

# 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

<b>Inception Date</b> September 2007	<b>Fund Size</b> PHP 915.38 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.197	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPPHEQT	

## Performance Return (December 31, 2024)

Peso Equity Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.39%	4.12%	4.12%	-0.41%	-11.05%	119.70%
Annualized	n.a.	n.a.	4.12%	-0.14%	-2.32%	4.65%

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.

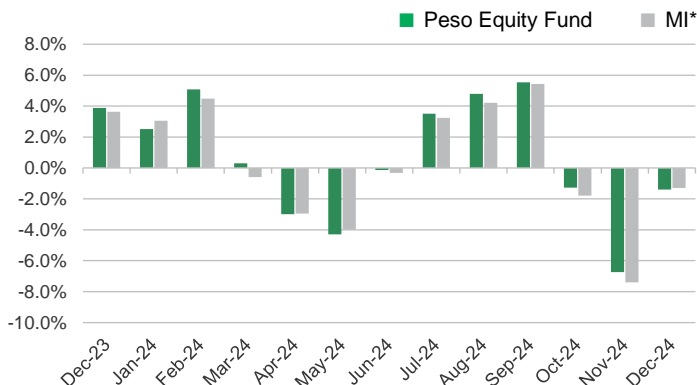
## Monthly Net Asset Value per Unit



## Top Five Holdings

SM INVESTMENTS CORPORATION	14.41%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	10.86%
Manulife Equity Wealth Fund Class I	9.56%
BANK OF THE PHILIPPINE ISLANDS	8.58%
BDO UNIBANK INC	8.37%

## 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

In December, the Philippine Stock Exchange Index (PSEi) fell by 1.04%, bringing the year-to-date return to 4.1%. By the end of 2024, the PSEi closed at 6,528.79. This weakness can be attributed to several concerns, including aggressive U.S. policies and a potentially less optimistic outlook for rate cuts. Additional pressures included a 1.4% depreciation of the peso in December, bringing the full-year depreciation to 4.24%, and a rise in U.S. 10-year Treasury yields to as high as 4.8%, up from 3.6% in September. Investor repositioning ahead of 2025, influenced by changing interest rate expectations, also led to underperformance in interest rate-sensitive sectors like property and financials.

In December, inflation increased to 2.9% year-on-year, up from 2.5% in November. Food prices rose by 3.4% year-on-year, while housing and utilities increased by 2.9%. Notably, rice prices continued to decrease in the latter part of 2024, likely due to lower international rice prices. This decline followed an average increase of 23% from the start of 2024 to the end of the first half. On the monetary policy front, the Bangko Sentral ng Pilipinas continued to cut policy rates by another 25 basis points to 5.75% on December 19.

Governor Remolona stated that he expects further rate cuts in 2025, potentially as early as the first quarter.

## Outlook

We expect the market to trade sideways to lower in the first quarter of 2025 due to a lack of catalysts. Key developments to watch include consumer spending trends and the impact of upcoming local mid-term elections, which may support weak market sentiment. Currently, the PSEi is trading at a P/E ratio of around 10x, presenting potential buying opportunities at lower levels.

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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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