

USD Global Multi-Asset Income 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 achieve income generation by investing primarily in a diversified portfolio of equity, equity-related, fixed income and fixed income-related securities of companies and/or governments globally (including the emerging markets).

Fund Information

Inception Date May 2022	Fund Size USD 6.02 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.054	Management Fee 2.25% per annum	Bloomberg Ticker PHEQUUM	

Performance Return (December 31, 2024)

USD Global Multi-Asset Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.37%	10.30%	10.30%	n.a.	n.a.	18.99%
Annualized	n.a.	n.a.	10.30%	n.a.	n.a.	6.90%

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.

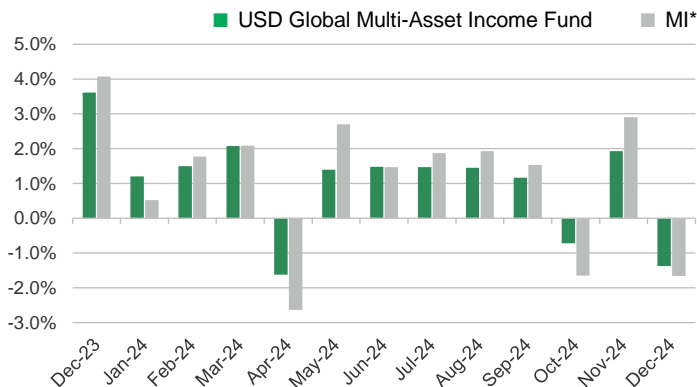
Monthly Net Asset Value per Unit



Top Five Holdings

MICROSOFT CORPORATION	1.11%
NVIDIA CORPORATION	1.09%
APPLE INC.	1.06%
AMAZON.COM, INC.	0.87%
ALPHABET INC.	0.85%

Monthly Performance



*50% MSCI World GR (USD) Index + 50% Bloomberg Barclays Global Aggregate Bond (USD Hedged) 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 - Global Multi-Asset Diversified Income Fund
100.00%

USD Global Multi-Asset Income Fund

Market Review

December saw equities drifting lower, reversing some of the gains from the previous month to close out 2024. The sell-off was driven by the US Federal Reserve Board (Fed)'s outlook for fewer rate cuts in the coming year on robust consumer spending and labor market strength, coupled with higher inflation expectations. Emerging markets ended the month roughly flat, supported by rising oil prices despite a stronger US dollar. Volatility in risk assets carried over into fixed income markets, where US Treasury yields edged higher. Markets expect that long-term interest rates and inflation might be structurally higher.

In the US, macro data came in positively with the composite Purchasing Managers' Index (PMI) rising to 56.6 in December (from 54.9 in November), prompted by a surge in services, which rose to 58.5, the highest level since October 2021, while the manufacturing sector continues its downturn. The US economy expanded at an annual rate of 3.1% in Q3, above estimates. The US labor market remains tight from historical standards despite the unemployment rate ticking up to 4.2% in November from 4.1% the prior month, while initial jobless claims remained low at 219,000, below expectations. A robust labor market adds leeway for the US Fed to slow down their rate-cutting cycle. Regarding inflation data in November, inflation remained stubborn with headline inflation accelerating to 2.7% year-on-year (YoY) and core inflation remaining unchanged at 3.3% YoY, in line with market expectations. The US Fed lowered the Fed funds rate by 25 bps to a target range of 4.25%-4.50% at its December meeting. They also revised up their inflation expectations and signaled fewer interest rate cuts in the year ahead.

European equities fell in December on subdued economic activity in the eurozone. The eurozone composite and services PMIs showed improvements and increased to 49.5 and 51.4, respectively, while manufacturing PMI continued to hover deep in contractionary territory at 45.2. The new US administration continues to weigh further on macro sentiment in the eurozone. In the UK, inflation data moved higher with headline and core inflation accelerating to 2.6% YoY and 3.5% YoY, respectively. The December composite also remained at a 13-month low 49.9. The Bank of England (BOE) opted to hold rates at 4.75%, as markets expect a gradual pace of easing in 2025 given the stickier inflation prints.

Within Asia, China managed to eke out a modest gain despite mixed economic data, which pointed to an uneven Chinese recovery with growth moderating since Q2. Sentiment has been dampened by subdued domestic demand and a prolonged downturn in the property sector. In Japan, the Japanese yen weakened to its lowest level since the Bank of Japan (BOJ) hiked its interest rate in July. The annual inflation rate climbed to 2.9% in November.

Equities stumbled in December with the MSCI ACWI down -2.33% and MSCI World down -2.57%. Emerging markets showed relative resilience experiencing a modest drop of -0.09%. Japan also performed well with a slight decline of -0.33%. The US market saw a decrease with -2.54%. Latin America and Canada lagged behind, falling -6.01% and -5.66%, respectively.

Within MSCI World, consumer discretionary drove the gains adding +2.35%, followed by communication services. Information technology also posted a modest gain of +0.74% over the month. Materials lagged and plummeted -8.20% due to expectations of rising inflation and a potential slowdown in the US Fed's rate-cutting trajectory. Real estate and energy were also laggards, falling -7.77% and -7.62%, respectively.

Fixed income markets ended in negative territory over the month as bond yields rose. The US 10-year Treasury yield rose back to 4.57% at the end of the month. The FTSE World Government Bond Index fell -2.29%. US and global high yields performed well, ending the month with -0.41% and -0.55% returns, respectively. Investment-grade (IG) credits detracted with global aggregate declining -2.15%.

In foreign exchange, major currencies weakened against the US dollar, including the GBP (-1.47%) and EUR (-1.96%) and JPY (-4.44%).

Outlook

Looking ahead, our medium- to long-term outlook suggests that ultimately lower interest rates would be accommodative for economic growth with inflation coming down and continuing resiliency in corporate earnings growth. However, we are at a juncture where rates may not need to be as aggressively cut as previously expected in 2025 given recent favorable macro data and sticky, elevated inflation. We also remain on data watch in order to garner more clarity on the global macroeconomic path and how that translates into portfolios. We expect volatility to persist amid a complex macroeconomic landscape where geopolitical risks and the potential for a global economic slowdown could be potential headwinds going into 2025.

We believe the global easing cycle is well underway although events in recent weeks have infused a measure of uncertainty into the policy outlook. All major central banks have indicated that the next moves are cuts, provided inflation continues to moderate, except for the Bank of Japan (BoJ), which finally moved out of its negative interest rate policy. With the US Fed's cutting cycle having started, attention shifts to the extent and speed of upcoming cuts. The extent to which the US Fed cuts remains data-dependent, we continue to expect that some uneven cooling in the labor market and well contained inflation will allow the US Fed to continue moving towards a neutral policy rate. That being said, against a backdrop of government policy uncertainty around any ambiguity in the data would suggest the US Fed proceeds with caution, slowing the pace of their easing cycle. We expect more cuts than are currently being priced in over the course of 2025. Outside the US and Japan, we expect the central banks of developed markets (DMs) to continue their easing cycles, supported by softer inflation pressures and sluggish growth, made more uncertain by global trade dynamics. EM easing cycle will continue. Uncertainty around the US Fed's path had created a ripple effect around the paths of EMs. With the US Fed easing, other EM central banks feel more able to ease. However, the degree to which they can ease will likely depend on their exposure to foreign trade and the US dollar. We could expect a more synchronous easing cycle across most central banks given a clearer US Fed policy path and a potentially weaker US dollar.

USD Global Multi-Asset Income Fund

We expect the US economy to slow down modestly due to pre-existing dynamics (i.e., the lagged effects of policy tightening), which would negatively affect the global trade and the manufacturing cycle. However, more pronounced weakness or tariff-related uncertainty could further weigh on risk assets in export-dependent regions. While the discussion around whether or not the US can stick the landing is alive and well, we would note that many parts of Europe, the UK, Japan, Canada, and China have all experienced underwhelming and comparatively weaker growth at various points over the last six quarters. Any regional-level assessment should include careful consideration of its exposure to the global trade impulse.

With clear US election results, US government policy is likely to remain volatile. While we expect that actual legislation is likely to be less dramatic than initial rhetoric, short-term volatility and a flight to safe assets is likely to persist.

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. While the coordinated announcements from the politburo and People's Bank of China (PBoC) signal a clear shift in the stance of policymakers and their willingness to explore new channels to revive economic activity, significant uncertainty remains as we still lack important details on the fiscal policies that would actually matter to foster a sustainable turnaround in the economy. We remain neutral on China with growth in policy-supported sectors and exports offset by weakness in real estate and domestic consumption. Policy support will prove insufficient to boost consumer, corporate, and real estate sentiment. Another clear source of risk is the new US administration and looming trade tensions. Having said that, equity valuations in Asian markets tip toward the favorable side of the equation.

Elsewhere in Japan, the BoJ hiking cycle is an outlier against global easing cycle. Policy normalization has begun in Japan. Stabilization in economic activity and the expectation that inflation expectations reach 2% suggest the BoJ is normalizing its policy rate over the next two years. The Japanese yen should strengthen due to favorable interest rate differentials with the rest of the world, and the yield curve should slowly flatten as the BoJ raises rates towards neutral.

While global monetary easing should provide continued growth opportunities across equities and fixed income, current valuations and continued geopolitical uncertainty are burnishing the appeal of defensive plays. We are focusing on quality across equity assets. At a time when we're seeing peak-level US equity valuations, tight credit spreads, continued uncertainty in the geopolitical environment, and wider dispersion in markets, there is value in taking a more cautious approach. That said, we believe opportunities still exist across both equities and fixed income. Within the US, there is an opportunity for financials and some undervalued areas such as cyclical sectors and small-cap stocks, and we still feel the large-cap growth story has some legs. Japan is enjoying improving fundamentals and reasonable valuations, and it stands to benefit from positive corporate governance reforms. Outside of Japan, Asia-Pacific is well-positioned as a defensive play within a slower growth, manufacturing-led world. We are positioning our portfolios for the potential steepening of yield curve, where short-term interest rates would be lower while long-term growth and inflation expectations could raise longer-term rates. In this environment, potential investment opportunities include shorter-duration bonds and strategic allocations to inflation-sensitive assets such as commodities, REITs, and private real assets.

Overall, we expect the market to experience some volatility into 2025, particularly as investors reprice interest rate and potentially inflation expectations. We maintain that there are downside risks to the economy, given tighter credit conditions. Tactical positioning will be more prevalent again as we continue into 2025, to nimbly add and de-risk portfolios, as well as add to yield opportunities as they arise.

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Company ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. Information about the portfolio's holdings, asset allocation, or country diversification is historical and is not an indication of future portfolio composition, which will vary. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

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

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