

# 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><br>April 2004  | <b>Fund Size</b><br>PHP 810.75 million   | <b>Fund Currency</b><br>Philippine peso | <b>Dealing/Valuation</b><br>Daily |
| <b>Price (NAV/unit)</b><br>PHP 2.984 | <b>Management Fee</b><br>1.50% per annum | <b>Bloomberg Ticker</b><br>MPPHBND      |                                   |

## Performance Return (November 30, 2020)

| Peso Bond Fund<br>(net of management fee) | 1 Month | YTD   | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---------|-------|--------|---------|---------|-----------------|
| Absolute                                  | 0.44%   | 4.92% | 5.89%  | 15.26%  | 15.66%  | 198.40%         |
| Annualized                                | n.a.    | n.a.  | 5.89%  | 4.85%   | 2.95%   | 6.78%           |

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

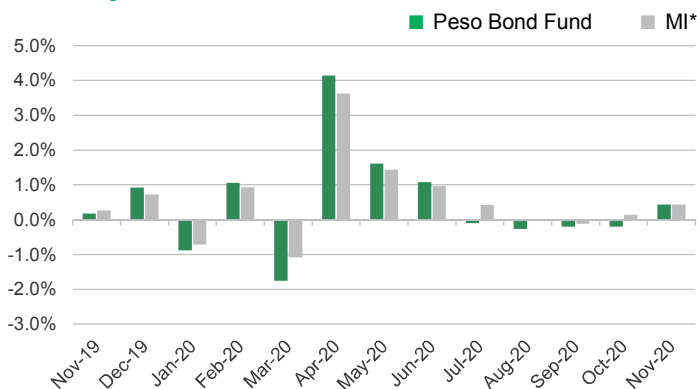


## Top Five Holdings

| Bond Pool     |        | Short-Term Bond Pool   |        |
|---------------|--------|------------------------|--------|
| FXTN 08/12/25 | 16.70% | Manulife Stable Income |        |
| FXTN 02/11/23 | 11.37% | Fund Class I           | 35.33% |
| FXTN 03/12/24 | 9.54%  | FXTN 02/11/23          | 13.49% |
| RTB 12/04/22  | 8.65%  | RTB 12/04/22           | 12.28% |
| FXTN 09/09/25 | 8.27%  | FXTN 04/21/23          | 7.87%  |
|               |        | FXTN 08/15/23          | 6.06%  |

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 BSP delivered a surprise 25bps rate cut on November 19, bringing policy rate down to 2% with total rate cuts year-to-date at 200bps. The policy action took the market by surprise, with only five out of 18 economists predicting the move. BSP Governor Diokno has been quite vocal about keeping policy rate steady until year-end in recent months as there remains a substantial amount of liquidity in the financial system, which is struggling to find its way to the broader economy. However, the disappointing 3Q GDP print of 11.5% contraction year-on-year, which was worse than the expected 9.6% contraction, and the expected adverse impact of typhoon Ulysses on 4Q GDP, urged the BSP to act sooner. After the initial rally post-rate cut, the market seems to be turning defensive again as inflation is expected to pick up for the rest of the year due to the typhoons and holiday spending.

## Outlook

Our view on the local bond market remains to be neutral with positive bias as the recent surprise rate cut by the BSP signals its willingness to cut policy rates in response to weak economic data even as real interest rate becomes negative. Absent further monetary actions and fiscal surprises, there seems to be no compelling catalyst for yields to move in either direction. Nonetheless, investors may gradually start to position for next year, in which a rate cut becomes more likely.

---

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.