

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

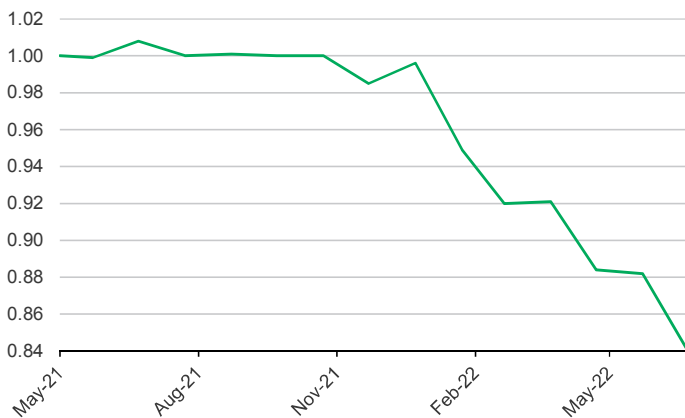
Inception Date May 2021	Fund Size USD 3.00 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.840	Management Fee 2.25% per annum	Bloomberg Ticker PHBAUGP	

Performance Return (June 30, 2022)

USD Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.76%	-13.78%	-13.91%	n.a.	n.a.	-13.22%
Annualized	n.a.	n.a.	-13.91%	n.a.	n.a.	-11.70%

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.

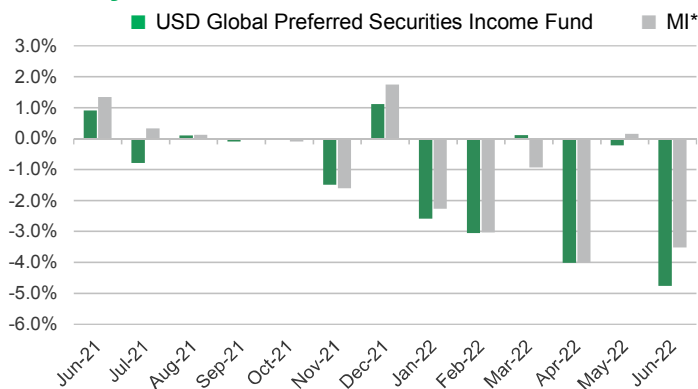
Monthly Net Asset Value per Unit



Top Five Holdings

BANK OF AMERICA CORP	6.45%	12/15/2066	2.39%
CITIGROUP CAPITAL XIII	7.609%	10/30/2040	2.14%
ASSURANT INC	7%	03/27/2048	2.04%
TRINITY CAPITAL INC/MD	7%	01/16/2025	1.90%
ALGONQUIN PWR & UTILITY	6.875%	10/17/2078	1.82%

Monthly Performance

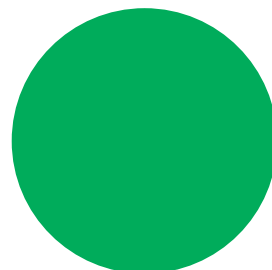


*Market Indicator = 50% BoFA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BoFA Merrill Lynch US Capital Securities Index

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 GBL PREF INC FDR FD-NO FEE SHS 100.00%

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Market Review

In June, US bonds declined for the sixth time in the last seven months amid significant market volatility. The 12-month US inflation rate unexpectedly rose to 8.6%, its highest level since December 1981 and its third consecutive month above 8%. The US Federal Reserve Board (Fed) raised short-term interest rates by a larger-than-expected 75 basis points during the month, its biggest single rate hike since November 1994. The Fed's action lifted the federal funds rate to 1.75%, matching its pre-pandemic level. Other factors contributing to heightened bond market volatility included the continuing Russia-Ukraine conflict and mixed US economic data, which included robust employment growth but slowing consumer spending and a weaker housing market.

Bond yields rose overall during the month but fell back from their peaks given the uncertain economic environment. Shorter-term yields continued to rise at a faster rate than longer-term yields, reflecting expectations of an aggressive Fed going forward. On a sector basis, high-yield corporate bonds declined the most as investors expressed concerns about the impact of slowing economic growth, while US Treasury securities and asset-backed securities held up the best in June.

Outlook

A combination of high inflation and full employment has led the Fed to adopt a drastically different approach to monetary policy in the past few months. We believe that market pricing of expected rate hikes is overdone, particularly against a backdrop characterised by, as we expect, slowing growth and some moderation in inflation, which could convince the Fed to make a dovish pivot in the second half of the year.

While uncertainty has increased, we remain constructive on corporate fundamentals overall. Given the global economic uncertainty, the portfolio is invested in high quality companies that offer attractive yields. The investment team continues their defensive position stance since 2019, with overweight allocations in areas such as utilities and underweight allocations in retail fixed-coupon securities. Corporate credit fundamentals are strong. Financial sector credit fundamentals are strong, much different than the global financial crisis in 2008-2009. Energy and utilities have strong fundamentals, two sectors where we are overweight. Bottom line, valuations are attractive and balance sheets are strong. Even in the event of a recession, the strategy is invested in high-quality companies, companies that are able to withstand an economic downturn.

We maintain our favourable view of preferred securities, largely due to the carry that the asset class offers. Spreads relative to US Treasuries have widened and we are concerned about the outlook for certain sectors should the economy stall. That said, we expect spreads to tighten should policy uncertainty (as well as inflation levels) recede during the second half of the year, as we expect, providing some incremental upside. Preferred securities continue to offer value compared to higher duration and higher quality fixed income areas of the market.

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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