

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 8.92 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.472	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (December 31, 2021)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.98%	-3.13%	-3.13%	15.46%	16.22%	147.20%
Annualized	n.a.	n.a.	-3.13%	4.91%	3.05%	5.43%

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

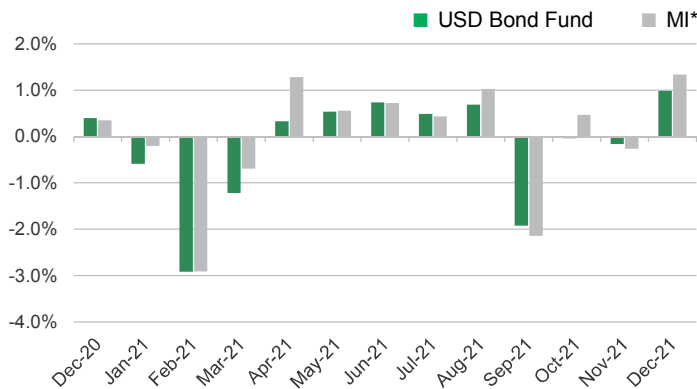


Top Five Holdings

ROP 06/10/31	10.70%
ROP 02/02/30	7.29%
ROP 01/14/31	6.93%
ROP 09/25/24	6.21%
ROP 10/23/34	6.19%

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.

USD Bond Fund

Market Review

In the United States, Treasury yields moved higher over the month amid continued inflationary pressure and monetary policy tightening despite Omicron fears. US consumer price inflation remained elevated in November at 6.8% year-on-year, hitting a four-decade high. On the monetary policy front, the Federal Reserve (Fed) said it would end its pandemic-era bond purchase programme by March 2022, paving the way for three 25bps rate hikes in 2022 as expected by most of the Fed members. Over the month, the 10-year Treasury yield trended higher from 1.44% to 1.51%, whilst Philippine dollar-denominated (ROP) bond yields trended lower.

Asian investment grade (IG) credit markets posted negative returns over the month mainly owing to higher US Treasury yields. 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 0.26% in US dollar terms. In the Chinese property sector space, state-owned and some high quality private-owned property developers were supported by policies such as reserve requirement ratio (RRR) cut. On the other hand, more positive progress on a state-owned Chinese asset management company's capital raising including onshore bond issuance and asset sales further boosted the asset management sector sentiment. Primary market was muted in year-end amid the holiday season.

Outlook

Looking into 2022, US gradual economic recovery and the Federal Reserve tapering process would support a higher US yield curve environment. North Asian economies have generally fared better in terms of economic recovery compared to South Asian counterparts in 2021. Increasingly more South Asian economies are adopting a coexisting approach with COVID-19, reopening borders with higher vaccination rates and could be positive for their growth trajectories. However, the widespread of Omicron variant could spark market volatility. In China, the property sector was heavily sold off in 2021 due to negative news flow and concerns about rising defaults. In 2022, we are likely to see greater consolidation in the sector and believe the market has priced in excessive default risks. Many quality companies are now being offered at compelling valuations; we see it an opportune time and environment for active investors to navigate the cycle, as market weakness is likely to bring out value opportunities in fundamentally strong issuers. Overall, we 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.

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.