

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

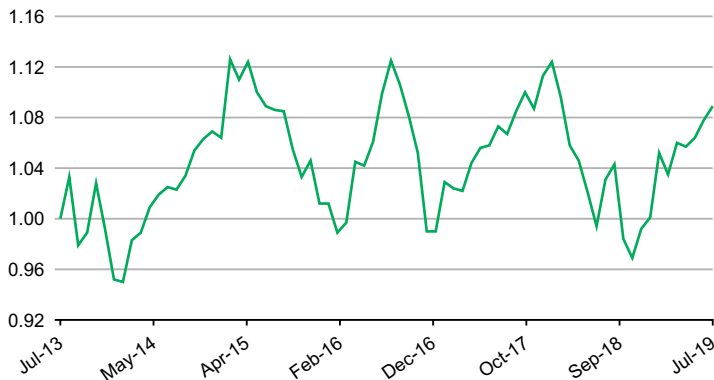
Inception Date July 2013	Fund Size PHP 5.06 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.089	Management Fee 2.25% per annum	Bloomberg Ticker MPPHDYN	

Performance Return (July 31, 2019)

Peso Dynamic Allocation Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.02%	8.79%	5.63%	-3.20%	6.45%	8.90%
Annualized	n.a.	n.a.	5.63%	-1.08%	1.26%	1.41%

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

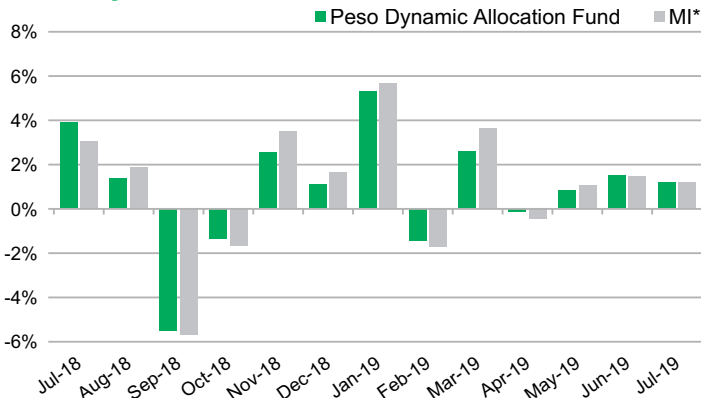


Top Five Holdings

Bond Pool		Equity Pool	
FXTN 03/12/24	18.5%	Manulife Equity Wealth Fund Class I	12.6%
RTB 12/04/22	15.1%	SM Investments	11.6%
RTB 06/13/21	6.6%	Ayala Land	9.4%
FXTN 01/10/29	6.3%	BDO Unibank	8.5%
FXTN 01/24/39	5.6%	Ayala Corporation	7.8%

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

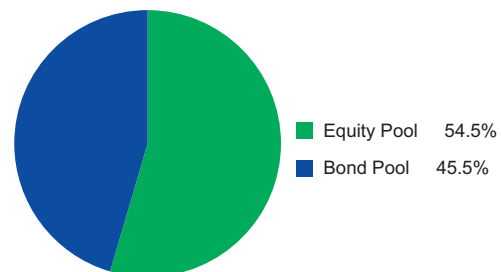
Monthly Performance



*Market Indicator = 50% Markit iBoxx ALBI Philippines Liquid Index + 50% PSEi

Portfolio Breakdown

Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 40% Bond Pool and 60% 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 local stock market index closed at 8,046, up 0.6% for the month of July. The market was able to break out of its 6-month consolidation range, closing above the 8,200 resistance level for the first time in 2019, but eventually succumbed to profit-taking during the latter part of the month. Nonetheless, a rosier outlook for the second half has helped boost investor sentiment with inflation tracking lower and the peso remaining stable. Helping boost equities further are global central banks issuing dovish statements and hinting at keeping accommodative monetary policies for longer. Inflation rate slowed in June to 2.7% YoY versus May's 3.2%. The BSP further hinted that third quarter inflation could settle below the BSP's target range of 2-4% because of high-base effect from last year's multi-high rates. This should be supported by the significant drop in oil prices as well as the cost of rice which continue to decline with the ongoing harvest season and the continued arrival of imports. In its June 20 monetary policy meeting, the BSP revised its inflation forecast for FY19 to 2.7% from 2.9% on expectations of lower global oil prices and the peso's appreciation. Philippine 10-year bond yields continue to decline and are beginning to breach below 5%, further supporting a potential equities market re-rating, following a much more benign inflation outlook.

With the US Federal Reserve (Fed) clearly signaling a rate cut for the end of July, numerous central banks, including the Bangko Sentral ng Pilipinas (BSP) have followed suit. The BSP's Monetary Board (MB) cut policy rates by 25bps at its May meeting but paused at its July 10 meeting, noting that it's simply a matter of timing for the next policy cut. The next MB meeting is scheduled on August 8, with investors pricing in a high probability of a 25bps policy cut.

Against the loosening policy backdrop, local bonds continued its rally with yields lower by an average of 43bps across the curve. Strong buying momentum emerged given the dovish global sentiment. The injection of approximately PHP 45Bn into the market, as the last 50bp cut tranche of the Reserve Requirement Ratio took effect at the end of July, may have also contributed to the lower yield environment.

Outlook

We have turned more bullish on the Philippine stock market amidst the country's improving macro fundamentals. The lower inflation outlook should give the BSP sufficient room to further adopt a more loose monetary policy stance going forward. Moreover, there seems to be minimal signs for major potential disappointments in the upcoming second quarter earnings season.

With our more bullish outlook on the market, the fund looks to increase exposure in liquid names that are more likely going to be acting as market proxies, particularly for foreign investors, while also remaining well-positioned in select names that should deliver during the upcoming earnings season. We have also lessened our cash position to increase the funds' ability to participate in market rallies.

Outlook for the global yield environment seems to be promising following the Fed's decision to ease policy rates by 25bps last July 31. Recent re-escalation of U.S. and China trade war may also prompt 1-2 more rate cuts this year. Outlook for the Philippine bond market also remains positive with the BSP having ample room to ease following last year's 175bp policy rate hike. As long as inflation continues to moderate and the Philippine currency remains relatively stable, we can expect a further downtrend in peso bond yields for the rest of 2019. In light of the current environment, we will maintain our longer duration positioning vis-a-vis the benchmark and will opportunistically take profit on select securities as the rally continues.

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.