

# Peso Secure Fund

An investment fund option for 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 2009  | <b>Fund Size</b><br>PHP 5.07 billion     | <b>Fund Currency</b><br>Philippine peso | <b>Dealing/Valuation</b><br>Daily |
| <b>Price (NAV/unit)</b><br>PHP 1.745 | <b>Management Fee</b><br>1.75% per annum | <b>Bloomberg Ticker</b><br>MPPHSEC      |                                   |

## Performance Return (February 28, 2021)

| Peso Secure Fund<br>(net of management fee) | 1 Month | YTD    | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---------|--------|--------|---------|---------|-----------------|
| Absolute                                    | -1.08%  | -1.30% | 3.68%  | 14.58%  | 10.72%  | 74.33%          |
| Annualized                                  | n.a.    | n.a.   | 3.68%  | 4.64%   | 2.06%   | 4.79%           |

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

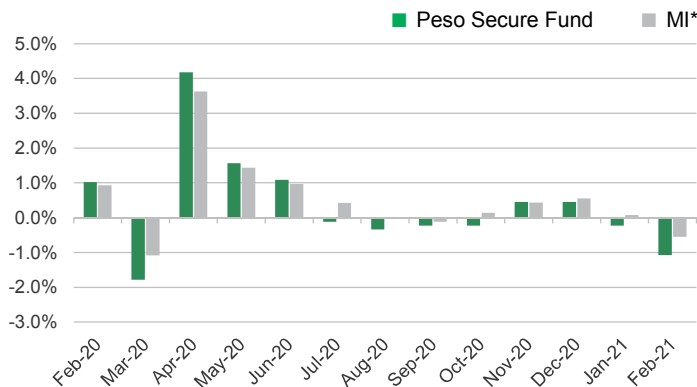


## Top Five Holdings

| Bond Pool     |        | Short-Term Bond Pool   |        |
|---------------|--------|------------------------|--------|
| FXTN 08/12/25 | 13.56% | Manulife Stable Income |        |
| FXTN 02/11/23 | 11.05% | Fund Class I           | 38.39% |
| RTB 12/04/22  | 7.72%  | FXTN 02/11/23          | 12.86% |
| FXTN 09/09/25 | 7.23%  | RTB 12/04/22           | 11.96% |
| FXTN 03/12/24 | 6.07%  | FXTN 04/21/23          | 7.48%  |
|               |        | FXTN 09/10/23          | 5.84%  |

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 Secure Fund

## Market Review

January inflation printed at 4.3%, much higher than consensus expectations of 3.5%, leading to the Philippines' highest inflation print in 2 years. While the Bangko Sentral ng Pilipinas (BSP) is quick to note that this is transitory and due to supply side disruptions relating to the recent typhoons and the African swine flu, they have revised the 2021 inflation forecast higher from 3.4% to 4.0%.

On the debt borrowing, the Bureau of Treasury announced a new 3-year Retail Treasury Bond (RTB), which introduced supply risk to the local bond market. The short tenor and flush market liquidity indicate a jumbo-sized issuance similar to the RTB issuances in 2020.

## Outlook

In the current environment of uncertainty over inflation and additional bond supply, investors are cautious with a bias towards selling bonds. We expect the tentative sentiment to persist given the lack of downward drivers as the BSP is expected to keep policy rates steady in the first half of 2021. On the global front, further uptick in US Treasury yields on euphoria over the improvement in the US economy, will likely continue to add to the upward pressure on local bond yields. Against this backdrop, our funds are positioned defensively, holding a shorter duration position vis-a-vis the benchmark, to withstand the possible higher bond yields that could be in the horizon in the near term.

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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.

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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