

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 475.69 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.967	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 (December 31, 2025)

Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.10%	0.83%	0.83%	6.38%	-0.72%	-3.30%
Annualized	n.a.	n.a.	0.83%	2.08%	-0.14%	-0.35%

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 04/28/35	6.24%	Manulife Stable Income	
FXTN 07/19/31	6.24%	Fund Class I	43.94%
Manulife Income Builder		Manulife Money Market	
Fund Class I	6.23%	Fund Class I	8.76%
FXTN 09/15/32	5.76%	RTB 08/20/30	6.72%
RTB 08/20/30	5.23%	FXTN 03/04/27	6.56%
		FXTN 04/22/28	5.73%

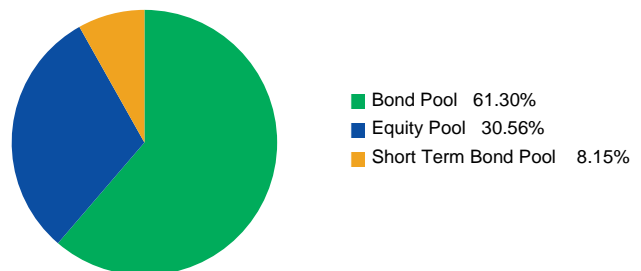
Equity Pool

INTERNATIONAL CONTAINER TERMINAL SERVICES INC	16.36%
SM INVESTMENTS CORPORATION	10.49%
Manulife Equity Wealth Fund Class I	9.94%
BDO UNIBANK INC	8.35%
BANK OF THE PHILIPPINE ISLANDS	8.06%

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.

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Market Review

In December, the Philippine Stock Exchange Index (PSEi) rose by 0.83% to 6,052.92, bringing the yeartodate decline to -4.14%. The market continues to hover near the 6,000 level after bottoming out at 5,584.35, as investors await significant catalysts. Nevertheless, concerns over slower GDP growth may continue to limit market upside potential and temper investor risk appetite for risk assets.

In December, CPI rose to 1.8% from 1.5% in November, coming in higher than expectations and landing at the top end of the BSP's 1.2–1.8% forecast range. Core inflation eased slightly to 2.3% from 2.4%. On a monthonmonth basis, CPI increased 0.7%, mainly driven by food prices, reflecting disruptions from recent typhoons that led to an uptick in the prices of vegetables, fish, and meat. Bangko Sentral ng Pilipinas Governor Eli Remolona described the December CPI figure as a “reasonably low rate,” even as it quickened from 1.5% to 1.8%.

The Philippine bond market in 2025 was characterized by a persistent steepening of the yield curve, driven by a combination of benign inflation, dovish monetary policy from the Bangko Sentral ng Pilipinas (BSP), and ongoing global trade and geopolitical uncertainties. Throughout the year, front-end yields declined, while longer-term yields were more volatile and often rose, reflecting investor cautiousness amid external risks.

In the first half of the year, the yield curve gradually bull steepened as the market anticipated further BSP policy rate cuts amid declining inflation. Preference was seen on the short end to the belly of the curve. Market participants remained defensive on longer-term securities, as developments to US trade policies and geopolitical tensions unfolded. Meanwhile, inflationary pressure in the US and geopolitical uncertainties in the Middle East caused the Federal Reserve to hold off on cutting interest rates in the first half of the year.

Philippine inflation further declined in the second half, leading to an average of 1.7% for the FY2025. The second half of 2025 also saw continued rate cuts from the BSP totaling five 25-basis point reductions for the year. This brought the policy rate down to 4.5% by their final meeting in December, where they expressed that the easing cycle may be nearing its end. The yield curve remained steep as market players still preferred the front end. The Bureau of Treasury's 5-Year Retail Treasury Bond issuance in August led to some reprieve to the rally but eventually provided the liquidity that market required.

Towards the end of the year, growth concerns loomed for the Philippines on the back of the government spending investigations, the typhoon season, and higher U.S. tariffs. This led to further declines in the front end of the curve while keeping longer tenor yields elevated. External risks such as global growth concerns, trade policy developments, and ongoing geopolitical tensions remained a persistent backdrop for the bond markets. Despite generally stable Philippine fundamentals, these factors contributed to a pronounced steepening of the yield curve throughout the year.

Outlook

Foreign investors continue to exert downward pressure on stock prices, with only 9 out of the 30 PSE index components ending 2025 with a positive return. Nevertheless, despite the market's 8.82% rebound from its November 14 low, we do not expect prices to rise meaningfully above the 6,000 level as investors remain concerned about the fragile domestic growth outlook. Lingering worries over slower consumer demand and the significant drop in public works spending observed in the third quarter of 2025—and its implications for government disbursements in 2026—may cap further nearterm market gains.

From a portfolio perspective for 2026, a low policy rate environment coupled with a tentative growth outlook makes defensive sectors such as utilities and REITs attractive, despite their strong performance in 2025. We will continue to wait for clear positive macro catalysts—both from corporate earnings and GDP—before considering reallocating back into cyclical sectors such as banks, property, and consumer discretionary.

Though the BSP has indicated it may be nearing the end of its rate cutting cycle, we remain constructive on the bond market. A less accommodative monetary policy stance is inherently disinflationary, which supports our positive view. With this shift, 2026 inflation could come in lower than previously anticipated (BSP forecast: 3.2%). Further, with the government downgrading its GDP forecast to 5-6% from 6-7%, the local yield curve may still have room to decline and could potentially flatten.

Given this outlook, we maintain our overweight duration position relative to the benchmark and continue to focus on the belly of the curve.

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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.

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