

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 792.10 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.665	Management Fee 1.50% per annum	Bloomberg Ticker MPPHBND	

Performance Return (May 31, 2019)

Peso Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.56%	6.64%	3.70%	-1.55%	2.15%	166.50%
Annualized	n.a.	n.a.	3.70%	-0.52%	0.43%	6.68%

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

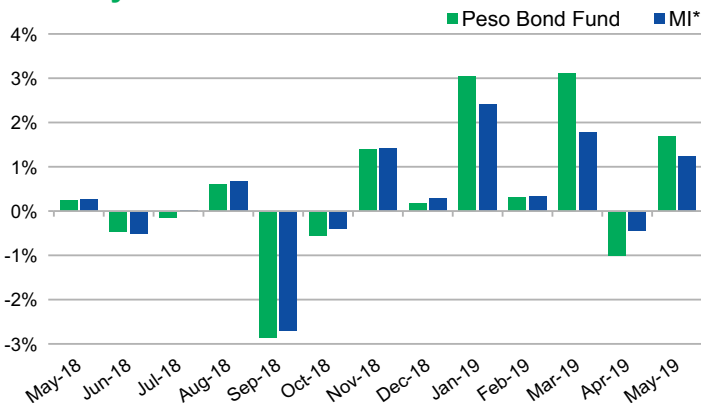


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	18.7%	Manulife Stable Income Fund Class I	32.9%
RTB 12/04/22	14.8%	RTB 06/13/21	17.5%
FXTN 01/10/29	6.4%	FXTN 03/20/21	10.0%
FXTN 03/20/21	5.7%	FXTN 08/20/20	9.2%
RTB 06/13/21	5.6%	FXTN 01/19/22	7.5%

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

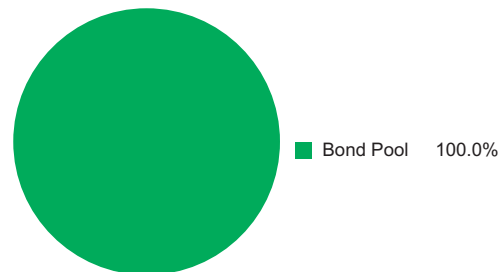
Monthly Performance



*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

The bond market had a slow start in May despite of very supportive economic numbers and policy easing by the BSP early in the month. April inflation printed at 3% while 1Q GDP growth slowed more than expected to 5.6%. Following the release of these economic numbers, the BSP cut its policy rate by 25bps and announced a 2% phased reduction in the Reserve Requirement Ratio (RRR) to be executed in 3 tranches- 100bps in May, 50bps in June and July, respectively.

Trading picked up in the second half of May, with 10 and 20-year yields declining by up to 25bps. The market finally acknowledged the more dovish stance by the BSP and repositioned for a more bullish environment for the bond market. Indeed, BSP Governor Diokno expressed intent to implement more RRR cuts and welcomed the possibility of further policy rate cuts should inflation continue to trend lower. Furthermore, weak government spending due to the delay in this year's budget approval reduces the supply risk in the market.

Outlook

Evidencing the strong market sentiment, yields continued lower even with the unexpected increase in inflation to 3.2% in May. The market brushed aside the higher inflation print as it was perceived to be a one-off uptick. Base effects would likely pull inflation to sub-3% levels in the coming months. While we subscribe to this optimistic sentiment, we start to become cautious with current levels and will be more opportunistic when entering the market.

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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