

# Peso Bond Fund

An investment fund option for **Affluence**, **Affluence Gold** and **Affluence Builder** 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 808.41 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.816	<b>Management Fee</b> 1.50% per annum	<b>Bloomberg Ticker</b> MPPHBND	

## Performance Return (August 31, 2019)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.73%	12.69%	10.00%	0.14%	9.40%	181.60%
Annualized	n.a.	n.a.	10.00%	0.05%	1.81%	6.95%

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

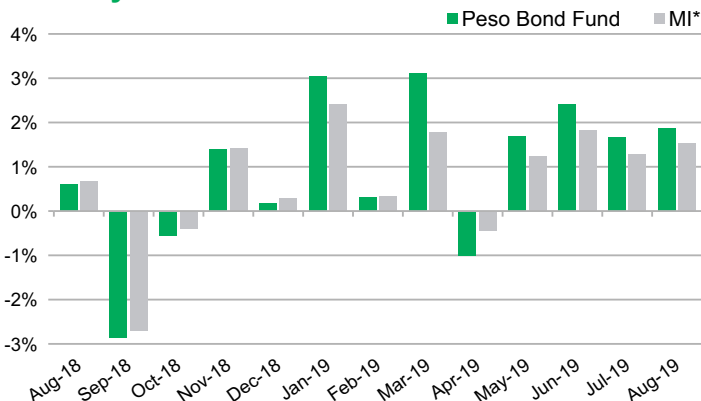


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	19.2%	Manulife Stable Income Fund Class I	34.3%
RTB 12/04/22	15.1%	FXTN 01/26/22	19.3%
RTB 06/13/21	6.5%	RTB 06/13/21	15.1%
FXTN 04/21/23	6.1%	FXTN 01/19/22	12.2%
Manulife Income Builder Fund Class I	5.4%	FXTN 03/20/21	6.0%

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

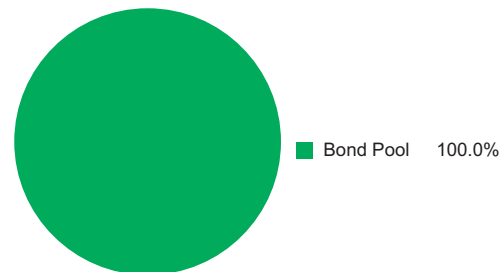
## Monthly Performance



\*Market Indicator = 90% Markit iBoxx ALBI Philippines Liquid Index + 10% Markit iBoxx ALBI Philippines 1-3 Index

## 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

Growing concerns on the global economy moving into recession territory has been exacerbated with the yield curve inversion of the 10-year US Treasury (UST) falling lower than 2-year UST, prompting select Emerging Market outflows from foreign fund managers. While the reciprocation of additional tariffs between the US and China continues, a quick solution seems unlikely and global risk-off sentiment may govern in the near term.

## Outlook

On the local front, statements from the Bangko Sentral ng Pilipinas (BSP) include a dovish tilt that reinforces both a policy and reserve requirement ratio (RRR) cut before the end of 2019. Against this backdrop, peso bond yields trended lower for August as buying activity continued for the local bond market. Amid expectations of the Philippine inflation to continue its downtrend, with August CPI hitting south of 2% (printed at 1.7%) due to base effects, there may be room for bond yields to trend lower. In this environment, we will maintain the longer duration positioning as we anticipate additional policy and RRR cuts from the BSP in the coming months.

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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.

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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