

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 6.47 million | Fund Currency US dollar | Dealing/Valuation Daily |
| Price (NAV/unit) USD 2.293 | Management Fee 1.75% per annum | Bloomberg Ticker MPUSBND | |

Performance Return (July 31, 2025)

| USD Bond Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|-------|--------|---------|---------|-----------------|
| Absolute | 0.48% | 5.33% | 3.94% | 4.66% | -10.32% | 129.30% |
| Annualized | n.a. | n.a. | 3.94% | 1.53% | -2.16% | 4.09% |

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

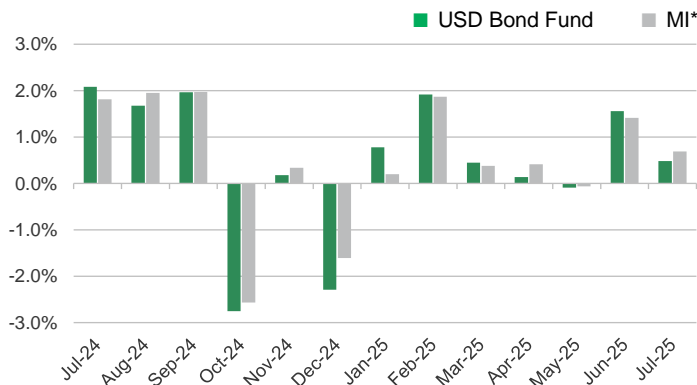


Top Five Holdings

| | |
|--------------|--------|
| ROP 01/20/40 | 13.35% |
| ROP 06/10/31 | 12.73% |
| ROP 01/14/31 | 9.00% |
| ROP 02/02/30 | 6.98% |
| ROP 03/01/41 | 5.20% |

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

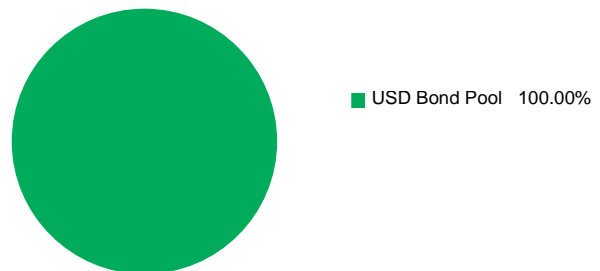
Monthly Performance



*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 rose across most tenors on the back of higher inflation expectations due to the US administration's tariffs, as Fed Chair Jerome Powell mentioned previously that tariff-driven price increases could be seen over the summer period. On the tariff front, the US extended the original 9 July deadline to 1 August but also announced higher tariff rates on 14 countries starting from August if no deals were reached. Towards the end of the month, a couple of trade deals were announced ahead of the deadline, including the EU-US and S. Korea-US trade deals; these deals had generally resulted in lower tariff rates on exports to the US, but included commitments by the countries to increase investments in and purchases from the US (such as energy products and military equipment). With regard to the US Federal Reserve's (Fed) dual mandate, June inflation came in slightly higher-than-expected at 2.8% (vs. 2.7%), using the Fed's preferred metric of core personal consumption expenditure (PCE), while change in nonfarm payrolls exceeded expectations at 147k (vs. 106k anticipated). The July Federal Open Market Committee (FOMC) meeting was relatively uneventful, with the Fed keeping its benchmark rate unchanged at 4.25-4.50% and no further details around the likelihood of a rate cut for the September meeting. Fed Chair Powell highlighted the moderate growth of the US economy and close-to-target inflation, suggesting that while rate cuts could be reasonable, they are not yet essential. However, the decision to hold rates steady generated the largest number of dissenting votes by Fed governors in over three decades; governors Waller and Bowman casted votes against the decision, citing labor market risks, slowing economic growth, and limited inflation impact from tariffs. Over the month, the 10-year US Treasury yield rose from 4.23% to 4.37%, whilst the Philippine dollar-denominated (ROP) bond yield curve followed US yield to trend higher in the front end but trended lower in the long end.

Asian dollar investment grade (IG) credits posted positive returns for the month on the back of stable carry and aggregate credit spread tightening, while US Treasury yields moved higher across the curve. The J.P. Morgan JACI Investment Grade Corporate Bond index rose by 53bps and aggregate Asian IG corporate credit spreads tightened by 11bps. Indonesian credits contributed most to aggregate returns, as Bank Indonesia (BI) lowered its policy, deposit, and lending facility rates to 5.50%, 4.50%, and 6.00%, respectively, during the July meeting. BI noted that global uncertainties have increased after the US' tariff announcements and that the decision to lower interest rates was due to low inflation, stable currency, and to support growth. Chinese credits also outperformed as policymakers called for faster implementation of planned easing measures during the July Politburo meeting and maintained a supportive stance for consumption, high-tech manufacturing, and labor markets. Furthermore, policymakers strived to achieve full-year economic targets, which required policy support to be flexible, suggesting that there could be room for further easing in the event of strong growth headwinds. BBB credits outperformed on improved risk sentiment and decent 2Q earnings result from certain Korean issuers. The Asian dollar primary market was active during the month, with sizeable issuances from Japan across the communications, consumer cyclical, and financials sectors, as well as from the Indonesian Government.

Outlook

Asian credit markets have shown resilience on the back of favourable fundamentals and supportive technicals despite facing various macroeconomic challenges such as tariffs, geopolitical tensions, and global growth slowdown. Although recent 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 areas such as Canada, where the US recently increased tariffs from 25% to 35% citing reasons such as fentanyl. 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 and some central banks such as Bank Indonesia have recently lowered interest rates to support their economies. We believe that certain markets, such as the Philippines, Malaysia, and Thailand have room to further ease their monetary policy later this year amid benign inflation. In China, authorities are committed to meeting their full-year economic targets, as suggested by the takeaways from the recent July Politburo meeting. We anticipate more targeted support by the government 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.

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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