

# 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

<b>Inception Date</b> November 2004	<b>Fund Size</b> USD 7.83 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.198	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (May 31, 2022)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.64%	-11.08%	-10.43%	-3.64%	1.06%	119.80%
Annualized	n.a.	n.a.	-10.43%	-1.23%	0.21%	4.59%

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

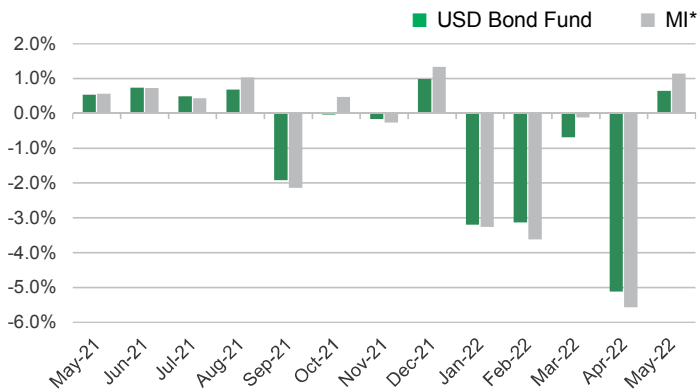


## Top Five Holdings

ROP 06/10/31	10.74%
ROP 01/20/40	10.28%
ROP 02/02/30	7.26%
ROP 01/14/31	6.90%
ROP 10/23/34	6.15%

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

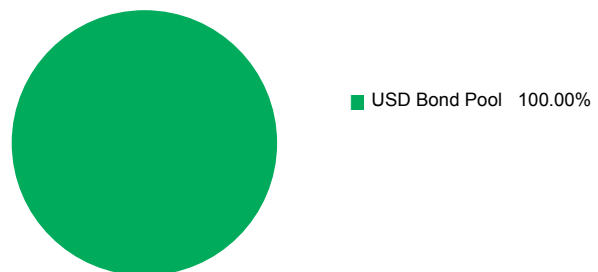
## Monthly Performance



\*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.

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## Market Review

In the United States, US Treasury yields hit 3.2% levels in early May for the first time in three years before retracing lower later the month. US inflation rose 8.3% year-on-year while non-farm payroll increased by 428k in April, better than market expectations. On the monetary policy front, the Federal Reserve hiked interest rates by 50bps to a range of 0.75% to 1% as expected and would begin shrinking its balance sheet in June. Later the month, US Treasury yields retraced from its highs as investors sought safety from global equity market sell-off. Over the month, the 10-year Treasury yield trended lower from 2.93% to 2.84%, and Philippine dollar-denominated (ROP) bond yields also followed US Treasury yield lower.

Asian investment grade (IG) credit markets posted flat returns in May mainly due to wider credit spreads but was offset by lower US Treasury yields and positive carry. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 13bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 0.04% in US dollar terms. Asian credit markets was generally soft during the month on the back of US rates volatility and risk-off investors' sentiment. Market sentiment improved towards the end of month as US rates started to stabilize and China announced more details on fiscal and credit support to stimulate the economy, alongside COVID-19 restrictions easing in Shanghai and Beijing. Primary market turned active towards month end amid improved sentiment with deals coming from various countries and decent performance. We expect the primary market to be more active in June as previously postponed new deals may start to return.

## 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 Politburo pledges to step up policy support and more cities announced property policy relaxation are positive developments for the slowing economy, 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.

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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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