

USD Global Multi-Asset Income Fund

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

Investment Objective

The Fund aims to maximize total return by investing substantially all of its assets in one or more collective investment schemes which aims to achieve income generation by investing primarily in a diversified portfolio of equity, equity-related, fixed income and fixed income-related securities of companies and/or governments globally (including the emerging markets).

Fund Information

Inception Date May 2022	Fund Size USD 9.50 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.094	Management Fee 2.25% per annum	Bloomberg Ticker PHEQUUM	

Performance Return (December 31, 2025)

USD Global Multi-Asset Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.05%	8.94%	8.94%	32.76%	n.a.	29.63%
Annualized	n.a.	n.a.	8.94%	9.91%	n.a.	7.46%

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.

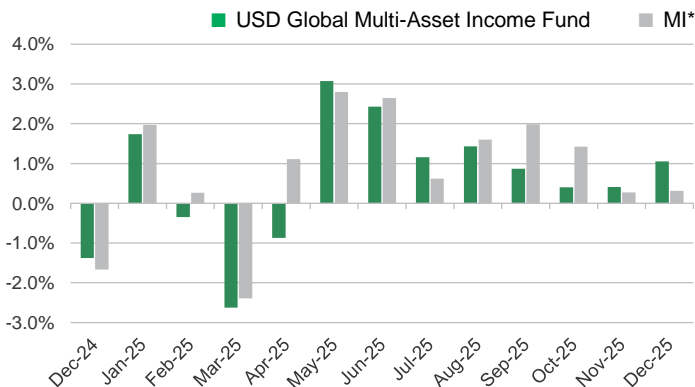
Monthly Net Asset Value per Unit



Top Five Holdings

MICROSOFT CORPORATION	1.74%
NVIDIA CORPORATION	1.17%
ALPHABET INC.	1.08%
AMAZON.COM, INC.	0.88%
BROADCOM INC.	0.87%

Monthly Performance



*50% MSCI World GR (USD) Index + 50% Bloomberg Barclays Global Aggregate Bond (USD Hedged) Index

This is not a deposit product. Earnings are not assured and principal amount invested is exposed to risk of loss. This product cannot be sold to you unless its benefits and risks have been thoroughly explained. If you do not fully understand this product, do not purchase or invest in it.

Portfolio Breakdown

Asset Allocation (at Market Value)



Manulife Global Fund - Global Multi-Asset Diversified Income Fund
100.00%

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Market Review

Global equities extended gains into the year-end, supported by moderating inflation, and expectations of 2026 rate cuts. Major developed indices closed higher as breadth improved across Europe and Asia. Emerging markets remained broadly constructive amid a softer dollar and improved sentiment, sustaining 2025's performance versus developed market peers. Fixed income was mixed as long-dated government yields edged up, leaving global government bonds modestly negative over the month, while broader corporate credits benefited from tighter spreads and an improved risk tone. Policy signals remained accommodative overall despite the US Federal Reserve's (Fed) hawkish cut, with markets pricing gradual easing into 2026. The US Dollar index fell, supporting non-US assets. Commodities were mixed as well with precious metals continuing to advance. Gold and silver capped a strong year, while energy prices softened further on ample supply expectations.

US equities ended December mixed, as a mid-month rotation out of artificial intelligence (AI)-heavy tech into value/cyclicals followed the US Fed's hawkish cut. Financials led monthly sector gains, while technology finished weaker amid profit-taking and margin and valuation concerns around AI hardware. Economic prints resumed, with inflation moderating and unemployment steady, supporting a soft-landing narrative. AI leadership consolidated with semiconductor names and other hyperscalers seeing choppy trade. Breadth improved outside mega-cap growth, with small caps and cyclicals firmer into the year-end.

Eurozone equities advanced in December, supported by steady policy signals and resilient services activity. The European Central Bank (ECB) left rates unchanged and reiterated a data-dependent approach going into 2026. Disinflation remains a gradual process. Politics stay in the background, with Germany's budget wrangling, lingering as a mild source of uncertainty, and nationwide strikes in France keeping sentiment cautious in places, though holiday season demand and services strength provided support to the region overall. UK equities had solid gains, even as commodity-linked sectors faced headwinds from softer energy prices and a stronger pound limited gains for large-cap exporters. However, selective financials and industrials pockets held up.

Asian equities were broadly positive, with gains led by Korea and Taiwan on semiconductor strength, though mid-month profit-taking in the AI sector tempered momentum before late-month rebounds. China and Hong Kong stayed cautious with property and macro concerns offsetting improving data. Japan recorded modest gains and traded near record high territory but pulled back mid-month amid the Bank of Japan (BoJ) tightening jitters and weaker data.

In December, equity markets were broadly positive, with the MSCI World gaining 0.84%. Emerging markets performed well, gaining 3.00%, led by Korea's strong 9.35% advance and select Asian and Latin American markets. Asia Pacific ex Japan rose 2.82%, while Latin America added 1.20%. Among developed peers, Europe and Canada posted solid gains of 3.86% and 3.22%, respectively. Japan added 0.59%, while the US lagged, with the Standard & Poor's 500 (S&P 500) up just 0.06%.

Within MSCI World, financials led with an 4.66% gain. Materials followed with solid returns of 4.02%, and industrials added 2.07%. In contrast, utilities and real estate declined by 2.83% and 1.82%, respectively. Information technology was slightly negative with a return of -0.14%.

Fixed income markets were positive in December. The US 10-year Treasury yields slightly increased and ended the month at 4.17%. Global treasuries and investment-grade credits were positive with the FTSE World Government Bond Index and the Bloomberg Global Aggregate - Corporate Index gaining 0.13% and 0.27%, respectively. Emerging market debts added 0.43%. More riskier segments – high yields credits performed well with global high yields and US high yields gaining 0.98% and 0.57%, respectively.

In foreign exchange, major currencies strengthened against the US dollar, including the GBP (+1.51%), and the euro (+1.20%), while the JPY weakened (-0.44%).

Outlook

We expect a clearer macro picture and better growth as 2026 progresses. After a turbulent 2025, a combination of gradually easier monetary policy, targeted fiscal support, and businesses adapting to new trade and policy regimes should improve risk sentiment in H2. Near term, volatility is likely to persist as markets digest still-sticky inflation, pockets of labor market cooling, and uncertainty around policy sequencing under the second Trump administration. Our base case remains constructive: inflation moderates toward targets, policy rates drift lower over time, and earnings growth proves resilient—albeit uneven across regions and sectors. Geopolitical fragmentation, the AI trade debate, energy transition, and a new US Fed composition will likely keep uncertainty indicators high throughout 2026.

In developed markets, we expect an orderly slowdown and stronger finish. The US starts 2026 soft but should reaccelerate as the lagged effects of prior easing and fiscal measures (e.g., capex amortization, corporate tax reductions, and household rebates) take hold—potentially broadening investment beyond AI infrastructure. The euro area's cyclical rebound likely extends, with upside risk from pro-growth reforms and German-led stimulus, offset by France's political/fiscal headwinds and slower external demand. The UK remains in a stagflationary mix—below-trend growth and sticky services inflation—though easier policy helps at the margin. Japan continues modest recovery with inflation trending toward 2% and supportive wage growth. In emerging markets, fundamentals improve as global manufacturing and trade gradually recover, the USD weakens, and supply chains adapt. China's growth looks imbalanced: external resilience contrasts with soft domestic demand and property-sector adjustment. A supportive People's Bank of China (PBoC) policy and potential front-loaded fiscal measures should help anchor a ~5% target, but overcapacity and lingering deflationary impulses remain watchpoints. Across emerging markets, domestic-demand-led economies are better placed than export-heavy peers in early 2026.

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We still anticipate the US Fed cutting two to three times in 2026, with an eventual path toward ~3% by the year-end — balancing still-too-high inflation (moderating but above trend) against a cooling labor market. Leadership transition as Chair Powell's term winds down in Q2 2026 adds uncertainty but institutional independence should ultimately be preserved. The ECB appears at/near neutral and likely on hold through most of 2026 amid inflation near target and stabilizing activity. The PBoC is similarly cautious. The Bank of England (BoE) faces a difficult trade-off—weakening employment versus sticky inflation—and we expect a gradual glide path toward neutral (around 3%) into early 2027. Japan is an outlier: policy normalization continues, with gradual hikes and a flatter curve as rates move toward neutral. In emerging market, most easing cycles are near completion. Headline inflation has broadly normalized, but stickier core and improving growth argue for a measured pace of cuts, conditional on foreign exchange stability and external financing. Overall, the lagged impact of prior easing should support emerging market growth through 2026.

Fiscal policy is becoming an important tool for governments to support growth. In the US, the One Big Beautiful Bill's corporate incentives (full capex amortization and lower statutory rates) and household rebates should support investment and consumption, even as longer-term deficit dynamics warrant vigilance. Europe leans on structural reforms and infrastructure—Germany's expansionary stance is a tailwind—while France's consolidation could weigh on growth. Japan has unveiled its largest post-COVID stimulus, reinforcing recovery but intensifying debt-sustainability scrutiny. China is likely to front-load support—both monetary and fiscal—to kickstart 2026, yet durable transmission to households remains the key.

Looking ahead, we are modestly overweight equities versus fixed income as corporate earnings remain resilient, and global growth is expected to hold steady, supported by fiscal spending, gradual rate cuts, and ongoing investment in productivity themes such as AI. Key risks include high valuations, inflation, and geopolitical uncertainty. AI remains a structural growth driver, with US equity markets supported by large-cap tech and heavy investment in data centers, semiconductors, and cloud infrastructure. While enablers have led gains, adoption in software and healthcare is still developing, and elevated debt among AI-focused firms warrants caution. Nonetheless, strong fundamentals among proven AI beneficiaries and high return on invested capital support a constructive view on innovation-led growth. At the same time, broadening global opportunities and regional tailwinds—including a weaker US dollar and improving macro conditions in Europe and Asia—reinforce the case for diversified equity exposure. Europe's recovery, fiscal stimulus, and attractive valuations create a supportive backdrop, while Asia offers compelling opportunities in manufacturing and tech-export economies. South Korea and Taiwan stand out on technology leadership and policy support, and early signs point to a more constructive tactical view on China. We remain underweight fixed income, favoring short duration exposures as elevated government debts and sticky inflation make long-end yields volatile. In credit, tight spreads and robust issuance leave little cushion for repricing.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Investment 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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