



Annual  
Report

# 2020



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## Our Vision, Mission and Values

### Our Vision

We will be the preferred asset management company, helping our customers achieve their financial aspirations through innovative solutions for managing their wealth.

### Our Mission

We provide innovative wealth solutions to make *decisions easier* and *lives better*.

### Our Values

Our values represent how we operate. They reflect our culture, inform our behaviors, and help define how we work together.

#### **Obsess about customers**

We predict our customers' needs and do everything in our power to satisfy them.

#### **Do the right thing**

We act with integrity and do what we say.

#### **Think big**

Anything is possible. We can always find a better way.

#### **Get it done together**

We're surrounded by an amazing team. We can do it better by working together.

#### **Own it**

We have the freedom and power to make decisions and the courage to pursue our mission and vision.

#### **Share your humanity**

We build a supportive, diverse, optimistic, and thriving workplace.

### Manulife Investment Management and Trust Corporation

Manulife Investment Management and Trust Corporation is a wholly-owned subsidiary of Manulife Philippines. The Company acquired its trust and other fiduciary business license from the Banko Sentral ng Pilipinas in 2017 and started operations in September 2017. It is the first trust corporation in the Philippines that is backed by a leading multinational financial services group.

The Company is part of the global network of asset management companies of Manulife Investment Management, the wealth and asset management segment of Manulife Financial Corporation. Manulife Investment Management has operations in 17 countries and territories and has more than 550 investment professionals, and Assets under management and administration (AUMA) amount to approximately USD 409 Billion.

Leveraging Manulife Investment Management's global and regional investment capabilities, the Company aims to provide investment solutions that can help clients grow their wealth portfolio according to their risk and return objectives. The Company's competitive advantage of interconnectivity and idea sharing among the network of investment management professionals is unmatched by many local and global asset managers. It has access to the best investment ideas from 10 markets across Asia and the funds under its management benefit from real time information, market and policy insight and investment know-how that only strong connectivity can provide.

### Manulife Philippines

The Manufacturers Life Insurance Company (Manulife) opened its doors for business in the Philippines in 1907. Since then, Manulife's Philippine Branch and later, The Manufacturers Life Insurance Co. (Phils.), Inc. (Manulife Philippines) has grown to become one of the leading life insurance companies in the country.

Manulife Philippines is a wholly-owned domestic subsidiary of Manulife Financial Corporation, among the world's largest life insurance companies by market capitalization.

### Manulife Investment Management

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. We draw on more than 150 years of financial stewardship to partner with clients across our institutional, retail, and retirement businesses globally. Our specialist approach to money management includes the highly differentiated strategies of our fixed-income, specialized equity, multi-asset solutions, and private markets teams—along with access to specialized, unaffiliated asset managers from around the world through our multimanager model. Our personalized, data-driven approach to retirement is focused on delivering financial wellness in retirement plans of all sizes to help plan participants and members retire with dignity.

Headquartered in Toronto, we operate as Manulife Investment Management throughout the world, with the exception of the United States, where the retail and retirement businesses operate as John Hancock Investment Management and John Hancock, respectively; and in Asia and Canada, where the retirement business operates as Manulife. Manulife Investment Management had USD561.8 billion in assets under management and administration.\* Not all offerings are available in all jurisdictions. For additional information, please visit our website at [manulifeim.com](http://manulifeim.com).

\*MFC financials: Global Wealth and Asset Management (WAM) also managed USD158.3 billion in assets of for the non-WAM reporting segments. Including those assets, AUMA of Global WAM was USD720.1 billion compared with USD662.6 billion in YE2019.

## Message from the Chairman



The pandemic has brought difficult and unforeseen challenges and hardships for businesses and families alike and forced us all to embrace new ways of working, communicating and supporting one another. The growing number of persons vaccinated globally is our path back to normalcy and while that end state is unknown, we will continue to do our part to support customers, distributors, employees, and the communities in which we operate.

### Staying Resilient through Trying Times

Backed by a globally supported operational platform and calling on our business continuity plans, our local teams transitioned quickly from our high-touch face-to-face business model to an entirely virtual way of operating. Our digital engagement through this pandemic has allowed us to maintain strong connectivity with teams, customers, and distributors.

Our early investment in digitization via Manulife iFunds, our online investment platform, has served our clients well, enabling them to make headway in growing their wealth in a low interest rate environment. Aligned with our goal to help our clients make better investment decisions, we held virtual learning sessions that shared actionable insights, bringing together local, regional and global investment perspectives to help our customers achieve their financial goals.

While the pandemic upended well-laid business plans, the strong performance of our key offshore strategies that cover a broad range of geographic focus, as well as, the launch of our reference portfolios to help investors meet their respective investment objectives, lifted our business momentum in the second half of the year.

### Evolving with our Clients' Needs

Building on our track record of providing innovative wealth solutions, we continued with bringing distinct unit investment trust funds with compelling value propositions to investors, leveraging our global investment capabilities. Our product development initiatives also continued to focus on expanding our available income solutions.

### Raising our Game

Our high-performance culture is central to the success of our business. I am encouraged by the foundations that have been laid by our entrepreneurial team to drive organic business growth and develop new opportunities for our future success. As we pursue strategic initiatives to propel our business forward in the new normal, we will continue to digitize our processes to create a more seamless investing experience for our customers.

### Thank you

On behalf of the Board of Directors, I would like to express my utmost appreciation to our people for their unrelenting drive, passion, and solidarity to deliver business goals in extremely difficult times. I thank our customers and business partners for their continued trust and confidence throughout an exceptionally challenging year.

### Gianni Fiacco, CPA, CA

Chairman of the Board  
Manulife Investment Management and Trust Corporation

## Message from the President & CEO



2020 is unforgettable not only because of the unparalleled challenges that it brought, but also because of how these challenges reshaped businesses, economies, and people's way of life.

When the pandemic began to intensify and lockdown measures were enforced in over 100 countries worldwide in the first quarter, markets tumbled as uncertainty and risk aversion gripped sentiment. The extraordinary monetary and fiscal actions of policymakers globally reignited risk appetite, enabling markets to rebound amidst new waves of COVID-19 cases and the crippling effects of containment measures on many economies. Towards the end of the year, markets welcomed the positive news on vaccines, a major triumph for humanity that can provide tailwinds to economic recovery.

### Resilience Amidst Difficulties

The pandemic provided the ultimate test of operational resilience, which is critical for any business. The robustness of our operational platform was put front and center as the country came into an enhanced community quarantine for the first time. With our team switching seamlessly to a 100% remote working arrangement, we were able to keep our organization going while protecting the safety and well-being of our people.

I am pleased to share with you that despite the exceptionally difficult environment last year, Manulife Investment Management and Trust Corporation onboarded more than 2,300 new clients and generated over Php800 Million in net flows through our well-considered distinctive unit investment trust funds and digital engagement initiatives.

### Powering Our Business Growth in the New Normal

As the deep-seated wariness over COVID-19 virus changed consumer behavior and accelerated the adoption of digitalization, we shifted to online platforms in engaging our clients and distributors. In its over 100 years of history in the Philippines, we held the first public webinar of Manulife Investment Management (Philippines), sharing our insights on the Philippine Equity and the Asia Pacific Real Estate Investment Trusts (REITs) markets. Reflective of our commitment to keep our clients and distributors informed of investment opportunities in key markets, we conducted a public webinar on US, Hong Kong and China equity markets. Alongside these initiatives, we produced a series of investor educational videos, developed reference portfolios for different risk and return objectives, held a host of virtual learning sessions for our clients and distributors and highlighted the importance of building a diversified investment portfolio, particularly in volatile times.

Inspired by our goal to help more and more people achieve their financial aspirations, we drove the adoption of Manulife iFunds, our digital investment platform. With its convenient, secure, and safe approach to investing, Manulife iFunds was embraced progressively by our clients and distributors, pushing its adoption rate to 70% by the end of 2020.

With interest rates likely to remain low for longer, to aid economic normalization, we believe that the demand for yield will be sustained. Against this backdrop, we continued the development of differentiated wealth solutions for varied investment goals and risk appetites to provide investors with a range of portfolio building blocks for them to use in growing their wealth across market cycles.

### A Homage to Our People

Our people and culture emerged as our strongest competitive advantage, putting us in a position of strength in incredibly tough times. I am proud and grateful to lead a team of talented and driven individuals who relentlessly challenged the status quo and pushed the bar higher in the face of adversity. Their creativity, tenacity, passion to succeed and owner mindset played crucial roles in our bold navigation of uncharted conditions and our pursuit of new initiatives to thrive in the new normal.

Our corporate value of "Get it done together" shone brightly on us as our colleagues in the wider Manulife organization both locally and abroad provided strong pillars of support, helping us advance our initiatives.

### Looking Ahead

With our culture as the cornerstone of our business, we will keep our focus on driving our strategic priorities to seize the opportunities that lie ahead, and deliver on our mission to provide innovative wealth solutions to make decisions easier and lives better.

### Macaria Trinidad Gaspar, CFA

President & Chief Executive Officer  
Manulife Investment Management and Trust Corporation

## Board of Directors



**Gianni Fiacco, CPA, CA**  
Chairman of the Board

Located in Hong Kong, Mr. Fiacco (43) is the Head of Emerging Markets & Chief Strategy Officer for Manulife's Wealth and Asset Management business in Asia. He oversees the Wealth & Asset Management emerging market business of Malaysia, Indonesia, Thailand, Philippines and Vietnam as well as being responsible for the development and implementation of business strategies to deliver on the company's growth objectives across Asia.

Prior to joining our Wealth and Asset Management business, Mr. Fiacco served as Regional Controller, Asia for Manulife Financial, where he was accountable for financial and management accounting, planning, forecasting and analysis as well as tax and internal controls related to finance across Asia. Before joining Manulife, Mr. Fiacco worked with PricewaterhouseCoopers LLP in their Audit and Assurance Services group.

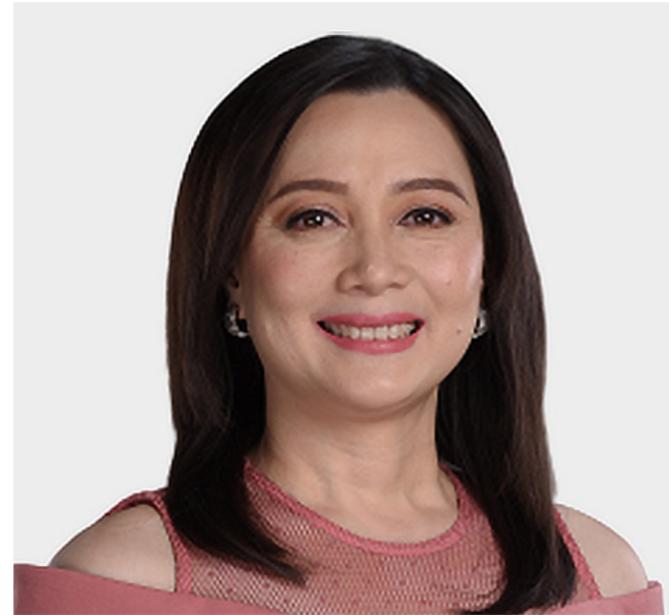
Mr. Fiacco holds a Bachelor of Commerce Degree from the University of Toronto and is a Chartered Accountant (Canada).



**Boon Choy Wong**  
Vice Chairman of the Board

Wong Boon Choy (59) CA(M), CPA, CFP, is a Director of Manulife Investment Management Services Berhad, where he served as Chief Executive Officer from 1 September 2014 until 30 April 2017. Previously, he was the Chief Executive Officer and Executive Director of MAAKL Mutual Bhd from May 2004 until June 2014. He also served as the Senior General Manager of Public Mutual (formerly known as KL Mutual) in 1988 to 2004. Mr. Wong has accumulated more than 20 years of experience in the Malaysian unit trust industry. Before joining KL Mutual, he was with an international accounting firm for eight years.

Mr. Wong is a founder member and former President of the Financial Planning Association of Malaysia (FPAM). He was also involved in establishing the Federation of Investment Managers Malaysia (FIMM) when he was appointed the Founding Secretary. A strong believer in financial planning, he co-authored a financial planning book entitled "Financial Freedom – Your Guide To Lifetime Financial Planning" and a second book entitled "Financial Freedom – Through Malaysian Equities and Unit Trusts". In June 2008, Mr. Wong co-authored a third book which revolves around the themes of health and wealth entitled "CHOICES – Live Well and Don't Die Broke".



**Macaria Trinidad Gaspar, CFA**  
Director

Macaria Trinidad Gaspar (52) is the President and Chief Executive Officer of Manulife Investment Management and Trust Corporation (Manulife IM (Philippines)). She is responsible for the strategic management and operations of the Company to deliver sustainable growth for its asset management franchise.

Prior to becoming President and Chief Executive Officer of Manulife IM (Philippines), Ms. Gaspar was the Chief Investment Officer of Manulife Philippines, where she was responsible for the development and implementation of overall investment strategies for the Philippine-based investment portfolios of Manulife.

Previously, she was with SGV & Co ("SGV"), a member firm of Ernst & Young Global, where she provided assurance services to a range of institutions with specific emphasis on firms engaged in the business of life insurance, manufacturing and utility services.

Ms. Gaspar graduated with Distinction from the Philippine School of Business Administration with a degree of Bachelor of Science in Business Administration, major in Accounting. She is a CFA charterholder and a Certified Public Accountant.



**Richard Bates**  
Director

Richard Bates (47) is the President and Chief Executive Officer of Manulife Philippines.

Mr. Bates is responsible for the overall strategy and development of Manulife's business in the Philippines. His remit is to ensure that the company is focused on Manulife's mission to make customers' decisions easier and lives better.

He is a finance industry veteran, who has a strong background in advancing insurance penetration in emerging markets in Asia. Prior to joining Manulife, he served as CEO of a multinational insurance firm in Cambodia, where he spearheaded the company's market entry and launched its multi-channel operations. Prior to this posting, he was responsible for the Asia operations of a private equity fund focused on investing and incubating insurance start-ups.

He also previously led a multinational consulting firm's deal strategy unit in Hong Kong and its financial services line of business across Asia. Beyond his work in insurance and finance, Mr. Bates has also been involved in a charity that supports adults with learning disabilities in Hong Kong.

Mr. Bates holds a Bachelor of Arts (Hons) degree in Business Studies from the University of Portsmouth in England.

## Board of Directors



**Edwin Magpantay**

**Director**

Edwin Magpantay (46) joined Manulife Philippines in 2012 and is currently the company's Vice President and Financial Controller. He heads teams handling local, regulatory and management reporting, treasury and accounts payable processing, tax reporting and distribution accounting. Prior to Manulife, Mr. Magpantay was the EVP and Chief Operating Officer of Ubix Corporation. He was also an Audit Senior Director of SyCip Gorres Velayo & Co. (SGV & Co.).

Mr. Magpantay holds a Bachelor of Science degree in Accounting from Colegio de San Juan de Letran. He is a Certified Public Accountant.



**Luz Lorenzo**

**Independent Director**

Luz Lorenzo (60) retired in July 2016 from Maybank ATR Kim Eng Securities Inc. where she had worked since 1995, mostly as Head of the Research Department. In that position she led her team to being one of the names to reckon with in the industry, having been the personal and group recipients of several awards and citations. She has worked in the financial services industry throughout her professional life. This included stints in the United States and Hong Kong where she worked in the fields of economic consulting and investment banking. She also worked briefly in the public sector in the Department of Finance and National Economic and Development Authority.

Ms. Lorenzo has a Master of Arts degree in Economics from the Pennsylvania State University and a Bachelor of Science degree in Statistics from the University of the Philippines



**Atty. Rene Betita**

**Independent Director**

Atty. Rene B. Betita (63) is a part time faculty at De La Salle University and the College of St. Benilde, where he teaches subjects in the fields of finance, law and economics. He is also a faculty member of the Trust Institute Foundation of the Philippines, a school for professionals in the banking, insurance and regulatory agencies.

He has more than 20 years of experience in the trust banking industry mostly in account management and marketing. His last bank employment was as Vice President and Head of Trust of Maybank Philippines Inc. He also served as a member of the Board of Directors of the Trust Officers Association of the Philippines.

Atty. Betita earned his law and economics degrees from the University of the Philippines in Diliman and passed the Bar in 1985.



**Raul Diaz**

**Independent Director**

Raul C. Diaz (70) has had extensive experience in Trust and Investment Management, having served in various capacities as Marketing Officer, Portfolio Manager, and Trust Officer. Overall, he has spent more than thirty (30) years in the trust business, twenty three (23) of which as Trust Officer. As an active practitioner in the trust industry, he has served as Director of the Trust Officers Association of the Philippines (TOAP) for several terms as well as Chairman of various TOAP Committees over the years. He was elected TOAP President in March 2008, a position he held for a term of one (1) year. Having retired, he presently serves as Member of the TOAP Advisory Board.

Mr. Diaz graduated from the University of Santo Tomas with a degree in Commerce, major in Banking and Finance. He also holds a Master of Business Administration degree from the De La Salle University. As part of training in Trust, he also took up the one-year Trust Course offered by the Trust Institute Foundation of the Philippines, the educational arm of the TOAP.



## Management Team



**Macaria Trinidad Gaspar, CFA**  
President & Chief Executive Officer



**Gerlie Aman**  
Treasurer and Head of Operations



**Zedric Matubis**  
Head of Wealth Sales



**Paul Jeffrey Lu, CFA**  
Head of Wealth Solutions



**Mark Alan Canizares**  
Head of Equities



**Jean Olivia De Castro**  
Head of Fixed Income



**Atty. Apolonio Juan II, LLB, RFC**  
Head of Compliance



**Stanley Raymund Cabrera V, FRM**  
Risk Officer

## Corporate Governance Policy

The Board, Officers, and Employees of the Company believe that good corporate governance is an integral component of sound strategic management and will therefore undertake every effort necessary to create awareness within the Company. Compliance with the principles of good corporate governance shall start with the Board being primarily responsible for providing independent oversight of the management of the business and affairs of the Company.

The promotion of good corporate governance shall be aligned with the Company By-laws of fostering a culture of integrity throughout the organization and ensuring compliance with the Company's Code of Business Conduct and Ethics. The Board shall oversee the Company's communication and disclosure of corporate practices relating to corporate governance practices and require timely, accurate and fair release of such information in compliance with all legal and regulatory requirements.

All Board members have undergone training in corporate governance and have been duly certified therefor. The Board is composed of professionals from various fields of expertise such as law, general business and finance. The Company is assured that each director is capable of adding value and formulating sound corporate policies.

## Corporate Governance Manual

With the objective of institutionalizing the principles of good corporate governance and promoting awareness of such principles, the Company has adopted a Corporate Governance Manual. Through this manual, the Company's Board of Directors recognizes its primary responsibility to ensure effective good corporate governance oversight throughout the organization.

This Corporate Governance Manual is applied suppletorily to any applicable laws and regulations of the Company. In the event of conflict between the laws or regulations or the charter or by-laws pertaining to corporate governance, the provisions in the laws or regulations shall prevail. The Board may modify or make exceptions to the Corporate Governance Manual from time to time, in its discretion in accordance with the fiduciary duties and responsibilities of the Board to the Company's stakeholders.

## Duties and Responsibilities of the Board

The Board of Directors exercises all the powers of the corporation as granted by the Revised Corporation Code of the Philippines, the Company By-laws, the Manual of Corporate Governance, and all other relevant laws, rules, regulations and internal policies.

In line with the enhanced corporate governance guidelines for BSP supervised entities, the duties and responsibilities of the Board include the following:

1. Define the Company's corporate culture and values;
2. Responsible for approving the Company's objectives and strategies and in overseeing management's implementation thereof;
3. Responsible for the appointment/selection of key members of senior management and heads of control functions, and for the approval of a sound remuneration and other incentives policy for personnel;
4. Responsible for approving and overseeing implementation of the Company's corporate governance framework; and
5. Responsible for approving the Company's risk governance framework and overseeing management's implementation thereof.

The Board approves and oversees the implementation of corporate strategic plans, strategic initiatives and business decisions taking into account, among other things, the opportunities and risks of business. The Board also reviews and approves significant public disclosure policies and documents, including the financial statements and related disclosures prior to their release.

The Board likewise oversees the succession planning process of the Company, including the selection, appointment and development of the Chairman of the Board, the Board members, the President & CEO and other senior executive officers, including the heads of the Company's oversight functions, and the termination of the President & CEO, if required.

# Committees

## Corporate Governance Committee

The Corporate Governance Committee is tasked primarily to assist the Board in fulfilling its corporate governance responsibilities by ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines. It shall review and evaluate the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board.

In 2020, the Corporate Governance Committee met four (4) times as shown below:

Name of Director	Date of Meetings			
	13 February 2020	01 June 2020	26 August 2020	19 November 2020
Luz Lorenzo (Chairperson/Independent)	✓	✓	✓	✓
Rene Betita (Independent)	✓	✓	✓	✓
Edwin Magpantay (Non-Executive)	✓	✓	✓	✓

The Corporate Governance Committee shall be composed of at least three (3) members of the Board, two (2) of whom shall be independent directors, including the Chairperson.

## Audit Committee

The primary objective of the Audit Committee is to assist the Board of Directors in providing oversight over the Company's financial reporting policies, practices and control and internal and external audit functions.

Specifically, the Audit Committee has the following duties:

- The Audit Committee shall provide effective oversight of external and internal audit functions, including insourcing or outsourcing of audit activities.
- It shall review and approve the audit scope and frequency of both internal and external auditors.
- It shall ensure that the internal/external auditors as well as regulatory auditors shall have free and full access to all the the Company's records, properties and personnel relevant to the audit activity and shall be free from interference by outside parties in the performance of work.
- It shall ensure that a review of the effectiveness of the Company's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually.
- It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

In 2020, the Audit Committee met four (4) times as shown below:

Name of Director	Date of Meetings			
	13 February 2020	01 June 2020	26 August 2020	19 November 2020
Rene Balita (Chairperson/Independent)	✓	✓	✓	✓
Raul Diaz (Independent)	✓	✓	✓	✓
Boon Choy Wong (Non-Executive)	✓	✓	✓	✓

The Committee shall be composed of at least three (3) members of the Board, who shall all be non-executive directors, two (2) of whom shall be independent directors, including the Chairperson.

## Risk Oversight Committee

The Risk Oversight Committee is designed to oversee the effectiveness of risk management and control including reviewing risk appetite, risk limits, risk exposures and opportunities for optimizing risk taking consistent with the Company's overall strategic priorities. It is also authorized to take certain risk acceptance and control decisions which are outside the authority of individual officers of the Company.

In 2020, the Risk Oversight Committee met four (4) times as shown below:

Name of Director	Date of Meetings			
	13 February 2020	01 June 2020	26 August 2020	19 November 2020
Raul Diaz (Chairperson/Independent)	✓	✓	✓	✓
Luz Lorenzo (Independent)	✓	✓	✓	✓
Boon Choy Wong (Non-Executive)	✓	✓	✓	✓

The Risk Oversight Committee shall be composed of three (3) members of the Board, majority of whom shall be independent directors, including the Chairperson. The Risk Oversight Committee's Chairperson shall not be the Chairperson of the Board of Directors, or any other Board-level committee.

## Board Process

The Board meetings are held on a quarterly basis unless a special meeting is necessary to consider urgent matters. The schedule of meetings for 2021 were presented to the Board and approved on 19 November 2020.

The directors receive notice of regular or special meetings of the Board, including the meeting pack specifying the date, time and place of the meeting as communicated by the Corporate Secretary. The meeting pack includes information on the Company's operation, minutes of the last Board and Committee meetings, and all other documents needed for the Board meeting discussion.

Minutes of meetings of the Board and all committees are kept by the Corporate Secretary. The said minutes are open for inspection by directors and stockholders upon request.

Annually, the Corporate Secretary distributes a Board Effectiveness Survey to be accomplished by the directors. The survey covers the following matters: Board Responsibility, Board Operations, Board and Committee Effectiveness, and Individual Director Self-Evaluation. In 2020, the directors accomplished the Board Effectiveness Survey. The Board of Directors also assessed the President & CEO's performance for the previous year.

## Board Meetings

The Board met four (4) times in 2020. The Board members' attendance during meetings is shown below:

Name of Director	Date of meeting				Percentage
	13 February 2020	01 June 2020	26 August 2019	19 November 2019	
Gianni Fiacco (Chairperson)	✓	✓	✓	✓	100%
Boon Choy Wong (Vice-Chairperson)	✓	✓	✓	✓	100%
Richard Bates	✓	✓	✓	✓	100%
Macaria Trinidad F. Gaspar (President & CEO)	✓	✓	✓	✓	100%
Edwin Magpantay	✓	✓	✓	✓	100%
Luz Lorenzo (Independent)	✓	✓	✓	✓	100%
Rene Betita (Independent)	✓	✓	✓	✓	100%
Raul Diaz (Independent)	✓	✓	✓	✓	100%

All directors had 100% attendance rate for 2020.

## Venue of Meetings

The Board and Committee meetings on 13 February 2020 were held in the Company's Head Office at the NEX Tower, Ayala Avenue, Makati City, while the Board and Committee meetings on 01 June, 26 August, and 19 November 2020 were held via video conference.

## Directors' Orientation Program and Continuing Education

All newly elected directors are given an orientation by the Corporate Secretary on the organizational profile, charters, by-laws, policies and procedures of the Company. As required by regulations, the Company also facilitates the enrollment of all new directors to a corporate governance seminar by an accredited provider upon onboarding. All directors are required annually by the Company to undergo Anti-Money Laundering and Anti-Terrorism and Financing (AMLTF) training and certification. They are also required to review and sign annually the Company's Code of Business Conduct and Ethics (COBE) and a Conflict of Interest.

For 2020, all of the directors of the Company underwent and completed the AMLTF and COBE trainings. All directors are likewise encouraged to attend seminars that would aid them in their functions as members of the Board. For 2020, the directors of the Company had a 100% completion rate of the required annual training.

## Board Remuneration

Under the Company's By-Laws, directors shall be entitled to receive only such reasonable per diem allowance as may be granted by the Board. In addition to the per diem, additional compensation may be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock and subject always to the limits provided by pertinent laws and regulations.

Currently, only independent directors and non-executive directors who are no longer employed or are no longer serving in any capacity, except as director, in any member of the Manulife Group of Companies receive per diem for every board meeting attended. Executive and other non-executive directors do not receive compensation for the performance of their functions as a director.



## Succession Plan

The Board oversees the succession planning of the President & CEO and senior executive officers, including the heads of the Company's oversight functions, and the termination of President & CEO, if required. All nominations to such positions are deliberated and discussed by the Corporate Governance Committee, which also functions as the Company's nomination and remuneration committee, and shall evaluate the nominees' competency and credentials, and shall make appropriate endorsement and recommendation to the Board.

## Board Diversity Policy

In choosing nominees to the Board, consideration is given to gender, ethnic background, geographic representation and other personal characteristics that contribute to diversity, recognizing that it is the skills, experience and integrity that are most important in assessing candidates and their potential contributions.

## Corporate Secretary

The Corporate Secretary is a lawyer, Filipino citizen and resident of the Philippines. He was formerly a senior associate in a law firm, wherein he engaged in general litigation practice and corporate housekeeping for clients. He also acted as the Corporate Secretary of a water utility subsidiary during his time as an in-house lawyer for one of the water concessionaires supplying water in the greater Manila area.

As Company Secretary, he is primarily responsible for the following:

1. Ensure that all Board procedures, rules and regulations are strictly followed;
2. Safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation;
3. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure the members have accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
4. Attend all Board meetings except for justifiable causes; and
5. Prepare and submit all necessary documents and certifications as may be required by laws and regulations.

## Risk Management

The Company recognizes its fiduciary responsibility and has established an effective and sound Risk Management Framework in the conduct of its daily operations and activities. This framework is formulated to ensure adequate level of protection to investors by providing clear guidance to the Board of Directors and responsible officers regarding acceptable risk exposure levels and appropriate policies, procedures and practices that need to be established, implemented and monitored.

The Company strives for a risk-aware culture, where individuals and groups are encouraged, feel comfortable and are proactive in making transparent, balanced risk-return decisions that are in the long term interests of its clients, and the Company's own reputation/brand. Risk culture encompasses the following:

- Commonality of purpose, values and ethics: The extent to which an employee's individual interests, values and ethics are aligned with the Company's risk strategy, appetite, tolerance and approach;
- Universal adoption and application: Whether risk is considered in all activities, from strategic planning to day-to-day operations, in every part of the organization;
- A learning organization: Whether the collective ability of the organization to manage risk more effectively is continually improving.

A strong risk culture allows individuals and the Company to make better risk-return decisions which align with our overall risk appetite, strategic objectives and our customers' needs. It also enables the Company to benefit from early identification of risk factors, and deal with them appropriately to help prevent major risk incidents.

The Company's Risk Management Framework provides a structured approach to implementing risk taking and risk management activities at a firm-wide level. This is achieved through a common approach to managing all risks to which the Company is exposed, and a consistent evaluation of potential returns on contemplated business activities on a directly comparable risk-adjusted basis. These policies and standards of practice cover:

- Risk Roles and Authorities – Assignment of accountability and delegation of authority for risk oversight and risk management at various levels within the Company as well as accountability principles to be followed.
- Governance and Strategy – The types and levels of risk the Company seeks given its strategic plan and risk appetite which drive risk limits and policies.

- Execution – Risk identification, measurement, assessment, and mitigation which enable those accountable for risks to manage and monitor their risk profile.
- Evaluation – Validation, assessment, and independent oversight to confirm that the Company generated the risk.

## Three Lines of Defense Model

A strong risk culture and a common approach to risk management are integral to the Company's risk management practices. The Company's Board of Directors is accountable for the oversight of risk management, and delegates this through a governance framework that is centered on the "three lines of defense" model:

- The Company's first line of defense is comprised of all employees who have any level of supervisory responsibility since they are required to ensure the effective management of risks within the scope of their direct organizational responsibilities. This includes the President & CEO and senior management. Businesses are ultimately accountable for the risks they assume and for the day-to-day management of the risks and related controls.
- The second line of defense is comprised of the Company's Risk Officer and Head of Compliance. Effective oversight of risks within the Company is obtained through an appropriate balance of independent membership in the Risk Oversight Committee (ROC). Together, they provide independent oversight of risk taking and risk mitigation activities across the Company.
- The third line of defense comprises the Company's Internal Audit Services function, which provides independent assurance of the effectiveness of management's control of its own business activities (first line) and the processes maintained by the Risk/Compliance Control functions (second line).

The role of Internal Audit is defined and overseen by the Audit Committee and is set out in the Company's Audit Program.

## Risk Culture

To enable the achievement of our goals and strategies, the Company requires a high-performing culture centered around six values:

- **Obsess about Customers** – We predict our customers' needs and do everything in our power to satisfy them.

- **Do the Right Thing** – We act with integrity and do what we say.
- **Think Big** – Anything is possible. We can always find a better way.
- **Get it Done Together** – We're surrounded by an amazing team. We can do it better by working together.
- **Own it** – We have the freedom and power to make decisions, and the courage to pursue our mission and vision.
- **Share your Humanity** – We build a supportive, diverse, optimistic, and thriving workplace.

Within this context, the Company strives for a risk-aware culture, where individuals and groups are encouraged, feel comfortable, and are proactive in making transparent, balanced risk-return decisions that are in the long-term interests of the Company. Management establishes practices that encourage and foster a risk-aware culture that addresses the following:

- Aligning personal objectives with the Company's objectives;
- Identifying and escalating risks before they become issues;
- Adopting a cooperative approach that enables appropriate risk taking;
- Ensuring transparency in identifying, communicating, and tracking risks; and
- Systematically acknowledging and surfacing material risks.



The Board of Directors is responsible for overseeing the Company's management of its principal risks. The Board delegates accountability for risk management to the President & CEO, who is assisted by the Risk Officer, the Head of Compliance and members of the ROC in carrying out this responsibility.

The President & CEO is directly accountable to the Board for all risk-taking activities and risk management practices. The President & CEO, together with other business management, guides risk-taking activities in line with the Company's risk appetite, monitors, reports and controls material risk exposures in a manner consistent with risk policies and standards of practice, and sponsors strategic risk management priorities, thereby continually shaping and promoting the risk management culture throughout the organization.

The Risk Officer is accountable for establishing and maintaining the Company's Risk Management Framework and for performing independent oversight of risk-taking activities and the design and execution of the risk mitigation strategies across the enterprise. The Compliance Officer shall assume the independent function of identifying, measuring and analyzing compliance risks arising from the Company's fiduciary and investment management activities.

The ROC is designed to oversee the effectiveness of risk management and control including reviewing risk appetite, risk limits, risk exposures and opportunities for optimizing risk-taking consistent with the Company's overall strategic priorities. It is also authorized to take certain risk acceptance and control decisions which are outside the authority of individual officers of the Company.



However, the ROC should not dilute the individual responsibility and accountability of those individual officers in the first and second lines of defense. All matters brought to the ROC for approval must have a clear proposal or recommendation from the responsible first line officer and the endorsement of the second line.

## Risk Appetite

Risk taking activities are managed within the Company's overall risk appetite and approved by the Board. Risk appetite defines the amount and types of risks the Company is willing to assume, and is comprised of three components: risk philosophy, risk appetite statements, and risk limits and tolerances. The three components of risk appetite are briefly described further below.

The Company considers the following factors in establishing its risk appetite:

- View on the current and future state of the economy and markets in which the Company operates;
- Expectations of various stakeholders, including clients and regulators;
- The current and future operational capacity to manage risk; and
- Strategic business opportunities.

The Company offers wealth and asset management products and services. All of these activities involve some elements of risk taking. The Company's objective is to balance the level of risk with its business, growth and profitability goals to achieve consistent and sustainable performance over the long term that benefits its customers and shareholders. When making decisions about risk taking and risk management, the Company places the highest priority on the following risk management objectives:

- To safeguard the commitments and expectations it has established with its customers; and
- To protect and/or enhance the Company's reputation and brand.

The Company establishes and reaffirms its risk appetite at least annually to ensure that the risk appetite and the business strategy align. The risk appetite embodies the types and levels of risk that the Company is willing to take in pursuit of its business objective. The following statements provide guideposts for risk taking:

- The Company accepts a total level of risk that provides a very high level of confidence to meet client obligations and/or expectations;
- The Company pursues responsive innovations that address the true underlying needs of its customers and create a long-term competitive advantage for its business;

- The Company manages investment portfolios within established risk and return objectives;
- The Company accepts that operational risks are an inherent part of its business but will protect its business and clients' assets through cost-effective operational risk mitigation; and
- The Company fosters a culture where its officers and employees act in accordance with Company values, ethics and standards, and participates in the preservation and enhancement of its brand and reputation.

Risk tolerance levels are set for risks relevant to the business and risk limits are assigned to these risks based on whether the business can demonstrate that it can quantify the risk, and that the quantification is responsive to management actions. Risk limits and tolerances are reviewed on a regular basis to ensure they remain appropriate given the Company's overall risk objectives and risk management plans, business strategy, and changing external environment.

Changes are made as necessary with approval from the ROC and the Board.

## Risk Identification, Measurement, and Assessment

Identification of potential adverse risk events is an essential first step in managing the risks of any business activity. Risk identification is a forward-looking activity that considers which types of adverse events could happen in the future.

Business units and functional groups are required to identify and assess key and evolving risks arising from their activities on an ongoing basis. This includes assessing external risk factors which, if they were to materialize, may pose significant threats to the business. A standard inventory of risks is required to be used in all aspects of risk identification, measurement and assessment, and monitoring and reporting.

All key risks are to be either measured quantitatively or assessed qualitatively (for those risks whose impact cannot be reliably quantified) and aggregated at the Company level.

Risk status assessment criteria are designed to promote consistency in the Company's risk assessment process and resulting risk status ratings.

## Risk Monitoring and Reporting

Under the direction of the ROC, the Risk Officer is responsible for maintaining and executing a formal process for independently monitoring, assessing, measuring, and reporting all significant risks.

The ROC has the responsibility to review a set of reports that present all key elements of the Company's risk profile and exposures, and risk management activities across the principal risks and incorporating both quantitative risk measures and qualitative assessments. The Risk Officer provides the ROC with an independent assessment of key risks across the Company.

## Risk Control and Mitigation

Risk control and mitigation activities are defined individually for each risk and can include full or partial risk offset, full risk elimination or risk reduction to within limits. Financial risk mitigation tactics, including strategies such as product and investment portfolio management must be specifically considered, and executed where appropriate, to ensure aggregate risk exposures remain within the Company's risk appetite and limits. In some cases, risk mitigation requires immediate action, while for other risks, longer term risk mitigation execution plans will be appropriate, depending on the likelihood and severity of the risk to be mitigated.

## Emerging Risks

Emerging risk is defined as a new or increasing risk that has low probability and/or an uncertain outcome, and that could have an adverse impact on the Company's ability to deliver its strategy or on its key risk exposures.

Considering the potential impact on the Company of emerging, strategic, operational or financial risks as key parts of the Risk Management Framework, the ability to detect and adapt to changes may not only prevent problems from arising but may also help the Company identify new opportunities.

Emerging risks can be picked up from various sources such as industry news (external events), and other forms of data and analysis generated both internally and externally.

The emerging risk process provides for:

- The identification of emerging financial and non-financial risks;
- The creation of action plans and identification of early warning indicators;
- The effective management of emerging risks by the appropriate business unit leaders; and
- The acceptance of any risks identified as part of 'business as usual' processes, where appropriate.

# Company Policies

## Customer Welfare Policy

The Company adheres to the highest service standards and embraces a culture of fair and responsible dealings in the conduct of its business in line with its vision to help customers achieve their financial aspirations.

The Company places great importance on consumer protection, particularly in the areas of disclosure and transparency, protection of client information, fair treatment, effective recourse and financial education. Customers have access to various touchpoints, which include customer care e-mail, hotline, domestic toll-free number, Wealth Specialists and service centers across the country.

The following key initiatives have been rolled out to support the Company's bold ambition of becoming a digital, customer-centric market leader:

- LoveworCX is an internal service-culture building program that provides employees a series of training and engagement activities aimed at strengthening their customer service mindset.
- Manulife iFunds is a mobile-optimized customer website that makes it convenient for customers to manage their unit investment trust funds (UITFs) with the Company. Manulife iFunds allows customers to explore different investment options, view their accounts and transaction history and transact online anytime, anywhere.

Financial Education and Awareness is at the forefront of the Company's priorities. The following resources are available digitally to our customers:

- Investment Insights is a web page that provides investment notes and research articles on topical themes in different markets and economies globally
- Plan Rules are the master documents for each of the Company's UITFs, intended to provide customers with a holistic understanding of the UITF's nature and investment objectives, manner of operations, investment risks and other relevant information.
- Key Information and Investment Disclosure Statements (KIIDS) is a monthly publication for each of the Company's UITFs that provides vital information on the key features of each UITF including its investment objective and strategy, key risks, portfolio composition, performance, volatility and other relevant information, which can help investors make informed decisions.

- The Client Suitability Assessment is an integral part of the account opening process as no products are offered before this step is completed. This ensures that customers are able to assess the suitability and appropriateness of a product with their financial knowledge and capabilities, investment experience, investment objectives, investment horizon and risk profile.

## Privacy Policy

The Company is committed to providing the highest quality financial products and services in a manner that fosters trust and confidence among our customers and representatives. That commitment includes protecting the privacy of all the personal and sensitive personal information in our care in accordance with the Philippines' Data Privacy Act of 2012, its implementing rules and regulations and our privacy policy available at [www.manulife.com/Privacy-Policy](http://www.manulife.com/Privacy-Policy).

In 2020, an online training on Privacy Awareness for the Company's Privacy Coordinators was conducted. Any privacy-related concern can be sent to [phdataprotection@manulife.com](mailto:phdataprotection@manulife.com). The contact details of our Data Protection Officer can be found at <https://assetmanagement.manulife.com.ph/Contact-Us> while our Customer Privacy Policy can be found at <https://assetmanagement.manulife.com.ph/customer-privacy-policy>.

## Anti-Money Laundering and Anti-Terrorist Financing Policy

At Manulife, we are committed to preventing the use of our products and facilities for the purposes of money laundering or to finance terrorist activities. That commitment includes having and adhering to policies, procedures and controls designed to meet the Company's obligations under the Philippines' Anti-Money Laundering Act, as amended, its revised implementing rules and regulations and our AML/ATF policy. On an annual basis, we conduct a localized AML/ATF refresher training for employees and Wealth Specialists.

In 2020, the Company conducted online training for its new hires on the basic principles of AML/ATF. Online Training on AML/ATF refresher was provided to all employees and Wealth Specialists.

## Code of Business Conduct and Ethics

Manulife's Code of Business Conduct and Ethics (COBE) provides standards for ethical behavior when representing the Company and when dealing with customers, investors, employees, field representatives,

external suppliers, competitors, government authorities, and the public. It applies to all directors, officers and employees of Manulife and its subsidiaries including sales representatives, third-party business associates, contractors, and others with certain duties and obligations to the Company. The COBE likewise governs any actual or potential conflict of interest and does not waive actual conflicts of interest under any circumstances. Typical controls include clear and complete disclosure of the potential conflict of interest and recusal from any decision making relating to the situation giving rise to the potential conflict of interest. To ensure knowledge and familiarity with the provisions of the COBE, the directors, employees, senior management, and Wealth Specialists are required to undergo training prior to onboarding and annually thereafter as a refresher course. This Code is available in print upon request.

## Whistle Blowing Policy

The Company has a Whistle Blowing Policy which encourages employees to talk to appropriate personnel about suspected or potential illegal or unethical behavior, or when the employee is in doubt about the best course of action to take in a particular situation. It is also the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith. Directors, officers, employees, representatives, and other associates are expected to cooperate in internal investigations of misconduct.

Employees are also encouraged to report by providing a hotline where they are duty-bound to report suspected unethical behaviors or air their grievances anonymously.

## Anti-Bribery and Anti-Corruption Policy

Maintaining high standards of integrity is paramount to success at Manulife. As stated in the Company's Code of Business Conduct and Ethics, "we must take special care to use our corporate positions responsibly when dealing with government agencies and representatives." This is especially true in relation to the political process. The Company recognizes the paramount importance of and ensures compliance with all laws and regulations that apply when offering to provide entertainment, meals, gifts, gratuities, and other items of value to any employee or representative of national or local governments, or when accepting such items of value from any employee or representative of national or local governments.

To ensure that all its employees abide by Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act), the Revised Penal Code of the Philippines, the National Internal Revenue Code and Presidential Decree No. 46, the Company promulgated its Anti-Bribery and Anti-Corruption Policy.

The Company's Anti-Bribery and Anti-Corruption (ABC) Policy aims to ensure that the Company's directors, officers and employees, as well as representatives, agents and third-party providers do not give or receive bribes and comply with all applicable laws and regulations at all times. Anti-Bribery training material is developed by Manulife Regional Office and customized by local markets.

As part of the policy, the Company implements a "no gift policy" directly or indirectly to any public official. Moreover, to ensure compliance with the policy by business partners and third-party providers, the Company's anti-bribery and anti-corruption policy is made an obligatory provision to the agreements or contracts that the Company enters into. The Company also mandates that all financial transactions are recorded in a timely and accurate manner in accordance with accounting standards and principles to prevent off-the-book transactions such as bribes and kickbacks. The policy requires the Risk Officer and Compliance Officer to report any violation of laws and regulations to the Board of Directors and recommend the imposition of appropriate disciplinary action on the responsible parties. In 2020, the ABC Policy was cascaded to all employees as a reminder during the holiday season.



## Gifts and Entertainment Policy

It is the policy of Manulife that no business or specific transactions may be contingent in any way on the receipt of offer or solicitation of any gift or favor. Further, employees are prohibited from giving or receiving cash or equivalents to any vendor, broker, producer or other outside third party. However, modest gifts and favors, which would not be regarded as improper, may be accepted or given on an occasional basis. In all cases, an employee giving or receiving a gift or favor must declare the same to the Company's Head of Compliance.

To ensure awareness of the employees of the Company's Gifts and Entertainment Policy, the provisions are cascaded to the employees regularly and usually before the holiday season, i.e., Christmas and Chinese New Year, where gift giving is prevalent. Similar to other Company policies, employees are required to undergo training on the Gifts and Entertainment Policy prior to onboarding and annually thereafter.

In 2020, the Gifts and Entertainment Policy was cascaded to all employees as a reminder during the holiday season.

## Insider Trading Policy

Directors, officers, employees, representatives, and other associates of the Company are prohibited from: (a) benefiting from opportunities that are discovered through the use of Company property, information or position; (b) using Company property, information or position for personal gain; and (c) competing with the Company. They owe it to the Company to advance its legitimate interests when the opportunity to do so arises.

## Related Party Transactions

Directors, officers, and employees are required by the Company's Code of Business Conduct and Ethics to immediately report their interest in transactions and any conflict of interest or potential conflict. Directors and executives are also required to abstain from participating in any discussion on a particular subject that they are conflicted. Any related party transactions, mostly limited to contracts within the Manulife organization, are conducted in such a way that they are fair and at arm's length, and subject to appropriate review and approval process.

In addition, as required by BSP Circular no. 895 (Guidelines on Related Party Transactions), the Board of Directors approved the Company's Related Party Transactions Policy on 22 March 2017. The objective of the policy is to ensure transactions with related parties and trading in securities issued by related parties are compliant with the pertinent regulatory requirements. While the great majority of related party transactions are perfectly normal, the special relationship inherent

between the parties involved creates potential conflicts of interest which can result in actions which benefit the people involved as opposed to the relevant stakeholders.

A summary of the approved related party transactions are provided in Note 19 of the Audited Financial Statements as submitted by the Company to regulators. The Company has not entered into any transactions which may be classified as financial assistance to other entities other than investee companies.

## Financial Statements

The Company, as approved by its Shareholders and management, engages the services of Sycip, Gorres and Velayo & Co. (SGV & Co.), a member of Ernst and Young International, as its external auditor. The audit fees paid to SGV & Co. amounted to Php 1.06 million and Php 1.01 million in 2020 and 2019, respectively.

In 2020, no non-audit fees were paid to the external auditor.

Since the start of operations in 2017, the Company has not received a qualified, adverse or disclaimer opinion in any year from the external auditor.

## Procurement Policy

The Company routinely engages with third-party vendors and service providers to support the day-to-day management of its business. The Company has put in place a framework of policies, processes and tools, as well as a team of sourcing and contracts experts, to assist all business units in meeting their procurement, outsourcing and vendor risk management objectives. This requires all stakeholders to work collaboratively to ensure:

1. Compliance with related policies is achieved;
2. All dealings with suppliers are consistent with Manulife's Code of Business Conduct and Ethics;
3. Procurement processes are competitive and transparent;
4. The Company's business requirements are clearly stated;
5. The Company's risk exposure is identified, assessed, and effectively managed;
6. All contracts and supporting documents are reviewed and approved by appropriate officers; and
7. Suppliers meet their pricing, service level, and contractual commitments.

## Supplier Selection Criteria

At Manulife, it is important that the supplier selection process must be both objective and transparent. The supplier selection decision should be based on evaluation criteria that include, but are not limited to, the supplier's:

1. Demonstrated ability to meet stated requirements;
2. Ability to provide competitive pricing (based on total cost of ownership);
3. Excellent customer service;
4. High quality products and/or services;
5. Financial stability;
6. Technical skills and capacity to meet current and future needs;
7. Willingness to agree to the Company's contract terms and conditions;
8. Compliance with the Company's Outsourcing and Vendor Risk Management Policy which aims to enhance design, structure and effectiveness of risk management processes;
9. Compliance with Government statutory requirements.

The Company strives to maintain the highest standards of integrity and is committed to fair competition in all its dealings with vendors.

## Health and Safety Policy

The Company is committed to provide a safe and healthy environment for all its employees, Wealth Specialists, and customers through:

- Protection of the employees from work-related accidents and injuries
- The promotion of a drug free workplace and a healthy lifestyle
- The prevention of violence and harassment in the workplace

The Management acknowledges the Company's obligations and responsibilities to provide appropriate resources for implementing its Occupational Safety and Health (OSH) program, including orientation and training of its employees on OSH, provision and dissemination of materials on safety and health, provision of Personal Protective Equipment (PPE), when necessary, and other OSH related requirements and activities, to ensure the protection of its workers and employees against injuries, illnesses, and death through a safe and healthy working environment.

The Company also ensures compliance with reportorial and program requirements mandated by the Department of Labor and Employment. There is accountability at all levels of management and cooperation with employees for effective implementation of policy and other related programs, such as:

- Occupational First Aid Training
- Hazard Investigation and Risk Assessment and Control
- Reporting of unsafe workplace hazards and unsafe work practices
- Fire and Earthquake Evacuation Drills
- Orientation Programs
- Other company-initiated safety and health activities

The Company is committed to continual improvement by conducting regular reviews and implementing actions necessary to improve its OSH Program.



# Shareholder Information

## Rights of Shareholders

The shareholders have the powers and responsibilities as stated in the Revised Corporation Code of the Philippines, the Company's By-laws, the Manual of Corporate Governance, and all other relevant laws, rules, regulations, and internal policies. Among others, all of the Company's shareholders have the right to:

1. Participate in the amendments of the Company's Articles of Incorporation;
2. Authorize issuance of additional shares;
3. Transfer all or substantially all assets of the Company, which may result in the sale of the Company;
4. Effectively participate in and vote in general shareholder meetings;
5. Nominate candidates for board of directors; and
6. Elect directors individually.

As provided in the Revised Corporation Code, each shareholder is entitled to one vote for each share of stock recorded in the shareholder's name in the books of the Company. At all meetings of the shareholders, all elections and all questions shall be decided by the majority vote of the

stockholders present in person or by proxy and entitled to vote thereat, a quorum being present, unless it is otherwise provided by law or the Articles of Incorporation.

The shareholders are aware of these rules and voting procedures governing the shareholder meetings.

### Annual General Meeting

As mandated in the by-laws, the shareholders meet regularly or at least once a year. The Company's Secretary ensures that the notice of meeting, including the notice for annual shareholders meeting, is sent to the stockholders at least two (2) weeks prior to the date of the meeting.

A Proxy letter is also attached to the notice or made readily available through the Company website to allow shareholders to send representatives in their absence.

In the most recent Annual General Shareholders Meeting held at the head office of the Company in Makati City, the shareholders were given the opportunity to ask questions or raise issues during the Other Matters Agenda of the Meeting. The Company's Chairperson, Gianni Fiaccio, President and CEO, Aira Gaspar, and the Board-Level Committee Chairpersons also attended the meeting.

The Company's Shareholders (as of December 31, 2020)

Name	Shares Held	Amount Paid	% of Ownership	Beneficial Owner	Nationality
The Manufacturers Life Insurance Co. (Phil), Inc.	299,992.0	Php 299,992,000.00	99.997333%		Canadian
Gianni Fiaccio (Non-Executive Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Canadian
Boon Choy Wong (Non-Executive Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Malaysian
Richard Bates (Non-Executive Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	British
Macaria Trinidad Gaspar (President & CEO)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Filipino
Edwin Magpantay (Non-Executive Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Filipino
Luz Lorenzo (Independent Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Filipino
Atty. Rene Betita (Independent Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Filipino
Raul Diaz (Independent Director)	1.0	Php 1,000.00	0.000333%	Manulife Philippines	Filipino





## Compensation Philosophy

Manulife's global strategy requires everyone across the organization to perform at their best in order to achieve success. Leaders need to ensure that employees are able to make the link between specific performance and compensation, and fully understand how they are rewarded for their performance.

The Manulife compensation philosophy is to pay for performance. The Company continues to differentiate compensation and rewards based on performance and contribution of the employees to drive high-performing culture. Our compensation objectives as an organization are to:

- Provide flexibility to differentiate compensation for top talent
- Maintain competitiveness with the external market
- Prudently manage our compensation expense
- Attract, retain, motivate and reward employees at all levels through competitive compensation structures
- Focus on the execution of our strategic plan
- Maintain alignment with shareholder interests

The Company's employee recognition program is through our digital global recognition platform called Podium, where employees are given the opportunity to recognize someone for big and small contributions, mainly based on the following:

- What did the employee or team do to bring our purpose to life? How did the employee help our customers – whether internal or external – achieve their dreams and aspirations?
- How did the employee or team demonstrate our values (i.e., Obsess About Customers, Do The Right Thing, Think Big, Get It Done Together, Own It, and Share Your Humanity)?

## Training and Development

Given the challenges brought by 2020, the Company has shifted its normal training operations from face-to-face classroom sessions to virtual learning sessions. Starting March 2020, all training sessions have been conducted virtually. Making use of the technology available through these virtual training sessions, eLearning modules have become the norm. The shift in mode of training delivery has increased efficiency and opened opportunities to invite resource speakers from the broader Manulife organization both locally and abroad. Our Customer Centricity programs have also shifted to virtual learning sessions, while Leadership Development programs leveraged on eLearning platforms.

The COVID-19 pandemic has made a huge impact on the way we do our business and has also changed our personal lives. The impact has driven businesses to continually embrace change, such as normalizing work-from-home arrangements and virtual meetings. These changes have also given rise to some challenges along the way, such as the blurring boundaries between work and home. Health and wellness remains to be one of the Company's top priorities. Employees have been provided training programs covering topics like, "Mental Health and Coping with COVID-19," "Mental Resilience: Combating Burnout in the time of COVID-19," "Mindfulness Seminar: Mindful Parenting During Challenging Times," and "Financial Wellness 101."

# Corporate Social Responsibility

## Supporting and enabling Filipino communities to live every day better

2020 has been a year like no other. Against the backdrop of the global COVID-19 pandemic, the Company banked on one of its core values, “Sharing Our Humanity” and demonstrated strength and resilience in facing the unprecedented changes brought by such a challenging year.

## Virtual Financial Classes for DLSU Students

In July 2020, the Company, together with Manulife Philippines ran the pilot phase of its virtual Peso Smart program, in partnership with Business Management Society (BMS), a student organization of De La Salle University. In this three-week financial literacy program, one of the Company’s Wealth Sales Officers taught BMS members valuable lessons and insights on financial planning, digital financial platforms, and growing their money.

## Emergency Fund, Insurance, and Investment Fund

Members of the DLSU BMS learned the importance of proper financial planning through virtual Peso Smart classes.



Set aside an emergency fund first.

Not doing this can hurt you when an emergency happens. As important, **overdoing** this can hurt your future goals.



Get insurance for protection.



Invest to meet your future goals.

## Manulife’s Acts of Kindness

In December 2020, Manulife Financial Corporation, based in Toronto, Canada, provided each of its 35,000 employees around the world the spending equivalent of \$50 CAD in their local currency to ‘pay it forward’ and create acts of kindness in their local communities. It was in recognition of Manulife’s bigger role to serve communities in need, while showing gratitude for the blessings that they continue to enjoy. More than 1,200 Manulife employees in the Philippines, including the Company’s employees, participated in this initiative, promoting the value of simple acts of kindness.



# Products and Services

## Bond Funds

### Stable Income Fund

The Fund is a bond fund that seeks to preserve capital and generate income by investing in fixed income securities with maximum remaining term to maturity of up to five (5) years. This Fund offers the following key value propositions:

- potential to generate higher yields than a savings or time deposit account
- can be considered as safer haven investment during times of high market volatility

### Income Builder Fund

The Fund is a bond fund that seeks to achieve stable and long-term growth by investing in government securities and/or high quality corporate debt securities and other liquid fixed income instruments. This Fund offers the following key value propositions:

- diversified exposure to the local bond market
- potential for capital appreciation
- active duration management backed by global and local insights

### Asia Dynamic Bond Feeder Fund

The Fund is a bond UITF structured as a feeder fund that aims to maximize total return by investing its assets in a bond collective investment scheme (CIS), the Target Fund, that invests in a diversified portfolio of fixed income securities, issued by governments, agencies, supra-nationals and corporate issuers located primarily in Asia and other allowable investments. This Fund offers the following key value propositions:

- flexible portfolio that dynamically allocates across hard and local currency Asia bonds
- seeks to derive returns from interest rate, credit and currency opportunities within a risk-controlled investment approach

## Equity Funds

### Equity Wealth Fund

The Fund is an equity fund that seeks to achieve long-term capital appreciation by investing in stocks listed on the Philippine Stock Exchange, fixed income securities and other liquid fixed income instruments. This Fund offers the following key value propositions:

- diversified exposure to the local equity market (PSE)
- disciplined investment process supported by extensive research based on Growth, Cash Flow, Management & Valuation (GCMV) + Catalyst analysis + proprietary financial models

### Dragon Growth Equity Feeder Fund

The Fund is an equity UITF structured as a feeder fund that aims to maximize return by investing its assets in an equity collective investment scheme (CIS), the Target Fund, that aims to achieve capital growth by investing at least 70% of its net assets in a diversified portfolio of equity related securities of public companies which are listed in Hong Kong, and/or, although not listed in Hong Kong, are listed on a stock exchange in any other jurisdiction and have substantial business interests in Hong Kong and/or China. This Fund offers the following key value propositions:

- access to China's large domestically-driven economy
- exposure to China's transformative growth story

### American Growth Equity Feeder Fund

The Fund is an equity UITF structured as a feeder fund that aims to maximize return by investing its assets in an equity collective investment scheme (CIS), the Target Fund. The Target Fund aims to achieve capital growth by investing at least 70% of its net assets in securities of a carefully selected list of large capitalization North American companies, with main emphasis on the U.S. It may also invest its remaining assets in smaller and medium-sized listed companies. Such equity and equity-related securities include common stocks, preferred stocks and depositary receipts. This Fund offers the following key value propositions:

- access to the US market

- distinct portfolio of companies with sustainable competitive advantages
- growth and value opportunities from a time and market-tested research framework

### Asia Best Select Equity Fund

The Fund seeks to achieve capital growth by investing primarily in a diversified portfolio of securities of companies listed on stock markets in and/or incorporated in and/or with significant business interests in Asia including Australia, Hong Kong, Indonesia, Malaysia, New Zealand, the PRC, Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam and Pakistan, but not in Japan. This Fund offers the following key value propositions:

- access to Asia's best-in-class companies
- focused portfolio with rigorous selection process based on Growth, Cash Flow, Management and Valuation (GCMV) framework
- long-term outperformance potential

### Asia Pacific REIT Fund of Funds

The Fund is a unit-paying equity fund of funds that seeks to achieve long-term capital appreciation and generate income by investing primarily in a diversified portfolio of exchange-listed real estate investment trusts (REITs) in the Asia Pacific region and other allowable investments. This Fund offers the following key value propositions:

- diversified portfolio of high-quality retail, commercial, hotels and industrial REIT holdings across Asia-Pacific
- income payout
- long-term growth potential

## Balanced Fund

### Global Preferred Income Feeder Fund

The Fund is a unit-paying balanced UITF that aims to maximize total return by investing all or substantially all of its assets in a collective investment scheme (CIS), the Target Fund, that aims to provide income generation with potential long term capital appreciation. The Target Fund invests at least 70% of its net assets in preferred securities listed or traded on any regulated market in the world, which include preferred stocks and subordinated debt securities. The Target Fund may invest its remaining assets in other debt securities and cash and cash equivalent. This Fund offers the following key value propositions:

- income payout and long-term growth potential
- favorable yields
- high quality securities traded in global markets



## Manulife Investment Management Reference Portfolios

Anchored on the benefits of diversification, the Manulife Investment Management Reference Portfolios are created and updated using data-based analysis to help Wealth Specialists offer portfolios instead of concentrated exposure to a fund based on the clients' investment objectives and risk profile. The four Reference Portfolios are named after the elements that relate directly to their nature.



**Nature:** Peace and Calm

**Recommended for:** Clients nearing retirement or entrepreneurs who believe they are already taking too much risk with their businesses or new investors who have limited investment experience.

**Composition:** Funds with the lowest volatility in the last five years.



**Nature:** Prosperity and Solidity

**Recommended for:** Customers who are willing to take some risks, young to nearing retirement and who have some investment experience.

**Composition:** Funds with the highest risk-adjusted returns in the last five years.



**Nature:** Passion and Courage

**Recommended for:** Customers who are willing to take high level of risks, who have five or more years in investment horizon and for those with investment experience.

**Composition:** Funds with the highest returns in the last five years.



**Nature:** Fluidity and Regeneration

**Recommended for:** Customers who are willing to take some level of risk, who might have need for periodic income and have some investment experience.

**Composition:** Funds with the highest unit payout yield in the last five years.

## Institutional Investment Solutions

The Company offers a broad range of investment solutions, including customized investment management services to institutional clients. Leveraging Manulife's global and regional capabilities, the Company aims to provide institutional clients with customized wealth solutions that are designed based on their risk and return objectives.

### Manulife iFunds

Manulife believes that investing should be an easy, convenient, and pleasant experience—and in this age of the new normal, a digital investment platform is an indispensable tool to make this a reality.

Manulife iFunds is an integrated online investment tool that provides an inclusive digital experience for both our clients and Wealth Specialists. With this digital tool, investing is easier than ever - clients and Wealth Specialists can do their transactions in a convenient and safe way, anytime, anywhere!

#### What can Manulife iFunds do for you

##### For Wealth Specialists:

- Online onboarding – open an account for a customer
- Client account viewing – provide portfolio recommendations based on the customer's current holdings, risk profile and investment objectives
- Pre-sale functionalities – engage in contextual investment conversations through 'Goal-based investment' and 'What-if Analysis' functionalities
- Sales dashboard – track total account value requirement to achieve target trailer income
- Price discovery – view current prices of Manulife UITFs

##### For Individual Customers:

- Transact – subscribe, top-up, add funds, switch, redeem, and monitor account values
- Regular Savings Plan – enroll in automated regular top-ups to chosen UITFs
- Transaction history – check transaction history since start of investment
- Statement of Account – view and download monthly statement of account
- Goal-based investment – estimate required investments to achieve a target portfolio value
- What-if Analysis – compare the investment performance of a Manulife UITF versus asset return or another Manulife UITF
- Fund screener – screen Manulife UITFs based on certain criteria (e.g. actual return, asset class, risk rating and currency)
- Price Discovery – view current prices of Manulife UITFs
- Client Suitability Assessment – update investment risk profile as circumstances warrant

As people continue to look for an easy, convenient and most importantly, a safe platform to grow their investments, Manulife iFunds provides an intuitive and no fuss way to do just that, innovative wealth solutions to make decisions easier and lives better!

# Audited Financial Statements

## Independent Auditor's Report

### The Board of Directors and Stockholders

Manulife Investment Management and Trust Corporation

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Manulife Investment Management and Trust Corporation (the Company), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance For the Company Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities For the Audit of the Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

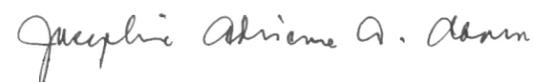
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP) Circular No. 1075 and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1075 in Note 22 and Revenue Regulations 15-2010 in Note 23 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Manulife Investment Management and Trust Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sycip Gorres Velayo & Co.



#### Josephine Adrienne A. Abarca

Partner

CPA Certificate No. 92126  
SEC Accreditation No. 0466-AR-4 (Group A),  
November 13, 2018, valid until November 12, 2021  
Tax Identification No. 163-257-145  
BIR Accreditation No. 08-001998-061-2020,  
December 3, 2020, valid until December 2, 2023  
PTR No. 8534208, January 4, 2021, Makati City

April 8, 2021



# Statements of Financial Position

December 31

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	Php 211,016,687	Php 197,551,904
Due from related parties (Notes 19 and 20)	31,203,008	27,117,340
Receivables (Note 6)	7,920,811	7,580,648
Financial assets at fair value through other comprehensive income (Note 8)	51,856,500	15,008,750
Other current assets (Note 7)	54,097,952	44,937,376
<b>Total Current Assets</b>	<b>356,094,958</b>	<b>292,196,018</b>
<b>Noncurrent Assets</b>		
Financial assets at fair value through other comprehensive income (Note 8)	300,959,300	254,273,630
Property and equipment (Note 9)	12,984,737	15,443,029
Software costs (Note 10)	12,403,694	20,977,734
Deferred tax assets (Note 18)	5,430,124	3,164,112
Total Noncurrent Assets	331,777,855	293,858,505
<b>Total Assets</b>	<b>Php 687,872,813</b>	<b>Php 586,054,523</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 11)	Php 31,405,087	Php 27,785,546
Due to related parties (Note 19)	49,152,412	53,623,061
Lease liability (Note 16)	2,932,877	2,593,778
Other liabilities (Note 12)	53,398,486	42,787,343
<b>Total Current Liabilities</b>	<b>136,888,862</b>	<b>126,789,728</b>
<b>Noncurrent Liabilities</b>		
Lease liability (Note 16)	6,248,850	9,181,727
Pension liability (Note 17)	18,117,542	7,837,159
<b>Total Noncurrent Liabilities</b>	<b>24,366,392</b>	<b>17,018,886</b>
<b>Total Liabilities</b>	<b>Php 161,255,254</b>	<b>Php 143,808,614</b>
<b>Equity</b>		
Capital stock (Note 13)	300,000,000	300,000,000
Retained earnings	219,462,188	141,549,094
Remeasurement losses on pension plan (Note 17)	(10,856,928)	(4,836,510)
Unrealized gains on financial assets at fair value through other comprehensive income (Note 8)	18,012,299	5,533,325
<b>Total Equity</b>	<b>526,617,559</b>	<b>442,245,909</b>
<b>Total Liabilities and Equity</b>	<b>Php 687,872,813</b>	<b>Php 586,054,523</b>

See accompanying Notes to Financial Statements.

# Statements of Comprehensive Income

Years Ended December 31

	2020	2019
<b>Revenue</b>		
Trust fees (Note 14)	Php 347,587,883	Php 320,600,269
<b>Expenses</b>		
Compensation and employee benefits (Note 15)	98,906,486	87,474,900
Information technology	26,062,190	27,335,485
Taxes and licenses	25,137,267	21,978,487
Service fees (Note 19)	21,146,848	28,983,698
Commission	18,467,787	12,871,706
Advisory fees	14,821,444	6,363,166
License fees	13,499,666	11,606,093
Depreciation and amortization (Notes 9 and 10)	12,475,540	8,168,441
Advertising and promotion	10,497,139	10,774,637
Professional fees	3,473,450	2,080,229
Utilities	805,444	612,256
Provision for credit losses (Note 8)	762,424	-
Entertainment, amusement and recreation	460,751	2,460,065
Finance charges	237,919	4,850,051
Others	1,005,768	417,461
	247,760,123	225,976,675
<b>Income From Operations Other Income (Expense)</b>	<b>99,827,760</b>	<b>94,623,594</b>
Interest income (Notes 5 and 8)	13,295,366	8,832,992
Foreign currency exchange gains - net	900,471	129,879
Interest expense on lease liability (Note 16)	(675,304)	(679,949)
Other income	530,759	466,147
<b>Income Before Income Tax</b>	<b>113,879,052</b>	<b>103,372,663</b>
<b>Provision For Income Tax (Note 18)</b>	<b>35,965,958</b>	<b>28,482,871</b>
<b>Net Income</b>	<b>77,913,094</b>	<b>74,889,792</b>
<b>Other Comprehensive Income (Loss)</b>		
Items that may be reclassified to the statement of income in subsequent periods:		
Net changes in fair value of financial assets at fair value through other comprehensive income (Note 8)	12,744,844	10,396,166
Income tax effect on net changes in fair value of financial assets at fair value through other comprehensive income (Note 18)	(265,870)	(776,967)
Items that may not be reclassified to the statement of income in subsequent periods:		
Remeasurement losses on pension plan (Note 17)	(6,020,418)	(5,713,484)
Reversal of deferred income tax recognized in the prior year (Note 18)	-	263,093
	6,458,556	4,168,808
<b>Total Comprehensive Income</b>	<b>Php 84,371,650</b>	<b>Php 79,058,600</b>

See accompanying Notes to Financial Statements.

## Statements of Changes in Equity

	Capital Stock (Note 13)	Retained Earnings (Note 13)	Remeasurement Losses on Pension Plan (Note 17)	Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 8)	Total
<b>As at January 1, 2020,</b>	Php 300,000,000	Php 141,549,094	(Php 4,836,510)	Php 5,533,325	Php 442,245,909
<b>Net income</b>	-	77,913,094	-	-	77,913,094
<b>Other comprehensive income (loss)</b>	-	-	(6,020,418)	12,478,974	6,458,556
<b>Total comprehensive income (loss) for the year</b>	-	77,913,094	(6,020,418)	12,478,974	84,371,650
<b>As at December 31, 2020</b>	Php 300,000,000	Php 219,462,188	(Php 10,856,928)	Php 18,012,299	Php 526,617,559
As at January 1, 2019	Php 200,000,000	Php 67,659,302	Php 613,881	(Php 4,085,874)	Php 264,187,309
Issuance of capital stock (Note 13)	100,000,000	-	-	-	100,000,000
Cost of issuance of capital stock (Note 13)	-	(1,000,000)	-	-	(1,000,000)
Net income	-	74,889,792	-	-	74,889,792
Other comprehensive income (loss)	-	-	(5,450,391)	9,619,199	4,168,808
Total comprehensive income (loss) for the year	-	74,889,792	(5,450,391)	9,619,199	79,058,600
<b>As at December 31, 2019</b>	Php 300,000,000	Php 141,549,094	(Php 4,836,510)	Php 5,533,325	Php 442,245,909

See accompanying Notes to Financial Statements.

## Statements of Cash Flows

Years Ended December 31

	2020	2019
<b>Cash Flows From Operating Activities</b>		
<b>Income before income tax</b>	Php 113,879,052	Php 103,372,663
<b>Adjustments for:</b>		
Interest income (Notes 5 and 8)	(13,295,366)	(8,832,992)
Interest expense on lease liability (Note 16)	675,304	679,949
Provision for credit losses (Note 8)	762,424	-
Unrealized foreign exchange loss (gain) - net	1,842,593	(348,686)
Depreciation and amortization (Notes 9 and 10)	12,475,540	8,168,441
<b>Operating income before changes in working capital</b>	116,339,547	103,039,375
<b>Changes in operating assets and liabilities:</b>		
<b>Decrease (increase) in:</b>		
Due from related parties	(4,085,668)	9,714,684
Receivables	(242,349)	(7,652,514)
Other assets	(1,006,748)	7,669,560
<b>Increase (decrease) in:</b>		
Accounts payable and accrued expenses	3,619,541	19,240,434
Due to related parties	(4,470,649)	(5,030,359)
Pension liability	4,259,965	529,588
Other liabilities	10,611,143	14,595,973
<b>Net cash from operations</b>	125,024,782	142,106,741
Interest received	14,428,314	5,689,120
Interest paid	(675,304)	(679,949)
Income tax paid (including creditable withholding taxes)	(46,651,668)	(59,320,310)
<b>Net cash generated from operating activities</b>	92,126,124	87,795,602
<b>Cash Flows From Investing Activities</b>		
<b>Acquisitions of:</b>		
Financial assets at fair value through other comprehensive income (Note 8)	(87,781,762)	(219,315,666)
Property and equipment (Note 9)	(1,329,388)	(1,639,193)
Software costs (Note 10)	(113,820)	(19,424,657)
<b>Proceeds from maturities of financial assets at fair value through other comprehensive income (Note 8)</b>	15,000,000	80,100,000
<b>Net cash provided by investing activities</b>	(74,224,970)	(160,279,516)
<b>Cash Flows From Financing Activities</b>		
Payment of principal portion of lease liability (Note 16)	(2,593,778)	(2,433,464)
Net proceeds from issuance of capital stock - net (Note 13)	-	99,000,000
Net cash provided by (used in) financing activities	(2,593,778)	96,566,536
<b>Effect Of Exchange Rate Changes on Cash and Cash Equivalents</b>	(1,842,593)	348,686
<b>Net Increase In Cash and Cash Equivalents</b>	13,464,783	24,431,308
<b>Cash and Cash Equivalents at Beginning Of Year</b>	Php 197,551,904	Php 173,120,596
<b>Cash and Cash Equivalents at End Of Year</b>	Php 211,016,687	Php 197,551,904

See accompanying Notes to Financial Statements.