

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 4.58 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.835	Management Fee 2.00% per annum	Bloomberg Ticker MPPHDVF	

Performance Return (November 30, 2022)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.51%	-3.67%	-3.83%	-2.65%	1.27%	83.50%
Annualized	n.a.	n.a.	-3.83%	-0.89%	0.25%	4.56%

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

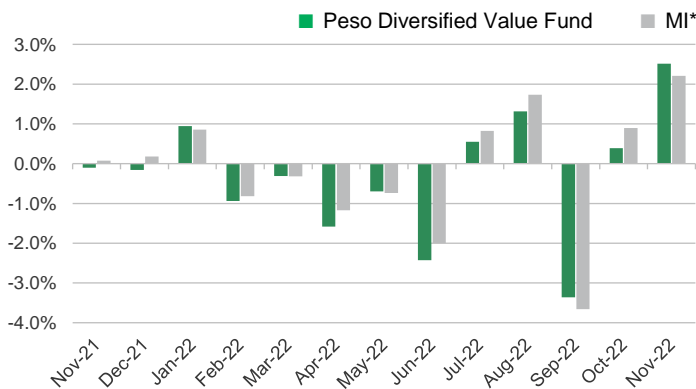


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	15.12%	Manulife Stable Income Fund Class I	35.30%
FXTN 08/12/25	13.57%	FXTN 03/09/24	7.60%
FXTN 04/08/26	7.62%	FXTN 08/12/25	7.48%
FXTN 09/09/25	7.53%	FXTN 03/12/24	5.01%
FXTN 03/09/24	7.16%	FXTN 10/17/24	2.61%
Equity Pool			
SM INVESTMENTS CORPORATION			12.08%
SM PRIME HOLDINGS INC			9.96%
Manulife Equity Wealth Fund Class I			9.40%
BANK OF THE PHILIPPINE ISLANDS			7.22%
BDO UNIBANK INC			6.88%

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

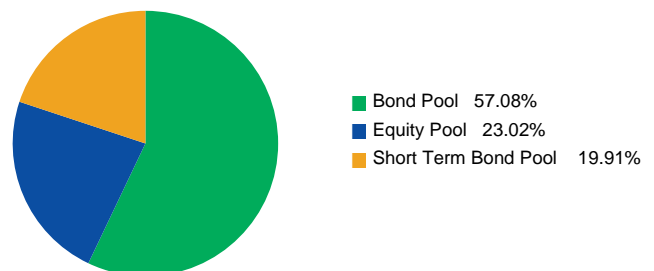
Monthly Performance



*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) continued its rally, rising by 9% in November to reaching 6,780. The November rally cut the PSEi's losses for the year to -3%. Improving global macroeconomic picture and the peso's recovery further lent support to the market's strength. We also saw strong 3Q22 corporate earnings with majority of index stocks reporting in line to above results compared to consensus expectations.

October inflation accelerated indicating that overall basket of prices were up 7.7% compared to the same month the prior year. This October inflation figure is higher from 6.9% reported in the prior month, and significantly above market expectations. Meanwhile, the Bangko Sentral ng Pilipinas raised policy rates by 75bps, mirroring the move of the US Federal Reserve. On the positive side, the US Federal reserve mentioned that they could start easing the aggressiveness in rate hikes given the deceleration in US inflation. As a result, we saw a correction in yields and US dollar, fueling a stronger Philippine Peso. Note that the Philippine Peso has appreciated by around 3% in the past month.

Philippine economic activity continues to improve as evidenced by the acceleration in commercial bank loans growth to 13.9% year on year in October. The growth in loans was driven by higher personal consumption and production by activities. Meanwhile, OFW remittances were up 3.8% year on year and unemployment rate declined to 5% in September.

Bonds bucked the trend in November as the recent slowdown in U.S. inflation fueled expectations of smaller rate hikes from both the Federal Reserve (Fed) and the Bangko Sentral ng Pilipinas (BSP). Prices in the U.S. rose by 7.7% year-on-year in October, the lowest inflation print since January this year. This led to Fed officials stating that while rates may peak at a higher level than previously expected, it would soon moderate the pace of rate hikes to mitigate risks of overtightening, as revealed in the minutes of their latest policy meeting. After their 75bps hike last month, we expect the Fed and the BSP to deliver a 50bps hike before we end the year.

Outlook

We have a neutral view on Philippine Equities as attractive valuations and strong corporate earnings are mitigated by concerns over global macroeconomy. Currently, the Philippine Equity Index is trading at around 14x forward price to earnings, a slight discount to historical average of around 15x. We also continue to be optimistic on strong corporate earnings in the past two quarters as the recovery consumer spending pushed overall revenues higher. However, we continue to see weakness in the economy brought about by high local inflation and rising interest rate environment. The higher interest rate environment could lead to lower economic growth in 2023 onwards.

Unfortunately, while the BSP has been following the Fed's rate hikes as of late, domestic inflation is not mirroring the trend of U.S. inflation. With the latest inflation print of 8% in November and possible price pressures induced by holiday spending, it may take a few more months before domestic inflation peaks. Nevertheless, as the Philippine Peso finally took a U-turn and is now settling at 56-levels, we are seeing an improvement in risk appetite as impatient investors look to deploy excess cash. We maintain our view that current yield levels are attractive for investors with a longer investment horizon.

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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