

# Peso Bond Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

## Investment Objective

The Fund seeks to achieve a stable and long-term growth by investing in government securities and/or high quality corporate debt securities and/or pooled fund/s that invest in these securities and other liquid fixed income instruments.

## Fund Information

<b>Inception Date</b> April 2004	<b>Fund Size</b> PHP 661.08 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.939	<b>Management Fee</b> 1.50% per annum	<b>Bloomberg Ticker</b> MPPHBND	

## Performance Return (February 29, 2024)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.07%	-0.24%	3.09%	-0.71%	14.05%	193.90%
Annualized	n.a.	n.a.	3.09%	-0.24%	2.66%	5.56%

Past performance is not an indication of future results. Information about the portfolio's holdings, asset allocation, or country diversification is historical and is not an indication of future portfolio composition, which will vary.

## Monthly Net Asset Value per Unit

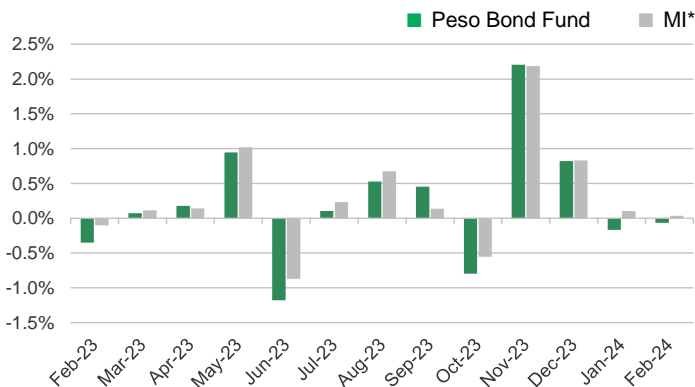


## Top Five Holdings

Bond Pool	Percentage	Short-Term Bond Pool	Percentage
FXTN 03/04/27	11.15%	Manulife Stable Income Fund Class I	40.80%
FXTN 08/12/25	9.95%	Manulife Money Market Fund Class I	15.68%
FXTN 08/22/28	6.43%	FXTN 04/08/26	9.15%
FXTN 09/09/25	6.16%	FXTN 08/12/25	8.78%
FXTN 04/08/26	6.00%	FXTN 09/09/25	8.63%

Notes:  
FXTN - Fixed Treasury Notes or Peso-denominated debts of the Philippine Government  
RTB - Retail Treasury Bonds of the Philippine Government

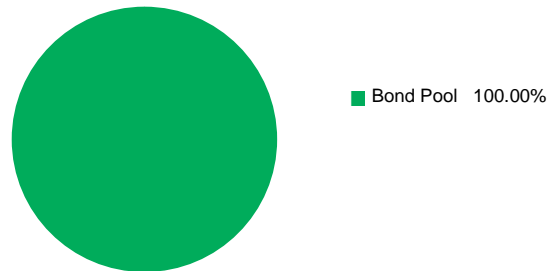
## Monthly Performance



\*Market Indicator = 10.0% Markit Iboxx ALBI Philippines Liquid + 90.0% Markit Iboxx ALBI Philippines 1-5

## Portfolio Breakdown

### Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 90% Bond Pool and 10% Short-Term Bond Pool. The investments of these pools consist of the following:

- Peso Bond Pool: Peso-denominated bonds of the Republic of the Philippines and term deposits.
- Short Term Bond Pool: Peso-denominated bonds of the Republic of the Philippines with a term of up to three years and term deposits.

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## Market Review

The sell-off in the local bond market continued in February as the increase in U.S. yields coincided with the Bureau of Treasury's issuance of five-year Retail Treasury Bonds, which added P585B in local bond supply. Ten-year U.S. yields rose by over 30bps during the month as stronger-than-expected jobs data and faster-than-expected inflation in the U.S. resulted in adjustments in rate cut expectations. At the start of the year, the Federal Reserve (Fed) was expected to start easing its policy rate as early as March and to cut by a total of 150bps this year. Just two months after, the market is now pricing in a rate cut no earlier than June with a total of just 75bps for the year. The drastic change in rate cut expectations dampened sentiment, with the market brushing off the slower-than-expected local inflation in January.

## Outlook

Looking ahead, inflation risk remains tilted to the upside as rising rice and oil prices pushed up February's inflation print to 3.4%. In fact, rice inflation quickened to 23.7% year-on-year, the fastest pace since 2009. Nevertheless, we maintain our view of lower yields in the second half of the year. We expect volatility to continue as the market evaluates the Fed's monetary stance, with Bangko Sentral ng Pilipinas likely to follow the Fed's timing on monetary easing.

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The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Investment Management and Trust Corporation.

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