

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

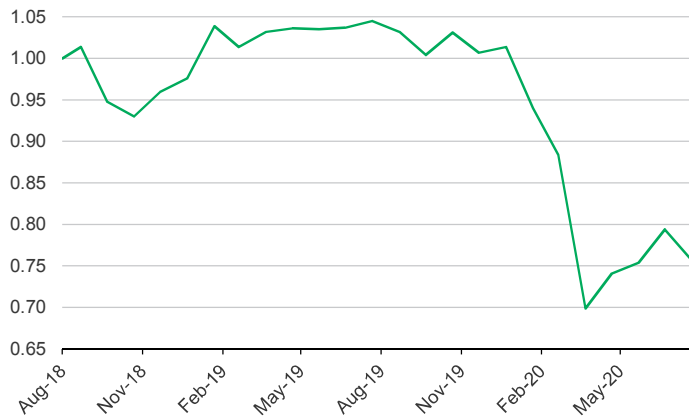
Inception Date August 2018	Fund Size PHP 642.53 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.757	Management Fee 2.00% per annum	Bloomberg Ticker MPHEMPR	

Performance Return (July 31, 2020)

Emperor Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.66%	-25.35%	-27.56%	n.a.	n.a.	-24.30%
Annualized	n.a.	n.a.	-27.56%	n.a.	n.a.	-13.21%

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.

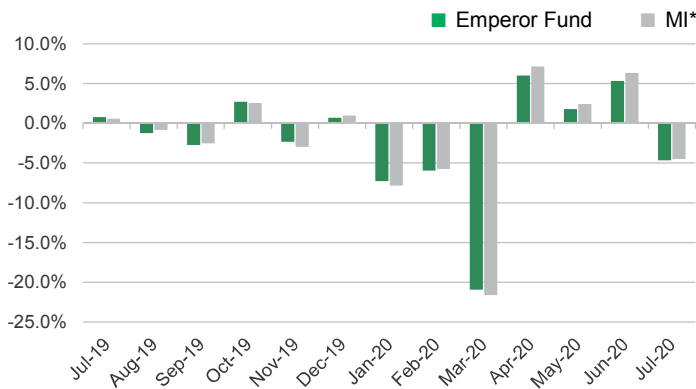
Monthly Net Asset Value per Unit



Top Five Holdings

SM INVESTMENTS CORPORATION	16.49%
SM PRIME HOLDINGS INC	10.17%
AYALA LAND INC	8.08%
JG SUMMIT HOLDINGS INC	6.80%
BDO UNIBANK INC	6.08%

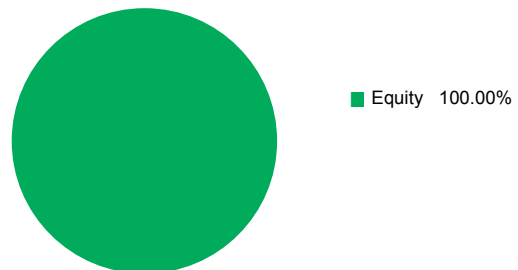
Monthly Performance



*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 Exchange Index is down 4.4% for July and down -23% YTD. Much of the weakness can be attributed to growing uncertainty surrounding the sharp rise in COVID cases. To-date, the Philippines now has the highest active cases in ASEAN and is still the second highest in terms of COVID cases at 106,330. Alongside the plea of health workers and an overwhelmed health care system, in August 2, President Duterte announced that NCR and neighboring provinces in Luzon reverts back into stricter MECQ quarantine until August 14.

On corporate news, ABS-CBN disclosed that they will be closing operations of some of its businesses and implement retrenchment programs in light of the recent non-renewal of its broadcasting license. Recent corporate developments similar to ABS-CBN and renewed concerns surrounding the possible criminal complaint against water concessionaires and telecommunications firms are causing a revival of regulatory overhang in market similar to what we have last seen in December 2019.

Meanwhile, the 2Q20 earnings season has kicked off with 11 of the 30 listed firms already reporting mixed earnings results. We expect much of the drastic impact to weak earnings for this year to be felt in the second quarter. This was echoed by the latest pronouncements by the BSP saying that 2Q will be the lowest point of the crisis and that succeeding quarters for the year will be the start of a renewed economic recovery going into 2021.

Ayala Land's REIT (A-REIT) is next to raise capital after getting PSE approval for its REIT vehicle. The company finalized its first REIT offering in July, pricing it at P27 per share with an equivalent dividend yield of 5.89%. A-REIT raised P27.7Bn which it will use to grow its property portfolio. Additionally, other companies like GLO and ICT also had successful dollar bond issuances to refinance and lengthen existing debt maturities.

Outlook

The gradual reopening of the economy is likely to be offset by the growing overhang due to a renewed rise in COVID cases, tempering our bullishness and causing us to maintain our neutral call on the markets. We also considered the re-imposition of MECQ restrictions to NCR from August 4 to 18. We believe though, that the current MECQ restrictions may have a softer impact to the economy than the initial ECQ restrictions in March, as more mobility is allowed while select industries are open albeit at a reduced capacity. In terms of portfolio positioning, we continue to strike a balance by maintaining positions in sectors that we think will perform near-term in this current pandemic backdrop and positioning in sectors that show medium to long term growth prospects beyond the pandemic in areas like online purchases, home essentials, "easy" banking and other areas involving back-to-work activities.

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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