

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 584.87 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.914	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (January 31, 2025)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.82%	-1.82%	0.90%	0.10%	3.74%	191.40%
Annualized	n.a.	n.a.	0.90%	0.03%	0.74%	5.27%

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	
Manulife Income Builder Fund Class I	6.24%	Manulife Stable Income Fund Class I	41.01%
FXTN 07/19/31	6.16%	Manulife Money Market Fund Class I	11.95%
FXTN 02/28/29	6.01%	FXTN 04/08/26	6.85%
FXTN 09/15/32	5.86%	FXTN 03/04/27	6.33%
FXTN 03/04/27	5.09%	FXTN 05/04/27	5.10%
Equity Pool			
SM INVESTMENTS CORPORATION			13.89%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			10.82%
Manulife Equity Wealth Fund Class I			9.57%
BANK OF THE PHILIPPINE ISLANDS			9.22%
BDO UNIBANK INC			8.95%

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

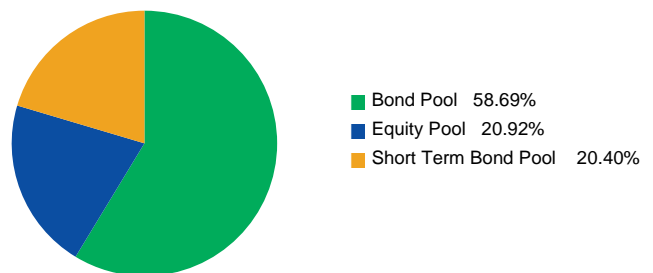
Monthly Performance



* Market Indicator = 20.0% PSEi + 57.0% BBG Philippine Sov Bond Agg Net Tax Formula + 3.0% Philippines 91 Day T-Bill Auction Avg Yield 20% WHT + 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

In January, the Philippine Stock Exchange Index (PSEi) fell by 10.18%, closing at 5,862.59. This month's decline was part of a downward trend that started in early October, leading to a bear market with a total drop of 22%. The persistent weakness in the Philippine markets is attributed to escalating trade war rhetoric from the U.S. and disappointing private consumption figures affecting fourth-quarter GDP results.

Market weakness in January was further aggravated by index rebalancing flows, as Ayala REIT and China Banking Corporation were added to the index, replacing Nickel Asia Corporation and Wilcon Depot, Inc.

The fourth-quarter Gross Domestic Product grew by 5.2% year-on-year, falling short of the expected 5.6%. The full-year GDP increased by 5.4% year-on-year. The shortfall in fourth-quarter GDP growth was driven by weaker consumer recovery, which grew by only 4.7% year-on-year as compared to 5.2% the prior quarter. However, government spending offset this weakness, growing by 9.7% in the fourth quarter.

In January, the Consumer Price Index rose by 2.9% year-on-year, according to the Philippine Statistics Authority. Price increases were notable in categories such as food, alcoholic beverages, and transportation. The rise in food prices was primarily due to increases in vegetables, meat, and fish, while rice prices declined by 2.3% in January after a 0.8% increase in December.

The yield curve steepened in January as the market anticipates a continuation of rate cuts while remaining defensive given uncertainties over U.S. President Trump's policies. Latest macro data continue to show benign inflation and sluggish growth, which increases the likelihood that the BSP will proceed with a 25bps policy rate cut this week, as expected by the market. January inflation printed at 2.9% YoY, while full-year 2024 GDP growth printed at 5.6%, missing the government's target of 6% to 6.5%.

Short-term yields fell by up to 30bps, pushing bond yields 5 years and shorter below 6%. On the other hand, yields at the long-end rose by 10-20bps, with liquidity thinning out for bonds with maturities beyond 10 years.

Outlook

We remain cautiously optimistic about Philippine equities for the first quarter of 2025 due to a lack of positive catalysts. However, the subdued macroeconomic numbers on GDP may enhance the likelihood of the Bangko Sentral ng Pilipinas considering rate cuts in its upcoming Monetary Board Meeting in February.

Currently, the PSEi is trading at a P/E ratio of around 9.5x. We remain on the cautiously selective on the stocks until more positive catalysts for Philippine equities emerge, possibly in the second half of 2025. Key developments to watch from a top-down perspective include a recovery in domestic demand, potential bank reserve requirement cuts, and stability in the peso exchange rate relative to the U.S. dollar.

Looking ahead, we expect the local bond market to broadly track movements in U.S. Treasuries with some defensiveness from a potential jumbo Retail Treasury Bond issuance in a few weeks. Nevertheless, we maintain a slight positive view over the medium-term with a curve steepening bias. While we expect inflation to remain benign, U.S. President Trump's trade rhetorics will likely keep investors on their toes, adding to risk premium at the long-end.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Investment Management and Trust Corporation.

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