

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 7.67 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.191	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (July 31, 2022)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	2.91%	-11.37%	-11.80%	-6.21%	-0.18%	119.10%
Annualized	n.a.	n.a.	-11.80%	-2.11%	-0.04%	4.53%

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

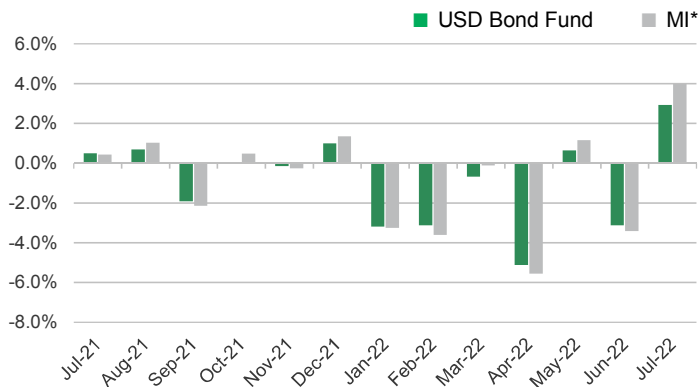


Top Five Holdings

ROP 06/10/31	11.14%
ROP 01/20/40	10.46%
ROP 02/02/30	7.45%
ROP 01/14/31	7.07%
ROP 10/23/34	6.21%

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

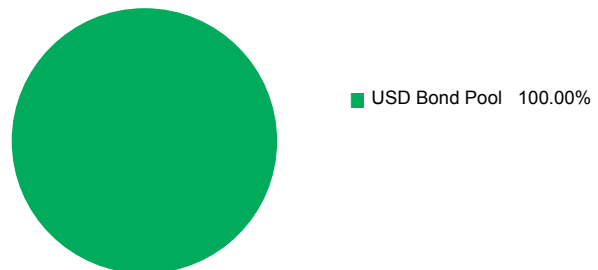
Monthly Performance



*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, the Federal Reserve raised the fed funds rate by 75bps to a range of 2.25%-2.50% at its July meeting as widely expected, but Powell's message in the press conference was considered dovish by the market which triggered global risk assets to rally. On the economic front, fears of stagflation continued to influence market sentiment as a disappointing 2Q GDP report and elevated print on initial claims raised recessionary concerns. US second-quarter GDP contracted by 0.9% (first reading, annualised, quarter-on-quarter), the second successive quarter of decline, while inflation accelerated to 9.1% year-on-year in June. Non-farm payroll increased by 372k in June, down from 384k in May but better than market estimates. Over the month, the 10-year Treasury yield ended lower from 3.01% to 2.65%, whilst Philippine dollar-denominated (ROP) bond yields followed US Treasury yield lower.

Asian investment grade (IG) credit posted slightly negative return in July driven wider credit spread, more than offsetting the lower US Treasury yields. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 43bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 0.09% in US dollar terms. During the month, Asian IG credits overall traded weaker amid heightened recessionary fears; sentiment generally improved towards the end of month. In China, market stabilized from the rural bank scandal in Henan and concerns on rising mortgage servicing suspension on the back of the government's supportive tone to stabilized property market and unfinished project delivery. Some media reported Beijing may create a real estate fund to provide support to selected developers and offer special program for shanty town development. Outside of China, India and Indonesia credits saw the biggest recovery among its Asia peers from earlier weakness. Primary market activity turned more active towards the end of month as sentiment improved.

Outlook

Aggressive developed market central bank's monetary policy response will negatively impact global growth outlook with stagflation risk building. On the other hand, with relatively benign inflation environment and resilient supply-chain in Asia, we expect Asian central banks to generally normalize its monetary policy at a more gradual pace than developed markets. In the near term, we believe increasing geopolitical developments could impact global investors' sentiment. China's zero COVID-19 policy is making the 5.5% GDP target more challenging to achieve. Whilst the physical property sector remains stressed leading to dramatic repricing to the China property credit market. We believe further policy measures are needed to have a positive impact on China's physical property market. Segments of Asia ex-China credit space is also attractive, as these issuers are trading at relatively attractive levels on an absolute yield basis after the correction among global credits spurred by rising macro headwinds and weak sentiment globally.

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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