

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 634.44 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.888	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (January 31, 2024)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.49%	0.49%	2.09%	0.03%	7.44%	188.80%
Annualized	n.a.	n.a.	2.09%	0.01%	1.45%	5.49%

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

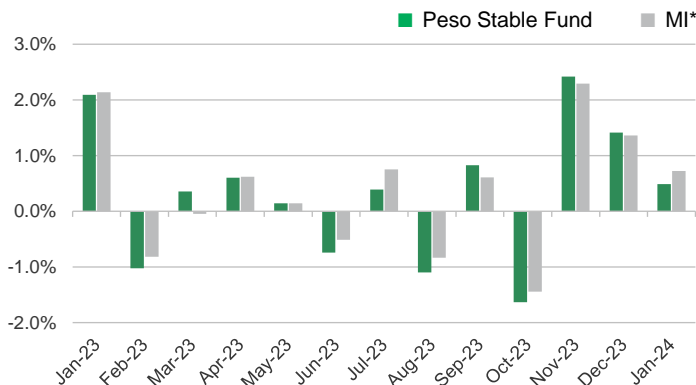


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	12.78%	Manulife Stable Income Fund Class I	39.15%
FXTN 08/12/25	9.90%	Manulife Money Market Fund Class I	15.38%
FXTN 08/22/28	6.43%	FXTN 02/14/26	9.37%
FXTN 09/09/25	6.14%	FXTN 04/08/26	8.81%
FXTN 04/08/26	5.99%	FXTN 08/12/25	8.44%
Equity Pool			
SM INVESTMENTS CORPORATION			14.24%
SM PRIME HOLDINGS INC			9.85%
Manulife Equity Wealth Fund Class I			9.15%
BDO UNIBANK INC			8.44%
BANK OF THE PHILIPPINE ISLANDS			7.42%

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

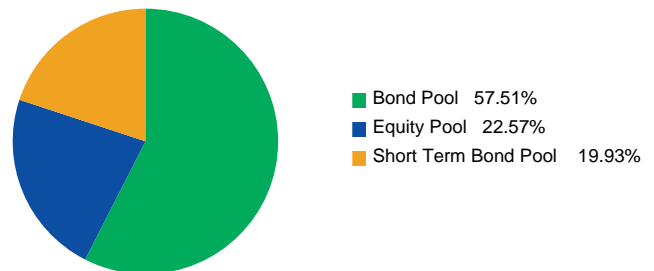
Monthly Performance



*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) rose 3% in January, closing at 6,646 points. The strong performance was driven by improvements in the January inflation print which decelerated to 2.8% from 3.9% in December year on year. As a result, the Philippines saw foreign investment inflows into the equity markets. January saw net foreign inflows of P4.2 billion versus net foreign outflows totaling P53.6 billion for 2023.

January inflation decelerated to 2.8% year on year from 3.9% the previous month on account of slower annual increase in household utilities including water, electricity, and fuel prices. Food inflation also eased to 3.3% year on year from 5.5% in December 2023. According to the Philippine Statistics Authority (PSA), inflation in January was the lowest inflation rate since October 2020. Nevertheless, we continue to remain watchful on inflation as rice prices continue to increase by 22.6% year on year in January from December's 19.6%.

Subsequently, Philippine Gross Domestic Product growth (GDP) for full year 2023 was better than expected, increasing by 5.6% year on year. This was slightly better than consensus expectations of 5.4%. Philippine economic output continues to outpace most of our regional peers in Asia including China, Vietnam, and Malaysia.

Local bond yields rose in January despite local inflation easing to the Bangko Sentral ng Pilipinas' (BSP) target range for two consecutive months. January inflation eased to 2.8% in January from 3.9% in December, largely due to base effects. Inflation risks remain, however, as rice prices continued to quicken even while slower price increases in food, transport and utilities were observed. Moreover, the volatile U.S. Treasury market has dampened local sentiment, as the market reassessed the timing of rate cuts from the U.S. Federal Reserve (Fed). The BSP's hawkish inclination implies that the BSP will likely wait for the Fed to lower the policy rate first before taking any action.

Outlook

We are positive on Philippine equities on expectations that the Philippines' macroeconomy may continue to improve further moving into 2024. We expect inflation to fall within the Bangko Sentral ng Pilipinas' (BSP) target range of 2%-4% in 2024. With price pressures further easing in 2024, this may allow the BSP to be more dovish and reduce policy rates to aid economic output. Lastly, despite the recent rally seen in January, PSEi valuations remains attractive at 12x forward price to earnings, still a discount compared to its historical average of around 15x.

Weakness in sentiment has extended as the Bureau of Treasury announced the sale of 5-year Retail Treasury Bond and as the market continued to pare down rate cut bets from the Fed this year. Looking ahead, while we maintain our view of lower yields in the second half of the year, we expect volatility to continue as the market evaluates the Fed's monetary stance. We expect the BSP to keep policy rate at 6.5% for the first half of the year, with a rate cut only possible after the Fed starts easing monetary policy.

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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