

# 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><br>June 2016   | <b>Fund Size</b><br>PHP 518.58 million  | <b>Fund Currency</b><br>Philippine peso | <b>Dealing/Valuation</b><br>Daily  |
| <b>Price (NAV/unit)</b><br>PHP 1.005 | <b>Management Fee</b><br>2.25% per annum (of which 0.18% will go to the Investment advisor, Manulife Investment Management (HK) Limited.) |   | <b>Bloomberg Ticker</b><br>MPPHWTN |

## Performance Return (September 30, 2024)

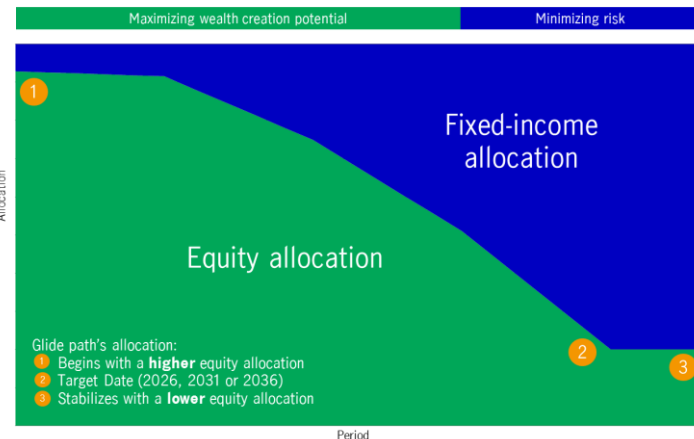
| Peso Wealth Optimizer Fund 2026<br>(net of management fee) | 1 Month | YTD   | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|-------|--------|---------|---------|-----------------|
| Absolute   | 3.29%   | 7.95% | 10.44% | 6.01%   | -1.57%  | 0.50%           |
| Annualized   | n.a.    | n.a.  | 10.44% | 1.97%   | -0.32%  | 0.06%           |

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

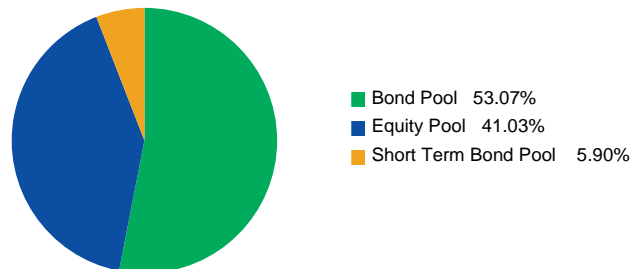
## Top Five Holdings

| Bond Pool                            |        | Short-Term Bond Pool                          |        |
|--------------------------------------|--------|---|--------|
| FXTN 07/19/31                        | 6.18%  | Manulife Stable Income Fund Class I           | 41.40% |
| Manulife Income Builder Fund Class I | 6.11%  | Manulife Money Market Fund Class I            | 9.67%  |
| FXTN 02/28/29                        | 5.98%  | FXTN 04/08/26                                 | 6.97%  |
| FXTN 09/15/32                        | 5.21%  | FXTN 03/04/27                                 | 6.49%  |
| FXTN 03/04/27                        | 5.03%  | FXTN 02/28/29                                 | 6.10%  |
| Equity Pool                          |        |   |        |
| SM INVESTMENTS CORPORATION           | 13.94% | INTERNATIONAL CONTAINER TERMINAL SERVICES INC | 10.29% |
| Manulife Equity Wealth Fund Class I  | 9.44%  | BDO UNIBANK INC                               | 8.65%  |
| BANK OF THE PHILIPPINE ISLANDS       | 8.61%  |   |        |

**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 (PSEi) surged by 5.62% in September, closing at 7,272, bringing its year-to-date performance to 15.37%. The PSEi has risen 20%, entering bull market territory, from its June 21 low of 6,158 points. It is now the second-best performing market in ASEAN, just behind Malaysia. This robust rally, extending into the end of the third quarter, was fueled by ongoing disinflation trends locally and monetary policy shifts from both the Bangko Sentral ng Pilipinas (BSP) and the US Federal Reserve. Inflation for September increased by 1.9% year-on-year, the lowest in four years, compared to August's inflation rate of 3.3%. The continued drop in inflation was driven by a decline in food prices, which rose by 1.4% from 4.2% in August. Additionally, rice inflation increased by 5.7% from 14.7% in August.

Local bond yields rallied by 30-50bps in September, led by short- to intermediate-term bonds. The positive sentiment in the local bond market was driven by the Federal Reserve's (Fed) 50bps rate cut and the Bangko Sentral ng Pilipinas' (BSP) announcement of a reduction in the Reserve Requirement Ratio (RRR) for universal and commercial banks from 9.5% to 7% effective October 25. BSP's 250bps RRR cut will release over P300b in additional liquidity to the financial system. Furthermore, the government also reduced the weekly size of bond issuance in 4Q from P30b to P15b, bringing down the total scheduled quarterly bond and bill issuance from P630b in 3Q to P310b in 4Q.

## Outlook

Investor focus is expected to remain on the monetary policies of both the Bangko Sentral ng Pilipinas (BSP) and the United States Federal Reserve, as well as the path of further policy rate cuts. Additionally, an easing in reserve requirements for universal and commercial banks by the BSP is expected to further increase risk appetite for local equities. Any further improvement in financial conditions locally, alongside a stable earnings outlook and benign macroeconomic environment, should continue to act as a re-rating catalyst for Philippine equities in the fourth quarter of 2024. While rising geopolitical tensions in the Middle East may cause near-term volatility stock market prices, we view these temporary dips as opportunities to reposition at attractive market valuations of 12x price-to-earnings. Furthermore, we remain optimistic about sectors poised to benefit from lower interest rates, particularly financial, consumer, and industrial stocks.

Looking ahead, we maintain a positive view on the local bond market over the medium term as inflation continues to moderate. September inflation eased to 1.9% due to smaller gains in food prices, with rice inflation easing to 5.7%, the lowest since July last year. Nevertheless, short-term risks on the local market have increased as persistent weakness in U.S. Treasuries ahead of U.S. elections next month spills over to the local market. Moreover, a potential jumbo Retail Treasury Bond issuance in November may also put upward pressure on yields in the near term.

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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.

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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