

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 739.60 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.902	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (November 30, 2020)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.68%	1.15%	1.82%	6.30%	10.55%	190.20%
Annualized	n.a.	n.a.	1.82%	2.06%	2.03%	6.60%

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

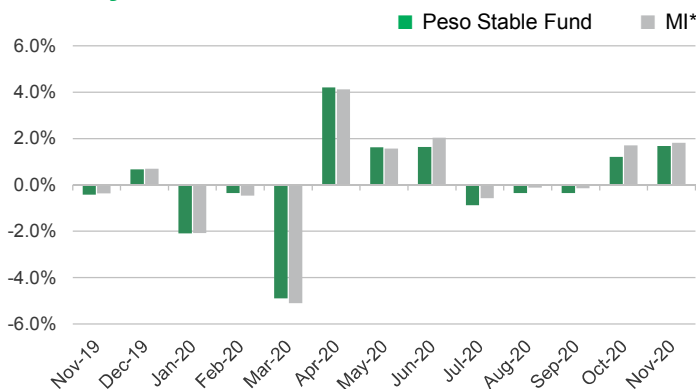


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	16.70%	Manulife Stable Income Fund Class I	35.33%
FXTN 02/11/23	11.37%	FXTN 02/11/23	13.49%
FXTN 03/12/24	9.54%	RTB 12/04/22	12.28%
RTB 12/04/22	8.65%	FXTN 04/21/23	7.87%
FXTN 09/09/25	8.27%	FXTN 08/15/23	6.06%
Equity Pool			
SM INVESTMENTS CORPORATION			14.42%
Manulife Equity Wealth Fund Class I			10.83%
SM PRIME HOLDINGS INC			9.05%
AYALA LAND INC			8.05%
AYALA CORPORATION			6.30%

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

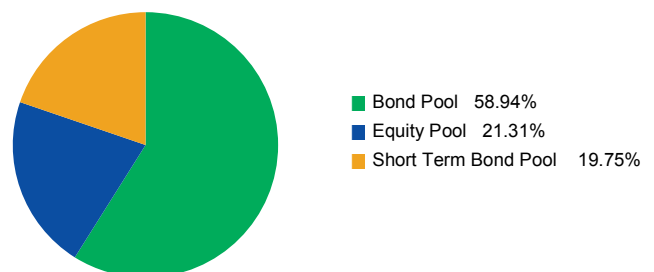
Monthly Performance



*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 Exchange Index was up 7.4% in November alongside rally in markets globally like the US which has gone up 3.9% on account of optimistic vaccine developments abroad. This month's performance alongside the 7.9% performance seen in October has trimmed the market's YTD losses lower to -11.5% from -40% during the peak of the pandemic.

The local COVID situation continues to remain manageable as mobility restrictions in major cities continue to keep infection rates at a steady 1,500 to 2,000 new cases per day. We expect introduction of more easing measures to move forward in the coming weeks even if the current GCQ lockdown restrictions in NCR and nearby provinces may continue to remain in place until the end of the year.

The BSP also made a surprise 25bps cut in its policy rates this month, bringing it down further to 2%. This was seen as a response to expectations of slower economic growth due to the impact from the recent typhoons earlier in the month. Also, consumer and business sentiment indicators continue to remain weak with the BSP's Overall Consumer Outlook Composite Index falling to -54 in September 2020. GDP for the third quarter was reported at -11.5% much slower than what market expected at -9.6%.

The Senate also approved the package 2 of the administration's tax reform program or the CREATE bill. This bill aims to reform and restructure corporate taxes and rationalize the country's tax incentive structure. Among the main highlights of the bill include a reduction in corporate income tax rates from 30% to 25% as well as the rationalization of tax holidays for select industries.

The BSP delivered a surprise 25bps rate cut on November 19, bringing policy rate down to 2% with total rate cuts year-to-date at 200bps. The policy action took the market by surprise, with only five out of 18 economists predicting the move. BSP Governor Diokno has been quite vocal about keeping policy rate steady until year-end in recent months as there remains a substantial amount of liquidity in the financial system, which is struggling to find its way to the broader economy. However, the disappointing 3Q GDP print of 11.5% contraction year-on-year, which was worse than the expected 9.6% contraction, and the expected adverse impact of typhoon Ulysses on 4Q GDP, urged the BSP to act sooner. After the initial rally post-rate cut, the market seems to be turning defensive again as inflation is expected to pick up for the rest of the year due to the typhoons and holiday spending.

Outlook

We expect investors to take profits in the near term on the back of the market's two-month rally vis a vis prospects of an uneven economic recovery. Over the next twelve months, factors that may continue to support a re-rating of the market include the prospects for deployment of the vaccine, renewed infrastructure spending by the government, start of 2022 election spending come 2nd half of 2021 and the passage of additional fiscal measures. In terms of portfolio positioning, we are starting to favor cyclical sectors such as banks and industrials and look to rotate out of staples and utilities as we move closer to 2021.

Our view on the local bond market remains to be neutral with positive bias as the recent surprise rate cut by the BSP signals its willingness to cut policy rates in response to weak economic data even as real interest rate becomes negative. Absent further monetary actions and fiscal surprises, there seems to be no compelling catalyst for yields to move in either direction. Nonetheless, investors may gradually start to position for next year, in which a rate cut becomes more likely.

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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