

Peso Wealth Optimizer Fund 2026

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

Investment Objective

The Fund seeks to maximize long-term capital growth while managing the risk of capital erosion as the target date approaches through a dynamic rebalancing of exposure to diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippine Stock Exchange and/or pooled funds that invest in these securities and other liquid fixed income instruments.

Fund Information

Inception Date June 2016	Fund Size PHP 425.55 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.902	Management Fee 2.25% per annum (of which 0.18% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)		Bloomberg Ticker MPPHWTN

Performance Return (April 30, 2021)

Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.66%	-7.39%	4.52%	-10.60%	n.a.	-9.80%
Annualized	n.a.	n.a.	4.52%	-3.67%	n.a.	-2.08%

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.

Why Peso Wealth Optimizer Funds?

Investing through a target date approach simplifies asset allocation for an average investor. The asset mix changes over time, becoming more conservative as the investor's financial milestone draws closer.

The change in asset allocation over time is called the **glide path** which Manulife designed specifically for these funds.



The glide path's objectives include:

- To maximize wealth accumulation prior to target date
- To minimize risk as the target date approaches
- To make wealth last long enough to support any financial needs beyond the chosen target date

Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 08/12/25	13.22%	Manulife Stable Income	
FXTN 02/11/23	10.00%	Fund Class I	37.48%
FXTN 03/09/24	8.03%	FXTN 02/11/23	12.49%
FXTN 09/09/25	7.97%	RTB 12/04/22	11.61%
RTB 12/04/22	7.82%	FXTN 04/21/23	7.27%
		FXTN 09/10/23	5.68%

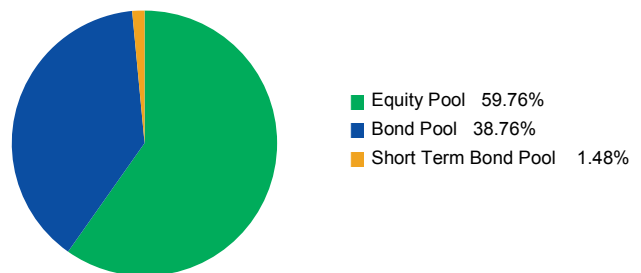
Equity Pool

SM INVESTMENTS CORPORATION	15.39%
Manulife Equity Wealth Fund Class I	10.40%
SM PRIME HOLDINGS INC	9.77%
AYALA LAND INC	9.59%
AYALA CORPORATION	7.93%

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

Portfolio Breakdown

Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 78.23% Equities, 21.3% Long term bonds, 0.47% Short term bonds. 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.

Peso Wealth Optimizer Fund 2026

Market Review

The PSEI was down 1.1% for April at 6,370.87 as market sentiment continued to be weighed down by new highs in COVID daily cases, capacity strained hospitals, and the extension of tighter quarantine restrictions. There was a slight easing of quarantine measures from ECQ to MECQ in NCR and its surrounding provinces (“NCR Plus”) beginning April 12. The government allowed limited dine-in for restaurants at 10% capacity, while curfew hours were shortened to 10pm to 4am.

There were also concerns on the possible delays in economic recovery as the pace of the ongoing vaccination efforts remain slow. Since March, only 1.8 million vaccine doses have been administered. The Philippines has received a total of 4 million COVID vaccine doses, with another 8 million doses expected to arrive in late May. The aim of government is to vaccinate as much as 70 million people by end of the year.

April inflation rate remained flat at 4.5% y/y. Food prices moderated as it rose 5% m/m from a 6.2% rise m/m in March. We expect inflation in the medium term to remain manageable with the BSP lowering its 2021 forecast to 3.9% from 4.2% while increasing 2022 forecast to 3% from 2.8%. Currently, the government has reduced the tariff for rice importation alongside the lowering of import duties on pork.

Local peso bond yields rallied for the month of April on an improved inflation outlook and expectation that the extended lockdown in the National Capital Region and surrounding areas will keep inflation contained. April and March CPI printed flat from February's 4.5%, halting the uptrend we have seen the past five months. Moreover, 1Q GDP was a contraction of 4.2%, lower than market forecast of 3.2%, highlighting the effect of the mobility restrictions to our economic growth. Against this backdrop, investors have scaled back on their growth and inflation outlook and have shown renewed interest in the local bond market.

Outlook

First quarter corporate earnings results kicked off in April with a few companies already reporting better quarter on quarter earnings trajectory albeit still tracking below pre-Covid levels. We continue to remain cautiously optimistic in equities as we expect earnings recovery to be felt more in the second half of the year. We believe that overall corporate earnings are on track to recover to pre-pandemic levels by 2022. Our preference remains in cyclical sectors like banks and real estate as these will both be the winners as the economic recovery unfolds. We are now more selective on defensive sectors like telco, energy, utilities, and consumer due to rising input costs and prefer names that have strong brand equity and expanding market share. We also have introduced into the portfolio a handful of quality small cap stocks that we think will deliver above average earnings growth when the economy recovers.

In May, the Bureau of Treasury announced that it will re-issue the 5 and 7 year bonds issued in April. With the upcoming PHP 130Bn bond maturity in June and improved investment sentiment we anticipate strong demand at the auctions to drive bond yields lower in the near term. In light of this, we have added to our positions on this part of the curve as we expect the excess liquidity in the market and improved inflation expectations to generate demand for local bonds.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Asset 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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