

Peso Equity Fund

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

Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing in stocks listed on the Philippine Stock Exchange, government securities and/or pooled fund/s that invest in these securities and other liquid instruments.

Fund Information

| | | | |
|---|--|---|-----------------------------------|
| Inception Date September 2007 | Fund Size PHP 980.96 million | Fund Currency Philippine peso | Dealing/Valuation Daily |
| Price (NAV/unit) PHP 2.110 | Management Fee 2.00% per annum | Bloomberg Ticker MPPHEQT | |

Performance Return (December 31, 2023)

| Peso Equity Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---------|-------|--------|---------|---------|-----------------|
| Absolute | 3.89% | 0.67% | 0.67% | -4.48% | -11.46% | 111.00% |
| Annualized | n.a. | n.a. | 0.67% | -1.52% | -2.40% | 4.68% |

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.

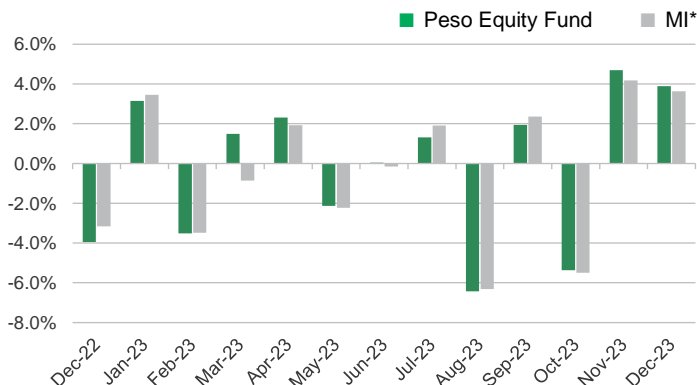
Monthly Net Asset Value per Unit



Top Five Holdings

| | |
|---|--------|
| SM INVESTMENTS CORPORATION | 14.13% |
| SM PRIME HOLDINGS INC | 9.69% |
| Manulife Equity Wealth Fund Class I | 9.11% |
| BDO UNIBANK INC | 7.78% |
| INTERNATIONAL CONTAINER TERMINAL SERVICES INC | 7.68% |

Monthly Performance



*Market Indicator = 100% Philippine Stock Exchange Index

Portfolio Breakdown

Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 100% Equity Pool. The investments of the Equity Pool consist of stocks listed on the Philippine Stock Exchange and term deposits.

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Market Review

The Philippine Stock Equity index (PSEi) was up 3.81% in December. This brings the PSEi index to 6,450 level and provided a total return of around 1% for the year 2023. The rally in December was driven mostly by the improvement in the macroeconomic picture such as decelerating inflation while central banks paused hiking policy rates.

The macroeconomic environment of the Philippines further improved in December as seen in the inflation figure decelerating to 3.9% for the month, lower compared to 4.1% in November. Easing prices on housing, water, electricity, and other fuels helped bring inflation lower in December. If not for the significant increase in rice prices which was at around 19%, inflation could have been lower and well within in the middle of the Bangko Sentral ng Pilipinas inflation target of 2-4%.

Meanwhile, the BSP has kept policy interest stable at 6.5%. This is similar to the move of US Federal Reserve to keep their policy interest rates steady. As a result, market rates declined and providing legs to an equities rally in December.

There were a few updates from the government side as well during December such as the appointment of Frederic Go as Special Assistant to the President for Investment and Economic Affairs. He will serve as the Chairperson of Economic Development Group and identify key priority programs and projects of the government. On the other hand, President Marcos signed into law the Private Public Partnership (PPP) code of the Philippines and Internet Transaction Act. The PPP code aims to update the current framework used in the previous administrations.

Outlook

We continue to stay positive on Philippine equities driven by the improving macroeconomic backdrop of the country. The potential cut in policy interest rates could provide more upward momentum for the equity markets going into 2024. In part of this, the deceleration of inflation and declining pressure on consumers could boost consumption spending again.

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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