

Peso Stable Fund

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

Investment Objective

The Fund seeks to achieve long-term growth by investing in government securities and/or high quality corporate debt securities, stocks listed on the Philippine Stock Exchange and/or in pooled fund/s that invest in these securities and other liquid fixed income instruments.

Fund Information

Inception Date April 2004	Fund Size PHP 694.02 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.662	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (March 31, 2020)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.89%	-7.22%	-2.70%	-0.22%	-4.35%	166.20%
Annualized	n.a.	n.a.	-2.70%	-0.08%	-0.89%	6.31%

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

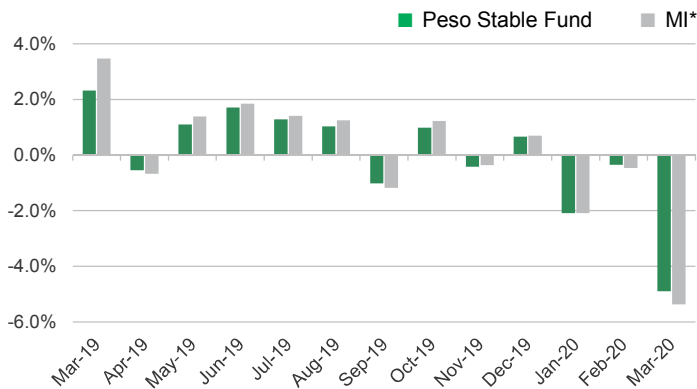


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	14.42%	Manulife Stable Income Fund Class I	33.03%
RTB 12/04/22	14.00%	FXTN 02/11/23	16.36%
FXTN 02/11/23	13.63%	RTB 12/04/22	15.16%
Manulife Income Builder Fund Class I	5.43%	RTB 06/13/21	9.00%
RTB 06/13/21	5.11%	FXTN 07/04/22	7.67%
Equity Pool			
SM INVESTMENTS CORPORATION			15.07%
Manulife Equity Wealth Fund Class I			11.90%
SM PRIME HOLDINGS INC			8.99%
AYALA LAND INC			7.67%
BDO UNIBANK INC			7.20%

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

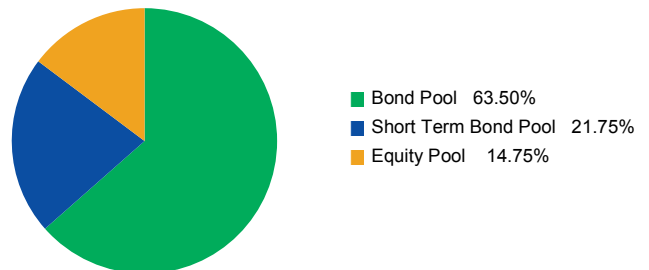
Monthly Performance



*Market Indicator = 20.0% PSEi + 6.0% Markit Iboxx ALBI Philippines Liquid + 54.0% Markit Iboxx ALBI Philippines 1-5 + 20.0% 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 60% Bond Pool and 20% each Short-Term Bond and Equity Pools. The investments of these pools consist of the following:
 -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 Stable Fund

Market Review

The Philippine stock market index (PSEI) fell sharply in March, retreating by 21.6%, to end at 5,321, down 31.9% YTD. The stock market hit its intraday circuit breaker of 10% twice during the month. Foreigners have been net sellers of USD646 million for the year, with bulk of the selling coming from March. The Philippine government has ordered a lockdown of Luzon, in an effort to curb the rising number of coronavirus cases in the Philippines. COVID-19 has finally hit the Philippines with infections reaching 2,084 as of end-March. In an effort to contain the spread of the virus, the whole country was placed under a state of nationwide emergency on March 9 after the first confirmed case of local transmission. Public transportation was shut and travel bans were issued. Public places such as malls are closed for the duration of the quarantine indefinitely, with only groceries, pharmacies, and food services remaining operational.

Given the likely negative economic impact of the coronavirus, the government is introducing monetary and fiscal policy measures. It will be providing direct assistance to some 18 million families by paying workers one-time financial assistance of up to Php8,000 for the lockdown period, as well as providing temporary jobs. Emergency powers were also granted to the President via the passage of the Bayanihan to Heal as One law, allowing him to reallocate budget within the executive arm of the government based on the 2020 national budget, thereby increasing the budget to combat the spread of the virus. The government looks to provide some Php200billion as financial assistance coming from the Bayanihan law. Furthermore, on top of recent 50bps policy and 200bps reserve requirement cuts, the Bangko Sentral announced it will be purchasing government securities to support its ambitious fiscal program in its own version of quantitative easing in the amount of Php300 billion. Meanwhile, the private sector stepped up with conglomerates contributing in the form of financial aid, salary dole-outs, rent condonation, extend grace periods for loans, donations for food, health equipment, etc.

As the number of positive COVID-19 cases and deaths in the Philippines rise, the government announced a month-long "enhanced quarantine" of Luzon on March 17, which restricts both local and international travels, suspended public transport and only allowed "essential workers" to leave their homes and travel to their offices. With this set-up, the Philippine bond market closed for one day and reduced trading hours as market participants and regulators operate with a skeletal force. Bond yields quickly rose by as much as 50-60bps as select investors liquidate their bond holdings in an uncertain environment.

Outlook

With retail and domestic activity restricted for at least a month, there is certainly going to be a negative impact on corporate earnings growth in the Philippines as well. Some economists have started downgrading 2020 GDP forecasts from as low as -0.6% to 4% growth, with some already assuming a potentially extended period of lockdown. Note that Luzon accounts for roughly 70% of total GDP. As such, we expect to see material downward revisions to earnings estimate for this year versus initial expectations of 10% growth from 2019.

The fund currently has increased cash position levels above its usual cash levels during more normal market conditions to minimize risk amidst heightened market volatility. The fund will look to make the necessary adjustments to preserve capital in the short term without sacrificing long term growth opportunities as we continue to remain abreast with financial market developments both local and abroad. With the massive drop in stock prices, the fund will continue to be opportunistic and begin accumulating names that have earnings that are more resilient against the impact of the virus. More debt-reliant companies are to be avoided during these periods since these will be more affected by the lockdown with loss of sales, as well as continuing payment of interest.

With such extreme movements, the BSP surprised the market with several measures to calm the financial markets and facilitate liquidity in the banking system. The BSP cut policy rates by 50bps and the reserve requirement ratio by 200bps. In addition, the BSP started purchasing bonds daily from banks in the secondary market and made available a Php 300B short-term lending facility with the Bureau of Treasury (BTr). The latter takes the form of a government bond repurchase agreement with a max tenor of 6 months. This will reduce the pressure of BTr to borrow at current high levels from the market. As the pandemic works its way across the globe and each country implements their own measures to combat it, we expect volatility in the bond markets to continue. In light of this, we remain cautious in this extremely uncertain market environment and maintain our neutral duration positioning against the benchmark.

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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