

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

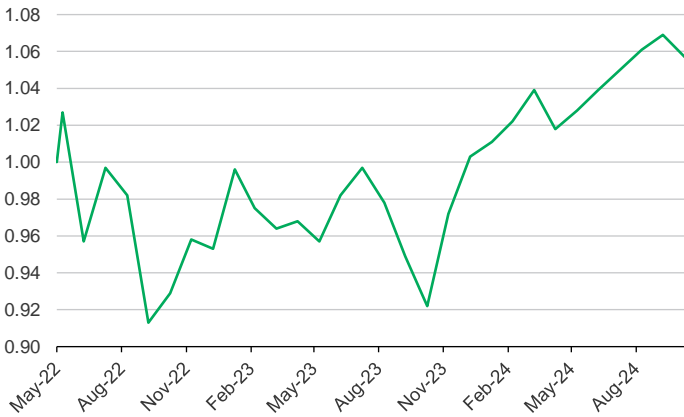
Inception Date May 2022	Fund Size USD 5.81 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.057	Management Fee 2.25% per annum	Bloomberg Ticker PHEQUUM	

Performance Return (October 31, 2024)

USD Global Multi-Asset Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.72%	9.73%	20.33%	n.a.	n.a.	18.37%
Annualized	n.a.	n.a.	20.33%	n.a.	n.a.	7.15%

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.

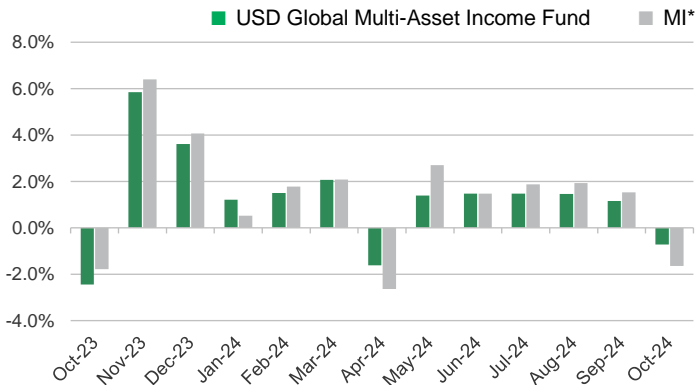
Monthly Net Asset Value per Unit



Top Five Holdings

FEDERAL HOME LOAN BANK DISCOUNT NOTES 0% 01/11/2024	1.22%
NVIDIA CORPORATION	1.15%
APPLE INC.	1.05%
MICROSOFT CORPORATION	1.01%
ALPHABET INC.	0.87%

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

October experienced some volatility in both equity and fixed income markets. Equities moved lower as concerns over economic growth persisted, despite stronger economic data in the US, while the upcoming US presidential election also added to market volatility, bringing uncertainty around inflation and interest rate implications. Fixed income markets were negative on the uptick in yields, as investors grappled with uncertainty surrounding the pace and extent of future interest rate cuts. This month saw a stronger US dollar weighing on markets. Gold continued its upward trend, while the oil market experienced choppy moves.

The US labor market data presented a mixed picture with the unemployment rate edging lower to 4.1% and nonfarm payrolls rising by 254,000 (vs a consensus 140,000). However, the Job Openings and Labor Turnover Survey (JOLTS) showed that job openings are moderately falling to the lowest level since January 2021. Regarding inflation data in September, inflation continued to moderate with the headline inflation rate edging lower to +2.4% year-on-year (YoY), while the core inflation rate moved higher to 3.3% YoY ahead of market expectations. The combination of strong growth indicators and early signs of disinflation has affected expectations regarding US Federal Reserve Board (Fed) policy, prompting a reassessment of the likelihood of rate cuts in the coming months. Market sentiment has been impacted by the upcoming election as political uncertainty grew with investors closely monitoring policy outcomes and potential impacts on trade, fiscal and tax policy, and others.

European equities declined in October, despite the dovish messages and further rate cut by 25 bps to 3.25%, which was in line with expectations. Economic activity showed slowing momentum, especially within the manufacturing sector, which remained on contraction level, whereas the service sector continued to exhibit robust demand. The eurozone headline inflation rate accelerated to 2.0% YoY in October, while the core inflation rate remained unchanged at 2.7% YoY. In the UK, the economic momentum slowed as the manufacturing Purchasing Managers' Index (PMI) fell to 49.9, while service sector continued in the expansion territory. The labor market remained tight as the unemployment rate fell to 4.0% and wage growth remained elevated. Both headline and core inflation rate dropped significantly to 1.7% and 3.2% YoY, respectively in September.

Within Asia, the Chinese markets saw selling pressure giving back the gains from the previous month. During the month, the Chinese government announced more potential stimulus from cutting rates to creating a lending facility to banks for buy-backs, which disappointed markets. Other economic data painted a better picture with retail sales and industrial production, beating expectations. In Japan, core inflation came in at 1.8% YoY. The BoJ held rates unchanged at its October meeting but retained a hawkish tone.

Equities closed lower over the month of October with the MSCI ACWI down -2.21% and MSCI World down -1.96%. Japan was a performer despite concerns over tighter policy and a stronger Japanese yen. Asia Pacific ex Japan gave out some of its previous gains, falling -4.46%, while Latin America lost -5.14%. Europe lagged, falling -5.72%.

Within MSCI World, Communication services drove the gains, adding +1.39%, followed by financials +0.64%. Materials and healthcare lagged, detracting -5.77% and -4.80%, respectively.

Fixed income markets ended in negative territory over the month as bond yields rose on the uncertainty of the US Fed rate cut cycle. The US 10-year Treasury yield rose sharply to 4.28% at the end of the month. The FTSE World Government Bond Index fell -3.46%. Investment-grade (IG) credits lagged, falling -2.72%. Global and US high yields were performers ending the month with -0.63% and -0.55% returns, respectively. A stronger US dollar weighed on emerging market debts falling -1.37%.

In foreign exchange, major currencies weakened against the US dollar, including the JPY (-6.10%), GBP (-4.15%) and EUR (-2.72%).

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, volatility persists amid a complex macroeconomic landscape where geopolitical risks and the potential for a global economic slowdown are potential headwinds going into Q4 2024.

We believe the global easing cycle has begun with signs of disinflation across most regions, albeit there are concerns around a weakening job market. All major central banks have indicated that the next moves are cuts, provided inflation continues to moderate, except for the BoJ, which finally moved out of its negative interest rate policy. With the US Fed's easing cycle underway, the question turns to how far and how fast the Federal Open Market Committee (FOMC) will cut rates. The labor market remains the primary focus, with key data releases becoming market moving events as investors litigate the pace of easing, which we expect will be more aggressive than the 150 bps that the US Fed currently projects in through the end of 2025, especially given the US Fed's benign unemployment rate and GDP (gross domestic product) forecasts. Following the US Fed's initial cut in September, other developed central banks will continue easing at a pace that would be consistent with their domestic conditions. The easing cycle of emerging markets will un-pause. Uncertainty around the US Fed's path had created a ripple effect around EM's paths. With the US Fed now looking more certain, other EM central banks that had slowed or paused their own easing cycles should now be set to resume. We could expect a more synchronous easing cycle across most central banks given a clearer US Fed policy path and a potentially weaker dollar. We currently expect the US Fed funds rate to be 4.25% at the end of 2024 and 3% by the end of 2025. The size and shape of this easing cycle depends on whether we see downside surprises to the labor market and consumer data.

We continue to expect that the US economy decelerates in an orderly manner. With the exception of household consumption, most sectors of the US economy have slowed (housing, business investment, and international trade). We also see limited upside potential for consumption: with labor demand slowing, we believe a moderate hit to income and consumer confidence, which would ultimately weigh on households' ability to spend. This dynamic would imply weaker global trade and manufacturing activity. Pronounced weakness would be a clear headwind to risk asset performance, especially within regions, is reliant on exports of goods and commodities. While the discussion around whether or not the US can stick the landing is alive and well, we would note that large 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 geographical region-level assessment should include careful consideration of its exposure to the global trade impulse.

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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 of 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. 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. We now see a potential terminal rate for 2024 at 1.0% and expect at least two more hikes in 2025, which could cause significant volatility in the Japanese yen and the subsequent impact of the carry trade on global risk assets. The 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 healthcare and financials, 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. In fixed income, we continue to shift our preference toward high-quality investment-grade credit, and we see the appeal floating-rate fixed income over high-yield bonds. Lastly, while we've cooled somewhat on broader commodities, exposure to gold remains appealing due to geopolitical uncertainty and favorable supply-demand dynamics.

Overall, we expect the market to experience some volatility into the end of 2024, particularly as investors reprice interest rate and potentially inflation expectations. We maintain that there are downside risks to the economy, given tighter credit conditions, but are hopeful these will be alleviated into the year-end. Tactical positioning will be more prevalent again as we continue into the rest of 2024, 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.

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