

Asia Pacific Bond Fund

(An investment fund option for the **Affluence Max** and **Affluence Max Gold** variable life insurance products of **The Manufacturers Life Insurance Co. (Phils.), Inc.**)



Investment Objective

The Fund seeks to maximize returns from a combination of capital appreciation and income generation. The Fund primarily invests in a diversified portfolio of fixed income securities, issued by governments, agencies, supra-nationals and corporate issuers in the Asia Pacific region.

Fund Information

Launch date October 2011	Average credit rating A2/A3	Investment Manager Manulife Asset Management (Hong Kong) Limited
Fund currency US\$	Fund size US\$10.19 million	Management fee 2.00% per annum (of which 0.6% will go to the investment manager)
Price (NAV/unit) \$1.0200	Dealing/Valuation Daily	

Performance Returns (30 March 2012)

Asia Pacific Bond Fund (net of management fees)	3M	Since Inception
Absolute Performance	2.93%	2.00%

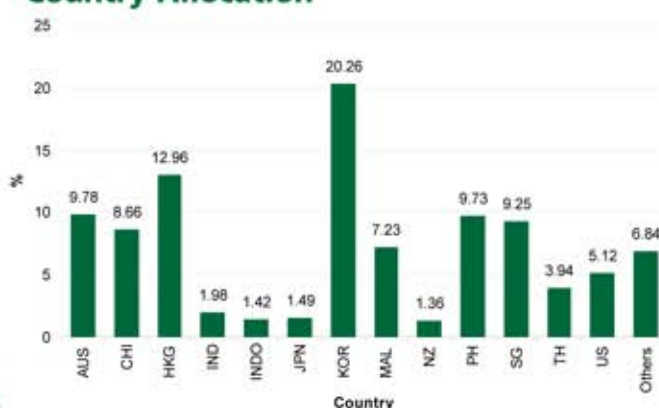
Sector Allocation

Sectors	Market Value (%)
Government & Government-related	39.87
Corporate	56.50
Cash	3.90
Others	0.03

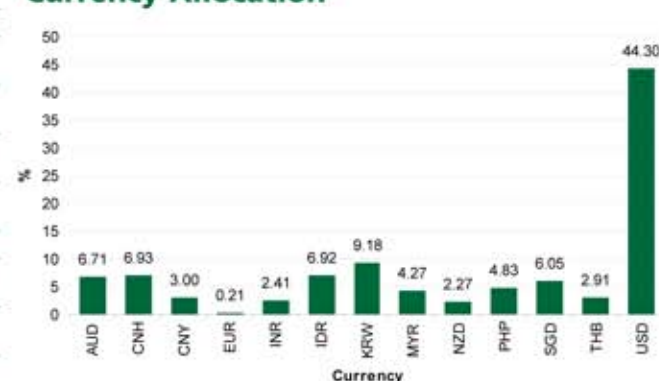
Top Ten Holdings

Description	Currency	Coupon	Maturity Date	Market Value (%)
KOREA (REPUBLIC OF)	KRW	4.250	6/10/2021	2.97
THAI GOV BOND	THB	1.200	7/14/2021	2.91
KOREA (REPUBLIC OF)	KRW	4.750	3/10/2014	2.87
MALAYSIA (FEDERATION OF)	MYR	4.160	7/15/2021	2.65
PHILIPPINE LONG DIST TEL	USD	11.375	5/15/2012	2.56
PHILIPPINES REPUBLIC OF	PHP	6.250	1/14/2036	2.45
KDB	INR	7.000	5/3/2012	2.43
PHILIPPINES REPUBLIC OF	PHP	4.950	1/15/2021	2.39
PHILIPPINES (REPUBLIC OF)	EUR	6.250	3/15/2016	2.33
AUSTRALIA (GOVERNMENT OF)	AUD	5.500	4/21/2023	2.30

Country Allocation



Currency Allocation



Asian Countries

- show robust fiscal conditions
- offer higher growth prospects than developed markets
- have potential to benefit from favorable monetary policies
- have strengthened their credit worthiness
- sit on a large foreign reserves cushion

Asia Bonds

- have risen rapidly since 1997 to USD6.5 trillion and will continue to grow
- are diversified and highly rated but still underrepresented in global indices
- have delivered outstanding risk-adjusted returns over the past decade
- can provide investors with direct access to the booming Chinese "Dim Sum" bond market in the years ahead

Strategy Highlights

- A unique and balanced approach to investing in Asian bonds, mixing local currency and hard currency strategies.
- A rigorous and multi-dimensional risk management process from product design to portfolio construction and performance reporting.
- A direct access to the fast growing Asia bond market, leveraging expertise from over 40 dedicated fixed income professionals located in 10 different territories across Asia.

Market Review

The Asian bond market consolidated in March following a very strong performance at the start of the year. Macroeconomic data were mixed with good numbers coming from the US while most countries in the Eurozone posted weak PMI numbers. In Asia, China's Manufacturing PMI numbers came out stronger than expected.

Asian government bond yields increased across the board, especially in the Philippines and Indonesia. The elevated oil price brought inflation fears to most Asian countries. Asia-Pacific currencies such as the Indian Rupee and Australian Dollar were weak versus the US Dollar.

Outlook

Although Asia-Pacific currencies had a weak month, we still believe that they offer long term potential appreciation versus the US Dollar. Our outlook remains stable concerning Asian credits, but tail risks remain elevated in sectors such as Chinese property. More broadly, the Asian growth outlook remains positive.

The region benefits from a unique mix of superior growth prospects, favourable demographics, undervalued currencies, supportive monetary policies and a strong fiscal position.

We took profits from some credit names that performed well and rotated positions. We trimmed risks in some of the high beta names.

We continue to have a large exposure in Korea. We think Korean Treasuries offer attractive yields relative to the country's rating and the Korean Won will appreciate over the medium term. We also think Korean corporates offer attractive spreads relative to their credit quality.

Disclaimer

The Asia Pacific Bond Fund is an investment fund option for The Manufacturers Life Insurance Co. (Phils.), Inc.'s Affluence Max and Affluence Max Gold, and is managed by Manulife Asset Management (Hong Kong) Limited.

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