

# Peso Secure Fund

An investment fund option for **Affluence Max, Affluence Max Gold, Affluence Builder Series, Horizons and FlexiSure** 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 2009	<b>Fund Size</b> PHP 4.55 billion	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 1.681	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPPHSEC	

## Performance Return (December 31, 2019)

Peso Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.90%	13.50%	13.50%	8.73%	6.80%	67.93%
Annualized	n.a.	n.a.	13.50%	2.83%	1.32%	4.96%

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



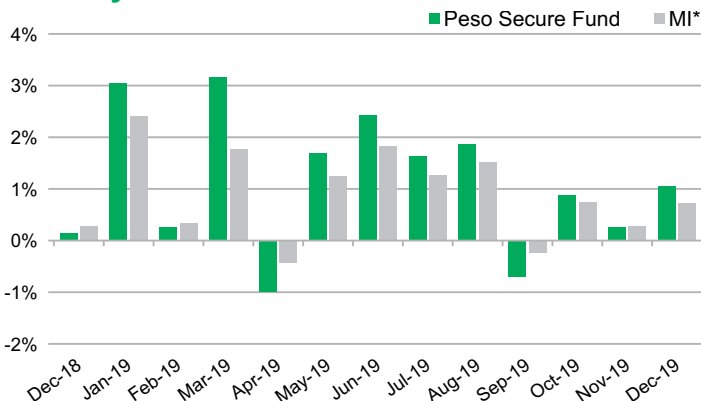
## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	18.2%	Manulife Stable Income Fund Class I	32.5%
RTB 12/04/22	15.7%	FXTN 01/26/22	18.1%
FXTN 04/21/23	5.9%	RTB 06/13/21	14.1%
FXTN 01/10/29	5.7%	FXTN 01/19/22	11.4%
Manulife Income Builder Fund Class I	5.4%	FXTN 07/04/22	9.7%

### Notes:

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

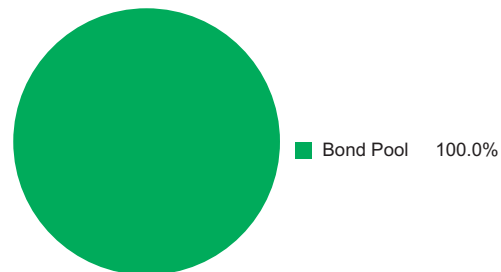
## Monthly Performance



\*Market Indicator = 10.0% Markit Iboxx ALBI Philippines Liquid + 90.0% Markit Iboxx ALBI Philippines 1-5 + 0.0% Markit Iboxx ALBI Philippines 1-3

## 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.

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## Market Review

December Peso Bond Commentary During its December meeting, the Bangko Sentral ng Pilipinas (BSP) kept policy rates steady at 4% to allow the full transmission into the economy of the total 75bps rate cuts executed in 2019. However, BSP Governor Diokno announced that a policy cut is on table in 1Q20 given the benign inflation path and the need to support the Philippine's growth targets. Against this backdrop, local bond yields trended lower for the month of December as investors opted to end the year generally fully invested in peso bonds.

## Outlook

Due to the recent typhoons, December inflation at 2.5% surprised on the upside, bringing full year 2019 inflation average at 2.5%, in line with BSP's forecast. Following the recent eruption of the Taal Volcano, concerns on its effect on inflation dominate the market. Coupled with the supply risk stemming from a possible Retail Treasury Bond (RTB) Issuance, peso bond yields trended higher as investors trim overweight positions in anticipation of a large RTB issue size. In light of these concerns, we will be opportunistic in taking positions as we remain cautious on inflation and the possible RTB issuance.

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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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