

Peso Diversified Value 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 2009	Fund Size PHP 4.97 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.919	Management Fee 2.00% per annum	Bloomberg Ticker MPPHDVF	

Performance Return (February 29, 2024)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.05%	1.53%	4.01%	0.63%	8.48%	91.90%
Annualized	n.a.	n.a.	4.01%	0.21%	1.64%	4.48%

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

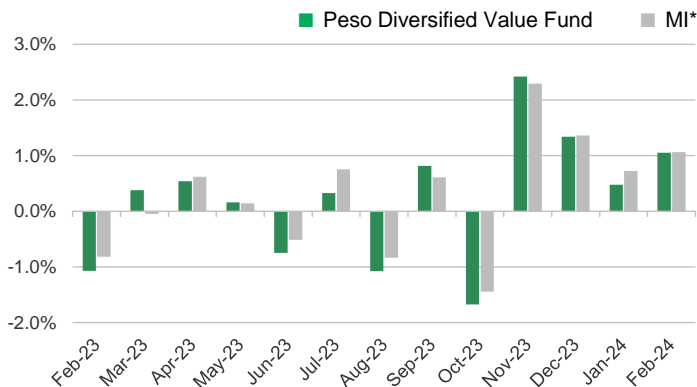


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	11.15%	Manulife Stable Income Fund Class I	40.80%
FXTN 08/12/25	9.95%	Manulife Money Market Fund Class I	15.68%
FXTN 08/22/28	6.43%	FXTN 04/08/26	9.15%
FXTN 09/09/25	6.16%	FXTN 08/12/25	8.78%
FXTN 04/08/26	6.00%	FXTN 09/09/25	8.63%
Equity Pool			
SM INVESTMENTS CORPORATION			14.08%
Manulife Equity Wealth Fund Class I			9.12%
SM PRIME HOLDINGS INC			8.69%
BDO UNIBANK INC			8.47%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			8.09%

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

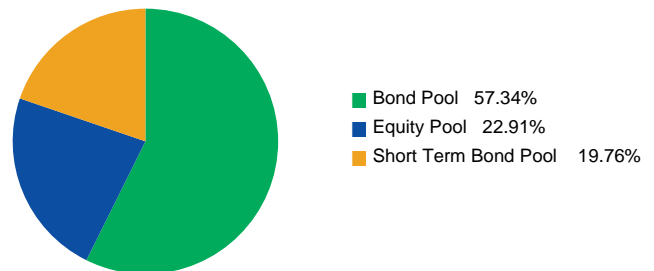
Monthly Performance



*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 Diversified Value Fund

Market Review

The Philippine Stock Equity index (PSEi) was up 4.5% to 6,944.71 for the month of February. Year to date, the PSEi was up 7.66%, driven by the improvement in macroeconomic indicators such as better-than-expected GDP growth results for full year 2023, normalizing inflation trends, and stable outlook for policy interest rates for the first half of 2024.

February inflation rate was 3.4% year on year, a slight uptick from January inflation figure of 2.8% year on year. The slight increase in inflation for February was on the back of continued price increases for key items such as rice, meat, fish alongside petroleum and electricity prices. Prices of vegetables, fruits and sugar saw downward price pressures for the same period.

February inflation rate was still within BSP's target range of 2-4% despite the slight uptick from January inflation rate. The Bangko Sentral ng Pilipinas (BSP) will continue to monitor developments affecting the inflation outlook with its data-driven approach as this may further contribute to key monetary policy direction for 2024.

Economic growth was better than expected for 2023 with the full year GDP growing by 5.6%, slightly better than consensus average of 5.4%. Philippine GDP growth outpaced most of our regional peers including China, Vietnam, and Malaysia for 2023.

The sell-off in the local bond market continued in February as the increase in U.S. yields coincided with the Bureau of Treasury's issuance of five-year Retail Treasury Bonds, which added P585B in local bond supply. Ten-year U.S. yields rose by over 30bps during the month as stronger-than-expected jobs data and faster-than-expected inflation in the U.S. resulted in adjustments in rate cut expectations. At the start of the year, the Federal Reserve (Fed) was expected to start easing its policy rate as early as March and to cut by a total of 150bps this year. Just two months after, the market is now pricing in a rate cut no earlier than June with a total of just 75bps for the year. The drastic change in rate cut expectations dampened sentiment, with the market brushing off the slower-than-expected local inflation in January.

Outlook

We have a positive outlook on Philippine equities as we become more optimistic on account of the improving macroeconomic backdrop. Philippine inflation has decelerated to well within the Bangko Sentral ng Pilipinas (BSP) target range of 2-4%. This will provide BSP more policy options to support economic growth such as reducing policy interest rates which market consensus thinks may be realized towards the later part of 2024. In addition, PSEi valuations remain attractive despite the market rallying by 7.66% year to date. The PSEi is trading at 12x forward price to earnings, still a discount compared to its historical average of around 15x.

Looking ahead, inflation risk remains tilted to the upside as rising rice and oil prices pushed up February's inflation print to 3.4%. In fact, rice inflation quickened to 23.7% year-on-year, the fastest pace since 2009. Nevertheless, 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, with Bangko Sentral ng Pilipinas likely to follow the Fed's timing on monetary easing.

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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