

# Peso Diversified Value Fund

An investment fund option for 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

<b>Inception Date</b> April 2009	<b>Fund Size</b> PHP 4.37 billion	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 1.877	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPPHDVF	

## Performance Return (April 30, 2021)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.11%	-3.64%	1.90%	5.69%	3.70%	87.70%
Annualized	n.a.	n.a.	1.90%	1.86%	0.73%	5.37%

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

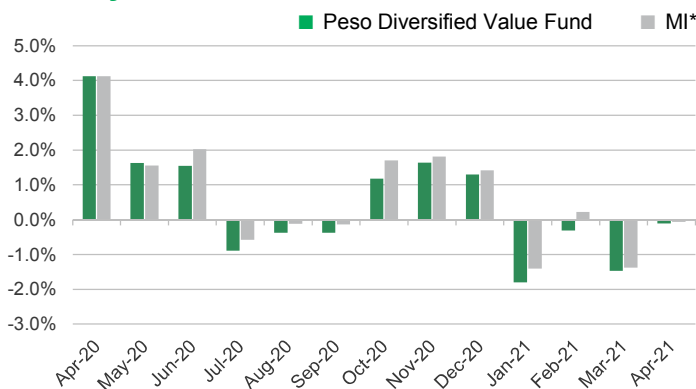


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	13.22%	Manulife Stable Income Fund Class I	37.48%
FXTN 02/11/23	10.00%	FXTN 02/11/23	12.49%
FXTN 03/09/24	8.03%	RTB 12/04/22	11.61%
FXTN 09/09/25	7.97%	FXTN 04/21/23	7.27%
RTB 12/04/22	7.82%	FXTN 09/10/23	5.68%
Equity Pool			
SM INVESTMENTS CORPORATION			15.39%
Manulife Equity Wealth Fund Class I			10.40%
SM PRIME HOLDINGS INC			9.77%
AYALA LAND INC			9.59%
AYALA CORPORATION			7.93%

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

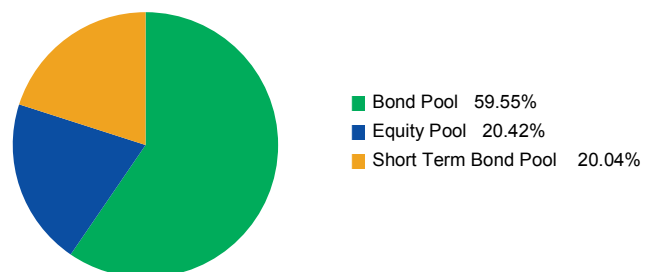
## Monthly Performance



\*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 Diversified Value Fund

## Market Review

The PSEI was down 1.1% for April at 6,370.87 as market sentiment continued to be weighed down by new highs in COVID daily cases, capacity strained hospitals, and the extension of tighter quarantine restrictions. There was a slight easing of quarantine measures from ECQ to MECQ in NCR and its surrounding provinces (“NCR Plus”) beginning April 12. The government allowed limited dine-in for restaurants at 10% capacity, while curfew hours were shortened to 10pm to 4am.

There were also concerns on the possible delays in economic recovery as the pace of the ongoing vaccination efforts remain slow. Since March, only 1.8 million vaccine doses have been administered. The Philippines has received a total of 4 million COVID vaccine doses, with another 8 million doses expected to arrive in late May. The aim of government is to vaccinate as much as 70 million people by end of the year.

April inflation rate remained flat at 4.5% y/y. Food prices moderated as it rose 5% m/m from a 6.2% rise m/m in March. We expect inflation in the medium term to remain manageable with the BSP lowering its 2021 forecast to 3.9% from 4.2% while increasing 2022 forecast to 3% from 2.8%. Currently, the government has reduced the tariff for rice importation alongside the lowering of import duties on pork.

Local peso bond yields rallied for the month of April on an improved inflation outlook and expectation that the extended lockdown in the National Capital Region and surrounding areas will keep inflation contained. April and March CPI printed flat from February's 4.5%, halting the uptrend we have seen the past five months. Moreover, 1Q GDP was a contraction of 4.2%, lower than market forecast of 3.2%, highlighting the effect of the mobility restrictions to our economic growth. Against this backdrop, investors have scaled back on their growth and inflation outlook and have shown renewed interest in the local bond market.

## Outlook

First quarter corporate earnings results kicked off in April with a few companies already reporting better quarter on quarter earnings trajectory albeit still tracking below pre-Covid levels. We continue to remain cautiously optimistic in equities as we expect earnings recovery to be felt more in the second half of the year. We believe that overall corporate earnings are on track to recover to pre-pandemic levels by 2022. Our preference remains in cyclical sectors like banks and real estate as these will both be the winners as the economic recovery unfolds. We are now more selective on defensive sectors like telco, energy, utilities, and consumer due to rising input costs and prefer names that have strong brand equity and expanding market share. We also have introduced into the portfolio a handful of quality small cap stocks that we think will deliver above average earnings growth when the economy recovers.

In May, the Bureau of Treasury announced that it will re-issue the 5 and 7 year bonds issued in April. With the upcoming PHP 130Bn bond maturity in June and improved investment sentiment we anticipate strong demand at the auctions to drive bond yields lower in the near term. In light of this, we have added to our positions on this part of the curve as we expect the excess liquidity in the market and improved inflation expectations to generate demand for local bonds.

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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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