

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 631.47 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 2.813	Management Fee 1.75% per annum	Bloomberg Ticker MPPHSTB	

Performance Return (September 30, 2023)

Peso Stable Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.82%	1.52%	4.11%	-0.25%	9.29%	181.30%
Annualized	n.a.	n.a.	4.11%	-0.08%	1.79%	5.45%

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

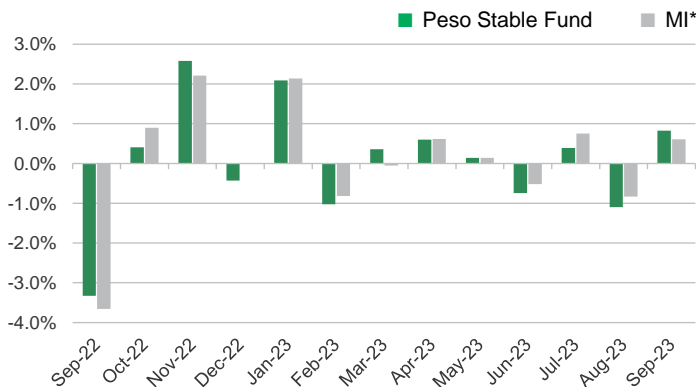


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	13.33%	Manulife Stable Income Fund Class I	36.29%
FXTN 08/12/25	10.52%	Manulife Money Market Fund Class I	19.04%
FXTN 09/09/25	6.67%	FXTN 08/12/25	10.13%
FXTN 08/22/28	6.24%	FXTN 02/14/26	8.83%
FXTN 04/08/26	5.78%	FXTN 04/08/26	8.23%
Equity Pool			
SM INVESTMENTS CORPORATION			13.51%
SM PRIME HOLDINGS INC			9.72%
Manulife Equity Wealth Fund Class I			9.11%
BDO UNIBANK INC			8.54%
BANK OF THE PHILIPPINE ISLANDS			7.81%

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

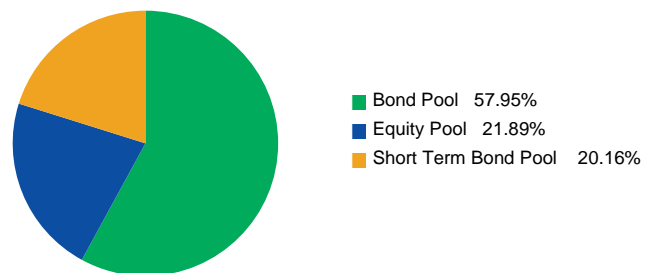
Monthly Performance



*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) year-to-date is down 1.61%, ending at 6,321 level. The PSEi ended the month of September up 2.4% after it sank 6.3% the prior month. Year to date, the weak market performance can still be attributed to ongoing concerns surrounding a challenging economic backdrop presented by heightened inflation and uncertainties on the path of interest rates for the remainder of 2023.

September inflation rose further to 6.1%, an acceleration from 5.3% in August due to a continued rise in food (rice) and transport (oil) prices. The inflation figure for September came in at the top of the Bangko Sentral ng Pilipinas' (BSP) forecasts for the month of 5.3% to 6.1% which accelerated to a month-on-month growth of 1%.

On food prices, President Marcos has lifted the price ceiling on rice on account of increasing rice supplies and easing import costs. The price ceiling on rice was initially imposed last August 2023 nationwide under Executive Order 39 as the retail price of certain varieties of rice surpassed P60 per kilogram. The set price ceiling was at P41 per kilogram for regular milled rice and P45 per kilogram for well-milled rice.

The BSP kept policy rates unchanged at 6.25% at the last Monetary Board meeting held on September, however the BSP further said that it is ready to resume monetary tightening to prevent broadening of price pressures and limit the emergence of second round effect of inflation in the coming months following the recent price increases for rice in September. Governor Remolona further signaled that another off-cycle rate hike is possible leading into the Monetary Board's next meeting in November. The upside risks to the inflation outlook include the potential impact of transport fare adjustments, minimum wage adjustments in areas outside of Metro Manila along with the ongoing impact of El Nino weather conditions on food and utility rates.

Banking lending growth continued to slow down to 7.2% in August from 7.7% in July. This is the slowest growth rate in bank lending since December 2021. The slowdown was led by decreasing loans to production activities, growing by 5.5% in August from 6.2% in July. Consumer loans, however, grew by 22.7% in August.

Local bond yields slightly rose with the curve flattening in September as the market prices in the likelihood of another hike by the Bangko Sentral ng Pilipinas (BSP). Persistent increase in inflation, as evidenced by September's 6.1% print, raises the likelihood of an off-cycle BSP rate hike this month. The possibility of a rate hike is further underpinned by the BSP's hawkish statements indicating its willingness to tolerate slower growth to tame inflation as inflationary pressures intensify, largely driven by the surge in rice prices and volatile global oil prices. The BSP now contends with a challenging combination of slowing growth and high inflation, reflected in its forecasts of 4.9% growth and an average of 5.8% inflation this year.

Outlook

The domestic equity market would likely see continued volatility given the headwinds of rising inflation and interest rates. Additionally, we think that any decision by the BSP to raise policy rates by its next meeting in November is a step in the right direction to keep inflation under control. Thus, any near-term weakness in sentiment can be an opportunity to accumulate in the equity market as the PSEi continues to trade at attractive valuations supported by stable earnings growth for 2023.

We also expect another hike from the Federal Reserve due to the robust jobs data and elevated inflation in the U.S. Given the likelihood for interest rates to stay higher for longer, we expect the local bond market to stay volatile and for overall sentiment to be lukewarm until yearend. Nevertheless, for investors with a longer investment horizon, current yield levels remain very attractive with our view of slowing inflation and a rate cut in second half of next year.

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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