

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 582.86 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 3.009	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (May 31, 2025)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.23%	1.38%	4.73%	7.01%	6.74%	200.90%
Annualized	n.a.	n.a.	4.73%	2.28%	1.31%	5.34%

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

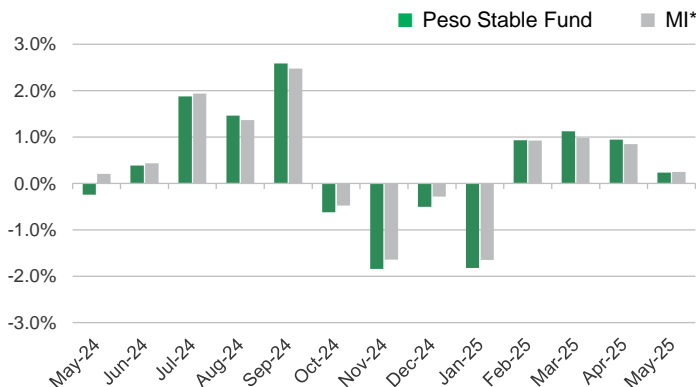


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 07/19/31	7.23%	Manulife Stable Income Fund Class I	42.74%
Manulife Income Builder Fund Class I	6.11%	Manulife Money Market Fund Class I	10.36%
FXTN 09/15/32	5.80%	FXTN 03/04/27	6.51%
FXTN 02/28/29	5.40%	FXTN 04/22/28	5.65%
FXTN 03/04/27	4.92%	FXTN 05/04/27	5.25%
Equity Pool			
SM INVESTMENTS CORPORATION			12.74%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			11.01%
BDO UNIBANK INC			9.92%
BANK OF THE PHILIPPINE ISLANDS			9.81%
Manulife Equity Wealth Fund Class I			9.62%

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

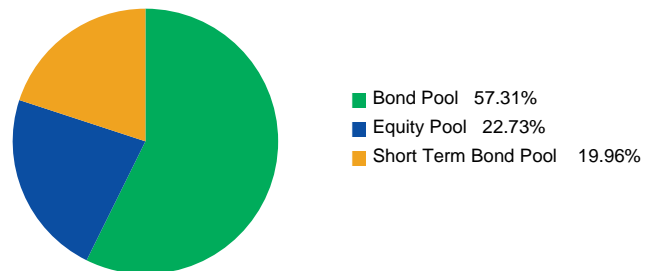
Monthly Performance



* 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:
 - 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 May, the Philippine Stock Exchange Index (PSEi) experienced a modest rise of 0.31%, which helped reduce its year-to-date loss to 0.93%. Investor sentiment remained cautious, with earlier concerns about tariffs and trade fading into the background. Instead, market participants turned their focus to the underwhelming first-quarter corporate earnings and the evolving political landscape following the May midterm elections.

Headline inflation for May eased to 1.3%, down from 1.4% in April, marking the lowest rate since 2019. The decline in inflation was primarily due to a 2.4% drop in rice prices, the 11th consecutive monthly decrease. Transport costs fell by 2.9%, although these were slightly offset by increases in vegetable and meat prices. The market expects inflation for 2025 to settle at 2.2%.

First-quarter 2025 GDP growth was 5.4% year-on-year, falling short of the 5.7% market consensus. While private and public consumption remained strong, overall growth was hampered by weaker net exports and subdued investment activity.

The local yield curve steepened in May, with tenors 10 years and longer seeing a rise in yields. The steeper curve reflects expectations for rate cuts from the Bangko Sentral ng Pilipinas (BSP), which anchored demand for shorter tenors, while longer-dated securities suffered from relatively weak auction demand.

With both April inflation and 1Q GDP growth printing lower than expected at 1.4% and 5.4%, respectively, the BSP has signaled a continuation of monetary easing with up to 75bps more rate cuts on the table this year. However, this optimism on short-term yields was not felt in the long-end as the market remained anxious over uncertainties on global tariffs and more recently, the U.S. credit rating downgrade by Moody's Ratings. Consequently, both the latest 15- and 20-year bond auctions had a bid-to-cover ratio below 2x and were awarded at yields higher than secondary market levels. In fact, for the 15-year auction, the Bureau of Treasury decided to only partially award the bids to cap the rise in yields.

Outlook

The escalating geopolitical tensions in the Middle East, which began in early June, are likely to dampen our optimistic outlook on Philippine equities. These developments may lead investors to move away from risky assets, like emerging market equities, in favor of safe-haven assets such as US Treasuries. Consequently, we anticipate continued pressure on the Philippines peso currency and elevated global oil prices, which could adversely affect equities in the near term. In terms of portfolio positioning, we are maintaining a defensive portfolio strategy, emphasizing sectors such as banks, REITs, and consumer staples. We will continue to closely monitor any upward pressure on major commodity prices and potential secondary effects on local consumption trends throughout the remainder of 2025.

Expectations of further rate cuts from the BSP and a benign inflation outlook will continue to be the main drivers for the local bond market. However, recent market developments support a further steepening of the yield curve, with the belly likely being the sweet spot for investors. Risks to the bond market continue to stem from external headlines such as U.S. President Trump's trade policies and geopolitical tensions.

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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