

# 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

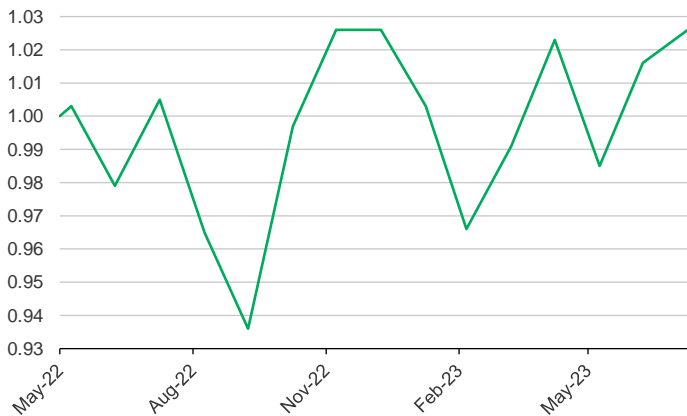
|                                      |  |                                    |                                   |
|--------------------------------------|--|------------------------------------|-----------------------------------|
| <b>Inception Date</b><br>May 2022    | <b>Fund Size</b><br>USD 254.61 thousand  | <b>Fund Currency</b><br>US dollar  | <b>Dealing/Valuation</b><br>Daily |
| <b>Price (NAV/unit)</b><br>USD 1.026 | <b>Management Fee</b><br>2.25% per annum | <b>Bloomberg Ticker</b><br>PHEQUUH |                                   |

## Performance Return (July 31, 2023)

| USD Global Health Fund<br>(net of management fee) | 1 Month | YTD   | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---------|-------|--------|---------|---------|-----------------|
| Absolute  | 0.98%   | 0.00% | 2.09%  | n.a.    | n.a.    | 2.60%           |
| Annualized  | n.a.    | n.a.  | 2.09%  | n.a.    | n.a.    | 2.18%           |

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.

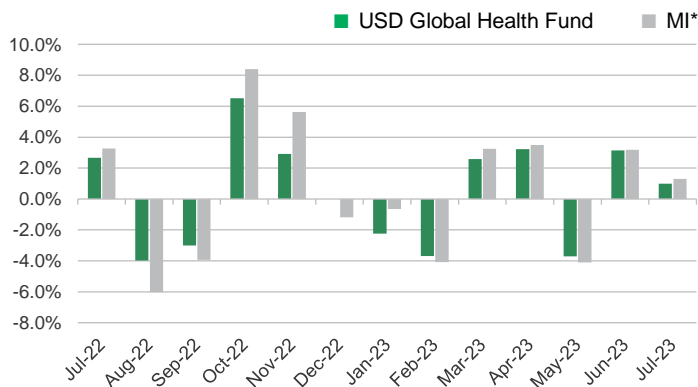
## Monthly Net Asset Value per Unit



## Top Five Holdings

|                                 |       |
|---------------------------------|-------|
| Eli Lilly and Company           | 8.54% |
| UnitedHealth Group Incorporated | 6.98% |
| Novo Nordisk A/S Class B        | 5.60% |
| AstraZeneca PLC                 | 5.07% |
| Merck & Co., Inc.               | 4.85% |

## Monthly Performance

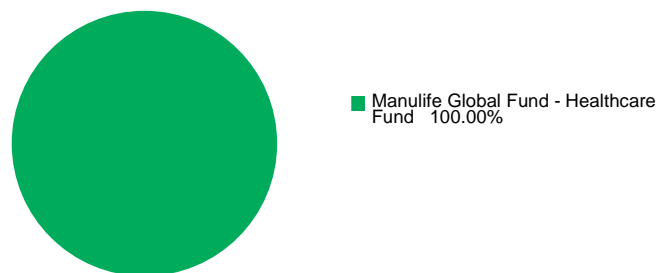


\*100% MSCI World/Healthcare NR USD index

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)



# USD Global Health Fund

## Market Review

Stocks performed very well in July, building on their advance in the previous seven-plus months. With no unfavourable headlines to break the market's momentum, investors remained firmly on "risk-on" mode. Positive corporate earnings results were the primary impetus for the continued rally. Expectations were depressed coming into the earning season, providing a low bar for companies to beat estimates. This factor led to particularly robust gains for US mega-cap technology stocks, which was a key driver of global market performance given the category's large weighting in the major indexes. The markets were also well supported by the prospect of a soft landing for the economy, with strong data points raising hopes that the long-anticipated recession will not come to fruition. Not least, stocks benefited from optimism that a continued decline in inflation would allow central banks to end their long series of interest rate increases in 2023. While large-cap tech stocks continued to lead, the month was notable for a broadening of leadership highlighted by a strong performance for the value style, small-cap stocks, and the emerging markets.

Healthcare advanced during the period but did not keep pace with global markets, as measured by the MSCI World Index. The biotechnology sub-sector led all sub-sectors and performed well, while the pharmaceuticals sub-sector slightly declined.

## Outlook

We believe exposure to the healthcare sector offers the potential for a strong, long-term performance. In particular, the Covid-19 pandemic has created structural changes within healthcare that provides enhanced investment opportunities across select segments of the sector. We expect mergers and acquisitions to remain abundant as healthcare companies with strong balance sheets utilise excess capital to expand product offerings. 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 but 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 the healthcare industry support the urgency to effectively manage other pre-existing disease states (cancer, metabolic syndrome, asthma, and other immunologic disorders), which our research suggests to pre-dispose these comorbid patients to higher morbidity and mortality post-Covid. Accordingly, this has led us to favour biopharmaceutical companies over-indexed to cardiovascular disease, Alzheimer's disease, and diabetes.

Fundamentals within specific pockets of both the healthcare equipment and supplies and life science tools and services industries remain attractive. Specifically, we believe select companies will continue to reap the benefits of the excess cashflows generated from Covid testing, consistent with the emerging endemic state of COVID. We believe several of these companies will 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 healthcare providers and 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 maintained our positioning in select healthcare insurers commensurate with improved profit profiles associated with the Covid-19 induced reduction in office visits and surgeries in the Medicare population.

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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