

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 660.80 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.829	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (January 31, 2023)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.09%	2.09%	-2.82%	0.71%	2.20%	182.90%
Annualized	n.a.	n.a.	-2.82%	0.24%	0.44%	5.68%

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

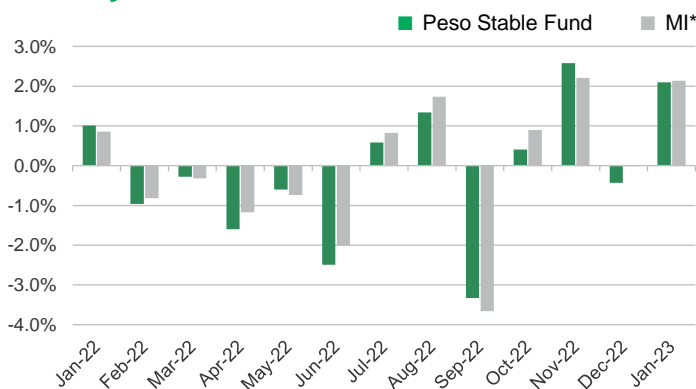


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	14.83%	Manulife Stable Income Fund Class I	35.81%
FXTN 08/12/25	12.87%	FXTN 09/09/25	8.04%
FXTN 04/08/26	7.45%	FXTN 08/12/25	8.02%
FXTN 09/09/25	7.33%	FXTN 03/09/24	5.99%
FXTN 02/14/26	6.15%	FXTN 09/06/27	3.72%
Equity Pool			
SM INVESTMENTS CORPORATION			12.60%
SM PRIME HOLDINGS INC			10.31%
Manulife Equity Wealth Fund Class I			9.24%
BDO UNIBANK INC			7.60%
BANK OF THE PHILIPPINE ISLANDS			7.19%

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

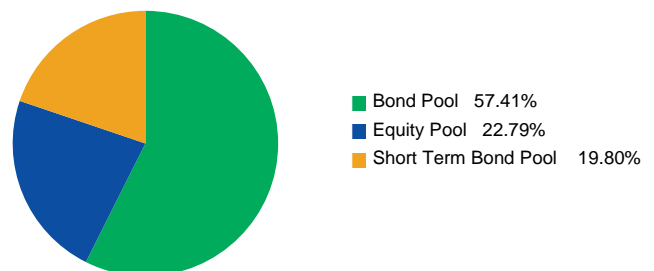
Monthly Performance



*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) increased by around 3.5% to 6,793. The equity market was up almost around 9% earlier in the month before capping the gains in the last few trading days in January due to profit taking and index rebalancing.

January inflation further accelerated to 8.7% year on year from around 8.1% in December. The higher prices of electricity, housing and especially food pushed inflation higher during the period. According to the government, they are expecting that the January inflation is already the peak and could potentially decelerate going forward. Meanwhile the Bangko Sentral ng Pilipinas mentioned that they could hike another 50bps by the end of 1Q23 and stop at 6% to 6.5% policy interest rates for now. Meanwhile they are looking to reduce 200bps in reserve ratio requirements, potentially reducing the capital restrictions on lending for financial institutions. Lastly, the unemployment rate stood at 4.3% in December which remains significantly below historical average.

The bond rally gathered pace as we entered the new year, with yields falling by 50-100bps in January. Investors turned more optimistic on local bonds this year even as inflationary risks continue to outweigh growth risks domestically, with the latest inflation print of 8.1% in December and GDP growth of 7.2% in the fourth quarter. After staying light the past few years, investors are looking forward to a more benign bond market environment, with both the Federal Reserve and Bangko Sentral ng Pilipinas anticipated to end their monetary policy tightening cycle soon.

Outlook

We have a neutral view on Philippine Equities as strong corporate earnings is offset by macroeconomic headwinds. Consumer domestic consumption remains resilient as early indicated by 4Q22 results from the banks and consumer staples. In addition, the equity market's valuations remain attractive as it is still trading at around 13.5x forward price to earnings, still below historical average of around 15x. However, the macroeconomic picture remains challenging given that inflation remains on the upward trend and casts a shadow on the sustainability of consumer demand. In addition, the Bangko Sentral ng Pilipinas raised policy rates by another 50bps, potentially putting more pressure to growth in the medium term.

The seemingly over-enthusiastic market and upcoming 5.5-year Retail Treasury Bond (RTB) issuance this month may lead to increased volatility in the short-term. Similar to past RTB issuances, we expect the upcoming issuance to be a jumbo size of around P400B. Nevertheless, our expectations are for yields to continue with its downtrend this year especially with rising global growth risks and for any upward correction in yields to be shallow.

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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