

ASIA PACIFIC BOND FUND

FREQUENTLY ASKED QUESTIONS

Where will my money be invested under the Asia Pacific Bond Fund (APBF)?

Your money will be invested in a diversified portfolio of fixed income securities, issued by governments, agencies, supra-nationals and corporate issuers in the Asia Pacific region.

What makes the APBF an attractive investment?

It will allow investors to keep investment in USD and at the same time, allow them to take advantage of the expected appreciation of Asian currencies vis-à-vis the USD.

It will allow investors to gain exposure in a USD fund with target average credit quality of A-, duration of 4.7 years and an expected total return that is comparable to the current yield-to-maturity of BB-rated USD-denominated bond of the Republic of the Philippines with comparable duration.

Who will be the Fund Manager of the Asian Pacific Bond Fund?

As an investor, you will be able to avail of the expertise of the Manulife Asset Management (Hong Kong) Limited as the fund manager for the APBF.

How can the APBF help maximize the return potential of my USD investments?

The fund manager will take active investment decisions through selection of Asia Pacific region debt and Asia Pacific region local currency debt. Independent currency, credit and interest rate decisions will be the key planks of the selection process.

What are the investment parameters for the APBF?

- a) Issues of the Philippine government or Philippine government-owned or controlled corporations;
- b) Issues of Philippine private corporations provided their credit rating is equivalent to or better than that of the Philippine government;
- c) Issues of foreign governments provided they have a minimum credit rating of BB+ (S&P) or Ba1 (Moody's); or one notch above the credit rating of the Philippine government, whichever is higher;
- d) Issues of foreign corporations provided they have a minimum credit rating of BBB (S&P) or Baa2 (Moody's); or two notches above the credit rating of the Philippine government, whichever is higher.

In case of an upgrade of the credit rating of the Republic of the Philippines (ROP), what will happen to the bond holdings that will not meet the criteria set under the investment parameters of the APBF?

In case of credit rating upgrade of the ROP, the fund manager will rebalance the portfolio to comply with the investment parameters of the APBF and to meet the target average credit quality of the APBF.



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How about in the event of credit rating downgrade of a particular security that will make it fall below the minimum rating requirement?

Similarly, the fund manager will rebalance the portfolio to comply with the investment parameters of the APBF and to meet the target average credit quality of the APBF.

How will the fund manager manage the foreign exchange risks associated with the multi-currency investments of the APBF?

The fund manager may use forward currency contracts for hedging purposes.

How is the APBF different from the current USD Secure Fund?

Unlike the USD Secure Fund which currently invests solely in ROP-issued and ROP-guaranteed USD-denominated bonds, the APBF will invest in multi-currency denominated fixed income securities in the Asia Pacific markets. Hence, the APBF will have three sources of return, namely, interest, credits and foreign currency.

What is the currency denomination of the APBF?

The APBF is USD-denominated. All subscriptions/redemptions will be in USD.

How can I invest in the APBF?

The APBF is a fund option that may be attached to the USD-denominated AFFLUENCE MAX which is a single-pay variable life insurance product.

When will be the first valuation date of the APBF?

The initial valuation date will be on October 24, 2011.

If I purchase Affluence Max and invest in the APBF, can the policy be issued under GIE?

Yes, given that the base product is Affluence Max, GIE is applicable based on the current guidelines of the product.

For existing Affluence Max clients, can they just put a top-up to the APBF?

Yes, they can just invest through top-up. There is no need to purchase a new policy. However, the minimum initial top-up for this fund will be USD12,500. After that, the existing minimum of USD 600 will apply.

Can I just switch my funds from the USD Secure Fund instead?

Yes, switching is also allowed provided that the minimum amount that will go into the APBF is also at least USD12,500. Essentially, the rule for initial money going into the APBF should be USD12,500 whether through a Single Premium, top-up or fund switch.

How about application requirements?

All the submission requirements for Affluence Max will still apply as there will be no new guidelines that will be introduced.