

# USD Bond Fund

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

## Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing in USD denominated sovereign and corporate debt securities and/or pooled fund/s that invest in these securities and other liquid instruments.

## Fund Information

<b>Inception Date</b> November 2004	<b>Fund Size</b> USD 9.41 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.463	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (February 28, 2021)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.92%	-3.49%	-0.32%	16.40%	12.62%	146.30%
Annualized	n.a.	n.a.	-0.32%	5.19%	2.41%	5.69%

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

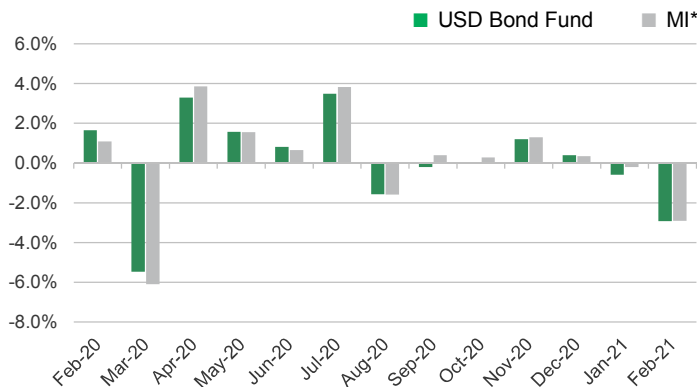


## Top Five Holdings

ROP 06/10/31	9.52%
ROP 02/02/30	6.70%
ROP 01/14/31	6.32%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	5.92%
ROP 10/23/34	5.56%

Notes:  
ROP - Republic of the Philippines dollar-denominated bonds

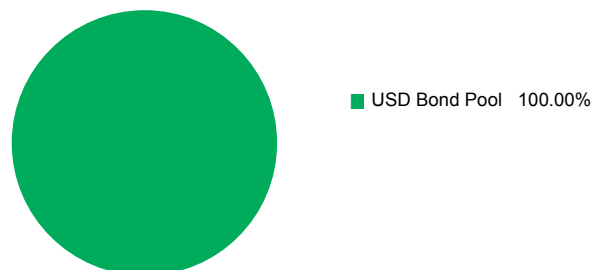
## Monthly Performance



\*Market Indicator = 100% Markit iBoxx ADBI Philippines Index

## Portfolio Breakdown

### Asset Allocation (at Market Value)



As per the fund's Investment Policy Statement, initial subscriptions are invested in fixed 100% USD Bond Pool. The investments of the USD Bond Pool consist of US\$ denominated bonds of the Republic of the Philippines, corporates and term deposits.

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## Market Review

In the United States, Treasury yields trended higher as the US House of Representatives passed a US\$1.9 trillion (roughly 8-9% of 2021 US GDP) stimulus bill and new COVID-19 cases gradually decelerated, raising market expectations of economic growth and inflation. January economic data releases were broadly positive; retail sales increased by 5.3% (seasonally adjusted, month-on-month), beating market expectations, while the unemployment rate fell by 0.4 percentage point (month-on-month) to 6.3%. Overall, the 10-year Treasury yield rose to 1.40% from 1.07% over the period, whilst Philippine dollar-denominated (ROP) bond yields rose generally tracking the US Treasury yield movement.

Asian investment grade credit markets posted negative returns for the month primary due the higher US Treasury yields, though partially offset by tightened credit spreads and positive carry. China credit with relatively wider credit spreads and shorter duration generally outperformed. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 22bps. The J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by -0.52% in US dollar terms. Primary issuance activity was generally lighter than other months amid the Chinese Lunar New Year holiday season and increased volatility in US long-term yields.

## Outlook

North Asian economies demonstrated relatively better containment of COVID-19, which we believe is supportive for the region. Despite the implementation of large-scale vaccination program in major economies, we remained cautious of viral mutations, as we see some complications of COVID-19 cases in parts of the world. We believe the Fed is committed to a relatively accommodative monetary policy as long as US unemployment rate remains high. In contrast to past cycles, we believe the Fed and other central banks are more inclined to keep interest rate market volatility relatively low and for financial conditions to remain stable to facilitate economic recovery. We believe Asia's resilient underlying fundamentals, strong government sponsorship in the corporate sector and spread premium over developed bond markets, places Asian bonds in a unique position in the global context. Nonetheless, we believe fallen angel risk in Asia remains, as companies continue to navigate their way through the crisis, especially if much needed fiscal stimulus fails to materialize and if there is a negative turn in the COVID-19 vaccine developments. We continue to remain cognizant of both systemic and idiosyncratic risks while seeking out attractive opportunities and believe that bottom-up credit selection will be key in generating further returns going forward. We favour markets such as China for its superior COVID-19 containment underpinning growth and relatively attractive yields in single-A space, and Indonesia for its compelling yields and credit rating resilience.

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The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Asset 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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