

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 711.37 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.911	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (January 31, 2022)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.01%	1.01%	0.83%	8.30%	7.74%	191.10%
Annualized	n.a.	n.a.	0.83%	2.69%	1.50%	6.17%

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

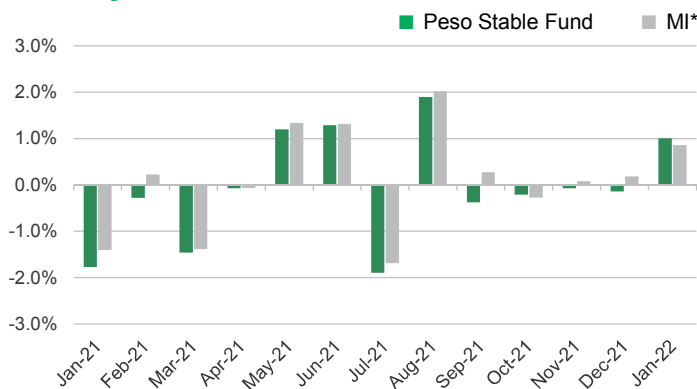


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	14.38%	Manulife Stable Income Fund Class I	37.51%
FXTN 03/09/24	13.62%	FXTN 03/09/24	7.88%
FXTN 09/09/25	7.94%	FXTN 02/11/23	5.47%
FXTN 02/11/23	7.68%	RTB 12/04/22	5.32%
FXTN 03/12/24	6.90%	FXTN 07/04/22	5.19%
Equity Pool			
SM INVESTMENTS CORPORATION			11.21%
Manulife Equity Wealth Fund Class I			9.98%
SM PRIME HOLDINGS INC			8.81%
BANK OF THE PHILIPPINE ISLANDS			6.71%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			6.69%

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

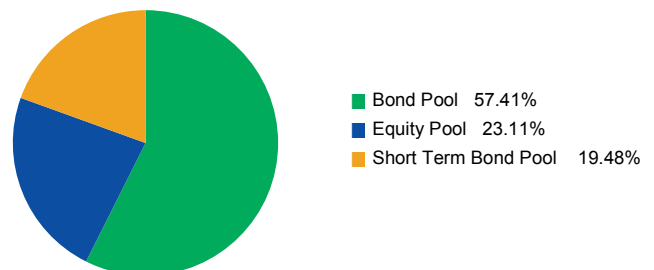
Monthly Performance



*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 market was up 3.3% for the month with the PSEi closing at 7,362. Market weakness was observed in the beginning of the month mostly due to the surge in COVID-19 cases from the Omicron variant and Metro Manila was placed under a higher restriction level. Nevertheless, we did observe that hospitalization utilization rate did not reach critical levels despite logging in the highest daily record of cases of 45,000 per day. In the last week of the month, the equities market rallied by 2% on the back of declining daily cases as Omicron variant turned out to be less severe than prior variants. As such, Metro Manila restrictions were shortly downgraded to lower restriction levels by the start of February.

The recovery of the economy appears to be underway with the sustained improvement in macro indicators such as GDP growth, loan growth and unemployment rate while inflation is expected to remain within government's target of 2-4%. 4Q21 GDP growth reached 7.7%, significantly higher than consensus expectations of 6.3%. The main drivers for growth was household consumption which improved to 7.5% during amidst high mobility during the period. December loan growth accelerated to 4.6% YoY, the highest level since Aug 2020. On the other hand, the growth factors are offset by increasing input costs such as crude oil coupled by weaker Philippine currency. Although latest inflation print in January was only 3%, outlook could turn with oil prices reaching new highs since 2014.

During the month, there were a few notable movements in property from Ayala Land and Megaworld. Ayala Corporation and Ayala Land had a share swap agreement with the former giving Makati properties among others in exchange for ALI shares. As for Megaworld, it announced that it will be acquiring a 2.2has property from Manila Jockey Club in Sta. Cruz Manila. In addition, Robinsons Retail Holdings will buyout the stake of its Ministop partner. Note that Ministop Japan is exiting the region to focus its efforts in improving profitability in its local operations in Japan. Lastly, the Philippine government is lifting the ban on foreign travelers to boost tourism.

The whole yield curve shifted lower by an average of 14bps as the two bond maturities in January amounting to about PHP150Bn flooded the local market. The extra boost of liquidity amid an improvement in inflation expectations triggered the demand for the government bonds. The weaker Philippine Peso also provided an opportunity for foreign investors to reinvest back into the local bond market, contributing to the lower bond yields.

Outlook

We remain constructive that the economy will further reopen in 2022. We continue to see a decline in COVID-19 cases while the wide availability of vaccines should be able to help reduce the impact of COVID-19 to mobility and the economy. As of end January, the country has over 59m fully vaccinated individuals and around 7m have already received booster shots. The country will also start vaccination on ages 5-11 by February. Meanwhile, we continue to see a decline in daily COVID-19 cases into early February. Additionally, the upcoming elections and subsequent campaign spending could potentially provide a boost in corporate earnings. Other investment themes, we are in the look out for in 2022 include digitalization, renewable energy, and infrastructure.

However, rumors of a possible Retail Treasury Bond (RTB) issuance sometime in March has tempered the positive sentiment and investors have turned cautious amidst this noise. Historically, the Bureau of Treasury has issued an RTB in 1Q for the past 3 years and we expect 2022 to be the same. Against this backdrop, we will continue to keep a neutral duration position vis-a-vis the benchmark as we wait for further developments on the RTB.

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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