

# 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 1.03 billion	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 2.149	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPPHEQT	

## Performance Return (July 31, 2023)

Peso Equity Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.32%	2.53%	8.43%	14.43%	-12.71%	114.90%
Annualized	n.a.	n.a.	8.43%	4.60%	-2.68%	4.93%

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.

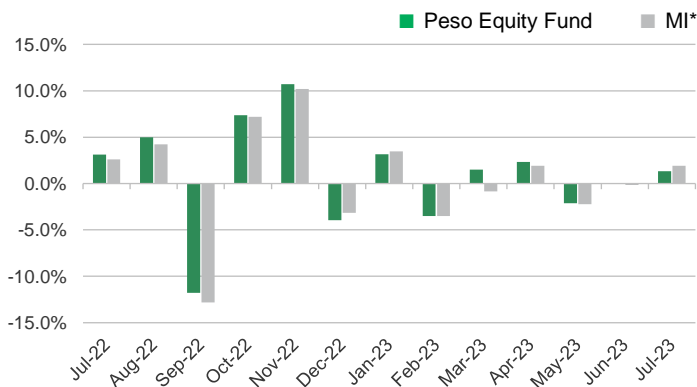
## Monthly Net Asset Value per Unit



## Top Five Holdings

SM INVESTMENTS CORPORATION	13.77%
SM PRIME HOLDINGS INC	9.66%
Manulife Equity Wealth Fund Class I	9.12%
BDO UNIBANK INC	8.75%
BANK OF THE PHILIPPINE ISLANDS	7.97%

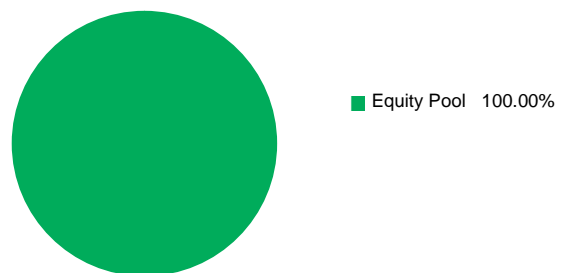
## Monthly Performance



\*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 1.94% in July, ending at 6,591 level. PSEi year to date (YTD) return is at 2.17%. The strength of the local equities market in July echoed the strength seen in global equities as inflation globally continued to decelerate.

On the domestic economy, Inflation for July eased to 4.7% in July from 5.4% in June on the account of decelerating food prices alongside slower increase in housing, electricity, and transportation prices. This was the 6<sup>th</sup> consecutive month that the inflation declined since peaking at 8.7% in January 2023.

The July inflation of 4.7% remains outside the Bangko Sentral ng Pilipinas' (BSP) long term target of 2-4%. However, BSP mentioned that the July inflation numbers was within its forecast range of 4.1% - 4.9% for the month and was consistent with its overall view that inflation will continue to decelerate back to its target range of 2-4% by fourth quarter this year. On the other hand, the BSP reiterated that the potential impact of rising rice prices, transport fare adjustments and ongoing supply constraints on food supply put upside risks to inflation.

President Ferdinand Marcos Jr. delivered his second State of the Nation Address in July. Among the notable priorities includes the need to increase tax collection and revenue sources for the country. Value Added Tax (VAT) of digital service and taxes on single use plastics are among those highlighted in his speech. President Marcos also discussed the importance of expanding the country's road and bridge network.

## Outlook

We have a positive view on Philippine Equities as the macroeconomic environment continues to improve and as PSEi continues to trade at a very attractive 12x PER valuations. In the near term, we continue to see price volatility due to uncertainties surrounding the direction of global interest rates. However, we expect the market to shift its attention back to corporate fundamentals as companies are due to release second quarter results in August. We continue to expect stable overall earnings growth for the listed companies albeit coming from a higher base as 2022 saw strong growth in earnings due to the full impact of the reopening of the economy. We expect strong results coming from sectors like financials which continues to benefit from higher interest rates and select consumer companies that benefits from sustained consumption demand. We are also starting to turn more optimistic on the property sector on the back of stronger sales take up from major key developers.

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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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