

# 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 718.02 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.844	<b>Management Fee</b> 1.50% per annum	<b>Bloomberg Ticker</b> MPPHBNB	

## Performance Return (May 31, 2022)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.11%	-2.47%	-3.98%	6.72%	9.89%	184.40%
Annualized	n.a.	n.a.	-3.98%	2.19%	1.90%	5.92%

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

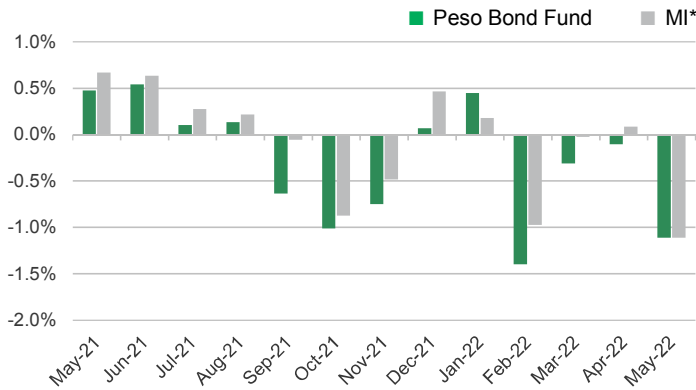


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/09/24	14.90%	Manulife Stable Income Fund Class I	36.41%
FXTN 08/12/25	14.22%	FXTN 03/09/24	9.28%
FXTN 03/04/27	8.62%	FXTN 02/11/23	5.27%
FXTN 09/09/25	7.50%	FXTN 07/04/22	5.02%
FXTN 03/12/24	7.29%	FXTN 08/03/22	4.99%

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

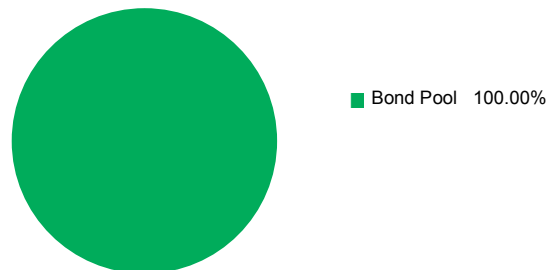
## Monthly Performance



\*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.

# Peso Bond Fund

## Market Review

Strong 1Q GDP data, rising inflation, along with a generally hawkish bias among global central banks prompted the Bangko Sentral ng Pilipinas (BSP) to finally shift its focus from growth to inflation. First quarter GDP jumped by 8.3% year-on-year, reflecting low base effects and recovery in demand. Private consumption and investments, both key growth drivers, jumped during the quarter, while government spending weakened. On the other hand, inflation in May rose to 5.4% from 4.9% in April, way above the BSP's inflation target of 2-4%. The faster-than-expected increase in prices is driven by higher prices of food, non-alcoholic beverages, as well as electricity and oil. Consequently, the BSP raised policy rate by 25bps to 2.25% on May 19. BSP Governor Diokno noted that inflation expectations have risen as second-round inflation effects, including wage hikes have emerged. Furthermore, the BSP increased its inflation forecast for this year to 4.6% from 4.3% and next year to 3.9% from 3.6%.

## Outlook

Against this backdrop, we are inclined to maintain the bonds funds' defensive position with a shorter duration position vis-à-vis the benchmark. We will be watching out for any improvement in risk sentiment to determine possible trading opportunities in the bond market.

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

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