

USD Global Health 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 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.

Fund Information

| | | | |
|--------------------------------------|--|------------------------------------|-----------------------------------|
| Inception Date May 2022 | Fund Size USD 211.06 thousand | Fund Currency US dollar | Dealing/Valuation Daily |
| Price (NAV/unit) USD 1.003 | Management Fee 2.25% per annum | Bloomberg Ticker PHEQUUH | |

Performance Return (January 31, 2023)

| USD Global Health Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---------|--------|--------|---------|---------|-----------------|
| Absolute | -2.24% | -2.24% | n.a. | n.a. | n.a. | 0.30% |
| Annualized | n.a. | n.a. | n.a. | n.a. | n.a. | 0.30% |

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.

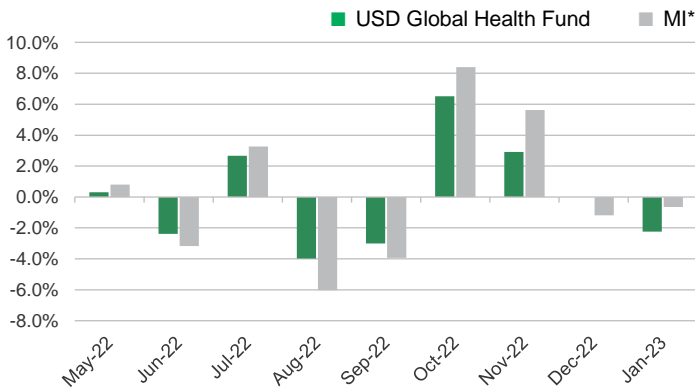
Monthly Net Asset Value per Unit



Top Five Holdings

| | |
|---------------------------------|-------|
| UnitedHealth Group Incorporated | 7.03% |
| Eli Lilly and Company | 6.68% |
| Thermo Fisher Scientific Inc. | 5.20% |
| Johnson & Johnson | 5.19% |
| Merck & Co., Inc. | 4.98% |

Monthly Performance



*100% MSCI World/Healthcare NR USD 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 Global Fund - Healthcare Fund 100.00%

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Market Review

World equity markets staged an impressive rally in January amidst growing optimism that the US Federal Reserve Board (Fed) and other central banks were nearing the point where they could stop raising interest rates. Bond yields and the US dollar (USD) both declined as a result, providing a lift for risk assets worldwide. In addition, positive sentiment associated with China's reopening appeared to outweigh concerns about slowing growth in the developed world. The resulting rally gained momentum as the month progressed, since investors who were light in stocks—or who had bet against the market—were forced to buy in an effort to “play catch-up” with rising indexes.

This dynamic fuelled strong performance for lower-quality companies and market segments that had lagged during the sell-off in 2022. In this environment, growth stocks comfortably outpaced value. Notably, the NASDAQ 100 Index finished with its strongest January performance since 2001. The month also saw a recovery in resource-related equities, contributing to strength for Canada versus its developed-market peers.

The healthcare sector modestly declined during the period and lagged global markets, as measured by the MSCI World Index. As the broad market rally during the month was fuelled by market segments that lagged in 2022, the healthcare sector expectedly lagged after significantly strength in 2022. Industry performance within the sector followed the trends exhibited by the broader markets, with life science tools & services and healthcare equipment & supplies companies performing well after lagging the prior year. The healthcare providers & services and pharmaceutical sub-sectors lagged after aiding the sector's strong performance in 2022.

Outlook

We believe exposure to the healthcare sector offers the potential for strong long-term performance. In particular, we believe the pandemic has invariably created structural changes to the healthcare industry providing enhanced investment opportunities across select segments of the sector. We continue to deploy our bottom-up fundamental investment process informed by assessment of emerging scientific and medical trends coupled with our intrinsic valuation analysis. This approach should ensure that our allocation of capital is focused on companies tackling important unmet medical needs, pursuing underappreciated market opportunities, and/or demonstrating an ability to bend the healthcare cost curve.

Within the biopharmaceuticals sub-sector, we are focused on companies with best-in-class product portfolios serving patients in disease states with inelastic demand. Our aforementioned findings related to structural changes in healthcare support the urgency to effectively manage other pre-existing disease states (cancer, metabolic syndrome, asthma, and other immunologic disorders) which our research suggests pre-dispose these comorbid patients to higher morbidity and mortality from the pandemic. Accordingly, this has led us to establish/increase positions in biopharmaceutical companies over-indexed to cardiovascular disease, Alzheimer's disease and diabetes. We have also maintained our positioning in select companies with direct exposure to covid therapeutics and vaccines, consistent with our thesis that the endemic state will persist.

Fundamentals within specific pockets of both the health care equipment & supplies and life science tools & services industries remain attractive. Specifically, select established leaders in the covid diagnostics space offer a unique investment opportunity as we believe the durability of these businesses remains underappreciated by the market. In addition, we believe several of these companies will continue to reap the benefits from excess cashflows generated from these businesses consistent with the emerging endemic state. These companies should generate above market returns as the incremental research, capex, and pipeline investments they have implemented reach fruition in the coming quarters and years.

Within the health care providers & services industry, we see value in select supply chain companies, specifically pharmaceutical wholesalers. We expect these companies to see improving margins from accelerating drug inflation and continued recovery in prescription volumes. We have also increased our positioning in select healthcare insurers commensurate with improved profit profiles associated with the pandemic induced reduction in office visits and surgeries in the Medicare population.

Mergers and acquisitions activity in the healthcare sector remains abundant as we have entered the later stages of a multi-year capital markets financing window, and the historic run of initial public offerings and secondary offerings has waned. We believe the Fund is well positioned in this regard as demonstrated by the recent completion of an acquisition of one of our healthcare information technology companies.

Overall, we believe that the defensive characteristics of the sector coupled with solid organic growth in select companies should provide strong performance over a full market cycle.

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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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