

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 149.38 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.787	Management Fee 2.00% per annum (of which 0.20% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)	Bloomberg Ticker MPPHNC	

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

Performance Return (March 31, 2024)

Peso Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.38%	2.71%	4.78%	4.15%	3.69%	6.01%
Annualized	n.a.	n.a.	4.78%	1.36%	0.73%	0.59%

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

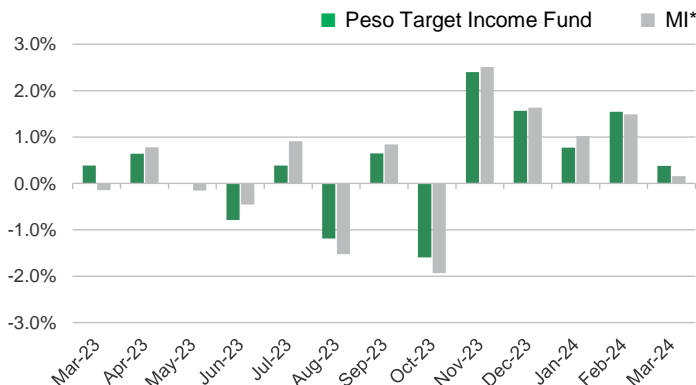


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	10.16%	Manulife Stable Income Fund Class I	40.91%
FXTN 08/12/25	8.99%	Manulife Money Market Fund Class I	15.72%
FXTN 09/09/25	6.17%	FXTN 04/08/26	9.16%
Manulife Income Builder Fund Class I	5.79%	FXTN 08/12/25	8.78%
FXTN 08/22/28	5.41%	FXTN 09/09/25	8.63%
Equity Pool			
SM INVESTMENTS CORPORATION			14.55%
Manulife Equity Wealth Fund Class I			9.16%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			8.90%
SM PRIME HOLDINGS INC			8.75%
BDO UNIBANK INC			8.50%

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

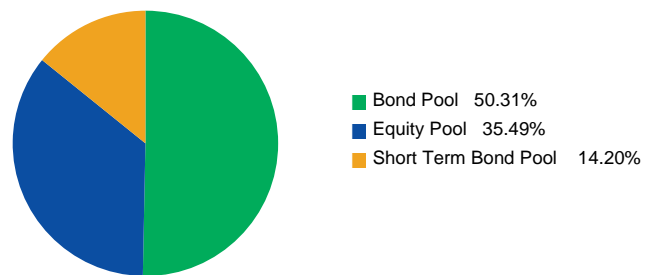
Monthly Performance



*Market Indicator = 30.0% PSEi + 4.9% Markit Iboxx ALBI Philippines Liquid + 44.3% Markit Iboxx ALBI Philippines 1-5 + 20.8% Markit 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

Peso Target Income Fund

Market Review

The Philippine Stock Equity index (PSEi) was down 0.6% to 6,903.53 in March. Year to date in March, the PSEi is up 8.03%. After four months of consecutive positive market performance, market sentiment took a turn in March due to rising macroeconomic headwinds on inflation and diminishing chances of interest rate cuts this year.

March inflation accelerated to 3.7% year on year from 3.4% year on year the previous month. March inflation was still within the Bangko Sentral ng Pilipinas' (BSP) forecast range of 3.4-4.2% but is below the market consensus of 3.8%. Food and transport prices were the main drivers of inflation as rice prices were up by 24% year on year.

BSP Governor Remonola was broadly hawkish on the outlook for interest rates and pushed back the expectations for a rate cut to 2025 if inflation figures turn out to be worse than expected.

Companies under the PSEi have all reported 2023 earnings. In aggregate, 2023 PSEi earnings were up 22% from the previous year. The stellar earnings growth came mostly from the financial sector as banks reported higher net interest margins and loan growth. Weaknesses were seen coming from the consumer sector as it had to go through the high inflation environment in 2023 which had an impact to both consumer demand and margins.

Yields slightly fell in March as the market remained hopeful that the Federal Reserve would deliver at least three rate cuts for the year. U.S. economic data continue to be in focus as indicators on economic activity, jobs, and inflation data set expectations on the direction of monetary policy.

However, the past weeks saw painful readjustments in rate cut expectations in the U.S. as inflation remains stubbornly high and as the latest data point to an economy more resilient than previously thought. The escalation of geopolitical tensions in the Middle East, most recently with the retaliation of Iran on Israel, adds to inflation risk through its effect on oil prices. Domestically, the trend of inflation has also disappointed bond bulls with higher prints in February and March. Local inflation rose by 3.7% year-on-year in March, with rice inflation soaring further to a fresh 15-year high of over 24%. This urged the hawkish Bangko Sentral ng Pilipinas (BSP) Governor Remolona to signal delaying rate cuts to next year and warn a possible breach in the inflation target for a third straight year.

Outlook

We have a cautious outlook on Philippine Equities given the current macroeconomic headwinds. The risks of re-acceleration in inflation due to continuing increases in food and oil prices could eventually put downward pressure on consumption growth. The heightened conflict in the Middle East could push up oil prices further thus may contribute to worsening inflation outlook. On the other hand, the Philippine Equity market has already erased most of the 8% YTD gains by the middle of April. This may imply that most of the headwinds mentioned above could already be reflected in the current stock prices. The PSEi is trading again at attractive valuations of just 10x forward price to earnings, which is at a discount from historical average of around 15x.

We acknowledge that recent developments have significantly dampened the outlook for bonds. The wild swings in the market bring back memories of the massive sell-off in September and October last year. Indeed, there is room for yields to move higher, but current yield levels can present as attractive opportunities for long-term investors.

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.