

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 4.70 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.821	Management Fee 2.00% per annum	Bloomberg Ticker MPPHDVF	

Performance Return (October 31, 2023)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.67%	-0.33%	1.73%	-3.75%	8.07%	82.10%
Annualized	n.a.	n.a.	1.73%	-1.27%	1.56%	4.21%

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

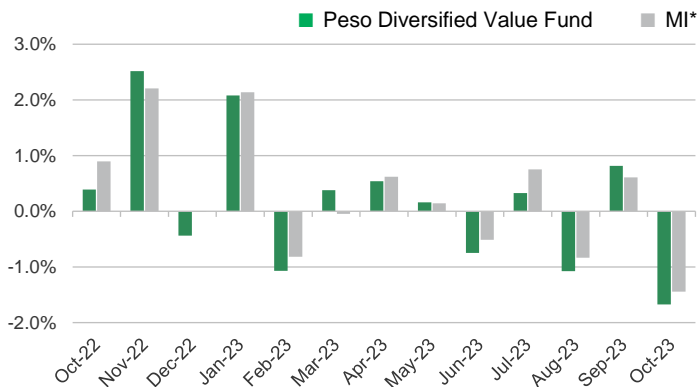


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	13.64%	Manulife Stable Income Fund Class I	36.47%
FXTN 08/12/25	10.40%	Manulife Money Market Fund Class I	19.11%
FXTN 08/22/28	6.33%	FXTN 08/12/25	10.16%
FXTN 09/09/25	6.09%	FXTN 02/14/26	8.79%
FXTN 04/08/26	5.92%	FXTN 04/08/26	8.20%
Equity Pool			
SM INVESTMENTS CORPORATION			13.89%
SM PRIME HOLDINGS INC			9.91%
Manulife Equity Wealth Fund Class I			9.10%
BDO UNIBANK INC			8.01%
INTERNATIONAL CONTAINER TERMINAL SERVICES INC			6.87%

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

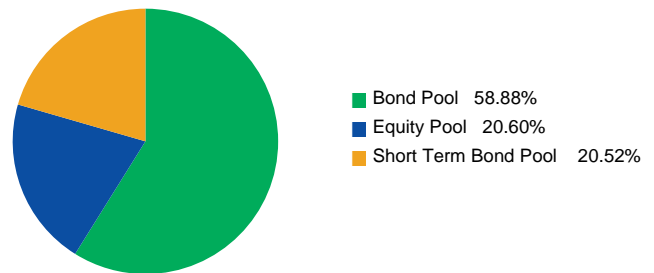
Monthly Performance



*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) year-to-date is down 6.85%, ending at 5,973 level for the month of October. The PSEi broke below the 6,000-level triggered by a disappointing September inflation which was at 6.1%. The Bangko Sentral ng Pilipinas announced an off cycle increase in the policy rate to 6.5% which further added to the weakening investor activity for the month of October. Average daily volumes dropped to USD\$80 million from USD\$130 million in September.

In October, the BSP announced an off-cycle policy 25bps increase in the policy rate to 6.5% on account of the adverse effects of supply side pressures on inflation specifically the impact to food and rice prices. Moving forward, the BSP now expects inflation to remain elevated and stay above its target range of 2-4% before coming back down to target in second half. Governor Remolona further added that potential for another 25bps hike in policy rates is still possible if inflation pressure continues to remain an ongoing risk to the macroeconomy.

Consumer price index for September was at 6.1% much higher than consensus at 5.3%. The main driver for the increase were rice prices which increased by 17% year-on-year. Additionally, President Marcos removed price controls for rice.

Local bond yields surged by around 50bps with the curve flattening in October as inflation fears intensified following the release of September's inflation print. Sell-off in U.S. Treasuries also spilled over to local markets as 10y U.S. yields tested 5% on the back of mostly better-than-expected economic data and elevated inflation in the U.S. Consistent with its hawkish rhetoric in recent months, the Bangko Sentral ng Pilipinas (BSP) delivered a 25bps off-cycle hike late-October as it expects inflation to exceed its 2-4% target for a third straight year in 2024. The hike brought the total cumulative hikes from this tightening cycle to 450bps.

Outlook

We turn positive for Philippine equities as valuations have now reached attractive levels. We are also optimistic that the pre-emptive 25bps policy rates hike made by the Monetary Board last October 27 is a step in the right direction to contain the adverse effects to the economy caused by rising inflation. Lastly, holiday spending in the fourth quarter along with modest third quarter corporate earnings results continue to underpin our view for an optimistic outlook for equities for the remainder of the year.

Looking ahead, while BSP will likely remain cautious and continue to sound hawkish due to persistent upside inflation risks, we expect the BSP to pause and keep policy rate at 6.5% after October's inflation rate eased to 4.9%. This has been providing much-needed relief to the local bond market and has improved investor sentiment considerably. Given the likelihood for interest rates to stay higher for longer, we expect the local bond market to stay volatile. Nevertheless, 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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