

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 821.27 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.991	Management Fee 1.50% per annum	Bloomberg Ticker MPPHBND	

Performance Return (July 31, 2020)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.10%	5.17%	8.06%	15.17%	11.94%	199.10%
Annualized	n.a.	n.a.	8.06%	4.82%	2.28%	6.94%

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

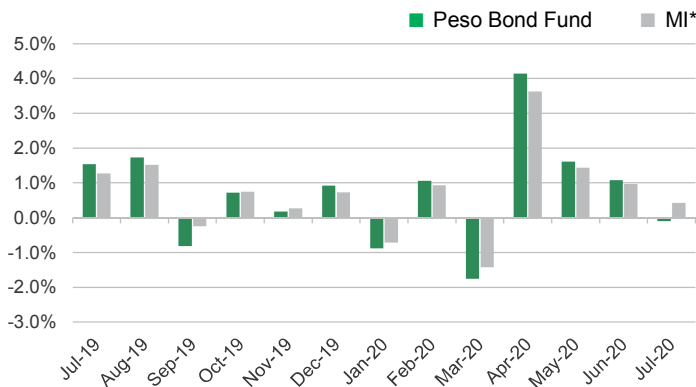


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 02/11/23	11.93%	Manulife Stable Income Fund Class I	34.56%
RTB 12/04/22	11.79%	FXTN 02/11/23	15.37%
FXTN 03/12/24	9.86%	RTB 12/04/22	14.60%
FXTN 04/21/23	7.11%	FXTN 04/21/23	8.83%
Manulife Income Builder Fund Class I	5.59%	FXTN 07/04/22	7.21%

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

Most of the activity of the local bond market in July was focused on the upcoming Retail Treasury Bond (RTB) issuance, which was priced at a 30bps premium over the 5 year FXTN equivalent. The RTB 5-13 is poised to be the largest issuance in size, surpassing the PHP310Bn size of the RTB 3-10 last March 2020. Secondary market liquidity remains strong following the total 175bps policy and 200bps RRR cuts made by the Bangko Sentral ng Pilipinas (BSP) for 2020. Moreover, the continued presence of the BSP in the secondary market continues to provide an available daily buyer for government securities.

The tight country-wide lockdown experienced from mid-March to a more relaxed quarantine to date has drastically slowed down GDP for the Philippines. The government earlier projected a contraction of 2 - 3.4% for this year, but recently stated the possibility of a further downward revision due to the lockdown extensions in 2Q that were not accounted for in the earlier projections. A larger GDP contraction than estimated by the Philippine government may weigh on the local bond market.

Outlook

The COVID 19 cases in the Philippines continue to rise dramatically, with Philippines and Indonesia topping the regional count. In light of the reversion back to the Modified Enhanced Community Quarantine for Metro Manila and select areas in the Philippines coupled with a possible disappointing GDP contraction, we are maintaining our defensive position due to the potential volatility in the fixed income markets.

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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