

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 652.21 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.800	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (February 28, 2023)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.03%	1.05%	-2.88%	0.04%	2.71%	180.00%
Annualized	n.a.	n.a.	-2.88%	0.01%	0.54%	5.60%

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

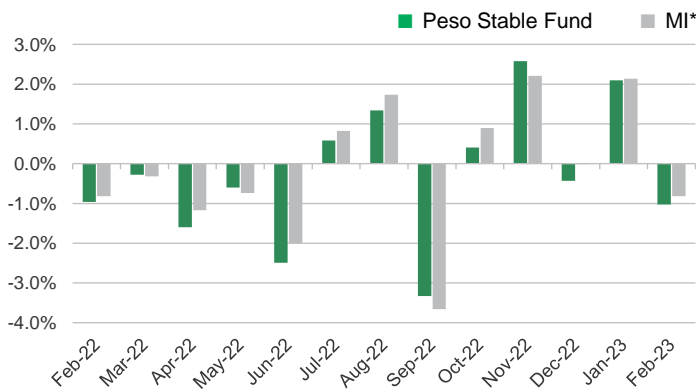


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	14.32%	Manulife Stable Income Fund Class I	35.14%
FXTN 08/12/25	12.59%	FXTN 08/12/25	9.17%
FXTN 04/08/26	7.31%	FXTN 09/09/25	7.85%
FXTN 09/09/25	7.17%	FXTN 03/09/24	2.90%
Manulife Income Builder Fund Class I	5.70%	FXTN 08/20/24	2.08%
Equity Pool			
SM INVESTMENTS CORPORATION			12.31%
SM PRIME HOLDINGS INC			9.80%
Manulife Equity Wealth Fund Class I			9.24%
BDO UNIBANK INC			8.01%
BANK OF THE PHILIPPINE ISLANDS			7.72%

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

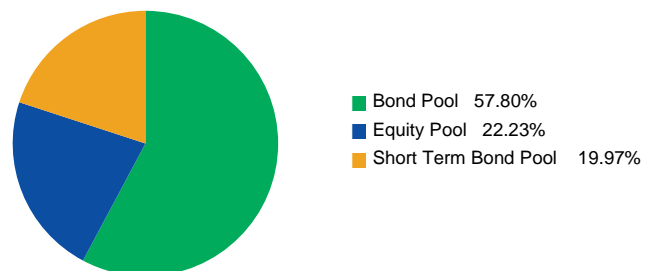
Monthly Performance



*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 Philippine Stock Equity index (PSEi) declined by 3.4% in February, closing to 6,556 level. The equity market was weak due to concerns over the macroeconomic environment such as persistently high inflation in January and February. This brought concerns on potential higher interest rate policy hikes from the Bangko Sentral ng Pilipinas which could derail the growth prospects of the economy in the medium term.

The improvement in the macroeconomic environment appears to be delayed given that January and February inflation remains persistently high at 8.7% and 8.6% from prior years respectively. Although it is encouraging that February inflation appears to have decelerated from the prior month, it remains to be on the high side and beyond the inflation target of Bangko Sentral ng Pilipinas of around 2-4%. Hence, we could expect that interest rate policy could be further hiked to curb the inflation. Note that the BSP has hiked policy rates by 50bps in February, higher than original expectations of just 25bps. There is a possibility that BSP will continue to hike rates in March by another 25bps to follow the US Fed move in the same month.

The government bond market gave back some gains in February as domestic inflation proved to be stickier than expected. Both January and February inflation prints at 8.7% and 8.6%, respectively, dampened expectations that inflation has already peaked. This led the Bangko Sentral ng Pilipinas (BSP) to increase its inflation forecast from 4.5% to 6.1% and raise policy rate by 50bps to 6% in February. Even the U.S. Treasuries market underwent a significant correction with 10-year yields already above end-2022 levels as recent stronger-than-expected U.S. economic data fueled speculations of a prolonged tightening cycle.

Outlook

We have a positive view in Philippine Equities that the weakness of the market has likely priced in already the weak due to macroeconomic headwinds. The PSEi has already declined by around 8% from the peak this year, likely pricing in already the persistently high inflation and the likely hawkish monetary policy response. In addition, the PSEi is only trading at attractive levels with the forward price to earnings of only 12x, a discount from historical average of around 15-16x. Meanwhile consumer demand appears to remain resilient as early indicated by fourth quarter 2022 earnings results from the banks, consumer and property sectors. Generally the earnings 4Q22 earnings reported in February has been upbeat, providing confidence that consumer spending will remain strong in the near future despite the high inflation.

Looking ahead, we prefer to be cautious as we evaluate the rapidly changing market sentiment and macroeconomic landscape. We continue to expect lower yields later in the year as inflation moderates in 2H but we will be opportunistic in adding duration exposure as we expect the heightened volatility to continue in the short-term with both the BSP and U.S. Federal Reserve hiking policy rates more aggressively than initially anticipated.

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.