

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 4.41 billion	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.783	Management Fee 2.00% per annum	Bloomberg Ticker MPPHDVF	

Performance Return (September 30, 2022)

Peso Diversified Value Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-3.36%	-6.40%	-6.84%	-4.91%	-1.93%	78.30%
Annualized	n.a.	n.a.	-6.84%	-1.66%	-0.39%	4.39%

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

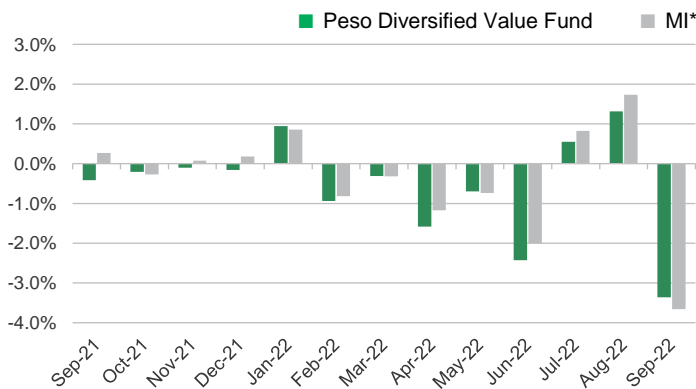


Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	15.25%	Manulife Stable Income Fund Class I	35.26%
FXTN 08/12/25	13.75%	FXTN 03/09/24	7.81%
FXTN 03/09/24	8.72%	FXTN 08/12/25	7.60%
FXTN 04/08/26	7.76%	FXTN 03/12/24	5.03%
FXTN 09/09/25	7.62%	FXTN 10/17/24	2.68%
Equity Pool			
SM INVESTMENTS CORPORATION			10.90%
SM PRIME HOLDINGS INC			9.93%
Manulife Equity Wealth Fund Class I			9.49%
BANK OF THE PHILIPPINE ISLANDS			7.35%
BDO UNIBANK INC			7.17%

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

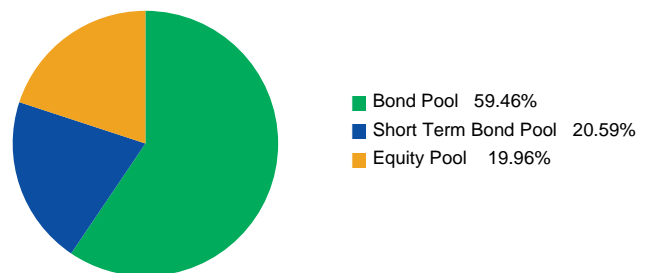
Monthly Performance



*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 PSEi was down 14.19% for the month of September closing at 5,741 as the weakness in global markets caused by rising global rates and a weak peso currency continues to influence the weak performance of local equity shares. Both the 10-year US Treasuries which rose to as high as 4% and the Philippines Peso depreciated to as high as P59/\$1 contributed to renewed negative equities market sentiment. The Bangko Sentral ng Pilipinas raised policy rates by 50bps to 4.25% on the back of continued US Federal Reserve tightening which raised US policy rates by 75bps to 3%.

Local Inflation for the month of September was 6.9% higher than 6.3% in August. The September inflation print takes the YTD average inflation above the BSP's upper range target of 4% on account of increasing prices of food, utilities, and fuel.

Bank of the Philippine Islands and Robinsons Bank is under discussions for a potential merger with BPI as the surviving entity and the JGS Group owning a 6% stake in BPI. Currently, BPI is the third largest bank in the country with assets amounting to P2.46 trillion.

The higher bond yield trend continued in September as local government securities traded an average of 74bps higher across the curve on the back of the generally hawkish rhetoric from the Bangko Sentral ng Pilipinas (BSP) and the US FED.

Outlook

We have a positive bias towards Philippine equities with the PSEi now trading below 12x forward price to earnings ratio. We think that much of the weakness in local equities seen in September were largely influenced by weak global market factors. Nevertheless, on the domestic front, we await the start of the 3rd quarter reporting season as the next catalyst for the equities market. Despite the global economic slowdown, we remain positive that the strong domestic consumption patterns seen in the 1st half of 2022 will likely be carried over into the 2nd half of 2022 as the reopening theme has not been fully priced-in. We are constructive that the ongoing resumption in face-to-face classes, pent-up demand for discretionary spending and the upcoming Christmas Holiday celebrations will be catalysts for a re-rating in local equities. Risks to watch out for the remainder of 2022 include continued strength of the US dollar and rising global rates which could further trigger global economic slowdown.

Year to date, the Monetary Board of the BSP has hiked policy rates by a total of 225 bps versus the US FED's 300 bps, bringing the respective rates at 4.25% and 3.25%. With recent Fed dot plots pointing to another 125bps of hikes for the remainder of the year, we can expect the BSP to hike by at least an additional 75-100bps. Against this backdrop, we will generally keep an overall shorter duration positioning vis-à-vis the benchmark. We plan to keep an underweight position on the short end due to the expected BSP rate hikes, while opportunistically looking to add duration at the current attractive levels.

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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