

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

Inception Date November 2004	Fund Size USD 9.25 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.433	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (March 31, 2021)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.22%	-4.66%	4.15%	13.80%	9.30%	143.30%
Annualized	n.a.	n.a.	4.15%	4.40%	1.79%	5.58%

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

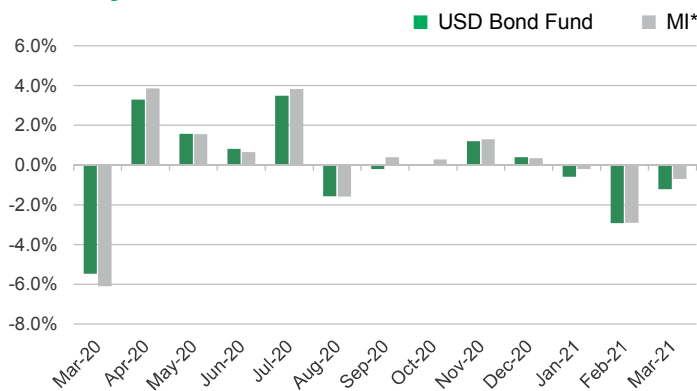


Top Five Holdings

ROP 06/10/31	9.57%
ROP 02/02/30	6.67%
ROP 01/14/31	6.32%
ROP 10/23/34	5.59%
ROP 01/20/40	5.17%

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

US Treasury yields continued their upward momentum over the month, hitting 14-month high, lifted by growing optimism over the US economy and increased government bond supply expectations. February nonfarm payroll employment surprised to the upside with a print of 379k, surpassing the 200k estimates by a big margin. On the fiscal policy front, President Biden signed the US\$1.9trn COVID-19 relief package into law and proposed a US\$2.25trn infrastructure bill. On 17 March, the Federal Reserve (Fed) kept the interest rate on hold and reiterated the dovish stance. Over the period, the 10-year Treasury yield rose to 1.74% from 1.40%, whilst Philippine dollar-denominated (ROP) bond yields rose generally tracking the US Treasury yield movement.

Asian investment grade credit markets posted negative returns over the month amid higher US Treasury yields, though partially offset by tightened credit spreads and positive carry. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 6bps. The J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by -0.42% in US dollar terms. There were negative headlines around two Chinese local government financing vehicles with USD bond outstanding; one defaulted while the other one got reported to be potentially segregated from its parentage. A Chinese high yield property issuer underperformed following negative idiosyncratic headlines regarding disclosure, however, the negative sentiment did not spill-over to the Chinese investment-grade property space. Primary issuance activity was active with mixed performance.

Outlook

We believe the Fed is committed to a relatively accommodative monetary policy despite signs of recovery in the US economy amidst steady vaccine rollout. In contrast to past cycles, the Fed and other central banks should be more inclined to keep interest rate volatility low, and for financial conditions to remain stable to promote economic recovery. North Asian economies, especially China, so far have demonstrated better containment of COVID-19 compared to their South Asian counterparts. Overall, 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. 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.

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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