

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 337.16 thousand	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.975	Management Fee 2.25% per annum	Bloomberg Ticker PHEQUUM	

Performance Return (February 28, 2023)

USD Global Multi-Asset Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.71%	3.13%	n.a.	n.a.	n.a.	0.70%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	0.70%

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.

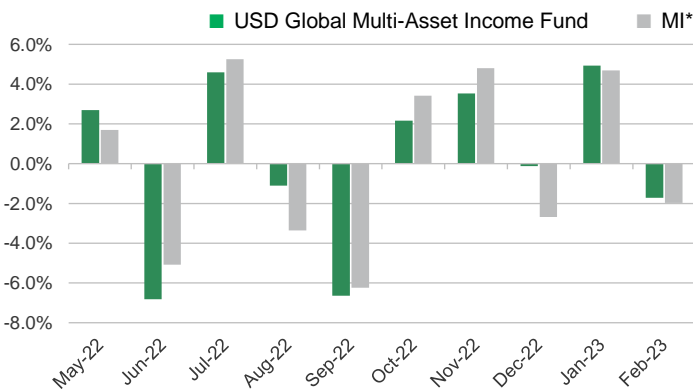
Monthly Net Asset Value per Unit



Top Five Holdings

AMAZON.COM, INC.	0.91%
ALPHABET INC.	0.78%
MICROSOFT CORPORATION	0.69%
APPLE INC.	0.67%
WORKDAY, INC.	0.51%

Monthly Performance

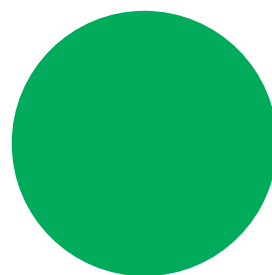


*50% MSCI World GR (USD) Index + 50% Bloomberg Barclays Global Aggregate Bond (USD Hedged) Index

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%

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Market Review

Global equities and fixed income markets broadly fell over the month of February, giving back some but not all of the gains from an optimistic January. February began with a round of rate hikes, including from the US Federal Reserve Board (Fed), European Central Bank (ECB) and Bank of England (BOE). Through the month, as global data picked up, positive sentiment retreated and pointed towards the Fed staying higher for longer, which could hinder discussions around a 'soft landing' scenario. Markets revised the Fed's terminal rate higher and priced out rate cuts that were previously expected by the end of this year.

Inflation loomed large as the January numbers came in ahead of expectations, with the PCE Price Index rising 0.6% and pushing the US year-on-year core inflation to 4.7%. The release of February's S&P Global PMIs showed an unexpected return to economic expansion. The domestic US economy also continued to show signs of resilience despite months of sustained tighter monetary policy.

Across global equities, MSCI World fell 2.37% in February. Europe was the relative outperformer, inching down 0.61%. Asia Pacific ex-Japan fared the worst, falling 6.75% after the region was pulled down by China's poor performance in February, as geopolitical tensions escalated and investors pulled profit from its January highs.

Within MSCI World, only information technology held its ground, thanks largely to big tech names, posting a marginally positive return of 0.02%. All other sectors fell, with real estate and materials dragging the most, down 5.63% and 5.44%, respectively.

Within fixed income, yields moved higher with the pricing in of more monetary tightening and markets fell accordingly. US 10-year Treasuries ended February at 3.92%, around 40 bps higher than the month prior. The Citi World Government Index fell 3.33%. Similarly, the Barclays Global Aggregate Index fell 3.32% and the Barclays Global High Yield Index 1.89%.

Within foreign exchange (FX), the USD moved higher in February for the first time in months as investors sought relative safety. Most major currencies fell in comparison, including JPY (-4.53%), EUR (-2.35%) and GBP (-1.66%).

February's losses reflected the worry over the central bank's continued hawkishness and larger rate hikes, pushing back expectations of when eventual easing could happen. Amidst an uncertain environment with choppy data and likely seasonal adjustments, markets are paying close attention to data releases in the next few weeks and how central banks would respond.

Outlook

Tighter financial conditions, recessionary fears and heightened geopolitical risks have exerted a heavy toll on the economic outlook and valuations. Elevated inflation persists, albeit prices have moderated since last summer, as we are currently operating in a period of energy and commodity-supply shortages. As Fed officials have consistently stated their unconditional commitment to fight inflation, investors have finally come to terms with the reality of a higher-interest rate environment in both developed and emerging markets. That said, we believe it will become increasingly difficult for central banks in developed markets to begin easing before the end of the year, as stickier inflation coupled with a steady buoyant economy drags the need for easing short term. Banking stress in the US around holding loss-making securities could impact the sector.

Whilst data released last month point to a resilient global economy at the beginning of 2023 and likely pushing back the timeline for sluggish growth, it is important to point out that the current outperformance generally reflects coincident economic indicators. In the same vein, labour market data, such as the unemployment rate and job openings, usually deteriorate well into an economic downturn, and as such are considered lagging indicators. Markets may have to reconcile stronger-than-expected coincident data with recession calls, which is still the consensus amongst analysts. Meanwhile, with the Fed solely focused on messaging its intent to lower inflation whilst reacting to coincident and lagging data, the trading environment is likely to stay challenging until a clear direction for the economy sets itself.

Many of the world's largest economies—including the US, China, the UK and the eurozone—are facing slowing growth and lower economic growth forecasts. Global GDP expectations have been revised lower. We expect the economy to continue deteriorating and remain weak during the first three quarters of 2023. Our outlook suggests that the US, Canada and Europe are expected to slip into recession this year. Stagflationary dynamics remain in play. Given a slow progress on inflation rates, central banks are now poised to amplify recessionary dynamics, knowingly hiking into a global contraction. We are less concerned about the binary "recession or no recession" call than we are about the risk of a four- to six-quarter period of very slow growth.

Going into March, all eyes are on China's two sessions—the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC). We are paying close attention to three main areas: the extent of consumption-focused stimulus, the extent of local government support measures, and whether there is concentration of power and institutional reform targeting the financial sector. On opening day, this year's growth target was set around 5%, which is at the lower end of expectations. That said, underlying growth composition and momentum will likely prove to be more consequential than the top-line target number.

We are also watching how China's transition from zero-Covid is progressing. We expect continued disruptions as cases soar, and at the same time certain restrictions are still needed to prevent the healthcare system from being overrun. Whilst many households may look to minimise in-person interaction due to concerns about being infected, pent-up savings and demand could give a boost to travel and consumption once worries subside.

Given tightening liquidity conditions, weaker economic growth momentum and ongoing geopolitical uncertainty, we expect equity markets to experience heightened volatility. Moreover, the continuing conflict between market expectations surrounding the peak inflation narrative and reality remains one that is driving near-term volatility. Going forward into 2023, there will be a macro battle between the China reopening hope being priced into markets and global central banks raising rates, curtailing growth to fight inflation.

Markets with significant exposures to energy, materials and agricultural commodities (as inflation hedges) and the low volatile, defensive attributes of consumer staples, utilities and broad dividend names, as well as investment grade credits, may find some insulation. We also like income-themed portfolios that offer resilience whilst keeping pace with inflation.

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Tactical positioning will be more prevalent again in 2023 to nimbly add and de-risk portfolios, as well as add to yield opportunities as they arise. Valuations within some sectors have more than halved without a corresponding decline in earnings or cash flows. This suggests a disconnect between market conditions and fundamentals in some quality franchises. Overall, we are tilted towards higher rates and stable spreads, but see yields keeping contained given the potential for macro data disappointments.

A rising number of questions are growing around the Fed policy. Fiscal stimulus is unlikely to be enough for a rapid economic recovery, as getting back to pre-Covid growth rates is likely to be pushed into 2024 and beyond. The lasting impact of Covid-19 on the global economy is not the only factor to monitor. Rising geopolitical tensions in Ukraine, decoupling between China and the West, decelerating growth rates post stimulus, supply chain disruptions and a general deglobalisation trend all raise questions about the future trajectory of global debt and equity markets.

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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