

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 15.46 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 3.427	Management Fee 2.25% per annum	Bloomberg Ticker MPPHGRW	

Performance Return (June 30, 2019)

Peso Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.56%	6.46%	9.59%	0.32%	11.01%	244.08%
Annualized	n.a.	n.a.	9.59%	0.11%	2.11%	12.87%

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.

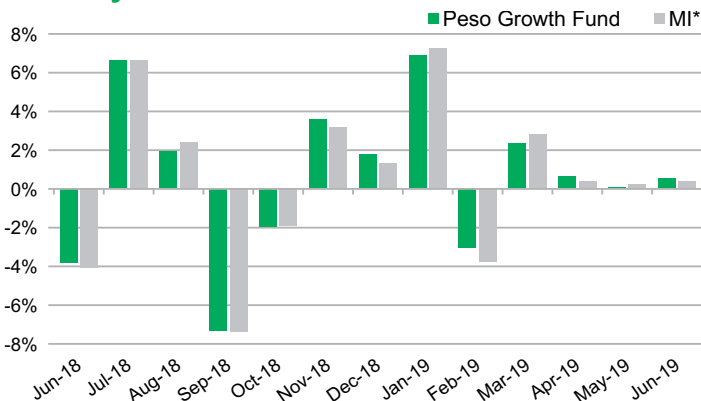
Monthly Net Asset Value per Unit



Top Five Holdings

Manulife Equity Wealth Fund Class I	12.6%
SM Investments	11.3%
Ayala Land	9.9%
BDO Unibank	8.1%
SM Prime Holdings	7.3%

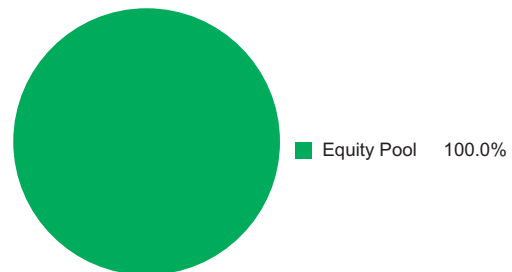
Monthly Performance



*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.

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Market Review

The local stock market index closed at 7,999, up 0.4% for June. The month started off strongly on follow through buying on property names after last month's implementation of the first round of reserve requirement cuts and Fitch's reiteration of the county's BBB credit rating and stable outlook. However, a couple of secondary share placements, along with accelerating trade war tensions and renewed global growth concerns, brought markets lower from the month's high. Foreign outflows of only USD3 million from this month's FTSE rebalancing were significantly lower than initial expectations of USD47 million, signaling strong demand for Philippine equities from foreign investors. Market valuations inched higher to 19.4x P/E from last month's 19.3x.

On the macro front, inflation figures ticked up slightly to 3.2%. This is higher than the expected 2.9% print and last month's 3%, but still lies comfortably within the BSP's estimated 2.8-3.6% estimate. Average inflation for the year now stands at 3.5%. The BSP is forecasting inflation to continue to drop in 2019 with an estimated average of 2.9%. The uptick in consumer prices was primarily due to higher transportation prices, as well as the increases in vegetable prices which were up 12.5% as a result of the severe dry season. As such, the BSP opted to be more prudent and kept policy rates steady at 4.5%.

Outlook

We continue to have a neutral outlook for Philippine equities. Investors will look to second quarter earnings, which should come out starting next month, for market direction. Meanwhile, global market developments, particularly on the US-China trade debacle, will likely lead to heightened market volatility in the near-term. On a more positive note, declining bond yields may eventually lead to an equities market re-rating, with 10-year yields nearing 5% levels from as high as 8% during the second half of 2018.

With the market continuing to trade within a range of 7,500-8,200, the fund looks to be more opportunistic in its positioning, opting to be more active in rotating out of names which have already gone up and into market laggards. The fund is also starting to build positions in names with improving fundamental stories later in the fourth quarter and 2020.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Asset Management and Trust Corporation.

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