

# 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><br>November 2004 | <b>Fund Size</b><br>USD 6.85 million     | <b>Fund Currency</b><br>US dollar  | <b>Dealing/Valuation</b><br>Daily |
| <b>Price (NAV/unit)</b><br>USD 2.243   | <b>Management Fee</b><br>1.75% per annum | <b>Bloomberg Ticker</b><br>MPUSBND |                                   |

## Performance Return (August 31, 2024)

| USD Bond Fund<br>(net of management fee) | 1 Month | YTD   | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|-------|--------|---------|---------|-----------------|
| Absolute                                 | 1.68%   | 1.82% | 6.35%  | -10.32% | -6.89%  | 124.30%         |
| Annualized                               | n.a.    | n.a.  | 6.35%  | -3.56%  | -1.42%  | 4.17%           |

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

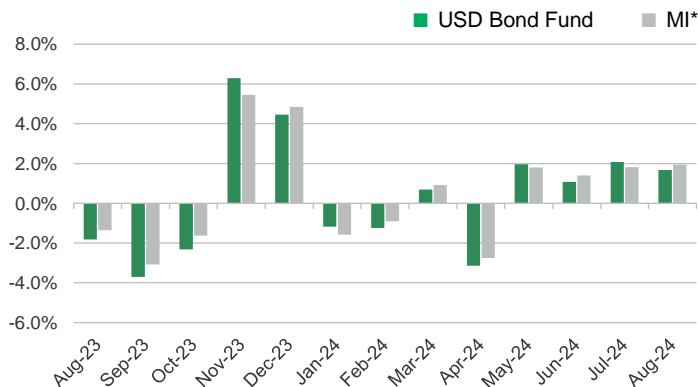


## Top Five Holdings

|              |        |
|--------------|--------|
| ROP 06/10/31 | 13.80% |
| ROP 01/20/40 | 12.54% |
| ROP 02/02/30 | 8.70%  |
| ROP 01/14/31 | 8.37%  |
| ROP 10/23/34 | 7.50%  |

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

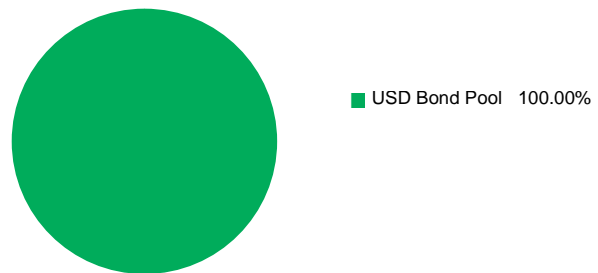
## Monthly Performance



\*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, US Treasury yields trended lower amid dovish market sentiment as the Federal Reserve (Fed) Chairman Powell announced that “the time has come” for the US to start cutting rates at the annual Jackson Hole Economic Symposium. Economic data also pointed to moderating inflation; the personal consumption expenditure price index, the Fed’s preferred measure of inflation, rose 2.5% year-on-year in June, in line with estimates. The non-farm payrolls increased by 114,000 in the same month, below market estimates, while US second quarter GDP increased by 3.0% (quarter-on-quarter, annualised), above estimates. Over the period, the 10-year US Treasury yield dropped from 4.03% to 3.90%, whilst the Philippine dollar-denominated (ROP) bond yield curve followed the US Treasury yields lower.

Asian investment grade (IG) credits posted positive performance for the month mainly driven by lower US Treasury yields. Credit spreads on the J.P. Morgan Investment Grade Corporate Bond Index marginally widened by 1bps over the month; the J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 1.55%. On the investment grade side, corporate earnings were the main drivers of the price and rating actions; Meituan, Xiaomi and Weibo outperformed as they reported strong earnings and robust growth amid macro challenges, while Bank of East Asia curve widened on the back of elevated credit cost. Notably, SK Hynix was upgraded to BBB from BBB- by S&P on back of expectations of higher revenue and earnings. New issuance market picked up towards the end of the month amid lower rates; primary activities were seen in China, Taiwan and Philippines which were well oversubscribed.

## Outlook

We believe the Fed and other global central banks transitioning to end their rate hike cycles in 2024, would help underpin global and Asian bond markets. In Asia ex-China region, we view Asian central banks, such as India, Indonesia, South Korea and Philippines, to have room to cut rates in 2024 amid benign inflationary environment. At National People’s Congress, Chinese authorities kept its growth target of around 5% level, inflation target of around 3%, and fiscal deficit target at 3% for 2024. China also began the issuance of one trillion yuan of ultra-long special government bonds to support the budget. After the Third Plenum, PBoC cut various key interest rates to boost economic growth. We believe additional policy easing and more coordinated and targeted measures from authorities are required to support its economy, especially around stabilizing the property sector and promoting domestic consumption demand.

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