

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 651.49 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.810	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (March 31, 2023)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.36%	1.41%	-2.26%	5.56%	4.19%	181.00%
Annualized	n.a.	n.a.	-2.26%	1.82%	0.82%	5.59%

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

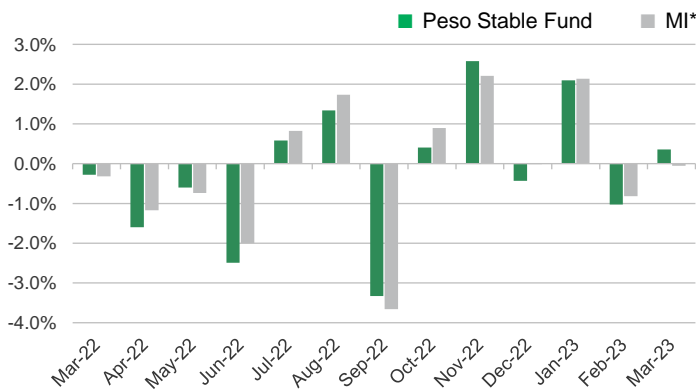


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	14.42%	Manulife Stable Income Fund Class I	35.72%
FXTN 08/12/25	12.78%	FXTN 08/12/25	8.62%
FXTN 04/08/26	7.42%	FXTN 09/09/25	7.93%
FXTN 09/09/25	7.27%	FXTN 04/08/26	6.24%
Manulife Income Builder Fund Class I	5.81%	FXTN 02/14/26	4.02%
Equity Pool			
SM INVESTMENTS CORPORATION			12.99%
SM PRIME HOLDINGS INC			9.42%
Manulife Equity Wealth Fund Class I			9.18%
BDO UNIBANK INC			8.22%
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

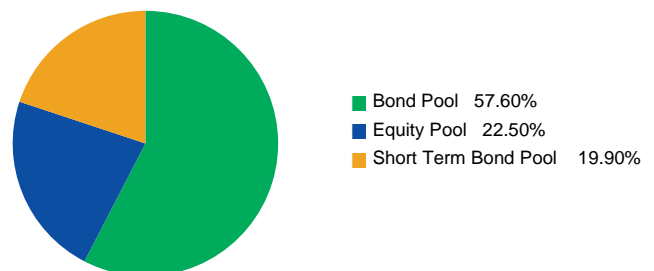
Monthly Performance



*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) was flat in the month of March, closing at 6,499 level. Note that from the recent peak in January, the market is already down by around 7% due to concerns over the macroeconomic environment such as persistently high inflation in January and February. As a result, there were concerns that the Bangko Sentral ng Pilipinas could further hike interest rates that would slow down the economy.

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. In response, the BSP has hiked policy rates by a cumulative 75bps in February and March. On the positive side, we are seeing improvement in the inflation picture given that March inflation decelerated to 7.6%, opening up the possibility for a pause in hiking interest rates.

Corporates have started to report earnings of fourth quarter 2022 in February and March. The banking sector reported strong fourth quarter earnings driven by loan growth, net interest margin expansion and lower non performing loans. The property sector on the other hand reported strong earnings driven by the recovery in the shopping mall segment. Meanwhile the telecommunication sector reported weaker than expected results given the deceleration in broadband subscriber growth coupled with high operating costs. Overall, majority of corporates reported strong earnings and well above and within consensus expectations.

Investors seem to be more willing to add duration in March as demand shifted from short-dated bonds to those with intermediate and longer tenors. While recent U.S. bank trouble headlines have urged central banks to sound more cautious in further tightening monetary policy, the Bangko Sentral ng Pilipinas (BSP) still delivered a 25bps hike last month. BSP noted that future monetary actions will be highly dependent on the trend of inflation, which has been showing signs of easing. March inflation slowed to 7.6%, down from February's 8.6% print. Nevertheless, we are not yet out of the woods as core inflation continued to rise.

Outlook

We have a positive view in Philippine Equities given that the weakness of the market has likely priced in the macroeconomic headwinds such as high inflation and rising interest rates. Currently, PSEi is only trading at around 12x forward PER, 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 corporate earnings for 4Q22 earnings reported in March have been upbeat, providing confidence that consumer spending will remain strong in the near future despite the high inflation.

We continue to expect lower yields later in the year as inflation moderates through 2H, especially with the market already pricing in a rate cut in the U.S. in 4Q, which would bode well for domestic bond markets. However, we will continue to be opportunistic in adding duration exposure due to heightened volatility amid the constantly changing market sentiment and macroeconomic landscape.

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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