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Hoping for more depth and diversity

Michael Gerard D. Enriquez, Chief Investment Officer, Sun Life Financial Philippines, talks about the firm's priorities and goals for 2018.

THE UNDERLYING CAPITAL MARKET IN THE PHILIPPINES needs some significant tweaks for financial firms to find further growth, according to Enriquez.

“As an insurance investor, definitely we’d want to see more longer-dated products to support longer-dated liabilities,” he says.



MICHAEL GERARD D. ENRIQUEZ
Sun Life Financial Philippines

One of the critical things that Sun Life has been voicing at the government is to lengthen the duration of the government bonds that are available.

“Make the bond market more liquid, because right now the problem there is the bond market’s quite illiquid,” he explains.

He reasons that long-dated bonds are auctioned few and far between, and every time they are auctioned, they are snapped up by the insurance companies. “We would want to have more participation in long-dated government projects because I think we’re the perfect funders for long-dated government projects,” he claims.

On the equity market side, Enriquez laments that in terms of the average market turnover and the number of publicly listed companies, even Vietnam has already passed the Philippines.

Asked about Sun Life’s priorities going deeper into 2018 and beyond, Enriquez says that the firm would want to, on the insurance book, diversify and add more risk to the portfolios.

“We are looking at participating in more corporate loans, corporate bonds, project finance deals, because at the moment, probably about 80%-85% of the portfolio is in government securities,” he says. “I think it’s high time that we can add more risk to the portfolio by diversifying a little bit into corporate bonds, corporate notes, even project finance deals.”

“I think that would do wonders for improving the overall dividend payout for our current policyholders,” he states. Enriquez says that the goal on the insurance side would be stable and sustainable returns from the products. “On the asset management side, it’s outperforming benchmarks.” ■