

# 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 818.40 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.962	<b>Management Fee</b> 1.50% per annum	<b>Bloomberg Ticker</b> MPPHBND	

## Performance Return (May 31, 2020)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.61%	4.15%	11.14%	14.45%	11.69%	196.20%
Annualized	n.a.	n.a.	11.14%	4.60%	2.24%	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

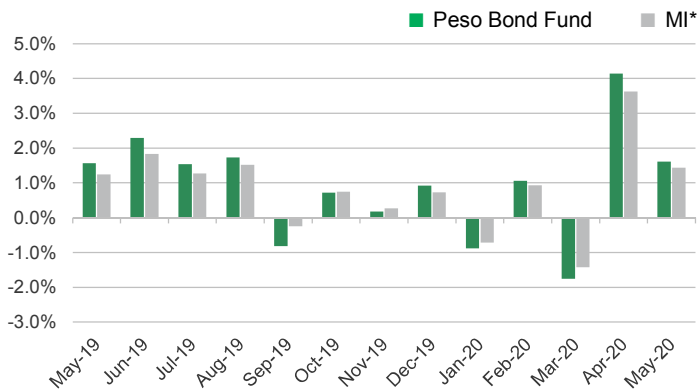


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
RTB 12/04/22	14.03%	Manulife Stable Income Fund Class I	32.82%
FXTN 02/11/23	14.00%	FXTN 02/11/23	16.66%
FXTN 03/12/24	13.69%	RTB 12/04/22	15.11%
Manulife Income Builder Fund Class I	5.51%	FXTN 07/04/22	7.58%
FXTN 03/08/23	5.13%	RTB 06/13/21	6.01%

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

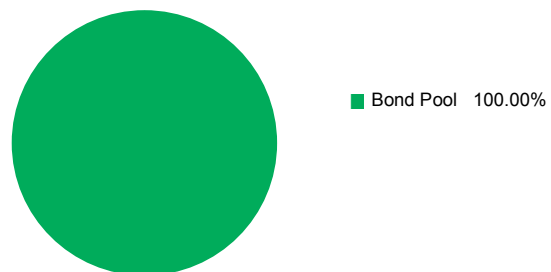
## Monthly Performance



\*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 Philippine local bond market performed quite well in May as bond levels have dropped to levels last seen in 2016, reacting to the unprecedented measures taken by the Bangko Sentral ng Pilipinas (BSP) amid the Covid 19 pandemic. Following the total 125bps policy cut since the start of 2020, the BSP reiterated that it is open to additional policy rate cuts, which may already have been partially priced in by current bond levels.

Amid an environment of optimism seen globally as numerous countries are able to contain the spread of Covid 19, the Philippines has transitioned most of the major cities, including the greater Metro Manila, to a more relaxed General Community Quarantine on June 1. However, the underlying risk remains as possible second and third waves of Covid 19 infections have been seen in several countries, most notably in the ASEAN region.

## Outlook

As we move towards a more open environment to help the Philippine economy, the focus will remain on the number of positive Covid 19 cases reported daily and the capability to test a greater portion of the population. As a show of confidence, S&P has affirmed the credit rating of the Philippines at BBB+ (Stable) as they expect the Philippines to make a strong recovery in 2021 following a contraction of 0.2% in 2020. Against this background, we continue to maintain a neutral duration positioning as we wait for more information on the government's borrowing plans for the rest of 2020.

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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.

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