

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 85.94 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.790	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.

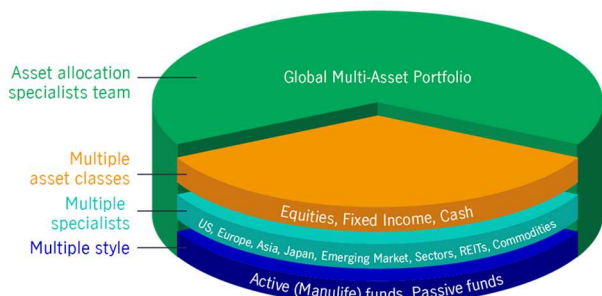
Performance Return (April 30, 2022)

Global Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.56%	-9.61%	-8.76%	3.30%	3.74%	5.93%
Annualized	n.a.	n.a.	-8.76%	1.09%	0.74%	0.92%

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	53.59
North American Equities	39.37
European Equities	5.79
Asia Pacific (ex-Japan) Equities	4.89
Japanese Equities	3.53
Fixed Income	34.46
US Bonds	20.78
International Bonds	8.71
Asian Bonds	4.98
Commodities	3.59
Others	0.03
Cash & Cash Equivalents	8.33

Top Ten Holdings

	%
Lyxor S&P 500 UCITS ETF D USD	11.02
SPDR S&P 500 ETF Trust	8.90
MGF - U.S. Equity Fund	8.50
iShares 7-10 Year Treasury Bond ETF	6.85
Vanguard Total International Bond ETF	5.73
Utilities Select Sector SPDR Fund	5.07
Invesco Senior Loan ETF	3.65
ICBC CSOP Bloomberg China Treasury + Policy Bank Bond Index ETF HKD Counter	3.62
SPDR Gold Shares	3.59
iShares USD Corp Bond Interest Rate Hedged UCITS ETF	3.54

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

Global Target Income Fund

Market Review

Risk assets stabilised mid-month on positive sentiment towards further US Federal Reserve.

After a brief respite in March, April 2022 saw the drawdown accelerate across both equities and fixed income as the Ukraine conflict continued, inflation remained heightened and the US Federal Reserve Board (Fed) guided for a toughened stance to curb inflationary pressures, despite rising growth concerns. Developed market (DM) equities posted the worst April since 1988 and the US saw its worst April returns in 52 years.

Supply chain disruptions, the macro slowdown, and lower than anticipated policy support also cast doubt on whether China can meet its full year gross domestic product growth target. The US dollar strengthened, and treasury yields climbed to new highs with the US 10-year yield rising 60 basis points month-on-month to 2.93%.

In equities, the MSCI World Index fell -8.3%, driven by the US as the S&P 500 fell -8.7%. Europe fell -5.6% alongside emerging markets (EM) -5.6%, whilst broad Asia ex Japan fell -5.3%, Japan -8.8% and Latin America -13%.

All LatAm markets are facing rising inflationary pressures and higher bond yields. In response to these dynamics, they continue to raise interest rates.

Sectorally within the MSCI World Index, we saw red across the board, with only consumer staples eeking out a positive +0.9% whilst notable underperformance came from communication services, consumer discretionary and information technology falling -13.8%, -12.1% and -11.9%. Year-to-date April 2022 – energy remains the only positive sector.

Fixed income markets did not avoid the selloff as the 10-year rose from 2.32% to 2.93%. The Citi World Government Bond Index fell -5.9%, Barclays Global Aggregate -5.5%, Barclays Global High Yield -4.6% and Barclays EM USD Aggregate -4.3%.

Within commodities, oil equities continued to rise +4.0%, although Brent crude closed at US\$107 flat, month on month, whilst natural gas spiked +27.5%. Base metal prices, however, followed other commodities lower during the month as Chinese demand fears intensified as lockdowns spread across the county. Aluminum (-12.9%), iron ore (-10.2%), copper (-7.5%), and nickel (-1.1%) all sold-off during the month.

In foreign exchange, it was US dollar strength across the board gaining +4.6% versus the British pound, +5.2% versus the euro and +6.3% versus the Japanese yen. The renminbi was also weaker by -3.7%.

Governments and central banks continue to demonstrate a tough stance towards inflation whilst a focus on slowing growth is, for now, taking a back seat. Escalated geo adds to the weakened macro conditions as conflict inflation continues to challenge the Fed. Fed guidance, a function of job creation and inflation expectations, at this point, remains the key driver of near-term asset markets, alongside geopolitical sentiment towards Russia and Ukraine, whilst China policy and growth will be a key driver for the Asia region and broad EM.

Outlook

There has been a meaningful change in the external environment over the last three months. Inflation dynamics have risen across both DM and EM with negative real rates across most markets. DM have not seen significant, lasting inflation for decades. We are currently in a period of energy and commodity supply shortages, tightness in labour markets, and disrupted supply chains. Global central banks are now in a hawkish mode with bond yields across most markets up significantly year-over-year. Consequently, global growth projections have been cut. Due to above trend inflation, both DM and EM are likely to be operating in a new normal of higher interest rates.

As a result of the Russia/Ukraine conflict, lower growth and higher inflation resulting from high commodity prices and uncertainty are likely to derail any short lived momentum. Global growth forecasts are being reduced, with Europe the most vulnerable, the rest of the world less so. The notion of transitory inflation has gone: sanctions represent a strongly pro-inflationary, supply driven shock, introducing risks of stagflation whilst yield curve inversion is signaling weaker macro conditions.

Pervasive geopolitical uncertainty, downside risks to growth, and upside pressures on inflation underpin caution regarding earnings and valuation expectations.

The structural commodity supply/demand imbalances building before the invasion have been considerably exacerbated by supply chain disruptions and the removal of Russian and Ukrainian supply. Russia is the second largest commodity producer in the world after the US, accounting for 17% of natural gas (on which Europe is heavily dependent), 12% of global crude, and is a crucial source of precious metals including palladium and titanium. The loss of Ukraine from the global grain market now and in forthcoming harvests will risk critical shortages, with implications for food inflation particularly affecting the world's poorest regions, and even potential famine across sub-Saharan Africa.

Levels of uncertainty suggest continued heightened volatility lies ahead. In the current environment, it is as vital as ever to retain a clear, consistent strategic perspective while navigating extreme turbulence. This is not a temporary event, and we do not expect a swift resolution. Until complex geopolitical risks recede, we anticipate continuing heightened market volatility.

We remain in a challenging environment for global markets – growth and earnings could disappoint due to growing global logistical challenges, but also due to the growing pressure on policymakers to reduce their stimulus efforts in the face of rising inflation. Across the largest DM, fiscal tailwinds are fading as the Fed tapers and raises interest rates. Similar moves are being executed by the EU and UK monetary authorities. Upward pressure on DM central banks to quickly raise rates is gathering increased momentum, albeit geopolitics are making this transition all the more trickier and could lead to slightly less hawkish language from central banks towards the latter part of 2022.

Indeed, initially we expected the year to begin with the uncomfortable combination of sticky, high inflation and a moderation in growth before transitioning to a higher growth profile with more moderate levels of inflation in the second half of 2022. However, another stagflation shock makes the prospect of a return to Goldilocks conditions by year-end look less than solid.

Global Target Income Fund

The market is pricing in an aggressively hawkish Fed, whilst sentiment is arguably at extreme bearishness. We believe the Fed will eventually have to pivot away and guide for less hikes than the market is pricing, as growth begins to moderate in the second half of 2022.

Tactical positioning will be more prevalent again into 2022, to be able to nimbly add and de-risk portfolios as well as add to yield opportunities as they arise. Volatility has picked-up.

Overall, we are tilted towards higher rates from here and stable spreads, but see yields remaining contained given the potential for macro data disappointments.

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.

A rising number of questions are growing around Fed policy. 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 2023 and beyond. The lasting impact of Covid-19 on the global economy is not the only factor to monitor. Rising geopolitical tensions in Ukraine, decoupling between China and the West, decelerating growth rates post-stimulus, supply chain disruptions and a general deglobalisation trend all raise questions about the future trajectory of global debt and equity markets.

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 Investment™ is the institutional asset management arm of Manulife Financial. Manulife Investment Investment™ 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.