

# Peso Target Income Fund

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

## Investment Objective

The Fund aims to provide periodic payouts of up to 3% per annum\* while providing the potential for capital appreciation and limiting the risk of capital erosion by investing in a diversified portfolio of fixed income and equity investments based on an active asset allocation strategy.

## Fund Information

<b>Inception Date</b> April 2014	<b>Fund Size</b> PHP 144.46 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.787	<b>Management Fee</b> 2.00% per annum (of which 0.20% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)	<b>Bloomberg Ticker</b> MPPHINC	

\* The 3% per annum payout rate is not guaranteed.

## Performance Return (August 31, 2024)

Peso Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.80%	4.00%	7.13%	2.41%	1.29%	7.34%
Annualized	n.a.	n.a.	7.13%	0.80%	0.26%	0.68%

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

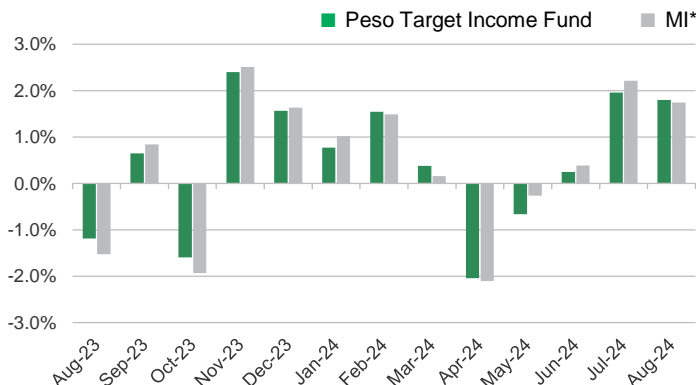


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
Manulife Income Builder Fund Class I	5.97%	Manulife Stable Income Fund Class I	40.31%
FXTN 02/28/29	5.85%	Manulife Money Market Fund Class I	9.61%
FXTN 09/15/32	5.07%	FXTN 04/08/26	6.80%
FXTN 03/04/27	4.95%	FXTN 03/04/27	6.31%
FXTN 07/19/31	4.82%	FXTN 02/28/29	5.90%
Equity Pool			
SM INVESTMENTS CORPORATION			13.51%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			10.57%
Manulife Equity Wealth Fund Class I			9.37%
BDO UNIBANK INC			8.76%
BANK OF THE PHILIPPINE ISLANDS			8.28%

Notes:  
FXTN - Fixed Treasury Notes or Peso-denominated debts of the Philippine Government  
RTB - Retail Treasury Bonds of the Philippine Government

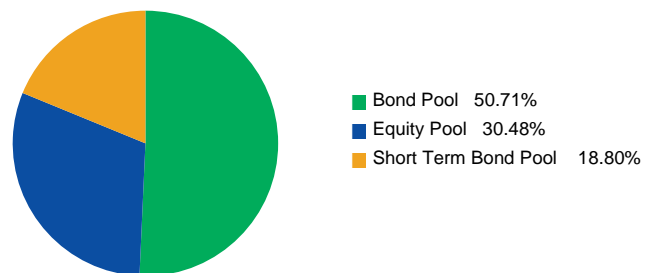
## Monthly Performance



\* Market Indicator = 30.0% PSEi + 46.74% BBG Philippine Sov Bond Agg Net Tax Formula + 2.46% Philippines 91 Day T-Bill Auction Avg Yield 20% WHT + 20.80% Market Iboxx ALBI Philippines 1-3

## Portfolio Breakdown

### Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 49.2% Bond Pool, 20.8% Short-Term Bond Pool and 30% Equity Pool. The investments of these pools consist of:

- Peso Bond Pool: Peso-denominated bonds of the Republic of the Philippines and term deposits.
- Short Term Bond Pool: Peso-denominated bonds of the Republic of the Philippines with a term of up to three years and term deposits.
- Equity Pool: Various stocks listed on the PSE and term deposits

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## Market Review

The Philippine Stock Exchange Index (PSEi) gained 4.48% in August, closing at 6,897.54. This positive performance for the market was accounted for by the Bangko Sentral ng Pilipinas' decision cut policy rates by 25bps from 6.5% to 6.25%. Also, the positive market performance was further supported by increasing expectations that the US Federal Reserve may be closer to reducing their policy rate as early as fourth quarter of 2024.

Inflation decreased to 3.3% for the month of August on account of lower food prices. The August inflation figures was lower than forecast of 3.6%, and lower than 4.4% in July. The August inflation print is supportive of lower inflation in the coming months. The National Economic and Development Authority (NEDA) said that easing inflation is consistent with other ASEAN countries and will support growth in household consumption especially in low-income households.

Gross Domestic Product growth for second quarter increased to 6.3% year-on-year, faster than 5.3% registered in the first quarter following a strong rebound in government spending of 10.7% and capital formation of 11.5%. Private consumption growth remained steady at 4.6%.

The local bond market held on to gains as expectations on easing inflation and monetary policy remain intact. Indeed, the Bangko Sentral ng Pilipinas (BSP) proceeded with its planned 25bps rate cut mid-August despite the uptick of local inflation in July. Similarly, the U.S. bond market remained strong with U.S. 10-year yields staying below 4% and the market pricing in up to 100bps of total rate cuts from the Federal Reserve this year.

## Outlook

We are positive Philippine equities as macroeconomic tailwinds from strong peso and lower oil prices contribute to both falling inflation and improvement in household spending for the fourth quarter of 2024. We expect that the BSP may have room to cut rates one more time in the latter part of 2024 if inflation continues its downward path. From an ASEAN perspective, we think the focus for investors will shift to countries that will continue to benefit from a falling interest rate environment of which Philippines can be a main beneficiary. Despite the recent rally, we think that there is still upside to the market as valuations continue to remain attractive at 10.5x price to earnings vis-à-vis long-term average of 15x.

Looking ahead, we maintain a positive view on the local bond market, especially as the uptick in July inflation proved to be temporary. August inflation eased to 3.3% due to slower increase in food prices and decline in transport costs. With the likelihood of a reserve requirement ratio and another policy rate cut this year, we can expect interest rates to decline further and market retracements to be shallow.

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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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