

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

Inception Date April 2014	Fund Size PHP 142.15 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.762	Management Fee 2.00% per annum (of which 0.20% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)	Bloomberg Ticker MPPHINC	

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

Performance Return (June 30, 2024)

Peso Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.25%	0.20%	2.38%	-1.54%	-0.84%	3.42%
Annualized	n.a.	n.a.	2.38%	-0.52%	-0.17%	0.33%

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

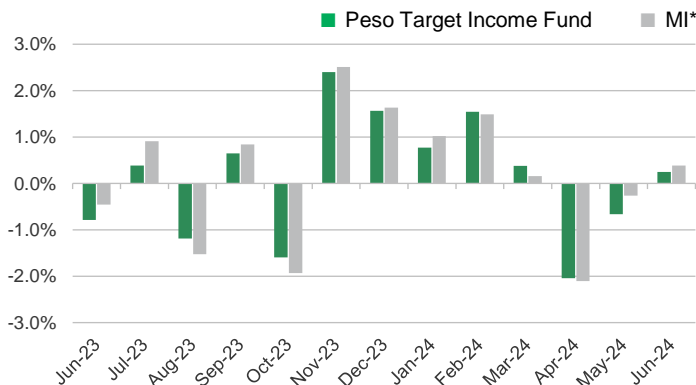


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	5.90%	Manulife Stable Income Fund Class I	39.68%
Manulife Income Builder Fund Class I	5.85%	Manulife Money Market Fund Class I	11.35%
FXTN 09/09/25	5.22%	FXTN 04/08/26	8.80%
FXTN 08/12/25	5.07%	FXTN 08/12/25	7.00%
FXTN 03/07/28	5.06%	FXTN 02/14/26	6.60%
Equity Pool			
SM INVESTMENTS CORPORATION			13.41%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			9.91%
Manulife Equity Wealth Fund Class I			9.24%
BANK OF THE PHILIPPINE ISLANDS			8.52%
BDO UNIBANK INC			7.92%

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

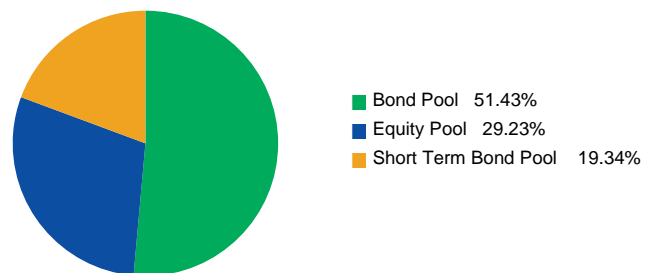
Monthly Performance



* 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% Markt 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 experienced a marginal decline in June, closing at 6,411.91 points. The 0.11% month-over-month decline places the PSEi's year-to-date return at 1.21%. It is important to note that due to the local currency's 5.5% year-to-date depreciation, the benchmark's US dollar return remains negative at 4.09%. Despite valuations reaching multi-year lows, the market continues to be overshadowed by concerns about higher interest rates and inflation.

In June, Philippine inflation slowed from May's 3.9% to 3.7% year-over-year. The drop was driven by a decline in fuel and utilities for the period, offsetting food inflation which showed a slight acceleration in the period. The Bangko Sentral ng Pilipinas forecasts that full-year average inflation will fall within its target range of 2% to 4% for 2024.

Meanwhile, President Ferdinand Marcos Jr. signed Executive Order 62, reducing import duties on rice from 35% to 15%, effective in July. This measure is expected to bring headline inflation closer to 2%, reinforcing market expectations that the BSP will begin to reduce rates from the current 6.5%. While the BSP kept rates unchanged in its June 27 policy meeting, it reiterated a less hawkish stance. The BSP's monetary board is set to convene next on August 15.

Local yields ended slightly lower in June as inflation rose slower than expected in May. Rate cut expectations were further reinforced with June's inflation print showing a decline for the first time this year. The government's issuance of Executive Order (EO) 62, which covers the reduction of import duty on rice, among others, dramatically improved the local inflation outlook. In fact, the Bangko Sentral ng Pilipinas (BSP) lowered its risk-adjusted inflation estimate to 3.1% for this year and next, from 3.8% and 3.7%, respectively.

Outlook

Based on macroeconomic developments, we maintain a positive outlook for the market. Inflation is expected to comfortably settle within the BSP's target range for this year. Anticipated rate cuts in the third quarter are likely to fuel a re-rating by the market.

The better inflation outlook and the dovish tilt of recent BSP statements significantly improved the sentiment on the local bond market. We expect BSP to deliver the first rate cut in August as inflation moderates, especially as the Peso stabilized over the past weeks. Nevertheless, while we expect the bond rally to continue, we are mindful of the possibility of some retracement should there be negative surprises that will alter the inflation outlook and push back the timing of BSP rate cuts, such as a delay in the implementation of EO 62.

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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