

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 799.99 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.768	Management Fee 1.50% per annum	Bloomberg Ticker MPPHBND	

Performance Return (July 31, 2019)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.54%	10.76%	8.63%	-2.60%	7.37%	176.80%
Annualized	n.a.	n.a.	8.63%	-0.88%	1.43%	6.87%

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

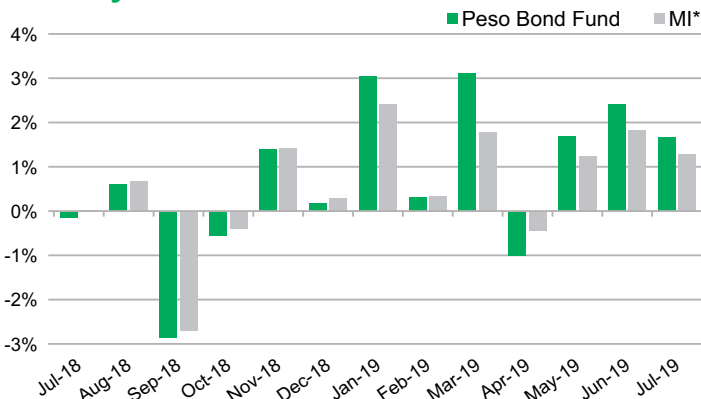


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	18.5%	Manulife Stable Income Fund Class I	33.6%
RTB 12/04/22	15.1%	FXTN 01/26/22	17.5%
RTB 06/13/21	6.6%	RTB 06/13/21	16.1%
FXTN 01/10/29	6.3%	FXTN 01/19/22	12.0%
FXTN 01/24/39	5.6%	FXTN 03/20/21	7.7%

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

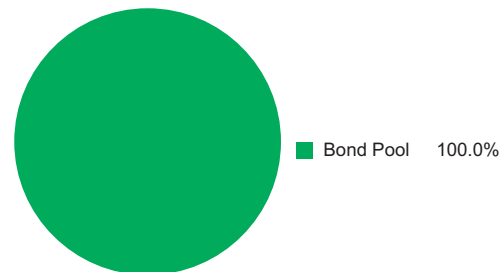
Monthly Performance



*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.

Peso Bond Fund

Market Review

With the US Federal Reserve (Fed) clearly signaling a rate cut for the end of July, numerous central banks, including the Bangko Sentral ng Pilipinas (BSP) have followed suit. The BSP's Monetary Board (MB) cut policy rates by 25bps at its May meeting but paused at its July 10 meeting, noting that it's simply a matter of timing for the next policy cut. The next MB meeting is scheduled on August 8, with investors pricing in a high probability of a 25bps policy cut.

Against the loosening policy backdrop, local bonds continued its rally with yields lower by an average of 43bps across the curve. Strong buying momentum emerged given the dovish global sentiment. The injection of approximately PHP 45Bn into the market, as the last 50bp cut tranche of the Reserve Requirement Ratio took effect at the end of July, may have also contributed to the lower yield environment.

Outlook

Outlook for the global yield environment seems to be promising following the Fed's decision to ease policy rates by 25bps last July 31. Recent re-escalation of U.S. and China trade war may also prompt 1-2 more rate cuts this year. Outlook for the Philippine bond market also remains positive with the BSP having ample room to ease following last year's 175bp policy rate hike. As long as inflation continues to moderate and the Philippine currency remains relatively stable, we can expect a further downtrend in peso bond yields for the rest of 2019. In light of the current environment, we will maintain our longer duration positioning vis-a-vis the benchmark and will opportunistically take profit on select securities as the rally continues.

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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