

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 381.23 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.021	Management Fee 2.25% per annum (of which 0.18% will go to the investment advisor, MAM Hong Kong Ltd.)	Bloomberg Ticker MPPHWTN	

Performance Return (September 30, 2019)

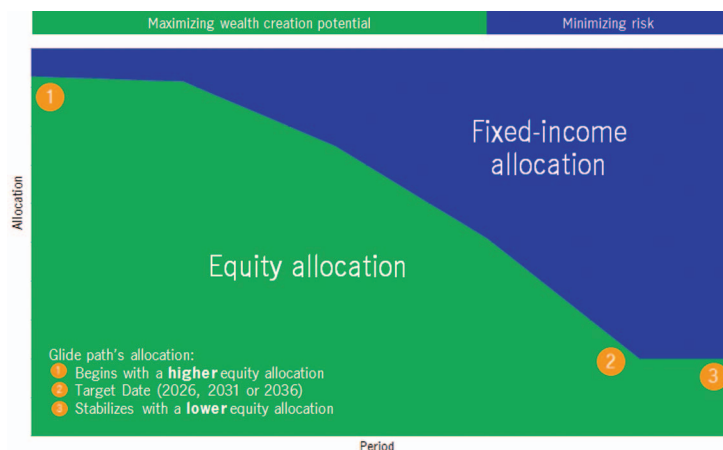
Peso Wealth Optimizer Fund 2026 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.83%	6.02%	8.27%	0.79%	n.a.	2.10%
Annualized	n.a.	n.a.	8.27%	0.26%	n.a.	0.63%

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

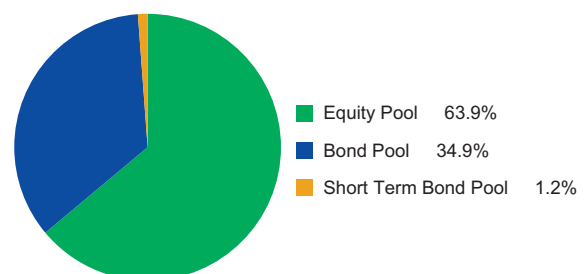
Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	19.3%	Manulife Stable Income Fund Class I	34.4%
RTB 12/04/22	15.6%	FXTN 01/26/22	19.3%
RTB 06/13/21	6.5%	RTB 06/13/21	15.1%
FXTN 04/21/23	6.0%	FXTN 01/19/22	12.2%
Manulife Income Builder Fund Class I	5.3%	FXTN 03/20/21	6.0%
Equity Pool			
Manulife Equity Wealth Fund Class I	12.4%	SM Prime Holdings	8.3%
SM Investments	11.3%	BDO Unibank	7.9%
Ayala Land	9.6%		

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 local stock market index (PSEI) closed at 7,779, down 2.5% for the month of September. The equities market weakness can be partially attributed to the FTSE rebalancing where most Philippine stocks were down-weighted. However, global news continued to dictate local market movement during the month amidst the lack of updates domestically. In an expected move, the Federal Reserve cut policy rates by 0.25% to bring the Fed benchmark to 1.75% in an effort to sustain US expansion given the circumstances of uncertainty in trade policy and slowing growth. The US's move supports the Philippine Central Bank's action to also cut rates by 0.25% as well, bringing down the policy rate to 4%. A benign inflation environment and a need to support economic recovery gave the BSP enough space to remain dovish. The BSP will be slashing banks' reserve requirement ratio (RRR) by another 1% effective first week of November, which will bring down the RRR of big banks from 16% to 15%. The RRR should release as much as P100bn into the country's financial system.

On the local macro front, initial concerns on the impact to Philippine inflation as a result of the attack on Saudi oil production facilities are starting to wane, with the Saudi government looking to restore lost production as soon as the end of September. Oil prices spiked to as much as 20% higher on the news but have since declined to only being 7% up pre-attack. Fuel and transportation make up 7% and 8% of the Philippine consumer basket, respectively. Due to renewed inflation concerns, Philippine 10yr bond yields rose to 4.8% from 4.3% in August.

Local bond yields trended higher by as much as 50bps in mid-September from the July lows which could be viewed as a correction from a rally that unfolded too quickly. The uptick in local bond yields was exacerbated by the same uptrend seen in US Treasuries. This environment in both markets has led to investors reducing their holdings at a time when market liquidity was not present, intensifying the uptick in yields. Against this backdrop, an air of cautiousness resulted as investors recalibrated and were sidelined as they wait for clearer market direction.

Outlook

The PSEI continues to trade within the 7,700 to 8,000 range. We are likely to see volatility in the markets persist, mainly driven by the uncertainty brought about by the US-China trade war. Meanwhile, four upcoming IPOs with a combined USD2 billion may further result to market pressure as investors prepare to fund these new potentially positions. As such, the portfolio will look to focus positioning into names with company-specific drivers, opting for a more bottom-up approach in these times of volatility.

Towards the end of the month, some buying activity finally emerged after the Bangko Sentral ng Pilipinas cut policy rates by 25bps to 4% and reserve ratio requirement by 100bps to 15%. However, in spite of the additional monetary stimulus, we still maintain our neutral outlook and duration positioning for local peso bonds on the back of a possible Retail Treasury Bond (RTB) issuance in the fourth quarter coupled with extended trade war concerns and signs of a slowing US economy.

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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