

USD Global Preferred Securities 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 provide income generation with potential long-term capital appreciation by investing primarily in preferred securities listed or traded on any regulated market in the world.

Fund Information

Inception Date May 2021	Fund Size USD 506.38 thousand	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.008	Management Fee 2.25% per annum	Bloomberg Ticker PHBAUGP	

Performance Return (June 30, 2021)

USD Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.90%	n.a.	n.a.	n.a.	n.a.	0.80%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	0.80%

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

Information will be provided once available

Top Five Holdings

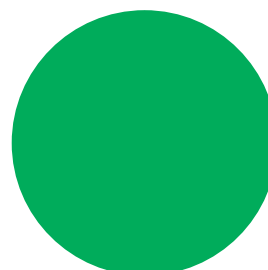
TRINITY CAPITAL INC/MD 7% 01/16/2025	2.84%
BANK OF AMERICA CORP 6.45% 12/15/2066	2.79%
ASSURANT INC 7% 03/27/2048	2.31%
CITIGROUP CAPITAL XIII 6.555% 10/30/2040	2.14%
ENBRIDGE INC 6.25% 03/01/2079	2.13%

Monthly Performance

Information will be provided once available

Portfolio Breakdown

Asset Allocation (at Market Value)



■ MANULIFE GBL PREF INC FDR FD-NO FEE SHS 100.00%

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Market Review

US bonds advanced in June as yields moved lower during the month. The US economy continued its gradual recovery from the Covid-19 pandemic, albeit in fits and starts, as more and more restrictions were lifted around the country despite a leveling-off in vaccination rates and the increased spread of the more-transmissible Delta variant. Supply shortages in many industries, caused by production bottlenecks and transportation disruptions, remained an economic constraint while at the same time driving prices higher. As a result, the year-over-year inflation rate reached 5%, its highest level in nearly 13 years.

Despite the notably high inflation rate, bond yields declined for the third consecutive month, led by the intermediate and long-term maturity segments. Lower yields suggest that bond investors view elevated inflation levels as temporary and anticipate a return to a slower inflation rate when supply chain disruptions ease.

On a sector basis, convertible preferreds and retail par preferred securities delivered the best returns in June, reflecting continued investor demand for yield, while institutional par preferred securities also posted positive returns during the month.

Outlook

A global economic recovery is underway in 2021, and the utility, energy, communication, and consumer cyclical industries stand to benefit significantly. Utility common equity valuation multiples are the lowest level of the last ten years. We believe convertible preferred securities of utility issuers will benefit as valuation multiples rise. Global oil prices have rebounded into the US\$70s from negative prices in 2020. Midstream concerns of counterparty credit risk and low volumes have abated, strengthening midstream credit profiles. Residential and commercial broadband demand is at an all-time high, improving the credit outlook for communication issuers. And consumer cyclical issuers should benefit from increased consumer spending levels and positive implications of the pending infrastructure spending legislation.

The Fund is overweight the utilities sector which has limited exposure from an economic standpoint to the coronavirus. Commercial and industrial electricity demand has declined but at the same time, residential demand increased as many Americans continue to work from home. Importantly, utilities often make between 2-3 times more margin from residential customers than they do commercial and industrial. In addition, most utilities have regulatory mechanisms in place to make up for lost demand. We see tremendous value in the utility preferred space as many of these securities are not trading on their underlying fundamentals. Further, we believe that President Biden will incentivise renewable energy investments which will result in even better earnings and cash flows for the next several years.

Financial services companies, another large weighting in the portfolio, are well-positioned from a balance sheet standpoint for this crisis. US banks are strong, well-capitalised with good liquidity. During the 2008-09 financial crisis, banks were forced to tighten their lending standards because of their weak balance sheets. Insurance companies, regulated by the states where they operate, similarly are well-positioned from a balance sheet standpoint currently. Property and casualty insurance companies are benefiting from increases in premiums paid as these companies have been raising prices owing to several years of higher-than-expected claims. We see value in the financial services sector as the market is not recognising their strong balance sheets.

The Fund's holdings in the energy sector do not have direct exposure to commodity prices. Our energy holdings are midstream companies that transport oil and/or gas on their pipelines. Many of these companies are diversified into different areas of the midstream space such as natural gas pipelines, gasoline pipelines and storage. Overall, we are confident in the stability of the income in our midstream names. We view the yields offered by these companies as very attractive.

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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