



# 2015

WEALTH SERIES REPORT  
TO POLICYHOLDERS



**STRONG FUNDAMENTALS**

**BRIGHT PROSPECTS**

**IMMINENT GROWTH**

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Dear Valued Policyholder,

Global financial markets have been beset with volatility since the latter part of 2015 as a result of low oil prices, Greece's debt crisis, China's economic slowdown, and the United States Federal Reserve's decision to raise interest rates.

On the home front, our local bourse initially welcomed 2015 with a strong rally as the Philippine Stock Exchange Index (PSEi) registered a series of record highs, peaking at 8,127.48 in April on the back of abundant foreign fund inflows. Not immune to the global market sell-off, however, the PSEi closed 2015 with a 4% decline year-on-year, ending its six-year bull run since 2008 when it recorded its highest volume.

These global and local developments led to a dramatic decline in investor sentiment towards all asset classes and affected the performance of our various variable unit-linked (VUL) investment funds. Of the Wealth Series fund types, Dollar Fixed Income Fund reported the most gains, ending 2015 with a Net Asset Value Per Unit (NAVPU) of USD1.503543 or a 0.7% increase from the previous

year. The performance of each of the Wealth Series funds is reported in the subsequent pages which you may review in detail.

Despite the headwinds we are facing, Insular Life's optimism in the Philippine economy remains robust. We see long-term opportunities driven by Filipinos' rising per capita income and purchasing power, in addition to having a young demographic, which could lead to sustained demand for insurance products.

Therefore, as we face the challenges ahead, we re-affirm our commitment to sustain a prudent approach in managing your funds in order to deliver to you the best yields.

On behalf of the Company, I would like to thank you for choosing Insular Life as your partner in wealth creation.

*mbdelaacruz*  
MONA LISA B. DE LA CRUZ  
President and  
Chief Operating Officer

## **PESO FIXED INCOME FUND**

### **FUND PERFORMANCE**

Peso Fixed Income Fund ended 2015 with a NAVPU of PHP1.854997, 0.7% down from previous year amid a volatile bond market due to growing concerns that local interest rates will increase as soon as the US starts raising interest rates. The Fund continues to invest in a mix of government and corporate bonds and short-term securities.

### **MARKET REVIEW AND OUTLOOK**

A rising interest rate environment is not bond fund-friendly. Year 2015 was characterized by speculations on the timing of when the US will start its policy normalization path. Local bond market players were mostly seen trading defensive due to mixed signals coming from the Fed. The Fed sounded dovish in their decision to keep rates unchanged (for most part of 2015) citing concerns about global market turbulence and its potential impact on the US economy. Nevertheless, the Fed also recognized that US growth looks strong, with solid job-market gains expected to continue. Likewise, falling commodity prices have been sending an alarming message about global growth outlook. The lingering concerns on efforts to restore growth in China, together with large currency devaluations all contributed to global financial market jitters. The local market was alarmed by the weakening of the PHP currency and huge decline in local equities.

In 2015, the Bureau of the Treasury once again conducted a Domestic Liability Management program (bond swap) and successfully issued an aggregate amount of PHP264 billion of the new 10-Year and 25-Year Benchmark Bonds that carried a yield of 3.625% and 4.625% per annum, respectively. Nonetheless, the market remained muted for most of the trading days and volume was thin ahead of the coming Fed rate decision and despite headline inflation easing to 0.4% year-on-year in October 2015. Hawkish statements from the Bangko Sentral ng Pilipinas (BSP) Gov. Tetangco that Consumer Price Index (CPI) may have bottomed likewise added concerns that no further stimulus is expected. Indeed, November CPI came in at 1.1% and further increased, reaching 1.5% year-on-year in December. Though both headline and core inflation prints rose further, the average inflation rate of 1.4% for 2015 ended up well below the central bank's target range of 2%-4%.

The global risk-off mode sent local fixed income investors to trim positions particularly in the long-end part of the curve and move to short-dated papers while in a volatile environment. Moving forward, expect yields to remain range bound in the near term. Trading appetite will likely center in the short-end and most liquid part of the curve as risk aversion persists.

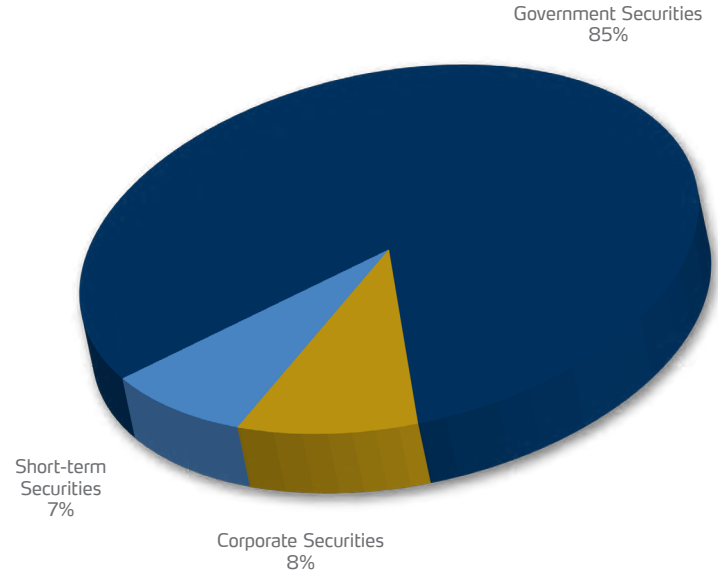
## TOP HOLDINGS

### GOVERNMENT SECURITIES:

- Philippine Government Bond due 20 Aug 2024
- Philippine Government Retail Treasury Bond due 15 Aug 2023
- Philippine Government Bond due 22 Nov 2019
- Philippine Government Bond due 25 Apr 2016
- Philippine Government Retail Treasury Bond due 01 Mar 2027

## FIXED INCOME FUND

Fund Distribution by Market Value



## EQUITY FUND

### FUND PERFORMANCE

The Equity Fund closed 2015 with a NAVPU of PHP4.297049, 9.1% down from the previous year. The Fund underperformed the PSEi, which posted a negative 3.9% growth for the year. Volatility of the Fund remained lower at 13.6% versus the PSEi's 14.6% (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, with bias on conglomerates and consumer stocks. Cash position of the Fund was maintained at an optimal level of 10.9% to cushion market volatility in the coming year.

### MARKET REVIEW

The local equities market welcomed 2015 with a strong run-up posting record highs as it breached the 8,000 level for the first time. Foreign funds inflow provided ample liquidity to push the PSEi towards its peak at 8,127.48 in April.

Several headwinds came to play afterwards starting with Greece defaulting on its IMF loan, and signs of China's economic slowdown beginning to creep in. The guessing game on the timing of the Fed rate hike was a cause of uncertainty throughout the year as well. The resulting sell-off wiped out the market's gains for the year with the PSEi ending 2015 with a 3.85% decline year-on-year.

### OUTLOOK

The country remains fundamentally sound, but the adverse developments abroad should continue to weigh down on equities. Foreign fund outflows remain as key risk to stock market performance as investors shift to traditional safe haven assets while waiting for the uncertainties to subside.

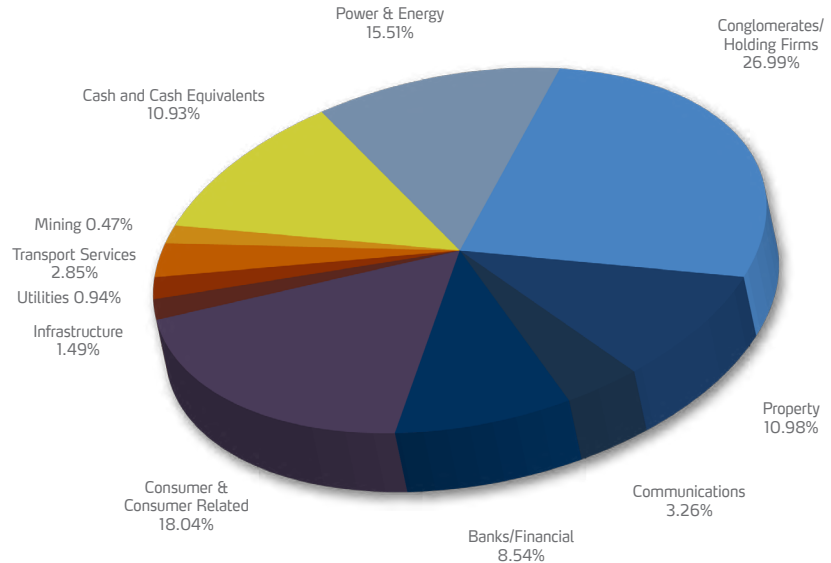


## EQUITY FUND STOCK LIST

AC	AYALA CORPORATION
AEV	ABOITIZ EQUITY VENTURES
AGI	ALLIANCE GLOBAL INC.
ALI	AYALA LAND INC.
AP	ABOITIZ POWER CORPORATION
BDO	BANCO DE ORO UNIVERSAL BANK
BPI	BANK OF THE PHILIPPINE ISLANDS
DMC	DMCI HOLDINGS, INC.
DNL	D AND L INDUSTRIES, INC.
EDC	ENERGY DEVELOPMENT CORPORATION
EEL	EEL CORPORATION
EWB	EAST WEST BANKING CORPORATION
FDC	FILINVEST DEVELOPMENT CORPORATION
FGEN	FIRSTGEN CORPORATION
FLI	FILINVEST LAND INC.
FPH	FIRST PHILIPPINE HOLDINGS
GLO	GLOBE TELECOM, INC.
GTCAP	GT CAPITAL HOLDINGS, INC.
ICT	INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
JFC	JOLLIBEE FOODS CORPORATION
JGS	JG SUMMIT HOLDINGS, INC.
MAXS	MAX'S GROUP, INC.
MBT	METROBANK AND TRUST CO.
MEG	MEGAWORLD CORPORATION
MPI	METRO PACIFIC INVESTMENTS, CORP.
MWC	MANILA WATER CO.
NIKL	NICKEL ASIA CORPORATION
PBB	PHILIPPINE BUSINESS BANK
PCOR	PETRON CORPORATION
PGOLD	PUREGOLD PRICE CLUB, INC.
RCB	RIZAL COMMERCIAL BANKING CORP.
RLC	ROBINSONS LAND CORPORATION
RRHI	ROBINSONS RETAIL HOLDINGS, INC.
SCC	SEMIRARA MINING CORPORATION
SECB	SECURITY BANK CORPORATION
SM	SM INVESTMENTS CORP.
SMC	SAN MIGUEL CORPORATION
SMPH	SM PRIME HOLDINGS, INC.
SSI	SSI GROUP, INC.
TEL	PHILIPPINE LONG DISTANCE TELEPHONE Co.
URC	UNIVERSAL ROBINA CORPORATION
VLL	VISTA LAND AND LIFESCAPES, INC.

## EQUITY FUND

### Fund Distribution by Market Value





## GROWTH FUND

### FUND PERFORMANCE

Growth Fund NAVPU ended the year at PHP1.558152, down by 11.9% from the previous year. The Fund lagged the PSEi, which posted a negative 3.9% growth for 2015. Fund volatility was slightly lower at 14.4%, compared to PSEi's 14.6%. (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

The Fund remained overweight on companies exposed in conglomerates, consumer, retail, and power sectors, all of which were believed to outperform the market during the period. Cash position of the Fund was modest at 5.3% due to significant profit taking of policyholders.

### MARKET REVIEW

Adverse developments abroad weighed on the equities market throughout 2015. Risk aversion dominated the local bourse towards the second half despite a strong start for the year. After reaching a record high of 8,127.48 in April, the PSEi succumbed to profit taking as global concerns raised fears of a widespread economic slowdown.

Negative sentiment was mainly driven by the Greek debt crisis, China's slowing economy, and the anticipation of Fed rate hike. The PSEi closed 2015 with a 3.85% decline year-on-year, ending the six (6) year bull run of the local equities market since 2008.

### OUTLOOK

Volatility in the local bourse should remain persistent given the lingering uncertainties in the global financial markets. Capital outflow should pose significant risk once again as we saw the local bourse record a net foreign selling of PHP59.7 billion for 2015, its highest since 2008's PHP22.2 billion.



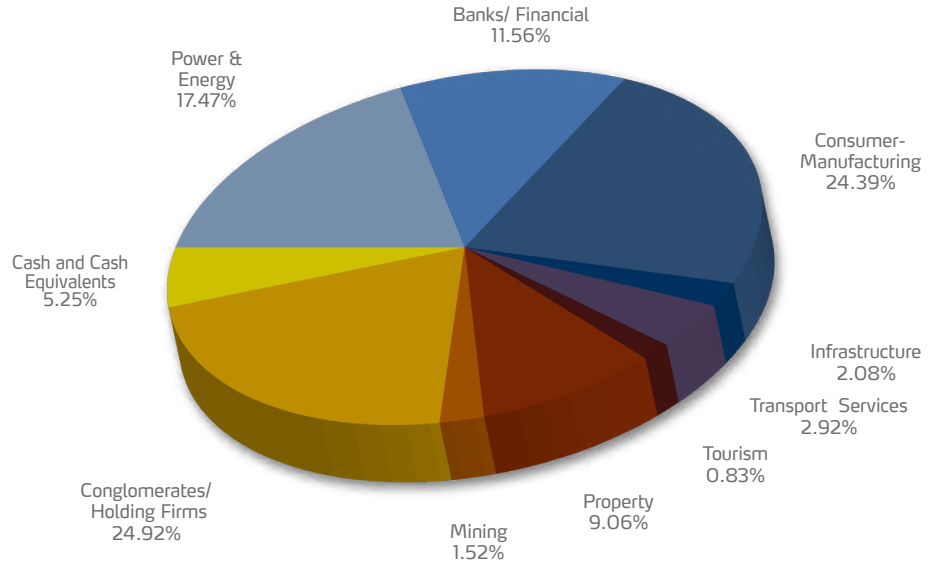


**GROWTH FUND STOCK LIST**

AC	AYALA CORPORATION
AEV	ABOITIZ EQUITY VENTURES, INC.
AGI	ALLIANCE GLOBAL INC.
AP	ABOITIZ POWER CORPORATION
BDO	BANCO DE ORO UNIVERSAL BANK
BEL	BELLE CORPORATION
CIC	CONCEPCION INDUSTRIAL CORPORATION
DMC	DMCI HOLDINGS, INC.
DMPL	DEL MONTE PACIFIC LTD.
DNL	D AND L INDUSTRIES, INC.
EDC	ENERGY DEVELOPMENT CORPORATION
EEL	EEL CORPORATION
EWB	EAST WEST BANKING CORPORATION
FGEN	FIRSTGEN CORPORATION
FPH	FIRST PHILIPPINE HOLDINGS
GTCAP	GT CAPITAL HOLDINGS, INC.
ICT	INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
JGS	JG SUMMIT HOLDINGS, INC.
LPZ	LOPEZ HOLDINGS CORPORATION
MAXS	MAX'S GROUP, INC.
MBT	METROPOLITAN BANK AND TRUST COMPANY
MEG	MEGAWORLD CORPORATION
MPI	METRO PACIFIC INVESTMENTS
MWIDE	MEGAWIDE CONSTRUCTION CORP.
NIKL	NICKEL ASIA CORP.
PBB	PHILIPPINE BUSINESS BANK
PCOR	PETRON CORPORATION
PGOLD	PUREGOLD PRICE CLUB, INC.
PIP	PEPSI-COLA PRODUCTS PHILIPPINES, INC.
PX	PHILEX MINING
RCB	RIZAL COMMERCIAL BANKING CORP.
RFM	RFM CORPORATION
RLC	ROBINSONS LAND CORPORATION
RRHI	ROBINSONS RETAIL HOLDINGS, INC.
RW/M	TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.
SCC	SEMIRARA MINING CORPORATION
SECB	SECURITY BANK CORPORATION
SM	SM INVESTMENTS CORP.
SMC	SAN MIGUEL CORPORATION
SMPH	SM PRIME CORPORATION
SSI	SSI GROUP, INC.
TA	TRANS-ASIA OIL AND ENERGY DEV'T CORP.
URC	UNIVERSAL ROBINA CORPORATION
VLL	VISTA LAND AND LIFESCAPES, INC.

**GROWTH FUND**

Fund Distribution by Market Value



## SELECT EQUITIES FUND

### FUND PERFORMANCE

Local stocks started the year on a high note as a wash liquidity from foreign flows swamped the market towards record levels. Select Equities Fund (SEF) was able to ride the momentum with its NAVPU growing by 7.3% at its peak in April since being launched last 22 January 2015. Mounting global concerns however slowly took its toll on the market with SEF later on succumbing to significant profit taking.

SEF NAVPU ended 2015 at PHP0.860550, down by 13.9% from its launch date. The Fund lagged the PSEi, which posted a negative 3.9% growth for 2015. SEF volatility was higher at 16.2%, compared to PSEi's 14.6% mainly due to its fewer component stocks. (Note: The volatility was based on the annualized standard deviation of daily returns of the portfolio and the PSEi).

### MARKET REVIEW

The local equities market welcomed 2015 with a strong run-up posting record highs as it breached the 8,000 level for the first time. Foreign funds inflow provided ample liquidity to push the PSEi towards its peak at 8,127.48 in April.

Several headwinds came to play afterwards starting with Greece defaulting on its IMF loan, and signs of China's economic slowdown beginning to creep in. The guessing game on the timing of the Fed rate hike was a cause of uncertainty throughout the year as well. The resulting sell-off wiped out the market's gains for the year with the PSEi ending 2015 with a 3.85% decline year-on-year.

### OUTLOOK

The country remains fundamentally sound, but the adverse developments abroad should continue to weigh down on equities. Foreign fund outflows remain as key risk to stock market performance as investors shift to traditional safe haven assets while waiting for the uncertainties to subside.

**COMPOSITION OF SEF AS OF 29 DECEMBER 2015  
IS AS FOLLOWS:**

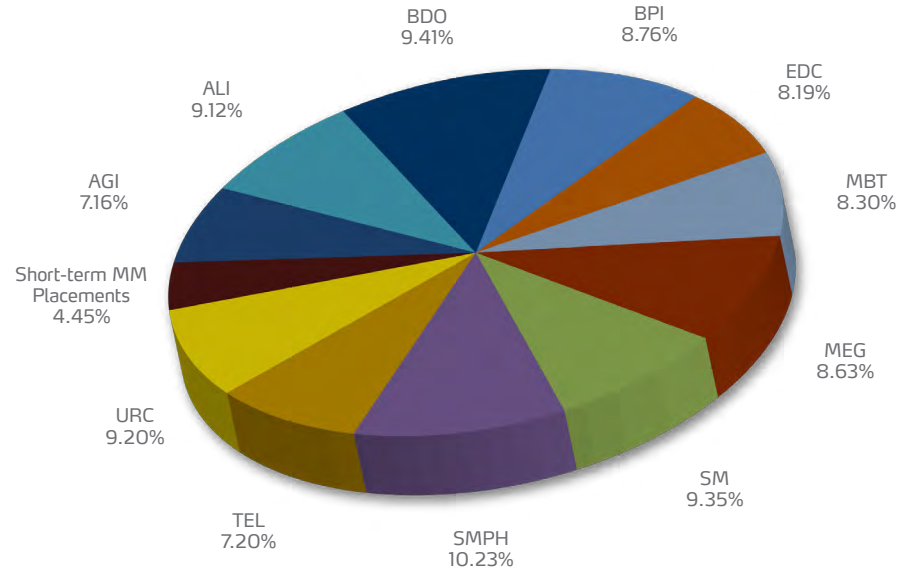
<b>AGI</b>	ALLIANCE GLOBAL GROUP, INC.
<b>ALI</b>	AYALA LAND, INC.
<b>BDO</b>	BDO UNIBANK
<b>BPI</b>	BANK OF THE PHILIPPINE ISLANDS
<b>EDC</b>	ENERGY DEVELOPMENT CORP.
<b>MBT</b>	METROBANK
<b>MEG</b>	MEGAWORLD
<b>SM</b>	SM INVESTMENTS CORP.
<b>SMPH</b>	SM PRIME HOLDINGS CORP.
<b>TEL</b>	PLDT
<b>URC</b>	UNIVERSAL ROBINA CORP.

**RESERVE LIST**

<b>AC</b>	AYALA CORPORATION
<b>GLO</b>	GLOBE TELECOM, INC.
<b>GTCAP</b>	GT CAPITAL HOLDINGS, INC.
<b>JFC</b>	JOLLIBEE FOODS CORPORATION
<b>JGS</b>	JG SUMMIT HOLDINGS, INC.

## SELECT EQUITIES FUND

Fund Distribution by Market Value



## BALANCED FUND

### FUND PERFORMANCE

The year 2015 saw the Balanced Fund post a NAVPU of PHP2.756962, registering a return of -5.7% compared to the previous year, on the back of diversified investments in fixed income securities and listed equities. This strategic asset allocation mix of the Fund was instrumental in allowing it to temper the turbulence present in both markets during the year.

### MARKET REVIEW

The early part of 2015 had an exceptional showing for the local equities market as it surpassed the 8,000 mark on the PSEi. However, the rally eventually came to a halt as various global issues surprised investors causing a general risk-off sentiment. Greece and China again entered the headlines with their economic problems/concerns. Market players also kept close tabs on the US Fed, watching its every move in anticipation of the inevitable rate lift-off.

In the local bond market, investors also similarly watched the actions of the BSP and its cues on potential interest rate movements. The regulator's hawkish stance on monetary policy prompted investors to lessen bets on any additional stimulus to

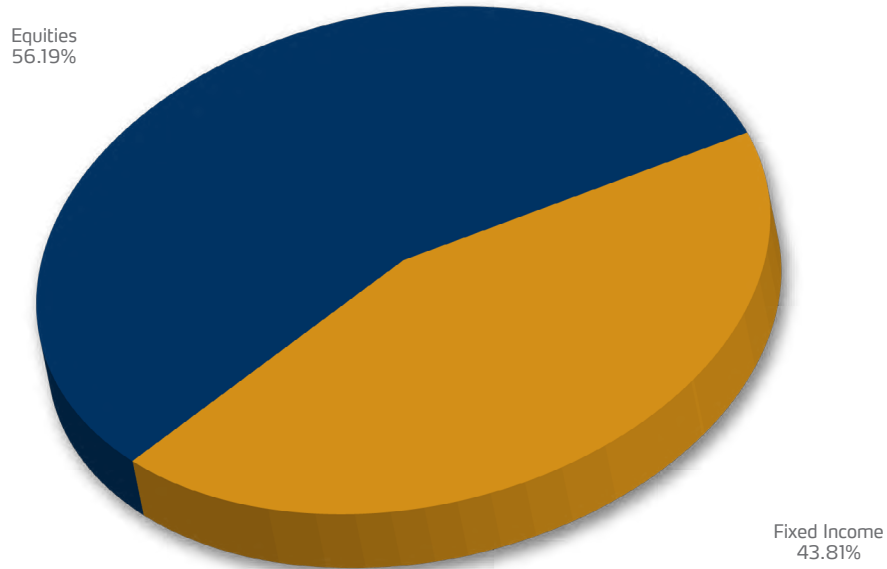
the economy. This stance was supported by the average inflation of 1.4% in 2015, which was way below the central banks' target of 2-4%. During the year the market was typically characterized by thin volume as market players preferred to stay on the sidelines until a clearer view of the market could be seen. Investors also favored taking a defensive stance staying in the short to mid part of the curve and moving in and out of the more liquid issues.

### OUTLOOK

While Philippine economic fundamentals have remained sound, global external factors will no doubt continue to affect the performance of both asset classes. The movement of hot money in the local stock market is a crucial risk factor that will exert influence, while in the fixed income space, general market sentiment may cause investors to run for cover in the near-term and remain liquid amidst the recent market uncertainties.

## BALANCED FUND

Fund Distribution by Market Value



## DOLLAR FIXED INCOME FUND

### FUND PERFORMANCE

2015 proved to be a challenging year as financial markets embarked on a rollercoaster of market ups and downs, causing Republic of the Philippines (ROP) bonds prices to swing back and forth, dictated by the movements of US treasury (UST) yields and global external developments. Consequently, the Dollar Fixed Income Fund, which is largely invested in Philippine sovereign bonds and a few select Philippine corporates registered a NAVPU of USD1.503543 as at 31 December 2015, returning 0.7% year-on-year.

### MARKET REVIEW

The first half of the year saw ROPs rally on the back of favorable economic fundamentals and flight to yield investors that benefitted not only USTs but also emerging market bonds.

During this period, the Fed upgraded its assessment of the economy, noting promising economic growth at a solid pace and a stronger labor sector. Elsewhere in the world, Greece managed to grab headlines as talk of a default and exit from Euro Zone fueled investor concerns. By midyear, the trend was reversed seeing a general decline in ROP prices, following the movement of

USTs. This was mainly driven by positive developments in the US economy, which was reflected in increases in wages and salaries, sustained expansion of the manufacturing and service sectors and a recovering housing market. Developments in the Greek drama included a breakdown of negotiations between Greece and the Euro Zone, which called for a referendum. In the second half of the year, China added fuel to the fire with the surprise mini devaluation of its currency and serious concerns over a severe slowdown in its economy. However, the market corrected with a modest recovery from favorable developments in China and relatively strong US real consumer spending in 3Q. This fueled market optimism and soothed investors, encouraging risk appetite. As the year came to a close, ROP prices dipped, following the movements of UST, mainly driven by a surprisingly strong October nonfarm payrolls report and emerging market concerns, which weakened sentiment, triggering flight to safety. As largely anticipated by the market, the Fed stayed true to its statements and finally raised interest rates by 25 basis points, signaling the beginning of its gradual monetary policy tightening. ROPs remained an attractive investment outlet for investors throughout the year but as risk off sentiment prevailed as yearend approached, ROP prices ended flat, seemingly almost at the same levels where it began.

Locally, Philippine economic fundamentals remained consistent with favorable growth prospects throughout the year. Key data that supported this were strong 4Q economic growth of 6.3% as well as full year GDP growth of 5.8%, high foreign exchange reserves at around USD80 billion, structural inflows of roughly USD46 billion and benign inflation of 1.4% for the year. However, these economic gains were not attained without overcoming hurdles. In 2015, challenges were faced in several areas such as in accelerating infrastructure, government expenditures and power developments, weaker global growth and the threat of El Nino.

## OUTLOOK

The environment for Philippine sovereigns continues to look good on the back of supporting local economic fundamentals that are expected to stay strong in 2016. Moving forward, emerging markets are seen to continue taking its cue from the developments in the US markets, primarily as it progresses from its fragile recovery, which will further influence the pace of interest rate hikes. External developments will be monitored as well as these are expected to remain the primary drivers for the market.

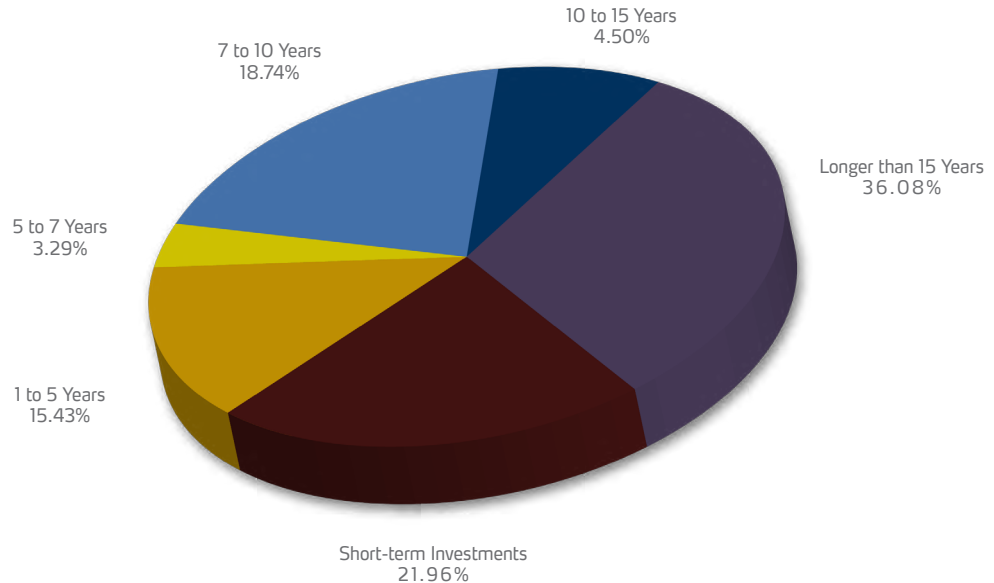


## DOLLAR FIXED INCOME FUND

Fund Distribution by Market Value

### TOP HOLDINGS

- Republic of the Philippines 2040
- Republic of the Philippines 2037
- Republic of the Philippines 2034
- Republic of the Philippines 2032
- Republic of the Philippines 2024



## THE BOARD OF TRUSTEES

THE INSULAR LIFE ASSURANCE COMPANY, LTD.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Insular Life Wealth Series Funds, which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in net assets attributable to unitholders, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

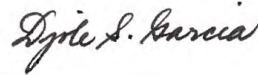
## OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Insular Life Wealth Series Funds as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

## RESTRICTION ON DISTRIBUTION AND USE

This report is intended solely for the information and use of the board of trustees 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.



**DJOIE S. GARCIA**

Partner

CPA Certificate No. 0097907

SEC Accreditation No. 1285-A (Group A),

February 25, 2013, valid until April 30, 2016

Tax Identification No. 201-960-347

BIR Accreditation No. 08-001998-102-2015,

November 25, 2015, valid until November 24, 2018

PTR No. 5321641, January 4, 2016, Makati City

March 31, 2016

	December 31, 2015									
	Peso Investment Funds									
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Total Peso Investment Funds
<b>ASSETS</b>										
Cash and cash equivalents (Note 3)	P133,762	P90,486,377	P533,510,659	P238,905,636	P198,321,415	P-	P-	P-	P-	P1,061,357,849
Financial assets at fair value through profit or loss (Note 4):										
Debt securities	-	1,262,154,459	-	-	-	314,080,000	286,371,732	268,949,000	130,920,000	2,262,475,191
Equity securities	-	-	4,343,211,102	4,310,703,440	4,256,176,614	-	-	-	-	12,910,091,156
Investment in fixed income fund	664,216,371	-	-	-	-	-	-	-	-	664,216,371
Investment in equity fund	851,809,866	-	-	-	-	-	-	-	-	851,809,866
Receivables (Note 5):										
Subscriptions receivable	-	358,323	2,139,940	-	2,819,989	-	-	-	-	5,318,252
Investment income receivable	-	9,681,768	1,826,162	965,746	4,191,588	-	-	-	-	16,665,264
Other receivables	487,978	1,003,991	1,006,144	299	-	-	-	-	-	2,498,412
	<b>1,516,647,977</b>	<b>1,363,684,918</b>	<b>4,881,694,007</b>	<b>4,550,575,121</b>	<b>4,461,509,606</b>	<b>314,080,000</b>	<b>286,371,732</b>	<b>268,949,000</b>	<b>130,920,000</b>	<b>17,774,432,361</b>
<b>LIABILITIES</b> (Note 6)										
Accounts payable	2,204,778	244,798	2,241,758	1,698,744	-	-	-	-	-	6,390,078
Accrued and other liabilities	429,843	2,122,857	9,668,656	9,064,151	7,790,504	-	-	-	-	29,076,011
	<b>2,634,621</b>	<b>2,367,655</b>	<b>11,910,414</b>	<b>10,762,895</b>	<b>7,790,504</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,466,089</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>P1,514,013,356</b>	<b>P1,361,317,263</b>	<b>P4,869,783,593</b>	<b>P4,539,812,226</b>	<b>P4,453,719,102</b>	<b>P314,080,000</b>	<b>P286,371,732</b>	<b>P268,949,000</b>	<b>P130,920,000</b>	<b>P17,738,966,272</b>
<b>Number of Units</b>	<b>549,160,036</b>	<b>733,864,802</b>	<b>1,133,285,592</b>	<b>2,913,588,110</b>	<b>5,175,431,573</b>	<b>325,000</b>	<b>375,471</b>	<b>305,000</b>	<b>150,000</b>	
<b>Net Asset Value Per Unit</b>	<b>P2.76</b>	<b>P1.85</b>	<b>P4.30</b>	<b>P1.56</b>	<b>P0.86</b>	<b>P966.40</b>	<b>P762.70</b>	<b>P881.80</b>	<b>P872.80</b>	

See accompanying Notes to Financial Statements.

December 31, 2015

Dollar Investment Funds

	Fixed Income Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total Dollar Investment Funds	Total Peso and Dollar Investment Funds	Eliminating Entries	Combined
<b>ASSETS</b>										
Cash and cash equivalents (Note 3)	₱377,379,008	₱-	₱-	₱-	₱-	₱-	₱377,379,008	₱1,438,736,857	₱-	₱1,438,736,857
Financial assets at fair value through profit or loss (Note 4):										
Debt securities	1,649,709,571	181,872,096	78,537,286	131,861,986	399,401,688	320,421,749	2,761,804,376	5,024,279,567	-	5,024,279,567
Equity securities	-	-	-	-	-	-	-	12,910,091,156	-	12,910,091,156
Investment in fixed income fund	-	-	-	-	-	-	-	664,216,371	(664,216,371)	-
Investment in equity fund	-	-	-	-	-	-	-	851,809,866	(851,809,866)	-
Receivables (Note 5):										
Subscriptions receivable	75,185	-	-	-	-	-	75,185	5,393,437	-	5,393,437
Investment income receivable	30,688,453	-	-	-	-	-	30,688,453	47,353,717	-	47,353,717
Other receivables	283	-	-	-	-	-	283	2,498,695	(2,494,960)	3,735
	<u>2,057,852,500</u>	<u>181,872,096</u>	<u>78,537,286</u>	<u>131,861,986</u>	<u>399,401,688</u>	<u>320,421,749</u>	<u>3,169,947,305</u>	<u>20,944,379,666</u>	<u>(1,518,521,197)</u>	<u>19,425,858,469</u>
<b>LIABILITIES</b> (Note 6)										
Accounts payable	10,502,688	-	-	-	-	-	10,502,688	16,892,766	(2,204,778)	14,687,988
Accrued and other liabilities	3,189,367	-	-	-	-	-	3,189,367	32,265,378	(290,182)	31,975,196
	<u>13,692,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,692,055</u>	<u>49,158,144</u>	<u>(2,494,960)</u>	<u>46,663,184</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>₱2,044,160,445</u>	<u>₱181,872,096</u>	<u>₱78,537,286</u>	<u>₱131,861,986</u>	<u>₱399,401,688</u>	<u>₱320,421,749</u>	<u>₱3,156,255,250</u>	<u>₱20,895,221,522</u>	<u>(₱1,516,026,237)</u>	<u>₱19,379,195,285</u>
<b>Number of Units</b>	<u>28,825,041</u>	<u>4,000</u>	<u>1,750</u>	<u>3,000</u>	<u>10,000</u>	<u>7,550</u>				
<b>Net Asset Value Per Unit</b>	<u>₱70.92</u>	<u>₱45,468.02</u>	<u>₱44,878.45</u>	<u>₱43,954.00</u>	<u>₱39,940.17</u>	<u>₱42,439.97</u>				

See accompanying Notes to Financial Statements.

	December 31, 2014								
	Peso Investment Funds								
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Total Peso Investment Funds
<b>ASSETS</b>									
Cash and cash equivalents (Note 3)	₱140,468	₱89,837,709	₱529,186,064	₱762,003,553	₱–	₱–	₱–	₱–	₱1,381,167,794
Financial assets at fair value through profit or loss (Note 4):									
Debt securities	–	1,277,406,425	–	–	322,790,000	309,763,575	274,927,000	134,025,000	2,318,912,000
Equity securities	–	–	4,569,977,655	5,192,879,910	–	–	–	–	9,762,857,565
Investment in fixed income fund	675,396,836	–	–	–	–	–	–	–	675,396,836
Investment in equity fund	942,557,685	–	–	–	–	–	–	–	942,557,685
Receivables (Note 5):									
Subscriptions receivable	425,722	287,841	8,415,055	3,188,047	–	–	–	–	12,316,665
Investment income receivable	–	9,416,990	1,225,947	1,026,430	–	–	–	–	11,669,367
Other receivables	–	593,334	597,629	4,591	–	–	–	–	1,195,554
	1,618,520,711	1,377,542,299	5,109,402,350	5,959,102,531	322,790,000	309,763,575	274,927,000	134,025,000	15,106,073,466
<b>LIABILITIES</b> (Note 6)									
Accounts payable	1,542,978	1,309	17,103,110	18,288,634	–	–	–	–	36,936,031
Accrued and other liabilities	148,582	2,095,432	9,576,829	10,958,448	–	–	–	–	22,779,291
	1,691,560	2,096,741	26,679,939	29,247,082	–	–	–	–	59,715,322
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>₱1,616,829,151</b>	<b>₱1,375,445,558</b>	<b>₱5,082,722,411</b>	<b>₱5,929,855,449</b>	<b>₱322,790,000</b>	<b>₱309,763,575</b>	<b>₱274,927,000</b>	<b>₱134,025,000</b>	<b>₱15,046,358,144</b>
<b>Number of Units</b>	<b>553,127,830</b>	<b>736,250,401</b>	<b>1,075,029,174</b>	<b>3,351,491,214</b>	<b>325,000</b>	<b>375,471</b>	<b>305,000</b>	<b>150,000</b>	
<b>Net Asset Value Per Unit</b>	<b>₱2.92</b>	<b>₱1.87</b>	<b>₱4.73</b>	<b>₱1.77</b>	<b>₱993.20</b>	<b>₱825.00</b>	<b>₱901.40</b>	<b>₱893.50</b>	

See accompanying Notes to Financial Statements.

	December 31, 2014											
	Dollar Investment Funds											
	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total Dollar Investment Funds	Total Peso and Dollar Investment Funds	Eliminating Entries	Combined
<b>ASSETS</b>												
Cash and cash equivalents (Note 3)	₱536,947,787	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱536,947,787	₱1,918,115,581	₱–	₱1,918,115,581
Financial assets at fair value through profit or loss (Note 4):												
Debt securities	1,132,872,616	325,394,106	737,438,699	174,059,840	74,823,824	126,382,114	392,272,665	311,627,660	3,274,871,524	5,593,783,524	–	5,593,783,524
Equity securities	–	–	–	–	–	–	–	–	–	9,762,857,565	–	9,762,857,565
Investment in fixed income fund	–	–	–	–	–	–	–	–	–	675,396,836	(675,396,836)	–
Investment in equity fund	–	–	–	–	–	–	–	–	–	942,557,685	(942,557,685)	–
Receivables (Note 5):												
Subscriptions receivable	390,122	–	–	–	–	–	–	–	390,122	12,706,787	(425,722)	12,281,065
Investment income receivable	20,990,028	–	–	–	–	–	–	–	20,990,028	32,659,395	–	32,659,395
Other receivables	–	–	–	–	–	–	–	–	–	1,195,554	(1,186,668)	8,886
	1,691,200,553	325,394,106	737,438,699	174,059,840	74,823,824	126,382,114	392,272,665	311,627,660	3,833,199,461	18,939,272,927	(1,619,566,911)	17,319,706,016
<b>LIABILITIES</b> (Note 6)												
Accounts payable	–	–	–	–	–	–	–	–	–	36,936,031	(1,542,978)	35,393,053
Accrued and other liabilities	2,461,740	–	–	–	–	–	–	–	2,461,740	25,241,031	(69,411)	25,171,620
	2,461,740	–	–	–	–	–	–	–	2,461,740	62,177,062	(1,612,389)	60,564,673
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>₱1,688,738,813</b>	<b>₱325,394,106</b>	<b>₱737,438,699</b>	<b>₱174,059,840</b>	<b>₱74,823,824</b>	<b>₱126,382,114</b>	<b>₱392,272,665</b>	<b>₱311,627,660</b>	<b>₱3,830,737,721</b>	<b>₱18,877,095,865</b>	<b>(₱1,617,954,522)</b>	<b>₱17,259,141,343</b>
<b>Number of Units</b>	<b>25,346,550</b>	<b>7,228</b>	<b>16,300</b>	<b>4,000</b>	<b>1,750</b>	<b>3,000</b>	<b>10,000</b>	<b>7,550</b>				
<b>Net Asset Value Per Unit</b>	<b>₱66.63</b>	<b>₱45,018.55</b>	<b>₱45,241.64</b>	<b>₱43,514.96</b>	<b>₱42,756.47</b>	<b>₱42,127.37</b>	<b>₱39,227.27</b>	<b>₱41,275.19</b>				

See accompanying Notes to Financial Statements.





Year Ended December 31, 2015										
Peso Investment Funds										
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Total Peso Investment Funds
<b>INCOME</b>										
Interest income - deposits (Note 3)	₱17	₱323,663	₱881,794	₱598,299	₱403,686	₱-	₱-	₱-	₱-	₱2,207,459
Interest income - debt securities (Note 4)	-	58,705,160	-	-	-	-	-	-	-	58,705,160
Dividends (Note 5)	-	-	76,986,866	81,865,921	70,465,893	-	-	-	-	229,318,680
	17	59,028,823	77,868,660	82,464,220	70,869,579	-	-	-	-	290,231,299
<b>EXPENSES</b>										
Management fees (Note 7)	-	20,525,231	97,551,617	103,391,148	63,468,391	-	-	-	-	284,936,387
Administration fees (Note 7)	881,804	772,842	2,702,919	2,863,507	2,012,721	-	-	-	-	9,233,793
Custody fees (Note 7)	-	214,226	1,050,054	1,093,356	1,124,718	-	-	-	-	3,482,354
Government taxes and duties	3	11,064,727	258	79	338	-	-	-	-	11,065,405
Professional fees	-	72,074	72,074	72,074	66,916	-	-	-	-	283,138
Transaction costs	5,720	76,843	180,852	114,516	90,486	-	-	-	-	468,417
	887,527	32,725,943	101,557,774	107,534,680	66,763,570	-	-	-	-	309,469,494
<b>OTHER INCOME (LOSSES)</b>										
Net change in unrealized gain (loss) on investment	(121,901,350)	(35,706,525)	(589,036,348)	(731,466,785)	(685,546,712)	(8,710,000)	(23,391,843)	(5,978,000)	(3,105,000)	(2,204,842,563)
Realized gain (loss) on investment	33,248,230	683,118	178,466,825	186,851,696	(9,689,414)	-	-	-	-	389,560,455
Foreign currency gain	-	-	-	-	-	-	-	-	-	-
	(88,653,120)	(35,023,407)	(410,569,523)	(544,615,089)	(695,236,126)	(8,710,000)	(23,391,843)	(5,978,000)	(3,105,000)	(1,815,282,108)
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS AND OTHER COMPREHENSIVE INCOME</b>										
	(₱89,540,630)	(₱8,720,527)	(₱434,258,637)	(₱569,685,549)	(₱691,130,117)	(₱8,710,000)	(₱23,391,843)	(₱5,978,000)	(₱3,105,000)	(₱1,834,520,303)

See accompanying Notes to Financial Statements.

	Year Ended December 31, 2015											
	Dollar Investment Funds											
	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total Dollar Investment Funds	Total Peso and Dollar Investment Funds	Eliminating Entries	Combined
<b>INCOME</b>												
Interest income - deposits (Note 3)	₱ 3,388,962	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱3,388,962	₱5,596,421	₱-	₱5,596,421
Interest income - debt securities (Note 4)	75,573,604	-	-	-	-	-	-	-	75,573,604	134,278,764	-	134,278,764
Dividends (Note 5)	-	-	-	-	-	-	-	-	-	229,318,680	-	229,318,680
	<u>78,962,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,962,566</u>	<u>369,193,865</u>	<u>-</u>	<u>369,193,865</u>
<b>EXPENSES</b>												
Management fees (Note 7)	28,631,259	-	-	-	-	-	-	-	28,631,259	313,567,646	-	313,567,646
Administration fees (Note 7)	1,049,813	-	-	-	-	-	-	-	1,049,813	10,283,606	-	10,283,606
Custody fees (Note 7)	314,480	-	-	-	-	-	-	-	314,480	3,796,834	-	3,796,834
Government taxes and duties	-	-	-	-	-	-	-	-	-	11,065,405	-	11,065,405
Professional fees	71,247	-	-	-	-	-	-	-	71,247	354,385	-	354,385
Transaction costs	329,197	-	-	-	-	-	-	-	329,197	797,614	-	797,614
	<u>30,395,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,395,996</u>	<u>339,865,490</u>	<u>-</u>	<u>339,865,490</u>
<b>OTHER INCOME (LOSSES)</b>												
Net change in unrealized gain (loss) on investment	(36,626,681)	5,730,677	32,437,848	(2,016,688)	(530,942)	(1,646,367)	(14,455,909)	(8,522,517)	(25,630,579)	(2,230,473,142)	121,901,350	(2,108,571,792)
Realized gain (loss) on investment	(888,406)	-	-	-	-	-	-	-	(888,406)	388,672,049	(33,248,230)	355,423,819
Foreign currency gain	96,478,815	18,917,387	43,983,578	9,828,944	4,244,404	7,126,239	21,584,932	17,316,606	219,480,905	219,480,905	-	219,480,905
	<u>58,963,728</u>	<u>24,648,064</u>	<u>76,421,426</u>	<u>7,812,256</u>	<u>3,713,462</u>	<u>5,479,872</u>	<u>7,129,023</u>	<u>8,794,089</u>	<u>192,961,920</u>	<u>(1,622,320,188)</u>	<u>88,653,120</u>	<u>(1,533,667,068)</u>
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS AND OTHER COMPREHENSIVE INCOME</b>												
	<u>₱107,530,298</u>	<u>₱24,648,064</u>	<u>₱76,421,426</u>	<u>₱7,812,256</u>	<u>₱3,713,462</u>	<u>₱5,479,872</u>	<u>₱7,129,023</u>	<u>₱8,794,089</u>	<u>₱241,528,490</u>	<u>(₱1,592,991,813)</u>	<u>₱88,653,120</u>	<u>(₱1,504,338,693)</u>

See accompanying Notes to Financial Statements.

	Year Ended December 31, 2014								
	Peso Investment Funds								
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Total Peso Investment Funds
<b>INCOME</b>									
Interest income - deposits (Note 3)	P-	P888,097	P1,172,556	P1,478,228	P-	P-	P-	P-	P3,538,881
Interest income - debt securities (Note 4)	-	62,173,571	-	-	-	-	-	-	62,173,571
<b>Dividends (Note 5)</b>	-	-	76,768,882	72,564,132	-	-	-	-	149,333,014
	-	63,061,668	77,941,438	74,042,360	-	-	-	-	215,045,466
<b>EXPENSES</b>									
Management fees (Note 7)	-	20,798,393	84,955,973	95,361,555	-	-	-	-	201,115,921
Administration fees (Note 7)	885,033	803,153	2,376,834	2,662,988	-	-	-	-	6,728,008
Custody fees (Note 7)	-	203,669	888,565	988,919	-	-	-	-	2,081,153
Government taxes and duties	-	11,432,598	158	120	-	-	-	-	11,432,876
Professional fees	-	121,723	121,723	121,722	-	-	-	-	365,168
Transaction costs	-	156,615	265,367	300,212	-	-	-	-	722,194
	885,033	33,516,151	88,608,620	99,435,516	-	-	-	-	222,445,320
<b>OTHER INCOME (LOSSES)</b>									
Net change in unrealized gain (loss) on investment	168,016,577	(8,208,673)	765,687,706	936,868,808	4,745,000	5,219,047	(30,073,000)	(15,975,000)	1,826,280,465
Realized gain (loss) on investment	33,535,006	3,566,719	163,160,476	106,918,644	-	-	-	-	307,180,845
Foreign currency gain	-	-	-	-	-	-	-	-	-
	201,551,583	(4,641,954)	928,848,182	1,043,787,452	4,745,000	5,219,047	(30,073,000)	(15,975,000)	2,133,461,310
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS AND OTHER COMPREHENSIVE INCOME</b>									
	P200,666,550	P24,903,563	P918,181,000	P1,018,394,296	P4,745,000	P5,219,047	(P30,073,000)	(P15,975,000)	P2,126,061,456

See accompanying Notes to Financial Statements.

	Year Ended December 31, 2014											Eliminating Entries	Combined
	Dollar Investment Funds												
	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total Dollar Investment Funds	Total Peso and Dollar Investment Funds			
<b>INCOME</b>													
Interest income - deposits (Note 3)	P-	P-	P-	P-	P-	P-	P-	P-	P-	₱3,538,881	P-	₱3,538,881	
Interest income - debt securities (Note 4)	57,805,427	-	-	-	-	-	-	-	57,805,427	119,978,998	-	119,978,998	
Dividends (Note 5)	-	-	-	-	-	-	-	-	-	149,333,014	-	149,333,014	
	57,805,427	-	-	-	-	-	-	-	57,805,427	272,850,893	-	272,850,893	
<b>EXPENSES</b>													
Management fees (Note 7)	21,708,161	-	-	-	-	-	-	-	21,708,161	222,824,082	-	222,824,082	
Administration fees (Note 7)	795,964	-	-	-	-	-	-	-	795,964	7,523,972	-	7,523,972	
Custody fees (Note 7)	203,183	-	-	-	-	-	-	-	203,183	2,284,336	-	2,284,336	
Government taxes and duties	-	-	-	-	-	-	-	-	-	11,432,876	-	11,432,876	
Professional fees	105,086	-	-	-	-	-	-	-	105,086	470,254	-	470,254	
Transaction costs	96,149	-	-	-	-	-	-	-	96,149	818,343	-	818,343	
	22,908,543	-	-	-	-	-	-	-	22,908,543	245,353,863	-	245,353,863	
<b>OTHER INCOME (LOSSES)</b>													
Net change in unrealized gain (loss) on investment	62,552,842	(2,568,191)	14,116,989	4,583,524	2,836,944	10,765,953	34,332,023	(24,576,412)	102,043,672	1,928,324,137	(168,016,577)	1,760,307,560	
Realized gain (loss) on investment	(952,537)	-	-	-	-	-	-	-	(952,537)	306,228,308	(33,535,006)	272,693,302	
Foreign currency gain	5,830,076	1,480,490	3,355,225	791,944	340,436	575,018	1,784,776	8,081,072	22,239,037	22,239,037	-	22,239,037	
	67,430,381	(1,087,701)	17,472,214	5,375,468	3,177,380	11,340,971	36,116,799	(16,495,340)	123,330,172	2,256,791,482	(201,551,583)	2,055,239,899	
<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS RESULTING FROM OPERATIONS AND OTHER COMPREHENSIVE INCOME</b>	<b>₱102,327,265</b>	<b>(₱1,087,701)</b>	<b>₱17,472,214</b>	<b>₱5,375,468</b>	<b>₱3,177,380</b>	<b>₱11,340,971</b>	<b>₱36,116,799</b>	<b>(₱16,495,340)</b>	<b>₱158,227,056</b>	<b>₱2,284,288,512</b>	<b>(₱201,551,583)</b>	<b>₱2,082,736,929</b>	

See accompanying Notes to Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Peso Investment Funds									
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2013</b>	<b>₱1,410,570,391</b>	<b>₱1,302,195,240</b>	<b>₱3,502,121,512</b>	<b>₱3,894,879,830</b>	<b>₱-</b>	<b>₱318,045,000</b>	<b>₱304,544,528</b>	<b>₱-</b>	<b>₱-</b>	
Contributions received from units issued	99,160,426	283,973,303	1,242,076,267	1,753,958,422	-	-	-	305,000,000	150,000,000	
Redemptions during the year	(93,568,216)	(235,626,548)	(579,656,368)	(737,377,099)	-	-	-	-	-	
	5,592,210	48,346,755	662,419,899	1,016,581,323	-	-	-	305,000,000	150,000,000	
Net increase (decrease) in net assets attributable to unitholders resulting from operations	200,666,550	24,903,563	918,181,000	1,018,394,296	-	4,745,000	5,219,047	(30,073,000)	(15,975,000)	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2014</b>	<b>1,616,829,151</b>	<b>1,375,445,558</b>	<b>5,082,722,411</b>	<b>5,929,855,449</b>	<b>-</b>	<b>322,790,000</b>	<b>309,763,575</b>	<b>274,927,000</b>	<b>134,025,000</b>	
Contributions received from units issued	74,423,822	251,647,304	926,119,788	190,126,166	5,179,346,976	-	-	-	-	
Redemptions during the year	(87,698,987)	(257,055,072)	(704,799,969)	(1,010,483,840)	(34,497,757)	-	-	-	-	
	(13,275,165)	(5,407,768)	221,319,819	(820,357,674)	5,144,849,219	-	-	-	-	
Net increase (decrease) in net assets attributable to unitholders resulting from operations	(89,540,630)	(8,720,527)	(434,258,637)	(569,685,549)	(691,130,117)	(8,710,000)	(23,391,843)	(5,978,000)	(3,105,000)	
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2015</b>	<b>₱1,514,013,356</b>	<b>₱1,361,317,263</b>	<b>₱4,869,783,593</b>	<b>₱4,539,812,226</b>	<b>₱4,453,719,102</b>	<b>₱314,080,000</b>	<b>₱286,371,732</b>	<b>₱268,949,000</b>	<b>₱130,920,000</b>	

See accompanying Notes to Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**Dollar Investment Funds**

	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total Peso and Dollar Investment Funds	Eliminating Entries	Combined
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2013</b>	<b>₱1,275,551,799</b>	<b>₱326,481,807</b>	<b>₱719,966,485</b>	<b>₱168,684,372</b>	<b>₱71,646,444</b>	<b>₱115,041,143</b>	<b>₱356,155,866</b>	<b>₱-</b>	<b>₱13,765,884,417</b>	<b>(₱1,410,810,728)</b>	<b>₱12,355,073,689</b>
Contributions received from units issued	407,800,044	-	-	-	-	-	-	328,123,000	4,570,091,462	(99,160,427)	4,470,931,035
Redemptions during the year	(96,940,295)	-	-	-	-	-	-	-	(1,743,168,526)	93,568,216	(1,649,600,310)
	310,859,749	-	-	-	-	-	-	328,123,000	2,826,922,936	(5,592,211)	2,821,330,725
Net increase (decrease) in net assets attributable to unitholders resulting from operations	102,327,265	(1,087,701)	17,472,214	5,375,468	3,177,380	11,340,971	36,116,799	(16,495,340)	2,284,288,512	(201,551,583)	2,082,736,929
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2014</b>	<b>1,688,738,813</b>	<b>325,394,106</b>	<b>737,438,699</b>	<b>174,059,840</b>	<b>74,823,824</b>	<b>126,382,114</b>	<b>392,272,665</b>	<b>311,627,660</b>	<b>18,877,095,865</b>	<b>(1,617,954,522)</b>	<b>17,259,141,343</b>
Contributions received from units issued	403,586,920	-	-	-	-	-	-	-	7,025,250,976	(74,423,822)	6,950,827,154
Redemptions during the year	(155,695,586)	(350,042,170)	(813,860,125)	-	-	-	-	-	(3,414,133,506)	87,698,987	(3,326,434,519)
	247,891,334	(350,042,170)	(813,860,125)	-	-	-	-	-	3,611,117,470	13,275,165	3,624,392,635
Net increase (decrease) in net assets attributable to unitholders resulting from operations	107,530,298	24,648,064	76,421,426	7,812,256	3,713,462	5,479,872	7,129,023	8,794,089	(1,592,991,813)	88,653,120	(1,504,338,693)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT DECEMBER 31, 2015</b>	<b>₱2,044,160,445</b>	<b>₱-</b>	<b>₱-</b>	<b>₱181,872,096</b>	<b>₱78,537,286</b>	<b>₱131,861,986</b>	<b>₱399,401,688</b>	<b>₱320,421,749</b>	<b>₱20,895,221,522</b>	<b>(₱1,516,026,237)</b>	<b>₱19,379,195,285</b>

See accompanying Notes to Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Year Ended December 31, 2015								
	Peso Investment Funds								
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net increase (decrease) in net assets attributable to unitholders resulting from operations	(P89,540,630)	(P8,720,527)	(P434,258,637)	(P569,685,549)	(P691,130,117)	(P8,710,000)	(P23,391,843)	(P5,978,000)	(P3,105,000)
Adjustments for (gain) loss on increase/decrease in value and sale of investments - net	88,653,120	35,023,407	410,569,523	544,615,089	695,236,126	8,710,000	23,391,843	5,978,000	3,105,000
Operating income (loss) before working capital changes	(887,510)	26,302,880	(23,689,114)	(25,070,460)	4,106,009	-	-	-	-
Net increase (decrease):									
Subscription receivable	425,722	(70,482)	6,275,115	3,188,047	(2,819,989)	-	-	-	-
Investment income receivable	-	(264,778)	(600,215)	60,684	(4,191,588)	-	-	-	-
Other receivable	(487,978)	(410,657)	(408,515)	4,292	-	-	-	-	-
Net (increase) decrease:									
Accounts payable, accrued and other liabilities	943,060	270,914	(14,769,525)	(18,484,187)	7,790,504	-	-	-	-
Net cash from operating activities	(6,706)	25,827,877	(33,192,254)	(40,301,624)	4,884,936	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Net (acquisition) sale of investments	13,275,165	(19,771,441)	(183,802,970)	337,561,381	(4,951,412,740)	-	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Net contributions (redemptions) to the funds	(13,275,165)	(5,407,768)	221,319,819	(820,357,674)	5,144,849,219	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,706)	648,668	4,324,595	(523,097,917)	198,321,415	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,468	89,837,709	529,186,064	762,003,553	-	-	-	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	P133,762	P90,486,377	P533,510,659	P238,905,636	P198,321,415	P-	P-	P-	P-

See accompanying Notes to Financial Statements.



FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Year Ended December 31, 2015										
	Dollar Investment Funds										
	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total	Eliminating Entries	Combined
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Net increase (decrease) in net assets attributable to unitholders resulting from operations	₱107,530,298	₱24,648,064	₱76,421,426	₱7,812,256	₱3,713,462	₱5,479,872	₱7,129,023	₱8,794,089	(₱1,592,991,813)	₱88,653,120	(₱1,504,338,693)
Adjustments for (gain) loss on increase/decrease in value and sale of investments - net	(58,963,728)	(24,648,064)	(76,421,426)	(7,812,256)	(3,713,462)	(5,479,872)	(7,129,023)	(8,794,089)	1,622,320,188	(88,653,120)	1,533,667,068
Operating income (loss) before working capital changes	48,566,570	-	-	-	-	-	-	-	29,328,375	-	29,328,375
Net increase (decrease):											
Subscription receivable	314,937	-	-	-	-	-	-	-	7,313,350	(425,722)	6,887,628
Investment income receivable	(9,698,425)	-	-	-	-	-	-	-	(14,694,322)	-	(14,694,322)
Other receivable	(283)	-	-	-	-	-	-	-	(1,303,141)	1,308,292	5,151
Net (increase) decrease:											
Accounts payable, accrued and other liabilities	11,230,315	-	-	-	-	-	-	-	(13,018,919)	(882,570)	(13,901,489)
Net cash from operating activities	50,413,114	-	-	-	-	-	-	-	7,625,343	-	7,625,343
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Net (acquisition) sale of investments	(457,873,227)	350,042,170	813,860,125	-	-	-	-	-	(4,098,121,537)	(13,275,165)	(4,111,396,702)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Net contributions (redemptions) to the funds	247,891,334	(350,042,170)	(813,860,125)	-	-	-	-	-	3,611,117,470	13,275,165	3,624,392,635
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>											
	(159,568,779)	-	-	-	-	-	-	-	(479,378,724)	-	(479,378,724)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>											
	536,947,787	-	-	-	-	-	-	-	1,918,115,581	-	1,918,115,581
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)</b>											
	₱377,379,008	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱1,438,736,857	₱-	₱1,438,736,857

See accompanying Notes to Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Year Ended December 31, 2014								
	Peso Investment Funds								
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2	Total Peso Investment Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net increase (decrease) in net assets attributable to unitholders resulting from operations	₱200,666,550	₱24,903,563	₱918,181,000	₱1,018,394,296	₱4,745,000	₱5,219,047	(₱30,073,000)	(₱15,975,000)	₱2,126,061,456
Adjustments for (gain) loss on increase/decrease in value and sale of investments - net	(201,551,583)	4,641,954	(928,848,182)	(1,043,787,452)	(4,745,000)	(5,219,047)	30,073,000	15,975,000	(2,133,461,310)
Operating income (loss) before working capital changes	(885,033)	29,545,517	(10,667,182)	(25,393,156)	-	-	-	-	(7,399,854)
Net increase (decrease):									
Subscription receivable	(256,734)	390,267	(3,145,217)	16,209,863	-	-	-	-	13,198,179
Investment income receivable	-	913,565	536,668	32,902	-	-	-	-	1,483,135
Other receivable	-	(466,241)	4,045,596	3,882,217	-	-	-	-	7,461,572
Net (increase) decrease:									
Accounts payable, accrued and other liabilities	1,141,767	160,131	19,983,823	21,865,885	-	-	-	-	43,151,606
Net cash from operating activities	-	30,543,239	10,753,688	16,597,711	-	-	-	-	57,894,638
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Net (acquisition) sale of investments	(5,592,210)	(216,449,758)	(466,127,997)	(788,779,018)	-	-	(305,000,000)	(150,000,000)	(1,931,948,983)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Net contributions (redemptions) to the funds	5,592,210	48,346,755	662,419,899	1,016,581,323	-	-	305,000,000	150,000,000	2,187,940,187
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	(137,559,764)	207,045,590	244,400,016	-	-	-	-	313,885,842
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	140,468	227,397,473	322,140,474	517,603,537	-	-	-	-	1,067,281,952
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)</b>	₱140,468	₱89,837,709	₱529,186,064	₱762,003,553	₱-	₱-	₱-	₱-	₱1,381,167,794

See accompanying Notes to Financial Statements.

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Year Ended December 31, 2014											Total	Eliminating Entries	Combined	
	Dollar Investment Funds														
	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asian Emerging Companies Fund	Euro Blue Chips Dollar Fund	Total Dollar Investment Funds						
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>															
Net increase (decrease) in net assets attributable to unitholders resulting from operations	₱102,327,265	(₱1,087,701)	₱17,472,214	₱5,375,468	₱3,177,380	₱11,340,971	₱36,116,799	(₱16,495,340)	₱158,227,056	₱2,284,288,512	(₱201,551,583)	₱2,082,736,929			
Adjustments for (gain) loss on increase/decrease in value and sale of investments - net	(67,430,381)	1,087,701	(17,472,214)	(5,375,468)	(3,177,380)	(11,340,971)	(36,116,799)	16,495,340	(123,330,172)	(2,256,791,482)	201,551,583	(2,055,239,899)			
Operating income (loss) before working capital changes	34,896,884	-	-	-	-	-	-	-	34,896,884	27,497,030	-	27,497,030			
Net increase (decrease):															
Subscription receivable	(390,122)	-	-	-	-	-	-	-	(390,122)	12,808,057	256,734	13,064,791			
Investment income receivable	(3,131,964)	-	-	-	-	-	-	-	(3,131,964)	(1,648,829)	-	(1,648,829)			
Other receivable	8,051	-	-	-	-	-	-	-	8,051	7,469,623	932,480	8,402,103			
Net (increase) decrease:															
Accounts payable, accrued and other liabilities	(1,036,148)	-	-	-	-	-	-	-	(1,036,148)	42,115,458	(1,189,214)	40,926,244			
Net cash from operating activities	30,346,701	-	-	-	-	-	-	-	30,346,701	88,241,339	-	88,241,339			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>															
Net (acquisition) sale of investments	(133,929,354)	-	-	-	-	-	-	(328,123,000)	(462,052,354)	(2,394,001,337)	5,592,211	(2,388,409,126)			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>															
Net contributions (redemptions) to the funds	310,859,749	-	-	-	-	-	-	328,123,000	638,982,749	2,826,922,936	(5,592,211)	2,821,330,725			
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	207,277,096	-	-	-	-	-	-	-	207,277,096	521,162,938	-	521,162,938			
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	329,670,691	-	-	-	-	-	-	-	329,670,691	1,396,952,643	-	1,396,952,643			
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)</b>	₱536,947,787	₱-	₱-	₱-	₱-	₱-	₱-	₱-	₱536,947,787	₱1,918,115,581	₱-	₱1,918,115,581			

See accompanying Notes to Financial Statements.



## 1. INVESTMENT FUND INFORMATION

On February 14, 2005, the Insurance Commission (“IC”) approved the license of The Insular Life Assurance Co., Ltd. (the “Company”) to sell variable-unit linked (“VUL”) insurance contracts, a life insurance product that is linked to investment in Insular Life Wealth Series Funds (the “Separate Funds”). The Separate Funds of the Company consisted of Philippine Peso (“Peso”) Investment Funds which include Balanced Fund, Peso Fixed Income Fund, and Equity Fund (established and launched to the public on March 8, 2005) and United States Dollar (“Dollar”) Investment Funds which include Dollar Fixed Income Fund (established and launched to the public on September 24, 2007). The Greater China Fund, Strategic Energy Fund, China Prime Fund Tranche 1, China Prime Fund Tranche 2, Asia Dynamic Equity Fund, Asian Emerging Companies Dollar Fund, and Euro Blue Chips Dollar Fund (which are Dollar Investment Funds) were established and launched to the public in January 2010, October 2010, June 2012, July 2012, February 2013, May 2013, and July 2014, respectively. The Growth Fund, Strategic Resources Fund, Asian Emerging Companies Peso Fund, Philippine Equity Advantage Fund Tranche 1, Philippine Equity Advantage Fund Tranche 2, and Select Equities Fund (which are Peso Investment Funds) were established and launched to public in February 2011, October 2011, September 2012, February 2014, April 2014, and January 2015, respectively.

The Greater China Fund and Strategic Energy Fund matured in March 2015 and November 2015, respectively.

**Following are the investment objectives of the Separate Funds:**

### **Peso Investment Fund**

#### ***Balanced Fund***

This is a fund that 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 is a fund that 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 is a fund that 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 is a fund that 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.

### ***Select Equities Fund***

This is a fund that 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.

### ***Strategic Resources Fund***

This is a fund that was offered for a limited period from August to September 2011. The objective of this fund is to deliver competitive returns on peso-denominated variable life insurance by investing in a structured note linked to the global resources of energy and agribusiness.

This fund is fully invested in a 5-year, Peso-linked, Dollar-structured note issued by ING Bank N.V. in October 2011. The structured note provides principal protection at maturity and an upside potential determined through participation in the performance of ING customized index which is allocated between cash and equities of SPDR S&P Oil & Gas Exploration & Production ETF (XOP US Equity) and Market Vectors Agribusiness ETF (MOO US Equity).

### ***Asian Emerging Fund***

This is a fund that was offered for a limited period in September 2012. The objective of this fund is to deliver competitive returns on peso-denominated variable life insurance by investing in a structured note linked to the small-capitalized companies in Asia.



This fund is fully invested in a 7-year, Peso-linked, Dollar-structured note issued by ING Bank N.V. in September 2012. The structured note provides principal protection at maturity and an upside potential determined through a participation in the performance of ING Asian Emerging Companies Index VT 10% Index.

#### ***Philippine Equity Advantage Fund - Tranche 1***

This is a fund that 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 index exposed to the Philippine Equity market.

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

#### ***Philippine Equity Advantage Fund - Tranche 2***

This is a fund that 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.

#### **Dollar Investment Fund**

##### ***Fixed Income Fund***

This is a fund that 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.

##### ***Greater China Fund***

This is a fund that was offered for a limited period from January to February 2010. The objective of this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note linked to the growth markets of Greater China.

This fund is fully invested in a 5-year, Dollar-structured note issued by Citigroup Funding Inc. on February 22, 2010. The structured note, which is guaranteed by Citigroup, Inc., provides principal protection at maturity and an upside potential determined through a participation in the performance of the equity markets of Hong Kong, China, and Taiwan as represented by the Tracker Fund of Hong Kong (2800 HK Equity), Hang Seng Investment Index Funds Series - H Share Index Exchange Traded Fund (2828 HK Equity), and MSCI Taiwan Index (TAMSCI), respectively. This fund, with 7,228 total units, matured on February 24, 2015. This fund's net asset value per unit (NAVPU) at maturity amounted to \$1,026.77.

### ***Strategic Energy Fund***

This is a fund that was offered for a limited period from October to November 2010. The objective of this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note linked to the credit of the Republic of the Philippines ("ROP") and to a basket of energy equity indices.

This fund is fully invested in a 5-year, Dollar-structured note issued by ING Bank N.V. on November 16, 2010. In the absence of a credit event by the ROP or the issuer, the structured note provides principal protection at maturity plus an

upside potential. The upside potential of the note is derived through participation in the performance of global energy indices represented by Energy Select Sector (XLE US Equity) and Powershares Wilderhill Clean Energy Portfolio (PBW US). This fund, with 16,300 total units, matured on November 16, 2015. This fund's NAVPU at maturity amounted to \$1,058.60.

### ***China Prime Fund – Tranche 1***

This is a fund that was offered for a limited period in June 2012. The objective of this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note linked to the select stock companies in China.

This fund is fully invested in a 7-year, Dollar-structured note issued by Citigroup Funding Inc. in July 2012. The structured note, which is guaranteed by Citigroup, Inc., provides principal protection at maturity and an upside potential determined through a participation in the performance of the equity markets in China as represented by the Tracker Fund of Hang Seng Investment Enterprises Index ("HSCEI").





### ***China Prime Fund – Tranche 2***

This is a fund that was offered for a limited period in July 2012. The objective of this fund is to deliver competitive returns on Dollar-denominated variable life insurance by investing in a structured note linked to the select stock companies in China.

This fund is fully invested in a 7-year, Dollar-structured note issued by Citigroup Funding Inc. in July 2012. The structured note, which is guaranteed by Citigroup, Inc., provides principal protection at maturity and an upside potential determined through a participation in the performance of the equity markets in China as represented by the Tracker Fund of HSCEI.

### ***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).

### ***Asian Emerging Companies 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.

Balance Fund, Peso Fixed Income Fund, Equity Fund, Growth Fund, Select Equities Fund (which are all Peso Investment Funds), and Dollar Fixed Income Fund (which is a Dollar Investment Fund) are classified as “Traditional VUL.”

Strategic Resources Fund, Asian Emerging Companies Fund, Philippine Equity Advantage Fund Tranche 1, and Philippine Equity Advantage Fund Tranche 2 (which are all Peso

Investment Funds); and Greater China Fund, Strategic Energy Fund, China Prime Fund Tranche 1, China Prime Fund Tranche 2, Asia Dynamic Equity Fund, Asian Emerging Companies Fund, and Euro Blue Chips Dollar Fund (which are all Dollar Investment Funds) are classified as “Structured VUL.”

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

The 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 financial statements were authorized for issue by the President and Chief Operating Officer of the Company on March 31, 2016.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

### Statement of Compliance

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

### Basis of Financial Statement Preparation

The 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 financial statements are presented in Philippine Peso, which is the Separate Funds' functional currency.

The financial statements include the financial statements of the 15 and 16 Separate Wealth Series Funds as of December 31, 2015 and 2014, respectively, namely: Balanced Fund, Peso Fixed Income Fund, Equity Fund, Growth Fund, Select Equities Fund, Strategic Resources Fund, Asian Emerging Companies Fund, Philippine Equity Advantage Fund Tranche 1, and Philippine Equity Advantage Fund Tranche 2, which comprise the Peso Investment Funds; and Dollar Fixed Income Fund, Greater China Fund, Strategic Energy Fund, China Prime Fund Tranche 1, China Prime Fund Tranche 2, Asia Dynamic Equity Fund, Asian Emerging Companies Fund, and Euro Blue Chips

Dollar Fund, which comprise the Dollar Investment Funds. Inter-fund investments are eliminated in full.

### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Separate Funds have adopted the following new accounting pronouncements starting January 1, 2015. Adoption of these pronouncements is not expected to have a significant impact on the Separate Funds' financial position or performance.

- Amendments to PAS 19, Employee Benefits - Defined Benefit Plans: Employee Contributions
- Annual Improvements to PFRSs (2010 to 2012 cycle)
- PFRS 2, Share-based Payment - Definition of Vesting Condition
- PFRS 3, Business Combinations - Accounting for Contingent Consideration in a Business Combination
- PFRS 8, Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
- PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Revaluation Method - Proportionate



#### Restatement of Accumulated Depreciation and Amortization

- PAS 24, Related Party Disclosures - Key Management Personnel
- Annual Improvements to PFRSs (2011 to 2013 cycle)
- PFRS 3, Business Combinations - Scope Exceptions for Joint Arrangements
- PFRS 13, Fair Value Measurement - Portfolio Exception
- PAS 40, Investment Property - Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property

#### **Standards Issued but Not Yet Effective**

Pronouncements issued but not yet effective are listed in the next page. The Separate Funds does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements unless otherwise indicated. The Separate Funds intend to adopt the following pronouncements when they become effective.

Effective beginning January 1, 2016

- Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities and PAS 28, Investments in Associates and Joint Ventures - Investment

#### Entities: Applying the Consolidation Exception

- Amendments to PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- PFRS 14, Regulatory Deferral Accounts
- Amendments to PAS 1, Presentation of Financial Statements - Disclosure Initiative
- Amendments to PAS 16 and PAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to PAS 16 and PAS 41 - Bearer Plants
- Amendments to PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements
- Annual Improvements to PFRSs (2012 to 2014 cycle)
- PFRS 5, Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal
- PFRS 7, Financial Instruments: Disclosures - Servicing Contracts
- PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements
- PAS 19, Employee Benefits - Discount Rate: Regional Market Issue
- PAS 34, Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'

Effective beginning January 1, 2018

- PFRS 9, Financial Instruments (2014 or final version)

In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015. Management is still assessing the impact of this new accounting standard.

Issued by the IASB but not yet adopted by the Financial Reporting Standards Council

- IFRS 16, Leases
- Internal Financial Reporting Standards (IFRS 15), Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with

customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

The Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2015 on the Separate Funds' financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

### **Fair Value Measurement**

Financial instruments in the Separate Funds are measured at fair value at the end of each reporting date. 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 in either case as follows:

- 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.

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.

The Company uses 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 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 (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Separate Funds' financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

At each reporting date, the management analyzes the movements in the values of assets and liabilities of the Separate Funds which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy as explained above.

### **Financial Instruments**

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date the Company commits to purchase or sell the financial asset. Regular way purchases or sales of financial assets require delivery of financial assets within the time frame generally established by regulation or convention in the market place.

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs, if any, are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at FVPL.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities, as appropriate. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

### **Financial Assets at FVPL**

Financial assets at FVPL include financial assets held-for-trading purposes or designated by management as financial asset at FVPL at initial recognition. Derivative instruments, except those covered by hedge accounting relationships, are classified under this category.

Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term.

Financial assets are designated as at FVPL by management on initial recognition when any of the following criteria is met:

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

These financial assets are subsequently measured at fair market value. Realized and unrealized gains and losses arising from changes in fair market value of financial assets at FVPL are recognized in the statements of comprehensive income. Interest earned on debt securities is recognized as the interest accrues taking into account the effective interest rate. Dividend income on equity securities is recognized according to the terms of the contract or when the right to receive payment has been established.

As of December 31, 2015 and 2014, the Separate Funds' financial assets at FVPL consist of debt securities, equity securities, and

inter-fund investments. Inter-fund investments are eliminated in full in the statements of financial position.

After initial measurement, financial assets which are classified as financial assets at FVPL, are measured at their fair values in the Separate Funds. The fair value of financial asset is based on their quoted market prices on a recognized exchange or sourced from a reputable counterparty, in the case of non-exchange traded instruments, at the reporting date without any deduction for estimated future selling costs.

Subsequent changes in the fair value of financial assets at FVPL are recognized in the statements of comprehensive income.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. These comprise of cash and cash equivalents, subscriptions receivable, investment income receivable, and other receivables.

After initial measurement, such assets are subsequently measured at amortized cost using effective interest rate method less any allowance for impairment. The effective interest rate



amortization and loss arising from impairment, if any, are recognized in the statements of comprehensive income.

### **Derecognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the financial asset have expired;
- the Separate Funds retain the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Separate Funds have transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but have transferred control of the financial asset.

Where the Separate Funds have transferred rights to receive cash flows from a financial asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Separate Funds’ continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Separate Funds could be required to repay.

### **Impairment of Financial Assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial asset in the Separate Funds is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interests or principal repayments, the probability that they will enter bankruptcy or other financial reorganization, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets in the Separate Funds that are individually significant, or collectively, for financial assets that are not individually significant. If the Company determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Separate Funds.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statements of comprehensive income.

### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, cash includes cash in banks. 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 and that are subject to an insignificant risk of change in value.

### **Revenue Recognition**

Revenue is recognized when it is probable that the economic benefits will flow to the Separate Funds and when the revenue can be measured reliably, on the following bases:

**Interest income** is recognized on an accrual basis using the effective interest rate method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income on cash and cash equivalents (“Interest income-deposits” in the statements of comprehensive income) is disclosed separately from interest income on debt securities (“Interest income-debt securities” in the statements of comprehensive income).

**Dividend income** is recognized when the Separate Funds’ rights to receive payment has been established. Dividend income relating to exchange-traded equity investments is recognized in the statements of comprehensive income on ex-

dividend date. Property dividend is recognized for the amount of cash dividend alternative with the corresponding debit treated as an additional investment.

Realized gains and losses on investment arise from sale of investments while unrealized gains and losses on investments include marked to market valuation of investment held as of reporting date.

### **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.

### 3. CASH AND CASH EQUIVALENTS

2015							
	Peso Investment Funds					Dollar Investment Fund	Combined
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Fixed Income Fund	
Cash in banks	₱133,762	₱386,377	₱1,210,659	₱1,605,636	₱1,921,415	₱139,019,660	₱144,277,509
Cash equivalents	–	90,100,000	532,300,000	237,300,000	196,400,000	238,359,348	1,294,459,348
	<b>₱133,762</b>	<b>₱90,486,377</b>	<b>₱533,510,659</b>	<b>₱238,905,636</b>	<b>₱198,321,415</b>	<b>₱377,379,008</b>	<b>₱1,438,736,857</b>

2014							
	Peso Investment Funds					Dollar Investment Fund	Combined
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Fixed Income Fund		
Cash in banks	₱140,468	₱1,837,709	₱1,186,064	₱1,503,553	₱536,947,787	–	₱541,615,581
Cash equivalents	–	88,000,000	528,000,000	760,500,000	–	–	1,376,500,000
	<b>₱140,468</b>	<b>₱89,837,709</b>	<b>₱529,186,064</b>	<b>₱762,003,553</b>	<b>₱536,947,787</b>	<b>–</b>	<b>₱1,918,115,581</b>

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of between one day and three months and earn interest at the prevailing short-term deposit rates. Interest income on bank deposits totaled ₱5,596,421 and ₱3,538,881 in 2015 and 2014, respectively.

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

##### Investments in Debt Securities

	2015				
	Peso Investment Funds				
	Fixed Income Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2
Acquisition cost	₱1,266,399,089	₱325,000,000	₱375,471,000	₱305,000,000	₱150,000,000
Increase (decrease) in value of investments	(4,244,630)	(10,920,000)	(89,099,268)	(36,051,000)	(19,080,000)
Fair value	₱1,262,154,459	₱314,080,000	₱286,371,732	₱268,949,000	₱130,920,000

	2014				
	Peso Investment Funds				
	Fixed Income Fund	Strategic Resources Fund	Asian Emerging Companies Fund	Philippine Equity Advantage Fund Tranche 1	Philippine Equity Advantage Fund Tranche 2
Acquisition cost	₱1,245,944,530	₱325,000,000	₱375,471,000	₱305,000,000	₱150,000,000
Increase (decrease) in value of investments	31,461,895	(2,210,000)	(65,707,425)	(30,073,000)	(15,975,000)
Fair value	₱1,277,406,425	₱322,790,000	₱309,763,575	₱274,927,000	₱134,025,000

2015

Dollar Investment Funds

	Fixed Income Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asia Emerging Fund	Euro Blue Chips Dollar Fund	Combined
Acquisition cost	₱1,652,489,432	₱177,656,000	₱77,724,500	₱133,242,000	₱444,140,000	₱328,123,000	₱5,235,245,021
Increase (decrease) in value of investments	(2,779,861)	4,216,096	812,786	(1,380,014)	(44,738,312)	(7,701,251)	(210,965,454)
Fair value	₱1,649,709,571	₱181,872,096	₱78,537,286	₱131,861,986	₱399,401,688	₱320,421,749	₱5,024,279,567

2014

Dollar Investment Funds

	Fixed Income Fund	Greater China Fund	Strategic Energy Fund	China Prime Fund Tranche 1	China Prime Fund Tranche 2	Asia Dynamic Equity Fund	Asia Emerging Fund	Euro Blue Chips Dollar Fund	Combined
Acquisition cost	₱1,100,854,986	₱321,024,392	₱723,948,200	₱177,656,000	₱77,724,500	₱133,242,000	₱444,140,000	₱328,123,000	₱5,708,128,608
Increase (decrease) in value of investments	32,017,630	4,369,714	13,490,499	(3,596,160)	(2,900,676)	(6,859,886)	(51,867,335)	(16,495,340)	(114,345,084)
Fair value	₱1,132,872,616	₱325,394,106	₱737,438,699	₱174,059,840	₱74,823,824	₱126,382,114	₱392,272,665	₱311,627,660	₱5,593,783,524

Investments in debt securities include bonds and structured notes (see Note 8).

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

2015							
Peso Investment Funds							
	Fixed Income Fund	Strategic Resources Fund*	Asian Emerging Companies Fund*	Philippine Equity Advantage Fund Tranche 1*	Philippine Equity Advantage Fund Tranche 2*		
Due after one year through five years	₱608,040,053	₱325,000,000	₱375,471,000	₱–	₱–		
Due after five years	1,227,227,197	–	–	305,000,000	150,000,000		
	<b>₱1,835,267,250</b>	<b>₱325,000,000</b>	<b>₱375,471,000</b>	<b>₱305,000,000</b>	<b>₱150,000,000</b>		

2015							
Dollar Investment Funds							
	Fixed Income Fund	China Prime Fund Tranche 1*	China Prime Fund Tranche 2*	Asia Dynamic Equity Fund*	Asia Emerging Fund*	Euro Blue Chips Dollar Fund*	Combined
Due after one year through five years	₱703,029,865	₱188,664,000	₱82,540,500	₱141,498,000	₱–	₱–	₱ 2,424,243,418
Due after five years	1,687,781,070	–	–	–	471,660,000	356,103,300	4,197,771,567
	<b>₱2,390,810,935</b>	<b>₱188,664,000</b>	<b>₱82,540,500</b>	<b>₱141,498,000</b>	<b>₱471,660,000</b>	<b>₱356,103,300</b>	<b>₱6,622,014,985</b>

*\*The contractual maturity disclosed represents the acquisition cost of these securities due to the difficulty in projecting the maturity value of the structured notes based on the best available data*

2014					
Peso Investment Funds					
	Fixed Income Fund	Strategic Resources Fund*	Asian Emerging Companies Fund*	Philippine Equity Advantage Fund Tranche 1*	Philippine Equity Advantage Fund Tranche 2*
Due after one year through five years	₱713,205,913	₱325,000,000	₱375,471,000	₱-	₱-
Due after five years	1,034,591,458	-	-	305,000,000	150,000,000
	<b>₱1,747,797,371</b>	<b>₱325,000,000</b>	<b>₱375,471,000</b>	<b>₱305,000,000</b>	<b>₱150,000,000</b>

2014									
Dollar Investment Funds									
	Fixed Income Fund	Greater China Fund*	Strategic Energy Fund*	China Prime Fund Tranche 1*	China Prime Fund Tranche 2*	Asia Dynamic Equity Fund*	Asia Emerging Fund*	Euro Blue Chips Dollar Fund*	Combined
Due after one year through five years	₱508,611,492	₱322,491,676	₱727,257,100	₱178,468,000	₱78,079,750	₱-	₱-	₱-	₱3,228,584,931
Due after five years	1,092,893,415	-	-	-	-	133,851,000	446,170,000	336,858,350	3,499,364,223
	<b>₱1,601,504,907</b>	<b>₱322,491,676</b>	<b>₱727,257,100</b>	<b>₱178,468,000</b>	<b>₱78,079,750</b>	<b>₱133,851,000</b>	<b>₱446,170,000</b>	<b>₱336,858,350</b>	<b>₱6,727,949,154</b>

\*The contractual maturity disclosed represents the acquisition cost of these securities due to the difficulty in projecting the maturity value of the structured notes based on the best available data

Interest income from investment in debt securities totaled ₱134,278,764 and ₱119,978,998 in 2015 and 2014, respectively.



## Investments in Equity Securities

	2015			
	Equity Fund	Growth Fund	Select Equities Fund	Combined
Acquisition cost	₱3,633,207,813	₱3,916,667,566	₱4,941,723,326	₱12,491,598,705
Increase in value of investments	710,003,289	394,035,874	(685,546,712)	418,492,451
Fair value	₱4,343,211,102	₱4,310,703,440	₱4,256,176,614	₱12,910,091,156

	2014		
	Equity Fund	Growth Fund	Combined
Acquisition costP	=3,270,938,018	₱4,067,377,251	₱7,338,315,269
Increase in value of investments	1,299,039,637	1,125,502,659	2,424,542,296
Fair value	₱4,569,977,655	₱5,192,879,910	₱9,762,857,565

**5. RECEIVABLES**

2015							
	Peso Investment Funds					Dollar Investment Fund	Combined
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Fixed Income Fund	
Investment income receivables:							
Accrued interest	P-	P9,681,768	P7,097	P3,164	P2,619	P30,688,453	P40,383,101
Accrued dividends	-	-	1,819,065	962,582	4,188,969	-	6,970,616
	-	9,681,768	1,826,162	965,746	4,191,588	30,688,453	47,353,717
Subscriptions receivable	-	358,323	2,139,940	-	2,819,989	75,185	5,393,437
Other receivables	1,000	-	2,153	299	-	283	3,735
	<b>P1,000</b>	<b>P10,040,091</b>	<b>P3,968,255</b>	<b>P966,045</b>	<b>P7,011,577</b>	<b>P30,763,921</b>	<b>P52,750,889</b>

2014						
	Peso Investment Funds				Dollar Investment Fund	Combined
	Fixed Income Fund	Equity Fund	Growth Fund	Fixed Income Fund		
Investment income receivables:						
Accrued interest	P9,416,990	P7,040	P10,140	P20,990,028	P30,424,198	
Accrued dividends	-	1,218,907	1,016,290	-	2,235,197	
	9,416,990	1,225,947	1,026,430	20,990,028	32,659,395	
Subscriptions receivable	287,841	8,415,055	3,188,047	390,122	12,281,065	
Other receivables	-	4,295	4,591	-	8,886	
	<b>P9,704,831</b>	<b>P9,645,297</b>	<b>P4,219,068</b>	<b>P21,380,150</b>	<b>P44,949,346</b>	

- Accrued interest receivable pertains to interest earned on investments in debt securities but not yet credited to the Separate Funds as of reporting date. Interest rates for such investments range from 1.625% to 10.625% for both in 2015 and 2014.
- Accrued dividend receivables are noninterest-bearing and pertain to dividends earned on investment in equity securities but not yet received by the Separate Funds.
- Subscription receivable pertains to value of units subscribed but not yet received as at reporting date. Subscription receivables of Balanced Fund amounting PHP425,722 in 2014 (nil in 2015), have been eliminated in full (see Note 6).
- Other receivable includes due from Fund Manager and outstanding sales as at reporting period. Inter-fund receivable of Peso Fixed Income Fund amounting PHP1,003,991 and PHP593,334 in 2015 and 2014, respectively; inter-fund receivable of Equity Fund amounting PHP1,003,991 and PHP593,334 in 2015 and 2014, respectively; and inter-fund receivable of Balanced Fund amounting P486,978 in 2015 (nil in 2014) have been eliminated in full (see Note 6).

**6. ACCOUNTS PAYABLE AND ACCRUED AND OTHER LIABILITIES**

	December 31, 2015					Dollar Investment	
	Peso Investment Funds					Fund	
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund	Select Equities Fund	Fixed Income Fund	Combined
<b>Accounts payable -</b>							
<b>Due to broker</b>	₱-	₱-	₱1,996,960	₱998,518	₱-	₱10,449,784	₱13,445,262
<b>Due to related party</b>	486,978	1,309	1,309	700,226	-	52,904	1,242,726
	486,978	1,309	1,998,269	1,698,744	-	10,502,688	14,687,988
<b>Accrued and other liabilities:</b>							
<b>Management fees payable</b> (Note 7)	-	1,888,865	9,001,941	8,452,854	7,200,392	2,842,481	29,386,533
<b>Administration fees payable</b> (Note 7)	139,661	128,497	455,607	433,229	411,748	188,441	1,757,183
<b>Custody fees payable</b> (Note 7)	-	30,974	80,357	79,973	79,156	79,819	350,279
<b>Professional fees payable</b>	-	74,521	74,521	74,521	66,917	74,689	365,169
<b>Transaction fees payable</b>	-	-	38,171	2,900	9,700	-	50,771
<b>Taxes payable</b>	-	-	18,059	20,674	22,591	3,937	65,261
<b>Transaction fees payable</b>	139,661	2,122,857	9,668,656	9,064,151	7,790,504	3,189,367	31,975,196
	₱626,639	₱2,124,166	₱11,666,925	₱10,762,895	₱7,790,504	₱13,692,055	₱46,663,184

	December 31, 2014				Dollar Investment Fund	
	Peso Investment Funds				Fixed Income Fund	Combined
	Balanced Fund	Fixed Income Fund	Equity Fund	Growth Fund		
Accounts payable -						
Due to broker	₱-	₱-	₱17,101,801	₱18,288,634	₱-	₱35,390,435
Due to related party	-	1,309	1,309	-	-	2,618
	-	1,309	17,103,110	18,288,634	-	35,393,053
Accrued and other liabilities:						
Management fees payable (Note 7)	-	1,907,343	9,032,619	10,403,956	2,263,203	23,607,121
Administration fees payable (Note 7)	79,171	72,186	250,647	288,359	82,986	773,349
Custody fees payable (Note 7)	-	19,161	80,911	92,116	20,492	212,680
Professional fees payable	-	93,625	93,625	93,625	93,409	374,284
Transaction fees payable	-	-	44,170	9,300	-	53,470
Taxes payable	-	3,117	74,857	71,092	1,650	150,716
	79,171	2,095,432	9,576,829	10,958,448	2,461,740	25,171,620
	₱79,171	₱2,096,741	₱26,679,939	₱29,247,082	₱2,461,740	₱60,564,673

The accounts payable and accrued and other liabilities of Balanced Fund for 2015 and 2014 in the above table are net of inter-fund receivables and payables (see Note 5).

## 7. 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 1.5% per annum of the net asset value before deduction of the administration, custody, and investment management fee, of the Peso Fixed Income Fund and Dollar Fixed Income Fund; 1.75% per annum of the net asset value before deduction of the administration, custody, and investment management fee of the Select Equities Fund, and 2.0% per annum of the net asset value before deduction of investment management fee of the Growth Fund and the Equity Fund. The other remaining funds are passively managed. Due to this, no investment management fee was incurred in 2015 and 2014 related to these funds.

Investment management fees expense amounted to PHP313,567,646 and PHP222,824,082 in 2015 and 2014, respectively. Investment management fees payable outstanding as of December 31, 2015 and 2014 amounted to PHP29,386,533 and PHP23,607,121, respectively (see Note 6).

### 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 5.5 basis points per annum based on the net asset value before deduction of the administration, custody, and investment management fees. Funds without administration fee incurred in 2015 and 2014 are passively administered.

Administration fees expense amounted to PHP10,283,606 and PHP7,523,972 in 2015 and 2014, respectively. Administration fees payable outstanding as of December 31, 2015 and 2014 amounted to PHP1,757,183 and PHP773,349, respectively (see Note 6).

### c) Custody fees

Pursuant to the Service Level Agreement, the Fund Custodian is entitled to receive between 2.0 to 3.0 basis points per annum 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 2015 and 2014 (see Note 6).

Custody fees expense amounted to PHP3,796,834 and PHP2,284,336 in 2015 and 2014, respectively. Outstanding balances of custody fees payable amounted to PHP350,279 and PHP212,680 as of December 31, 2015 and 2014, respectively (see Note 6).

## 8. FINANCIAL INSTRUMENTS

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

	2015				
	Peso Investment Funds		Dollar Investment Funds		Total
	Fair Value through profit or loss	Loans and receivables	Fair Value through profit or loss	Loans and receivables	
<i>Financial assets</i>					
<i>Traditional VULs:</i>					
Cash and cash equivalents	₱-	₱1,061,357,849	₱-	₱377,379,008	₱1,438,736,857
Equity securities - quoted	12,910,091,156	-	-	-	12,910,091,156
Debt securities - quoted fixed interest rates	1,262,154,459	-	1,649,709,571	-	2,911,864,030
Subscriptions receivable	-	5,318,252	-	75,185	5,393,437
Investment income receivable	-	16,665,264	-	30,688,453	47,353,717
Other receivables	-	3,452	-	283	3,735
Structured VULs	1,000,320,732	-	1,112,094,805	-	2,112,415,537
	₱15,172,566,347	₱1,083,344,817	₱2,761,804,376	₱408,142,929	₱19,425,858,469

	2015		
	Peso Investment Funds	Dollar Investment Funds	Total
	Other financial liabilities	Other financial liabilities	
<i>Financial liabilities</i>			
Accounts payable	₱4,185,300	₱10,502,688	₱14,687,988
Accrued and other liabilities*	28,724,505	3,185,430	31,909,935
	₱32,909,805	₱13,688,118	₱46,597,923

\*Excluding taxes payable amounting ₱65,261

	2014				
	Peso Investment Funds		Dollar Investment Funds		Total
	Fair Value through profit or loss	Loans and receivables	Fair Value through profit or loss	Loans and receivables	
<i>Financial assets</i>					
Traditional VULs:					
Cash and cash equivalents	₱-	₱1,381,167,794	₱-	₱536,947,787	₱1,918,115,581
Equity securities - quoted	9,762,857,565	-	-	-	9,762,857,565
Debt securities - quoted fixed interest rates	1,277,406,425	-	1,132,872,616	-	2,410,279,041
Subscriptions receivable	-	11,890,943	-	390,122	12,281,065
Investment income receivable	-	11,669,367	-	20,990,028	32,659,395
Other receivables	-	8,886	-	-	8,886
Structured VULs	1,041,505,575	-	2,141,998,908	-	3,183,504,483
	<b>₱12,081,769,565</b>	<b>₱1,404,736,990</b>	<b>₱3,274,871,524</b>	<b>₱558,327,937</b>	<b>₱17,319,706,016</b>

	2014				
	Peso Investment Funds		Dollar Investment Funds		Total
		Other financial liabilities		Other financial liabilities	
<i>Financial liabilities</i>					
Accounts payable		₱35,393,053		₱-	₱35,393,053
Accrued and other liabilities*		22,560,814		2,460,090	25,020,904
		<b>₱57,953,867</b>		<b>₱2,460,090</b>	<b>₱60,413,957</b>

\*Excluding taxes payable amounting ₱150,716

The carrying values of loans and receivables and other financial liabilities approximate their fair values since these are short term in nature.



The following table presents the fair value hierarchy of the financial assets at FVPL as at December 31, 2015 and 2014:

	2015			
	Level 1	Level 2	Level 3	Total
<b>Equity securities</b>	<b>₱12,910,091,156</b>	<b>₱-</b>	<b>₱-</b>	<b>₱12,910,091,156</b>
<b>Debt securities:</b>				
Traditional VULs:				
Local currency	1,262,154,459	-	-	1,262,154,459
Foreign currency	1,649,709,571	-	-	1,649,709,571
Structured VULs:				
Local currency	-	-	1,000,320,732	1,000,320,732
Foreign currency	-	-	1,112,094,805	1,112,094,805
	<b>₱15,821,955,186</b>	<b>₱-</b>	<b>₱2,112,415,537</b>	<b>₱17,934,370,723</b>
	2014			
	Level 1	Level 2	Level 3	Total
Equity securities	₱9,762,857,565	₱-	₱-	₱9,762,857,565
<b>Debt securities:</b>				
Traditional VULs:				
Local currency	1,277,406,425	-	-	1,277,406,425
Foreign currency	1,132,872,616	-	-	1,132,872,616
Structured VULs:				
Local currency	-	-	1,041,505,575	1,041,505,575
Foreign currency	-	-	2,141,998,908	2,141,998,908
	<b>₱12,173,136,606</b>	<b>₱-</b>	<b>₱3,183,504,483</b>	<b>₱15,356,641,089</b>

The fair values of financial assets at FVPL on Level 1 category are based on the quoted market prices.

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

	2015	2014
<b>Peso</b>		
Beginning balance	<b>₱1,041,505,575</b>	₱622,589,528
Additions	–	455,000,000
Fair value loss	<b>(41,184,843)</b>	(36,083,953)
Ending balance	<b>1,000,320,732</b>	1,041,505,575
<b>USD</b>		
Beginning balance	<b>2,141,998,908</b>	1,757,976,117
Maturity	<b>(1,163,902,295)</b>	328,123,000
Fair value gain	<b>133,998,192</b>	55,899,791
Ending balance	<b>1,112,094,805</b>	2,141,998,908
<b>Total Level 3 financial assets</b>	<b>₱2,112,415,537</b>	<b>₱3,183,504,483</b>

There were no transfers within different levels of the fair value hierarchy in 2015 and 2014.

The structured notes can be decomposed into bond components and option components. Fair value of structured notes has been computed by counterparties using present value calculations and option pricing models as applicable. The valuation requires management to make certain assumptions about the model inputs particularly the credit spread of the issuer. The model also used certain market observable inputs including 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 probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of the fair value of structured notes.

The analysis of the fair market value of the structured 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:

	<b>Significant observable input other than quoted prices included within Level 1</b>	<b>Range level at yearend</b>	<b>Sensitivity of the input to fair value</b>
<b>2015</b>	<b>ROP CDS level (3yrs-8yrs)</b>	<b>108 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 ₱21,344,867 and ₱22,044,327, respectively.</b>
	<b>USD IRS (3yrs-8yrs)</b>	<b>141-195 basis points</b>	<b>50 basis points increase or decrease in USD IRS would result in the decrease and increase in market value of the note by ₱25,804,008 and ₱26,602,087 respectively.</b>
	<b>PHP IRS (1yr-6yrs)</b>	<b>265-370 basis points</b>	<b>50 basis points increase or decrease in PHP IRS would result in the decrease and increase in market value of the note by ₱17,163,957 and ₱17,608,086, respectively.</b>

	Significant observable input other than quoted prices included within Level 1	Range level at year end	Sensitivity of the input to fair value
2014	ROP CDS level (1yr-7yrs)	93 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 ₱23,997,474 and ₱24,723,129, respectively.
	USD IRS (1yr-7yrs)	63-202 basis points	50 basis points increase or decrease in USD IRS would result in the decrease and increase in market value of the note by ₱29,282,302, and ₱30,147,044, respectively.
	PHP IRS (1yr-7yrs)	108-310 basis points	50 basis points increase or decrease in PHP IRS would result in the decrease and increase in market value of the note by ₱21,536,018 and ₱22,183,207.

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 level at yearend</b>	<b>Sensitivity of the input to fair value</b>
<b>2015</b>	<b>Bank CDS level (1-7 years)</b>	<b>10-67 basis points</b>	<b>A 50 basis points increase (decrease) in CDS would result in the decrease (increase) in fair value of the note by ₱17,163,957 and ₱17,608,086, respectively.</b>
2014	Bank CDS level (1-7 years)	10-70 basis points	A 50 basis points increase (decrease) in CDS would result in the decrease (increase) in fair value of the note by ₱21,536,018 and ₱22,183,207, 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.*

### Dollar denominated notes

	<b>Significant unobservable input</b>	<b>Range level at yearend</b>	<b>Sensitivity of the input to fair value</b>
<b>2015</b>	<b>ROP CDS level (3-8 years)</b>	<b>62-133 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 ₱25,804,008 and ₱26,602,087 respectively.</b>
2014	ROP CDS level (1-7 years)	8-109 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 ₱29,282,302 and ₱30,147,044, 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.

The estimates are based on assumptions that if altered can change the analysis expressed herein. This shall not constitute a representation or warranty as to future performance of the structured notes. Further, past performance is not indicative of future results.



## 9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Separate Funds consist mainly of cash and cash equivalents, financial assets at FVPL, 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 is exposed to credit risk, liquidity risk, equity price risk, fair value interest rate risk, and foreign currency risk. These risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements.

### **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' exposure to credit risk arises from default of the counterparty, with a maximum credit exposure equal to the carrying amount of the financial assets of the Separate Funds.

As of December 31, 2015 and 2014, all of the Separate Funds' financial assets are neither past due nor impaired.

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, 2015 and 2014, all of the Separate Funds' financial assets fall under investment grade category.

### **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 debt securities portfolio by industrial distribution as percentage of total debt securities as of December 31:

	<b>2015</b>	2014
Government	<b>52%</b>	36%
Financial institutions	<b>42%</b>	57%
Electricity, energy, power, and water	<b>4%</b>	6%
Others	<b>2%</b>	1%
<b>Total</b>	<b>100%</b>	100%

### **Liquidity risk**

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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.

As of December 31, 2015 and 2014, the Separate Funds' other financial liabilities excluding taxes payable amounting to PHP46,612,413 and PHP60,413,957 respectively, have maturities of less than one year. The Separate Funds has cash amounting to PHP1,438,736,857 and PHP1,918,115,581 as of December 31, 2015 and 2014, respectively, which are due on demand that can be used to settle financial liabilities.



### **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 investments held under Equity Fund, Growth Fund, and Select Equities Fund which are classified in the statements of financial position as financial assets at FVPL. The following table demonstrates the sensitivity to a reasonable possible change in the price of equity securities as of December 31:

2015		2014	
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
50 basis points rise	₱64,545,641	50 basis points rise	₱44,759,562
50 basis points fall	(64,545,641)	50 basis points fall	(44,759,562)

### **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:

	<b>2015</b>	2014
Holding Firms	<b>23%</b>	23%
Banks	<b>17%</b>	10%
Electricity, energy, power, and water	<b>16%</b>	23%
Property	<b>16%</b>	10%
Food, beverage, and tobacco	<b>13%</b>	13%
Retail	<b>5%</b>	7%
Transportation services	<b>2%</b>	4%
Mining	<b>2%</b>	4%
Others	<b>6%</b>	6%
<b>Total</b>	<b>100%</b>	100%

***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, which are classified in the statements of financial position as financial assets at FVPL.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates:

	<b>2015</b>		<b>2014</b>
<b>Change in Market Rate of Interest</b>	<b>Effect on Net Asset Value Attributable to Unitholders</b>	<b>Change in Market Rate of Interest</b>	<b>Effect on Net Asset Value Attributable to Unitholders</b>
<b>25 basis points rise</b>	<b>(₱51,932,587)</b>	25 basis points rise	<b>(₱34,265,590)</b>
<b>25 basis points fall</b>	<b>54,731,103</b>	25 basis points fall	<b>38,915,445</b>

***Foreign currency risk***

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Separate Funds' foreign currency-denominated assets and liability as of December 31 consist of the following:

	2015		2014	
	United States Dollar Value	Peso Equivalent	United States Dollar Value	Peso Equivalent
<b>Assets</b>				
Traditional VULs:				
Cash and cash equivalents	US\$8,001,081	₱377,379,008	US\$12,034,601	₱536,947,787
Debt securities	34,976,669	1,649,709,571	25,391,053	1,132,872,616
Investment income receivable	650,648	30,688,453	470,449	20,990,028
Subscription receivable	1,594	75,185	8,744	390,122
Other receivables	6	283	—	—
Structured VULs	23,578,315	1,112,094,805	48,008,582	2,141,998,908
	<b>US\$67,208,313</b>	<b>₱3,169,947,305</b>	<b>US\$85,913,429</b>	<b>₱3,833,199,461</b>
<b>Liability</b>				
Accounts payable	US\$222,675	₱10,502,688	US\$—	₱—
Accrued and other liabilities	67,620	3,189,367	55,138	2,460,090
	<b>US\$290,295</b>	<b>₱13,692,055</b>	<b>US\$55,138</b>	<b>₱2,460,090</b>

The foregoing Dollar amounts have been restated to their Peso equivalents using the exchange rate of PHP47.166 and PHP44.617 to USD1, as recommended by IC, as of December 31, 2015 and 2014, respectively.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net asset value attributable to unitholders:

<b>2015</b>		<b>2014</b>	
<b>Change in Peso - Foreign Exchange Rate</b>	<b>Effect on Net Asset Value Attributable to Unitholders</b>	<b>Change in Peso - Foreign Exchange Rate</b>	<b>Effect on Net Asset Value Attributable to Unitholders</b>
<b>Peso appreciation of 1.53%</b>	<b>₱48,290,705</b>	Peso appreciation of 0.48%	₱18,777,191
<b>Peso depreciation of 1.53%</b>	<b>(48,290,705)</b>	Peso depreciation of 0.48%	(18,777,191)



# COMPANY PROFILE

At **Insular Life**, we apply over a hundred years of experience in financial protection, savings and investments to help you make confident decisions for you and your loved ones. We recognize financial priorities change over time — that is why we are here to help you plan ahead, every step of the way.

As an Insular Life customer, you have the confidence of being protected by a company with a consolidated asset base of PHP106.1 billion, revenues of PHP19.9 billion, net income of PHP1.8 billion and total business-in-force of PHP251.6 billion as of year-end 2015.

We remain committed to serving the Filipino, as we spread the benefits of life insurance to every family. Thus, as you look ahead, be assured that Insular Life will guide you, as you advance from one life stage to the next.