

Global Target Income Fund

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

Investment Objective

The fund seeks to deliver periodic distribution of up to 4.75%* p.a. while providing the potential for capital appreciation and limiting the risk of capital erosion. The Fund will invest primarily in a diversified portfolio of collective investment schemes (including exchange-traded funds (ETFs), real estate investment trusts (REITs) and cash and cash equivalents.

Fund Information

Inception Date January 2016	Fund Size USD 66.35 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.818	Management Fee 2.25% per annum	Bloomberg Ticker MGLTRIN	

Investment Fund Manager (the "Manager")
Manulife Investment Management (Hong Kong) Limited

* The target payout is not guaranteed. Distribution may be made out of principal investment.

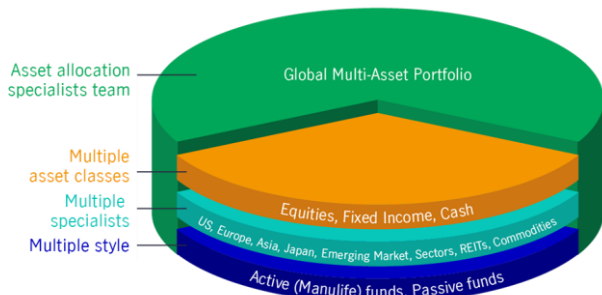
Performance Return (March 31, 2026)

Global Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-5.38%	1.32%	15.30%	30.51%	16.23%	32.18%
Annualized	n.a.	n.a.	15.30%	9.28%	3.05%	2.77%

Why this Fund?

The Fund is managed using the **3 "Ds"** Investment Philosophy: Diversification, Dynamic Asset Allocation, Downside Control Mechanism.

- **Diversification** - Access to diverse asset classes globally mitigates the risk inherent to individual asset classes vis-à-vis changing economic cycles and market conditions.
- **Dynamic Asset Allocation** - Optimal asset mix is achieved based on consistent application of MFST analysis - **Macro**economic, **Fundamental**, **Sentiment** and **Technical** factors are carefully examined at each stage of the economic cycle.



- **Downside control mechanism** - Our proprietary downside risk control mechanism minimizes allocation to specific investments that are highly exposed to downside risk under certain market conditions.

Asset Allocation^

	%
Fixed Income	46.57
US Bonds	27.72
International Bonds	12.70
Emerging Market Bonds	6.15
Equities	37.16
North American Equities	20.19
European Equities	12.41
Japanese Equities	4.57
Commodities	1.45
Commodities	1.45
Others	0.06
Cash & Cash Equivalents	14.76

Top Ten Holdings

	%
iShares Floating Rate Bond ETF	13.01
SPDR Bloomberg International Treasury Bond ETF	12.70
Xtrackers EURO STOXX 50 UCITS ETF	10.18
Vanguard Short-Term Inflation-Protected Securities ETF	9.53
Vanguard S&P 500 ETF	8.41
iShares Core S&P 500 ETF	6.06
iShares 7-10 Year Treasury Bond ETF	5.18
VanEck J.P. Morgan EM Local Currency Bond ETF	3.98
State Street Energy Select Sector SPDR ETF	3.44
NEXT FUNDS Nikkei 225 ETF	2.32

^Figures may not sum to 100 due to rounding.

Global Target Income Fund

Market Review

Global markets shifted decisively into risk-off mode in March 2026 as geopolitical tensions escalated, overwhelming earlier optimism around growth and policy support. Equities declined sharply worldwide, with selling pressure most pronounced outside the US, as energy-price shocks and rising uncertainty weighed on investor confidence. European and Asia-Pacific markets declined, reflecting their greater exposure to higher energy costs and global trade disruption, while US equities proved more resilient but still ended the month lower amid tighter financial conditions and pressure on risk assets. Fixed income markets also weakened as surging oil prices lifted inflation expectations and prompted investors to reassess the path of monetary easing, pushing government yields higher and weighing on both sovereign and credit markets. The US dollar (USD) strengthened on safe-haven demand as geopolitical risks intensified, while oil prices surged above USD 100 per barrel, driven by supply-disruption concerns linked to the escalation of conflict in the Middle East. Broader commodity markets were volatile, with energy sharply higher, offsetting weakness in precious metals as higher yields weighed on defensive demand.

US equities came under renewed pressure in March as geopolitical shocks and tightening financial conditions pushed markets into a more defensive posture. Major indices broadly declined, ending the month lower despite a late-period rebound, as higher energy prices and rising bond yields weighed on valuations. Large-cap growth and information technology (IT) once again weighed on returns, reflecting sensitivity to higher discount rates and ongoing scrutiny around artificial intelligence (AI)-related capital spending, while defensive and value-oriented segments proved more resilient amid the risk-off environment. Economic data took a back seat to geopolitical developments, with surging oil prices driving concerns around inflation and complicating the outlook for monetary policy. Treasury yields moved higher across the curve as markets repriced expectations for rate cuts later in the year. At its March meeting, the US Federal Reserve Board (Fed) held policy steady and maintained a cautious, data-dependent stance, reinforcing the "higher-for-longer" narrative.

Eurozone equities were negative in March, with export- and energy-import-heavy economies particularly affected, as higher oil prices reignited concerns around inflation and growth trade-offs. While incoming economic data earlier in the month remained broadly stable, macro momentum was overshadowed by external shocks, and previously improving confidence indicators faded as uncertainty rose. Financial conditions tightened over the month, with eurozone bond yields moving higher and spreads widening modestly as investors reassessed the outlook for monetary easing. The European Central Bank (ECB) maintained a cautious stance, emphasizing data dependence amid heightened inflation risks linked to energy costs. In the UK, equities proved more resilient, supported by their defensive, value-oriented, and commodity-heavy composition, which benefited from higher energy prices and a broader rotation toward defensiveness.

Asian equities reversed sharply in March, cancelling earlier gains as escalating geopolitical tensions and a severe energy shock triggered a broad risk-off move across the region. Markets in North Asia were among the most heavily impacted, with Korea and Japan leading declines amid their high sensitivity to surging oil prices and global supply disruptions. Semiconductor and AI-hardware names, which had driven strong performance earlier in the year, came under pronounced selling pressure as investors reduced exposure to crowded trades and reassessed earnings resilience in a higher-cost environment. China and Hong Kong proved more resilient than regional peers, supported by expectations of targeted policy support and China's comparatively lower marginal exposure to imported energy, though sentiment remained cautious given lingering structural headwinds. Foreign outflows accelerated across emerging Asian markets as higher energy prices reignited stagflation concerns and pushed global yields higher, tightening financial conditions.

Equity markets declined broadly in March, with the MSCI World Index falling 6.32%. Emerging markets (EM) declined 13.04%, largely driven by a steep 22.93% decline in Korea. Asia Pacific ex-Japan also saw significant weakness, down 13.21%, while Latin America (Latam) proved more resilient, falling 4.25%. Within developed markets (DM), Japan and Europe declined 12.30% and 9.73%, respectively, while Canada fell 5.50%. The US was relatively defensive, with the Standard & Poor's (S&P) 500 index down 4.98%.

Within the MSCI World Index, energy was the only sector to post positive returns, rising 11.63%. Materials and industrials were the most heavily impacted, declining 10.12% and 10.42%, respectively. Consumer staples and consumer discretionary also detracted, falling 8.77% and 7.87%. Utilities held up comparatively better, down 3.89%.

Fixed income markets also sold off broadly in March. US Treasury yields rose over the month, with the 10-year Treasury ending at 4.32%. Global government bonds declined, with the FTSE World Government Bond Index falling 3.18%. Global investment grade (IG) credit fell 2.85%, while global high yield (HY) credit declined 2.47%. EM debt was also heavily impacted, with particularly pronounced weakness in local-currency bonds.

In foreign exchange (FX), major currencies weakened against the USD, including the Japanese yen (JPY), -1.86%; the British pound (GBP), -1.92%; and the euro (EUR), -2.41%.

Outlook

We expect a clearer macro picture and better growth as 2026 progresses. After a strong 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. Geopolitical risk—especially in the Middle East—adds a further source of variability, chiefly via energy prices and inflation expectations. Our base case remains constructive: inflation moderates toward targets, although there could be sporadic higher inflationary prints driven by energy supply shocks putting temporary upward pressure on prices. Policy rates are still expected to drift lower over time, albeit the timing has been pushed further out given the impact of oil prices on expected inflation over the coming months, and earnings growth proves resilient—albeit uneven across regions and sectors. Geopolitical fragmentation, the AI trade debate, energy transition, and a new Fed composition will likely keep uncertainty indicators high throughout 2026.

Global Target Income Fund

Our base case assumes a short, contained military campaign that creates temporary energy-price and risk-premium spikes but leaves the broader disinflation-and-easing narrative intact. Risks rise if the conflict lasts longer or hits commercial energy infrastructure or shipping lanes, which could sustain higher energy prices, slow disinflation, and tighten financial conditions—especially for energy-importing economies. A broader regional spillover (e.g., proxy involvement or shipping disruptions) would elevate supply-chain frictions and volatility, but absent direct, lasting damage to critical energy assets, markets would likely re-anchor to fundamentals once tensions ease. A resolution in the Middle East would remove negative tail risks; however, macro uncertainty is likely to remain.

In developed markets (DM), we expect an orderly slowdown and a stronger finish. The US starts 2026 stronger than expected and should continue to accelerate 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. A modest recovery continues in Japan, with inflation trending toward 2% and supportive wage growth. In emerging markets (EM), fundamentals improve as global manufacturing and trade gradually recover, the US dollar (USD) weakens, and supply chains adapt. China's growth looks imbalanced: external resilience contrasts with soft domestic demand and property-sector adjustment. 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 EM, domestic-demand-led economies are better placed than export-heavy peers in early 2026.

We continue to expect the Fed to begin easing over the next 12 months, with at least three cuts likely as cooling labor-market momentum increasingly offsets still-elevated but moderating inflation, notwithstanding added uncertainty from the upcoming leadership transition as Chair Powell's term ends in Q2 2026. While markets have recently moved to price a more aggressive hiking path, we view this as premature: the energy shock remains a supply-side event with highly uncertain duration, and absent clear evidence of prolonged disruption or permanent infrastructure damage, central banks are more likely to proceed cautiously—telegraphing their assessments and prioritizing growth risks over adding further policy stress at this stage. The European Central Bank (ECB) appears at/near neutral and likely on hold through most of 2026 amid inflation near target and stabilizing activity; the Bank of Canada (BoC) 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 EM, 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 FX stability and external financing. Overall, the lagged impact of prior easing should support EM 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, 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-19 stimulus, reinforcing recovery but intensifying debt-sustainability scrutiny. China is likely to front-load support—both monetary and fiscal—to kick-start 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 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. 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.

Global Target Income Fund

Disclaimer

The Global Target Income Fund is an investment fund option for The Manufacturers Life Insurance Co. (Phils.), Inc. and is managed by Manulife Investment Management (Hong Kong) Limited.

The Investment Funds ("Funds") mentioned in this document are specific to variable life insurance contracts and are not considered mutual funds. 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 Funds 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 Funds' 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 subject to any specified minimum guarantees. **THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS.** Past performance of the Funds is not necessarily indicative of future performance. Yields are not guaranteed. Yields indicated are exclusive of charges associated with the variable life policy.

Manulife Investment Management™ is the institutional asset management arm of Manulife Financial. Manulife Investment Management™ and its affiliates provide comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a full range of asset classes including equity, fixed income and alternative investments such as real estate, timber, farmland, as well as asset allocation strategies.

The opinions and portfolio holdings expressed are those of Manulife Investment Management™ ("Manulife IM") as of the date stated in the document, and are subject to change based on market and other conditions. The information in this document 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. Manulife IM disclaims any responsibility to update such information. 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. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife Financial, Manulife Investment Management™, nor any of their affiliates or representatives is providing tax, investment or legal advice. Past performance does not guarantee future results. This material was prepared solely for informational purposes, does not constitute an offer or an invitation by or on behalf of Manulife IM to any person to buy or sell any security and is no indication of trading intent in any fund or account managed by Manulife IM. Investors should not make investment decisions based on this material alone. For details, please refer to the relevant investment policy and product key fact statements.