

# Peso Dynamic Allocation 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 capital growth through investments in diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippine Stock Exchange and/or pooled fund/s that invest in these securities and other liquid fixed income instruments. It shall generally maintain a balanced allocation between fixed income and equity investments and may shift asset allocation between the two as risk/reward dynamics warrant but in no case shall the fund's equity or fixed income allocation exceed 70% of its assets.

## Fund Information

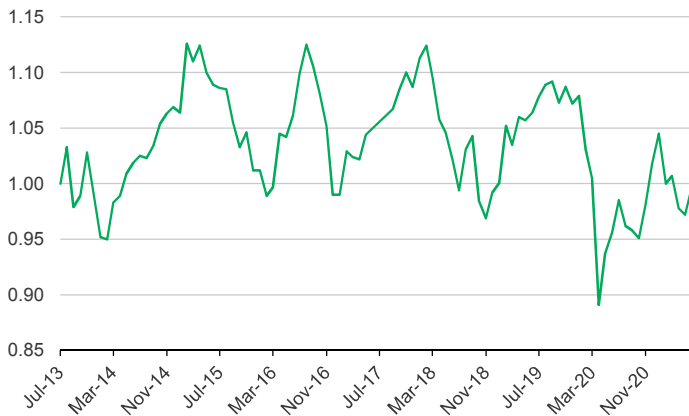
<b>Inception Date</b> July 2013	<b>Fund Size</b> PHP 5.11 billion	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.997	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> MPPHDYN	

## Performance Return (May 31, 2021)

Peso Dynamic Allocation Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.57%	-4.59%	4.29%	-2.35%	-6.03%	-0.30%
Annualized	n.a.	n.a.	4.29%	-0.79%	-1.24%	-0.04%

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

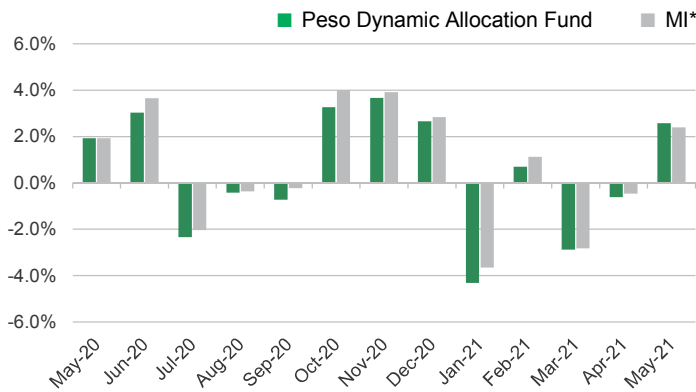


## Top Five Holdings

Bond Pool		Equity Pool	
FXTN 08/12/25	13.61%	SM INVESTMENTS CORPORATION	14.34%
FXTN 02/11/23	9.93%	Manulife Equity Wealth Fund Class I	10.34%
FXTN 03/09/24	8.01%	AYALA LAND INC	9.99%
FXTN 09/09/25	7.94%	SM PRIME HOLDINGS INC	9.87%
RTB 12/04/22	7.73%	AYALA CORPORATION	8.60%

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

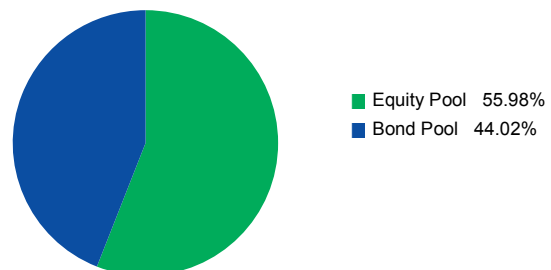
## Monthly Performance



\*Market Indicator = 50.0% PSEi + 5.0% Markit Iboxx ALBI Philippines Liquid + 45.0% Markit Iboxx ALBI Philippines 1-5

## Portfolio Breakdown

### Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 45% Bond Pool and 55% Equity Pool. The investments in these pools consist of:  
-Peso Bond Pool: Peso-denominated bonds of the Republic of the Philippines and term deposits.  
-Equity Pool: Various stocks listed on the PSE and term deposits

# Peso Dynamic Allocation Fund

## Market Review

The PSEi rose 4.31% in May to close at 6,628.49 points, trimming its YTD losses to 3.53%. The market cheered optimism on the COVID-19 front, as average daily new infections dropped to below 7,000, lower than the peak of more than 11,000 during the March and April surge. Metro Manila and nearby areas will remain at “General Community Quarantine”, the second loosest form of mobility restrictions, until June 15.

First quarter earnings season wrapped up in May, with results largely in line with expectations. As expected, consumer discretionary names continued to be impacted by the pandemic, while property companies’ results were dragged lower by weak residential sales and low foot traffic for mall operators. Resilience remained to be the theme for consumer staples such as groceries and supermarkets despite the high base last year. Telco earnings remained strong as well, driven by sustained adoption of broadband services as workers and students continued to be displaced by the pandemic. Some green shoots emerged in the banking sector, as non-performing loans and lower provisions offset weak loan formation for the period. In addition, lower income taxes brought by CREATE bill helped offset the weakness in revenues for most industries. 2021 continues to remain a recovery year, with earnings expected to bounce back 30% to 50% versus 2020.

The country’s output remained weak, with first quarter GDP printing at -4.2% y/y, worse than consensus expectations of -3.2%. Domestic demand remained weak, contracting 5.2% and offsetting government spending which grew 16.1% for the period. The government said it now expects GDP to grow 6%-7% this year, from an earlier estimate of 6.5%-7.5%. The Bangko Sentral ng Pilipinas, meanwhile, kept its key rate unchanged at 2%, in line with expectations.

After several months of above trend price increases, Philippine inflation is moderating with May print steady at 4.5%, flat vis-à-vis April and March. Inflationary pressures have eased following the improvement in supply side constraints, increased agricultural supply and limited domestic demand due to the lockdowns. Against this backdrop and the flush liquidity in the market, government bonds rallied for the month of May as investors deployed excess cash in the local bond market.

## Outlook

We remain constructive overall on the Philippine market as data continues to support a case for a reopening of the economy. Our preference remains to be cyclical sectors such as banks and property while we are selective on defensive sectors. We remain watchful on developments regarding the COVID-19 pandemic as it remains to be the biggest risk to any recovery that is being penciled into market expectations and will serve to cap any upside rally should developments turn south, similar to what we have seen in March and April.

While S&P affirmed the Philippines credit rating at BBB+ with a stable outlook, Moody’s has recently lowered the GDP forecast for the country. Citing the slower than expected vaccine rollout, Moody’s is projecting Philippines GDP for 2021 to grow by 5.3% from previous forecast of 6.3%. However, supply has increased with about 11 million Covid 19 vaccines expected to arrive in the country in June, providing optimism of an improvement in the vaccination of the Filipinos. Considering the improved inflation outlook, augmented vaccine supply and liquid market, we expect local bond yields to be well supported as demand for bonds increase.

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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.

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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