

Global Target Income Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

Investment Objective

The fund seeks to deliver periodic distribution of up to 4.75%* p.a. while providing the potential for capital appreciation and limiting the risk of capital erosion. The Fund will invest primarily in a diversified portfolio of collective investment schemes (including exchange-traded funds (ETFs), real estate investment trusts (REITs) and cash and cash equivalents.

Fund Information

Inception Date January 2016	Fund Size USD 94.43 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.906	Management Fee 2.25% per annum	Bloomberg Ticker MGLTRIN	

Investment Fund Manager (the "Manager")
Manulife Investment Management (Hong Kong) Limited

* The target payout is not guaranteed. Distribution may be made out of principal investment.

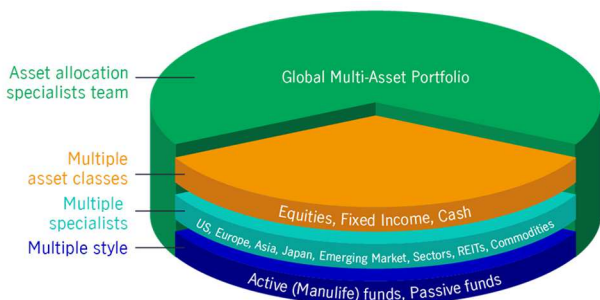
Performance Return (June 30, 2021)

Global Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.04%	3.09%	17.15%	12.12%	15.27%	16.76%
Annualized	n.a.	n.a.	17.15%	3.89%	2.88%	2.89%

Why this Fund?

The Fund is managed using the **3 "Ds"** Investment Philosophy: Diversification, Dynamic Asset Allocation, Downside Control Mechanism.

- **Diversification** - Access to diverse asset classes globally mitigates the risk inherent to individual asset classes vis-à-vis changing economic cycles and market conditions.
- **Dynamic Asset Allocation** - Optimal asset mix is achieved based on consistent application of MFST analysis - **Macro**economic, **Fundamental**, **Sentiment** and **Technical** factors are carefully examined at each stage of the economic cycle.



- **Downside control mechanism** - Our proprietary downside risk control mechanism minimizes allocation to specific investments that are highly exposed to downside risk under certain market conditions.

Asset Allocation[^]

	%
Equities	55.54
North American Equities	29.12
European Equities	12.33
Asia Pacific (ex-Japan) Equities	10.32
Japanese Equities	3.77
Fixed Income	41.93
US Bonds	30.55
Emerging Market Bonds	5.08
International Bonds	4.91
Asian Bonds	1.39
Cash & Cash Equivalents	2.53

Top Ten Holdings

	%
MGF-US EQ-I3 MGF-US EQTY-I3	8.25
Lyxor S&P 500 UCITS ETF D USD	8.16
iShares 7-10 Year Treasury Bond ETF	5.95
Lyxor EURO STOXX 50 (DR) UCITS ETF	5.46
Xtrackers DAX UCITS ETF	5.45
VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	5.08
Invesco QQQ Trust	4.69
iShares TIPS Bond ETF	4.01
ChinaAMC CSI 300 Index ETF	4.00
Invesco Preferred Shares UCITS ETF	3.94

[^]Figures may not sum to 100 due to rounding.

Global Target Income Fund

Market Review

June saw the rally continue to end a strong quarter and first half for risk assets, both in equities and higher yielding credit spread assets.

For June 2021, in equities, MSCI World gained +1.5%, S&P 500 gained +2.3%, whilst Developed Markets ex US underperformed as Europe fell -1.3%, Japan -0.3% as well as Asia ex Japan falling -0.3%. Emerging Markets had a small gain of +0.2% whilst Chinese equities remained soft over the month gaining +1%. Emerging Markets trail Developed Markets in 1H21 by a sizeable margin, appearing more sensitive to potential Fed policy shifts, whilst segments of the Chinese markets have more recently been impacted by a pick-up in regulatory activity towards e-commerce and tech firms.

Sectorally, growth-oriented equities outperformed as we saw IT take back leadership over the month being the outperforming sector, gaining +6.9% whilst Energy and Healthcare also added +3.1% and 3% respectively. Materials fell -4.1%. Russell 1000 Small cap Growth gained +6.3%, whilst Russell 1000 small cap Value fell -1.2%.

Oil related equities gained +10.9%, whilst Gold fell -7%.

Within Fixed Income, the more rate sensitive pockets underperformed the broader spread related assets as the Citi World Gov Bond Index fell -1.1%, Barclays Global Aggregate fell -0.9%, whilst Barclays Global High Yield gained +0.2% and Barclays EM USD Aggregate gained +0.7%.

The USD was stronger over June against most majors, as GBP depreciated -2.8%, Euro -3% and RMB -1.6%.

We continue to believe that US dollar weakness is likely to continue over the long term given the dovish stance of the Federal Reserve, the persistent and rising US trade deficit, and the expansionist fiscal policy of the new Biden administration.

Governments and Central banks continue to demonstrate readiness to stand-in with monetary and fiscal tools to mitigate the risk of economic damage arising from the pandemic. Fed guidance, a function of job creation and inflation expectations, at this point remains the key driver of near-term asset markets.

Outlook

Fed tapering, removal of extraordinary liquidity provision is likely to occur by year end. Policy however will likely still remain very accommodative with a very slow and gradual response in terms of rate hikes, which we don't expect until 2024. Massive monetary and fiscal emergency packages have been put in place but this is becoming incrementally less supportive. Vaccines are giving populations the opportunity to be more mobile again, although government restrictions remain in varying degrees of strictness which will further impact mobility trends. Policy support will likely remain abundant for businesses and the consumer to get back to some form of new COVID reality.

Tactical positioning will be more prevalent for 2H 2021 and into 2022 to be able to nimbly add and de-risk portfolios. Tactical portfolio positioning remains balanced around the previous outperformers and the some of the near-term improvement in performance in cyclicals. Mixed messages from bond markets in terms of tighter spreads, whilst yields moving lower isn't normal. Overall we are tilted towards higher rates and stable spreads.

Markets have reacted positively to the fiscal deployment, vaccine news and continued Fed guidance to run an economy towards a long term 2% inflation target, however more recently the rally in yields, which more recently faded towards the end of Q221, is causing some concern on how much of a probability the Fed could exit sooner from the current zero rate policy, as well as potentially baking in higher inflation expectations and how transitory higher prices will be.

Corporate fundamentals are varied across sectors. Markets remain sensitive to a host of factors including COVID-19 vaccine success and fears of inflationary pressures. We expect global stimulus efforts to remain a focus whilst central banks divergent policies will keep market participants second-guessing policy responses. We are closely monitoring direct and indirect impacts of COVID-19 to avoid issuers with liquidity concerns.

The outlook for US High-yield markets remains balanced. We expect uncertainty to remain in the coming months but believe investors are generally being compensated for the risks. We feel that defaults have peaked and trailing 12-month default rates will decline in 2021. Our fundamental analysis and stress testing give us confidence in our ability to navigate these challenges.

All indications point to an extended period of low interest rates and continued government support to put the global economy back on a positive trajectory. However, the pace of recovery into 2021 and beyond is difficult to project given the sheer number of variables to consider. Economic data has seen pockets of improvement whilst there also remain pockets of weakness. The massive volatility in indicator readings makes the positive signs less reassuring, and we believe that the level to which data eventually normalises will be more important. US macro data over the coming months are likely to be some of the best seen in years.

Vaccines are being rolled out, although COVID variants are impacting the efficacy of current vaccines which governments and healthcare corporates have to try to manage. The most recent evidence points towards high levels of effectiveness towards the new variants.

A rising number of questions are growing around Fed policy as well as multiple questions around vaccine hesitancy in some populations. A vaccine will be a game-changer for the economies of Latin America, Indonesia and India - however a medical solution is unlikely to drive a robust, rapid economic solution. Fiscal stimulus is unlikely to be enough for a rapid economic recovery, as getting back to pre-COVID growth rates is likely to be pushed into 2022. The lasting impact of COVID-19 on the global economy is not the only factor to monitor. Rising geopolitical tensions, decelerating growth rates post stimulus, supply chain disruptions and a general deglobalization trend all raise questions about the future trajectory of global debt and equity markets.

Global Target Income Fund

Disclaimer

The Global Target Income Fund is an investment fund option for The Manufacturers Life Insurance Co. (Phils.), Inc. and is managed by Manulife Investment Management (Hong Kong) Limited.

The Investment Funds ("Funds") mentioned in this document are specific to variable life insurance contracts and are not considered mutual funds. 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 Funds 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 Funds' 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 subject to any specified minimum guarantees. **THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS.** Past performance of the Funds is not necessarily indicative of future performance. Yields are not guaranteed. Yields indicated are exclusive of charges associated with the variable life policy.

Manulife Investment Management™ is the institutional asset management arm of Manulife Financial. Manulife Investment Management™ and its affiliates provide comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a full range of asset classes including equity, fixed income and alternative investments such as real estate, timber, farmland, as well as asset allocation strategies.

The opinions and portfolio holdings expressed are those of Manulife Investment Management™ ("Manulife IM") as of the date stated in the document, and are subject to change based on market and other conditions. The information in this document including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife IM disclaims any responsibility to update such information. 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. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife Financial, Manulife Investment Management™, nor any of their affiliates or representatives is providing tax, investment or legal advice. Past performance does not guarantee future results. This material was prepared solely for informational purposes, does not constitute an offer or an invitation by or on behalf of Manulife IM to any person to buy or sell any security and is no indication of trading intent in any fund or account managed by Manulife IM. Investors should not make investment decisions based on this material alone. For details, please refer to the relevant investment policy and product key fact statements.