

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 793.71 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.793	Management Fee 1.50% per annum	Bloomberg Ticker MPPHBND	

Performance Return (September 30, 2019)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.82%	11.76%	12.44%	1.56%	8.34%	179.30%
Annualized	n.a.	n.a.	12.44%	0.52%	1.61%	6.85%

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



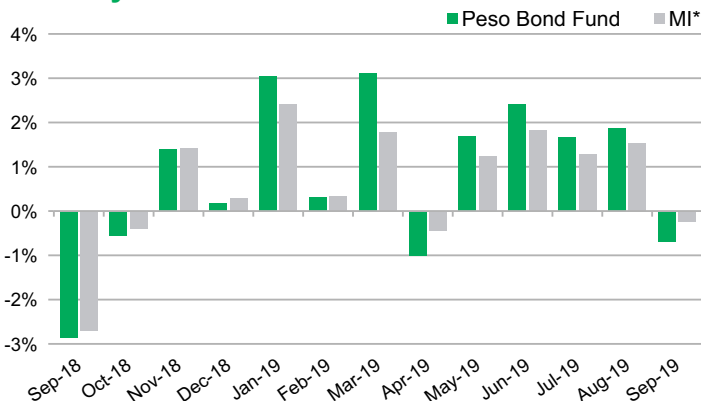
Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	19.3%	Manulife Stable Income Fund Class I	34.4%
RTB 12/04/22	15.6%	FXTN 01/26/22	19.3%
RTB 06/13/21	6.5%	RTB 06/13/21	15.1%
FXTN 04/21/23	6.0%	FXTN 01/19/22	12.2%
Manulife Income Builder Fund Class I	5.3%	FXTN 03/20/21	6.0%

Notes:

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

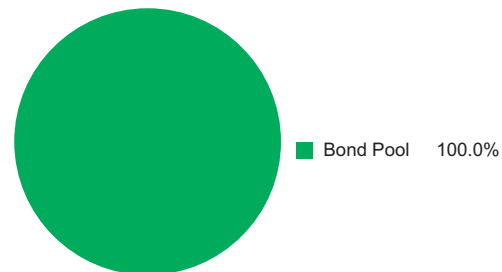
Monthly Performance



*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

Local bond yields trended higher by as much as 50bps in mid-September from the July lows which could be viewed as a correction from a rally that unfolded too quickly. The uptick in local bond yields was exacerbated by the same uptrend seen in US Treasuries. This environment in both markets has led to investors reducing their holdings at a time when market liquidity was not present, intensifying the uptick in yields. Against this backdrop, an air of cautiousness resulted as investors recalibrated and were sidelined as they wait for clearer market direction.

Outlook

Towards the end of the month, some buying activity finally emerged after the Bangko Sentral ng Pilipinas cut policy rates by 25bps to 4% and reserve ratio requirement by 100bps to 15%. However, in spite the additional monetary stimulus, we still maintain our neutral outlook and duration positioning for local peso bonds on the back of a possible Retail Treasury Bond (RTB) issuance in the fourth quarter coupled with extended trade war concerns and signs of a slowing US economy.

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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