

Peso Dynamic Allocation 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 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

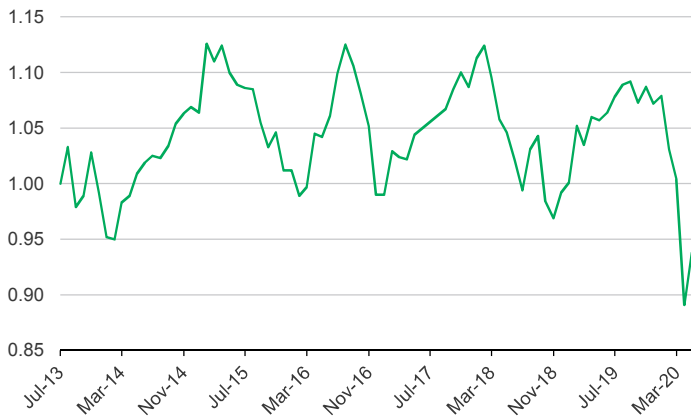
Inception Date July 2013	Fund Size PHP 4.53 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.938	Management Fee 2.25% per annum	Bloomberg Ticker MPPHDYN	

Performance Return (April 30, 2020)

Peso Dynamic Allocation Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	5.27%	-13.07%	-11.26%	-10.15%	-14.73%	-6.20%
Annualized	n.a.	n.a.	-11.26%	-3.51%	-3.14%	-0.93%

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

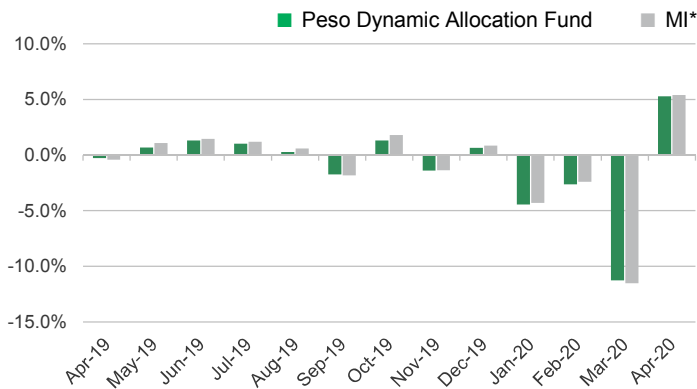


Top Five Holdings

Bond Pool		Equity Pool	
FXTN 03/12/24	15.13%	SM INVESTMENTS CORPORATION	14.97%
FXTN 02/11/23	14.75%	Manulife Equity Wealth Fund Class I	11.89%
RTB 12/04/22	14.14%	SM PRIME HOLDINGS INC	9.80%
Manulife Income Builder Fund Class I	5.52%	AYALA LAND INC	7.60%
FXTN 08/20/24	5.34%	BDO UNIBANK INC	6.68%

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

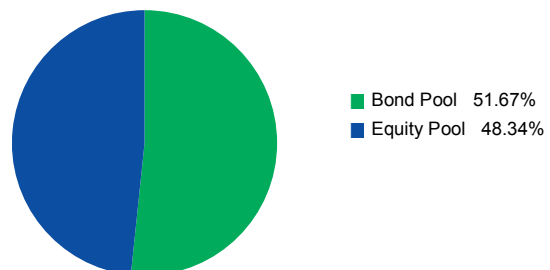
Monthly Performance



*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 Philippine stock market index (PSEi) closed at 5,701 in April, up 7.1% for the month and -27% year-to-date. The market slumped as much as 41% year-to-date after the announcement of the lockdown but has since recovered around 23% from the lows. Continued increase in COVID-19 cases and fears of a second wave of infections led to the government extending the enhanced community quarantine to May 15 in selected areas, including Metro Manila. Meanwhile, other areas in Luzon where the infections are not as severe were adjusted to a more relaxed form of quarantine. Globally, economic activity continues to wane with commodity prices declining sharply amidst lack of demand. WTI Oil price futures plunged briefly below zero USD per barrel as storage concerns for the commodity mounted, amidst lack of demand globally.

The Bangko Sentral ng Pilipinas (BSP) cut policy rates by another 50bps to 2.75%, its lowest level, in an off-cycle meeting in an effort to strongly encourage lending across different sectors of the economy amid the COVID-19 pandemic. The expectation is that the BSP may cut another 200bps in reserve requirement to 12%. BSP Governor Diokno signaled that the BSP stands ready to further ease monetary conditions in response to the current crisis. Additionally, Finance Sec. Carlos Dominguez said that the government is thinking of providing extra stimulus measures that includes wage subsidies and loan guarantees to SMEs critical to this crisis. The new stimulus program is now at P1.45Tn which includes new measures like P120Bn provisions for SME credit guarantees and P51Bn wage subsidy for displaced workers.

The Philippine local bond market experienced a strong rally in April as the Bangko Sentral ng Pilipinas (BSP) flexed its muscles and instigated measures to help the economy and calm the financial markets. An off cycle 50bps cut in policy rates on April 16 contributed to the total 125bps policy cut from the BSP since the start of 2020. The aggressive moves by the BSP coupled with the local equivalent of Quantitative Easing (BSP's daily purchases of government bonds from banks in the secondary market) signaled its solid support to the Philippine economy and brought bond yields to 2020 lows.

Outlook

In the near term, market recovery may be muted as investors look to slowing economies globally as evidenced by the recent collapse of oil prices. Locally, the market will take its cue from the upcoming 1Q20 earnings results for concerns around potentially severe earnings deterioration and impact to this year's GDP performance brought about by the pandemic. Moving forward, we also expect companies to trim their previous capex guidance and spending plans for the rest of the year as most companies go into cash preservation mode. Companies are likely to focus on maintenance works of existing facilities, lesser store openings in the retail space, and slower residential and office project completions. The "new normal" will also push companies to rethink operations and leverage on technology in light of social distancing practices. On a positive note, the Philippines will be a beneficiary of lower oil prices as lower oil imports may help offset the potential impact of lower dollar flows from remittances and BPO revenues.

We are beginning to position the portfolio in anticipation of better market conditions from a gradual loosening of the Enhanced Community Quarantine in Luzon by May 15. We look to enhance our portfolio positioning by capitalizing on regional market trends that have emerged from the pandemic earlier and redeploy excess cash positions on any stock price weakness.

Slowing inflation with April printing at 2.2% provides a supportive environment for more policy cuts from the BSP. However, BSP has announced that it will monitor impacts of their recent moves before implementing additional actions. The extension of the Enhanced Community Quarantine for select areas in the Philippines will continue to push May inflation lower as the restrictive environment hamper economic activity. As the May 15 deadline of the latest extension draws near, numerous uncertainties dominate and provide uncertainty for local bond yield direction. In light of this, we continue to maintain a neutral duration positioning while continuing to hold overweight positions on select securities.

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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