

# 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 3.00 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 0.805	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHBAUGP	

## Performance Return (September 30, 2022)

USD Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-5.29%	-15.35%	-15.69%	n.a.	n.a.	-14.80%
Annualized	n.a.	n.a.	-15.69%	n.a.	n.a.	-10.87%

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.

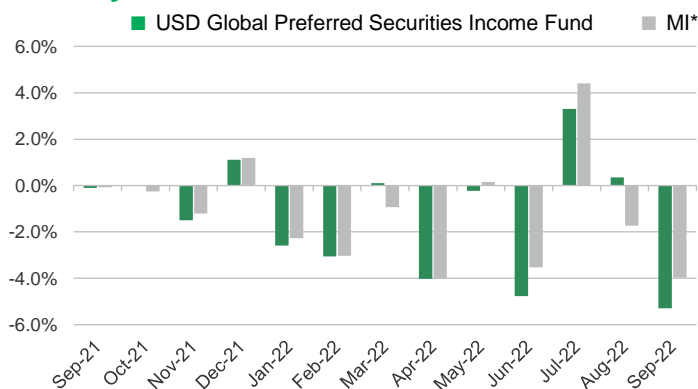
## Monthly Net Asset Value per Unit



## Top Five Holdings

BANK OF AMERICA CORP	6.45%	12/15/2066	2.37%
CITIGROUP CAPITAL XIII	9.176%	10/30/2040	2.28%
ASSURANT INC	7%	03/27/2048	2.06%
TRINITY CAPITAL INC/MD	7%	01/16/2025	1.95%
MPLX LP	6.875%	Perpetual	1.86%

## Monthly Performance

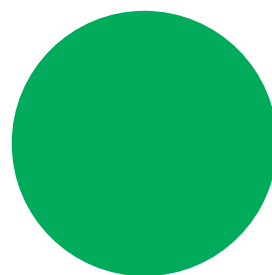


\*Market Indicator = 50% BoFA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BoFA Merrill Lynch US Capital Securities Index

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

US bonds declined for the seventh time in nine months as bond yields continued to climb. Whilst the 12-month US inflation rate declined from 8.5% to 8.3%, it came in higher than anticipated, which prompted renewed concerns about the persistence of high inflation levels and heightened expectations of more inflation-fighting interest rate hikes from the US Federal Reserve Board (Fed). In fact, the Fed raised short-term interest rates by 75 bps for the third time in four months, boosting the federal funds rate target to its highest level since January 2008. Furthermore, US economic data released in September remained mixed as positive results for employment growth and consumer spending were offset by weakness in manufacturing activity and the housing market.

US bond yields rose broadly during the month, with the 10-year U.S. Treasury bond yield cresting above 4% for the first time in over a decade. For the second consecutive month, residential mortgage-backed securities and investment-grade corporate bonds were the worst-performing sectors, whilst asset-backed securities held up the best.

## Outlook

The Fed continues its path to tighten monetary policy this year in light of strong economic data in the US. The full impact of the tightening started early this year is only beginning to flow through the real economy as it can take up to 18 months before evidence of impact is observed. Consumers and businesses in the US are beginning to feel this tightening. The impact to earnings and balance sheets is uneven, but it is there and broadening out.

Credit metrics supported by strong earnings and low leverage were very healthy for most businesses at the beginning of the year. Earnings deterioration is beginning to put pressure on companies as demand for goods wanes and inflationary pressures impact margins. Most higher quality corporates should be able to withstand softening economic conditions. Companies of lower credit quality will have to carefully navigate worsening conditions compounded by increased required rates of return by the financial markets.

We maintain our favourable view of preferred securities as significantly improved yields should lead to attractive forward returns. The ability to select securities from a broader credit universe and across the capital structure will help navigate the softening landscape and focus on risk-adjusted returns. There is potential for incremental upside in addition to income as inflation, volatility, and uncertainty subside medium-term. Preferreds continues to offer value compared to higher duration and traditional investment grade fixed income. 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.

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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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