

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 490.90 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.925	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 (July 31, 2023)

Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.65%	1.76%	3.93%	4.52%	-6.75%	-7.50%
Annualized	n.a.	n.a.	3.93%	1.48%	-1.39%	-1.08%

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

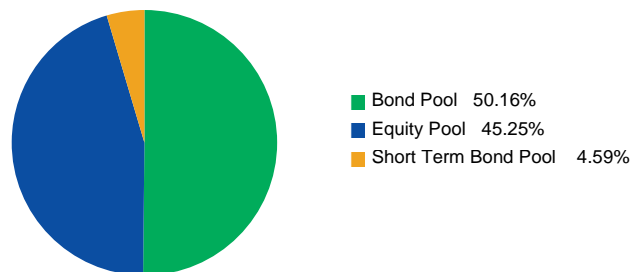
Bond Pool		Short-Term Bond Pool	
FXTN 03/04/27	13.48%	Manulife Stable Income Fund Class I	36.88%
FXTN 08/12/25	11.08%	Manulife Money Market Fund Class I	16.60%
FXTN 09/09/25	6.74%	FXTN 08/12/25	10.24%
FXTN 04/08/26	6.68%	FXTN 02/14/26	9.06%
Manulife Income Builder Fund Class I	5.53%	FXTN 04/08/26	8.32%

Equity Pool	
SM INVESTMENTS CORPORATION	13.77%
SM PRIME HOLDINGS INC	9.66%
Manulife Equity Wealth Fund Class I	9.12%
BDO UNIBANK INC	8.75%
BANK OF THE PHILIPPINE ISLANDS	7.97%

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

The Philippine Stock Equity index (PSEi) was up 1.94% in July, ending at 6,591 level. PSEi year to date (YTD) return is at 2.17%. The strength of the local equities market in July echoed the strength seen in global equities as inflation globally continued to decelerate.

On the domestic economy, Inflation for July eased to 4.7% in July from 5.4% in June on the account of decelerating food prices alongside slower increase in housing, electricity, and transportation prices. This was the 6th consecutive month that the inflation declined since peaking at 8.7% in January 2023.

The July inflation of 4.7% remains outside the Bangko Sentral ng Pilipinas' (BSP) long term target of 2-4%. However, BSP mentioned that the July inflation numbers was within its forecast range of 4.1% - 4.9% for the month and was consistent with its overall view that inflation will continue to decelerate back to its target range of 2-4% by fourth quarter this year. On the other hand, the BSP reiterated that the potential impact of rising rice prices, transport fare adjustments and ongoing supply constraints on food supply put upside risks to inflation.

President Ferdinand Marcos Jr. delivered his second State of the Nation Address in July. Among the notable priorities includes the need to increase tax collection and revenue sources for the country. Value Added Tax (VAT) of digital service and taxes on single use plastics are among those highlighted in his speech. President Marcos also discussed the importance of expanding the country's road and bridge network.

In spite of slowing local inflation, local bond yields continued to rise in July, tracking the movement of U.S. Treasuries as the market braced for another hike from the U.S. Federal Reserve (Fed). Indeed, the Fed raised policy rate to 5.25-5.5% in July as U.S. core inflation remained sticky. New BSP Governor Eli Remolona's emphasis on the Bangko Sentral ng Pilipinas' (BSP) inflation-targeting role was initially viewed as the BSP's inclination to follow the Fed's hike. However, with the disappointing 2Q GDP print of 4.3%, the BSP would now need to balance inflation and growth risks faced by the economy. While this reduces the risk of an impending BSP hike, the narrowing interest rate differential between the U.S. and the Philippines has been weighing on the local currency and the overall market sentiment.

Outlook

We have a positive view on Philippine Equities as the macroeconomic environment continues to improve and as PSEi continues to trade at a very attractive 12x PER valuations. In the near term, we continue to see price volatility due to uncertainties surrounding the direction of global interest rates. However, we expect the market to shift its attention back to corporate fundamentals as companies are due to release second quarter results in August. We continue to expect stable overall earnings growth for the listed companies albeit coming from a higher base as 2022 saw strong growth in earnings due to the full impact of the reopening of the economy. We expect strong results coming from sectors like financials which continues to benefit from higher interest rates and select consumer companies that benefits from sustained consumption demand. We are also starting to turn more optimistic on the property sector on the back of stronger sales take up from major key developers.

Recent developments have added to the risks in the local bond market. Nevertheless, we remain optimistic of a positive second half as inflation continues to moderate, with July inflation slowing to 4.7% from 5.4%. We will continue to watch out for upside risks to inflation, particularly the potential effects of El Nino and the recent increase in oil prices.

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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