

Emperor Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

Investment Objective

The Fund aims to achieve long-term capital appreciation by investing in equity or equity-linked securities of a diversified portfolio of Philippine listed companies with bias towards companies with Filipino-Chinese heritage and companies with potential to become industry leaders. The Fund may also invest in pooled funds that invest in similar securities and other liquid fixed income instruments.

Fund Information

Inception Date August 2018	Fund Size PHP 1.08 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.877	Management Fee 2.00% per annum	Bloomberg Ticker MPHEMPR	

Performance Return (June 30, 2021)

Emperor Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	4.28%	-2.66%	10.45%	n.a.	n.a.	-12.30%
Annualized	n.a.	n.a.	10.45%	n.a.	n.a.	-4.46%

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.

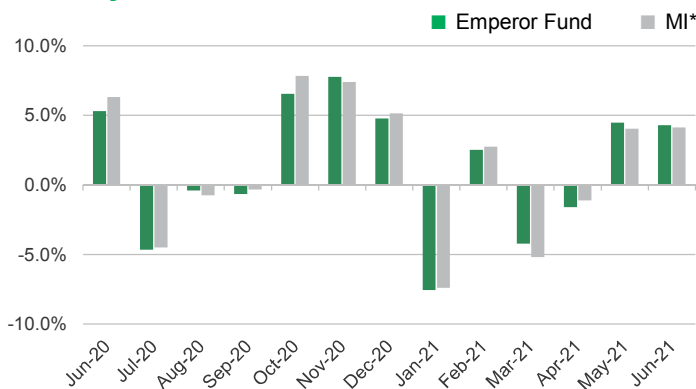
Monthly Net Asset Value per Unit



Top Five Holdings

SM INVESTMENTS CORPORATION	14.87%
SM PRIME HOLDINGS INC	10.84%
BDO UNIBANK INC	8.96%
AYALA LAND INC	8.95%
AYALA CORPORATION	7.75%

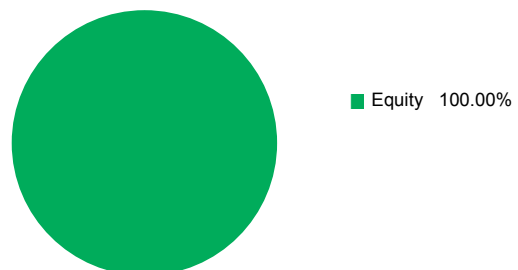
Monthly Performance



*Market Indicator = Philippine Stock Exchange Index

Portfolio Breakdown

Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 100% Equity Pool. The investments of the Equity Pool consist of stocks listed on the Philippine Stock Exchange and term deposits.

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Market Review

The PSEi rose by another 4% in June to close at 6,901 points, driven by sustained improvements in the vaccination front while the daily average new cases of COVID-19 steadily declined from the peak in April. As of June, we received a total of 17.5m doses of COVID-19 vaccines. Note that as of June, the Philippines has now vaccinated 2.5m people. The government expects COVID-19 vaccine deliveries to ramp up in 2H21.

The macroeconomic backdrop for the Philippines continues to improve as the reopening continues. June inflation slowed to 4.1% from 4.5% in May as the increase in transportation costs decelerated. In addition, the latest unemployment figure (May 2021) dipped to 7.7% from 8.7% the prior month as lockdown eases. The Bangko Sentral ng Pilipinas kept policy rates at 2% to support the recovery of the economy.

On the corporate front, ICTSI's Enrique Razon has finally taken over Manila Water Company, opening the possibility to further expand the latter's presence to other regions as well. MWC's ASEAN footprint pales in comparison to ICTSI's global presence. The REIT space is also getting busier with more property companies expressing interest to raise capital via REITs. Filinvest, Robinsons and Megaworld combine to raise around P69bn via REITs.

June had a large bond maturity of about PHP130Bn which was mostly redeployed into the local bond market, bringing bond yields lower by 20-30bps for the month. However, the strength of any bond rallies for the quarter may be limited as there are no upcoming bond maturities for 3Q. Bond supply is the still-dominant risk in the market as the Bureau of Treasury released its auction schedule for July, again showing weekly FXTN auctions for 7, 10, 11 and 20 year tenors. On the policy rates, the BSP kept this steady at its June 24 Monetary Board meeting. Given the challenge to transmit the liquidity unleashed by the 2020 policy rate cuts to the broader economy, we do not expect the BSP to cut policy rates for the remainder of 2021.

Outlook

We remain optimistic in the long term as we continue to reopen the economy on the back of the improvement in vaccination. We continue to prefer cyclical industries such as Financials and Real Estate. However, we remain cognizant of the global headwinds such as rising oil prices, a weaker currency and the prospect of higher interest rates. We also remain watchful on COVID-19 as we see our neighboring countries being negatively affected by the recent surge in cases brought around by the Delta variant.

Vaccine supplies for the Philippines have significantly increased and daily cases have plateaued at 5-6k, significantly lower than the double-digit numbers during March and April. With this development, the government has loosened lockdown restrictions as the economy slowly opens up. Against this backdrop, we will continue to be opportunistic in adding position on the belly of the curve to take advantage of the yield premium. We will however be watchful for any deterioration in investor sentiment, particularly with a possible Retail Treasury Bond issuance later this year.

The investment fund option for Manulife China Bank Life Assurance Corporation's variable life insurance product is managed by Manulife Asset Management and Trust Corporation.

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