

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 67.25 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.798	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.

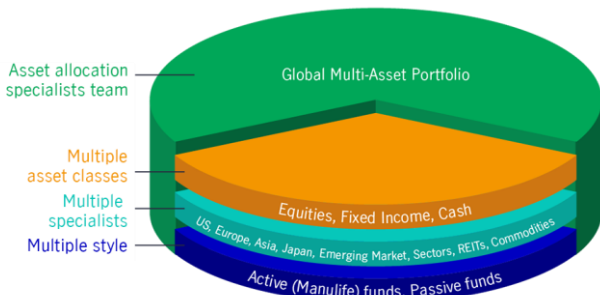
Performance Return (November 30, 2025)

Global Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.35%	12.65%	10.41%	26.80%	15.59%	26.92%
Annualized	n.a.	n.a.	10.41%	8.24%	2.94%	2.45%

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 - **M**acroeconomic, **F**undamental, **S**entiment and **T**echnical 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^

	%
Equities	65.67
North American Equities	43.24
European Equities	17.26
Japanese Equities	5.17
Fixed Income	21.06
International Bonds	18.91
Emerging Market Bonds	2.15
Commodities	10.09
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Cash & Cash Equivalents	3.18

Top Ten Holdings

	%
SPDR Bloomberg International Treasury Bond ETF	18.91
Xtrackers EURO STOXX 50 UCITS ETF	15.09
iShares Core S&P 500 ETF	14.89
Vanguard S&P 500 ETF	11.81
Vanguard Information Technology ETF	9.20
State Street Health Care Select Sector SPDR ETF	4.36
WisdomTree Copper	4.08
SPDR Gold Shares	4.00
Next Funds TOPIX Banks Exchange Traded Fund	3.00
Vanguard Extended Market ETF	2.98

^Figures may not sum to 100 due to rounding.

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Market Review

Global equity markets posted modest gains in November, supported by easing inflation signals, resilient corporate earnings, and expectations of further monetary policy accommodation. Despite lingering geopolitical tensions and uncertainty around fiscal trajectories, investor sentiment remained broadly constructive. Major developed market indices—including the Standard and Poor's (S&P) 500—ended slightly higher after a late-month rally, while emerging markets (EM) lagged amid weakness in technology-heavy regions. Fixed income markets advanced as falling Treasury yields and improved rate-cut prospects buoyed high-quality bonds, while high-yield segments delivered steady returns. Commodities were mixed, with precious metals rising on sustained central bank demand, while energy prices softened on surplus concerns.

US equities ended November mixed, with the S&P 500 and Nasdaq 100 posting gains of 0.25% and a decline of 1.45%, respectively, as investors navigated volatility tied to artificial intelligence (AI)-related valuations and a record-long government shutdown. Sentiment improved late in the month on growing expectations for a third US Federal Reserve (Fed) rate cut in December, following dovish signals from policymakers. Technology stocks lagged sharply, while healthcare and value-oriented sectors performed well amid rotation away from mega-cap growth. Economic data remained sparse due to delayed reports, though unemployment edged up to 4.4% and inflation continued to moderate. AI leadership shifted as Alphabet rallied on Gemini 3 developments, while Nvidia and other hyperscalers faced profit-taking. Broader market breadth improved, with small caps and defensive sectors leading gains into the month-end.

Eurozone equities advanced in November, despite mixed economic signals. The European Central Bank (ECB) maintained its policy rate at 2.00%, citing gradual progress on disinflation with core inflation staying at 2.4% and headline inflation hovering around 2.2% year-on-year (Y-o-Y). Political uncertainty lingered in Germany amid coalition budget negotiations, while labor unrest in France continued to weigh on confidence. However, stronger service activity and resilient consumer spending provided some support. UK equities lagged as commodity-linked sectors faced pressure from softer energy prices, while a firmer Great British pound (GBP) limited gains for large-cap exporters. Market participants now look to upcoming ECB guidance for clarity on the timing of potential rate cuts amid uneven growth dynamics across the region.

Asian equities were negative in November, as profit-taking and macro uncertainty weighed on several markets. Japan paused its rally amid profit-taking in technology names, while South Korea and Taiwan declined amid weakness in semiconductor and tech hardware names, following earlier strong runs. China and Hong Kong extended their losses as property concerns and cautious sentiment persisted. Overall, regional performance reflected a more selective risk appetite, with investors rotating toward defensive positioning ahead of year-end central bank guidance.

In November, equity markets delivered mixed results. Within the MSCI indexes (in US dollar terms), the MSCI All-Country World Index (ACWI) was flat at 0.02%, while MSCI World gained 0.31%. Emerging markets declined 2.38%, compared to developed markets, where Canada led with a 4.05% increase, followed by Europe at 1.63%. The S&P posted modest gains of 0.25%, while Japan lost 0.79%. Latin America was the standout performer, rising 6.10%. Asia Pacific ex-Japan fell -2.87%, weighed down by Korea and Taiwan, while China and Hong Kong also detracted.

Within MSCI World, healthcare led with an 8.16% gain. Communication services followed with solid returns of 4.20%, and consumer staples added 3.90%. In contrast, information technology declined by 4.67%, while industrials posted a modest loss of 1.47%.

Fixed-income markets were positive in November. The US 10-year Treasury yield decreased slightly and ended the month at 4.01%. Global treasuries and investment-grade credits were positive with the FTSE World Government Bond Index and the Bloomberg Global Aggregate – Corporate Index gaining 0.25% and 0.54%, respectively. EM debt added 0.24%. In riskier segments, Global High Yields and US High Yields gained 0.56% and 0.58%, respectively.

In foreign exchange (FX), major currencies strengthened against the US dollar, including the GBP (+0.85%) and the euro (+0.55%), while the Japanese yen (JPY) weakened (-1.28%).

Outlook

Looking ahead, our medium to long-term outlook suggests that ultimately lower interest rates would be accommodative of economic growth, with inflation coming down and continuing resilience in corporate earnings growth. We, however, remain at a juncture where rates may not need to be as aggressively cut as previously expected amid the recent elevated inflation and broader macro uncertainty—though recent signs of labor market softening add an extra layer of complexity. We also remain on data watch in order to garner more clarity on the global macroeconomic path and how that translates into portfolios. We expect volatility to persist amid a complex macroeconomic landscape where geopolitical risks and the potential for a global economic slowdown could be potential headwinds for 2026, compounded by uncertainties surrounding President Trump's policies.

We expect the Fed to cut interest rates another two to three times between now and May 2026, but uncertainty remains, driven largely by questions around the Fed's independence. We believe that while the institution's political undercurrents are likely to shift, ultimately the institution's independence is likely to be maintained. While it is clearly early days and subject to change, we are increasingly looking at a 3% terminal Fed funds rate by the end of 2026 as a reasonable middle ground estimate. The European Central Bank (ECB) and the Bank of Canada (BOC) are nearing the end of their easing cycle. The Bank of England (BOE) is in a more complicated position, balancing stubborn inflation and weak growth. Japan continues to gradually increase interest rates to normalize its monetary policy. Trade tensions challenge emerging market (EM) growth, but ongoing disinflation trends, driven by weaker growth, a lower USD, moderating commodity prices, and China's redirection of low-cost exports outside of the US, should allow the EM easing cycle to continue.

Fiscal policy is becoming an important tool for governments to support growth. The US has enacted sweeping tax cuts and deregulation under the "Big Beautiful Bill", Germany is boosting infrastructure spending, and China is deploying stimulus to enhance consumption, tech innovation, and stabilize manufacturing. However, this is raising concerns about long-term debt sustainability and inflation—especially in the US—where the new budget bill would potentially add to elevated deficits.

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Elevated US tariffs are impacting global trade, leading the Organization for Economic Cooperation and Development (OECD) to downgrade its 2025 global growth outlook. This revision highlights a synchronized slowdown in both developed and emerging markets, with a contribution from the United States. The US economy is slowing down in an orderly manner: we expect a few quarters of below-trend growth before reaccelerating in H2/26. Elevated interest rates, tariffs, and deportations should weigh on the labor market and the consumer, manufacturing, and housing sectors. Inflation will be deemed transitory, causing the Fed to prioritize the labor market. Peak global trade uncertainty is behind us, but the economic ramifications have just begun: the effects of higher US prices, supply chain disruptions, and lower global trade activity should begin to show in the data in the coming months. However, we expect momentum to improve in 2026 as fiscal support strengthens, monetary policy eases in key markets, and businesses adapt more fully to the current operating environment.

In the near-term, potentially increased prices might affect consumers and companies alike, with the burden likely divided between higher costs and narrower profit margins. A lack of certainty might also make economic forecasting more challenging, likely making it difficult for central banks to act decisively. Over the longer-term, tariffs may shift production domestically and alter global supply chains. Uncertainty around what the policy will ultimately look like could dampen consumer and business confidence and potentially slow economic activity. We do not see globalization reversing anytime soon. Rather than a collapse of the current trade ecosystem, we expect a generally slower global trade impulse into H1/26, with implications for our longer-term growth and inflation forecasts. We believe supply-side shocks and constraints—from trade policies, climate-related events, the low-carbon transition, and geopolitical conflicts—could increasingly influence the global economy, putting upward pressure on both the level and volatility of inflation.

In Asia, we are neutral on China. While the economy has been stabilizing, growing trade uncertainty means it can no longer rely on exports as the key growth engine. A strong economic recovery would likely require more policy support targeting consumers and the property sector, which currently seems insufficient to fully offset the negative impact of US tariffs. Elsewhere, in Japan, the Bank of Japan (BOJ) hiking cycle is an outlier against the global easing cycle. Policy normalization has begun in Japan. Economic stabilization and expected 2% inflation suggest the BOJ will continue to normalize its policy rate over the next two years. The yen should strengthen due to favorable interest rate differentials, and the yield curve should flatten as the BOJ raises rates towards neutral.

Looking ahead, we are modestly overweight equities versus fixed income as resilient earnings and improving sentiment offset slowing growth and labor market cracks. While supportive policy and AI-driven momentum have helped sustain the rally—particularly in US large-cap tech—elevated valuations and persistent inflation remain key headwinds. Nonetheless, strong fundamentals among AI-linked companies and high return on invested capital support a constructive view on innovation-led growth. At the same time, broadening global opportunities and regional tailwinds—such as a weaker US dollar and improving macro conditions in Europe and Asia—reinforce the case for diversified equity exposure across geographies and sectors. In Europe, resilient data, improving trade dynamics, and favorable policy create a more supportive backdrop. In Asia, manufacturing and tech-export economies offer compelling opportunities, making regional positioning increasingly important amid global fragmentation and shifting capital flows. We remain underweight in fixed income. Sticky inflation, elevated US debt levels, and rising term premia make long-end exposure unattractive, while a softening Fed outlook could lead to lower short-term yields. We prefer selective opportunities in markets with more supportive monetary and fiscal backdrops.

Overall, we expect the market to experience some volatility into H1/26, particularly as investors reprice interest rates and potentially inflation expectations, alongside uncertain President Trump policy. We maintain that there are downside risks to the economy given tighter credit conditions. Tactical positioning will be more prevalent again, enabling us to nimbly add and de-risk portfolios as well as add to yield opportunities as they arise.

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.

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