

# 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 6.46 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.326	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (August 31, 2025)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.44%	6.84%	3.70%	7.19%	-7.59%	132.60%
Annualized	n.a.	n.a.	3.70%	2.34%	-1.57%	4.14%

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

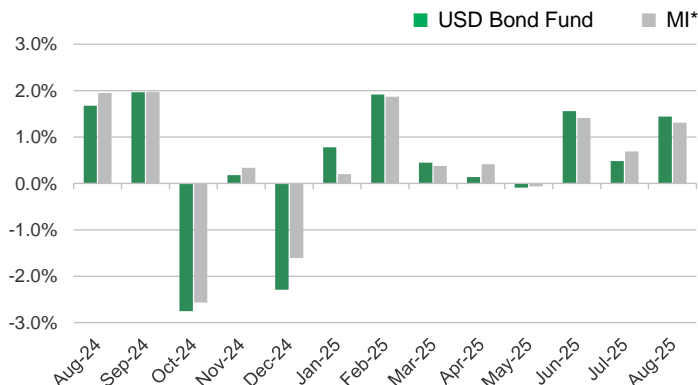


## Top Five Holdings

ROP 01/20/40	13.65%
ROP 06/10/31	12.94%
ROP 01/14/31	9.08%
ROP 02/02/30	7.00%
ROP 03/01/41	5.28%

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

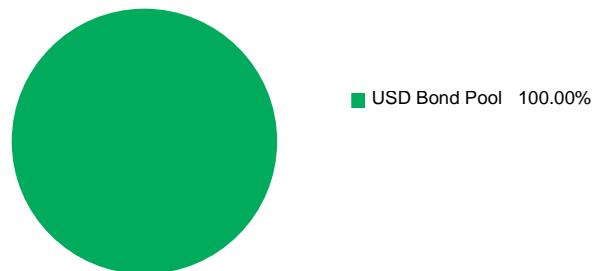
## Monthly Performance



\*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 fell across the curve following the sharp downward revisions in payroll growth for the months of May and June 2025 -- totalling -258k cumulatively -- which stirred concerns about the strength of the US economy, particularly in the labor market. These were some of the largest downward revisions to payrolls in recent history, outside of the pandemic, and were driven mainly by the government-related and trade-exposed sectors. On the trade front, Canadian Prime Minister Mark Carney announced that Canada would remove retaliatory tariffs on USMCA-compliant goods starting from 1 September 2025 in an effort to improve its relationship with the US and to restart trade negotiations. On the other hand, US President Donald Trump signed an executive order to impose an additional 25% tariff on Indian goods (totalling 50%, after accounting for the initial 25%) over the country's oil trade with Russia, which took effect in the last week of August. With regard to the US Federal Reserve's (Fed) dual mandate, July inflation came in-line with market expectations at 2.9%, using the Fed's preferred metric of core personal consumption expenditure (PCE), while change in nonfarm payrolls came in well below expectations at 73k (vs. 105k anticipated). During the August Jackson Hole Economic Symposium, Fed Chair Jerome Powell acknowledged that the "shifting balance of risks may warrant adjusting [the Fed's] policy stance," suggesting that the door is open for a September rate cut, although the Fed will remain data dependent on adjustments beyond that point. Over the month, the 10-year US Treasury yield fell from 4.37% to 4.23%, whilst the Philippine dollar-denominated (ROP) bond yield curve followed US yield to trend lower.

Asian dollar investment grade (IG) credits posted positive returns for the month on the back of stable carry and lower US Treasury yields, although aggregate credit spreads widened slightly. The J.P. Morgan JACI Investment Grade Corporate Bond index rose by 1.23% and aggregate Asian IG corporate credit spreads widened by 3 bps. Chinese credits outperformed amid a supportive macro backdrop, which included improving Purchasing Managers' Index (PMI) figures in both manufacturing and non-manufacturing, in addition to supportive government measures such as the announcement of subsidy programs for household consumer loans and for loans to targeted services businesses -- these follow the July Politburo meeting, where policymakers called for faster implementation of planned easing measures. South Korean credits also outperformed as the Bank of Korea provided a dovish guidance, with its Monetary Policy Committee looking to maintain an easing stance in the upcoming months to mitigate downside risks to economic growth. Additionally, the Ministry of Economic and Finance announced its budget bill for 2026, which indicated that the new administration would maintain an expansionary fiscal stance. The Asian dollar primary market cooled down during the month, with only issuances from Japanese and Australian financials, as well as from selective issuers in Singapore and Hong Kong.

## Outlook

Asian credit markets have continued to deliver attractive performance on the back of favourable fundamentals and supportive technicals despite facing various macroeconomic challenges such as tariffs, geopolitical tensions, and global growth slowdown. Although trade agreements between the US and major partners such as China, the EU, the UK, and South Korea have provided some comfort to the markets, notable uncertainties remain in other regions such as India, where the US had recently increased tariffs from 25% to 50%, citing the country's oil trade with Russia. We believe policy and trade uncertainties will persist and will likely trigger further market volatility in the coming months; hence, active management will remain key. In Asia, economic growth has generally remained resilient although we believe that certain markets such as the Philippines, Malaysia, and Thailand still have room to ease their monetary policies later this year amid benign inflation. In China, we anticipate more targeted support in the coming months, such as focusing on boosting consumption, advancing high-tech manufacturing, and stabilizing the property sector. These measures are intended to mitigate the impact of external headwinds while supporting domestic growth in response to sluggish economic data.

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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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