

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 8.21 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.302	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (March 31, 2022)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.69%	-6.88%	-5.38%	2.72%	6.87%	130.20%
Annualized	n.a.	n.a.	-5.38%	0.90%	1.34%	4.92%

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

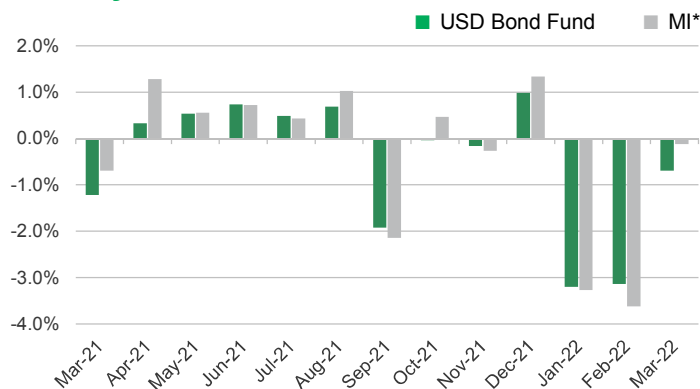


Top Five Holdings

ROP 06/10/31	10.80%
ROP 01/20/40	10.37%
ROP 02/02/30	7.27%
ROP 01/14/31	6.83%
ROP 10/23/34	6.15%

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

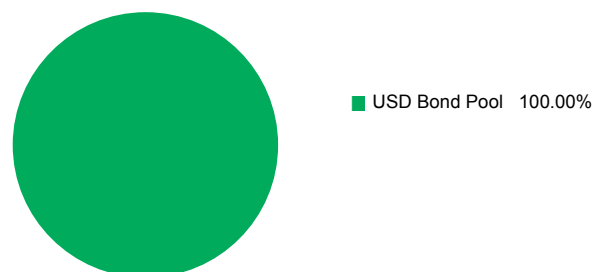
Monthly Performance



*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 rose in March as global risk sentiment improved towards the second half of the month, the Federal Reserve increased the federal funds rate by 25 bps to a range of 0.25%-0.50% and the market pricing in additional rate hikes after the latest FOMC meeting. On the economic data front, US consumer price inflation rose by 7.9% (year-on-year) in February, the highest reading since January 1982. The market remains focus on inflation figures and clues on potential fed balance sheet reduction. Over the month, the 10-year Treasury yield trended higher from 1.83% to 2.34%, and Philippine dollar-denominated (ROP) bond yields also followed US Treasury yield higher.

Asian investment grade (IG) credit markets posted negative returns in March mainly driven by higher US Treasury yields which was slightly offset by positive carry. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 1bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 2.24% in US dollar terms. Asian credits experience heightened market volatility during the month on the back of geopolitical developments from Russia-Ukraine and regulatory concerns on China tech companies. Market sentiment recovered towards the second half of the month as the Ukraine-Russia engaged in peace talks while China officials called for actions to stabilize the financial markets and proactive monetary response to revive economic growth. Primary market remained light with deals mainly coming from China and Korea. During the month, we saw investment grade supply from China state-owned-enterprises and local government financing vehicles (LGFVs) as well as quasi-sovereign names from Thailand and Malaysia. As sentiment improved in the later part of the month, high yield issuance pipeline reopened with a deal from an India renewable company. We expect the primary markets to turn active in April as US Treasury yields stabilized.

Outlook

The Russia-Ukraine situation remains fluid, but we expect to see mostly indirect impact on Asia fixed income. We believe Asia's credit fundamentals remain largely intact and supported by strengthened local and international investor base. Having said that, in the near term, investment sentiment should remain driven by global risk appetite and further geopolitical developments. North Asian economies have generally fared better in terms of economic recovery compared to South Asian counterparts last year. 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 remains an uncertainty. In China, the property sector was heavily sold off due to negative news flow and concerns about rising defaults. China's Vice Premier Liu He comments to stabilized financial markets and revive economic growth is a positive development, though we would monitor for more concentrate measures from the central government. Overall, we expect 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.

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