

# 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

<b>Inception Date</b> May 2021	<b>Fund Size</b> USD 3.88 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 0.804	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHBAUGP	

## Performance Return (August 31, 2024)

USD Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.64%	7.28%	11.34%	-5.08%	n.a.	-3.99%
Annualized	n.a.	n.a.	11.34%	-1.72%	n.a.	-1.22%

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.

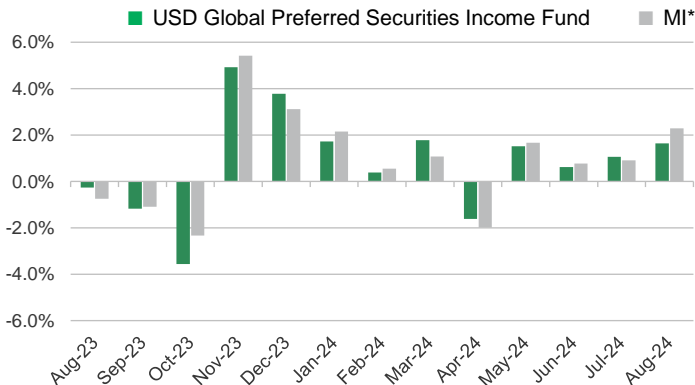
## Monthly Net Asset Value per Unit



## Top Five Holdings

FED HOME LN DISCOUNT NT 0% 09/03/2024	1.79%
CITIGROUP CAPITAL XIII 11.887% 10/30/2040	1.68%
COREBRIDGE FINANCIAL INC 6.875% 12/15/2052	1.59%
ASSURANT INC 7% 03/27/2048	1.52%
ENBRIDGE INC 6.25% 03/01/2078	1.38%

## Monthly Performance



\*Market Indicator = 50% BoFA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BoFA Merrill Lynch US Capital Securities 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 Preferred Income Feeder Fund and/or Manulife Global Fund Preferred Securities Income Fund 100.00%

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## Market Review

US bonds posted positive returns for the fourth consecutive month in August. An unexpectedly weak employment report, including the highest unemployment rate since October 2021, and a continued deceleration in the 12-month inflation rate increased expectations that the US Federal Reserve Board (Fed) will cut short-term interest rates at its next policy meeting in September. US Fed Chairman Powell affirmed this view late in the month, suggesting a rate cut was imminent. Not all the economic news was negative—consumer spending exceeded expectations, and second-quarter economic growth was revised up to a 3.0% annualized rate.

US bond yields fell across the board for the month, with shorter-term yields declining the most in anticipation of a September US Fed rate cut. Sector performance was uniformly positive, led by high-yield and investment-grade corporate bonds and government agency residential mortgage-backed securities. Shorter-term sectors, such as asset-backed and commercial mortgage-backed securities, lagged for the month.

## Outlook

2024 will be a more challenging year for global growth. That economic hardship won't be felt equally across income groups or geographical regions, with the US more likely to withstand the tightening in the system relative to many other major economies as domestic focus, strong employment profile, and relative consumer health should all provide support. As economies slow faster than inflation normalizes, the pressure to ease current monetary policy stances will intensify. If the last leg down in inflation back toward traditional targets proves challenging to achieve, a growing chorus of voices could potentially call for lowering the bar to cuts by raising the inflation target. Historically, companies with positive fundamentals—those with high return-on-equity ratios, low leverage, and consistent posted earnings growth—have performed well going into and during recessions. Conversely, companies in weaker financial positions have faced challenges from elevated refinancing costs when financial conditions tightened.

Against this backdrop, the importance of security selection and differentiation among spread sector allocations and capital structures is at a premium, as is preserving capital and limiting permanent capital losses due to defaults. Despite these challenges, we maintain a balanced view of performance for global credit asset classes. We see opportunities to invest lower in capital structures of high-quality businesses to achieve competitive income generation. The preferred asset class is well positioned for more restrictive financial conditions. The ability to select securities from a broad credit universe and the flexibility to allocate across fixed income sectors and up and down the credit spectrum should also help navigate a potentially softer economic landscape. We believe that, more broadly, within credit and spread sectors, attractive opportunities remain to generate income with the added potential for upside spread compression and limited risk of permanent capital impairment.

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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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