

# Peso Target Distribution 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 934.76 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.743	<b>Management Fee</b> 2.25% per annum (of which 0.20% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)	<b>Bloomberg Ticker</b> MPPHDIS	

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

## Performance Return (August 31, 2025)

Peso Target Distribution Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.02%	0.80%	-0.31%	5.87%	5.43%	4.44%
Annualized	n.a.	n.a.	-0.31%	1.92%	1.06%	0.38%

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

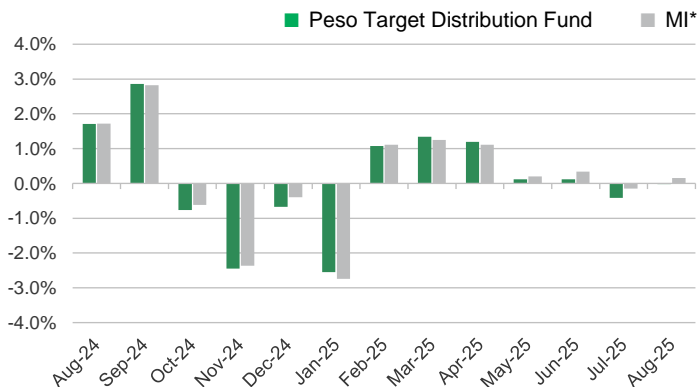


## Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 07/19/31	7.08%	Manulife Stable Income Fund Class I	42.81%
Manulife Income Builder Fund Class I	6.07%	Manulife Money Market Fund Class I	10.29%
FXTN 09/15/32	5.72%	RTB 08/20/30	6.65%
FXTN 02/28/29	5.29%	FXTN 03/04/27	6.46%
FXTN 03/04/27	4.83%	FXTN 04/22/28	5.62%
Equity Pool			
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	13.40%	SM INVESTMENTS CORPORATION	11.68%
Manulife Equity Wealth Fund Class I	9.77%	BDO UNIBANK INC	8.48%
BANK OF THE PHILIPPINE ISLANDS	7.90%		

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

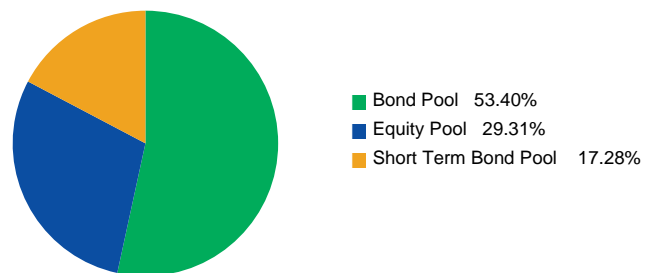
## Monthly Performance



\* 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) fell by 1.31% to 6,155.57 in August, settling near its lowest level since April, with a year-to-date return of -3.3%. The market's decline was driven by continued outflows, despite the Bangko Sentral ng Pilipinas (BSP) implementing its third consecutive rate cut and market expectations of at least two more rate cuts by the US Federal Open Market Committee (FOMC) before year-end.

In August, the consumer price index rose by 1.5% year-on-year, up from 0.9% in July. This increase in inflation was largely due to higher food and non-alcoholic beverage prices, which went up by 0.9% after a 0.2% decrease in July. The main drivers were a 10% rise in vegetable and fruit prices, reversing a 4.7% drop in July, and a 9.5% increase in fish and seafood prices, up from a 6.3% rise in July. Food inflation climbed as weather disruptions affected the supply of key food items like vegetables and fish. In contrast, rice prices continued to fall because of lower international prices, sufficient domestic supply, and government efforts to stabilize prices.

The Bangko Sentral ng Pilipinas (BSP) will continue to monitor emerging risks to inflation and determine the appropriate monetary policy response to maintain price stability, which is conducive to sustainable economic growth and employment. They expect average inflation to fall below the target in 2025 before returning to the target range in 2026 and 2027.

At the beginning of August, the Bureau of the Treasury issued a 5-year Retail Treasury Bond at 6% which temporarily put a bit of upward pressure on yields. However, Philippine government bond yields declined shortly following the issuance, averaging around 17 bps for the month, on the back of inflation continuing to trend lower and the Bangko Sentral ng Pilipinas (BSP) transmitting a 25-basis point rate cut on August 28. This brought the BSP's policy rate down to 5.00% with a possibility of another rate cut within the year to support the economy further.

## Outlook

The BSP took advantage of easing inflation and a 2.02% recovery in the Peso in August to lower rates for the third consecutive meeting, reducing the policy rate to 5%. However, any additional rate cuts will likely depend on future data regarding inflation and economic growth. Nevertheless, there is market speculation that there could be room for one more rate cut in 2025. We anticipate that the market will close the year on a positive note, given current valuations near a 10x price-to-earnings ratio (PER), as consumer spending is expected to rise during the traditionally strong holiday season.

With Philippine inflation steady at 1.5% YoY in August, and GDP at 5.5% in the second quarter, the local economic backdrop remains stable. However, we maintain a cautiously optimistic view, keeping in mind that developing global trade and tariff uncertainties may continue to keep the market wary of upside risks to yields. With this in mind, we plan to gradually extend our investments in longer-term bonds and take advantage of higher interest rates when opportunities arise.

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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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