

Peso Balanced 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 capital growth through investments in diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippine Stock Exchange and/or pooled fund/s that invest in these securities and other liquid fixed income instruments. It shall generally maintain a balanced allocation between fixed income and equity investments and may shift asset allocation between the two as risk/reward dynamics warrant but in no case shall the fund's equity or fixed income allocation exceed 70% of its assets.

Fund Information

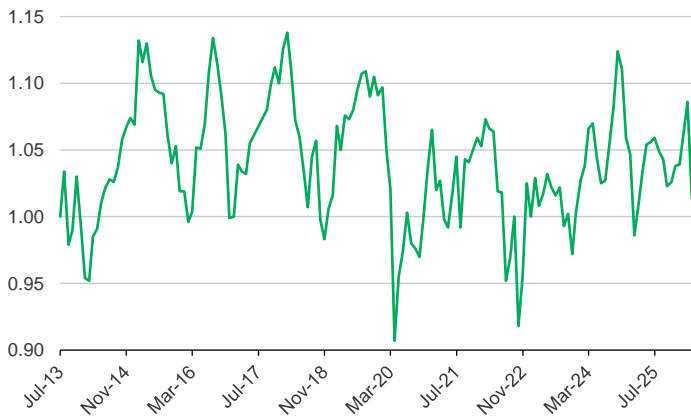
Inception Date July 2013	Fund Size PHP 178.14 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.014	Management Fee 2.00% per annum	Bloomberg Ticker MPPHBAL	

Performance Return (March 31, 2026)

Peso Balanced Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-6.63%	-2.41%	-1.84%	-0.29%	1.60%	1.40%
Annualized	n.a.	n.a.	-1.84%	-0.10%	0.32%	0.11%

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

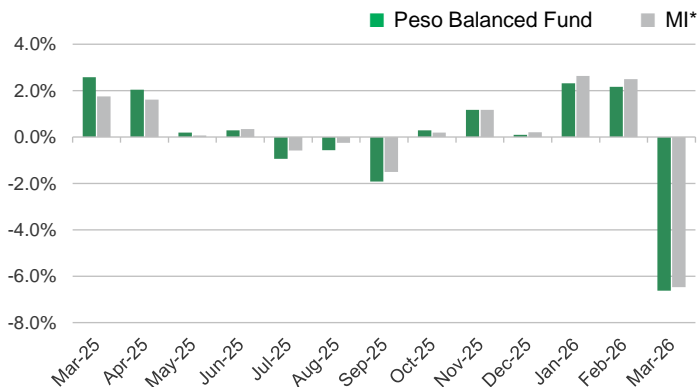


Top Five Holdings

Bond Pool	
Manulife Income Builder Fund Class I	7.02%
FXTN 04/28/35	4.78%
FXTN 09/15/32	4.73%
Manulife Money Market Fund Class I	4.63%
FXTN 03/07/28	4.57%
Equity Pool	
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	20.19%
Manulife Equity Wealth Fund Class I	10.14%
SM INVESTMENTS CORPORATION	9.23%
BANK OF THE PHILIPPINE ISLANDS	7.32%
BDO UNIBANK INC	7.23%

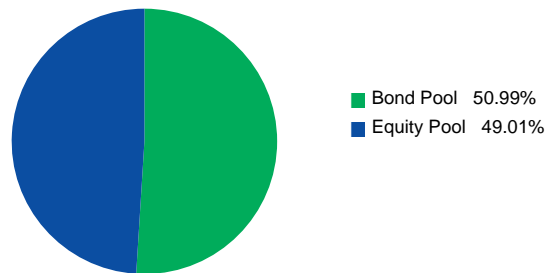
*Notes:
FXTN - Fixed Treasury Notes or Peso-denominated debts of the Philippine Government
RTB - Retail Treasury Bonds of the Philippine Government*

Monthly Performance



Portfolio Breakdown

Asset Allocation (at Market Value)



* Market Indicator = 50.0% PSEI + 47.5% BBG Philippine Sov Bond Agg Net Tax Formula + 2.5% Philippines 91 Day T-Bill Auction Avg Yield 20% WHT

As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 45% Bond Pool and 55% Equity Pool. The investments in these pools consist of:
-Peso Bond Pool: Peso-denominated bonds of the Republic of the Philippines and term deposits.
-Equity Pool: Various stocks listed on the PSE and term deposits

Peso Balanced Fund

Market Review

The PSEi declined by 8.81% in March to 5,948 amid the escalating Middle East crisis. Market performance was driven by several key factors, including the intensifying Iran conflict, a surge in Brent crude prices toward USD 120 per barrel following the closure of the Strait of Hormuz, and a subsequent market selloff after shifts in the BSP's hawkish tone and monetary policy outlook. These geopolitical and economic developments continued to dampen investor sentiment. Meanwhile, the peso weakened to as low as 60.745, pressured by sustained foreign equities market outflows amid heightened external uncertainty.

Philippine headline inflation rose to 4.1% year-on-year in March 2026 from 2.4% in February, exceeding market expectations and marking a near 20-month high. The increase was mainly driven by higher transport costs due to elevated global oil prices, as well as faster food inflation led by rising rice prices. Core inflation also increased to 3.2%, indicating broader price pressures beyond food and energy.

In an off-cycle meeting, the BSP noted the impact of supply-side shocks on economic growth and stated that inflation could exceed its 2–4% target range in 2026. BSP also identified potential second-round effects from higher oil prices, including increases in transport fares, food and fertilizer costs, electricity rates, wages, tariffs, and the possible suspension of fuel excise taxes. The current March Inflation figure has moved above BSP's target range ahead of the April policy meeting, with the recent increase largely driven by supply-side factors.

Local government bond yields rose by an average of 81 basis points in March, with the increase largely concentrated in the 2Y–10Y segment of the curve. Broad de-risking across financial assets was evident, driven by the Middle East conflict involving Iran and U.S./Israel. Investors shifted toward safe-haven assets as they priced in higher inflation risks linked to elevated global oil prices. Market participants closely monitored Middle East developments, central bank guidance, and economic data for signals on potential effects to the Philippine and global economies.

With Iran restricting traffic through the Strait of Hormuz for an extended period, concerns grew that oil supply disruptions could materially affect the Philippines. The scarcity of incremental supply pushed domestic fuel prices sharply higher, exacerbating fears of second-round effects. These concerns were reinforced by the March headline inflation printing at 4.1% year-on-year, driven by the increase in the price of transportation, housing, and rice. Even as efforts to ease supply constraints progressed, analysts expected normalization to take time.

On the policy front, mounting risks led the BSP to hold a rare off-cycle policy meeting on March 26, where it kept the policy rate unchanged at 4.25%. While maintaining the current policy stance, the BSP revised its 2026 average inflation forecast to 5.1%, implying a breach of their 2-4% target band.

Outlook

Local market conditions are expected to remain volatile amid ongoing geopolitical tensions, particularly in the Gulf region, which continue to pose risks to global oil supply. The sharp rise in local diesel and gasoline prices may sustain inflationary pressures following the March inflation print and add uncertainty to the domestic growth and inflation outlook. Against this backdrop, the BSP has shifted to a more hawkish monetary stance, potentially signaling an end rate cut expectations, which has led markets to increasingly anticipate the risk of policy rate hikes for 2026. Portfolio positioning remains defensive, with a focus on dividend-paying stocks and elevated cash levels to help cushion the portfolio against market volatility.

After a month of intermittent exchanges between the U.S. and Iran, prospects for de-escalation and negotiations remain uneven and fragile. In the coming weeks, we expect markets to remain cautious amid persistent external uncertainties. With sentiment still reactive, investors may use market rallies as opportunities to further de-risk.

Our strategy will remain cautious and disciplined, focusing on prudent risk management above all else. We will prioritize yield pickup over short term market gains amid uncertainties and volatility in markets.

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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