

Peso Wealth Optimizer Fund 2026

An investment fund option for the 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 401.26 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.908	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 (October 31, 2020)

Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	3.89%	-11.50%	-12.52%	-15.06%	n.a.	-9.20%
Annualized	n.a.	n.a.	-12.52%	-5.30%	n.a.	-2.17%

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	16.72%	Manulife Stable Income	
FXTN 02/11/23	11.41%	Fund Class I	35.28%
FXTN 03/12/24	9.54%	FXTN 02/11/23	13.50%
FXTN 09/09/25	8.99%	RTB 12/04/22	12.29%
RTB 12/04/22	8.68%	FXTN 04/21/23	7.86%
		FXTN 08/15/23	5.98%

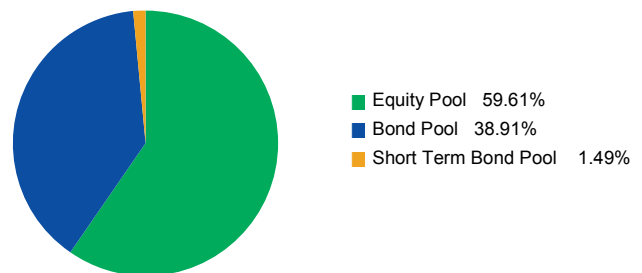
Equity Pool

SM INVESTMENTS CORPORATION	15.16%
Manulife Equity Wealth Fund Class I	10.92%
SM PRIME HOLDINGS INC	9.13%
AYALA LAND INC	7.21%
AYALA CORPORATION	6.15%

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 Exchange Index was up 7.91% to 6,324 for the month of October as economic reopening contributed to increased market optimism and as COVID infection rates locally continue to improve. While NCR is expected to remain under GCQ restrictions until the end of the year, further easing of restrictions have been introduced including lifting the ban on non-essential foreign travel and improved capacity on non-essential businesses like hotels, restaurants and construction activities.

Foreign outflows for October were at \$156 Million much slower versus the prior month at \$306 Million. Year-to-date, foreigners sold \$2.173 Billion. Selling was partially offset following strong demand for Converge ICT Solutions. The company raised \$523 Mil in its initial offer last October 26. Apart from the IPO, foreign buying also returned towards month end with flows coming into large caps.

We are also halfway through the third quarter earnings reporting season with corporate results showing improving quarter-on-quarter trends from second to third quarter 2020. Among the notable trends include the absence of pantry stocking resulting in flattish earnings from retailers, continued weak mall foot traffic and rising office vacancies from the exit of smaller POGO operators. Provisions for doubtful accounts continue to hold back profits for the banking sector on continued expectations of future NPLs and uncertainties arising from second round of loan moratoriums which is expected to last until the end of the year.

The Philippine local bond market shrugged off the noise related to the US elections as it continued to focus on local events. Expectations of a temporary uptick in 4Q inflation owing to supply side pressures due to typhoons, Christmas season spending and low base effects has materialized as October inflation printed at 2.5%, slightly higher than September's 2.3%. While BSP Governor Diokno has mentioned the Monetary Board will consider both inflation and the upcoming 3Q GDP at its November 19 meeting, we believe that the BSP will continue its pause in monetary easing until first quarter of next year.

Outlook

We think that the re-opening of the local economy and containment of COVID-19 cases will have a broader implication on the local equities than the outcome of the US elections. Our outlook remains neutral for local equities as we partially focus on repositioning to sectors that we think will outperform come 2021. We expect the conclusion of the upcoming US elections to remove one big uncertainty to the global economic outlook as investors who have chosen to stay on the sidelines may finally decide to invest in equity markets as another round of fiscal stimulus package will bode well for markets globally, including the Philippines. Key catalysts that can potentially provide the market's recovery with more legs would be further developments locally on containing COVID-19 as well as encouraging news flows in the area of vaccine and treatment research. All eyes are also on the US resolving its remaining election-related issues, as well as the passage of another round of stimulus measures to aid the world's largest economy.

The Bureau of Treasury released the November auction schedule which mimics the same bond issuances as October (3 and 5 years), reflecting the investor's preference for shorter dated securities. Against this background, we expect local bonds yields to be well anchored amid the current low inflation and ample liquidity environment in the Philippines.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Asset 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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