

Peso Diversified Value Fund

An investment fund option for **Affluence Max, Affluence Max Gold, Affluence Builder Series, Horizons** and **FlexiSure** 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 4.27 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.877	Management Fee 2.00% per annum	Bloomberg Ticker MPPHDVF	

Performance Return (August 31, 2020)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.37%	-1.11%	-0.95%	4.05%	3.30%	87.70%
Annualized	n.a.	n.a.	-0.95%	1.33%	0.65%	5.69%

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

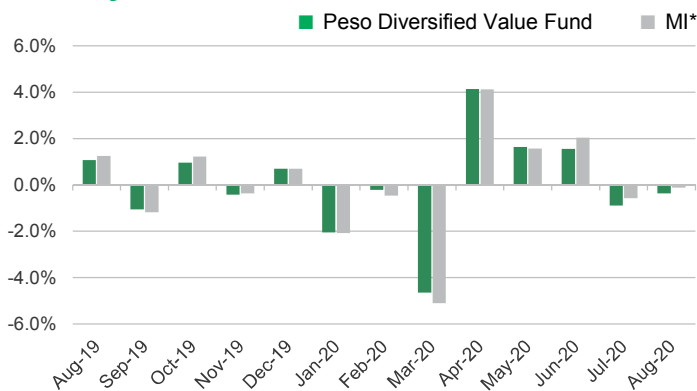


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	12.08%	Manulife Stable Income Fund Class I	34.93%
RTB 12/04/22	11.83%	FXTN 02/11/23	15.48%
FXTN 02/11/23	11.01%	RTB 12/04/22	14.70%
FXTN 03/12/24	9.85%	FXTN 04/21/23	8.92%
FXTN 04/21/23	7.16%	FXTN 07/04/22	7.28%
Equity Pool			
SM INVESTMENTS CORPORATION			14.49%
Manulife Equity Wealth Fund Class I			11.16%
SM PRIME HOLDINGS INC			8.78%
AYALA LAND INC			6.81%
AYALA CORPORATION			6.26%

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

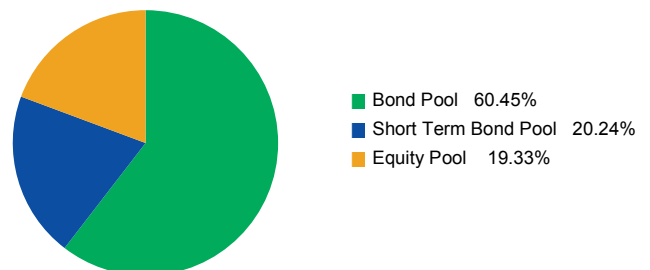
Monthly Performance



*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 Philippine Stock Exchange Index is down -0.75% MTD in August, settling at 5,884.18 points. Negative sentiment from weak 2Q economic and corporate results led to profit taking towards the latter part of the month, offsetting the 3.8% rise in the first two weeks following the reposition of the Modified Enhanced Community Quarantine (MECQ) for NCR and neighboring provinces to control the spread of COVID-19.

Congress in August passed the Bayanihan Act 2 and is awaiting President Rodrigo Duterte's signature. Bayanihan 2 allots P140bn in additional funds to support sectors such as agriculture, tourism, and disease control. Other stimulus bills pending in Congress include the CREATE Bill (lowering of corporate income taxes), the GUIDE Bill (creates a bailout fund and corporate guarantees) and an additional stimulus to specific MSME sectors, ARISE Bill.

Under the current GCQ restrictions, we are seeing improved mobility restrictions which bodes well for economic output. PAGCOR, the gaming regulator, also allowed integrated casino resorts to begin trial operations for invited guests of up to 30% capacity starting last August 24. Capacity limits are still in place for businesses and public transportation that are operating under the current General Community Quarantine (GCQ) restrictions.

August inflation (2.4%) printed on the low end of market expectations as Metro Manila was placed on a tighter lockdown for the first half of the month due to the rapid increase in Covid 19 cases in the Philippines. While the stricter quarantine measures were in response to the call of medical frontlines to help flatten the curve, economic activity and possible bounce of the Philippine economy in 3Q was stunted.

Outlook

We remain cautious on the equity market as the COVID-19 pandemic continues to impact the country's economic output. We continue to be mindful of factors that will impact the country's GDP such as unemployment trends and signs of weak consumer sentiment arising from the effects of prolonged mobility restrictions. We remain weighted in resilient sectors but look to take advantage of cheap valuations to accumulate stocks in sectors that will be the new winners once the economy reopens and recovers.

Bangko Sentral ng Pilipinas (BSP) Governor Diokno has indicated that ample liquidity coupled with the prevailing interest rate levels in the Philippines is supportive of economic activity in the Philippines. In addition, inflation is expected to remain benign and well within the BSP's target range. Against this background, we expect bond yields to remain at current levels as the country hopes to see an improvement in the Covid 19 cases following the lockdown.

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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