

Peso Stable 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 growth by investing in government securities and/or high quality corporate debt securities, stocks listed on the Philippine Stock Exchange and/or in pooled fund/s that invest in these securities and other liquid fixed income instruments.

Fund Information

Inception Date April 2004	Fund Size PHP 706.76 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.886	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (November 30, 2021)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.07%	-1.80%	-0.55%	11.47%	9.44%	188.60%
Annualized	n.a.	n.a.	-0.55%	3.69%	1.82%	6.18%

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

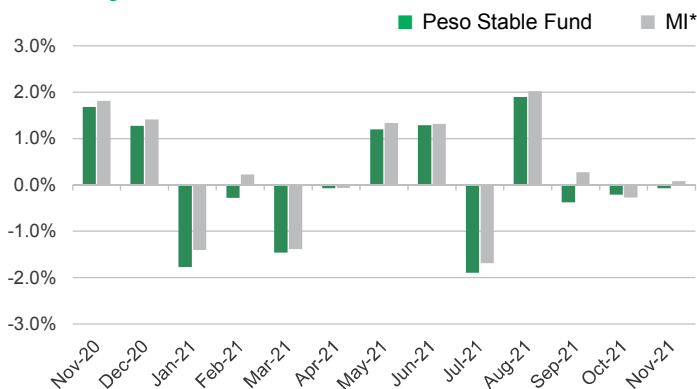


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	14.48%	Manulife Stable Income Fund Class I	36.54%
FXTN 03/09/24	13.47%	FXTN 03/09/24	9.08%
FXTN 09/09/25	7.98%	FXTN 02/11/23	5.37%
FXTN 02/11/23	7.79%	RTB 12/04/22	5.22%
FXTN 03/12/24	6.99%	FXTN 07/04/22	5.11%
Equity Pool			
SM INVESTMENTS CORPORATION			12.76%
Manulife Equity Wealth Fund Class I			10.06%
SM PRIME HOLDINGS INC			9.65%
AYALA LAND INC			7.91%
AYALA CORPORATION			7.40%

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

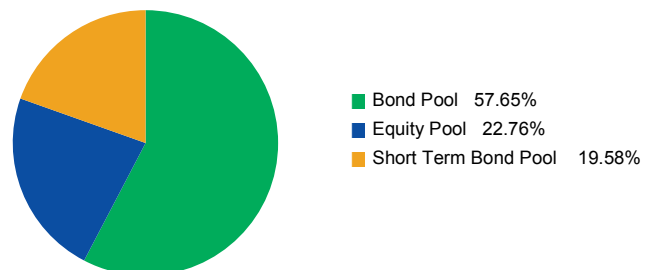
Monthly Performance



*Market Indicator = 20.0% PSEi + 6.0% Markit Iboxx ALBI Philippines Liquid + 54.0% Markit Iboxx ALBI Philippines 1-5 + 20.0% 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 60% Bond Pool and 20% each Short-Term Bond and Equity Pools. The investments of these pools consist of the following:

- 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 Stable Fund

Market Review

The market's rally continued in November, rising by 2% to close at 7,233, bringing the PSEI's three-month return to 6% and pushing 2021 gains to 1%. Easing restrictions amidst declining COVID-19 infections was the main driver for the rally in November. Increased mobility has been a boon to the property sector, improving foot traffic in retail and commercial areas such as shopping malls.

Mobility restrictions were further eased in Metro Manila in November as the government downgraded the Alert Level from 3 to 2. The change allowed minors in more establishments such as shopping malls and restaurants. This prompted a further increase in foot traffic inside retail and restaurant areas, supporting the reopening of the economy. Meanwhile, vaccination rates further improved to 33% as of end of November from 25% in the prior month. With ample supply of vaccines and aggressive push by the government to inoculate more people, the vaccination rate has reached 40% of the population as of mid-December.

Macroeconomic data also continued to point to sustained improvement in the economy. The BSP reported industry commercial loan growth of 3.5% YoY for the month of October. This is higher versus the 2.7% YoY growth we have seen in the prior month. Meanwhile, November PMI reached its highest level in the past 8 months at 51.7. Recall that the Purchasing Managers Index (PMI) is an indicator for manufacturing growth.

The overall equity index met earnings expectations for third quarter earnings. Around two thirds of the PSEI members reported in line to above consensus estimates. Sectors that have done well were communication services on the back of sustained strong demand for data and financials on lower NPLs and loan growth. Meanwhile the property sector earnings results were weak due to the stricter mobility restrictions put in place during the third quarter for 2021.

Bond yields were volatile in November due to the unexpected Retail Treasury Bond (RTB) issuance, with specific day-on-day movements reaching almost 40bps for the belly of the curve, where the new RTB (5.5 year) was issued. While the market readily absorbed the PHP360Bn new RTB issuance, the whole bond yield curve shifted upward leading to and following the pricing.

Outlook

We remain optimistic on our outlook for the equity market as the economy to reopen and inches closer to pre-pandemic output levels. The improvement in mobility and foot traffic in retail areas during the holiday season would likely help in the recovery in consumer spending. Our optimism is tempered though by the threat coming from the Omicron variant of the virus that is making its way globally. Over the medium term, the upcoming national elections brings both a boost in election related spending which could help the economy and at the same time uncertainty over potential policy changes.

On the other hand, inflation pressure eased as the slower trajectory printed a 4.2% inflation for November from 4.6% in October. As expected, the Bangko Sentral ng Pilipinas (BSP) kept policy rates unchanged at its December 16 meeting. We believe that the lower inflation environment should allow the BSP to maintain its accommodative policy stance until the second half of 2022. Against this backdrop, we continue to keep a neutral duration position vis-à-vis the benchmark with an overweight on the belly part of the curve as we expect the excess cash from investors to be deployed before the end of the year.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Asset 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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