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 6.99 million	**Fund Currency** US dollar	**Dealing/Valuation** Daily
Price (NAV/unit) USD 2.148	**Management Fee** 1.75% per annum	**Bloomberg Ticker** MPUSBND	

Performance Return (July 31, 2023)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.00%	1.99%	-1.96%	-16.00%	1.51%	114.80%
Annualized	n.a.	n.a.	-1.96%	-5.64%	0.30%	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.

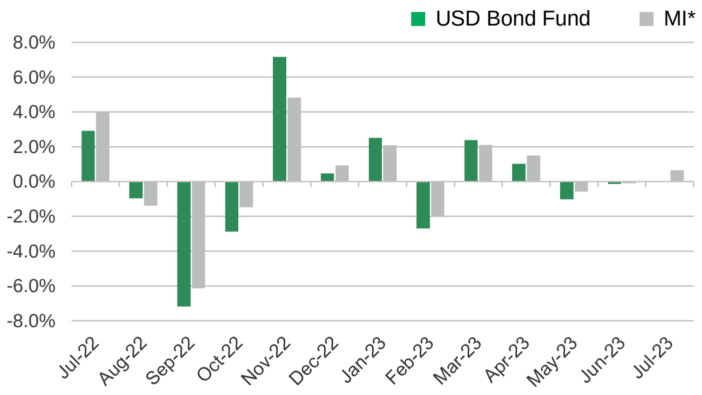
Monthly Net Asset Value per Unit

Top Five Holdings

ROP 06/10/31	11.77%
ROP 01/20/40	10.89%
ROP 02/02/30	7.83%
ROP 01/14/31	7.45%
ROP 10/23/34	6.59%

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

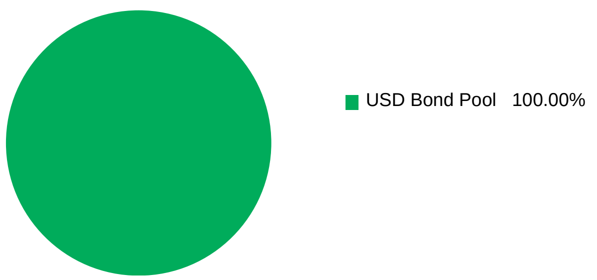
Monthly Performance



**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, US Treasury yields trended higher amid decision by the Federal Reserve to hike rates by 25bps to a range of 5.25%-5.50% and resilient data pointed to the prospect of a soft economic landing. Markets were watching for signs that the rate hike could be the last before the Fed takes a break, but Chairman Powell reiterated the central bank will make data driven decisions on a meeting by meeting basis. US CPI in June fell to 3.0% (year-on-year), while second quarter GDP increased by 2.4% (quarter-on-quarter, annualized, first estimate). Over the month, the 10-year US Treasury yield trended higher from 3.84% to 3.96%, whilst the Philippine dollar-denominated (ROP) bond yield curve flattened.

Asian investment grade (IG) credits posted positive performance for the month largely driven by tighter credit spreads. Credit spreads on the J.P. Morgan Investment Grade Corporate Bond Index tightened by 8bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 0.49%. China credit had a volatile month with idiosyncratic headlines and volatility in the property market weighing down sentiment but traded on a better sentiment later in the month as China politburo meeting pointed to further macro policy easing and supportive housing-related measures. Outside of China, Macau gaming sector traded on a stronger tone as Sands China was upgraded to investment grade status by S&P. On the other hand, frontier countries namely Sri Lanka and Pakistan continued to ride on the strong momentum fuelled by progress on debt resolution. New market issuance was primarily from Korean issuers and some Japanese financial institutions.

Outlook

Despite the hawkish comments from the Fed, markets are pricing in Fed fund rates to peak in 2023. In Asia ex-China region, we believe most Asian central banks, such as Indonesia and India, are close to the end of its monetary tightening cycle amid benign inflation environment; the increased foreign investment will likely drive sustained economic growth in this region. In China, we believe the path to recovery to be an uneven one as suggested by recent lukewarm economic data. While monetary stimulus started in June is supportive, the magnitude and effect of a broader demand side stimulus remains to be seen in the coming months. Furthermore, Chinese government recently set a more constructive tone towards the property sector, including extending the supportive measures rolled out in 4Q2022 and emphasizing the need of property policies in a timely manner in the politburo meeting. We believe incremental measures could be rolled out to support housing demand. While we are seeing early signs of stabilization in new home sales data, we are closely monitoring the pace of recovery and how the policy response can benefit the broader sector and respective developers.
