

# Emperor 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 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

<b>Inception Date</b> August 2018	<b>Fund Size</b> PHP 872.73 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.833	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPHEMPR	

## Performance Return (January 31, 2021)

Emperor Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-7.55%	-7.55%	-11.38%	n.a.	n.a.	-16.70%
Annualized	n.a.	n.a.	-11.38%	n.a.	n.a.	-7.13%

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.

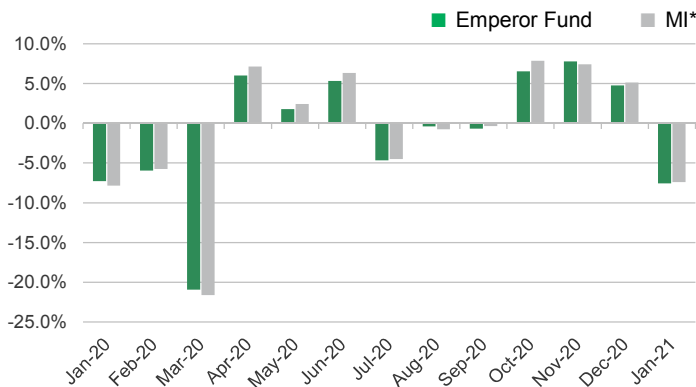
## Monthly Net Asset Value per Unit



## Top Five Holdings

SM INVESTMENTS CORPORATION	16.09%
SM PRIME HOLDINGS INC	10.74%
AYALA LAND INC	7.45%
JG SUMMIT HOLDINGS INC	6.42%
BDO UNIBANK INC	6.13%

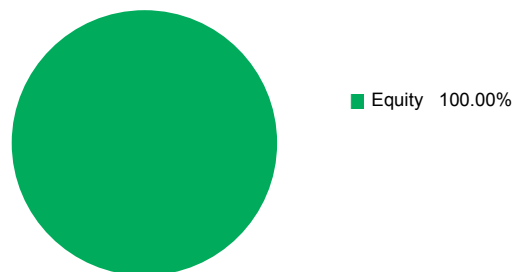
## Monthly Performance



\*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 was down -7.4% to 6,612.62 in January after posting 3 consecutive months of gains since October last year. With the local vaccine rollout delayed to the second quarter and the lack of near-term catalysts, the PSEI posted its first high single digit drop in a month since March 2020 when the country was placed under quarantine restrictions.

Net foreign selling activity continued in January with a total of \$237Mn exiting the market. Foreign participation slowed to below 25% versus an average of 40% of total market turnover last year. Foreign selling was generally broad based with SM, SMPH and JGS as top three foreign sold stocks. However, local retail participation has offset weakness in foreign participation increasing to more than 40% of total turnover with activity focused on small capitalization and speculative stocks.

Metro Manila will remain under General Community Quarantine in February. Metro Manila mayors are now more inclined to let teenagers between 15 to 17 years old to go outside their homes. This is aligned with the IATF's recent recommendation to allow reopening of cinemas which was initially scheduled for February but was moved to March to give time for respective cities to set proper operating guidelines.

Philippine GDP contracted by -8.3% in the fourth quarter of 2020 versus same period last year. This was also behind market consensus estimates of -7.9%. Full year GDP for 2020 stood at -9.5% which is the country's first full year contraction since 1981. Weak domestic demand on the back of a drop in personal consumption of -7.2% and a collapse in investment spending by -29% led to the decline.

## Outlook

With overall mobility still restrictive and with the rest of the economic reopening contingent on the vaccine, we expect the pick-up in economic growth to gain momentum closer to the second half of this year. Nonetheless, due to lower base effects, we may start to see some initial improvements as early as second quarter. We think the delay in economic recovery to be felt in the first quarter is already priced into the current market valuations as the Philippines continues to lag its ASEAN neighbors in terms of market performance with countries like Indonesia and Malaysia seeing only a -1.4% and -4.2% drop in January.

In terms of positioning, we continue to favor cyclical sectors such as banks and industrials which we think will be the leaders as the economy continues to pick-up. We also continue to include fundamentally attractive small cap names into the portfolio to generate further outperformance in the medium term.

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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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