

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 7.23 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.106	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (December 31, 2022)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.48%	-14.81%	-14.81%	-11.14%	-4.19%	110.60%
Annualized	n.a.	n.a.	-14.81%	-3.86%	-0.85%	4.19%

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

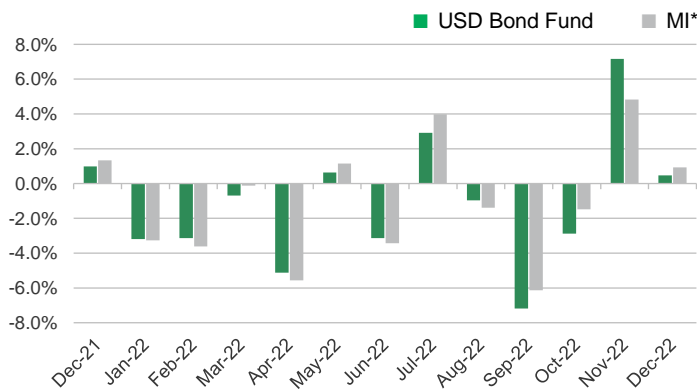


Top Five Holdings

ROP 06/10/31	11.25%
ROP 01/20/40	10.16%
ROP 02/02/30	7.58%
ROP 01/14/31	7.23%
ROP 10/23/34	6.26%

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

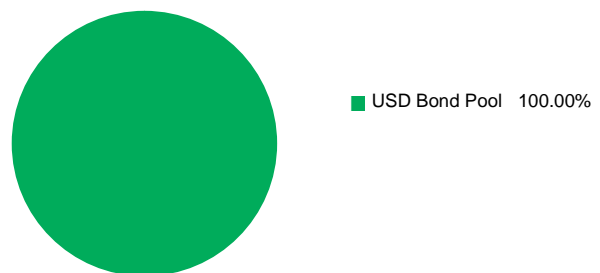
Monthly Performance



*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 retraced to slightly higher levels post rally in prior month. The Fed noted they wanted to retain “flexibility and optionality” regarding rate decisions and “ongoing increases” in the overnight rate are likely still appropriate in 2023. Consumer price inflation decelerated to 7.1% (year-on-year) in November, decreasing 0.6% month on month from October. Over the month, the 10-year Treasury yield ended higher from 3.60% to 3.87%., whilst belly of the Philippine dollar-denominated (ROP) bond yield curve ended lower and long end of the yield curve was higher.

Asian investment grade (IG) credits posted positive return in December amid the relaxation of Covid policy by the Chinese government. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 25bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 1.08% in US dollar terms. In December China credit notably outperformed as market sentiment was strong amid positive news on China’s easing of Covid restrictions which includes reopening of China’s borders and dropping quarantine times. Chinese property sector was also a notable outperformer continuing the rebound in November amid market expectations of a stronger commitment from the government to support the sector. Primary market activity was generally muted ahead of the holiday season.

Outlook

Federal Reserve remains focused on inflation as it continues to rapidly adjust its monetary policy settings to a restrictive setting. Aggressive developed market central bank monetary policy tightening will likely weigh on global growth outlook with risk of recession building. We believe the supportive measures for the real estate sector announced by the Chinese government is positive and eases onshore debt refinancing risk of Chinese developers. To see a sustained recovery of the Chinese real estate sector, we would monitor the effective implementation of the announced measures and physical market sales recovery. On the other hand, Asia ex-China region has generally adopted more flexible pandemic policies, which is expansionary for economic activity. Some Asian economies initiated various measures such as subsidies, tax cuts and trade restrictions to contain inflation. With relatively benign inflation environment and resilient supply-chain in Asia, we expect Asian central banks to tighten its monetary policy at a more gradual pace than developed markets.

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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