

# 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

<b>Inception Date</b> June 2016	<b>Fund Size</b> PHP 469.64 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.914	<b>Management Fee</b> 2.25% per annum (of which 0.18% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)		<b>Bloomberg Ticker</b> MPPHWTN

## Performance Return (August 31, 2022)

Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.70%	-4.39%	-3.79%	-12.12%	-11.26%	-8.60%
Annualized	n.a.	n.a.	-3.79%	-4.21%	-2.36%	-1.43%

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 03/04/27	15.38%	Manulife Stable Income Fund Class I	36.45%
FXTN 08/12/25	14.51%	FXTN 03/09/24	9.76%
FXTN 03/09/24	11.91%	FXTN 03/12/24	5.24%
FXTN 04/08/26	7.78%	FXTN 08/15/23	3.15%
FXTN 09/09/25	7.65%	FXTN 10/17/24	2.75%

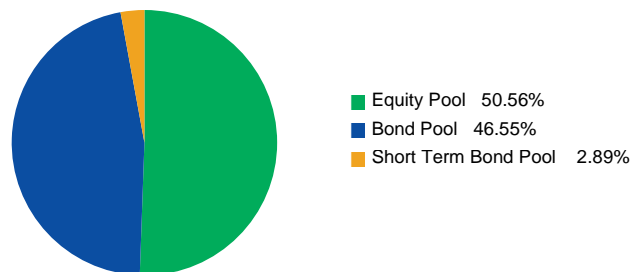
## Equity Pool

SM INVESTMENTS CORPORATION	11.01%
SM PRIME HOLDINGS INC	10.68%
Manulife Equity Wealth Fund Class I	9.53%
BDO UNIBANK INC	7.37%
BANK OF THE PHILIPPINE ISLANDS	7.07%

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 continued to rally in August, rising by 4.2% month on month, fueled by the encouraging 2Q22 corporate earnings results and abating concerns over inflation given the correction in global commodity prices.

Inflation dropped to 6.3% in August, a slight improvement from the 6.4% inflation in the prior month. Falling prices of key global commodities such as crude oil, wheat, and building materials helped ease inflation concerns. For example, retail pump prices of gasoline dropped by around 12% in Manila in July and another 2% in August. In addition, the Bangko Sentral ng Pilipinas mentioned that inflation could peak by 4Q22. Meanwhile, the aggressive rate hiking cycle could be over after the BSP raised policy rates by 50bps this August then stating they will be raising rates at 25bps clips going forward if any.

The second quarter earnings reporting season ended in August on a positive note. Majority of corporates reported strong second quarter earnings results. What was evident was the strong consumer spending brought by the full reopen of the economy, pushing revenues significantly higher. Consequently, majority of consumer companies, especially in the discretionary segment, saw both strong topline growth that was able to offset margins. Indirectly, the shopping mall segment performed well to the point that the leaders in this space have removed all rental concessions last July. In addition, the financial industry saw an acceleration in loan growth coupled by net interest margin expansion. On the other hand, the sectors that performed poorly were the broadband segment as it was hit by high churn, companies with high commodity exposure in their input cost such as the leading instant noodles provider, and companies with high dollar debt exposure due to the weakness in the local currency.

Local peso bond yields moved higher across the curve as the market digests the additional supply of PHP420.4Bn from the Retail Treasury Bond (RTB) 5.5 year issuance. In terms of macro, inflation printed at 6.3% in August, slightly lower from the 6.4% in July. Consequently, the BSP raised its inflation forecast from 5% to 5.4% this year but lowered it from 4.2% to 4% in 2023. Second quarter GDP growth, on the other hand, printed at 7.4% as global headwinds, particularly imported inflation on energy and food contributed to noticeable slowdown from 8.4% growth seen in the first quarter. The government forecasts 6.5-7.5% growth this year (vs. 7%-8% target/previous forecast) and acknowledged that the growth target is a big challenge to achieve given challenging global developments.

## Outlook

We have a positive view towards Philippine equities given the improving macroeconomic picture. This is reinforced by the positive 2Q22 corporate earnings results that showed sustained domestic consumption recovery from the pandemic. Meanwhile, we are cognizant that the risks are not entirely gone as inflation remains high and global central banks are still hiking interest rates albeit at a slower pace. There are also concerns over the health of the global economy with the risk of recession in the West, possibly triggering a risk aversion towards equities. However, the valuations of the Philippine equity market remain attractive with the index trading at 13.5x forward price to earnings, a discount from the historical average of 16x.

For bonds, against this backdrop we prefer to stay cautious and be opportunistic in adding duration. Supply risk remains in the local bond market due to large programmed domestic government borrowing at P1.65T next year.

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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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