

Peso Target Distribution Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

Investment Objective

The Fund aims to provide periodic payouts of up to 3% per annum* while providing the potential for capital appreciation and limiting the risk of capital erosion by investing in a diversified portfolio of fixed income and equity investments based on an active asset allocation strategy.

Fund Information

Inception Date April 2014	Fund Size PHP 1.73 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.826	Management Fee 2.25% per annum (of which 0.20% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)	Bloomberg Ticker MPPHDIS	

* The 3% per annum payout rate is not guaranteed.

Performance Return (August 31, 2021)

Peso Target Distribution Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.99%	-2.01%	3.93%	3.42%	-2.85%	2.95%
Annualized	n.a.	n.a.	3.93%	1.13%	-0.58%	0.39%

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

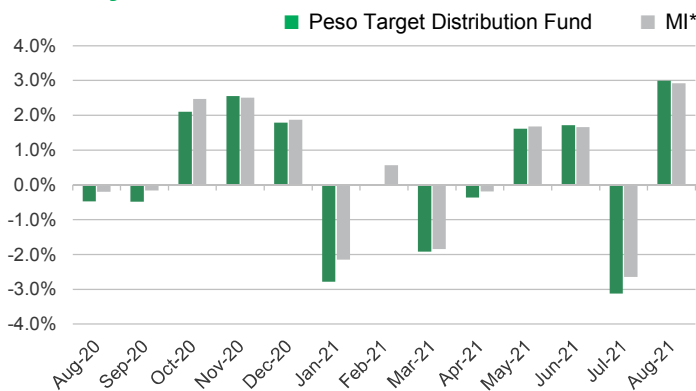


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	13.73%	Manulife Stable Income Fund Class I	36.22%
FXTN 03/09/24	10.96%	FXTN 03/09/24	10.19%
FXTN 02/11/23	8.37%	FXTN 08/15/23	5.41%
FXTN 09/09/25	7.95%	FXTN 02/11/23	5.36%
FXTN 03/12/24	6.19%	RTB 12/04/22	5.21%
Equity Pool			
SM INVESTMENTS CORPORATION			13.68%
Manulife Equity Wealth Fund Class I			10.20%
SM PRIME HOLDINGS INC			9.02%
AYALA LAND INC			8.72%
AYALA CORPORATION			8.38%

Notes:
 FXTN - Fixed Treasury Notes or Peso-denominated debts of the Philippine Government
 RTB - Retail Treasury Bonds of the Philippine Government

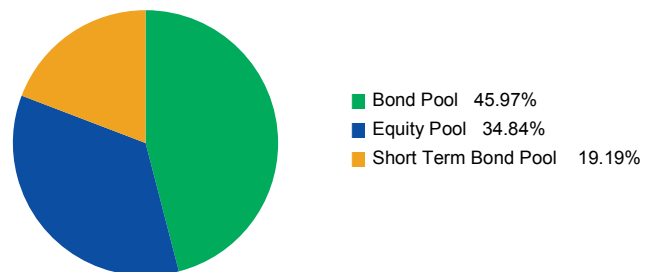
Monthly Performance



*Market Indicator = 30.0% PSEI + 4.9% Market Iboxx ALBI Philippines Liquid + 44.3% Market Iboxx ALBI Philippines 1-5 + 20.8% Market Iboxx ALBI Philippines 1-3

Portfolio Breakdown

Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 49.2% Bond Pool, 20.8% Short-Term Bond Pool and 30% Equity Pool. The investments of these pools consist of:

- Peso Bond Pool: Peso-denominated bonds of the Republic of the Philippines and term deposits.
- Short Term Bond Pool: Peso-denominated bonds of the Republic of the Philippines with a term of up to three years and term deposits.
- Equity Pool: Various stocks listed on the PSE and term deposits

Peso Target Distribution Fund

Market Review

The PSEi ended August at 6,588.44, up 9.3% as the market staged a recovery offsetting prior month's 9.2% decline. Contributing to the market's swift recovery for the month was the move by the government to lower NCR's quarantine restrictions from ECQ to MECQ since the arrival of the Delta variant in August. Note that dining inside restaurants, personal care services and religious activities are still not allowed under MECQ and a strict curfew remains in place. The expectation is that the government will only revert to granular restrictions to limit the negative impact of the pandemic to economic activity moving forward.

The Philippine Stock Exchange announced changes to the composition of the PSE Index, effectively adding AC Energy and Converge ICT Solutions replacing DMCI Holdings and Emperador. The PSE relaxed the required listing rule for inclusion to the PSEi to 6-months (from listing) from 12-months previously which resulted in CNVRG being added to the index. Both AC Energy and Converge are growing their businesses significantly, adding renewable energy capacity and broadband subscribers, respectively. As a result, both continue to see their market capitalizations grow which likely is the main reason for the inclusion in the index. ACEN will likely continue to grow as it benefits from the global shift towards renewable. Meanwhile CNVRG will also grow on the back of improving household connectivity to fixed broadband services. We expect digital adoption to be in the forefront of commerce and consumer spending post pandemic similar to what we have seen in more developed ASEAN neighbors.

Philippine GDP in 2Q21 rose by 11.8% YoY beating consensus estimate of 10.9%. However, compared to pre-COVID results, the 2Q21 GDP results were still lower by 7.3% compared to 2Q19. The government revised GDP forecasts lower to 4-5% from 6-7% for this year, citing current restrictions enforced over NCR and nearby provinces to negatively impact business activity. They kept GDP forecasts for 2022 unchanged at 7-9%. It is likely that the strict quarantine restrictions placed on Metro Manila will be discontinued and will be replaced by a more targeted and localized approach, with an emphasis on proper testing and expanded vaccination drives in highly affected areas.

Local bond yields for August were mostly higher and the yield curve steepened on the back of supply concerns and Bangko Sentral ng Pilipinas (BSP) Governor Diokno's statement that a cut on the Reserve Requirement Ratio is untimely. Supply concerns intensified on news that the government will propose to Congress a P5.02T budget for 2022, which is 11.5% higher from this year's budget. In fact, the Bureau of Treasury's aggressive behavior during the 20-year bond auction this month when it accepted bids up to 5.11% spooked the markets, as it was seen as a desperate move to raise funds with Covid-19 cases continuously rising.

Outlook

It is encouraging to see that the government is looking to implement new efforts to contain the worsening pandemic situation in the country as it finds more ways to slowdown the transmission of the virus. We continue to remain constructively optimistic over local equities and keep majority of our positioning on cyclical and reopening names within the Financials and Real Estate sectors on account of the increasing pace of vaccinations and further expectations that the economic recovery will finally gain meaningful traction soon. The Philippine FDA recently approved the use of Moderna vaccines for emergency use for children aged 12-17. Lastly the Department of Health reported that over 19.3Mn people have already received the first dose, while 13.8Mn people have already received full vaccination.

Following the government's reimposition last month of Enhanced Community Quarantine the second time this year, the government lowered its growth forecast to 4-5% from 6-7%. August inflation print surprised to the upside at 4.9% due to increases in the costs of food and non-alcoholic beverages, particularly vegetables and fish. Nevertheless, the BSP reiterated its commitment to keep monetary policy accommodative to the extent inflation outlook will allow, capping any significant spikes in bond yields. Against this backdrop, we will keep the neutral duration positioning vis-à-vis the benchmark as we continue to monitor the local and global developments.

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.