

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

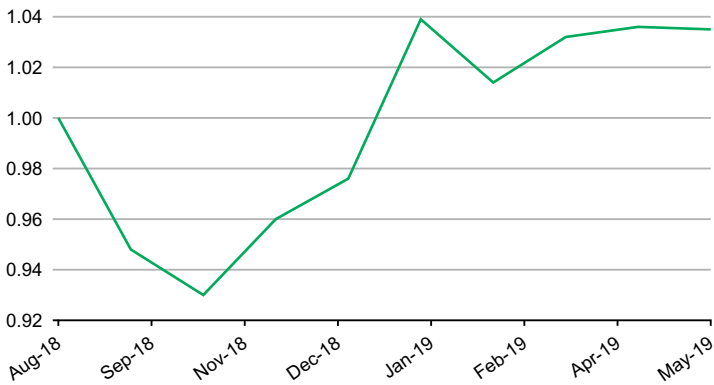
Inception Date August 2018	Fund Size PHP 556.06 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.035	Management Fee 2.00% per annum	Bloomberg Ticker MPHEMPR	

Performance Return (May 31, 2019)

Emperor Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.10%	6.05%	n.a.	n.a.	n.a.	3.50%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	3.50%

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.

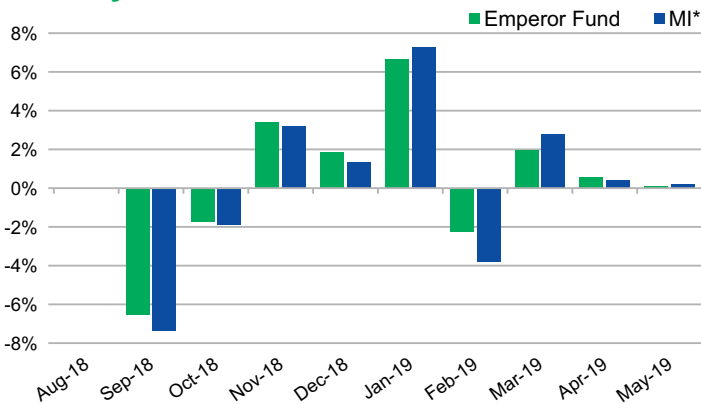
Monthly Net Asset Value per Unit



Top Five Holdings

SM Investments	12.3%
SM Prime Holdings	9.6%
BDO Unibank	8.9%
Ayala Land	8.7%
Ayala Corporation	5.5%

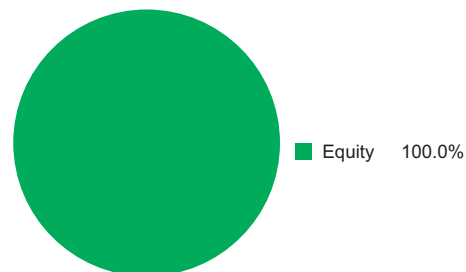
Monthly Performance



*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 local stock market index closed at 7,970, only up slightly by 0.22% for the month of May. The first of three tranches of the MSCI rebalancing took effect last May 28. The rebalancing saw the Philippines' country weight reduced to 1.04% from 1.07%. The Philippines saw manageable outflows of only USD12 million during the day of the rebalancing versus the anticipated USD70 million to USD200 million. Positive demand for Philippine stocks from international investors has helped cushion the anticipated outflows, with the Philippines being a domestic-driven economy amidst trade war tensions. First quarter earnings season concluded during the month, with the PSEI showing 18.6% earnings growth year-on-year, coming in-line with expectations. Market valuations have come down to 18.7x P/E from 19.2x last month, and is now trading at par with its 10-year average.

Philippine GDP grew at 5.6% in 1Q19, the slowest growth in four years, and the first quarterly print below 6% in 16 quarters. This growth print was below consensus estimate of 6.0%. The slowdown was due to the delayed enactment of the 2019 budget, which prevented the government from awarding new infrastructure construction contracts. The combination saw capital formation growth decelerate to 6.8%, from 10.3% in 1Q18. Government spending grew 7.4%, sharply slower than the 13.6% growth in 1Q18.

Meanwhile, Philippine inflation continued to slow, falling to 3% in April from 3.3% in March. The latest figure trims average inflation for the year for the 4-month period to 3.6%. Furthermore, the BSP further cuts its 2019 full-year inflation forecast down to 2.9% from 3%, previously. Easing inflation gave the Central Bank some leeway to slash the reserve requirement ratio for banks by 200bps to 16% from 18%, currently. The reduction will be implemented in 3 batches, with the last one by July 2019.

Outlook

Following the 2019 midterm elections, we expect the President's legislative agendas to be passed easier. Possible changes to the business environment include lower corporate taxes, deregulation of the sugar industry to allow unimpeded imports, higher taxes on sin products, and liberalization of foreign investments in the utilities sector.

We continue to have a neutral outlook in the near-term. FTSE index rebalancing was just recently announced, with the Philippines expected to see some USD75 million outflows from passive flows by June. While the market lacks a positive catalyst in the near-term, we expect GDP to recover in the following quarters following the passage of the government budget, and should lead to a recovery in spending and infrastructure rollout.

The fund continues to position in names with undemanding valuations and look to rotate out of industries that may be negatively affected by potentially stricter regulations.

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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