

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

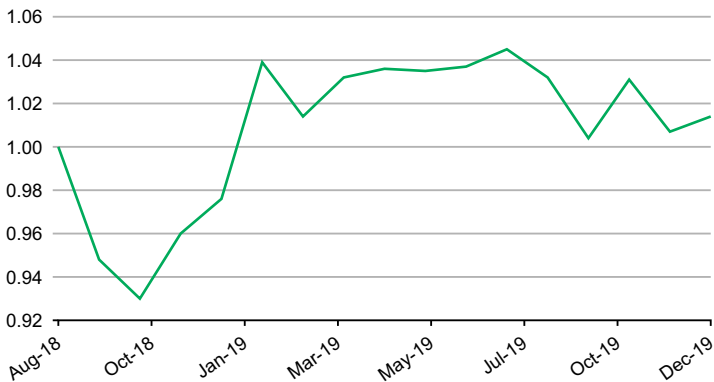
Inception Date August 2018	Fund Size PHP 712.50 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.014	Management Fee 2.00% per annum	Bloomberg Ticker MPHEMPR	

Performance Return (December 31, 2019)

Emperor Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.70%	3.89%	3.89%	n.a.	n.a.	1.40%
Annualized	n.a.	n.a.	3.89%	n.a.	n.a.	1.00%

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.

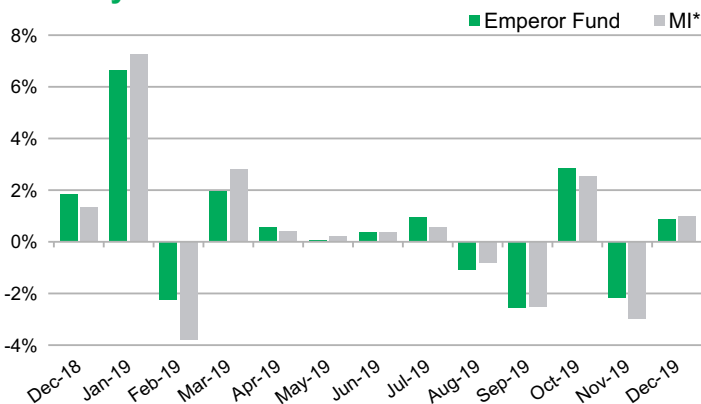
Monthly Net Asset Value per Unit



Top Five Holdings

SM Investments	15.1%
SM Prime Holdings	9.7%
BDO Unibank	9.3%
Ayala Land	8.9%
JG Summit Holdings	7.0%

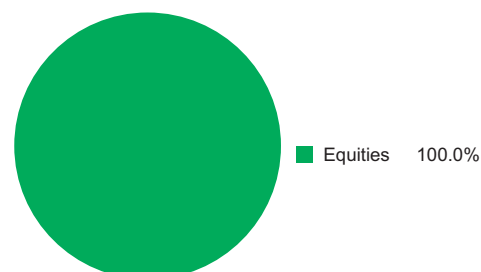
Monthly Performance



*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 Philippine stock market index (PSEI) rose by 1% in December to end the year at 7,815. The PSEI gained 4.7% in 2019. Major positive developments on the US-China talks managed to push the market into positive territory. The limited agreement calls for China to purchase more products from American farmers and other exports. In return, the U.S. put the brakes on new tariffs set to take effect Sunday and agreed to reduce some existing levies. As part of the deal, the U.S. canceled plans to impose fresh tariffs on \$156 billion in annual imports of Chinese-made goods, including smartphones, toys and consumer electronics that were set to go into effect this December. In exchange, China agreed to increase American agricultural purchases by \$32 billion over previous levels over the next two years.

Locally, investor confidence in the Philippines took a hit during the month as the government put pressure on water concessionaires in Metro Manila, citing unfavorable contract terms for the government. MWSS canceled the 15 year contract extensions for Manila Water and Maynilad that would have allowed companies to supply water through 2037. The event came following Manila Water winning Php7.4bn in claims versus the Philippine government in the International Court of Arbitration in Singapore.

November inflation print came in at 1.3%, slightly higher than the 0.8% in October. Food and non-alcoholic beverage CPI was flat year-on-year versus October's 0.9% decline. Furthermore, housing & utilities prices picked up 1.2% year-on-year vs 0.6% in October. As such, the Central Bank kept rates steady at 4.00% during the Monetary Board's last rate-setting meeting of the year, which was largely within expectations. The 2019 inflation forecast was kept steady at 2.4% YoY. The BSP has also maintained its inflation forecasts for 2020 and 2021 at 2.9%.

Outlook

We continue to be optimistic on the Philippine economy's 2020 outlook amidst accommodative monetary policy supporting domestic demand, coupled with the resurgence in government spending. However, due to the increased risk in regulated industries, the Philippines will likely have an increased country risk premium from an investor standpoint. The higher risk premium may offset any monetary easing, with foreign flows likely remaining muted in the near-term as a result. There is also an increased likelihood of downside risk to corporate earnings as this may lead to more tempered expansion plans, which in turn may slow down economic expansion as well.

As such, the portfolio will tilt in favor of industries that are least likely to be affected by government regulations, particularly the consumer sector, and the banking sector which should continue to benefit from more loose monetary policies going forward.

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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