

# Peso Dynamic Allocation 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

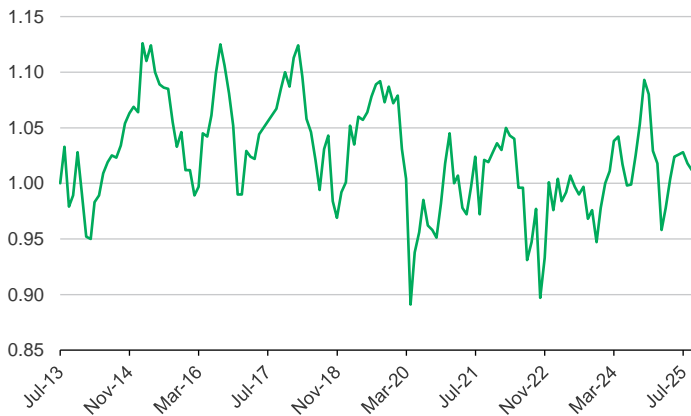
<b>Inception Date</b> July 2013	<b>Fund Size</b> PHP 4.68 billion	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 1.012	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> MPPHDYN	

## Performance Return (August 31, 2025)

Peso Dynamic Allocation Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.59%	-0.59%	-3.89%	3.58%	5.64%	1.20%
Annualized	n.a.	n.a.	-3.89%	1.18%	1.10%	0.10%

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

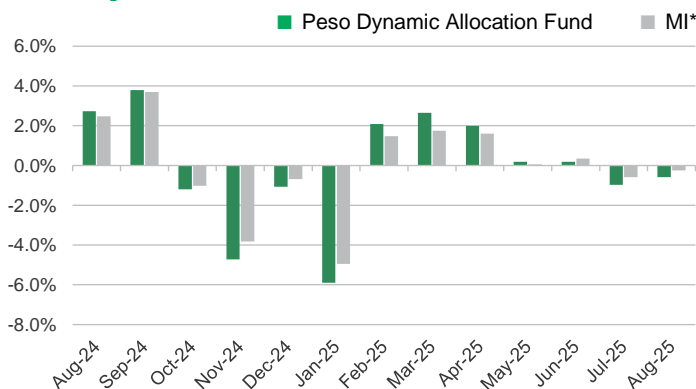


## Top Five Holdings

Bond Pool	
FXTN 07/19/31	7.08%
Manulife Income Builder Fund Class I	6.07%
FXTN 09/15/32	5.72%
FXTN 02/28/29	5.29%
FXTN 03/04/27	4.83%
Equity Pool	
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	13.40%
SM INVESTMENTS CORPORATION	11.68%
Manulife Equity Wealth Fund Class I	9.77%
BDO UNIBANK INC	8.48%
BANK OF THE PHILIPPINE ISLANDS	7.90%

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

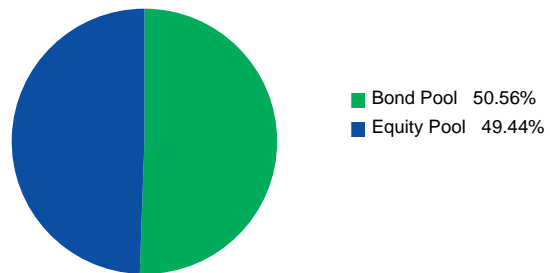
## Monthly Performance



\* Market Indicator = 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

## Portfolio Breakdown

### Asset Allocation (at Market Value)



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 Dynamic Allocation Fund

## Market Review

The Philippine Stock Exchange Index (PSEi) fell by 1.31% to 6,155.57 in August, settling near its lowest level since April, with a year-to-date return of -3.3%. The market's decline was driven by continued outflows, despite the Bangko Sentral ng Pilipinas (BSP) implementing its third consecutive rate cut and market expectations of at least two more rate cuts by the US Federal Open Market Committee (FOMC) before year-end.

In August, the consumer price index rose by 1.5% year-on-year, up from 0.9% in July. This increase in inflation was largely due to higher food and non-alcoholic beverage prices, which went up by 0.9% after a 0.2% decrease in July. The main drivers were a 10% rise in vegetable and fruit prices, reversing a 4.7% drop in July, and a 9.5% increase in fish and seafood prices, up from a 6.3% rise in July. Food inflation climbed as weather disruptions affected the supply of key food items like vegetables and fish. In contrast, rice prices continued to fall because of lower international prices, sufficient domestic supply, and government efforts to stabilize prices.

The Bangko Sentral ng Pilipinas (BSP) will continue to monitor emerging risks to inflation and determine the appropriate monetary policy response to maintain price stability, which is conducive to sustainable economic growth and employment. They expect average inflation to fall below the target in 2025 before returning to the target range in 2026 and 2027.

At the beginning of August, the Bureau of the Treasury issued a 5-year Retail Treasury Bond at 6% which temporarily put a bit of upward pressure on yields. However, Philippine government bond yields declined shortly following the issuance, averaging around 17 bps for the month, on the back of inflation continuing to trend lower and the Bangko Sentral ng Pilipinas (BSP) transmitting a 25-basis point rate cut on August 28. This brought the BSP's policy rate down to 5.00% with a possibility of another rate cut within the year to support the economy further.

## Outlook

The BSP took advantage of easing inflation and a 2.02% recovery in the Peso in August to lower rates for the third consecutive meeting, reducing the policy rate to 5%. However, any additional rate cuts will likely depend on future data regarding inflation and economic growth. Nevertheless, there is market speculation that there could be room for one more rate cut in 2025. We anticipate that the market will close the year on a positive note, given current valuations near a 10x price-to-earnings ratio (PER), as consumer spending is expected to rise during the traditionally strong holiday season.

With Philippine inflation steady at 1.5% YoY in August, and GDP at 5.5% in the second quarter, the local economic backdrop remains stable. However, we maintain a cautiously optimistic view, keeping in mind that developing global trade and tariff uncertainties may continue to keep the market wary of upside risks to yields. With this in mind, we plan to gradually extend our investments in longer-term bonds and take advantage of higher interest rates when opportunities arise.

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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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