

# USD US Growth Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

## Investment Objective

The Fund aims to maximize total return by investing substantially all of its assets 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.

## Fund Information

<b>Inception Date</b> May 2021	<b>Fund Size</b> USD 3.88 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 0.946	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHEQUUS	

## Performance Return (June 30, 2023)

USD US Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	5.58%	19.60%	17.96%	n.a.	n.a.	-5.40%
Annualized	n.a.	n.a.	17.96%	n.a.	n.a.	-2.56%

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.

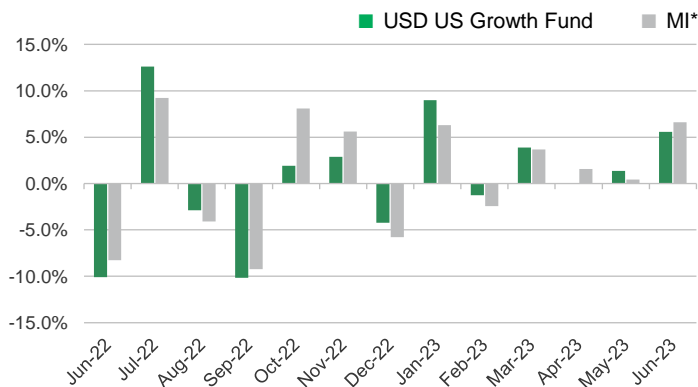
## Monthly Net Asset Value per Unit



## Top Five Holdings

Apple Inc.	7.64%
Amazon.com, Inc.	7.42%
Alphabet Inc. Class A	5.28%
Microsoft Corporation	4.20%
Salesforce, Inc.	4.19%

## Monthly Performance



\*Market Indicator = S&P 500 Index

This is not a deposit product. Earnings are not assured and principal amount invested is exposed to risk of loss. This product cannot be sold to you unless its benefits and risks have been thoroughly explained. If you do not fully understand this product, do not purchase or invest in it.

## Portfolio Breakdown

### Asset Allocation (at Market Value)



MANULIFE AMC GRW EQ FDR FD-NO FEE SHS 100.00%

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## Market Review

US stocks rallied in June, as the US consumer and economy proved more resilient than expected. Investors were encouraged that the US Federal Reserve Board (Fed) would be able to engineer a gentle economic slowdown and avoid a deep recession. Inflation continued to edge lower, although it remained above the central bank's target of 2%. The Fed responded by pausing its interest rate hikes during the month even as it signalled the potential for more rate increases ahead. Amidst this backdrop, investor enthusiasm for artificial intelligence (AI) remained intact, boosting information technology stocks. However, the market broadened as investors moved toward more economically sensitive stocks, with the consumer discretionary, industrials and materials sectors posting the most notable gains. Conversely, the defensive utilities sector lagged, whilst communication services stocks languished amidst a tepid global advertising backdrop.

US Bank stocks slightly lagged the broader market in this environment.

## Outlook

Despite the volatility, most regional banks have seen limited direct impact from the turmoil earlier in the year. Whilst the unexpected failures led to significant deposit outflows at a few select institutions this level of deposit outflow was an outlier and vastly different than what was seen in the industry. The Fed's and FDIC's implementation of the Bank Term Funding Programme provided additional liquidity to other banks who may have been facing deposit outflows. Generally, deposit flows for most regional banks have been largely stable.

This was apparent when banks reported first quarter earnings as the median bank saw average deposits decline by only 0.6%. Across the banking system, there have been some deposit outflows over the past few quarters as customers re-allocated some of their deposits to higher yielding money market accounts or other alternatives. This is a natural and expected outcome as customers look to optimise their cash balances in the higher rate environment.

Overall, the sector remains well capitalised today and highly profitable. The median bank reported a healthy return on equity of 12% during the first quarter and we expect this strong profitability to continue. From a valuation perspective, banks are trading at less than 9.0X (P/E) based on what we view as conservative earnings estimates and less than 1.0X book value (P/BV). These are both significant discounts compared to history and relative to the overall market. Whilst heightened volatility may continue in the short run, periods like these have historically been very attractive entry points over the medium and long term.

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The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Investment Management and Trust Corporation.

The Fund mentioned in this document is specific to variable life insurance contracts and is not considered a mutual fund. Yields depend on interest and foreign exchange rate levels, both of which may fluctuate. Other factors that affect yield include changes in the credit standing of the issuers and changes in the value of the stocks and dividends received. Further, investments of the Fund may provide that their values be determined based on prices or yields of other securities, instruments or foreign currencies, and such provisions may result in negative fluctuations in the value of these investments and, in turn, the Fund's yields. Thus, the performance of the separate account(s) is not guaranteed and the value of the policy could be less than the capital invested. THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS. Past performance of the Fund is not necessarily indicative of future performance. Yields are not guaranteed.

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