

Peso Growth 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 seeks to achieve long-term capital appreciation by investing in stocks listed on the Philippine Stock Exchange, government securities and/or pooled fund/s that invest in these securities and other liquid instruments.

Fund Information

| | | | |
|--------------------------------------|--|---|-----------------------------------|
| Inception Date April 2009 | Fund Size PHP 14.09 billion | Fund Currency Philippine peso | Dealing/Valuation Daily |
| Price (NAV/unit) PHP 2.899 | Management Fee 2.25% per annum | Bloomberg Ticker MPPHGRW | |

Performance Return (February 29, 2020)

| Peso Growth Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---------|---------|---------|---------|---------|-----------------|
| Absolute | -5.85% | -12.89% | -12.79% | -7.70% | -16.41% | 191.06% |
| Annualized | n.a. | n.a. | -12.79% | -2.64% | -3.52% | 10.32% |

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.

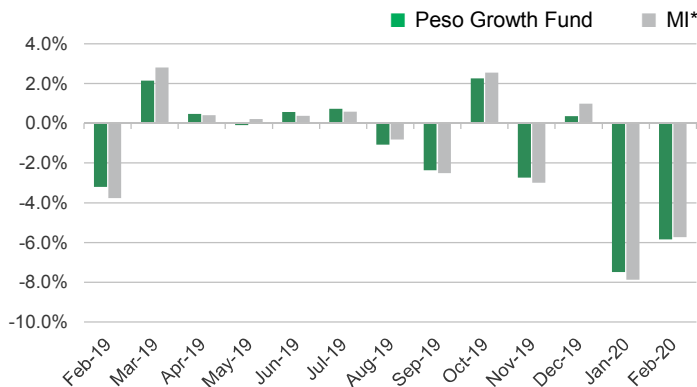
Monthly Net Asset Value per Unit



Top Five Holdings

| | |
|-------------------------------------|--------|
| SM INVESTMENTS CORPORATION | 14.53% |
| Manulife Equity Wealth Fund Class I | 12.04% |
| SM PRIME HOLDINGS INC | 10.21% |
| AYALA LAND INC | 8.40% |
| BDO UNIBANK INC | 7.83% |

Monthly Performance



*Market Indicator = 100% 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.

Peso Growth Fund

Market Review

The Philippine stock market index (PSEI) dropped 5.7% to 6,788 in February. The PSEI followed global markets downwards during the latter parts of the month due to the rising number of new COVID-19 cases outside of China. The virus, along with the Chinese clampdown on its citizens working for the Philippine Offshore Gaming Operator (POGO) industry, continued to dominate sentiment and drove the market downwards below 7,000 after briefly hitting 7,500 earlier during the month.

The negative impact from COVID-19 continues to escalate despite minimal cases in the country. International arrivals have fallen almost 17% since late January, while aircraft movements are down 22%. Even mall operators indicated slower foot traffic in their establishments by around 5% to 20%.

The Chinese embassy spokesperson for the Philippines said the Chinese government is cracking down on cross-border telecommunication fraud crimes, specifically online games operating out of the Philippines and serving gamblers in the mainland where gambling is illegal. Sanctions include canceling the passports of Chinese citizens working in POGOs and seizure of their bank accounts and properties, among others. POGOs take up a total of 11% of office space in Metro Manila, and led to the massive appreciation in property prices over the last several years.

January inflation rose to 2.9% from December's 2.5% and came in higher than expectations. Food and beverage prices picked up, as did alcoholic beverages and tobacco with the implementation of the next round of excise taxes. The monthly figure remained to be within the government's 2% to 4% target range despite the Taal volcano eruption, giving the Central Bank sufficient confidence to cut its policy rates by 25bps to 3.75%.

Outlook

Market sentiment will likely continue to be negative in the near-term given the accelerating infection rate outside of China, dampening global growth outlook. Meanwhile, China's clampdown on Chinese nationals working for POGOs may result to significantly lower property prices for both residential and office spaces. Nonetheless, the Philippine economy's reliance on domestic factors should continue to make it more resilient relative to other more trade-focused economies in the region.

Although the Philippines has seen limited cases of the virus, we remain vigilant on the potential impact to the economy and the portfolio if the COVID-19 outbreak escalates further. While we do not see any long-term impact to the economy due to the virus, the Philippines will likely see a slower first quarter growth due to its impact on tourism, which accounts for roughly 13% of GDP. Amidst significant market volatility, the portfolio will look to accumulate stocks that are displaying deep discount to fair values while remaining underweight in names with material exposure in tourism-related and POGO industries.

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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