

# 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 455.60 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.890	<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 (July 31, 2022)

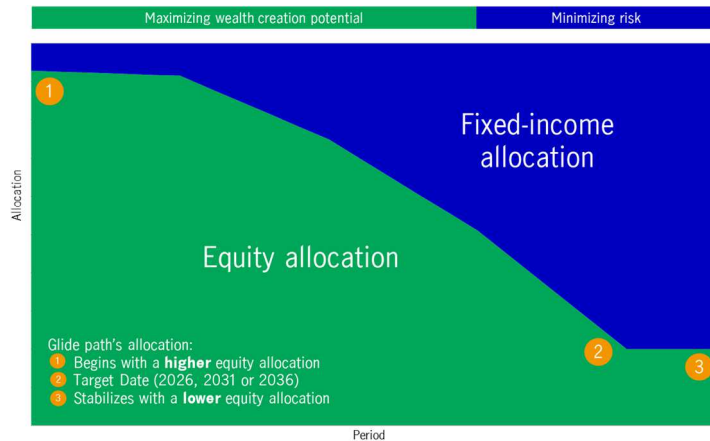
Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.48%	-6.90%	-1.66%	-14.59%	-14.09%	-11.00%
Annualized	n.a.	n.a.	-1.66%	-5.12%	-2.99%	-1.88%

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	14.10%	Manulife Stable Income Fund Class I	36.40%
FXTN 03/09/24	13.99%	FXTN 03/09/24	9.18%
FXTN 03/04/27	12.09%	FXTN 03/12/24	5.25%
FXTN 09/09/25	7.47%	FXTN 08/03/22	5.01%
FXTN 03/12/24	7.20%	FXTN 08/17/22	4.01%

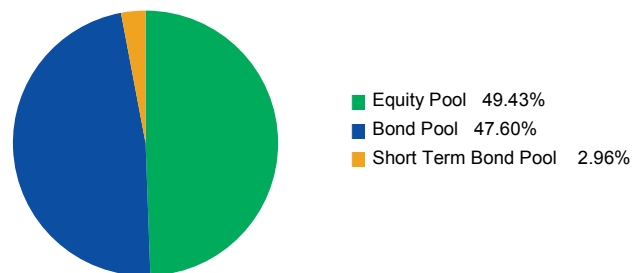
## Equity Pool

SM PRIME HOLDINGS INC	10.98%
SM INVESTMENTS CORPORATION	10.72%
Manulife Equity Wealth Fund Class I	9.63%
BANK OF THE PHILIPPINE ISLANDS	7.50%
BDO UNIBANK INC	7.47%

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 Philippine Stock Exchange Index rallied in June, increasing by 2.6% ending the month at 6,315.93. The local equities market rallied in the latter part of the month on the back of investors gaining confidence that the new administration is committed toward the growth of the economy as highlighted in the President Ferdinand Marcos Jr.'s first State of the Nation Address (SONA). Likewise, the Philippine Peso appreciated in the latter part of the month after the surprise rate hike by the Bangko Sentral ng Pilipinas amidst easing global commodity prices.

Inflation remains a key concern for the market and it clocked at 6.4% in July, still higher vs the previous month. However, falling prices of key global commodities such as crude oil, wheat, and building materials could help ease inflation concerns going forward. For example, retail pump prices of gasoline dropped by around 12% in Manila during the month. Note that during the same month, the BSP hiked policy rates by 75bps, a surprise move to contain inflation and defend the currency. The BSP added that they are likely to raise policy rates by another 25 to 50bps in August. Meanwhile, GDP growth in 2Q22 came at only 7.4%, a deceleration compared to 8.2% in the previous quarter. There was a contraction on domestic consumption quarter on quarter driven mostly by higher prices of goods.

The 2Q22 corporate earnings results season concluded in August with the overall earnings growth for the period at 20% year on year. Corporates reported strong topline revenue growth amidst the economy that is practically fully open. The standout sector was consumer discretionary, posting strong topline growth that was able to offset any margin compression. However, there were few sectors that saw margin compression eating into profits such as select consumer staple companies highly dependent on imported raw materials. The shopping mall segment saw a sharp recovery in revenues with mall foot traffic already at pre-pandemic levels. Meanwhile the financial sector reported an acceleration in loan growth, implying potential net interest income acceleration.

Following the Bangko Sentral Ng Pilipinas' off-cycle hike on July 15, the yield curve flattened significantly as the short-end bears the brunt of monetary policy tightening while easing inflation expectations supported sentiment on the intermediate tenors to the long-ends. The improvement in sentiment was reflected in the bond auctions as the Bureau of Treasury was finally able to issue 10y and 13y bonds within or better than secondary market levels and raised additional amounts in the tap facility post-auction. The lack of supply on the long-ends also reinforced demand, with the market rallying significantly on that part of the curve.

## Outlook

We have a positive bias 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 central banks are still hiking interest rates albeit at a slower pace. We prefer sectors that benefit on strong domestic consumption such as consumer discretionary and staples. We also favor the financial sector on the back of increasing economic activity that results to an acceleration in loan growth.

Against the backdrop of the improved inflation outlook, we will keep a neutral duration vis-à-vis the benchmark while taking advantage of possible buying opportunities given renewed interest for local bonds.

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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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