

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

Inception Date April 2009	Fund Size PHP 4.44 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.887	Management Fee 2.00% per annum	Bloomberg Ticker MPPHDVF	

Performance Return (July 31, 2021)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.87%	-3.13%	0.16%	7.40%	-1.72%	88.70%
Annualized	n.a.	n.a.	0.16%	2.41%	-0.35%	5.30%

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

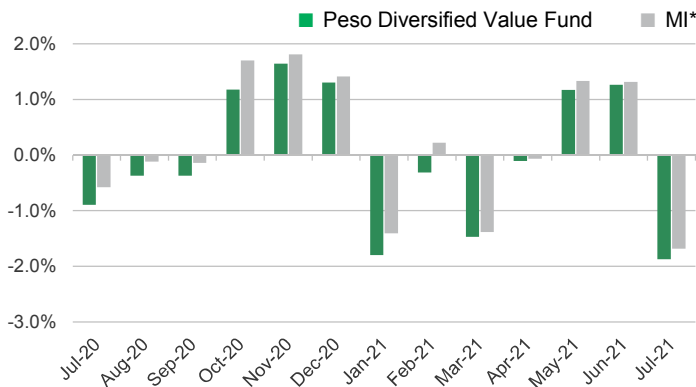


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	13.71%	Manulife Stable Income Fund Class I	36.23%
FXTN 03/09/24	10.15%	FXTN 02/11/23	7.96%
FXTN 02/11/23	8.40%	FXTN 04/21/23	7.00%
FXTN 09/09/25	7.94%	FXTN 03/09/24	6.96%
FXTN 03/12/24	6.21%	FXTN 08/11/21	5.67%
Equity Pool			
SM INVESTMENTS CORPORATION			13.40%
Manulife Equity Wealth Fund Class I			10.23%
AYALA LAND INC			9.06%
SM PRIME HOLDINGS INC			8.80%
AYALA CORPORATION			8.62%

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

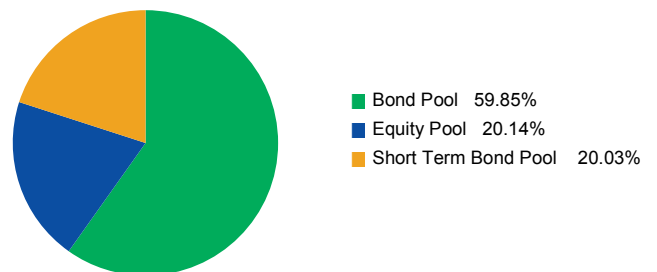
Monthly Performance



*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 lost 631 points and ended July at 6,270.23 points, down 9.2%. After briefly touching the 7,000-point level in early July, the market reversed course following government's pronouncements that Metro Manila will be back to stricter mobility measures beginning August 6 to contain the spread of the Delta variant. The two-week Enhanced Community Quarantine (ECQ) will restrict dine-in and public transport as well as limit travel, impacting mobility. Contributing further to the market's drop was the peso's continued weakness versus the US dollar. For the month, the peso declined a further 2.4%, and settled above the Php50/US\$ level at P50.006/US\$. Foreign outflows continued in July at \$182 Mil, bringing the YTD total to US\$1.73 Bil.

The country's credit rating outlook was revised to negative from stable by Fitch citing the impact of the pandemic on the economy. It affirmed the country's long-term foreign currency issuer default rating (IDR) at "BBB", a notch above investment grade. The credit rating agency lowered its GDP forecasts to 5% from 6.3% for 2021 while expecting growth to pick up to 6.6% in 2022 and 7.3% in 2023.

Price pressures eased as inflation slowed down to 4.0% in July, sustaining the downtrend seen in the last three months, as various government measures to address food supply shortages started to have an impact. On the fiscal front, the Philippines' budget deficit reached P716 Bil for the first six months and is tracking below the government's target due to underspending.

Concerns on the rise in Covid-19 cases due to the Delta variant has resulted in Metro Manila, including nearby provinces and select cities, to be placed under the Enhanced Community Quarantine (ECQ) for two weeks. ECQ is the strictest category of lockdown and this is the third time since the start of the pandemic that the Philippines is revisiting this category. Moving forward, this lockdown may dampen growth prospects for the Philippines and may keep investor sentiment lukewarm in the near term. The Philippine government targets to vaccinate 30% of the population by end of August as the country continues to lag the vaccination rates in the region.

Outlook

Although the arrival of the Delta variant can potentially delay the country's exit from the pandemic, we remain optimistic long term as we believe the reopening will get back on track post the new mobility restrictions vis a vis increasing vaccination rates. Our sector preferences remain to be on cyclicals such as Financials and Real Estate. However, we remain cognizant of the global headwinds such as rising oil prices, a weaker currency and the prospect of higher interest rates.

Local bond yields for July were slightly lower as inflationary pressures from rising oil prices has abated after the OPEC and its allies have settled deals to increase output. July inflation printed at 4%, less than June's 4.1%, on base effects coupled with lower meat and transport prices. In this regard, we expect local inflation to continue to moderate for the second half of 2021. With local inflation finally within the Bangko Sentral ng Pilipinas' target range and the current flush liquidity environment, we expect the Monetary Board to keep both policy rates and Reserve Requirement Ratio (RRR) steady at its August 12 meeting. 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.

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