

Peso Wealth Optimizer Fund 2031

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 127.70 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.905	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 29, 2020)

Peso Wealth Optimizer Fund 2031 (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.74%	-10.84%	-9.59%	-5.14%	n.a.	-9.50%
Annualized	n.a.	n.a.	-9.59%	-1.74%	n.a.	-2.64%

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

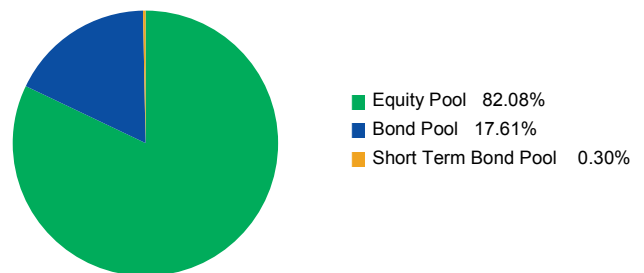
Top Five Holdings

Bond Pool		Short-Term Bond Pool	
FXTN 03/12/24	15.51%	Manulife Stable Income Fund Class I	32.86%
RTB 12/04/22	15.35%	RTB 12/04/22	11.50%
Manulife Income Builder Fund Class I	5.42%	FXTN 02/11/23	10.74%
RTB 06/13/21	5.06%	FXTN 07/04/22	9.75%
FXTN 03/08/23	4.68%	RTB 06/13/21	9.62%
Equity Pool			
SM INVESTMENTS CORPORATION	14.53%		
Manulife Equity Wealth Fund Class I	12.04%		
SM PRIME HOLDINGS INC	10.21%		
AYALA LAND INC	8.40%		
BDO UNIBANK INC	7.83%		

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.

Peso Wealth Optimizer Fund 2031

Market Review

The Philippine stock market index (PSEI) dropped 5.7% to 6,788 in February. The PSEI followed global markets downwards during the latter parts of the month due to the rising number of new COVID-19 cases outside of China. The virus, along with the Chinese clampdown on its citizens working for the Philippine Offshore Gaming Operator (POGO) industry, continued to dominate sentiment and drove the market downwards below 7,000 after briefly hitting 7,500 earlier during the month.

The negative impact from COVID-19 continues to escalate despite minimal cases in the country. International arrivals have fallen almost 17% since late January, while aircraft movements are down 22%. Even mall operators indicated slower foot traffic in their establishments by around 5% to 20%.

The Chinese embassy spokesperson for the Philippines said the Chinese government is cracking down on cross-border telecommunication fraud crimes, specifically online games operating out of the Philippines and serving gamblers in the mainland where gambling is illegal. Sanctions include canceling the passports of Chinese citizens working in POGOs and seizure of their bank accounts and properties, among others. POGOs take up a total of 11% of office space in Metro Manila, and led to the massive appreciation in property prices over the last several years.

January inflation rose to 2.9% from December's 2.5% and came in higher than expectations. Food and beverage prices picked up, as did alcoholic beverages and tobacco with the implementation of the next round of excise taxes. The monthly figure remained to be within the government's 2% to 4% target range despite the Taal volcano eruption, giving the Central Bank sufficient confidence to cut its policy rates by 25bps to 3.75%.

The escalation of the COVID 19 outbreak on global growth and sentiment is worse than anticipated. The market is pricing in a 25bps-cut as early as April from the US Federal Reserve, as the ten-year US Treasury bond hit an all-time low of 1.03%. Against this backdrop, local bond yields have rallied an average of 17bps for the month of February as investors increase their exposure to peso bonds in anticipation of another rate cut within the first half of 2020.

Outlook

Market sentiment will likely continue to be negative in the near-term given the accelerating infection rate outside of China, dampening global growth outlook. Meanwhile, China's clampdown on Chinese nationals working for POGOs may result to significantly lower property prices for both residential and office spaces. Nonetheless, the Philippine economy's reliance on domestic factors should continue to make it more resilient relative to other more trade-focused economies in the region.

Although the Philippines has seen limited cases of the virus, we remain vigilant on the potential impact to the economy and the portfolio if the COVID-19 outbreak escalates further. While we do not see any long-term impact to the economy due to the virus, the Philippines will likely see a slower first quarter growth due to its impact on tourism, which accounts for roughly 13% of GDP. Amidst significant market volatility, the portfolio will look to accumulate stocks that are displaying deep discount to fair values while remaining underweight in names with material exposure in tourism-related and POGO industries.

The Philippine economy is expected to be more resilient relative to our Asian peers as government expenditure continues to provide a boost to spending. In light of this, the Bangko Sentral ng Pilipinas (BSP) has noted a possibility of more than a 25bps cut in the next few months.

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.