

# 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

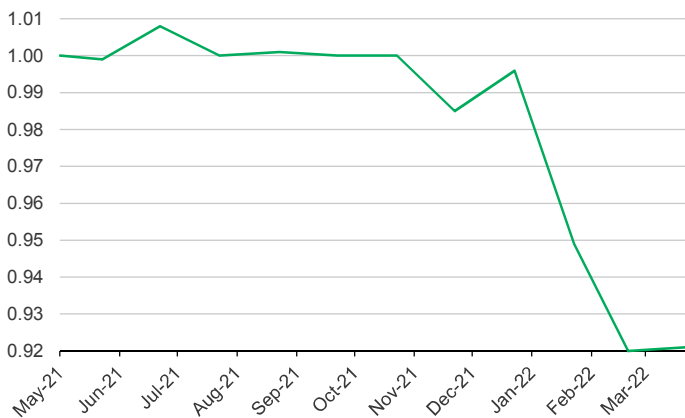
<b>Inception Date</b> May 2021	<b>Fund Size</b> USD 2.65 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 0.921	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHBAUGP	

## Performance Return (March 31, 2022)

USD Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.11%	-5.46%	n.a.	n.a.	n.a.	-4.85%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	-4.85%

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.

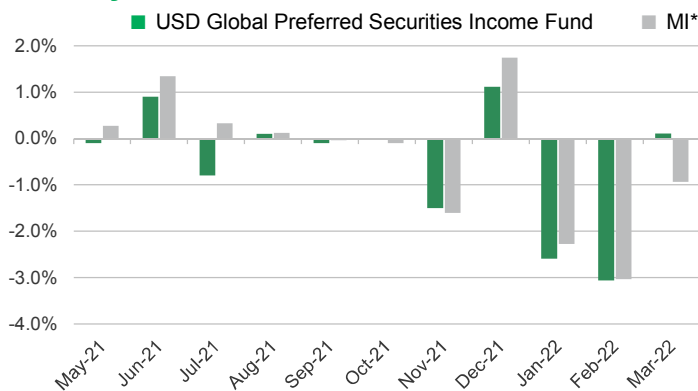
## Monthly Net Asset Value per Unit



## Top Five Holdings

TRINITY CAPITAL INC/MD 7% 01/16/2025	2.25%
BANK OF AMERICA CORP 6.45% 12/15/2066	2.14%
SOFTBANK GROUP CORP 6.875% Perpetual	1.96%
CITIGROUP CAPITAL XIII 6.669% 10/30/2040	1.93%
ASSURANT INC 7% 03/27/2048	1.91%

## 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

Rising US bond yields put downward pressure on bond prices in March. Elevated consumer inflation, which rose to a 40-year high of 7.9% on a year-over-year basis, remained the key factor driving bond yields higher and prices lower. In an effort to stem the rise in consumer prices, the US Federal Reserve Board (Fed) raised its short-term interest rate target for the first time since December 2018 and signaled that as many as six more rate hikes could occur over the remainder of the year. Volatility in the bond market also increased amid the geopolitical and economic uncertainty resulting from the ongoing military conflict between Russia and Ukraine.

Short-term bond yields rose sharply in March, reflecting the Fed rate hike and expectations for more going forward. By the end of the month, the yield curve was essentially flat—the two-year US Treasury yield rose a full percentage point in March, ending the month slightly higher than the 10-year Treasury yield and even with the 30-year Treasury yield. Sector performance was broadly negative, with US Treasury securities falling the most, while high-yield corporate bonds held up the best despite the increased economic uncertainty.

## Outlook

The geopolitical conflict in Ukraine has tempered investor expectations and created some economic uncertainty. While uncertainty has increased, we remain constructive on corporate fundamentals overall which continue to be supported by accommodative central bank policies and strong investor demand. Given the global economic uncertainty, the portfolio is invested in high quality companies that offer attractive yields.

Utility common equity relative valuation multiples are the lowest level of the last ten years. We believe convertible preferred securities of utility issuers will outperform as the market begins to recognise their positive fundamentals and attractive valuations. 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 investment 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. US banks are strong, well-capitalised, with good liquidity, and bank balance sheets are in the best shape in over 20 years. 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 portfolio's holdings in the energy sector do not have direct exposure to commodity prices. 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, the team is confident in the stability of the income in the Fund's midstream names and view the yields offered by these companies as very attractive.

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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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