

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

Inception Date April 2004	Fund Size PHP 784.37 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.819	Management Fee 1.50% per annum	Bloomberg Ticker MPPHBND	

Performance Return (January 31, 2020)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.88%	-0.88%	9.60%	6.18%	2.06%	181.90%
Annualized	n.a.	n.a.	9.60%	2.02%	0.41%	6.77%

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

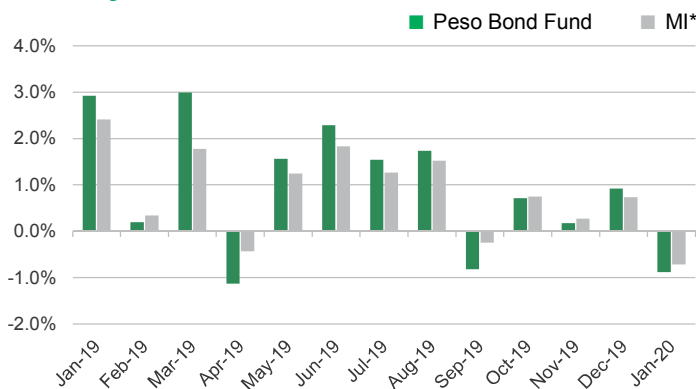


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	16.40%	Manulife Stable Income	
RTB 12/04/22	15.31%	Fund Class I	32.47%
Manulife Income Builder		FXTN 01/26/22	12.55%
Fund Class I	5.39%	FXTN 02/11/23	11.61%
RTB 06/13/21	5.08%	RTB 06/13/21	10.95%
FXTN 04/21/23	4.48%	RTB 12/04/22	10.65%

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

The peso bond yield curve flattened in January as the short to intermediate part of the curve trended higher and the long-ends fell on the back of various local and global factors. On the local front, the inflationary concerns following the eruption of the Taal volcano coupled with an earlier than expected Retail Treasury Bond (RTB) issuance led to a sell-off in peso bonds. On the global side, the US-Iran tensions and the coronavirus outbreak caused a risk-off sentiment for investors.

Outlook

Following the January inflation print which surprised on the upside at 2.9% (2.7% expectations), the Bangko Sentral ng Pilipinas facilitated a “pre-emptive reduction” in policy rates by 25bps at its February 6 meeting citing the potential adverse effects of the coronavirus on the economy. As the Philippine bond market digests the record RTB issuance of PHP 310Bn, we expect local bond yields to trend lower. Against this backdrop, we favor the belly part of the curve and will opportunistically add duration to the funds under management.

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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