

# Peso Target Distribution Fund

An investment fund option for **Affluence Max**, **Affluence Max Gold**, **Affluence Builder Series** and **FlexiSure** 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

<b>Inception Date</b> April 2014	<b>Fund Size</b> PHP 1.80 billion	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.834	<b>Management Fee</b> 2.25% per annum (of which 0.20% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)	<b>Bloomberg Ticker</b> MPPHDIS	

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

## Performance Return (January 31, 2021)

Peso Target Distribution Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.78%	-2.78%	0.99%	-0.80%	4.65%	2.14%
Annualized	n.a.	n.a.	0.99%	-0.27%	0.91%	0.31%

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

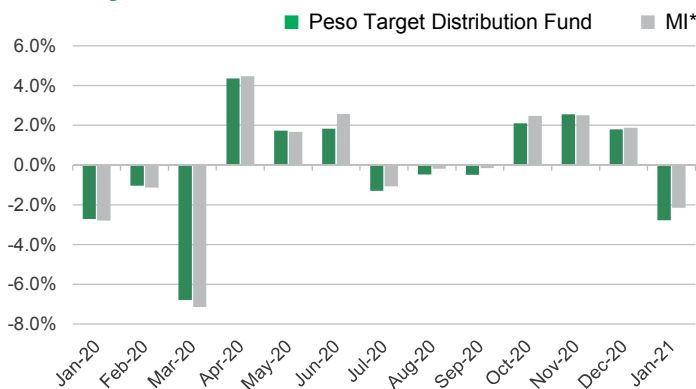


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	16.17%	Manulife Stable Income Fund Class I	38.03%
FXTN 02/11/23	10.85%	FXTN 02/11/23	12.80%
FXTN 03/12/24	10.13%	RTB 12/04/22	11.87%
FXTN 09/09/25	7.69%	FXTN 04/21/23	7.43%
RTB 12/04/22	7.56%	FXTN 09/10/23	5.82%
Equity Pool			
SM INVESTMENTS CORPORATION			14.68%
Manulife Equity Wealth Fund Class I			10.65%
SM PRIME HOLDINGS INC			9.97%
AYALA LAND INC			9.00%
AYALA CORPORATION			6.86%

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

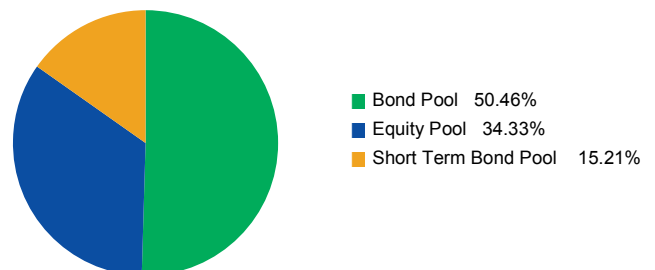
## Monthly Performance



\*Market Indicator = 30.0% PSEi + 4.9% Markit Iboxx ALBI Philippines Liquid + 44.3% Markit Iboxx ALBI Philippines 1-5 + 20.8% Markit 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

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## Market Review

The Philippine Stock Exchange Index was down -3.87% to 6,863.61 in January on the back of concerns surrounding local infections related to the spread of the COVID-19 UK variant alongside the issues relating possible delays in vaccine deployment / procurement relative to other countries. We expect the government to announce the latest round of protocols on mobility restrictions for February in the coming days. December export data also showed a contraction of -0.2% alongside weak 4Q20 agriculture output which also fell by 3.8%.

On government measures, the Department of Finance Secretary Carlos Dominguez has urged Congress to quickly approve pending economic bills which includes CREATE and FIST Bill. Currently, the bills are stuck on review in the Bicameral Committee. Among the most visible provisions for those bills are the reduction of corporate tax rates as well as the rationalization of tax incentives.

Agriculture Secretary William Dar stated that the country is now under “state of calamity” because of the recent rise in prices of pork, chicken, fruits and vegetables caused by African Swine Fever and recent typhoons. As a result, the Department of Agriculture is seeking to impose various 60-day price caps on retail food prices subject to approval of President Duterte. The government could also increase imports to temper rising prices.

President Duterte reimposed stay-at-home rules for children between ages 10 to 14 for the entire country. The IATF initially recommended a loosening of mobility for children but was overturned by President Duterte as a precaution to 12 new cases of the more transmissible virus variant that has spread in provinces north of NCR.

## Outlook

We have a positive outlook for equities as an asset class for 2021, nevertheless we are closely watching reflation trends. In terms of portfolio positioning, we continue to add to cyclical sectors such as real estate and banks. We move away from sectors that will be negatively impacted by sudden rise in inflation like consumer staples and utilities. Lastly, we also look to reduce exposure to dividend paying sectors like telcos which during periods of high inflation make dividend payouts unattractive.

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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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