Bangko Sentral ng Pilipinas left key policy interest rate at the record low of 2.0% for the entire year despite 2021 average inflation of 4.5% in a bid to encourage borrowing activity to help the economy recover from the pandemic.

It was in this low-interest rate environment that our local and global equity-laced funds outperformed their respective indices as well as fixed income funds. Our flagship Equity Fund delivered a 5.3% return for the year. Furthermore, the fund managed to continue its long-term outperformance with a return of 328% since inception vs. 238% return of the PSEi over the same period. Our other equity-themed funds such as the Growth, ONE and Recovery Equity Funds also managed to outperform the benchmark in 2021. Another reason

## MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

to celebrate is that our global funds outperformed local asset classes led by the Peso Global Technology Fund's 26.77% return. Aside from managing the funds, our investment managers continued to hold quarterly briefings to keep financial advisors informed about the market environment so they can better serve you as we traverse today's uncertainties.

To provide more investment options, we launched the Peso and Dollar Global Multi-Asset Income-Paying Funds to great reception of policyholders. It invests in a target fund that takes a multi-asset approach to seek the best income ideas across various geographic regions and asset classes. Aside from being a quick way to diversify their portfolios, customers also enjoy the safety and convenience of receiving income payouts straight into their bank accounts via automated transfers.

As of this writing, our world is faced with immense challenges we have not seen in decades. High inflation levels in the US, which are reminiscent of what we saw in the early 1980s, force the Federal Reserve System to tighten monetary policy causing turmoil in the financial markets. Russia's invasion of Ukraine is the largest mobilization of military force in Europe since World War II. All around the world, more than 30 countries' democracies are challenged by misinformation spreading through online platforms as they conduct elections. Our thoughts and prayers are with the people of Ukraine that the rule of peace and truth may prevail. Despite the uncertainty caused by these developments to both local and global financial markets, I have full confidence that as a community we shall emerge stronger together.



**Raoul Antonio E. Littaua**  
President and Chief Executive Officer





## PESO FIXED INCOME FUND

### FUND PERFORMANCE

Peso Fixed Income Fund posted an annual negative return of 1.23%, ending 2021 with a NAVPU of Php2.105889. Interest rates recovered from historic lows in 2020 amid improvement in economic activity, uptick in inflation, and anticipation of tighter monetary policy. The Fund continues to invest in a mix of government and corporate bonds, treasury bills and other short-term securities.

### MARKET REVIEW

Inflation continued its upward trajectory in 2021 from the fourth quarter of the previous year amid higher food prices due to supply constraints and increase in utility and transport costs as a result of higher global oil prices. Inflation in 2021 averaged at 4.5%, breaching the Bangko Sentral ng Pilipinas (BSP)'s target band of 2% to 4%. Despite higher inflation outturn, the BSP maintained key policy interest rate at 2.0% for the entire year as it affirmed its support for the economy. It also downplayed expectations of an exit in easy monetary policy in lockstep with the U.S. Federal Reserve this year after the U.S. Central Bank started to gradually taper its asset purchases in November. While the BSP projects inflation in 2022 within its target range, it sees risks to the forecast leaning towards the upside amid lingering supply constraints, higher global crude oil prices, and improvement in domestic activity. However, the detection of the new COVID-19 variant, Omicron, in November stoked economic growth concerns as it appeared to be more transmissible than the Delta variant, which caused the surge in cases and the re-imposition of stricter lockdown in the third quarter of this year. Nonetheless, percentage of fully vaccinated individuals in the country continued to rise at almost half the entire population as of end-2021.

## FUND MANAGER'S REPORT

The Philippine economy grew by 5.6% in 2021, recovering from the 9.5% slump in the previous year. The debt-to-GDP ratio, however, widened from 54.6% in 2020 to 60.5% in 2021, breaching the 60% threshold considered manageable. Increasing risks to the credit profile prompted Fitch Ratings to revise its outlook from stable to negative for the country. Nonetheless, the credit rating was affirmed at BBB.

### OUTLOOK

Upside risks to inflation both in the U.S. and onshore will be closely monitored as these could provide guidance to the pace and timing of monetary policy normalization. With the U.S. Federal Reserve's decision to taper its asset purchases and indication of interest rate hike next year, expectations of an end in BSP's accommodative stance will likely increase.



## FUND MANAGER'S REPORT

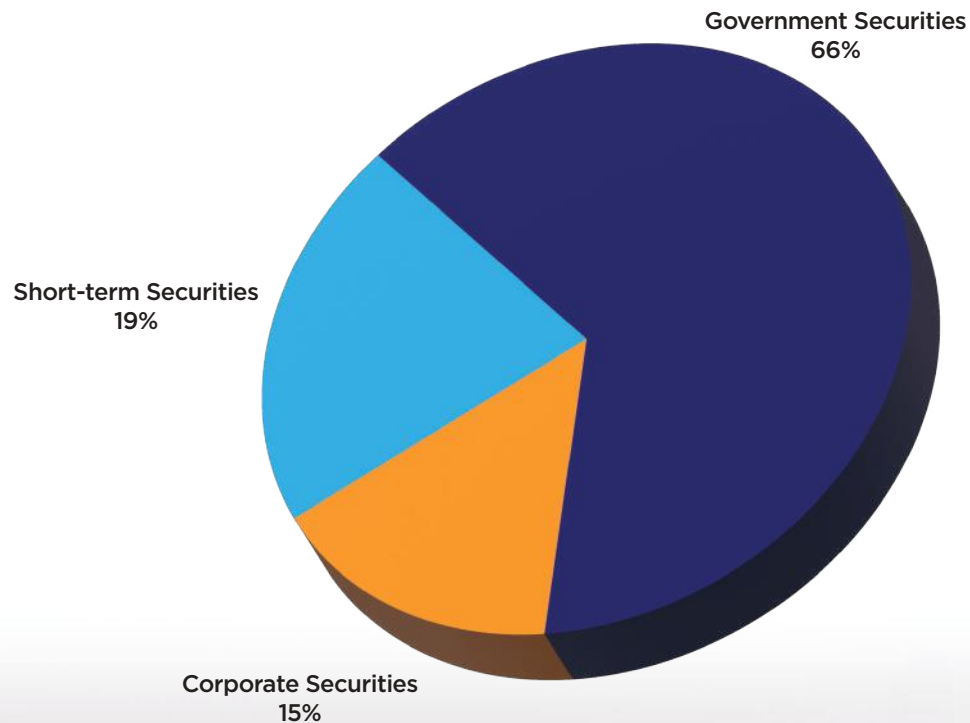
### PESO FIXED INCOME FUND

Fund Distribution by Market Value

#### TOP HOLDINGS

##### Government Securities:

- Philippine Government Bond due 2033
- Philippine Government Bond due 2029
- Philippine Government Bond due 2025
- Philippine Government Bond due 2023
- Philippine Government Bond due 2022





### FUND PERFORMANCE

The Equity Fund closed the year with a NAVPU of Php 4.279234, up by 5.3% from the previous year. The Fund outperformed the Philippine Stock Exchange, which posted a decline of 0.2% for the year. Outperformance was due to the bias of the Fund towards defensive names amid the uncertainties of economic recovery throughout the year.

Volatility of the Fund was lower at 13.6% versus the PSEi's 18.7% (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 7.6% by year-end as we prepare for a recovery year in 2022.

For 2022, 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

Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year. 2021 was expected to be a recovery period for Philippine equities, but further lockdowns due to resurgence of COVID-19 cases prevented the market to get back to pre-pandemic levels. The Philippine Stock Exchange Index (PSEi) ended the year at 7,122.63, lower by 0.2% from the previous year.

## FUND MANAGER'S REPORT

Optimism was high as the government started to roll-out its inoculation program amid the arrivals of vaccine supply from various manufacturers. The long-awaited passing of the CREATE law also contributed to the positive sentiment. However, another COVID-19 outbreak caused by the Delta variant weighed down on sentiment as we saw daily cases surged to record highs, which prompted the government to impose strict lockdowns in Metro Manila.

After dropping as much as 13.7% year to date, the market was able to stage a rally in the second half of the year as daily COVID-19 cases improved and vaccine rollout continued to ramp up. The government's move to further reopen the economy towards the year end was also welcomed by investors as it should capture the robust consumer spending during the holiday season.

### OUTLOOK

We remain hopeful that 2022 will be a better year for the equities market as vaccine rollout continues to ramp up and the economy further reopens. Election related spending should also provide a boost in economic activity as the campaign period progresses in full swing.

A resurgence of COVID-19 outbreak may dampen our recovery prospects however, after the more contagious Omicron variant was detected in our country. High unemployment rate, looming inflationary pressures and rising interest rate environment are also downside risks that will need to be closely monitored.

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



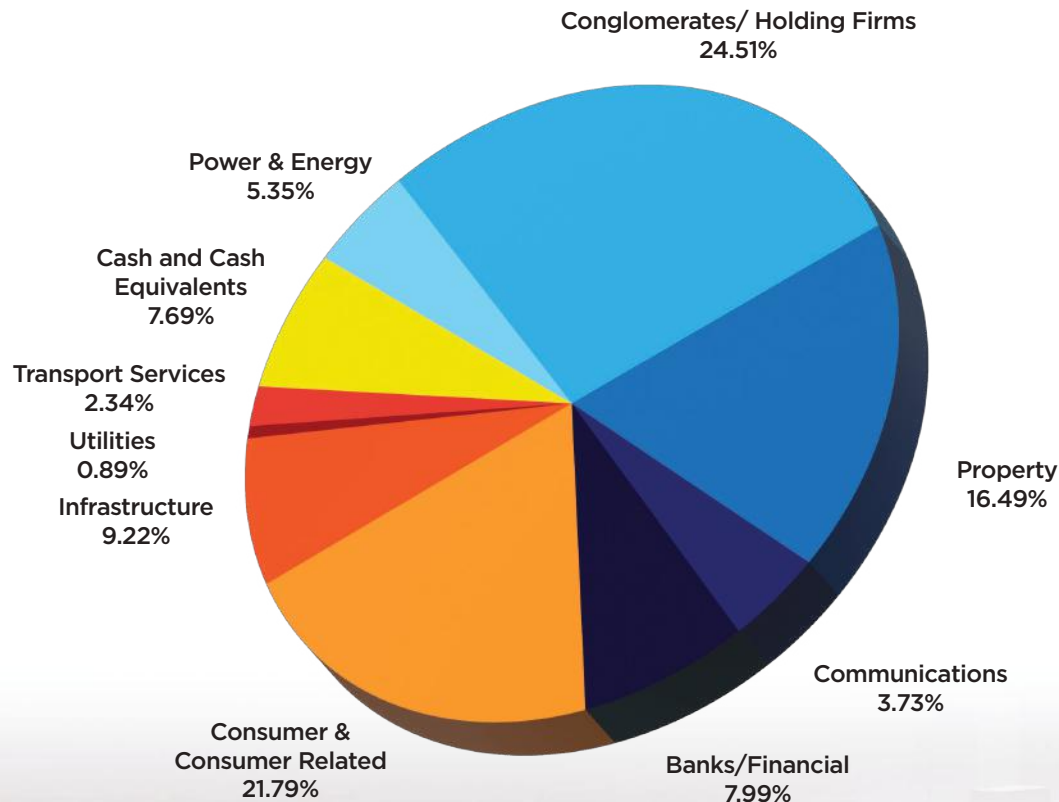
## EQUITY FUND

Fund Distribution by Market Value

### EQUITY FUND STOCK LIST

As of December 31, 2021

AC	Ayala 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.
DDMPR	DDMP REIT, Inc.
DMC	DMCI Holdings, Inc.
DNL	D and L Industries, Inc.
EAGLE	Eagle Cement Corporation
EEL	EEL Corporation
EW	East West Banking Corporation
FB	SMC Food & Beverage
FDC	Filinvest Development Corporation
FGEN	FirstGen Corporation
FLIRT	Filinvest REIT Corp.
FLI	Filinvest 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.
MAC	MacroAsia Corp.
MAXS	Max's Group, Corp.
MBT	Metrobank and Trust Co.
MEG	Megaworld Corporation
MER	Manila Electric Co.
MONDE	Monde Nissin Corp.
MPI	Metro Pacific Investments, Corp.
MREIT	MREIT, Inc.
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.
URC	Universal Robina Corporation
VLL	Vista Land and Lifescapes, Inc.
WLCON	Wilcon Depot, Inc.







## PESO GLOBAL EQUITY FUND

### FUND PERFORMANCE

The Peso Global Equity Fund (PGEF) invests solely in a local fund that feeds into a Target Fund known as Fidelity Funds' Global Dividend Fund. The Target Fund invests principally in income producing equity securities globally.

In 2021, the Target Fund delivered positive returns but came in behind the benchmark (MSCI ACWI Index) due to strong stylistic headwinds. The strong outperformance of high-growth, expensive US technology names, coupled with the bounce back of lower quality cyclical as seen as 'reflation' beneficiaries impacted relative performance, as it was underexposed to these areas. PGEF delivered 16.49% return and ended the year with Net Asset Value per Unit (NAVPU) of Php 1.351101.

### MARKET REVIEW

Global equity markets posted strong absolute performance for the third consecutive calendar year in 2021. Markets were supported by an ongoing economic recovery, strong corporate earnings in Developed Markets, as well as progress on COVID-19 vaccinations.

However, elevated inflation, prospects of policy tightening by major central banks and the emergence of new variants of COVID-19 led to some bouts of volatility in the later part of the year.

At a sector level, cyclically sensitive energy, information technology and financials were among the leading performers, whereas defensive utilities and consumer staples lagged the broader market. From a regional perspective, US equities outperformed while Chinese equities were hit particularly hard, especially in the Chinese tech sector due to regulatory-related headwinds.

## FUND MANAGER'S REPORT

### OUTLOOK

Global equities have raced to all-time highs in 2021 but the economy is now at a potential transition point as pandemic-related fiscal and monetary support measures start to wind down. In particular, the positive earnings revisions that have buoyed the market of late are unlikely to be sustained into next year as growth moderates and input cost inflation takes hold.

High quality companies which benefit from pricing power and resilient demand for their products should be well placed against this backdrop. Many such companies have fallen out of favor this year as investors have sought out either high-growth digital winners or more cyclically exposed sectors such as energy and banks. As a result, as they look forward into 2022 and beyond, the risk-reward offered by defensive dividend-growers looks particularly attractive.

In terms of risks, one of the key themes they continue to monitor is the risk of government intervention, particularly amongst more heavily regulated businesses such as utilities, or other sectors under strong political scrutiny such as pharma or big tech.



## PESO GLOBAL EQUITY FUND

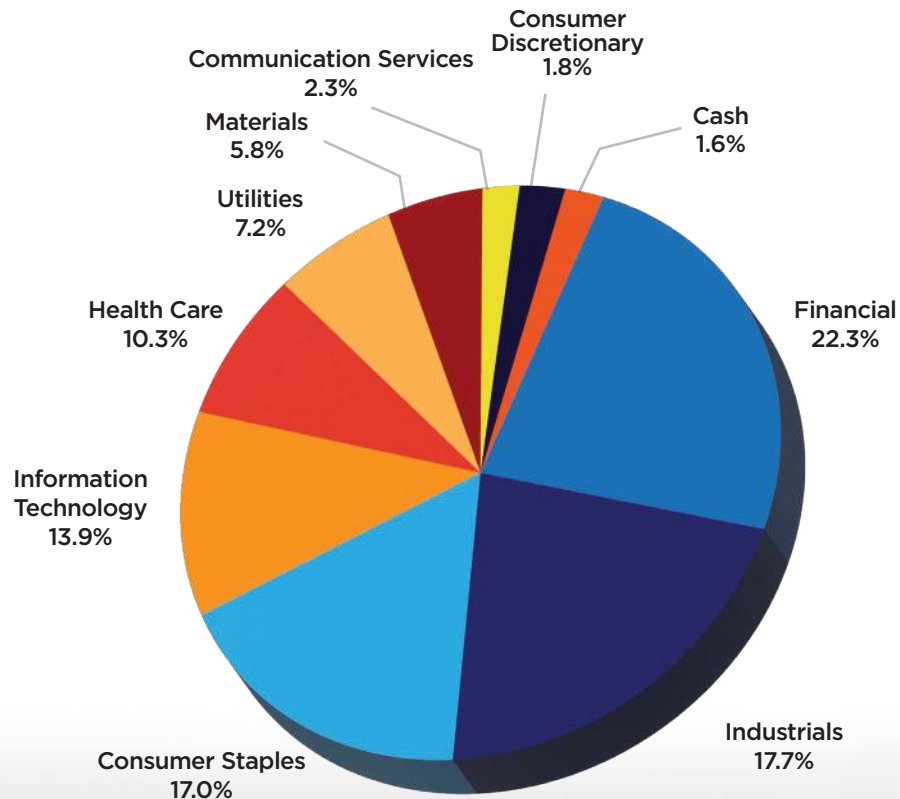
Fund Distribution by Market Value

### TARGET FUND'S TOP 10 HOLDINGS

As of December 31, 2021

Procter & Gamble Co  
Cisco Systems Inc  
Unilever PLC  
Relx PLC  
Roche Holdings AG  
Deutsche Boerse AG  
Taiwan Semiconductor Mfg Co Ltd  
Sanofi  
Schneider Elec SA  
Tesco PLC

## FUND MANAGER'S REPORT





### FUND PERFORMANCE

Growth Fund closed 2021 with a NAVPU of Php 1.521675, up by 2.9% from the previous year. The Fund outperformed the Philippine Stock Exchange Index (PSEi), which declined by 0.2% year-on-year. Outperformance was due to the bias of the Fund towards defensive names amid the uncertainties of economic recovery throughout the year.

Volatility of the Fund was lower at 14.4% versus the PSEi's 18.7% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

The Fund remained biased on companies exposed in consumer staples sector, which showed resiliency amid the pandemic. Cash position of the Fund was 6.8% to cushion against expected volatility next year.

For 2022, the Fund will slowly overweight positions 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

Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year. 2021 was expected to be a recovery period for Philippine equities, but further lockdowns due to resurgence of COVID-19 cases prevented the market to get back to pre-pandemic levels. The Philippine Stock Exchange Index (PSEi) ended the year at 7,122.63, lower by 0.2% from the previous year.

## FUND MANAGER'S REPORT

Optimism was high as the government started to roll-out its inoculation program amid the arrivals of vaccine supply from various manufacturers. The long-awaited passing of the CREATE law also contributed to the positive sentiment. However, another COVID-19 outbreak caused by Delta variant weighed down on sentiment as we saw daily cases surged to record highs, which prompted the government to impose strict lockdowns in Metro Manila.

After dropping as much as 13.7% year to date, the market was able to stage a rally in the second half of the year as daily COVID-19 cases improved and vaccine rollout continued to ramp up. The government's move to further reopen the economy towards the year end was also welcomed by investors as it should capture the robust consumer spending during the holiday season.

### OUTLOOK

We remain hopeful that 2022 will be a better year for the equities market as vaccine rollout continues to ramp up and the economy further reopens. Election related spending should also provide a boost in economic activity as the campaign period progresses in full swing.

A resurgence of COVID-19 outbreak may dampen our recovery prospects however, after the more contagious Omicron variant was detected in our country. High unemployment rate, looming inflationary pressures and rising interest rate environment are also downside risks that will need to be closely monitored.

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

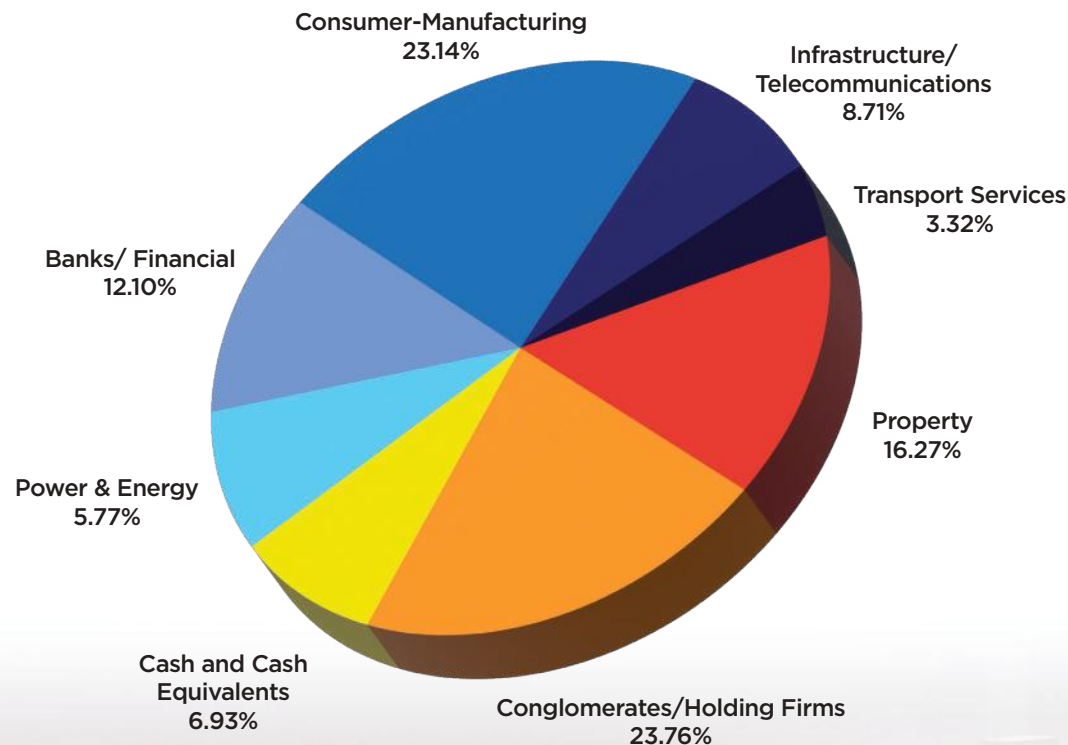
## GROWTH FUND

Fund Distribution by Market Value

### GROWTH FUND STOCK LIST

As of December 31, 2021

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	Concepcion 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
EEL	EEL Corporation
EW	East West Banking Corporation
FB	San Miguel Food & Beverage, Inc.
FGEN	FirstGen Corporation
FPH	First Philippine Holdings
GTCAP	GT Capital Holdings, Inc.
ICT	International Container Terminal Services, Inc.
JGS	JG Summit Holdings, Inc.
MAC	MacroAsia Corp.
MAXS	Max's Group, Inc.
MBT	Metropolitan Bank and Trust Company
MEG	Megaworld Corporation
MONDE	Monde Nissin Corp
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.
SECB	Security Bank Corporation
SHLPH	Philippine Shell Petroleum Corporation
SM	SM Investments Corp.
SMC	San Miguel Corporation
SMPH	SM Prime Corporation
SSI	SSI Group, Inc.
TEL	PLDT, Inc.
URC	Universal Robina Corporation
VLL	Vista Land and Lifescapes, Inc.
WLCON	Wilcon Depot, Inc.





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

### FUND PERFORMANCE

O.N.E Fund (ONEF) closed 2021 at Php 0.960787, up by 9.5% from the previous year. The Fund slightly outperformed the Philippine Stock Exchange Index (PSEi), which was down by 0.2% for the year. Outperformance was due to bias of the Fund towards consumer staples, which did well during the year.

Volatility of the Fund was lower at 13.2% versus the PSEi's 18.7% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

The Fund remains focused in consumer related stocks as the Philippines is 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 4.2% by year-end on expectations of a recovery of consumer spending in 2022.

### MARKET REVIEW

Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year. 2021 was expected to be a recovery period for Philippine equities, but further lockdowns due to resurgence of COVID-19 cases prevented the market to get back to pre-pandemic levels. The Philippine Stock Exchange Index (PSEi) ended the year at 7,122.63, lower by 0.2% from the previous year.

Optimism was high as the government started to roll-out its inoculation program amid the arrivals of vaccine supply from various manufacturers.

## FUND MANAGER'S REPORT

The long-awaited passing of the CREATE law also contributed to the positive sentiment. However, another COVID-19 outbreak caused by Delta variant weighed down on sentiment as we saw daily cases surged to record highs, which prompted the government to impose strict lockdowns in Metro Manila.

After dropping as much as 13.7% year to date, the market was able to stage a rally in the second half of the year as daily COVID-19 cases improved and vaccine rollout continued to ramp up. The government's move to further reopen the economy towards the year end was also welcomed by investors as it should capture the robust consumer spending during the holiday season.

### OUTLOOK

We remain hopeful that 2022 will be a better year for the equities market as vaccine rollout continues to ramp up and the economy further reopens. Election related spending should also provide a boost in economic activity as the campaign period progresses in full swing.

A resurgence of COVID-19 outbreak may dampen our recovery prospects however, after the more contagious Omicron variant was detected in our country. High unemployment rate, looming inflationary pressures and rising interest rate environment are also downside risks that will need to be closely monitored.

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.





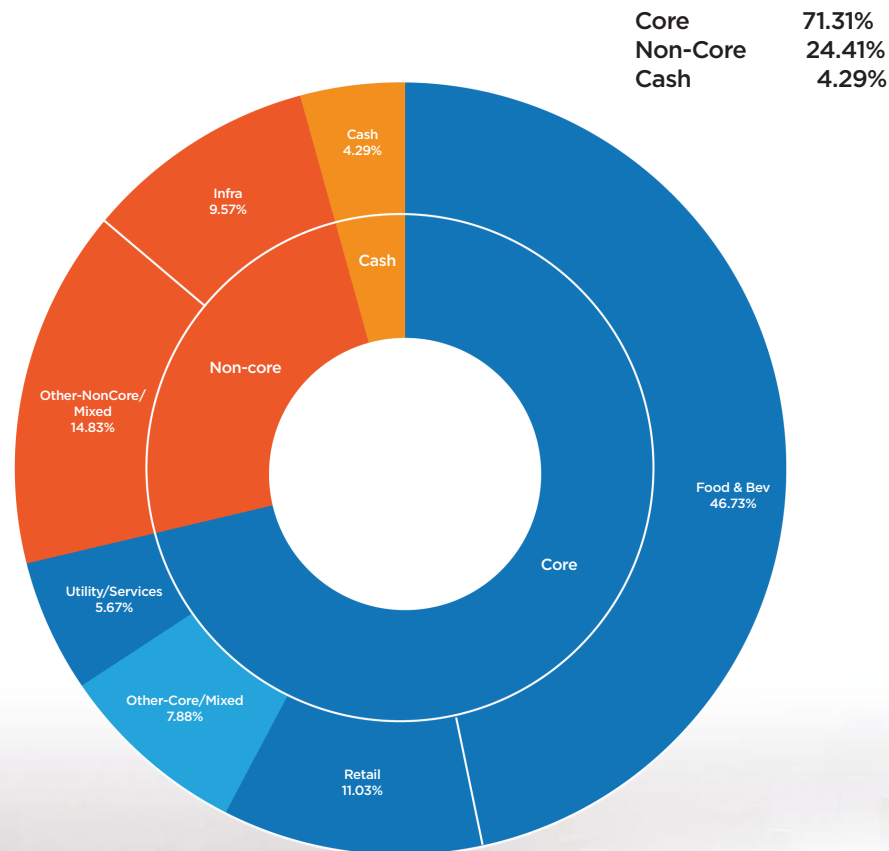
# FUND MANAGER'S REPORT

## O.N.E. FUND (Own the New Economy) Fund Distribution by Market Value

### O.N.E. FUND STOCK LIST

As of December 31, 2021

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.
MONDE	Monde Nissin Corp.
MPI	Metro Pacific Investments, Corp.
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.
URC	Universal Robina Corporation
WLCON	Wilcon Depot, Inc.





## SELECT EQUITIES FUND

### FUND PERFORMANCE

Select Equities Fund (SEF) NAVPU closed 2021 at Php 0.832131, up by 0.3% from the previous year. The Fund outperformed the Philippine Stock Exchange Index (PSEi), which was down 0.2% for the year. Outperformance was mainly due to the resilience of the banking and telco sectors, where the Fund has significant exposure. SEF volatility was lower at 17.7% versus the PSEi's 18.7% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

### MARKET REVIEW

Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year. 2021 was expected to be a recovery period for Philippine equities, but further lockdowns due to resurgence of COVID-19 cases prevented the market to get back to pre-pandemic levels. The Philippine Stock Exchange Index (PSEi) ended the year at 7,122.63, lower by 0.2% from the previous year.

Optimism was high as the government started to roll-out its inoculation program amid the arrivals of vaccine supply from various manufacturers. The long-awaited passing of the CREATE law also contributed to the positive sentiment. However, another COVID-19 outbreak caused by Delta variant weighed down on sentiment as we saw daily cases surged to record highs, which prompted the government to impose strict lockdowns in Metro Manila.

After dropping as much as 13.7% year to date, the market was able to stage a rally in the second half of the year as daily COVID-19 cases improved and vaccine rollout continued to ramp up. The

## FUND MANAGER'S REPORT

government's move to further reopen the economy towards the year end was also welcomed by investors as it should capture the robust consumer spending during the holiday season.

### OUTLOOK

We remain hopeful that 2022 will be a better year for the equities market as vaccine rollout continues to ramp up and the economy further reopens. Election related spending should also provide a boost in economic activity as the campaign period progresses in full swing.

A resurgence of COVID-19 outbreak may dampen our recovery prospects however, after the more contagious Omicron variant was detected in our country. High unemployment rate, looming inflationary pressures and rising interest rate environment are also downside risks that will need to be closely monitored.

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

### SELECT EQUITIES FUND

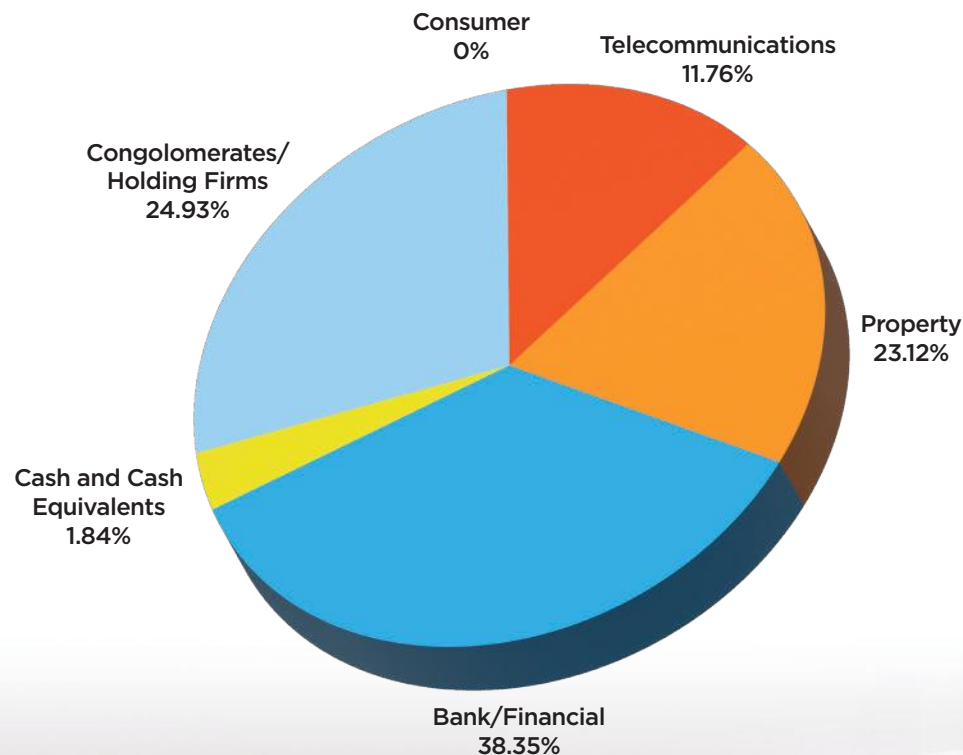
Fund Distribution by Market Value

#### COMPOSITION OF SEF AS OF 31 DECEMBER 2021 IS AS FOLLOWS:

AC	Ayala Corporation
ALI	Ayala Land, Inc.
BDO	BDO UniBank, Inc.
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





## GUARDIAN FUND

### FUND PERFORMANCE

Guardian Fund NAVPU closed 2021 at Php 0.661453, down 3.2% from the previous year. The Fund underperformed the Philippine Stock Exchange Index (PSEi), which was down by 0.2% for the year. Volatility of the Fund remained lower at 15.5% versus the PSEi's 18.7% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

Cash position was maintained at 5.0% as the Fund prepares for market recovery next year.

### MARKET REVIEW

Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year. 2021 was expected to be a recovery period for Philippine equities, but further lockdowns due to resurgence of COVID-19 cases prevented the market to get back to pre-pandemic levels. The Philippine Stock Exchange Index (PSEi) ended the year at 7,122.63, lower by 0.2% from the previous year.

Optimism was high as the government started to roll-out its inoculation program amid the arrivals of vaccine supply from various manufacturers. The long-awaited passing of the CREATE law also contributed to the positive sentiment. However, another COVID-19 outbreak caused by Delta variant weighed down on sentiment as we saw daily cases surged to record highs, which prompted the government to impose strict lockdowns in Metro Manila.

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## FUND MANAGER'S REPORT

government's move to further reopen the economy towards the year end was also welcomed by investors as it should capture the robust consumer spending during the holiday season.

### OUTLOOK

We remain hopeful that 2022 will be a better year for the equities market as vaccine rollout continues to ramp up and the economy further reopens. Election related spending should also provide a boost in economic activity as the campaign period progresses in full swing.

A resurgence of COVID-19 outbreak may dampen our recovery prospects however, after the more contagious Omicron variant was detected in our country. High unemployment rate, looming inflationary pressures and rising interest rate environment are also downside risks that will need to be closely monitored.

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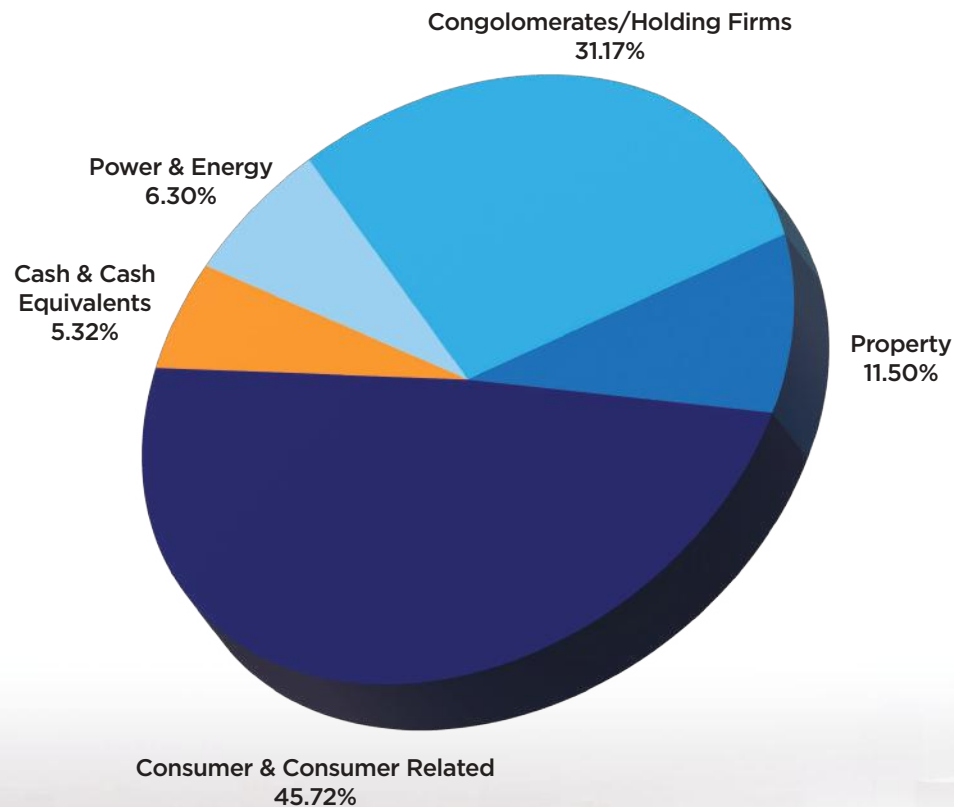
## FUND MANAGER'S REPORT

### GUARDIAN FUND

Fund Distribution by Market Value

#### COMPOSITION OF GUARDIAN FUND AS OF 31 DECEMBER 2021 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.
WLCON	Wilcon Depot, Inc.







## BALANCED FUND

### FUND PERFORMANCE

Balanced Fund ended the year with a NAVPU of Php 3.023525, up 2.26% 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 the year lower by 0.2% year-on-year to 7,122.63. Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year as further lockdowns were imposed amid resurgence of cases. Optimism was high following the roll-out of the government's inoculation program and the passage of the long-awaited CREATE law. However, another COVID-19 outbreak caused by the Delta variant weighed down on sentiment as daily cases surged to record highs. The market was able to stage a rally in the second half of the year with the improvement in daily COVID-19 cases, ramp up in the vaccination program, and the move to further reopen the economy towards the end of the year.

Inflation went on a persistent upward path from the fourth quarter of the previous year up to August 2021, reaching a peak of 4.9% during the year. Full year inflation averaged at 4.5%, breaching the Bangko Sentral ng Pilipinas (BSP)'s target band of 2% to 4%. Despite higher inflation outturn, the BSP maintained key policy interest rate at 2.0% for the entire year as it affirmed its support for the economy. The country's GDP recovered from the 9.5% slump in the previous year as it grew by 5.6% in 2021. The debt-to-GDP ratio, however, widened from 54.6% in 2020 to 60.5% in 2021. This prompted Fitch Ratings to revise its outlook from stable to negative, but credit rating was maintained at BBB.

## FUND MANAGER'S REPORT

### OUTLOOK

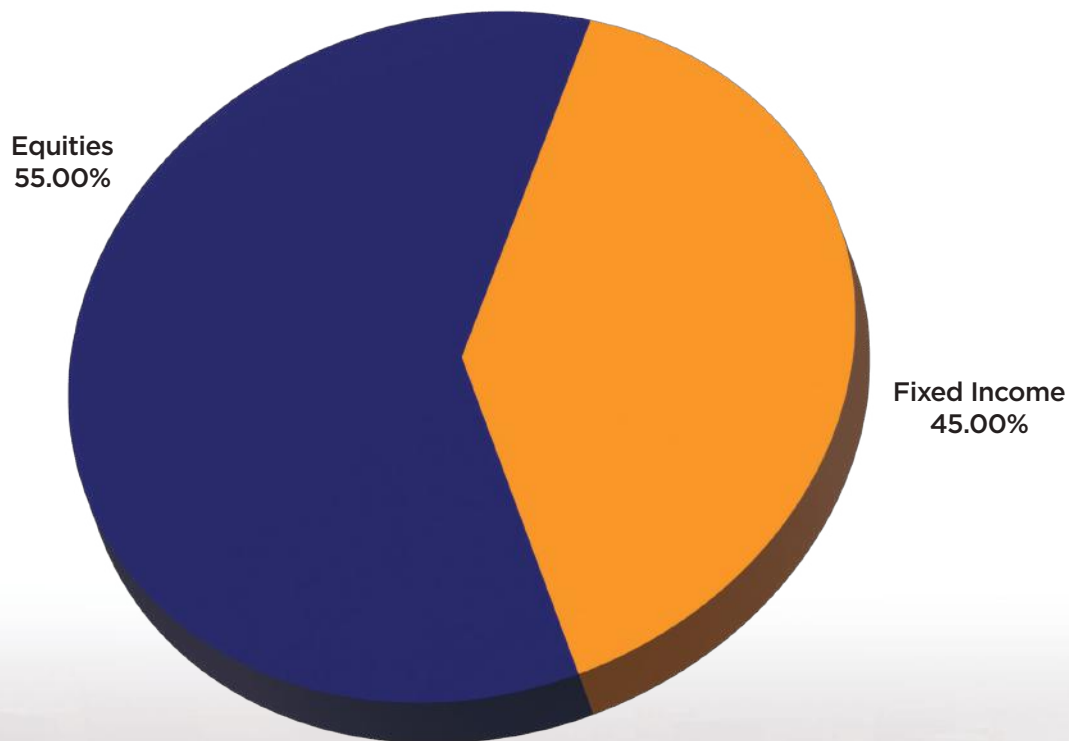
As vaccine rollout continues to ramp up, the economy further reopens, and election-related spending trickles in, economic activity is expected to improve. However, the resurgence of COVID-19 cases after the detection of more contagious Omicron variant in the country, high unemployment rate, looming inflationary pressures, and rising interest rate environment are risks that will need to be closely monitored.



## FUND MANAGER'S REPORT



### **BALANCED FUND** Fund Distribution by Market Value





## DOLLAR FIXED INCOME FUND

### FUND PERFORMANCE

In 2021, ROP yield curve shifted upwards, tracking movement in US Treasury yield curve. As yields move in opposite direction from prices, the Dollar Fixed Income Fund declined by 2.33% YoY to USD1.728928 Net Asset Value per Unit (NAVPU) in 2021. The Fund continues to invest in a mix of ROP and corporate bonds, and short-term securities.

### MARKET REVIEW

Higher inflation outlook was strengthened at the start of the year following the announcement of U.S. President Biden's \$1.9 trillion stimulus package, which included allocation for direct payments, unemployment aid, rental assistance, funds for vaccine distribution, among others. Headline inflation in the U.S. traversed an upward path during the year, reaching a peak of 7.04% in December, highest in nearly 40 years. Inflationary pressures during the year primarily came from supply chain disruptions and the acceleration in energy prices. FED Chair Powell initially downplayed the surge in inflation, viewing it as largely driven by transitory forces, but eventually acknowledged that it had become persistent. The elevated inflation consequently fueled expectations of monetary policy tightening by the U.S. Federal Reserve. These expectations were cemented in the latter part of the year after the U.S. central bank announced that it would reduce its massive bond buying program starting November and indicated that it would raise interest rates by next year. However, concerns on economic growth trickled in as a new COVID-19 variant, Omicron, emerged. This variant immediately overtook the Delta as the dominant variant circulating in the U.S.

## FUND MANAGER'S REPORT

Onshore inflation went on an upward trajectory also in 2021, with full year average of 4.5% breaching BSP's target range of 2% to 4%. In this backdrop, the BSP continued to affirm its support to the country's economic recovery amid downside risks arising from new COVID-19 variants as well as the potential tightening of global financial conditions.

### OUTLOOK

As risks to offshore and onshore inflation for 2022 point to the upside, expectations for monetary policy tightening both in the U.S. and the Philippines will remain on the spotlight and likely put upward pressure on yields. However, economic growth concerns from the emergence of new COVID-19 variants as well as the impact of potential rate hikes on economic activity will likely temper the increase.



## **DOLLAR FIXED INCOME FUND**

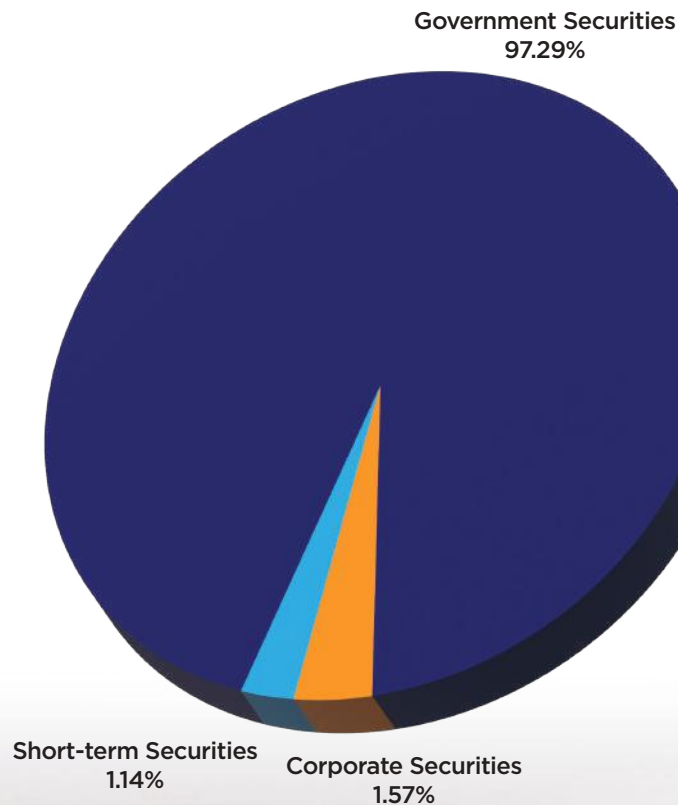
Fund Distribution by Market Value

### **TOP HOLDINGS as of December 31, 2021**

#### **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

### FUND PERFORMANCE

The Dollar Opportunity Fund (DOF) invests solely in a local fund that feeds into a Target Fund known as Franklin Templeton's U.S. Opportunities Fund. The Target Fund invests principally in equity securities of US companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria.

US equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), rose over the 12 months ended December 31, 2021. Stocks benefitted from the continued economic recovery, monetary and fiscal stimulus measures, rollout of highly effective COVID-19 vaccines, implementation of vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. A rebound in corporate earnings and the passage of a bipartisan infrastructure bill further bolstered investor sentiment, helping equities to reach new all-time price highs late in the 12-month period.

In 2021, DOF delivered 15.32% return and ended the year with Net Asset Value per Unit (NAVPU) of USD 1.186113.

### MARKET REVIEW

The Target Fund Managers continue to view the US equity market as an attractive place to invest. While company valuations at month-end were near the higher end of the historical range, fundamentals appeared to be supportive. They believe high-quality businesses that have sustainable earnings and cash flow, along with competitive positioning and pricing power, should fare relatively well as looking into 2022. They continue to focus on what they consider high-quality businesses with sustainable growth drivers that may not be reflected in current valuations.

Many of these investments are levered to strong secular growth themes believed to potentially deliver consistent performance throughout the market cycle. As the world moves from an analogue-based one to a digital one, numerous

## FUND MANAGER'S REPORT

investment opportunities are being created across all sectors. In financials, the rise of many fintech (financial technology) companies creates new options for consumers. Meanwhile, in the healthcare sector, biotechnology and genomics companies have shown tremendous promise with new and innovative treatments and cures. While the Target Fund Managers are aware of the macro factors, these factors do not drive most of their investment decisions, and they believe the factors do not necessarily drive long-term performance. On the other hand, the Target Fund Managers believe that active management is critical to successfully navigating these dynamic markets.

### OUTLOOK

The US economy has been on a path of sustained post-pandemic recovery that is expected to continue in 2022. US growth has remained stronger than other developed markets, supported by healthy consumer spending and strong corporate earnings.

While the economic backdrop appears robust, the Target Fund Managers acknowledge that 2022 may bring an increase in financial market volatility from variables such as inflation, interest rates and the coronavirus. However, they continue to see opportunities to invest in what they consider to be high-quality businesses with sustainable growth drivers that are not reflected in current valuations. Many of these investments are levered to strong secular growth themes that are believed to deliver consistent performance throughout the market cycle.

Many of their investments remain focused on the ongoing digital transformation of the global economy. The move from an analogue-based world to a digital one is allowing companies to better understand customers, improve business processes, increase productivity and lower costs.

They believe active management is critical to successfully navigate these dynamic financial markets. They take a long-term view and see volatility as an opportunity to take advantage of what they consider good prices for excellent companies set to benefit from multi-year secular growth trends. They remain confident in their growth positioning as they seek to identify companies that they believe can be future leaders within the US economy and the overall market.





## DOLLAR OPPORTUNITY FUND

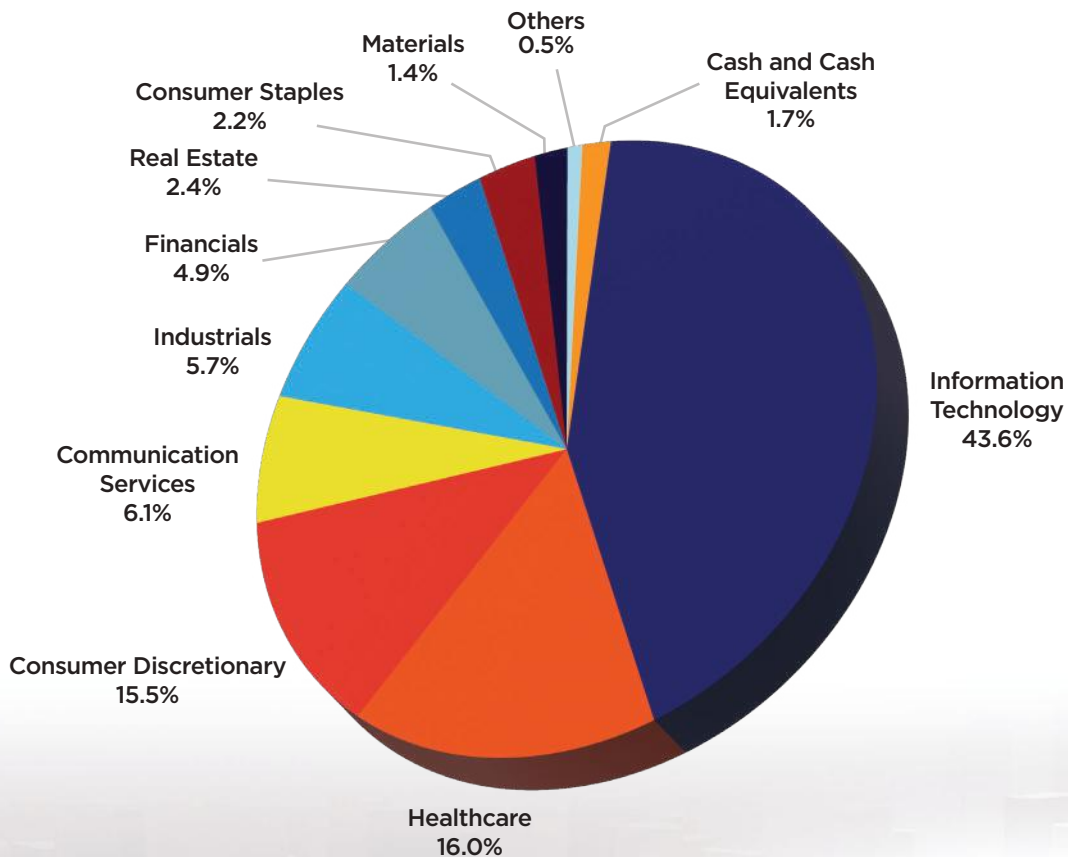
Fund Distribution by Market Value

### TARGET FUND'S TOP 10 HOLDINGS

As of December 31, 2021

Amazon.com Inc  
Apple Inc  
Microsoft Corp  
Mastercard Inc  
Nvidia Corp  
Alphabet Inc  
ServiceNow Inc  
SBA Communications Corp  
Intuit Inc  
Bill.com Holdings Inc

## FUND MANAGER'S REPORT





## RECOVERY EQUITY FUND

### FUND PERFORMANCE

Recovery Equity Fund closed 2021 with a NAVPU of Php 1.07701, up by 8.5% from the previous year. The Fund outperformed the Philippine Stock Exchange Index (PSEi), which declined by 0.2% year on year. Outperformance was due to the active bias of the Fund towards defensive sectors amid the uncertainties of economic recovery throughout the year.

Volatility of the Fund was lower at 12.9% versus the PSEi's 18.7% (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

For 2022, the Fund will remain opportunistic and will slowly overweight positions on cyclical stocks that are viewed to benefit significantly from further reopening of the economy as we recover from the pandemic.

### MARKET REVIEW

Developments in the country's COVID-19 situation continued to drive market sentiment throughout the year. 2021 was expected to be a recovery period for Philippine equities, but further lockdowns due to resurgence of COVID-19 cases prevented the market to get back to pre-pandemic levels. The Philippine Stock Exchange Index (PSEi) ended the year at 7,122.63, lower by 0.2% from the previous year.

Optimism was high as the government started to roll-out its inoculation program amid the arrivals of vaccine supply from various manufacturers. The long-awaited passing of the CREATE law also contributed to the positive sentiment. However, another COVID-19 outbreak caused by Delta variant weighed down on sentiment as we saw daily cases surged

## FUND MANAGER'S REPORT

to record highs, which prompted the government to impose strict lockdowns in Metro Manila.

After dropping as much as 13.7% year to date, the market was able to stage a rally in the second half of the year as daily COVID-19 cases improved and vaccine rollout continued to ramp up. The government's move to further reopen the economy towards the year end was also welcomed by investors as it should capture the robust consumer spending during the holiday season.

### OUTLOOK

We remain hopeful that 2022 will be a better year for the equities market as vaccine rollout continues to ramp up and the economy further reopens. Election related spending should also provide a boost in economic activity as the campaign period progresses in full swing.

A resurgence of COVID-19 outbreak may dampen our recovery prospects however, after the more contagious Omicron variant was detected in our country. High unemployment rate, looming inflationary pressures and rising interest rate environment are also downside risks that will need to be closely monitored.

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.



## RECOVERY EQUITY FUND

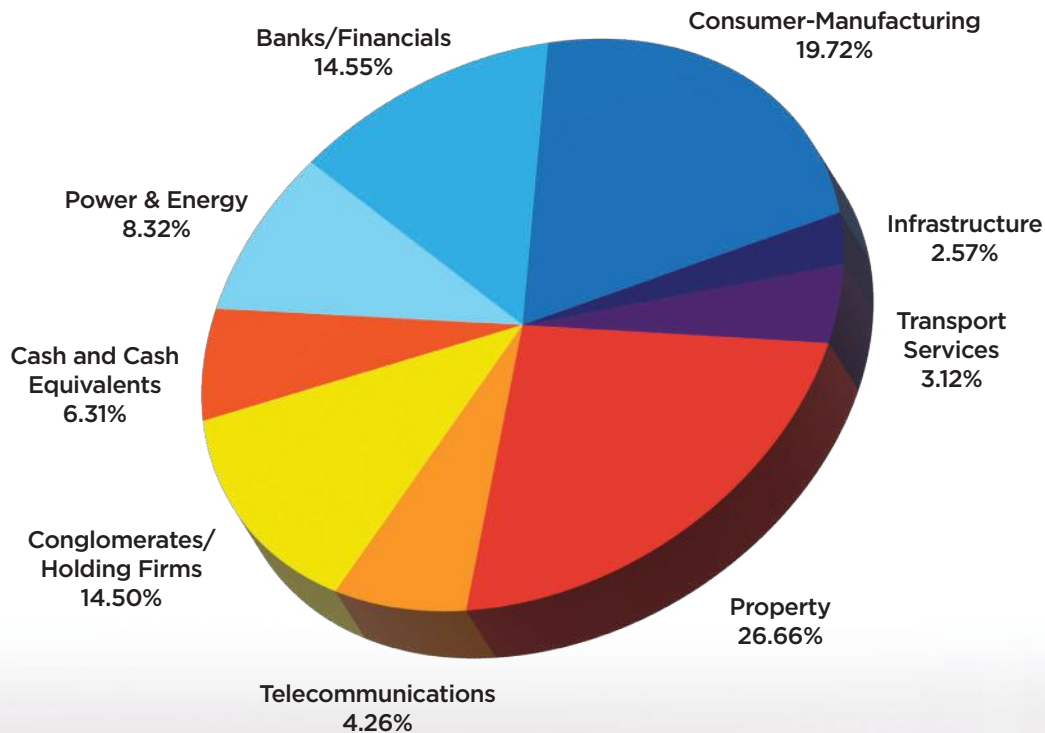
Fund Distribution by Market Value

### RECOVERY FUND STOCK LIST

As of December 31, 2021

AC	Ayala Corporation
ALI	Ayala Land Inc.
AP	Aboitiz Power Corporation
BDO	BDO UniBank, Inc.
BPI	Bank of the Philippine Islands
CNVRG	Converge ICT Solutions, Inc.
DMW	DM Wenceslao & Associates, Inc.
FGEN	FirstGen Corporation
GTCAP	GT Capital Holdings, Inc.
ICT	International Container Terminal Services, Inc.
MAC	MacroAsia Corp.
MBT	Metrobank and Trust Co.
MONDE	Monde Nissin Corp.
MWIDE	Megawide Construction Corp.
PGOLD	Puregold Price Club, Inc.
RLC	Robinsons Land Corporation
RRHI	Robinsons Retail Holdings, Inc.
SECB	Security Bank Corp.
SM	SM Investments Corp.
SMPH	SM Prime Holdings, Inc.
URC	Universal Robina Corporation
VLL	Vista Land and Lifescapes, Inc.

## FUND MANAGER'S REPORT





## PESO GLOBAL TECHNOLOGY FUND

### FUND PERFORMANCE

The Peso Global Technology Fund (PGTF) invests solely in a local fund that feeds into a Target Fund known as Fidelity Funds' Global Technology Fund. The Target Fund invests principally in the equity securities of companies throughout the world that have, or will, develop products, processes or services that will provide, or will benefit significantly from, technological advances and improvements.

In 2021, the Target Fund reported strong double-digit percentage returns but came in behind its benchmark (MSCI ACWI Information Technology Index). Stock selection in the internet & direct marketing retail and entertainment industries were the main detractors, although the Target Fund benefitted from security selection in the interactive media & services industry, as well as an underweight stance in the IT services segment. PGTF delivered 26.77% return and ended the year with Net Asset Value per Unit (NAVPU) of Php 1.634291.

### MARKET REVIEW

Global equities gained over 2021. Investor sentiment received support as progress on the rollout of COVID-19 vaccines globally fueled optimism towards the economic recovery. Encouraging corporate earnings in developed markets, the easing of mobility restrictions in major economies, and a highly stimulatory fiscal policy backdrop in the US also supported risk assets.

Notwithstanding the above, a resurgence in infections and the re-imposition of targeted restrictions in many regions, as well as the emergence of the more infectious Delta and Omicron variants of COVID-19 held back gains.

Separately, major central banks adopted a tighter monetary policy stance towards the tail end of 2021 amid concerns around higher inflation, which further weighed on markets.

Against the above global backdrop, the US and European markets outperformed other regional markets. Emerging markets fell and lagged developed markets,

## FUND MANAGER'S REPORT

largely due to weakness in China given the brewing economic and policy risks in the country.

From a sector perspective, energy and materials benefited from a rise in crude oil and metal prices. Information technology and financials were also among the leading performers. In terms of sub-sectors, semiconductors & semiconductor equipment and communications equipment were the biggest gainers, while entertainment and software names lagged the broader market.

### OUTLOOK

Overall, the Target Fund Manager remains constructive on the outlook for global technology equities in 2022. Consumer and corporate demand is still strong. Looking beyond COVID-19, businesses recognize the need for better infrastructure to support hybrid working, while longer term digitization initiatives have once again been reprioritized. Consumers' digital content consumption and use of many e-commerce features saw a strong up-tick as a result of the pandemic, and remains a structural growth story. He is also seeing increasing government stimulus initiatives which targets areas like improved technology infrastructure, and an emphasis on promoting green technologies and more efficient energy use. He sees technology is an enabler of sustainability gains.

Separately, there have been some concerns about the impact of rising inflation on the sector, but the portfolio manager is of the view that it is important to differentiate between types of technology companies when it comes to inflation impact. Some tech companies can do well in an inflationary environment, given their strong pricing power and business models which take revenue as a fixed percentage of the nominal price of products sold online. This positions them well to perform strongly in a rising inflationary environment. The portfolio manager is of the view that the sector's superior earnings performance may continue, given that sales strength is likely to persist. Margins may be affected by cost inflation, but technology business models are quite asset light, with strong pricing power. This could be good for profitability. In terms of risks, one of the key themes he continues to monitor is the risk of government intervention, particularly amongst more heavily regulated businesses such as utilities, or other sectors under strong political scrutiny such as pharma or big tech.



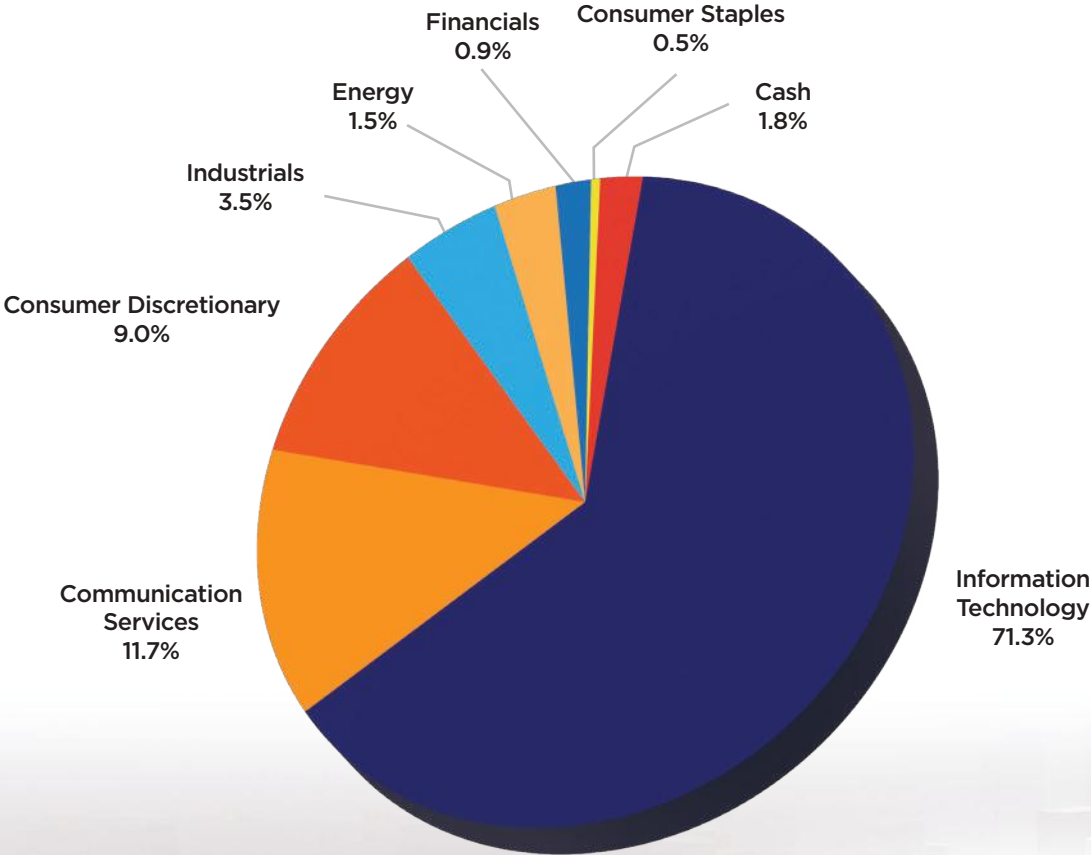
**PESO GLOBAL TECHNOLOGY FUND**  
Fund Distribution by Market Value

**TARGET FUND'S TOP 10 HOLDINGS**

As of December 31, 2021

Microsoft Corp  
Apple Inc  
Amazon.com Inc  
Samsung Electronics Co Ltd  
Visa Inc  
Alphabet Inc  
Texas Instruments Inc  
Fidelity Natl Informn Svcs Inc  
KLA Corp  
SAP SE

**FUND MANAGER'S REPORT**







## PESO GLOBAL MULTI-ASSET INCOME-PAYING FUND

### FUND PERFORMANCE

The Peso Global Multi-Asset Income-Paying Fund (PGMAIPF) invests solely in a local fund that feeds into a Target Fund known as JP Morgan Asset Management's Multi Income Fund. The Target Fund invests principally in a diversified portfolio of income producing equities, bonds and other securities. In addition, the Target Fund aims to provide medium to long term moderate capital growth. The Target Fund Managers seek to achieve these objectives by active asset allocation to, and within, different asset classes and geographies.

In 2021, over the course of 2021, global equity and global REITs allocations were top contributors of performance and delivered positive returns whilst offering attractive dividend yields over the year. Convertible bonds delivered a positive return as strong economic data and central bank accommodation continuously supported the asset class. Within fixed income instruments, the Target Fund achieved positive contributions across most of its allocations, in particular from the allocation to US high yield which was a major contributor to performance in 2021, as spreads have continued to tighten in an environment of improving economic activity while the defaults trend has simultaneously lowered. The majority of different allocations provided a positive contribution to portfolio returns. Launched in November 12, 2021, the PGMAIPF delivered 0.99% return and ended the year with Net Asset Value per Unit (NAVPU) of Php 1.009876 in the short period of over a month.

### MARKET REVIEW

The Target Fund Managers remained cautiously optimistic on global growth for the first half of 2021, given risks around mutations of the COVID-19 virus and concerns around the efficacy of vaccines. Over the second half of 2021, they were constructive on the outlook for near-term global growth as economies around the globe fully reopened and pent-up demand materialized due to successful vaccine distribution. The equity allocation which now stands at 48%, up by 7% from 41% at the start of the year, is favorably positioned for a continuation of current market trends as economic growth should stay well above trend across developed economies and global EPS growth looks promising as well.

## FUND MANAGER'S REPORT

Business activity in the Eurozone initially fell at the beginning of the year, as companies continued to struggle amid the ongoing pandemic. As time went by, business activity showed significant signs of improvements as economies opened up from COVID-19 related restrictions throughout the year. They maintained their preference for developed markets over emerging ones and leveraged the European market in order to further lean into the cyclical tilt established within the portfolio, as a continued strength in earnings revisions along with attractive valuations have rendered the region attractive.

US and European bank fundamentals continued to look strong given the support robust liquidity and strong balance sheets have provided over the year. The Target Fund Managers added more preferred equity allocation and brought exposure up to 9.5% from 8.1% at the beginning of 2021. The asset class has benefited from improving fundamentals, which look to persist into 2022.

### OUTLOOK

The Target Fund Managers continue to believe in constructive outlook on above-trend global growth as robust household balance sheets, strong corporate capex and positive trends in productivity look set to persist into 2022. Although the big fiscal thrust of the last two years is now firmly in the rear-view mirror, they believe that the global economy should be much healthier now and that private sector demand will be sufficient to keep the global economy growing well above trend.

Their core scenario is for growth to remain robust and inflation to remain above target, but not be sufficiently worrying to warrant a rapid and disruptive withdrawal of monetary stimulus. They acknowledge that the first quarter of 2022 could be challenging as the continued pandemic-related restrictions could lead to disappointing economic data. However, over a longer horizon, the prospect of another year with above trend GDP growth and rising corporate earnings supports their pro-risk tilt in the portfolio, whilst they continue to monitor inflation and normalizing monetary and fiscal policy.

In 2022, many of the underlying conditions observed support a continuation of the Target Fund Managers' pro-risk view, as the booming global economy has delivered powerful tailwinds to markets which should remain supportive for much of 2022.



## PESO GLOBAL MULTI-ASSET INCOME-PAYING FUND

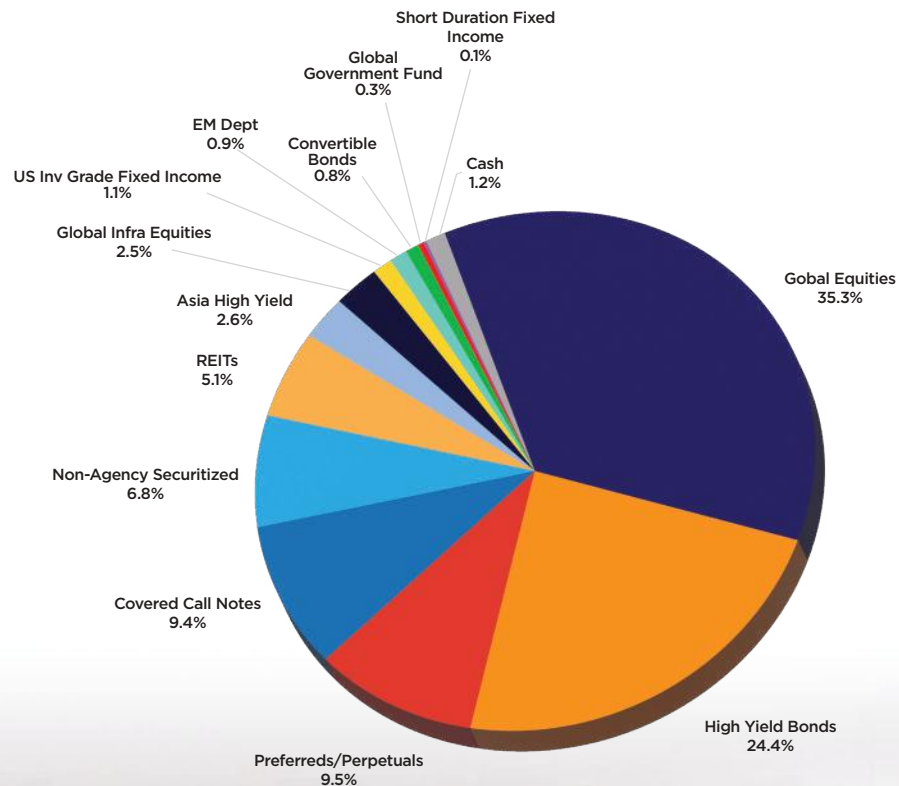
Fund Distribution by Market Value

### TARGET FUND'S TOP 10 HOLDINGS

As of December 31, 2021

Taiwan Semiconductor Manufacturing Co., Ltd.  
Samsung Electronics Co., Ltd.  
Johnson & Johnson  
Coca-Cola Company  
BANK OF AMERICA CORP FRN 29 DEC 2099 SER  
Procter & Gamble Company  
Prologis, Inc.  
Roche Holding Ltd  
AbbVie, Inc.  
Infosys Limited

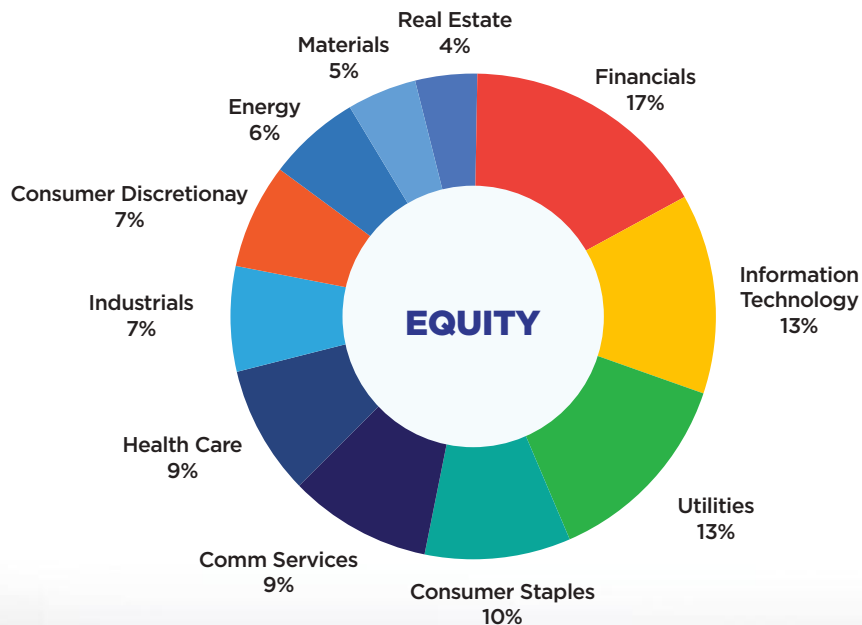
## FUND MANAGER'S REPORT



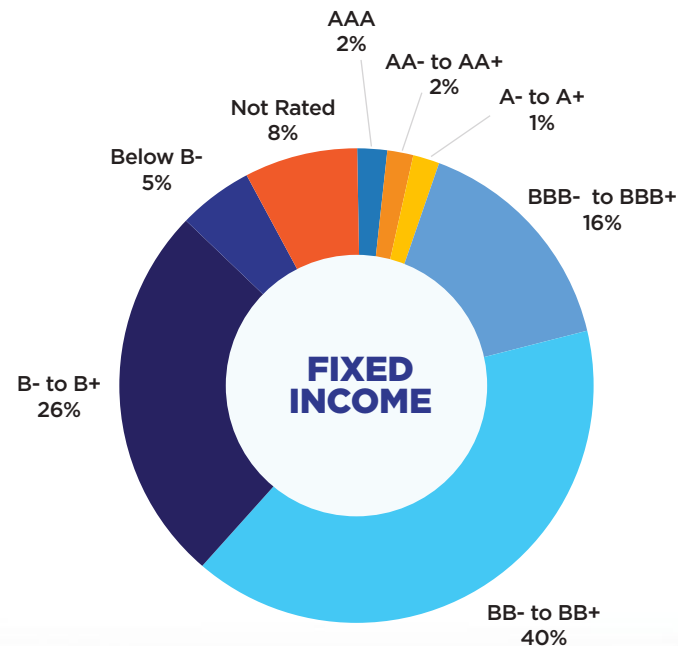


## PESO GLOBAL MULTI-ASSET INCOME-PAYING FUND

Fund Distribution by Market Value



## FUND MANAGER'S REPORT





## DOLLAR GLOBAL MULTI-ASSET INCOME-PAYING FUND

### FUND PERFORMANCE

The Dollar Global Multi-Asset Income-Paying Fund (DGMAIPF) invests solely in a local fund that feeds into a Target Fund known as JP Morgan Asset Management's Multi Income Fund. The Target Fund invests principally in a diversified portfolio of income producing equities, bonds and other securities. In addition, the Target Fund aims to provide medium to long term moderate capital growth. The Target Fund Managers seek to achieve these objectives by active asset allocation to, and within, different asset classes and geographies.

In 2021, over the course of 2021, global equity and global REITs allocations were top contributors of performance and delivered positive returns whilst offering attractive dividend yields over the year. Convertible bonds delivered a positive return as strong economic data and central bank accommodation continuously supported the asset class. Within fixed income instruments, the Target Fund achieved positive contributions across most of its allocations, in particular from the allocation to US high yield which was a major contributor to performance in 2021, as spreads have continued to tighten in an environment of improving economic activity while the defaults trend has simultaneously lowered. The majority of different allocations provided a positive contribution to portfolio returns. Launched in November 12, 2021, the DGMAIPF delivered 1.25% return and ended the year with Net Asset Value per Unit (NAVPU) of Php 1.012478 in the short period of over a month.

### MARKET REVIEW

The Target Fund Managers remained cautiously optimistic on global growth for the first half of 2021, given risks around mutations of the COVID-19 virus and concerns around the efficacy of vaccines. Over the second half of 2021, they were constructive on the outlook for near-term global growth as economies around the globe fully reopened and pent-up demand materialized due to successful vaccine distribution. The equity allocation which now stands at 48%, up by 7% from 41% at the start of the year, is favorably positioned for a continuation of current market trends as economic growth should stay well above trend across developed economies and global EPS growth looks promising as well.

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### OUTLOOK

The Target Fund Managers continue to believe in constructive outlook on above-trend global growth as robust household balance sheets, strong corporate capex and positive trends in productivity look set to persist into 2022. Although the big fiscal thrust of the last two years is now firmly in the rear-view mirror, they believe that the global economy should be much healthier now and that private sector demand will be sufficient to keep the global economy growing well above trend.

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In 2022, many of the underlying conditions observed support a continuation of the Target Fund Managers' pro-risk view, as the booming global economy has delivered powerful tailwinds to markets which should remain supportive for much of 2022.



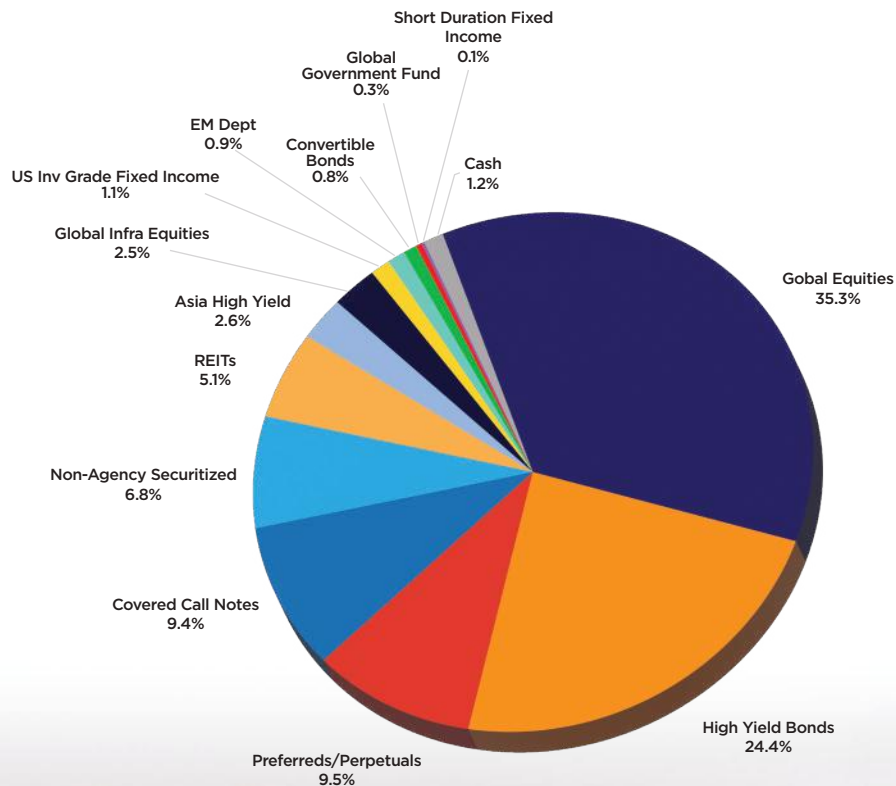
## DOLLAR GLOBAL MULTI-ASSET INCOME-PAYING FUND

Fund Distribution by Market Value

### TARGET FUND'S TOP 10 HOLDINGS

As of December 31, 2021

Taiwan Semiconductor Manufacturing Co., Ltd.  
Samsung Electronics Co., Ltd.  
Johnson & Johnson  
Coca-Cola Company  
BANK OF AMERICA CORP FRN 29 DEC 2099 SER  
Procter & Gamble Company  
Prologis, Inc.  
Roche Holding Ltd  
AbbVie, Inc.  
Infosys Limited

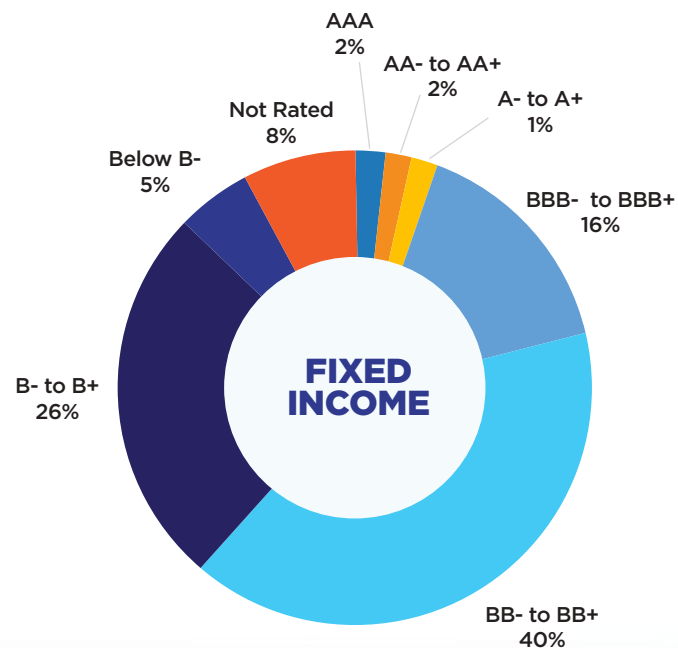
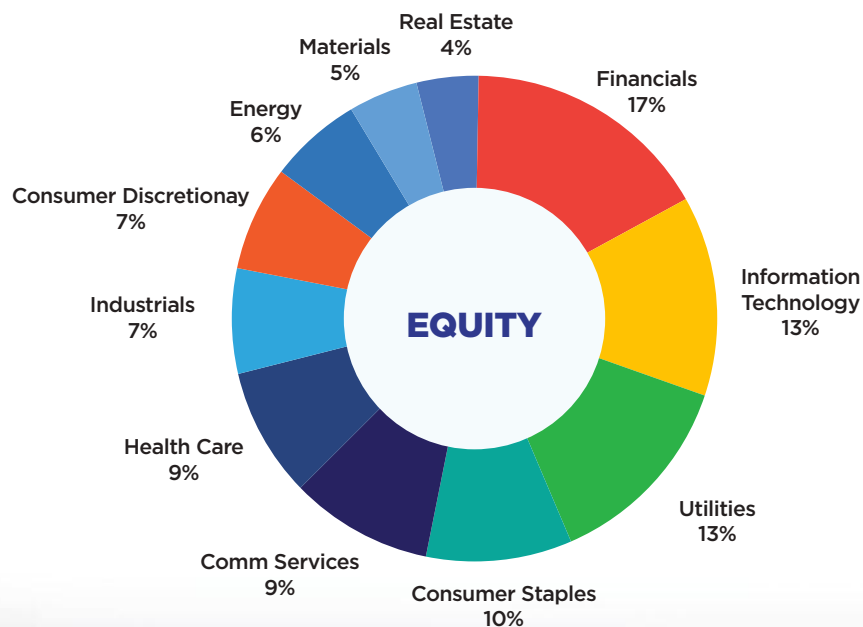




## DOLLAR GLOBAL MULTI-ASSET INCOME-PAYING FUND

Fund Distribution by Market Value

## FUND MANAGER'S 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, 2021 and 2020, 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, 2021 and 2020, 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.

## INDEPENDENT AUDITORS’ REPORT

### 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

Tax Identification No. 193-975-241

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 92305-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-062-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8853462, January 3, 2022, Makati City

April 28, 2022

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2021  
Peso Investment Funds

	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	Peso Global Technology Fund	Recover Equity Fund	Peso Global Multi-Asset Income-Paying Fund
<b>ASSETS</b>												
Cash and cash equivalents (Note 4)	₱132,548	₱108,587,711	₱140,724,148	₱119,129,580	₱59,498,818	₱40,556,392	₱6,302,356	₱6,187,281	₱27,556,048	₱72,000,915	₱28,048,446	₱30,629,217
Financial assets at fair value through profit or loss (Note 5):												
Debt securities	-	2,650,736,760	1,027,593,312	169,149,369	-	389,409,845	19,981,106	-	-	-	-	-
Equity securities	-	-	13,800,767,214	3,941,836,201	3,244,014,876	-	497,131,133	1,652,269,413	586,845,247	5,472,361,789	416,472,239	325,735,786
Investment in fixed income fund	932,909,228	-	-	-	-	-	-	-	-	-	-	-
Investment in equity fund	1,148,154,960	-	-	-	-	-	-	-	-	-	-	-
Receivables (Note 6):												
Subscriptions receivable	195,797	97,899	4,709,807	767,235	470,348	5,308,589	127,503	367,711	699,013	120,282,580	-	31,492,776
Investment income receivable	-	19,742,873	6,154,891	1,793,960	1,250,998	-	302,300	-	313,822	-	137,362	-
Other receivables	1,000	3,465,224	14,827,349	4,206,524	-	-	-	-	-	-	-	-
	2,081,393,533	2,782,630,467	14,994,776,721	4,236,882,869	3,305,235,040	435,274,826	523,844,398	1,658,824,405	615,414,130	5,664,645,284	444,658,047	387,857,779
<b>LIABILITIES (Note 7)</b>												
Accounts payable	7,126,244	74,969	31,898,592	-	-	-	-	-	1,563,572	-	-	-
Accrued and other liabilities	26,389	7,591,915	26,030,598	7,375,605	5,072,951	159,616	980,585	1,231,525	1,120,720	3,960,177	848,069	184,404
	7,152,633	7,666,884	57,929,190	7,375,605	5,072,951	159,616	980,585	1,231,525	2,684,292	3,960,177	848,069	184,404
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>₱2,074,240,900</b>	<b>₱2,774,963,583</b>	<b>₱14,936,847,531</b>	<b>₱4,229,507,264</b>	<b>₱3,300,162,089</b>	<b>₱435,115,210</b>	<b>₱522,863,813</b>	<b>₱1,657,592,880</b>	<b>₱612,729,838</b>	<b>₱5,660,685,107</b>	<b>₱443,809,978</b>	<b>₱387,673,375</b>
Number of Units	686,034,054	1,317,716,284	3,490,542,748	2,779,507,948	3,965,918,880	394,205,728	790,477,349	1,226,846,385	637,737,492	3,463,694,518	412,076,011	383,881,977
Net Asset Value Per Unit	₱3.02	₱2.11	₱4.28	₱1.52	₱0.83	₱1.10	₱0.66	₱1.35	₱0.96	₱1.63	₱1.08	₱1.01

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2021							
Dollar Investment Funds							
	Dollar Fixed Income Fund	Asian Emerging Companies Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Balanced Fund Eliminating Entries	Combined Total
<b>ASSETS</b>							
Cash and cash equivalents (Note 4)	P26,589,768	P-	P174,780,316	P21,609,533	P6,950,108	P-	P869,283,185
Financial assets at fair value through profit or loss (Note 5):							
Debt securities	2,297,208,314	248,875,120	-	-	-	-	6,802,953,826
Equity securities	-	-	-	1,931,966,888	119,313,273	-	31,988,714,059
Investment in fixed income fund	-	-	-	-	-	(932,909,228)	-
Investment in equity fund	-	-	-	-	-	(1,148,154,960)	-
Receivables (Note 6):							
Subscriptions receivable	1,275	-	-	2,040	1,220,532	(195,797)	165,547,308
Investment income receivable	42,659,310	-	14,293	-	-	-	72,369,809
Other receivables	-	-	-	-	-	(6,930,447)	15,569,650
	2,366,458,667	248,875,120	174,794,609	1,953,578,461	127,483,913	(2,088,190,432)	39,914,437,837
<b>LIABILITIES (Note 7)</b>							
Accounts payable	8,574	-	715	8,682	-	(7,126,244)	33,555,104
Accrued and other liabilities	3,134,477	-	19,258	1,398,175	75,944	-	59,210,408
	3,143,051	-	19,973	1,406,857	75,944	(7,126,244)	92,765,512
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>P2,363,315,616</b>	<b>P248,875,120</b>	<b>P174,774,636</b>	<b>P1,952,171,604</b>	<b>P127,407,969</b>	<b>(P2,081,064,188)</b>	<b>P39,821,672,325</b>
Number of Units	26,802,992	10,000	3,272,052	32,272,326	2,467,457		
Net Asset Value Per Unit	P88.17	P24,887.51	P53.41	P60.49	P51.64		

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2020

Peso Investment Funds

	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recover Equity Fund
<b>ASSETS</b>													
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	1,102,340,288	-	-	-	-	-	-	-	-	-	-	-	-
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	311,225	-	278,530	-	-
Other receivables	194,654	3,316,906	3,321,713	1,802,000	-	-	-	-	-	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	611,502,778	1,296,504,188	489,800,563	973,614,064	415,046,595
<b>LIABILITIES (Note 7)</b>													
Accounts payable	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
Accrued and other liabilities	4,922,388	4,385,360	26,983,177	7,897,153	-	-	6,241,013	209,529	1,275,706	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	1,275,706	14,764,610	3,546,390	869,527	5,315,995
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>₱2,052,166,082</b>	<b>₱2,927,776,643</b>	<b>₱13,586,895,949</b>	<b>₱3,968,574,925</b>	<b>₱305,671,000</b>	<b>₱149,370,000</b>	<b>₱3,548,058,039</b>	<b>₱406,692,444</b>	<b>₱610,227,072</b>	<b>₱1,281,739,578</b>	<b>₱486,254,173</b>	<b>₱972,744,537</b>	<b>₱409,730,600</b>
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

See accompanying Notes to Combined Financial Statements.

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2020

### Dollar Investment Funds

	Dollar 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
<b>ASSETS</b>							
Cash and cash equivalents (Note 4)	P144,723,299	P-	P-	P181,995,777	P4,931,478	P-	P2,468,026,877
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
<b>LIABILITIES (Note 7)</b>							
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
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	P3,054,138,036	P353,545,326	P353,980,653	P181,883,142	P321,798,726	(P2,058,672,719)	P32,912,574,206
Number of Units	35,925,295	10,000	7,550	3,616,446	6,474,378		
Net Asset Value Per Unit	P85.01	P35,354.53	P46,884.85	P50.29	P49.70		

See accompanying Notes to Combined Financial Statements.



# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31, 2021

Peso Investment Funds

	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recover Equity Fund	Peso Global Multi-Asset Income-Paying Fund
<b>INCOME</b>														
Net change in unrealized gain (loss) on investment (Note 5)	P47,404,475	(P74,182,843)	P521,374,736	P50,610,406	P3,577,348	P1,737,549	(P7,867,688)	P1,004,680	(P19,714,951)	P185,903,160	P25,258,337	P675,902,697	P16,370,172	P5,735,786
Realized gains (losses) on sale of investment (Note 5)	(1,848,347)	680,131	271,895,736	91,255,350	-	-	(15,972,653)	2,780,790	4,419,362	1,765,486	30,999,946	16,399,605	23,766,095	-
Interest income-deposits (Note 4)	-	327,652	1,992,755	750,408	-	-	431,087	96,260	152,023	52,419	52,332	120,374	367,502	5,286
Interest income-debt securities (Note 5)	-	101,184,599	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (Note 6)	-	-	251,804,268	65,889,326	-	-	78,621,227	-	7,223,055	31,858,335	8,549,214	-	5,155,202	-
Other income	-	-	41,031	45	-	-	-	-	-	-	-	-	-	-
	45,556,128	28,009,539	1,047,108,526	208,505,535	3,577,348	1,737,549	55,211,993	3,881,730	(7,920,511)	219,579,400	64,859,829	692,422,676	45,658,971	5,741,072
<b>EXPENSES</b>														
Management fees (Note 8)	-	42,661,687	273,335,359	79,599,757	-	-	56,932,229	1,719,366	11,023,504	14,142,328	10,750,520	31,509,802	8,411,287	199,346
Administration fees (Note 8)	316,649	670,505	3,197,009	935,762	-	-	768,368	91,390	130,671	225,648	126,314	531,400	99,114	3,518
Custody fees (Note 8)	-	91,797	1,849,447	579,553	-	-	438,380	21,388	79,587	-	122,098	-	114,764	-
Government taxes, duties and other transaction costs	2	20,356,042	15,302,153	4,897,340	-	-	2,150,050	19,314	686,062	11,009	2,258,206	24,284	2,277,638	1,084
Professional fees	-	62,560	62,560	62,560	-	-	62,560	-	62,560	-	62,560	-	62,557	-
	316,651	63,842,591	293,746,528	86,074,972	-	-	60,351,587	1,851,458	11,982,384	14,378,985	13,319,698	32,065,486	10,965,360	203,948
<b>NET INCOME(LOSS)</b>	45,239,477	(35,833,052)	753,361,998	122,430,563	3,577,348	1,737,549	(5,139,594)	2,030,272	(19,902,895)	205,200,415	51,540,131	660,357,190	34,693,611	5,537,124
<b>OTHER COMPREHENSIVE INCOME (LOSSES)</b>														
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS</b>	P45,239,477	(P35,833,052)	P753,361,998	P122,430,563	P3,577,348	P1,737,549	(P5,139,594)	P2,030,272	(P19,902,895)	P205,200,415	P51,540,131	P660,357,190	P34,693,611	P5,537,124

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31, 2021								
Dollar Investment Funds								
	Dollar Fixed Income Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Eliminating Entries	Combined
<b>INCOME</b>								
Net change in unrealized gain (loss) on investment (Note 5)	(P144,376,175)	(P126,579,518)	P9,009,377	P-	P185,362,687	P2,015,573	(P47,404,475)	P1,311,141,353
Realized gains (losses) on sale of investment (Note 5)	(23,345,812)	-	-	-	186,493	-	1,848,347	404,830,529
Interest income-deposits (Note 4)	76,931	-	-	272,131	577	-	-	4,697,737
Interest income-debt securities (Note 5)	131,108,500	-	-	-	-	-	-	232,293,099
Dividends (Note 6)	-	-	-	-	-	-	-	449,100,627
Other income	-	-	-	-	-	-	-	41,076
	(36,536,556)	(126,579,518)	9,009,377	272,131	185,549,757	2,015,573	(45,556,128)	2,402,104,421
<b>EXPENSES</b>								
Management fees (Note 8)	42,039,963	-	-	185,072	10,517,516	80,805	-	583,108,541
Administration fees (Note 8)	664,197	-	-	28,621	177,332	1,427	-	7,967,925
Custody fees (Note 8)	88,048	-	-	-	-	-	-	3,385,062
Government taxes, duties and other transaction costs	14,108	-	-	41,846	20,093	2,566	-	48,061,797
Professional fees	63,449	-	-	-	-	-	-	501,366
	42,869,765	-	-	255,539	10,714,941	84,798	-	643,024,691
<b>NET INCOME(LOSS)</b>	(79,406,321)	(126,579,518)	9,009,377	16,592	174,834,816	1,930,775	(45,556,128)	1,759,079,730
<b>OTHER COMPREHENSIVE INCOME (LOSSES)</b>								
Cumulative translation adjustment	189,265,872	21,909,312	17,152,470	11,271,354	19,941,963	-	-	259,540,971
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS</b>								
	P109,859,551	(P104,670,206)	P26,161,847	P11,287,946	P194,776,779	P1,930,775	(P45,556,128)	P2,018,620,701

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31, 2020

### Peso Investment Funds

	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recover Equity Fund
<b>INCOME</b>													
Net change in unrealized gain (loss) on investment	(P56,961,396)	P107,469,401	(P1,166,665,415)	(P430,015,683)	P6,923,500	P3,525,000	(P46,626,148)	P1,114,874	(P50,583,412)	(P43,315,815)	(P36,543,521)	P126,059,488	(P2,010,992)
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)	(12,688,421)	(27,325,542)	126,125,729	(1,927,992)
<b>EXPENSES</b>													
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
<b>NET INCOME(LOSS)</b>	(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)
<b>OTHER COMPREHENSIVE INCOME (LOSSES)</b>													
Cumulative translation adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS</b>	(P10,704,267)	P166,832,523	(P1,211,525,997)	(P406,002,436)	P6,923,500	P3,525,000	(P136,519,155)	P5,453,728	(P53,145,490)	(P27,037,041)	(P36,558,790)	P123,208,185	(P2,949,826)

See accompanying Notes to Combined Financial Statements.

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Year Ended December 31, 2020								
Dollar Investment Funds								
	Dollar 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
<b>INCOME</b>								
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	(₱1,550,797,389)
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)
<b>EXPENSES</b>								
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
<b>NET INCOME(LOSS)</b>	166,759,776	6,085,753	(102,769,220)	(1,631,580)	542,962	9,105,465	9,936,894	(1,490,470,016)
<b>OTHER COMPREHENSIVE INCOME (LOSSES)</b>								
Cumulative translation adjustment	(166,729,659)	(162,014)	(24,819,224)	(19,341,967)	(8,576,944)	-	-	(219,629,808)
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS</b>								
	₱30,117	₱5,923,739	(₱127,588,444)	(₱20,973,547)	(₱8,033,982)	₱9,105,465	₱9,936,894	(₱1,710,099,824)

See accompanying Notes to Combined Financial Statements.

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

December 31, 2021														
	Peso Investment Funds													
	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recover Equity Fund	Peso Global Multi-Asset Income-Paying Fund
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2019	P2,013,726,248	P2,623,226,424	P13,011,658,970	P4,299,701,088	P298,747,500	P145,845,000	P3,723,555,499	P449,651,217	P650,034,456	P1,683,753,030	P458,071,280	P-	P-	P-
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)	13,338,106	(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	(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)	-
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	-
Contributions received from units issued	90,389,156	218,756,965	1,197,529,395	208,528,664	-	-	59,689,279	181,605,192	26,848,991	299,266,442	104,805,337	4,337,084,609	-	382,136,251
Redemptions during the year	(113,553,815)	(335,736,973)	(600,939,811)	(70,026,888)	(309,248,348)	(151,107,549)	(302,445,635)	(155,212,698)	(94,309,355)	(128,613,555)	(29,869,803)	(309,501,229)	(614,233)	-
	(23,164,659)	(116,980,008)	596,589,584	138,501,776	(309,248,348)	(151,107,549)	(242,756,356)	26,392,494	(67,460,364)	170,652,887	74,935,534	4,027,583,380	(614,233)	382,136,251
Net increase (decrease) in net assets attributable to unitholders resulting from operations	45,239,477	(35,833,052)	753,361,998	122,430,563	3,577,348	1,737,549	(5,139,594)	2,030,272	(19,902,895)	205,200,415	51,540,131	660,357,190	34,693,611	5,537,124
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2021	P2,074,240,900	P2,774,963,583	P14,936,847,531	P4,229,507,264	P-	P-	P3,300,162,089	P435,115,210	P522,863,813	P1,657,592,880	P612,729,838	P5,660,685,107	P443,809,978	P387,673,375

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	December 31, 2021								
	Dollar Investment Funds								
	Dollar Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Eliminating	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2019</b>	P3,232,142,535	P149,155,520	P481,133,770	P374,954,200	P166,268,574	P-	P-	(P2,019,465,512)	P31,742,159,799
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
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2020</b>	3,054,138,036	-	353,545,326	353,980,653	181,883,142	321,798,726	-	(2,058,672,719)	32,912,574,206
Contributions received from units issued	157,258,535	-	-	-	-	1,464,089,344	125,485,899	(90,389,156)	8,763,084,903
Redemptions during the year	(957,940,506)	-	-	(380,142,500)	(18,396,452)	(28,493,245)	(8,705)	113,553,815	(3,872,607,485)
	(800,681,971)	-	-	(380,142,500)	(18,396,452)	1,435,596,099	125,477,194	23,164,659	4,890,477,418
Net increase (decrease) in net assets attributable to unitholders resulting from operations	109,859,551	-	(104,670,206)	26,161,847	11,287,946	194,776,779	1,930,775	(45,556,128)	2,018,620,701
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2021</b>	P2,363,315,616	P-	P248,875,120	P-	P174,774,636	P1,952,171,604	P127,407,969	(P2,081,064,188)	P39,821,672,325



# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	December 31, 2020													
	Peso Investment Funds													
	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recover Equity Fund	Asian Emerging Companies Fund
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2018	P1,768,569,908	P2,096,604,532	P11,673,456,417	P4,336,697,979	P281,332,000	P136,905,000	P3,953,042,723	P283,182,017	P844,001,566	P842,293,336	P195,207,738	P--	P--	P280,289,102
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)	13,338,106	(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	(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)	-
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2020	P2,052,166,082	P2,927,776,643	P13,586,895,949	P3,968,574,925	P305,671,000	P149,370,000	P3,548,058,039	P406,692,444	P610,227,072	P1,281,739,578	P486,254,173	P972,744,537	P409,730,600	P--

See accompanying Notes to Combined Financial Statements

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

December 31, 2020										
Dollar Investment Funds										
	Dollar Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Eliminating Entries	Combined
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2018</b>	P2,977,291,363	P151,383,077	P479,845,080	P371,651,740	P140,218,003	P-	P206,996,944	P90,248,313	(P1,773,342,251)	P29,335,874,587
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
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2019</b>	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)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2020</b>	P3,054,138,036	P-	P353,545,326	P353,980,653	P181,883,142	P321,798,726	P-	P-	(P2,058,672,719)	P32,912,574,206

See accompanying Notes to Combined Financial Statements

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CASH FLOWS

Year Ended December 31, 2021														
Peso Investment Fund														
	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recovery Equity Fund	Peso Global Multi-Asset Income-Paying Fund
CASH FLOWS FROM OPERATING ACTIVITIES														
Net income (loss)	P45,239,477	(P35,833,052)	P753,361,998	P122,430,563	P3,577,348	P1,737,549	(P5,139,594)	P2,030,272	(P19,902,895)	P205,200,415	P51,540,131	P660,357,190	P34,693,611	P5,537,124
Changes in operating assets and liabilities:														
Net decrease (increase):														
Financial assets at fair value through profit or loss	(45,556,128)	73,502,712	(793,270,472)	(141,865,756)	(3,577,348)	(1,737,549)	23,840,321	(3,785,470)	15,295,590	(187,668,646)	(56,258,283)	(692,302,302)	(40,136,267)	(5,735,786)
Subscription receivable	(195,797)	5,391,555	(4,709,807)	233,598	-	-	(470,348)	(5,308,589)	151,219	(367,711)	(699,013)	(96,140,571)	-	(31,492,776)
Investment income receivable	-	(2,852,603)	940,726	454,647	-	-	3,008,037	800	8,925	-	(35,292)	-	(137,362)	-
Other receivables	193,654	(148,318)	(11,505,636)	(2,404,524)	-	-	-	-	-	10,000	-	20,018,499	-	-
Net decrease (increase) in														
Investments	23,164,659	58,474,867	(1,360,943,974)	(280,523,706)	309,248,348	151,107,549	(11,054,653)	(19,559,356)	17,884,439	(182,600,001)	(60,277,728)	(3,870,000,000)	(279,948,169)	(320,000,000)
Net increase (decrease) in														
Accounts payable, accrued and other liabilities	318,792	3,184,699	4,240,791	(5,047,798)	-	-	(3,666,485)	(120,419)	(295,122)	(13,533,085)	(862,096)	3,090,651	(4,467,925)	184,404
Net cash generated from (used in) operating activities														
	23,164,657	101,719,860	(1,411,886,374)	(306,722,976)	309,248,348	151,107,549	6,517,278	(26,742,762)	13,142,156	(178,959,028)	(66,592,281)	(3,974,976,533)	(289,996,112)	(351,507,034)
CASH FLOWS FROM FINANCING ACTIVITIES														
Net contributions to (redemptions from) the funds														
	(23,164,659)	(116,980,008)	596,589,584	138,501,776	(309,248,348)	(151,107,549)	(242,756,356)	26,392,494	(67,460,364)	170,652,887	74,935,534	4,027,583,380	(614,233)	382,136,251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS														
	(2)	(15,260,148)	(815,296,790)	(168,221,200)	-	-	(236,239,078)	(350,268)	(54,318,208)	(8,306,141)	8,343,253	52,606,847	(290,610,345)	30,629,217
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR														
	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	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)														
	P132,548	P108,587,711	P140,724,148	P119,129,580	P-	P-	P59,498,818	P40,556,392	P6,302,356	P6,187,281	P27,556,048	P72,000,915	P28,048,446	P30,629,217

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CASH FLOWS

Year Ended December 31, 2021									
Dollar Investment Funds									
	Dollar Fixed Income Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Balanced Fund Eliminating Entries	Combined	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net income (loss)	(P79,406,321)	(P126,579,518)	P9,009,377	P16,592	P174,834,816	P1,930,775	(P45,556,128)	P1,759,079,730	
Changes in operating assets and liabilities:									
Net decrease (increase):									
Financial assets at fair value through profit or loss	200,685,648	126,579,518	(9,009,377)	11,271,351	(238,289,749)	(2,204,363)	45,556,128	(1,724,666,228)	
Subscription receivable	1,342,814	-	-	-	5,537,625	(1,220,532)	195,797	(127,752,536)	
Investment income receivable	4,851,472	-	-	28,688	-	-	-	6,268,038	
Other receivables	1,201	-	-	-	15,369,281	-	209,607	21,743,764	
Net decrease (increase) in									
Investments	556,576,055	-	380,142,500	-	(1,377,521,825)	(117,108,910)	(23,164,659)	(6,406,104,564)	
Net increase (decrease) in									
Accounts payable, accrued and other liabilities	(1,502,429)	-	-	(135,640)	1,151,808	75,944	(405,404)	(17,789,314)	
Net cash generated from (used in) operating activities	682,548,440	-	380,142,500	11,180,991	(1,418,918,044)	(118,527,086)	(23,164,659)	(6,489,221,110)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Net contributions to (redemptions from) the funds	(800,681,971)	-	(380,142,500)	(18,396,452)	1,435,596,099	125,477,194	23,164,659	4,890,477,418	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(118,133,531)	-	-	(7,215,461)	16,678,055	6,950,108	-	(1,598,743,692)	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	144,723,299	-	-	181,995,777	4,931,478	-	-	2,468,026,877	
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	P26,589,768	P-	P-	P174,780,316	P21,609,533	P6,950,108	P-	P869,283,185	

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CASH FLOWS

Year Ended December 31, 2020													
Peso Investment Fund													
	Balanced Fund	Peso 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	Own the New Economy Fund	Peso Global Technology Fund	Recovery Equity Fund
CASH FLOWS FROM OPERATING ACTIVITIES													
Net income (loss)	(P10,704,267)	P166,832,523	(P1,211,525,997)	(P406,002,436)	P6,923,500	P3,525,000	(P136,519,155)	P5,453,728	(P53,145,490)	(P27,037,041)	(P36,558,790)	P123,208,185	(P2,949,826)
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	–	–	1,210,763	–	(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 used in 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)													
	P132,550	P123,847,859	P956,020,938	P287,350,780	P–	P–	P295,737,896	P40,906,660	P60,620,564	P14,493,422	P19,212,795	P19,394,068	P318,658,791

See accompanying Notes to Combined Financial Statements.

# INSULAR LIFE WEALTH SERIES FUNDS

## COMBINED STATEMENTS OF CASH FLOWS

Year Ended December 31, 2020								
Dollar Investment Funds								
	Dollar Fixed Income Fund	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Balanced Fund Eliminating Entries	Combined
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
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)
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 used in operating activities	(140,546,058)	155,079,259	—	—	(7,630,075)	(307,761,783)	49,144,101	(3,220,367,640)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
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
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(318,580,674)	—	—	—	16,018,475	4,931,478	—	(339,853,409)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	463,303,973	—	—	—	165,977,302	—	—	2,807,880,286
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	₱144,723,299	₱—	₱—	₱—	₱181,995,777	₱4,931,478	₱—	₱2,468,026,877

See accompanying Notes to Combined Financial Statements.



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED 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  
 Peso 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  
 Own the New Economy Fund  
 Peso Global Technology Fund  
 Recovery Equity Fund  
 Peso Global Multi-Asset Income-Paying Fund

\*Matured on February 18, 2021

\*\*Matured on April 16, 2021

(established and launched March 2005)  
 (established and launched March 2005)  
 (established and launched March 2005)  
 (established and launched February 2011)  
 (established and launched February 2014)  
 (established and launched April 2014)  
 (established and launched January 2015)  
 (established and launched January 2016)  
 (established and launched June 2016)  
 (established and launched July 2017)  
 (established and launched September 2018)  
 (established and launched January 2020)  
 (established and launched November 2020)  
 (established and launched November 2021)

#### Dollar Investment Funds

Dollar Fixed Income Fund  
 Asia Dynamic Equity Fund\*  
 Asian Emerging Companies Dollar Fund  
 Euro Blue Chips Dollar Fund\*\*  
 Dollar Money Market Fund  
 Dollar Opportunity Fund  
 Dollar Global Multi-Asset Income Paying Fund

\*Matured as of March 3, 2020

\*\*Matured as of July 15, 2021

(established and launched September 2007)  
 (established and launched February 2013)  
 (established and launched May 2013)  
 (established and launched July 2014)  
 (established and launched January 2016)  
 (established and launched November 2020)  
 (established and launched November 2021)

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 peso-denominated variable life insurance by investing in a structured note linked to a custom



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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. This fund matured on February 18, 2021.

### ***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. This fund matured on April 16, 2021.

### ***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 COMBINED 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.

### ***Peso Global Multi-Asset Income-Paying Fund***

The Fund seeks to achieve income and long-term capital growth by investing majority of its assets in ATRAM Global Multi-Asset Income Feeder Fund, a unit investment trust fund (UITF) approved by the Bangko Sentral ng Pilipinas.

### **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***

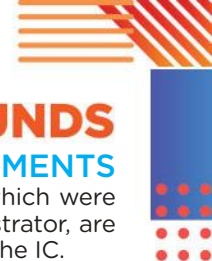
This fund was offered for a limited period in May 2013. The objective of this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note that provides exposure to emerging companies in Asia through a customized risk-control index called ING 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. This fund matured on July 15, 2021.

#### ***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



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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 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.

### ***Global Multi-Asset Income-Paying Fund***

The Fund seeks to achieve income and long-term capital growth by investing majority of its assets in ATRAM Global Multi-Asset Income Feeder Fund, a unit investment trust fund (UITF) approved by the Bangko Sentral ng Pilipinas.

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, Peso Global Multi-Asset Income-Paying Fund, Dollar Fixed Income Fund, Dollar Money Market Fund, Dollar Opportunity Fund and Peso Global Multi-Asset Income-Paying Fund are classified as “Traditional VUL.”

Asian Emerging Companies Dollar Fund is 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 28, 2022.

## **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 17 and 18 Separate Wealth Series Funds comprised of Peso Investment Funds and Dollar Investment Funds as of December 31, 2021 and 2020. In 2021, the Company launched Peso Global Multi-Asset Income-Paying Fund and Dollar Global Multi-Asset Income Paying Fund. Meanwhile, the Philippine Equity Advantage Fund Tranche 1, Philippine Equity Advantage Fund Tranche 2 and Euro Blue Chips Dollar Fund have matured during the year (Note 1). As of December 31, 2021, 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, Peso Global Technology Fund, Recovery Equity Fund and Peso Global Multi-Asset Income-Paying Fund. Dollar Investment



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

Funds consist of Dollar Fixed Income Fund, Asian Emerging Companies Dollar Fund, Dollar Money Market Fund, Dollar Opportunity Fund and Dollar Global Multi-Asset Income-Paying 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 that became effective in 2021. The adoption of these amendments did not have any significant impact on the combined financial statements.

- Amendment to PFRS 16, COVID-19-related Rent Concessions beyond 30 June 2021
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, Interest Rate Benchmark Reform
  - Phase 2

### **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.

#### *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 percent’ 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

#### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current

#### *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





# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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, i.e., interest includes consideration only for the time value of money,





# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2021 and 2020, 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, 2021 and 2020, 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 FVTPL, are classified as financial liabilities at amortized cost which includes 'Accounts payable' and 'Accrued and



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

other 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".



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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.

*Dividend income* is recognized when the Separate Funds' rights to receive payment have been established. Dividend income relating to



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2021 and 2020, 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.

#### **Judgments**

As of December 31, 2021 and 2020, management assessed that there is no significant accounting judgement exercised in respect to the preparation of the Separate Funds' combined financial statements.



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO 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, 2021 and 2020, the carrying value of the investments in structured notes under financial assets at FVTPL amounted to Php 248,875,120 (Asian Emerging Companies Dollar Fund) and Php 1,162,566,979, (Philippine Equity Advantage Fund Tranche 1, Philippine Equity Advantage Fund Tranche 2, Asian Emerging Companies Dollar Fund and Euro Blue Chips Dollar Fund) respectively (see Note 9).

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 4. CASH AND CASH EQUIVALENTS

2021																	
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	Peso Global Multi-Asset Income-Paying Fund	Fixed Income Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income-Paying Fund	Combined
Cash in banks	₱132,548	₱87,711	₱24,148	₱29,580	₱98,818	₱56,392	₱102,356	₱87,281	₱56,048	₱915	₱48,446	₱29,217	₱26,589,768	₱5,211,859	₱21,609,533	₱6,950,108	₱61,114,728
Cash equivalents	-	108,500,000	140,700,000	119,100,000	59,400,000	40,500,000	6,200,000	6,100,000	27,500,000	72,000,000	28,000,000	30,600,000	-	169,568,457	-	-	808,168,457
	₱132,548	₱108,587,711	₱140,724,148	₱119,129,580	₱59,498,818	₱40,556,392	₱6,302,356	₱6,187,281	₱27,556,048	₱72,000,915	₱28,048,446	₱30,629,217	₱26,589,768	₱174,780,316	₱21,609,533	₱6,950,108	₱869,283,185
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	₱10,906,660	₱27,104,994	₱14,493,422	₱19,212,795	₱19,394,068	₱318,658,791	₱27,847,462	₱119,763	₱4,931,478	₱1,298,234,987		
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	₱40,906,660	₱60,620,564	₱14,493,422	₱19,212,795	₱19,394,068	₱318,658,791	₱144,723,299	₱181,995,777	₱4,931,478	₱2,468,026,877		

Cash in banks do not earn interest. Cash equivalents are made for varying periods of between one day and three months and earn interest at the prevailing short-term deposit rates ranging from 0.01% to 0.90% in 2021 and from 0.05% to 4.00% in 2020. Interest income on bank deposits totaled Php 4,697,737 and Php 39,653,319 in 2021 and 2020, respectively.



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

#### INVESTMENTS IN DEBT SECURITIES

2021											
Peso Investment Funds								Dollar Investment Funds			
	Fixed Income Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Equity Fund	Growth Fund	Peso Money Market Fund	Select Equities Fund 2	Fixed Income Fund	Asia Emerging Companies Fund	Euro Blue Chips Dollar Fund	Combined
Acquisition cost	P2,724,919,602	P305,000,000	P150,000,000	P1,024,385,048	P168,784,629	P388,405,164	P19,892,308	P2,441,584,489	P10,000,000	P7,550,000	P7,240,521,240
Accumulated fair value gains (losses)	(74,182,842)	(305,000,000)	(150,000,000)	3,208,264	364,740	1,004,681	88,798	(144,376,175)	238,875,120	(7,550,000)	(437,567,414)
Fair value	P2,650,736,760	P-	P-	P1,027,593,312	P169,149,369	P389,409,845	P19,981,106	P2,297,208,314	P248,875,120	P-	P6,802,953,826
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)	1,114,874			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

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:

2021									
Peso Investment Funds						Dollar Investment Funds			
	Fixed Income Fund	Equity Fund	Growth Fund	Peso Money Market Fund	Select Equities Fund 2	Fixed Income Fund	Asia Emerging Companies Fund	Combined	
Due within one year	P913,880,689	P1,027,593,312	P169,149,369	P389,409,845	P19,981,106	P-	P248,875,120	P2,768,889,441	
Due after one year through five years	972,670,105	-	-	-	-	642,325,061	-	1,614,995,166	
Due beyond five years	764,185,966	-	-	-	-	1,654,883,253	-	2,419,069,219	
	P2,650,736,760	P1,027,593,312	P169,149,369	P389,409,845	P19,981,106	P2,297,208,314	P248,875,120	P6,802,953,826	

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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	Combined
Due within one year	₱22,880,365	₱305,671,000	₱149,370,000	₱366,065,020	₱62,583,477	₱-	₱353,980,653	₱1,760,550,515
Due after one year through five years	1,513,733,625	-	-	-	694,722,900	353,545,326	-	2,562,001,851
Due beyond five years	746,100,351	-	-	-	2,107,897,767	-	-	2,853,998,118
	₱2,782,714,341	₱305,671,000	₱149,370,000	₱366,065,020	₱2,865,204,144	₱353,545,326	₱353,980,653	₱7,176,550,484

Interest income from investment in debt securities totaled Php 232,293,099 and Php 237,633,828 in 2021 and 2020, respectively.

### INVESTMENTS IN EQUITY SECURITIES

2021												
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	Peso Global Multi-Asset Income Paying Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Combined
Acquisition cost	₱13,282,600,742	₱3,891,590,536	₱3,251,882,544	₱516,934,881	₱1,466,366,253	₱561,586,909	₱4,796,459,092	₱400,102,067	₱320,000,000	₱1,746,604,201	₱117,297,700	₱30,351,424,925
Accumulated fair value gains (losses)	518,166,472	50,245,665	(7,867,668)	(19,803,748)	185,903,160	25,258,338	675,902,697	16,370,172	5,735,786	185,362,687	2,015,573	1,637,289,134
Fair value	₱13,800,767,214	₱3,941,836,201	₱3,244,014,876	₱497,131,133	₱1,652,269,413	₱586,845,247	₱5,472,361,789	₱416,472,239	₱325,735,786	₱1,931,966,888	₱119,313,273	₱31,988,714,059

2020										Dollar		
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

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 6. RECEIVABLES

2021																		
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	Peso Global Multi-Asset Income Paying Fund	Fixed Income Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Multi-Asset Income Paying Fund	Balanced Fund Eliminating Entries	Combined
Investment income receivables:																		
Accrued interest	P=	P19,742,873	P=	P=	P=	P=	P=	P=	P=	P=	P=	P=	P42,659,310	P14,293	P=	P=	P=	62,416,476
Accrued dividends	-	-	6,154,891	1,793,960	1,250,998	-	302,300	-	313,822	-	137,362	-	-	-	-	-	-	9,953,333
Total investment income receivables	-	19,742,873	6,154,891	1,793,960	1,250,998	-	302,300	-	313,822	-	137,362	-	42,659,310	14,293	-	-	-	72,369,809
Subscriptions receivable	195,797	97,899	4,709,807	767,235	470,348	5,308,589	127,503	367,711	699,013	120,282,580	-	31,492,776	1,275	-	2,040	1,220,532	(195,797)	165,547,308
Other receivables	1,000	3,465,224	14,827,349	4,206,524	-	-	-	-	-	-	-	-	-	-	-	-	(6,930,447)	15,569,650
	P196,797	P23,305,996	P25,692,047	P6,767,719	P1,721,346	P5,308,589	P429,803	P367,711	P1,012,835	P120,282,580	P137,362	P31,492,776	P42,660,585	P14,293	P2,040	P1,220,532	(P7,126,244)	P253,486,767

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	Balanced Fund Eliminating Entries	Combined	
Investment income receivables:																		
Accrued interest	P=	P16,890,270	P357,564	P95,939	P66,978	P800	P8,925	P=	P=	P=	P=		P47,510,782	P42,981	P=	P=	P64,974,239	
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	
	P194,654	P25,696,630	P10,417,330	P5,051,440	P4,259,035	P800	P589,947	P10,000	P278,530	P44,160,508	P=		P48,856,072	P42,981	P20,908,946	(P6,720,840)	P153,746,033	



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

- 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 0.125% to 10.625% in 2021 and from 0.15% to 10.625% in 2020.
- 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 449,100,627 and Php 359,453,698 in 2021 and 2020, 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.

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 7. ACCOUNTS PAYABLE AND ACCRUED AND OTHER LIABILITIES

December 31, 2021																		
	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	ONE Fund	Peso Global Technology Fund	Recovery Equity Fund	Peso Global Multi-Asset Income Paying Fund	Fixed Income Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Balanced Fund Eliminating Entries	Combined
Accounts payable																		
Due to broker	₱195,797	₱-	₱31,898,592	₱-	₱-	₱-	₱-	₱-	₱1,563,572	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱(95,797)	₱33,462,164
Redemptions payable	-	74,969	-	-	-	-	-	-	-	-	-	-	8,574	715	8,682	-	-	92,940
Due to related party	6,930,447	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	~(6,930,447)	-
	7,126,244	74,969	31,898,592	-	-	-	-	-	1,563,572	-	-	-	8,574	715	8,682	-	~(7,126,244)	33,555,104
Accrued and other liabilities:																		
Management fees payable (Note 8)	-	3,515,448	25,362,869	7,155,756	4,902,194	150,705	898,525	1,210,864	1,032,466	3,890,188	753,675	181,200	3,018,224	14,845	1,373,477	74,625	-	53,535,061
Administration fees payable (Note 8)	26,389	52,732	285,332	80,502	63,028	7,619	10,108	20,278	11,615	68,670	8,479	3,198	45,274	2,228	24,238	1,317	-	711,007
Custody fees payable (Note 8)	-	5,796	168,540	49,483	37,786	1,128	5,970	-	7,672	-	8,831	-	6,367	-	-	-	-	291,573
Professional fees payable	-	62,556	62,557	62,557	62,557	-	62,557	-	62,556	-	62,556	-	63,514	-	-	-	-	501,410
Transaction fees payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes payables	-	3,950,023	111,528	26,906	5,883	164	2,725	383	5,111	1,319	12,428	6	1,098	2,185	460	2	-	4,120,221
Other payables	-	5,360	39,772	401	1,503	-	700	-	1,300	-	2,100	-	-	-	-	-	-	51,136
	26,389	7,591,915	26,030,598	7,375,605	5,072,951	159,616	980,585	1,231,525	1,120,720	3,960,177	848,069	184,404	3,134,477	19,258	1,398,175	75,944	-	59,210,408
	₱7,152,633	₱7,666,884	₱57,929,190	₱7,375,605	₱5,072,951	₱159,616	₱980,585	₱1,231,525	₱2,684,292	₱3,960,177	₱848,069	₱184,404	₱3,143,051	₱19,973	₱1,406,857	₱75,944	₱(7,126,244)	₱92,765,512

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	ONE Fund	Peso Global Technology Fund	Recovery Equity Fund	Peso Global Multi-Asset Income Paying Fund	Fixed Income Fund	Dollar Money Market Fund	Dollar Opportunity Fund	Dollar Global Multi-Asset Income Paying Fund	Balanced Fund Eliminating Entries	Combined
Accounts payable																		
Due to broker	₱-	₱-	₱16,511,798	₱4,526,250	₱-	₱-	₱-	₱-	₱1,997,552	₱-	₱1,508,386	₱-	₱-	₱-	₱-	₱-	₱-	₱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)	26,775,418
Due to related party	1,717,799	-	-	-	-	-	-	-	-	-	-	-	-	132,379	-	-	(1,717,799)	132,379
	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)	54,451,783
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	1,275,706	1,366,880	1,066,133	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	₱6,739,436	₱280,036	₱1,275,706	₱14,764,610	₱3,546,390	₱869,527	₱5,315,995	₱4,645,479	₱23,237	₱255,051	₱(4,809,387)	₱(7,126,244)	₱(1,911,453)	₱110,554,836

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 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	0.900%
Own the New Economy (ONE) Fund	2.000%
Peso Global Technology Fund	0.850%
Recovery Equity Fund	2.000%
Dollar Opportunity Fund	0.850%
Peso Global Multi-Asset Income-Paying Fund	0.850%
Dollar Global Multi-Asset Income Paying Fund	0.850%

Balanced Fund and Asian Emerging Companies Dollar Fund are passively managed hence do not incur investment management fee.

Investment management fees expense amounted to Php 583,108,541 and Php 478,793,679 in 2021 and 2020, respectively. Investment

management fees payable as of December 31, 2021 and 2020 amounted to Php 53,535,061 and Php 52,329,062, 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 1.50 to 2.25 basis points in a progressive tiering per fund 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 2021 and 2020.

Administration fees expense amounted to Php 7,967,925 and Php 12,828,266 in 2021 and 2020, respectively. Administration fees payable as of December 31, 2021 and 2020 amounted to Php 711,007 and Php 2,355,607, respectively (see Note 7).

#### c) Custody fees

Pursuant to the Service Level Agreement, the Fund Custodian is entitled to receive .30 basis points 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 2021 and 2020.

Custody fees expense amounted to Php 3,385,062 and Php 3,633,852 in 2021 and 2020, respectively. Outstanding balances of custody fees payable amounted to Php 291,573 and Php 619,259 as of December 31, 2021 and 2020, respectively (see Note 7).



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 9. FINANCIAL INSTRUMENTS

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

	2021				
	Peso Investment Funds		Dollar Investment Funds		Total
	Fair Value through profit or loss	Amortized cost	Fair Value through profit or loss	Amortized cost	
Financial assets at FVPL					
Traditional VULs:					
Cash and cash equivalents	P—	P639,353,460	P—	P229,929,725	P869,283,185
Equity securities- quoted	22,487,066,910	—	—	—	22,487,066,910
Debt securities with fixed rates- quoted	4,256,870,392	—	2,297,208,314	—	6,554,078,706
Subscription receivable	—	164,323,461	—	1,223,847	165,547,308
Investment income receivable	—	29,696,206	—	42,673,603	72,369,809
Other receivables	—	15,569,650	—	—	15,569,650
Structured VULs	—	—	248,875,120	—	248,875,120
Investment in UITF	7,450,366,988	—	2,051,280,161	—	9,501,647,149
	P34,194,304,290	P848,942,777	P4,597,363,595	P273,827,175	P39,914,437,837

	2021		
	Peso Investment Funds	Dollar Investment Funds	
	Other financial liabilities	Other financial liabilities	Total
Financial liabilities at amortized cost			
Accounts payable	₱33,537,133	₱17,971	₱33,555,104
Accrued and other liabilities*	50,466,078	4,624,109	55,090,187
	₱84,003,211	₱4,642,080	₱88,645,291

\*Excluding taxes payable amounting P4,120,221

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

	2020				
	Peso Investment Funds		Dollar Investment Funds		Total
	Fair Value through profit or loss	Amortized cost	Fair Value through profit or loss	Amortized cost	
Financial assets at FVPL					
Traditional VULs:					
Cash and cash equivalents	–	P2,136,376,323	–	P331,650,554	P2,468,026,877
Equity securities- quoted	P20,736,532,041	–	–	–	20,736,532,041
Debt securities with fixed rates- quoted	3,148,779,361	–	P2,865,204,144	–	6,013,983,505
Subscription receivable	–	30,911,017	–	6,883,754	37,794,771
Investment income receivable	–	31,084,084	–	47,553,763	78,637,847
Other receivables	–	21,942,933	–	15,370,482	37,313,415
Structured VULs	455,041,000	–	707,525,979	–	1,162,566,979
Investment in UITF	2,192,060,254	–	296,213,353	–	2,488,273,607
	P26,532,412,656	P2,220,314,357	P3,868,943,476	P401,458,553	P33,023,129,042

	2020		
	Peso Investment Funds	Dollar Investment Funds	
	Other financial liabilities	Other financial liabilities	Total
Financial liabilities at amortized cost			
Accounts payable	P54,319,404	P132,379	P54,451,783
Accrued and other liabilities*	51,019,854	4,922,051	55,941,905
	P105,339,258	P5,054,430	P110,393,688

\*Excluding taxes payable amounting P161,148

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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

	2021			
	Level 1	Level 2	Level 3	Total
Equity securities	₱22,487,066,910	₱–	₱–	₱22,487,066,910
Debt securities:				
Traditional VULs:				
Local currency	4,256,870,392	–	–	4,256,870,392
Foreign currency	2,297,208,314	–	–	2,297,208,314
Structured VULs:				
Foreign currency	–	–	248,875,120	248,875,120
Investment in UITF				
Local currency	–	7,450,366,988	–	7,450,366,988
Foreign currency	–	2,051,280,161	–	2,051,280,161
	₱29,041,145,616	₱9,501,647,149	₱248,875,120	₱38,791,667,885

	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

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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:

	2021	2020
<b>Peso</b>		
Beginning balance	<b>P455,041,000</b>	P444,592,500
Maturities	<b>(460,355,897)</b>	–
Fair value gain	<b>5,314,897</b>	10,448,500
Ending balance	–	455,041,000
<b>USD</b>		
Beginning balance	<b>707,525,979</b>	1,005,243,490
Maturities	<b>(380,142,500)</b>	(155,079,259)
Fair value loss	<b>(117,570,139)</b>	(98,315,050)
Foreign exchange adjustments	<b>39,061,780</b>	(44,323,202)
Ending balance	<b>248,875,120</b>	707,525,979
Total Level 3 financial assets	<b>P248,875,120</b>	P1,162,566,979

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

There were no transfers within different levels of the fair value hierarchy in 2021 and 2020.

The structured notes can be decomposed into bond components and option components. Fair values 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
<b>2021 ROP CDS level (7yrs-8yrs)</b>	<b>56 basis points</b>	<b>50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱1,138,771 and ₱1,151,130, respectively.</b>	<b>2020 ROP CDS level (4yrs8yrs)</b>	<b>36 basis points</b>	<b>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.</b>
<b>USD IRS (7yrs8yrs)</b>	<b>143 basis points</b>	<b>50 basis points increase or decrease in ROP CDS would result in the decrease and increase in market value of the note by ₱1,138,771 and ₱1,151,130, respectively.</b>	<b>USD IRS (4yrs8yrs)</b>	<b>42-64 basis points</b>	<b>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.</b>
			<b>PHP IRS (1yr-7yrs)</b>	<b>278-338 basis points</b>	<b>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.</b>



# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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

	<b>Significant unobservable input</b>	<b>Range of input</b>	<b>Sensitivity of the input to fair value</b>
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.

*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.*

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Dollar denominated notes

Significant unobservable input	Range of input	Sensitivity of the input to fair value
2021 ROP CDS level (3-8 years)	44 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 <b>₱1,138,771</b> and <b>₱1,151,130</b> , respectively.
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 <b>₱3,430,162</b> and <b>₱3,473,248</b> , 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.





# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED 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, 2021 and 2020, 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.

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2021 and 2020, 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, 2021 and 2020, 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 Note 5). Investment in debt securities at FVTPL totaled Php 6,802,953,826 and Php 7,176,550,484 as of December 31, 2021 and 2020, 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	2021					
	Peso Fixed Income Fund	Peso Money Market Fund	Equity Fund	Growth Fund	Select Equities Fund 2	Dollar Fixed Income Fund
PRSAaa	15%	-	-	-	-	2%
BBB-/Baa2	-	-	-	-	-	-
BBB/Baa2	85%	100%	100%	100%	100%	98%
Unrated	-	-	-	-	-	-
	100%	100%	100%	100%	100%	100%

Credit Rating	2020		
	Peso Fixed Income Fund	Peso Money Market Fund	Dollar Fixed Income Fund
PRSAaa	14%	-	3%
BBB-/Baa2	3%	-	2%
BBB/Baa2	83%	100%	93%
Unrated	-	-	2%
	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.

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### ***Risk concentrations of the maximum exposure to credit 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 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:

	2021	2020
Government	90%	75%
Financial institutions	6%	20%
Property	2%	-
Food, Beverage & Tobacco	1%	1%
Services	1%	-
Electricity, energy, power, and water	-	2%
Others	-	2%
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, Recovery Equity Fund and Peso Global Multi-Asset Income-Paying 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 31,988,714,059 and Php 23,224,805,648 as of December 31, 2021 and 2020, respectively.

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

2021		2020	
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%	₱938,095,742	Increase by 5%	₱955,831,208
Decrease by 5%	(938,095,742)	Decrease by 5%	(955,831,208)

### ***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:

	2021	2020
Banks/Financial	39%	23%
Holding Firms	18%	24%
Property	13%	17%
Food, beverage, and tobacco	10%	10%
Retail	7%	9%
Electricity, energy, power, and water	4%	7%
Construction, Infrastructure	3%	4%
Telecommunications	3%	2%
Transportation Services	2%	2%
Information and Technology	1%	-
Mining	-	1%
Others	-	1%
Total	100%	100%

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 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, 2021 and 2020, the Separate Funds' other financial liabilities excluding taxes payable amounting to Php 88,645,291 and Php 110,393,688 respectively, have maturities of less than one year. The Separate Funds have cash and cash equivalents amounting to Php 869,283,185 and Php 2,468,026,877 as of December 31, 2021 and 2020, 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 6,802,953,826 and Php 7,176,550,484 as of December 31, 2021 and 2020, 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:

2021		2020	
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	(P55,707,890)	25 basis points rise	(P73,523,917)
25 basis points fall	57,049,809	25 basis points fall	75,146,031

# INSULAR LIFE WEALTH SERIES FUNDS

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 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:

2021		2020	
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 .61%	<b>P28,908,736</b>	Peso depreciation of .51%	P21,753,264
Peso appreciation of .61%	<b>(28,908,736)</b>	Peso appreciation of .51%	(21,753,264)



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