

# 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 667.23 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.882	<b>Management Fee</b> 1.50% per annum	<b>Bloomberg Ticker</b> MPPHBND	

## Performance Return (September 30, 2023)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.45%	2.82%	2.45%	-3.19%	16.02%	188.20%
Annualized	n.a.	n.a.	2.45%	-1.08%	3.02%	5.58%

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

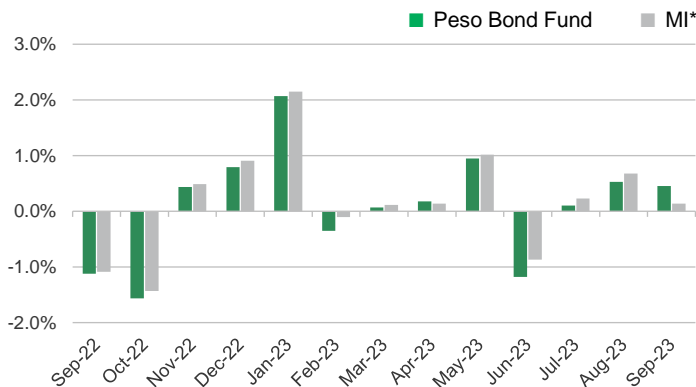


## Top Five Holdings

Bond Pool	Percentage	Short-Term Bond Pool	Percentage
FXTN 03/04/27	13.33%	Manulife Stable Income Fund Class I	36.29%
FXTN 08/12/25	10.52%	Manulife Money Market Fund Class I	19.04%
FXTN 09/09/25	6.67%	FXTN 08/12/25	10.13%
FXTN 08/22/28	6.24%	FXTN 02/14/26	8.83%
FXTN 04/08/26	5.78%	FXTN 04/08/26	8.23%

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

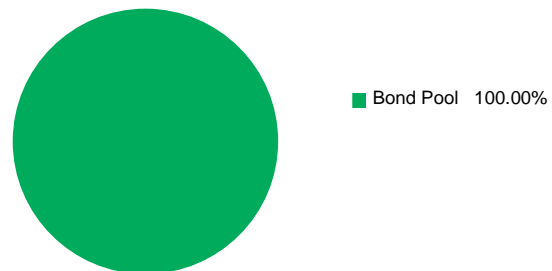
## Monthly Performance



\*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

Local bond yields slightly rose with the curve flattening in September as the market prices in the likelihood of another hike by the Bangko Sentral ng Pilipinas (BSP). Persistent increase in inflation, as evidenced by September's 6.1% print, raises the likelihood of an off-cycle BSP rate hike this month. The possibility of a rate hike is further underpinned by the BSP's hawkish statements indicating its willingness to tolerate slower growth to tame inflation as inflationary pressures intensify, largely driven by the surge in rice prices and volatile global oil prices. The BSP now contends with a challenging combination of slowing growth and high inflation, reflected in its forecasts of 4.9% growth and an average of 5.8% inflation this year.

## Outlook

We also expect another hike from the Federal Reserve due to the robust jobs data and elevated inflation in the U.S. Given the likelihood for interest rates to stay higher for longer, we expect the local bond market to stay volatile and for overall sentiment to be lukewarm until yearend. Nevertheless, for investors with a longer investment horizon, current yield levels remain very attractive with our view of slowing inflation and a rate cut in second half of next year.

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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.

The Fund mentioned in this document is specific to variable life insurance contracts and is not considered a mutual fund. Yields depend on interest and foreign exchange rate levels, both of which may fluctuate. Other factors that affect yield include changes in the credit standing of the issuers and changes in the value of the stocks and dividends received. Further, investments of the Fund may provide that their values be determined based on prices or yields of other securities, instruments or foreign currencies, and such provisions may result in negative fluctuations in the value of these investments and, in turn, the Fund's yields. Thus, the performance of the separate account(s) is not guaranteed and the value of the policy could be less than the capital invested. THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS. Past performance of the Fund is not necessarily indicative of future performance. Yields are not guaranteed.

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