Manulife

Variable Unit-Linked Funds

2023

Annual Performance Report
as of **December 31, 2023**

Contents

About Manulife Philippines

The Manufacturers Life Insurance Company (Manulife) opened its doors for business in the Philippines in 1907. Since then, Manulife's Philippine Branch and later, The Manufacturers Life Insurance Co. (Phils.), Inc. (Manulife Philippines) has grown to become one of the leading life insurance companies in the country. Manulife Philippines is a wholly owned domestic subsidiary of Manulife Financial Corporation, among the world's largest life insurance companies by market capitalization.

Manulife Financial Corporation is a leading international financial services provider, helping people make their decisions easier and lives better. With our global headquarters in Toronto, Canada, we provide financial advice and insurance, operating as Manulife across Canada, Asia, and Europe, and primarily as John Hancock in the United States.

Through Manulife Investment Management, the global brand for our Global Wealth and Asset Management segment, we serve individuals, institutions, and retirement plan members worldwide.

At the end of 2023, we had more than 38,000 employees, over 98,000 agents, and thousands of distribution partners, serving over 35 million customers. We trade as 'MFC' on the Toronto, New York, and the Philippine stock exchanges, and under '945' in Hong Kong. Not all offerings are available in all jurisdictions.

For additional information, please visit manulife.com.

Variable Unit-linked Funds

Net Asset Value
in thousands (based on Unaudited Figures)

Fund	2023	2022
Peso Growth Fund	20,132,118	19,108,086
Peso Dynamic Allocation Fund	5,099,637	5,120,047
Peso Diversified Value Fund	4,895,556	4,582,353
Peso Secure Fund	5,429,057	5,138,821
Peso Target Distribution Fund	1,207,129	1,435,848
Peso Equity Fund	980,962	1,044,972
Peso Bond Fund	671,945	683,550
Peso Stable Fund	634,987	648,505
Peso Balanced Fund	234,887	246,468
Peso Cash	49,753	57,921
Peso Target Income Fund	149,545	159,231
Peso Wealth Optimizer 2026 Fund	503,364	479,393
Peso Wealth Optimizer 2031 Fund	213,302	198,741
Peso Wealth Optimizer 2036 Fund	257,423	236,739
USD ASEAN Growth Fund	2,641,883	2,872,302
USD Secure Fund	1,069,762	1,178,509
USD Global Target Income Fund	4,128,316	4,313,371
USD Asia Pacific Bond Fund	594,709	632,422
USD Bond Fund	391,573	403,071
USD Wealth Premier	-	-

Fund	2023	2022
Power House Fund	7,399,904	6,837,003
Emperor Fund	2,017,795	1,641,043
PHP Asia Pacific Property Income Fund	689,663	743,950
USD Asia Pacific Property Income Fund	1,536,792	1,453,447
PHP Tiger Growth Fund	207,173	191,681
PHP Global Preferred Securities Income Fund	279,931	236,697
PHP US Growth Fund	987,523	612,875
USD Tiger Growth Fund	20,643	27,463
USD Global Preferred Securities Income Fund	192,576	163,055
USD U.S. Growth Fund	316,295	173,856
PHP Global Health Fund	211,446	97,799
PHP Global Multi-Asset Income Fund	255,039	53,531
PHP Global Health Fund	14,963	12,036
PHP Global Multi-Asset Income Fund	121,430	11,690
PHP Global Market Leaders Fund	58,351	-
USD Global Market Leaders Fund	14,158	-
Total	**63,609,593**	**60,085,212**

Based on December 31, 2023 unaudited figures submitted to the Insurance Commission in January 2024.

Market Review and Outlook

Philippine Equity

Review

2023 remained challenging for the Philippine equity market, with the Philippines Stock Equity Index (PSEi) eking out a gain of 0.97% to close at 6,450 points.[1] The local equity market started the year strong, lifted by heightened expectations as the Philippine economy finally exited the COVID-19 pandemic and its accompanying mobility restrictions. A recovery in corporate earnings was a recurring thematic led by consumer-related industries given their depressed revenues during the pandemic years. Consumer names were also expected to expand their margins as both energy and soft commodity prices normalized in 2023. Recall that these cost inputs rose in 2022 driven by the conflict in Ukraine.

The early rally in 2023 was cut short though as concerns over food supply, including the country's staple food, rice, resurfaced. This consequently nudged inflation higher in August and September, pushing the Philippines' average inflation print to 6% for 2023, still significantly above the Bangko Sentral ng Pilipinas' (BSP) target.[2] A further 100 bps hike in the benchmark rates by the BSP to 6.5% soured sentiment for stocks further, as consensus gravitated to interest rates being "higher for longer", potentially prolonging the negative impact for rate sensitive sectors including real estate.

Despite the macroeconomic challenges, the country's overall output remained noteworthy. 2023 full year GDP was at 5.6%, broadly beating consensus expectations and outpacing most of our regional peers including China, Vietnam, and Malaysia.

2023 also marks the first full year of President Ferdinand Marcos, Jr. in office. The current administration has embarked on promoting the Philippines as an investment destination to help jumpstart the country's economic renaissance. According to the Department of Trade and Industry (DTI), Marcos Jr.'s business trips yielded Php 4 trillion worth of investments in various stages. The country's first sovereign wealth fund, the Maharlika Investment Corporation (MIC) was also formed last year. MIC's priorities include investing in tourism infrastructure, energy security, digital infrastructure and agro-forestry. It is expected to have an initial funding of Php75 billion coming from the Land Bank of the Philippines and the Development Bank of the Philippines.

Outlook

Despite an expected deceleration in earnings growth for 2024 to 10%, we remain constructive on the Philippine equity market.[3] Potential catalysts for a re-rating include expectations of a decline in interest rates fueled in part by moderating price pressures, enabling the country's inflation print to move closer to the BSP's 2-4% target. Our macroeconomic backdrop is stable, with the government guiding for GDP to expand by 6.5% to 7.5%.[4] Lastly, valuations for the country's equity market are very attractive. Should the expected catalysts emerge, increased domestic and foreign inflows can potentially lift the PSEi from its current multiples of 11x forward price to earnings, closer to its historical 15x average. [5].

> "Our macroeconomic backdrop is stable, with the government guiding for GDP to expand by 6.5% to 7.5%."

[1]Source: Bloomberg, PSEi total return
[2]Philippine Statistics Authority
[3]Consensus estimates.
[4]Philippine Development Budget Coordination Committee
[5] Source: Bloomberg, MIM PH Estimates

Peso Bond

Review

The Bangko Sentral ng Pilipinas (BSP) underwent leadership change with Eli Remolona succeeding Felipe Medalla as BSP Governor. As the new BSP Head, Remolona has maintained a hawkish tone even during periods when inflation eased and growth slowed, citing upside risks to inflation extending into this year and inflation-targeting as the priority of BSP. Even with a disappointing 2Q growth of 4.3%, the BSP indicated its willingness to tolerate slower growth to tame inflation, despite inflation being driven by supply shocks.

It has been a volatile year for the bond market as sudden shifts in inflation and monetary policy expectations triggered a couple of wild swings in yields. Following a strong start in January, with yields falling by 50-100 bps, the market gave back some gains in February as domestic inflation proved to be stickier than expected. This led the BSP to drastically increase its inflation forecast and raise policy rate by a total of 75 bps in the first quarter.

After staying light in the past few years, investors have been looking forward to an upbeat bond market environment and an end to central banks' monetary policy tightening. Over-enthusiasm among investors fueled another rally in May, with local yields dipping below 6% even while inflation rate remained above 6%. Weak sentiment in U.S. treasuries eventually spilled over to local markets as stronger-than-expected activity and jobs data in the U.S. pushed 10-year yields to 5% in October. The painful sell-off that followed erased almost all gains in the local bond market since start of the year and drove yields back to 7%. Furthermore, the reacceleration of local inflation in the third quarter prompted the BSP to deliver a 25 bps off-cycle rate, bringing policy rate to 6.5% and the total cumulative hikes from this tightening cycle to 450 bps.

October's easing inflation was a welcome surprise after consecutive monthly increases in inflation in the third quarter. This provided a much-needed relief rally for the local bond market in the last two months of the year. While full-year inflation at 6% is still much higher than the BSP's target range, the easing inflation in the fourth quarter cemented views that the BSP is finally done with monetary policy tightening.

Peso Bond

Outlook

From tightening, the market has now shifted its focus on the timing of monetary easing, with as much as 75 bps rate cuts being priced in for the U.S. Federal Reserve. Should local inflation continue to moderate, Fed rate cuts would likely prompt the BSP to follow suit to maintain a healthy interest rate differential between the U.S. and the Philippines. Nevertheless, the BSP continues to be somewhat hawkish, with the BSP Governor reiterating that monetary policy will continue to be tight on the back of upside risks to inflation. In fact, the BSP continues to expect inflation this year to average above its target range of 2-4%. In terms of growth, the government has a growth target of 6.5-7.5% this year.

Looking ahead, while we continue to have a positive outlook on government bonds for 2024, we can expect bouts of volatility to continue until we see a sustained decline in inflation.

> "Should local inflation continue to moderate, Fed rate cuts would likely prompt BSP to follow suit to maintain a healthy interest rate differential between U.S. and the Philippines."

USD Bond

Review

In the United States, Treasury yields range-traded over the period amid monetary tightening by the Federal Reserve. On the monetary policy front, the Fed increased the federal funds rate four times over the period to a range of 5.25-5.50%, before three consecutive pauses since September. During the December FOMC meeting, the Federal Reserve held interest rate steady; dot plots indicate the possibility of three cuts coming in 2024. On the economic front, US third quarter 2023 GDP increased by 4.9% (quarter-on-quarter, annualised), while US consumer price inflation decelerated throughout the period to 3.1% as of November (year-on-year). Over the period, the 10-year Treasury yield rose from 3.87% to 3.88%, whilst the Philippine dollar-denominated (ROP) bond yield range-traded in the short end and ended lower in the long end.

Asian investment grade (IG) credits posted positive return over the period owing to tighter credit spreads and positive carry. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 27 bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 7.31% in US dollar terms. Asian credit markets were volatile, with China credit impacted by idiosyncratic headlines and volatility in the property market despite relaxation of housing measures in key cities. Macau gaming sector traded on a stronger tone amid increase tourism numbers and a gaming operator was upgraded to investment grade status by S&P. New issue activities picked up as issuers took advantage of lower yields to complete their USD refinancing plans for the year. Philippine sovereign, South Korean corporates, China and Australia financials were major issuers.

Outlook

We believe the path of Fed policy will be increasingly data-dependent going forward and we view that US Treasury yields offer increasingly attractive valuations. In Asia ex-China region, we believe most Asian central banks, such as Indonesia and India, are close to the end of its monetary tightening cycle amid downward inflation trend environment. The increased foreign investment will likely drive sustained economic growth in this region. In China, we have seen signals of the central government's commitment to contain systematic risk, particularly related to the Local Government Financing Vehicle (LGFV). While we are not expecting the policymaker to roll out a massive stimulus by leveraging the nation's balance sheet, we expect more similar measures to contain systematic risk and provide ongoing support to other important economic drivers such as consumption and infrastructure to stabilize growth. With the property sector, we believe the measures will likely be piecemeal and require time to gradually resolve the structural issues, such as oversupply of residential housing and weak funding access by non-state-owned developers. We expect policies to continue to center in stimulating demand by lowering the borrowing cost and rebuilding homebuyer's confidence, which in turn stabilizes primary home sales gradually.

“ ...the path of Fed policy will be increasingly data-dependent going forward, and US Treasury yields offer increasingly attractive valuations.”

Asia Pacific Bond

Review

In China, the government scrapped its zero COVID policy, whilst economic data showed a mixed recovery. The central bank adopted monetary easing policies to support its economy, which included cuts in its medium-term lending facility, loan prime rate and Reserve Requirement Ratio. China local government bond yield trended lower over the period. In India, inflation moved higher to 5.55% (year-on-year) in November but remained within the central bank's inflation target at 6%. The Reserve Bank of India increased its policy rate once over the period, before pausing at 6.50% since April. Third quarter GDP grew by 7.6% (year-on-year) and was above market estimates. India local government bond yield trended lower over the period. In Indonesia, Bank Indonesia increased its policy rate twice over the period. Inflation decelerated to 2.86% (year-on-year) in November and stayed within inflation target of 2% to 4%. Meanwhile, third quarter GDP grew by 4.94% (year-on-year), above market expectations. Indonesia local government bond yield trended lower over the period.

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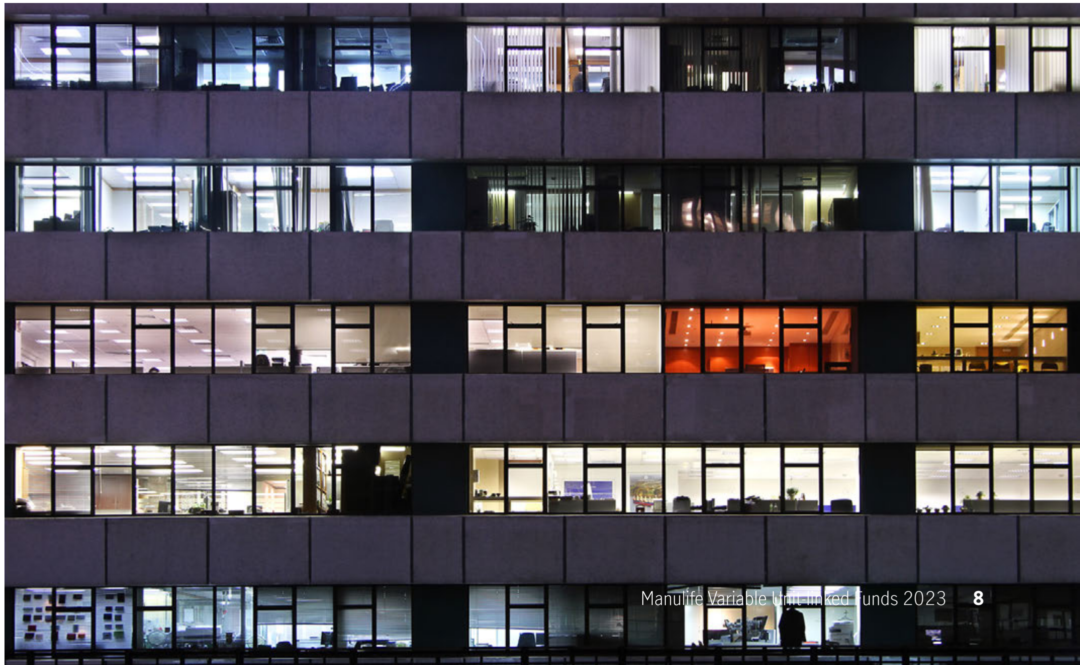
Asian currencies had mixed performance against the US dollar over the period. The Thai baht was a regional outperformer on the back of increased tourism revenue, especially high-season arrivals. In contrast, the Chinese renminbi underperformed amid widening yield differentials with the US rates.

These performances were at the back of the Treasury yields in the United States, which range-traded over the period tightening by the Federal Reserve. On the monetary policy front, the Fed increased the federal funds rate four times over the period to a range of 5.25-5.50%, before three consecutive pauses since September. During the December FOMC meeting, the Federal Reserve held interest rate steady; dot plots indicate the possibility of three cuts coming in 2024. On the economic front, US third quarter 2023 GDP increased by 4.9% (quarter-on-quarter, annualised), while US consumer price inflation decelerated throughout the period to 3.1% as of November (year-on-year). Over the period, the 10-year Treasury yield rose from 3.87% to 3.88%, whilst the Philippine dollar-denominated (ROP) bond yield range-traded in the short end and ended lower in the long end.



Asia Pacific Bond

Outlook

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ASEAN Equity

Review

ASEAN Small Cap Equities (MSCI AC ASEAN Small Cap Index) returned -2.57% (in US dollar terms) in a volatile 2023, driven by uncertainty around interest rates and the U.S. Fed rate hike profile, as well as the negative sentiment and weakness with the Chinese economy. That said, part of the losses was reversed towards the end of 2023, amid expectation on the end of peak hawkishness and upcoming rate cuts in 2024.

Nearly all ASEAN small cap markets were higher in the first quarter, except Thailand. Indonesia equities posted gains on the back of better-than-expected Q4 2022 GDP growth. On the policy front, the government announced plans to provide incentives to boost sales of electric vehicles. Malaysia equities also moved higher, as the Bank Malaysia surprised markets by leaving interest rates unchanged at 2.75%. The government released the 2023 budget, which focused on reviewing subsidies for the general population (e.g., electricity) in favor of more targeted policies to help raise the living standards of lower-income individuals. Philippines equities posted gains on stronger-than-expected 2022 GDP growth, as well as optimism over positive spillover effects from China's reopening. In Singapore, the government released its 2023 budget, which will provide one-time cost of living special payments and Community Development Council vouchers to help residents combat rising inflation. Thai equities corrected as Q4 2022 GDP growth came in softer than expected, while the Bank of Thailand raised rates by 50 bps to 1.75% and guided for further interest rate hikes.

All ASEAN small cap markets were lower during the second quarter. Indonesia equities corrected despite better-than-expected Q1 2023 GDP growth. Bank Indonesia stayed on pause as inflation remained within target. Malaysia equities moved lower amid contracting exports. Philippines equities retreated despite continuous deceleration of inflation and stronger-than-expected Q1 2023 GDP growth. Singapore equities were flat on the back of higher sensitivity to global macro headwinds, softer non-oil exports and Q1 GDP growth. Thai equities corrected amid political uncertainty under the general election and hawkish guidance by the Bank of Thailand.

ASEAN small cap markets were mixed during the third quarter, with Malaysia and Indonesia posting gains. Indonesia equities remained resilient as Bank Indonesia kept rates on hold amid decelerating inflation. Meanwhile, Q2 2023 GDP growth came in better than expected. Malaysia equities moved higher on the recovering oil and energy prices which helped to stabilize the market. On the economic front, tech exports demonstrated resilient growth, thanks to its rising dominance in semiconductor testing and packaging. Philippine equities posted losses, as the central bank maintained its "hawkish pause" at 6.25% with elevated inflation. Singapore equities posted gains. Q2 2023 GDP grew by 0.7% (year-on-year), averting a technical recession. Thai equities continued to be impacted by political instability and macro headwinds. The new government pledged robust fiscal stimulus (US$15.2 billion) and a visa-waiver for Chinese tourists through the end of the year. However, surging oil prices and a widening rates differential with the U.S. dented equities and catalyzed outflows. In addition, the Bank of Thailand unexpectedly raised rates by 25 bps to 2.50%.

Most ASEAN small cap markets rebounded during the fourth quarter, except Indonesia, which was dragged by Bank Indonesia's unexpected rate hike decision by 25 bps to 6.0%. Malaysia equities posted gains on positive macro and political news, as Prime Minister Ibrahim reshuffled his cabinet. Q3 2023 GDP growth was also stronger than expected. Philippine equities recorded positive performance with better-than-expected Q3 2023 GDP growth, and President Marcos signed the 2024 budget into law, totaling US$103.5 billion, a 9.5% increase from the previous year. Singapore equities also moved higher, led by outperformance in REITs and tech names on lower interest rate expectation. Thai equities posted gains, thanks to improving tourist arrivals and supportive domestic policies. The government reiterated the plan for a cash handout stimulus of US$14 billion via digital wallet program to support the economy, as well as temporarily waived tourist visas for Taiwanese and Indian visitors until May 2024.

Outlook

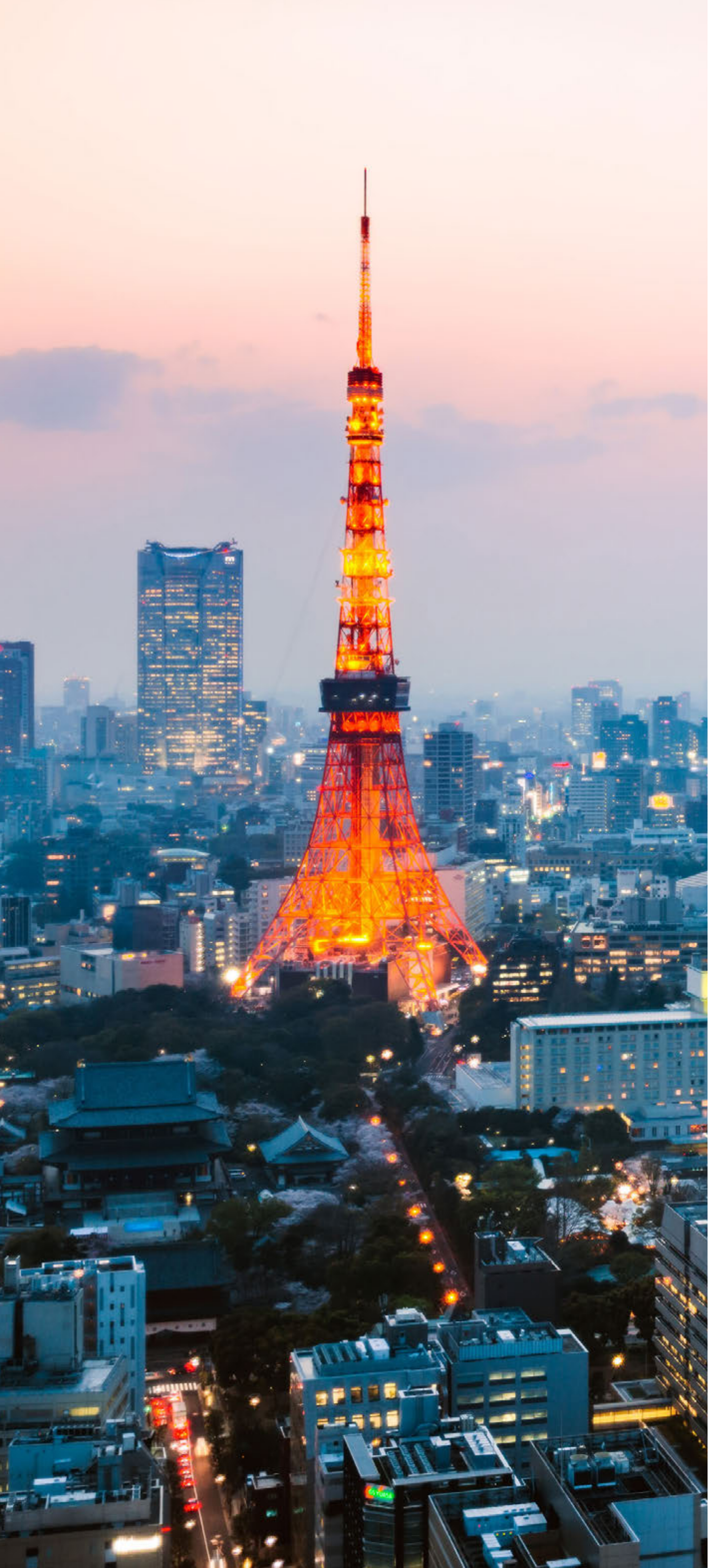
The global economy and most stock markets in Asia and ASEAN have shown resilience to the cumulative effects of increases in short- and long-term interest rates over the past years. While the U.S. Fed is expected to pause on further rate hike on the back of easing inflation, real interest rates are expected to remain elevated. The cumulative effects of restrictive monetary policy should not be underestimated as they work their way through corporate and household balance sheets and international financial systems. Higher cost of servicing debt would deter consumption spending. It has also led business attitudes to gradually turn more cautious, leading to guarded capex and hiring plans.

Outlook of the global economy and markets is also clouded by political and geopolitical risks, which may be a source of volatility for ASEAN equities. Important elections will be held in 2024, including Taiwan, Indonesia, Korea and the U.S. This is expected to deter investment plans as businesses awaits clarity on policies and continuation of existing policies. Furthermore, any escalation of geopolitical tensions in the Middle East (Israel-Hamas conflict) or the Russia-Ukraine conflict may pose further upside risks to energy prices and inflation, creating downside risks to financial stability, global economic and business outlook.

Separately, the cycling of low base effect from the post-COVID-19 reopening has played out in most economies in 2023. We expect growth trend to return to normal in 2024. This will put the resilience of earnings growth of many companies to test heading into the new year. Against such backdrop, we would tread markets in the ASEAN region cautiously. Our strategy would be to invest in companies that are well-prepared for heightened uncertainties in global markets. We look for companies with the following attributes:

- Strong branding and market share
- Strong capability in product innovation
- Ability to expand market share either regionally, internationally, or globally
- Strong internal cash flow generation and lowly geared with minimal USD debt exposure
- Management who are focused on driving operational efficiency and disciplined allocation of capital for growth and shareholders' returns

Southeast Asian economies are benefiting from global diversification of supply chain. The region attracted a record high of almost 17% of global FDI in 2022. Singapore, Malaysia, Vietnam are outperformers in FDIs in the technology industry, dominated by investments from the U.S. Thailand and Indonesia received investments in the EV supply chain, which is dominated by Chinese investors. More importantly, leaders and governments in this region are supportive of FDIs, as evidenced by the roll-out of business-friendly policies and tax incentives. The growth in foreign capital investments



ASEAN Equity

in real asset is expected to fortify the region's balance of payment position and help mitigate the risk of external liquidity shocks. Separately, there is a noticeable trend of consumer companies expanding their presence in intra-ASEAN markets as well as international markets. The ability to expand market access and source of earnings beyond their home ground would make these companies bigger over time. More interestingly, such growth opportunities remain under-appreciated by investors and valuations of stocks are at reasonable and attractive levels.

We observed a few soft spots emerging in the region in 2024:

- We remain wary of the effects of higher interest rates on the Real Estate Investment Trust (REIT) sector. Most of the REITs listed in Southeast Asia are highly geared and higher interest expense is expected to detract net property income. Asset recycling is expected to be more difficult amid an environment of higher cost of capital and valuation of assets face the threat of being discounted at higher rates.

- Earnings of most major banks in Singapore, Indonesia and the Philippines have benefited from the expansion of net interest margin and lower credit cost in 2023. However, growth in 2024 is expected to be largely demand for loans. However, there are early indications of slowing loan growth as businesses turned more cautious in their investment plans amid a clouded outlook. Banks are also cautious in lending as they anticipate some worsening of credit quality cumulative effects of increases in interest rate ripple through the system. We would prefer to allocate capital from the banking sector to other sectors with stronger growth catalysts in 2024.

- We also expect to see some softness in domestic consumption in the region as the effect of higher cost of servicing debt and inflation erode consumers' wallet share. Consumers in the lower income group are downtrading. Our conversations with corporates revealed that the ability to raise selling price has reached its limit. However, profit margins remain defensible, thanks to lower material and transportation costs.

"Growth opportunities remain under-appreciated by investors and valuations of stocks are at reasonable and attractive levels."

Asia Pacific REIT

Review

Major Asia ex Japan REITs markets posted gains for the period, which was characterized with heightened volatility. In the beginning of 2023, markets rebounded as expectations of a slowing trajectory in rate hikes gained traction amid softer-than-expected U.S. inflation numbers. China's favorable COVID-19 policy pivots and stimulus for the real estate sector further fueled risk-on sentiment in the region. Nonetheless, in February 2023, Asia ex Japan REITs retreated on the back of stronger-than-expected U.S. economic readings, which pushed yields higher, as well as heightened China-U.S. geopolitical tensions. During March and June 2023, markets saw heightened volatility on concerns over U.S. and European banking sectors and U.S debt ceiling stalemate. Global bond yields retreated sharply as investors sought out safe havens on higher recessionary risk fears. While part of the losses was reversed in July 2023, Asia ex Japan REITs corrected again during August and October 2023 on the back of the Fed's hawkish commentary and reemerging inflation fears amid the Israeli-Hamas conflict. However, Asia ex Japan REITs rallied towards the end of 2023. As evidence of disinflation strengthened, the U.S. Fed delivered a dovish message in December with the FOMC's 2024 'dot plot', which featured three rate cuts. This confirmation of the long-anticipated 'pivot' catalyzed a risk-on environment, driving regional REITs higher.

Australia REITs (AREITs) posted gains for the period, driven by the trajectory of global interest rates and monetary policies. AREITs corrected during the first half of 2023 on rising concerns around cost and availability of credit amid U.S. and European banking challenges. Although part of the losses was reversed going into July 2023 amid the RBA's rate hike pause and softer-than-expected inflation, the market further retreated as the Australia 10-year bond yield moved to 4.49%, the highest level since 2011, fueled by hawkish commentary from central banks. That said, during the end of 2023, AREITs saw broad-based rebound, led by real estate fund managers, thanks to the expectation on potential end of the global rate hike cycle.

Hong Kong REITs posted losses and lagged regional markets. In the beginning of 2023, markets benefitted as the Chinese government rolled out support policies to ease financing risks for the real estate sector, as well as earlier-than-expected reopening of the Chinese borders with no quarantine requirements. However, buying sentiment was curtailed since February 2023 on concerns over more equity fundraising exercise to pay off debt after a leading REIT announced rights issue, as well as worries over broader economic recovery in China/Hong Kong. Meanwhile, the one-month HIBOR made new high at above 5.5% in Q423, the highest level since 2007, presenting funding cost pressure for the sector.

Singapore REITs moved higher for the period. Industrial REITs outperformed on healthy rental reversions and resilient capital values. High occupancy rates, strong demand, and longer WALE should continue to provide defensive and predictable cash flows.

Asia Pacific REIT

Equity fund raising exercises by a few big-cap REITs were also generally well-subscribed, in which most of the new capital will go towards asset acquisitions in the new economy space and asset enhancement initiatives on existing assets. Hospitality REITs also remained resilient on healthy tourism outlook as Singapore continues to be the preferred entertainment destination in Asia. Strong operational performance and positive guidance for 2023 has been seen in the sector. On the other hand, office REITs underperformed amid concerns over a global economic slowdown.

Outlook

With peak hawkishness likely behind us, a key pressure point weighing on Asia REITs looks set to reverse in the year ahead. While Asia REITs have rebounded off multi-year lows set in October 2023, the sector is still in the early stages of a rebound and should continue to see opportunities in 2024. Having said that, the uncertain macroeconomic environment and geopolitical risks warrant caution. We continue to focus on paying reasonable valuations for high-quality Asia REITs.

“ While Asia REITs have rebounded off multi-year lows, the sector is still in the early stages of a rebound and should continue to see opportunities in 2024. ”

Global Assets

Review

2023 was a roller coaster for investors. However, the year still marked a comeback for both stocks and bonds, bolstered by moderating inflation, Artificial Intelligence (AI) enthusiasm, resilient corporate earnings and rate cut expectations. Despite a series of risk events experienced throughout the year – banking failure in the U.S. and Europe, property crisis in China, political stand-off on the US debt ceiling and geopolitical conflicts in the Middle East, among others, 2023 was surprisingly a strong year for markets with both the Dow Jones and Nasdaq 100 climbing to new all-time highs in December.

2023 was characterized by changing narratives around rate cuts and inflation expectations. At the start of the year, central banks remained committed to their fight against elevated inflation at an economic cost, which would potentially lead to a recession. Markets were volatile as inflation remained sticky and well above the US Federal Reserve Board (Fed)'s target in 1H 2023, supporting the higher-for-longer-rates narrative. However, U.S. inflation started to be under control with headline and core inflation trending lower over the course of the year, though it remained above the target of 2%, leading markets to price in the start of the rate cut cycle. The disinflation narrative was in play, while growth remained resilient, so expectations for a recession never materialized. The U.S. economy has proved to be showing strength, with a strong consumer, a low unemployment rate and a higher GDP. Pockets of positive data points helped counter concerns over China's subdued growth and Europe's lackluster economy. The US Fed finally messaged a pivot at its final policy meeting in 2023, cheering markets and sending asset prices higher to end 2023, as the soft landing narrative grew.

Another driver of positive returns over the year was the market enthusiasm around AI. When geopolitics cast a shadow over global markets and concerns on supply chains, AI optimism surged as investors highly appreciated the potential of the technology and its future use. Technology stocks were the biggest beneficiary, as they are expected to benefit from a sustainable decline in interest rates. Performance was dominated by mega-cap tech stocks, particularly the "Magnificent Seven," as they were able to capitalize on the excitement surrounding AI, while demonstrating solid fundamentals. The tech-intensive Nasdaq 100 index has surged more than 50%.

Approaching the end of the year, moderation in inflation data and dovish messaging by the U.S. Fed have led to the sharp reversal in rates over the last two months of 2023. Market breadth improved and there has been a sector/cap rotation into laggard groups within markets. Small caps and rate-sensitive sectors including financials and real estate performed well.

Across global equities, stocks enjoyed a strong rally with MSCI ACWI gaining +22.81% for CY23. Regionally, Latin America led the gains by rising +33.54%, followed by the U.S. with the S&P up +26.29%. Japan and Europe also performed well, returning +20.77% and +20.66%, respectively. Dragged by China, Asia Pacific ex Japan and emerging markets detracted from performance but still returned +7.69% and 10.27%, respectively. Regarding sector performance, information technology performed very well, gaining +53.66% driven by the excitement around AI and the "Magnificent Seven," followed by communication services at +45.99%. Defensive sectors including utilities and consumer staples lagged but were up +1.20% and +3.02%, respectively.

Fixed income markets were also in positive territory over the year, as falling inflation and rate cuts expectations pushed yields lower and bond prices higher.

The FTSE World Government Bond Index gained +5.19% and the Bloomberg Global Aggregate Index was up +5.72%.

The Bloomberg Global Corporate and Global High Yield performed well, rising +9.61% and +14.04%, respectively.

The U.S. 10-year Treasury yields closed the year at 3.88%.

In foreign exchange, most major currencies strengthened against the USD over the quarter, including the GBP (+5.98%) and EUR (+3.50%), while the JPY depreciated against the USD (-6.41%).

Outlook

Looking ahead, we expect lower interest rates to be accommodative for economic growth. In addition, inflation appears to be coming down and unemployment remains low. However, geopolitical challenges and the upcoming U.S. presidential elections could pose challenges to investor sentiment. We also expect that 2024 will be a more challenging year for global growth.

Central banks will continue to push back against the higher magnitude of rate cut expectations that the market has currently priced in, but we still expect cuts to occur in most developed markets, even with inflation in the 2-3% range in 2024. The December Federal Open Market Committee (FOMC) meeting has shifted the narrative away from “are we at peak yet?” towards “when will the U.S. Fed start cutting, and by how much?”.

The Summary of Economic Projections (SEP) has penciled in three rate cuts in 2024 (vs. two previously). The FOMC decision almost reads as an “all clear” signal on policy easing ahead. Reading the SEP, the U.S. Fed expects the U.S. economy to stick the soft landing given moderating inflation, modest (but not negative) growth and a slightly higher level in the unemployment rate. Recent data releases also suggested a resilient U.S. growth, as U.S. consumers and retail sales remained strong. We maintain our base case that the U.S. economy will slip into a mild to moderate recession within the next six months. Simply put, we expect to see two consecutive quarters of negative GDP growth, accompanied by a rise in the unemployment rate. Whether or not economic activity has contracted to the extent that it fits the official definition of recession is much less important than the decline in growth momentum that lies ahead. In our view, lending, consumer activity, capital investment, and, among other things, earnings, will weaken in the coming six months.

While recent developments support this view, we are acutely aware that the narrative is unlikely to unfold in a linear manner. Areas that could add uncertainty in the coming weeks and tilt the narrative back towards our risk case of higher-for-longer interest rates include how markets react to the data, whether inflation continues to move in the right direction, and how lending conditions evolve. That said, we still believe that deteriorating economic conditions will push the U.S. Fed into cutting rates in the second half of 2024.

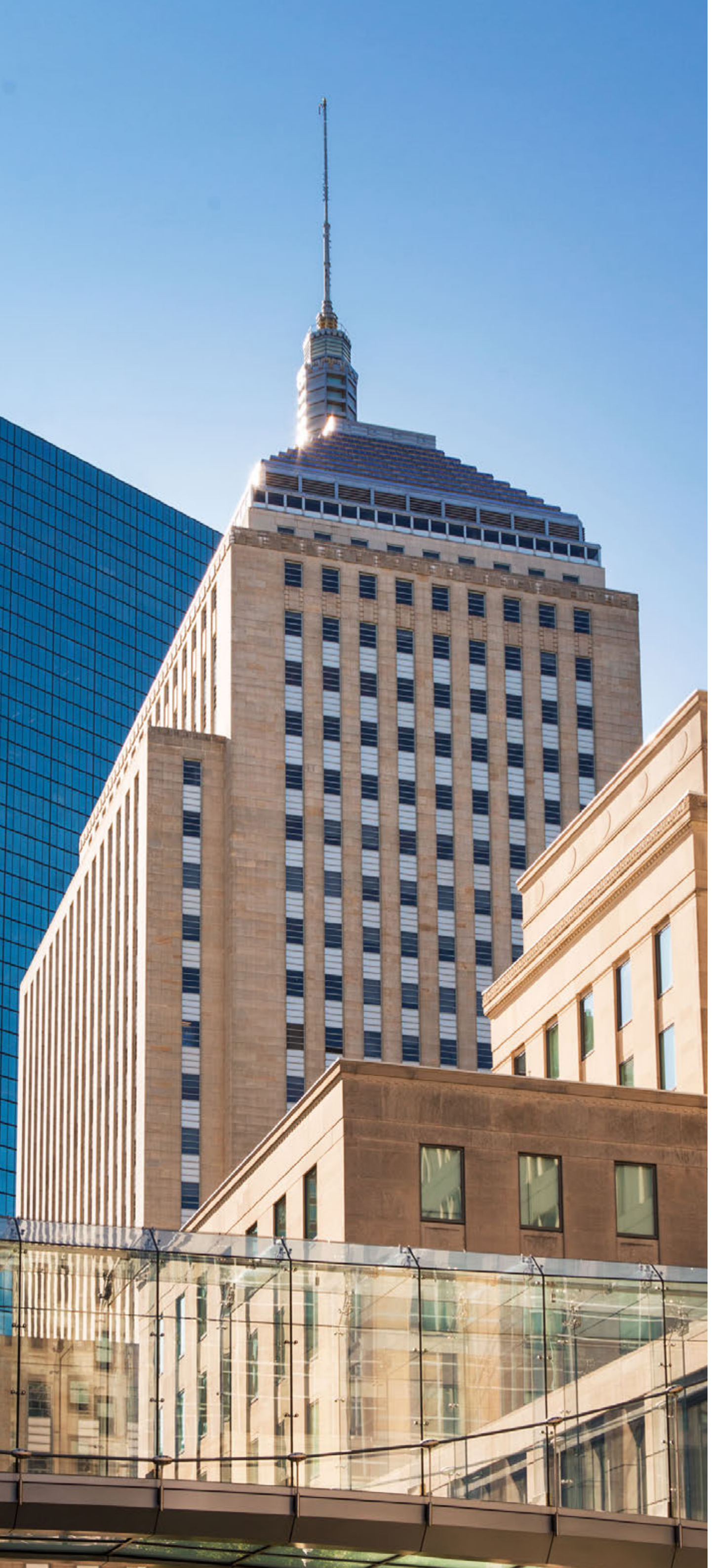
In Asia, negative sentiment has been dominated by a faltering structural trend in aggregate growth in China, with particularly persistent tail risks to the property sector. In our view, the negative sentiment has likely run ahead of itself for the time being. The gloom belies the green shoots of a cyclical rebound: car sales and commodity demand have been a bright spot, and the lagged effects of incremental policy easing should generate some recovery in credit growth. Equity valuations in Asian markets tip toward the favorable side of the equation. While we do not expect the cyclical rebound to be as large as previous cycles, we see tactical upside for Chinese risk assets as market hopes for a more meaningful support package in 2024. However, for the cyclical rebound to strengthen itself beyond the mechanical reopening boost, we would need to see a sustained recovery in household consumption and property sales.

In markets, the potential end of the global rate hike cycle is supportive of our view of equities, but an uncertain macroeconomic landscape is a potential headwind for equities. Corporate earnings have generally remained strong, and consumer remained resilient. Oil prices have fallen against lackluster demand, though the escalating Hamas-Israel conflict in the Middle East has the potential for wide-ranging impacts should other regional players get drawn in. Given the uncertainty surrounding several factors—among them monetary policy, geopolitical tensions, and recessionary risks—we are focusing on quality across equity assets and taking a more defensive position. At the same time, we appreciate the excitement surrounding AI and the magnitude of its potential impacts on revenue monetization, productivity and cost cutting, and seek pockets of related growth opportunities.

High-yield bonds and loans, and spread sectors more broadly, have continued to benefit from comparatively high levels of carry and current yield from a historical basis, and from positive investor sentiment and spread levels that have moved tighter year-to-date.

Companies of lower credit quality will have to carefully navigate worsening conditions compounded by increased required rates of return by financial markets. We have seen new issue activities pick up in the latter half of the third quarter, but from very weak levels recorded earlier in the year and in 2022. Default rates have also picked up, particularly for CCC-rated issuers, and we believe this trend will likely continue, driven by a potentially weakening economy, a growing number of bonds maturing over the next few years, and restrictive refinancing rates facing many corporations.

Overall, we maintain that there are downside risks to the economy given tighter credit conditions and may see higher-for-longer interest rates given the potential for macro data disappointments. Tactical positioning will be more prevalent again as we go into 2024, to nimbly add and de-risk portfolios, as well as add to yield opportunities as they arise.



U.S. Equities

Review

The U.S. stock market had a much better year than initially expected in 2023. Following a steep loss in 2022, the broad-based Standard & Poor's 500 Index rallied sharply this past year, buoyed by a resilient U.S. economy, easing inflation, better-than-expected corporate earnings, stabilizing interest rates and an unemployment rate that fell to its lowest level since 1969. Investor enthusiasm around generative artificial intelligence (AI) also gave a notable boost to a handful of large technology-related stocks that led the market's advance with stellar returns. These tailwinds outweighed the negative impact of inflation that stayed stubbornly above the U.S. Federal Reserve Board (Fed)'s target, plus high interest rates and a regional banking crisis last spring. Even the outbreak of war in the Middle East this past October, ongoing conflict in Ukraine and periodic tensions with China could not derail the market's charge. A late-period signal from the U.S. Fed that it could cut its target interest rate in 2024 propelled stocks to a near-record high for the year.

Within the S&P 500 Index, the information technology, communication services and consumer discretionary sectors performed notably. Most of the technology-related stocks – nicknamed the "Magnificent Seven" – which accounted for much of the market's advance were from these three sectors. Conversely, returns in the defensive utilities, consumer staples and healthcare sectors disappointed investors. Elsewhere, energy stocks stalled, as increased global production led to lower oil prices.

Outlook

Heading into 2024, we believe the outlook for the U.S. stock market is encouraging, given the resilience of U.S. consumers, a healthy banking system and a stable housing market. Lower interest rates will likely be accommodative for economic growth, and easing inflation and low unemployment could be tailwinds for the market. Given the potential for earnings growth to pick up in 2024, we think valuations in many areas are attractive. However, geopolitical challenges, including the wars in Ukraine and the Middle East, a weakening Chinese economy and the upcoming U.S. presidential elections could unsettle investors and pressure the market's advance.

Going forward, we plan to maintain our long-term, bottom-up focus on financially sound companies with competitive advantages, the ability to generate substantial cash flow over sustained periods, and attractive stock prices relative to our estimate of intrinsic value. After the stock market's strong gain in 2023, we believe it is more important than ever to remain disciplined around valuation. Accordingly, we expect to take profits in sectors that have performed well and add to sectors that have lagged the broader market. To that end, we began adding to healthcare, although it remained a sizable underweight at the period-end. The Fund also finished the year with a sizable overweight in consumer discretionary and a reduced but still overweight stake in the financials sector. Bottom-up security selection also has driven overweights in consumer staples, communication services and real estate. Conversely, the Fund remains notably underweight in industrials and healthcare.

> " After the stock market's strong gain in 2023, it is more important than ever to remain disciplined around valuation. "

China and Hong Kong Equity

Review

In the first quarter, Chinese equities posted gains. In January, equities extended its performance on reopening hopes. Going into February and the first half of March, markets corrected amid the heightened Mainland China-U.S. geopolitical tensions and stability concerns over the global banking sector bank failures in the U.S. and a Swiss bank merger. However, Chinese equities subsequently rebounded at the end of March thanks to better-than-expected earnings among tech companies. On the policy front, Mainland China highlighted key economic priorities, a growth target at about 5% for 2023, and set up a national financial regulatory administration to oversee all financial sectors except the security industry.

In the second quarter, Chinese equities posted losses. In April and May, the market was impacted by the China-U.S. geopolitical tensions amid potential foreign investment limits on Mainland China's high-tech sectors and export curbs by the U.S. and concerns over moderating economic recovery. However, Chinese equities subsequently rebounded in June on hopes over policy stimulus. On the policy front, the People's Bank of China (PBoC) cut the 1-year and 5-year loan prime rates by 10 bps. Mainland China also rolled out consumption incentives for household products and NEVs. The National Development and Reform Commission (NDRC) released 22 measures for lowering business operating costs, including lending rate reduction, VAT exemption, and extension of lower corporate contribution to social security fund, among others.

In the third quarter, Chinese equities further retreated. In July, the market was supported by policy stimulus from the politburo meeting and hopes over the potential end of the US Federal Reserve Board (Fed)'s rate hike cycle. However, equities corrected in August and September on the back of concerns over the property sector, mixed macro data and hawkish commentary of global central banks. On the policy front, Mainland China announced a series of easing measures on property, monetary and fiscal policies. On the monetary side, PBoC lowered the required reserve ratio (RRR) by 25 bps, 1-year loan prime rate (LPR) by 10 bps from 3.55% to 3.45% and 1-year medium-term lending facility rate (MLF) by 15 bps from 2.65% to 2.50%. On the fiscal front, the Ministry of Finance extended several tax relief measures for small businesses to the end of 2027, allowed local governments to accelerate special bond issuance and finish issuing this year's quota by end-September, and increased tax deduction for infant care, children's education spending, and elderly care. On consumptions and growth, to support private enterprises, the NDRC announced 28 measures that include tax reduction, backing them in major science and technological breakthroughs, and encouraging them to participate in major national projects, among others.

In the fourth quarter, Chinese equities posted losses on multi-speed macro recovery, despite continuous policy stimulus. On the policy front, the National People's Congress (NPC) meeting approved a RMB1-trillion worth of additional sovereign debt issuance for infrastructure spending, and allowed local governments to frontload part of 2024 bond quotas. In addition, the five biggest state banks have launched the third round of deposit rate cuts in 2023 to support economic growth. To support the property sector, the PBoC is reported to introduce a RMB1-trillion worth of low-cost funding via the pledged supplementary lending (PSL) program for urban village renovation and affordable public housing. Chinese regulators are also reportedly developing a "whitelist" of 50 developers that can receive preferential funding support.

Outlook

Overall, stabilizing consumptions, better-than-expected inventory destocking and increased policy measures suggest potential bottoming of Mainland China's economy. The investment team believes Mainland China's four mega trends, the "4As," remain intact going into 2024: (1) Acceleration: Consumption may further improve with Mainland China's pro-growth policy stance; (2) Abroad: Leading mainland Chinese companies are going abroad (i.e., another growth engine); (3) Advancement: The artificial intelligence (AI) supply chain in Mainland China should continue to see robust growth in 2024; and (4) Automation: Mainland China's aged population should present higher demand for automation.

For policy tailwinds, the concerted rollout of fiscal, monetary and property-related policies may improve Mainland China's economy further in 2024 despite slower-than-expected consumption growth. During the politburo meeting in December 2023, its leadership pledged to "effectively promote economic recovery and achieve reasonable quality growth." Policymakers also emphasized "strengthening counter-cyclical and cross-cyclical adjustments." Throughout 2023, Mainland China's economy has improved, especially the service-oriented sectors, which have offset weaknesses in manufacturing PMI data and pressure from the property sector. With a positive, pro-growth stance, we think it is supportive of economic growth in 2024.

For innovations, Mainland China should benefit from the following key areas despite macro and geopolitical headwinds:

1. **Traditional tech:** The global smartphone market is expected to recover in 2024, which could trigger more AI applications.

2. **Artificial Intelligence:** We believe Mainland China is well-positioned to capture opportunities from the upstream to the downstream semiconductor supply chains (especially packaging and testing) amid central government support.

3. **Advanced manufacturing:** We are positive on the expected capital expenditure recovery in the industrial general equipment in early 2024, domestic substitution of industrial advanced manufacturing.

4. **Electric vehicle (EV):** The export growth of EV models is a bright spot while building the EV supply chain overseas is also generating cost efficiencies for leading mainland Chinese EV players.

5. **Healthcare:** We believe the sector should see brighter upside on the back of Mainland China's pursuit of innovation ranging from high-tech to healthcare, strong innovative pipelines of domestic biotech companies and potential recovery in global biotech investments as interest rates decline.

Consumption may further improve with Mainland China's pro-growth policy stance. Household incomes rebounded in 2023 vs 2022 (i.e., people are growing wealthier). However, the recovery is slightly below trend due to weaker-than-expected income growth and weaknesses from a deflating property market. We expect more targeted measures to be rolled out to support growth.

> "For policy tailwinds, the concerted roll-out of fiscal, monetary and property-related policies may improve Mainland China's economy further in 2024 despite slower-than-expected consumption growth."

Global Preferred Securities

Review

On the heels of a sharp advance in November, the U.S. bond market closed out the year with another solid monthly gain, resulting in the bond market's best two-month period of performance in more than three decades. The catalysts for the bond rally included lower inflation, which fell to 3% on a year-over-year basis, and softer economic data, most notably in the labor market. These developments boosted investor expectations that the U.S. Federal Reserve (Fed) was done raising short-term interest rates. This view was confirmed when the Fed held interest rates steady for the third consecutive policy meeting in December. As a result, investors began pricing in Fed rate cuts for some time in 2024.

For the month, bond yields declined sharply across all maturities, with longer-term bond yields falling slightly more than shorter-term yields. Sector performance was uniformly positive, with investment-grade corporate bonds and residential mortgage-backed securities delivering the strongest returns. Sectors with shorter maturities, such as asset-backed securities and commercial mortgage-backed securities, underperformed for the month.

Outlook

2024 will be a more challenging year for growth globally compared to 2023. That economic hardship won't be felt equally across income groups or countries, with the United States more likely to withstand the tightening in the system relative to many other major economies as the country's domestic focus, strong employment profile, and relative consumer health should all provide support. As economies slow at a faster pace than inflation normalizes, the pressure to ease current monetary policy stances will intensify. If the last leg down in inflation back toward traditional targets proves difficult to achieve, a growing chorus of voices could potentially call for lowering the bar to cuts by raising the inflation target. Historically, companies with positive fundamentals—those with high return-on-equity ratios, low leverage, and consistent posted earnings growth—have outperformed their peers going into and during recessions. Conversely, companies in weaker financial positions have faced challenges from elevated refinancing costs when financial conditions tightened.

Against this backdrop, the importance of security selection and differentiation among spread sector allocations and capital structures is at a premium, as is preserving capital and limiting permanent capital losses due to defaults. Despite these challenges, we maintain a balanced view of performance for global credit asset classes. We see opportunities to invest lower in capital structures of high-quality businesses to achieve competitive income generation. The preferred asset class is well-positioned for more restrictive financial conditions. Having the ability to select securities from a broad credit universe and the flexibility to allocate across fixed income sectors, and up and down the credit spectrum should also help with navigating a potentially softer economic landscape. Our view is that within credit, and with sectors spread more broadly, attractive opportunities remain to generate income, with the added potential for upside spread compression and limited risk of permanent capital impairment.

Find out more

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Funds Information and Charts

Peso Bond Fund

Investment Objective

The Fund seeks to achieve a stable and long-term growth by investing in government securities and/or high quality corporate debt securities and/or pooled fund/s that invest in these securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	5.10%
Since Inception	
Absolute	194.60%
Annualized	5.62%

Fund Information

April 2004
Inception date

PHP 671.95 million
Fund size

PHP 2.946
Price (NAV/Unit)

1.50% per annum
Management fee

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.

Peso Stable Fund

Investment Objective

The Fund seeks to achieve a long-term growth by investing in government securities and/or high quality corporate debt securities, stocks listed on the Philippine Stock Exchange and/or in pooled fund/s that invest in these securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	3.72%
Since Inception	
Absolute	187.40%
Annualized	5.49%

Fund Information

April 2004
Inception date

PHP 634.99 million
Fund size

PHP 2.874
Price (NAV/Unit)

1.75% per annum
Management fee

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.

Peso Equity Fund

Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing in stocks listed on the Philippine Stock Exchange, government securities and/or pooled fund/s that invest in these securities and other liquid instruments.

Historical Yield

Year-to-Date	
Absolute	0.67%
Since Inception	
Absolute	111.00%
Annualized	4.68%

Fund Information

September 2007
Inception date

PHP 980.96 million
Fund size

PHP 2.110
Price (NAV/Unit)

2.00% per annum
Management fee

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.

100%
Equity Pool

Peso Balanced Fund

Investment Objective

The Fund seeks to achieve long-term capital growth through investments in diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippine Stock Exchange and/or pooled fund/s that invest in these securities and other liquid fixed instruments. It shall generally maintain a balanced allocation between fixed income and equity investments and may shift asset allocation between the two as risk/reward dynamics warrant but in no case shall the fund's equity or fixed income allocation exceed 70% of its asset.

Historical Yield

Year-to-Date	
Absolute	2.70%
Since Inception	
Absolute	2.70%
Annualized	0.25%

Fund Information

July 2013
Inception date

PHP 234.89 million
Fund size

PHP 1.027
Price (NAV/Unit)

2.00% per annum
Management fee

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.

Bond Pool	Equity Pool
49.69%	50.31%

Peso Target Income Fund

Investment Objective

The Fund aims to provide periodic payouts of up to 3% per annum* while providing the potential for capital appreciation and limiting the risk of capital erosion by investing in a diversified portfolio of fixed income and equity investments based on an active asset allocation strategy.

Historical Yield

Year-to-Date	
Absolute	3.45%
Since Inception	
Absolute	3.21%
Annualized	0.33%

Fund Information

April 2014
Inception date

PHP 149.54 million
Fund size

PHP 0.772
Price (NAV/Unit)

2.00% per annum
(of which 0.2% will go to the investment advisor, MIM Hong Kong, Ltd.)
Management fee

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.

Peso Secure Fund

Investment Objective

The Fund seeks to achieve a stable and long-term growth by investing in government securities and/or high quality corporate debt securities and/or pooled fund/s that invest in these securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	4.87%
Since Inception	
Absolute	72.23%
Annualized	3.76%

Fund Information

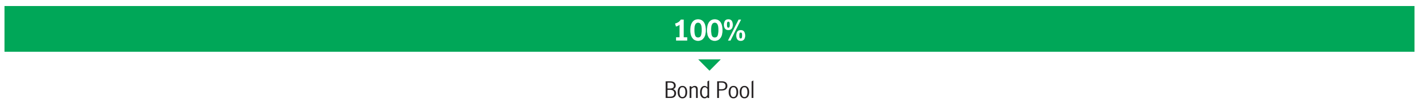
April 2009
Inception date

PHP 5.43 billion
Fund size

PHP 1.724
Price (NAV/Unit)

1.75% per annum
Management fee

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.



Peso Diversified Value Fund

Investment Objective

The Fund seeks to achieve a long-term growth by investing in government securities and/or high quality corporate debt securities, stocks listed on the Philippine Stock Exchange and/or in pooled fund/s that invest in these securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	3.45%
Since Inception	
Absolute	89.00%
Annualized	4.42%

Fund Information

April 2009
Inception date

PHP 4.90 billion
Fund size

PHP 1.890
Price (NAV/Unit)

2.00% per annum
Management fee

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.

Peso Growth Fund

Investment Objective

The Fund seeks to achieve a long-term capital appreciation by investing in stocks listed on the Philippine Stock Exchange, government securities and/or pooled fund/s that invest in these securities and other liquid instruments.

Historical Yield

Year-to-Date	
Absolute	0.39%
Since Inception	
Absolute	182.53%
Annualized	7.31%

Fund Information

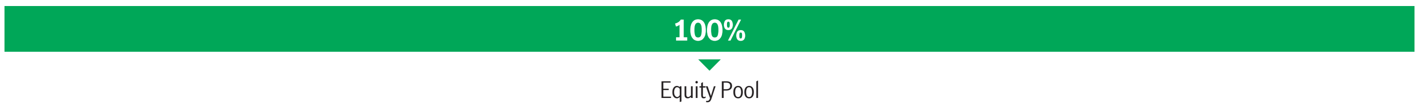
April 2009
Inception date

PHP 20.13 billion
Fund size

PHP 2.814
Price (NAV/Unit)

2.25% per annum
Management fee

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.



Peso Dynamic Allocation Fund

Investment Objective

The Fund seeks to achieve long-term capital growth through investments in diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippine Stock Exchange, and/or pooled fund/s that invest in these securities and other liquid fixed income instruments. It generally maintains a balanced allocation between fixed income and equity investments and may shift asset allocation between the two as risk/reward dynamics warrant but in no case will the fund's equity or fixed income allocation exceed 70% of its assets.

Historical Yield

Year-to-Date	
Absolute	2.46%
Since Inception	
Absolute	0.00%
Annualized	0.00%

Fund Information

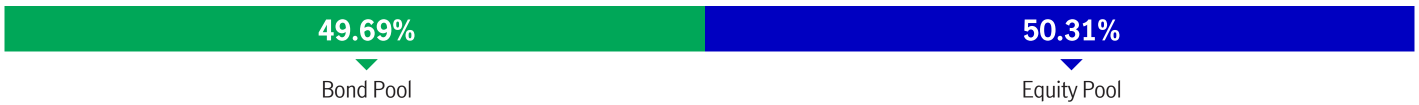
July 2013
Inception date

PHP 5.10 billion
Fund size

PHP 1.000
Price (NAV/Unit)

2.25% per annum
Management fee

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.



Peso Target Distribution Fund

Investment Objective

The Fund aims to provide periodic payouts of up to 3% per annum* while providing the potential for capital appreciation and limiting the risk of capital erosion by investing in a diversified portfolio of fixed income and equity investments based on an active asset allocation strategy.

Historical Yield

Year-to-Date	
Absolute	3.33%
Since Inception	
Absolute	0.94%
Annualized	0.10%

Fund Information

April 2014
Inception date

PHP 1.21 billion
Fund size

PHP 0.755
Price (NAV/Unit)

2.25% per annum
(of which 0.2% will go to the investment advisor, MAM Hong Kong, Ltd.)
Management fee

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.

Bond Pool	Equity Pool	Short Term Bond Pool
51.66%	30.24%	18.10%

Peso Wealth Optimizer Fund 2026

Investment Objective

The Fund seeks to maximize long-term capital growth while managing the risk of capital erosion as the target date approcahes through a dynamic re-balancing of exposure to diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippines Stock Exchange, and /or pooled funds that invest in these securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	2.42%
Since Inception	
Absolute	-6.90%
Annualized	0.94%

Fund Information

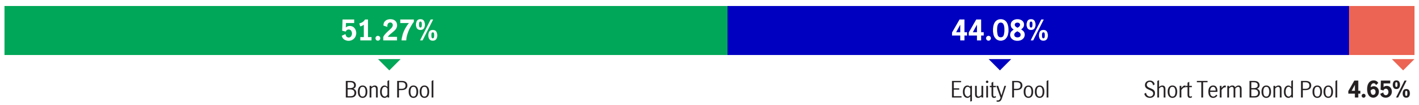
June 2016
Inception date

PHP 503.36 million
Fund size

PHP 0.931
Price (NAV/Unit)

2.25% per annum
(of which 0.18% will go to the investment advisor, MAM Hong Kong, Ltd.)
Management fee

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.



Peso Wealth Optimizer Fund 2031

Investment Objective

The Funds seeks to maximize long-term capital growth while managing the risk of capital erosion as the target date approaches through a dynamic re-balancing 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.

Historical Yield

Year-to-Date	
Absolute	1.49%
Since Inception	
Absolute	-11.40%
Annualized	-1.59%

Fund Information

June 2016
Inception date

PHP 213.30 million
Fund size

PHP 0.886
Price (NAV/Unit)

2.25% per annum
(of which 0.18% will go to the investment advisor, MAM Hong Kong, Ltd.)
Management fee

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.

Peso Wealth Optimizer Fund 2036

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 re-balancing of exposure to diversified portfolios of peso-denominated fixed income securities and securities listed on the Philippines Stock Exchange, and /or pooled funds that invest in these securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	0.81%
Since Inception	
Absolute	-13.10%
Annualized	-1.84%

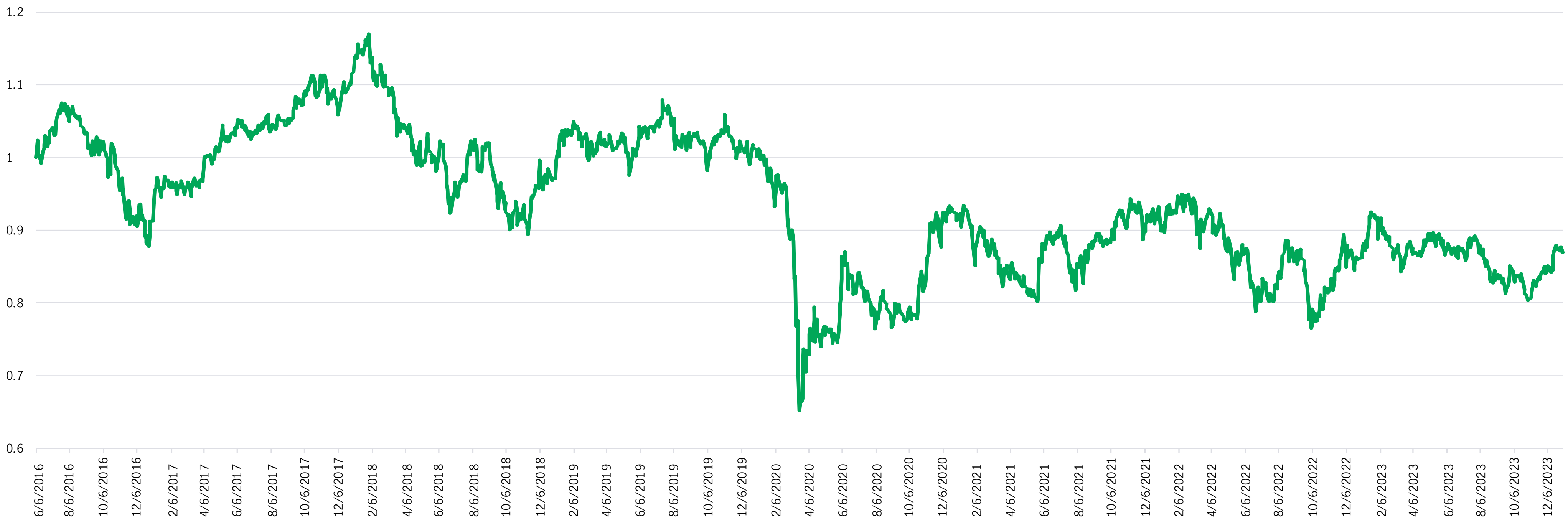
Fund Information

June 2016
Inception date

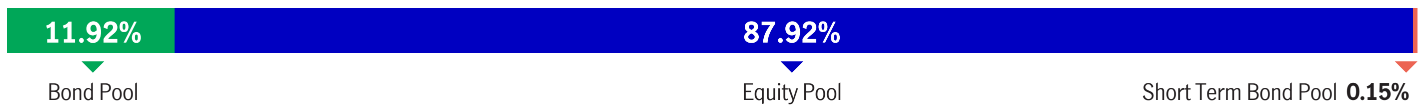
PHP 257.42 million
Fund size

PHP 0.869
Price (NAV/Unit)

2.25% per annum
(of which 0.18% will go to the investment advisor, MAM Hong Kong, Ltd.)
Management fee



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.



Emperor Fund

Investment Objective

The Fund aims to achieve long-term capital appreciation by investing in equity or equity-linked securities od a divesified portfolio of Philippine listed companies with bias towards companies with Filipino-Chinese heritage and companies with potential to become industry leaders. The Fund may also invest in pooled funds that invest in similar securities and other liquied fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	-1.06%
Since Inception	
Absolute	-15.70%
Annualized	-3.12%

Fund Information

August 2018
Inception date

PHP 2.02 billion
Fund size

PHP 0.843
Price (NAV/Unit)

2.00% per annum
Management fee

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.

Powerhouse Fund

Investment Objective

The Fund aims to achieve long-term capital appreciation by investing in a concentrated portfolio of companies with significant economic exposure to or derive a significant portion of earnings from the Philippines. The Fund may also invest in pooled funds that invest in similar securities and other liquid fixed income instruments.

Historical Yield

Year-to-Date	
Absolute	-1.78%
Since Inception	
Absolute	-17.40%
Annualized	-2.71%

Fund Information

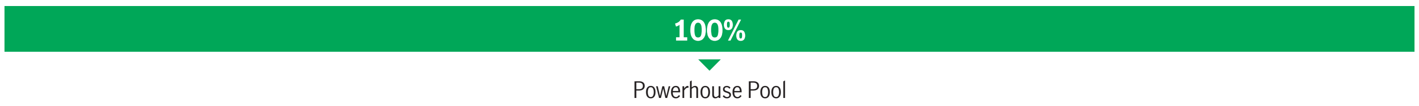
January 2017
Inception date

PHP 7.40 billion
Fund size

PHP 0.826
Price (NAV/Unit)

2.00% per annum
Management fee

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.



USD Bond Fund

Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing in USD denominated sovereign and corporate debt securities and/or pooled fund/s that invest in these securities and other liquid instruments.

Historical Yield

Year-to-Date	
Absolute	4.61%
Since Inception	
Absolute	120.30%
Annualized	4.22%

Fund Information

November 2004
Inception date

US$ 7.07 million
Fund size

US$ 2.203
Price (NAV/Unit)

1.75% per annum
Management fee

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.

USD Secure Fund

Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing in USD denominated sovereign and corporate debt securities and/or pooled fund/s that invest in these securities and other liquid instruments.

Historical Yield

Year-to-Date	
Absolute	4.42%
Since Inception	
Absolute	53.70%
Annualized	2.96%

Fund Information

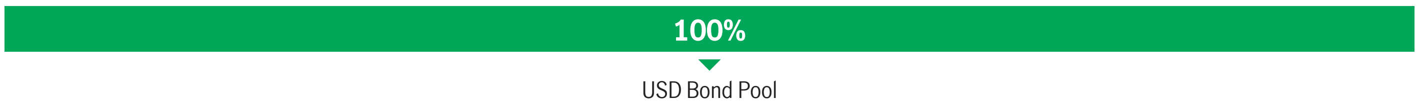
April 2009
Inception date

US$ 19.32 million
Fund size

US$ 1.537
Price (NAV/Unit)

2.00% per annum
Management fee

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.



USD Asia Pacific Bond Fund

Investment Objective

The Fund seeks to maximize returns from a combination of capital appreciation and income generation. The Fund primarily invests in diversified portfolio of fixed income securities, issued by governments, agencies supra, and corporate issuers in the Asia Pacific region.

Historical Yield

Year-to-Date	
Absolute	4.48%
Since Inception	
Absolute	7.20%
Annualized	0.57%

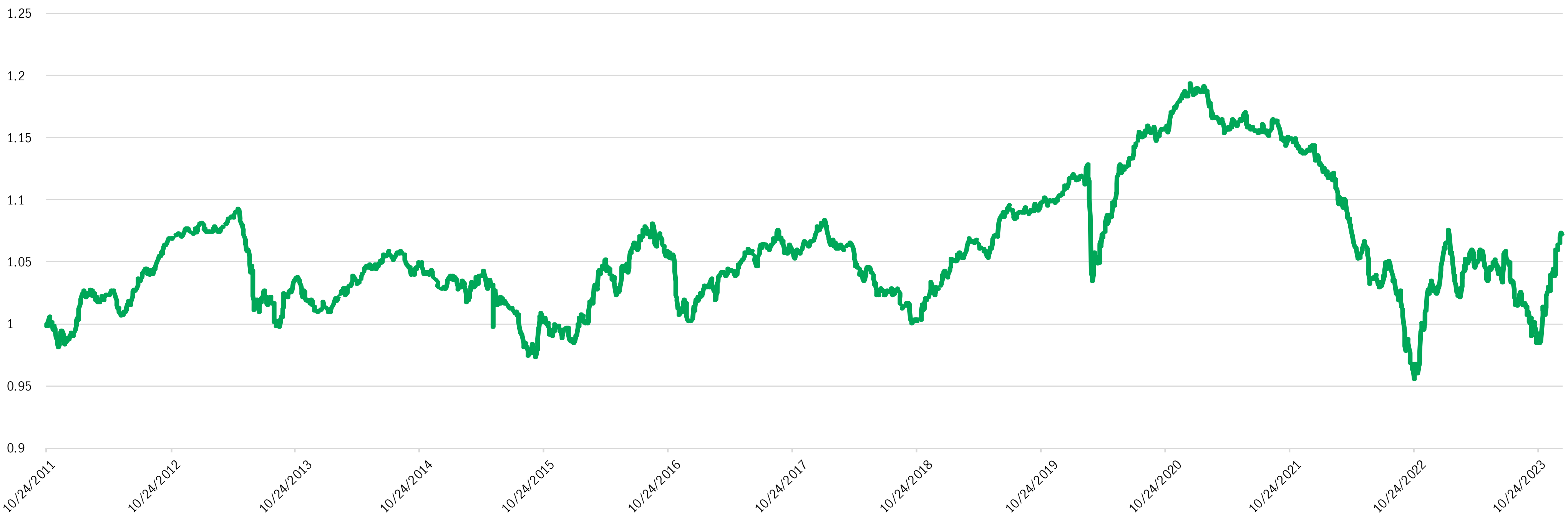
Fund Information

October 2011
Inception date

US$ 10.74 million
Fund size

US$ 1.072
Price (NAV/Unit)

2.00% per annum
(of which 0.6% will go to the investment manager)
Management fee



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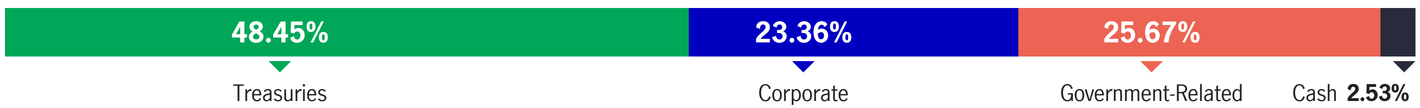

USD ASEAN Growth Fund

Investment Objective

The objective of this Fund is to generate long-term capital growth through investments in equity and equity-related securities of companies incorporated in countries which are members of ASEAN as well as companies incorporated outside ASEAN but with material exposure to ASEAN markets. The Fund may hold cash and fixed income instruments for liquidity management purposes.

Historical Yield

Year-to-Date	
Absolute	3.04%
Since Inception	
Absolute	55.90%
Annualized	4.08%

Fund Information

26 Nov 2012
Inception date

US$ 47.71 million
Fund size

US$ 1.559
Price (NAV/Unit)

2.25% per annum
(of which 0.9% will go to the Manager)
Management fee

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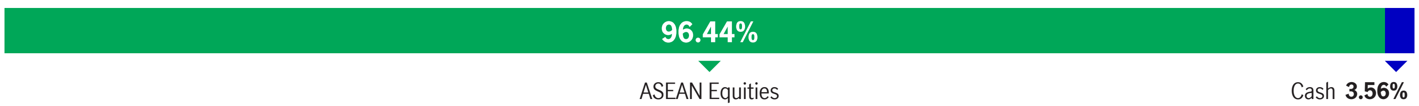

USD Global Target Income Fund

Investment Objective

The Fund seeks to deliver periodic distribution of up to 4.75%* p.a. while providing the potential for capital appreciation and limiting the risk of capital erosion. The Fund will invest primarily in a diversified portfolio of collective investment schemes (including exchange-traded funds (ETFs), real estate investment trusts (REITs) and cash and cash equivalents.

Historical Yield

Year-to-Date	
Absolute	7.36%
Since Inception	
Absolute	6.70%
Annualized	0.82%

Fund Information

18 Jan 2016
Inception date

US$ 74.56 million
Fund size

US$ 0.735
Price (NAV/Unit)

2.25% per annum
(of which 0.60% will go to the Manager)
Management fee

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.

USD Asia Pacific Property Income Fund

Investment Objective

The Fund is Feeder Fund that invests in the Asia Pacific REIT Fund of Fund of Manulife Asset Management and Trust Corporation. The target fund is a unit-paying fund of funds that seeks to achieve long-term capital appreciation and to generate income by investing primarily in a diversified portfolio of exchange-listed real estate investment trust (REITs) in the Asia Pacific region and other allowable investments.

Historical Yield

Year-to-Date	
Absolute	2.09%
Since Inception	
Absolute	-10.72%
Annualized	-2.29%

Fund Information

February 2019
Inception date

US$ 27.75 million
Fund size

US$ 0.787
Price (NAV/Unit)

2.25% per annum
Management fee

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.

PHP Asia Pacific Property Income Fund

Investment Objective

The Fund is Feeder Fund that invests in the Asia Pacific REIT Fund of Fund of Manulife Asset Management and Trust Corporation. The target fund is a unit-paying fund of funds that seeks to achieve long-term capital appreciation and to generate income by investing primarily in a diversified portfolio of exchange-listed real estate investment trust (REITs) in the Asia Pacific region and other allowable investments.

Historical Yield

Year-to-Date	
Absolute	1.52%
Since Inception	
Absolute	-7.31%
Annualized	-1.64%

Fund Information

May 2019
Inception date

PHP 689.66 million
Fund size

PHP 0.814
Price (NAV/Unit)

2.25% per annum
Management fee

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.

100%
Target Fund

USD U.S. Growth Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more equity collective investment schemes which aims to achieve capital growth through an underlying strategy that invests primarily in a portfolio of equity and equity related securities of North American companies.

Historical Yield

Year-to-Date	
Absolute	30.59%
Since Inception	
Absolute	3.30%
Annualized	1.24%

Fund Information

May 2021
Inception date

US$ 5.71 million
Fund size

US$ 1.033
Price (NAV/Unit)

2.25% per annum
Management fee

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.

PHP US Growth Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more equity collective investment schemes which aims to achieve capital growth through an underlying strategy that invests primarily in a portfolio of equity and equity related securities of North American companies.

Historical Yield

Year-to-Date	
Absolute	30.38%
Since Inception	
Absolute	22.30%
Annualized	7.91%

Fund Information

May 2021
Inception date

PHP 987.52 million
Fund size

PHP 1.223
Price (NAV/Unit)

2.25% per annum
Management fee

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.

100%
Target Fund

USD Tiger Growth Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more equity collective investment schemes which aims to achieve capital growth through an underlying strategy that invests primarily in a portfolio of equity and equity related securities of public companies which are listed in Hong Kong and/or, although not listed in Hong Kong, are listed on a stock exchange in any other jurisdiction and have substantial business interests in Hong Kong and/or China.

Historical Yield

Year-to-Date	
Absolute	-18.39%
Since Inception	
Absolute	-54.30%
Annualized	-25.64%

Fund Information

May 2021
Inception date

US$ 372.82 thousand
Fund size

US$ 0.457
Price (NAV/Unit)

2.25% per annum
Management fee

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.

100%
Target Fund

PHP Tiger Growth Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more equity collective investment schemes which aims to achieve capital growth through an underlying strategy that invests primarily in a portfolio of equity and equity related securities of public companies which are listed in Hong Kong and/or, although not listed in Hong Kong, are listed on a stock exchange in any other jurisdiction and have substantial business interests in Hong Kong and/or China.

Historical Yield

Year-to-Date	
Absolute	-18.61%
Since Inception	
Absolute	-46.20%
Annualized	-20.90%

Fund Information

May 2021
Inception date

PHP 207.17 million
Fund size

PHP 0.538
Price (NAV/Unit)

2.25% per annum
Management fee

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.

USD Global Preferred Securities Income Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more equity collective investment schemes which aims to provide income generation with potential long-term capital appreciation by investing primarily in preffered securities listed or traded on any regulated market in the world.

Historical Yield

Year-to-Date	
Absolute	6.09%
Since Inception	
Absolute	-10.51%
Annualized	-4.11%

Fund Information

May 2021
Inception date

US$ 3.48 million
Fund size

US$ 0.796
Price (NAV/Unit)

2.25% per annum
Management fee

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.

100%
Target Fund

PHP Global Preferred Securities Income Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more equity collective investment schemes which aims to provide income generation with potential long-term capital appreciation by investing primarily in preffered securities listed or traded on any regulated market in the world.

Historical Yield

Year-to-Date	
Absolute	5.25%
Since Inception	
Absolute	3.89%
Annualized	1.46%

Fund Information

May 2021
Inception date

PHP 279.93 million
Fund size

PHP 0.932
Price (NAV/Unit)

2.25% per annum
Management fee

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USD Global Health Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more collective investment schemes which aims to provide medium to long term capital growth by investing mainly in equity and equity-related securities in health care and related industries globally, which are listed on any stock exchange. The Target Fund may invest in companies which derive a significant portion of their earnings from medical and pharmaceutical products and services. The remaining assets may include bonds and deposits.

Historical Yield

Year-to-Date	
Absolute	2.63%
Since Inception	
Absolute	5.30%
Annualized	3.26

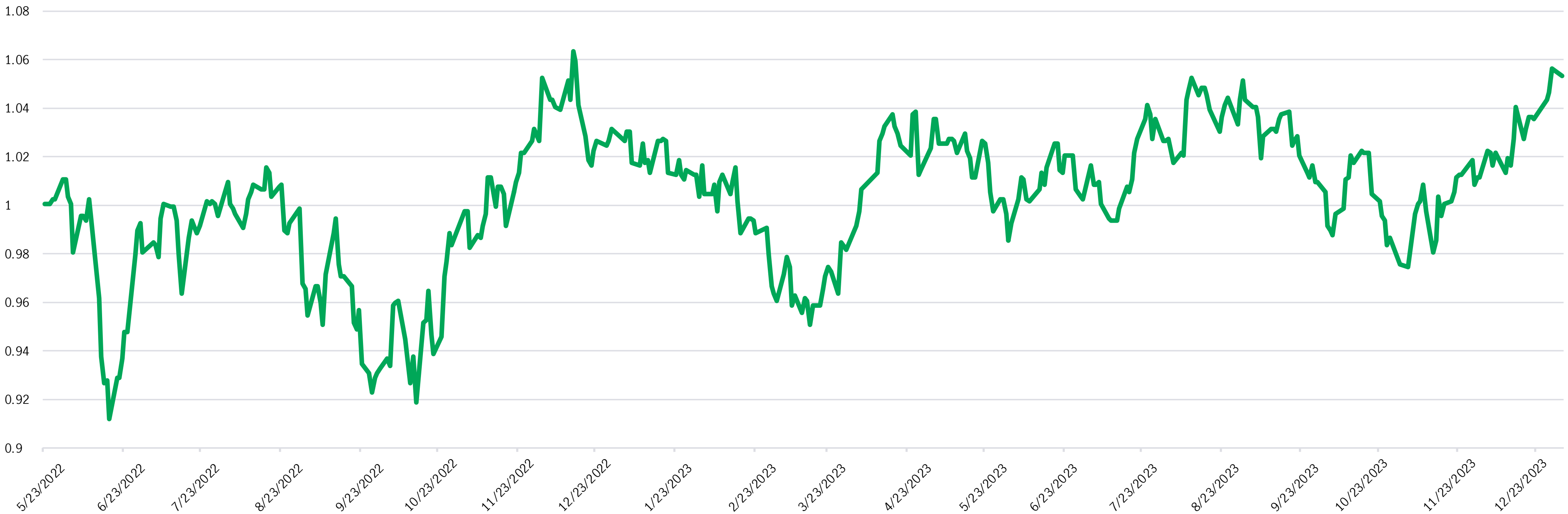
Fund Information

May 2022
Inception date

US$ 270.24 thousand
Fund size

US$ 1.053
Price (NAV/Unit)

2.25% per annum
Management fee



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PHP Global Health Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more collective investment schemes which aims to provide medium to long term capital growth by investing mainly in equity and equity-related securities in health care and related industries globally, which are listed on any stock exchange. The Target Fund may invest in companies which derive a significant portion of their earnings from medical and pharmaceutical products and services. The remaining assets may include bonds and deposits.

Historical Yield

Year-to-Date	
Absolute	2.49%
Since Inception	
Absolute	11.10%
Annualized	6.76%

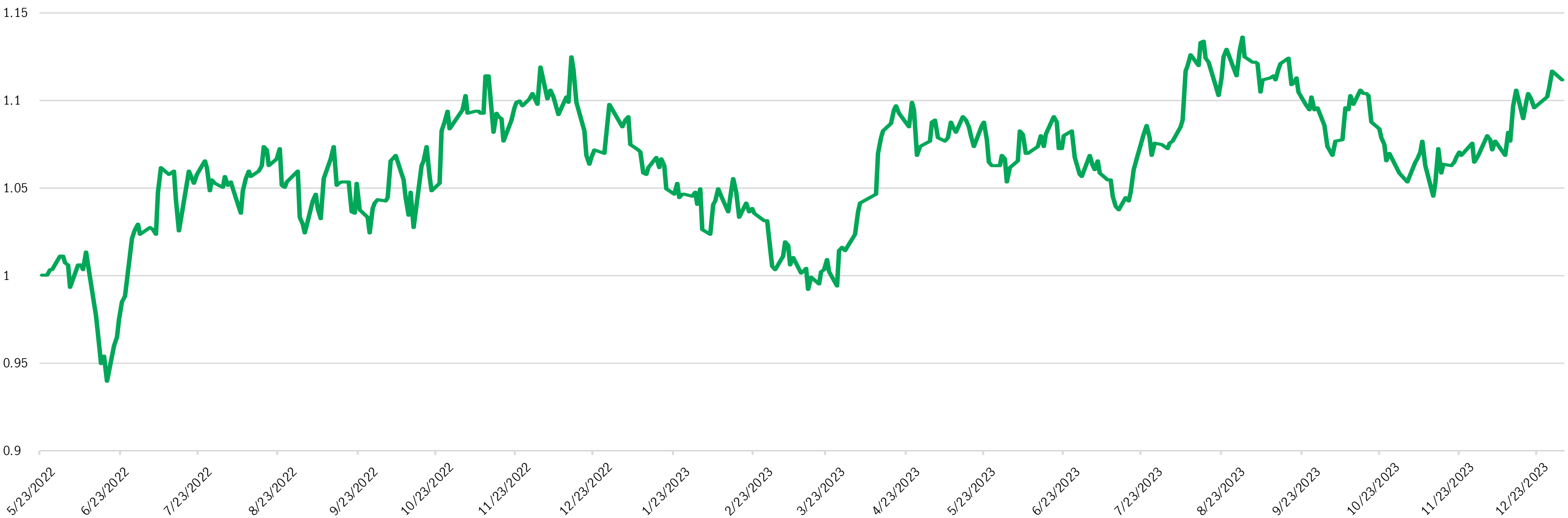
Fund Information

May 2022
Inception date

PHP 211.45 million
Fund size

PHP 1.111
Price (NAV/Unit)

2.25% per annum
Management fee



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USD Global Multi-Asset Income Fund

Historical Yield

Year-to-Date	
Absolute	10.48%
Since Inception	
Absolute	7.87%
Annualized	4.83%

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more collective investment schemes which aims to achieve income generation by investing primarily in a diversified portfolio of equity, equity-related, fixed income and fixed income-related securitires of companies and/or government (including the emerging markets).

Fund Information

May 2022
Inception date

US$ 2.19 million
Fund size

US$ 1.003
Price (NAV/Unit)

2.25% per annum
Management fee

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.

PHP Global Multi-Asset Income Fund

Investment Objective

The Fund aims to maximize total return by investing substantially all of its asset in one or more collective investment schemes which aims to achieve income generation by investing primarily in a diversified portfolio of equity, equity-related, fixed income and fixed income-related securitires of companies and/or government (including the emerging markets).

Historical Yield

Year-to-Date	
Absolute	10.35%
Since Inception	
Absolute	14.54%
Annualized	8.81%

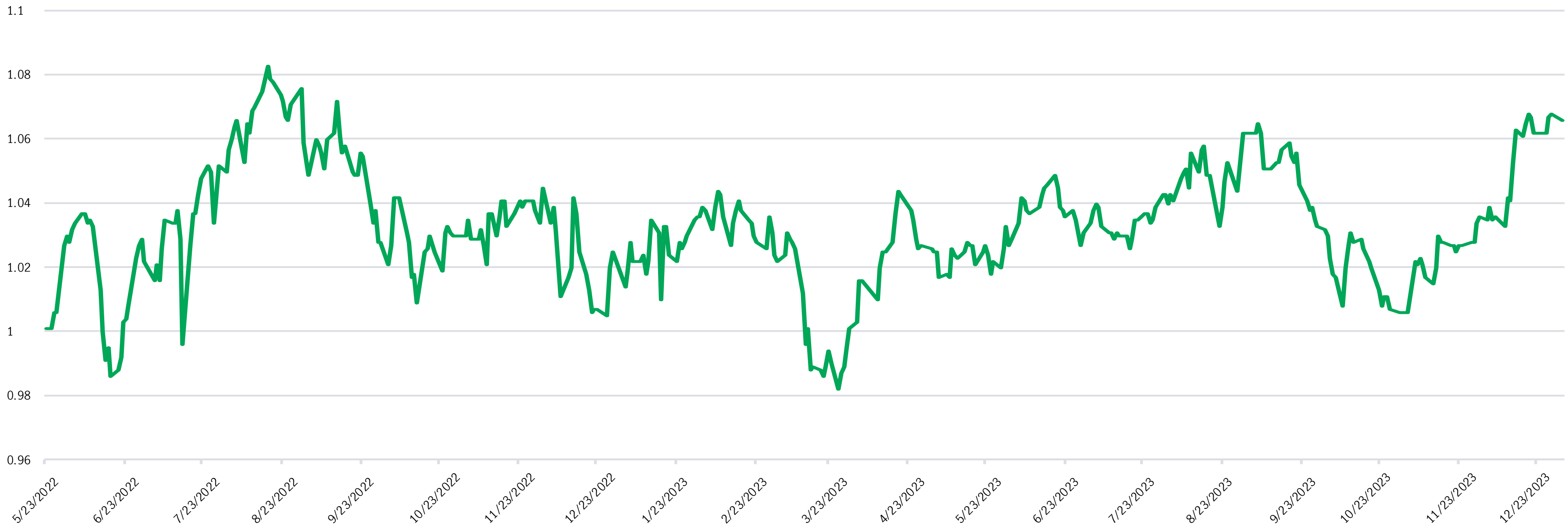
Fund Information

May 2022
Inception date

PHP 255.04 million
Fund size

PHP 1.065
Price (NAV/Unit)

2.25% per annum
Management fee



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100%
Target Fund

USD Global Market Leaders Fund

Historical Yield

Year-to-Date	
Absolute	n.a.
Since Inception	
Absolute	19.40%
Annualized	19.40%

Investment Objective

The Fund aims to achieve capital growth from investing at least 80% of its net assets in a concentrated portfolio of equity and equity related securities of large capitalisation companies listed globally (including in emerging markets from time to time), including, but not limited to, common stocks and depositary receipts.

Fund Information

January 2023
Inception date

US$ 255.69 thousand
Fund size

US$ 1.194
Price (NAV/Unit)

2.25% per annum
Management fee

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.

PHP Global Market Leaders Fund

Investment Objective

The Fund aims to achieve capital growth from investing at least 80% of its net assets in a concentrated portfolio of equity and equity related securities of large capitalisation companies listed globally (including in emerging markets from time to time), including, but not limited to, common stocks and depositary receipts.

Historical Yield

Year-to-Date	
Absolute	n.a.
Since Inception	
Absolute	20.80%
Annualized	20.80%

Fund Information

January 2023
Inception date

PHP 58.35 million
Fund size

PHP 1.208
Price (NAV/Unit)

2.25% per annum
Management fee

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