

Peso Wealth Optimizer Fund 2031

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 210.82 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.877	Management Fee 2.25% per annum (of which 0.18% will go to the Investment advisor, Manulife Investment Management (HK) Limited.)		Bloomberg Ticker MPPHWFN

Performance Return (February 28, 2025)

Peso Wealth Optimizer Fund 2031 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.10%	-4.15%	-5.90%	-6.60%	-3.09%	-12.30%
Annualized	n.a.	n.a.	-5.90%	-2.25%	-0.63%	-1.49%

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

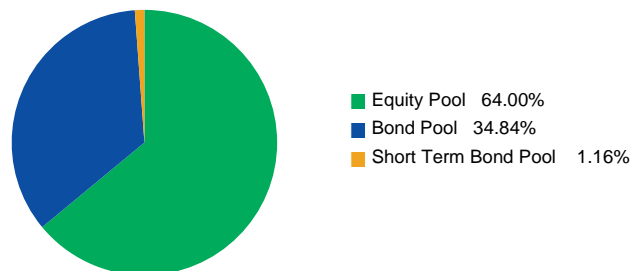
Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 07/19/31	6.74%	Manulife Stable Income Fund Class I	41.23%
Manulife Income Builder Fund Class I	6.23%	Manulife Money Market Fund Class I	11.80%
FXTN 02/28/29	5.56%	FXTN 04/08/26	6.87%
FXTN 03/04/27	5.07%	FXTN 03/04/27	6.34%
FXTN 09/15/32	5.05%	FXTN 05/04/27	5.11%
Equity Pool			
SM INVESTMENTS CORPORATION	12.94%		
INTERNATIONAL CONTAINER TERMINAL SERVICES INC	10.50%		
BDO UNIBANK INC	10.03%		
BANK OF THE PHILIPPINE ISLANDS	9.68%		
Manulife Equity Wealth Fund Class I	9.59%		

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 91.82% Equities, 8.08% Long term bonds, 0.1% 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

In February, the Philippine Stock Exchange Index (PSEi) rose by 2.35%, reducing the year-to-date decline to -8.07%. The index hit a low of 5,862 due to outflows from regional index rebalancing. Despite this recovery, the market remains down 18% from its October 2024 peak. Full-year 2024 earnings reports show most companies met consensus expectations.

February's Consumer Price Index increased by 2.1% year-on-year, down from 2.9% in January. Easing food prices, particularly for rice and vegetables, offset the rise in meat prices, contributing to the CPI deceleration. The Bangko Sentral ng Pilipinas has reduced reserve requirements: universal and commercial banks to 5%, thrift banks to 0%, and digital banks to 2.5%.

The yield curve continued to steepen in February, reflecting some defensiveness in adding duration given uncertainties over U.S. President Trump's policies. Five- to 10-year yields ended lower in February as the absence of a Retail Treasury Bond (RTB) issuance in the first quarter of the year and the anticipation of a rate cut by the Bangko Sentral ng Pilipinas (BSP) in the first half of the year resulted in a preference for the belly part of the curve. The Bureau of Treasury (BTr) issued 5-year RTBs in the first quarter during the past three years.

Latest macro data continue to show benign inflation, with February inflation easing to 2.1% in February from 2.9% in January, largely due to declining rice prices. While the BSP surprised the market by withholding the widely anticipated rate cut in February, it signaled a 25bps cut in April and decided to cut the Reserve Requirement Ratio by 200bps to 5%, which releases around P300b liquidity into the financial system.

Outlook

We remain cautiously optimistic about Philippine equities for the first quarter of 2025 due to a lack of strong positive catalysts. However, lower-than-expected February CPI suggests inflation risks are largely accounted for. Stable inflation figures might allow the BSP to cut policy rates within the first half of the year, potentially supporting weak markets seen in early 2025. With the PSEi trading at a P/E ratio of around 9.5x, we remain selectively cautious on stocks until more positive catalysts emerge, possibly in the second half of 2025.

Key developments to watch include a recovery in domestic demand and peso stability relative to the U.S. dollar. Additionally, we are watchful of crucial developments, such as mid-term elections and how new set of lawmakers will support the current administration's growth agenda. We expect continued emphasis on inclusive long-term growth and positioning the country as a prime investment destination in ASEAN, with priority sectors likely including mining, infrastructure, and manufacturing.

Globally, headlines on Trump's tariffs have sparked risk-off sentiments, pushing down U.S. yields and leading to wider credit spreads. While local bonds failed to track the rally, it may still be vulnerable to upward correction in U.S. yields. Nevertheless, we maintain a slight positive view over the medium-term as we expect inflation to remain benign and as we see some bonds trading at attractive yields following the recent sell-off.

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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