

Global Target Income Fund

An investment fund option for the 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 78.10 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.781	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.

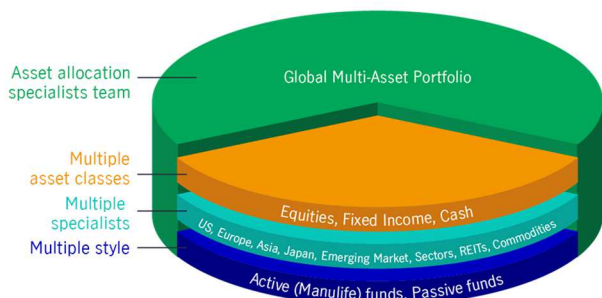
Performance Return (April 30, 2020)

Global Target Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	4.69%	-10.44%	-7.14%	-6.74%	n.a.	-4.77%
Annualized	n.a.	n.a.	-7.14%	-2.30%	n.a.	-1.14%

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	54.56
North American Equities	40.00
Emerging Market Equities	9.38
European Equities	2.43
Japanese Equities	1.47
Asia Pacific (ex-Japan) Equities	1.27
Fixed Income	38.52
US Bonds	32.88
Emerging Market Bonds	4.10
Asian Bonds	1.54
Commodities	2.93
Cash & Cash Equivalents	3.99

Top Ten Holdings

	%
SPDR S&P 500 ETF Trust	11.93
iShares 7-10 Year Treasury Bond ETF	11.54
iShares MSCI Emerging Markets ETF	9.38
Vanguard Information Technology ETF	7.99
MGF-US EQ-I3 MGF-US EQTY-I3	6.08
Invesco QQQ Trust	5.23
iShares 10-20 Year Treasury Bond ETF	4.68
iShares Core U.S. Aggregate Bond ETF	4.10
iShares J.P. Morgan USD EM Bond UCITS ETF	4.10
iShares USD Corp Bond UCITS ETF	4.09

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

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Market Review

As March 2020 would go down as one of the most intense, sharpest sell offs in history, April 2020, likewise, was the best month for the MSCI World since 2011, gaining +11% driven by the US, as the S&P 500 gained +12.8% and MSCI EM +9.2%. The Fed backstop, via massive emergency stimulus delivered through central bank balance sheet expansion caused a significant embracing of risk by investors, as hopes that central banks would continue to support capital markets.

Sectorally within MSCI World, Consumer Discretionary and Energy outperformed, gaining +17% and +16.2% respectively, whilst Consumer Staples and Utilities underperformed gaining +6.1% and +3.2%.

The next stage brings an uncertainty around a re-opening of global economies and the reversal of the economic deep-freeze which is likely to bring about pockets of economic hardship, as the demand for goods and services is unlikely to recover to pre-CoVID levels so soon.

Pricing distortions are evident across asset classes as equities are seemingly more hopeful, pricing in a V-shaped economic recovery whilst FX and rates look to be pricing a more subdued, slower recovery, which includes a number of quarters of still weak growth. High Yield looks somewhere in between given spreads and arguably looking for a more L-shaped outcome to the foreseeable global growth profile.

Within Fixed Income, the US 10yr Treasury Yield was somewhat stable falling from 0.68% to 0.62%. The Barclays Global High Yield gained +4.4% vs Citi World Government Bond Index gaining +1.2%. BB-rated High Yield bonds outperformed CCC-rated and B-rated bonds over April.

Within FX vs USD, the Brazilian Real continued to fall another -4.2% whilst the Australian Dollar gained +7%.

Central banks and governments around the world have committed trillions of dollars to keep households and companies afloat and prevent financial markets from seizing up. However, the economic impact is likely to continue.

Outlook

Sentiment towards risk assets improved in April as central bank stimulus and liquidity provisions continued to be rolled out. Uncertainty is likely to remain high and the true economic impact is yet to be realised. On the consumer side, the U.S. Coronavirus Aid, Relief, and Economic Security Act should support consumer spending in the near term, with aid cheques to be sent directly to consumers.

Corporate fundamentals are varied across sectors, with defensive business models holding up relatively well and cyclical/commodity businesses facing the most challenges. Markets are nervous for a host of factors, including COVID-19 concerns, slowing global growth and concerns of a recession. We expect global stimulus efforts to remain a focus as central banks globally rush to fill liquidity gaps and relieve economic pressure.

The global growth profile, whether a V, W, L, reverse J or “Nike swoosh” remains under debate. What is clear is not all economies have the financial fire power to implement unique fiscal stimuli and will have to wait for a more broad-based opening up of the global economy.

The key issue is that we are moving further and further away from getting back to the pre-COVID trend, let alone the long-term trend growth path.

The social and political implications of this dynamic are unfolding rapidly before our eyes and therefore selectivity at the country and asset class level will remain critical for investors.

Disclaimer

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

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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.

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