

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 6.40 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.247	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (May 31, 2025)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.09%	3.22%	5.10%	2.23%	-8.32%	124.70%
Annualized	n.a.	n.a.	5.10%	0.74%	-1.72%	4.02%

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

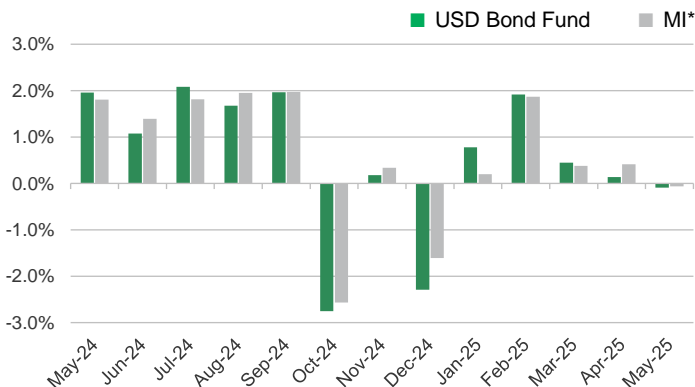


Top Five Holdings

ROP 06/10/31	13.43%
ROP 01/20/40	13.15%
ROP 01/14/31	9.07%
ROP 02/02/30	7.11%
ROP 03/01/41	5.06%

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

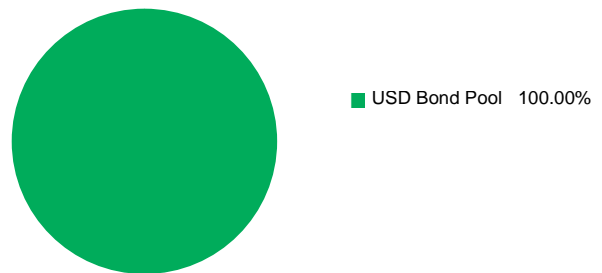
Monthly Performance



*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 across the curve as credit rating agency Moody's Ratings downgraded the US' sovereign credit rating from Aaa to Aa1, citing large fiscal deficits and a decline in debt affordability. However, market sentiment improved on the back of positive tariff-related headlines, including a preliminary trade deal between the US and the UK which would scale back sectoral tariffs on autos and steel/aluminum, and a de-escalation in tariffs between US and China following a two-day high-level meeting on economic and trade affairs in Geneva. Towards the end of the month, the Court of International Trade also ruled against the tariffs imposed by the US administration on China, Canada, and Mexico, as well as the 10% baseline tariffs. With regard to the US Federal Reserve's (Fed) dual mandate, inflation for the month of April came in-line with market expectations at 2.5% -- although falling from previous month's revised reading of 2.7% -- using the Fed's preferred metric of core personal consumption expenditure (PCE), while change in nonfarm payrolls came in stronger than expected at 177k (vs. expectations of 138k). During the May Federal Open Market Committee (FOMC) meeting, the Fed kept its benchmark rate unchanged at 4.25-4.50%. Fed Chair Jerome Powell noted that recent tariffs have increased the risks of both higher unemployment and higher inflation, but believed that monetary policy was in a good place and emphasized the FOMC would continue to assess both sentiment and real economic data. Over the period, the 10-year US Treasury yield rose from 4.16% to 4.40%, whilst the Philippine dollar-denominated (ROP) bond yield curve followed US yield to trend higher.

Asian dollar investment grade (IG) credits posted positive returns for the month on the back of stable carry and aggregate credit spread tightening, which were partly offset by higher US Treasury yields. The J.P. Morgan JACI Investment Grade Corporate Bond index rose by 25bps and aggregate Asian IG corporate credit spreads tightened by 15bps. Indonesian credits outperformed due to supportive monetary policies from Bank Indonesia (BI) that reduced its policy rate by 25bps and introduced several macroprudential measures to support the banking system, which included increasing the upside limit of bank foreign funding ratio (RPLN) and lowering the macroprudential liquidity buffer ratio (PLM). Chinese credits also outperformed amid the development on US-China trade policies negotiation. On the other hand, Malaysian credits underperformed; Bank Negara Malaysia kept its overnight policy rate unchanged at 3.0% during its meeting and highlighted downside risks to growth from potentially slower global growth and lower-than-expected commodity production. The Asian dollar primary market was active during the month, with sizeable issuances from Australian and Chinese financial institutions, as well as from Pertamina Hulu Energi and LG Chem.

Outlook

Asian credit has remained resilient since the start of the year on the back of favourable fundamentals and supportive technicals, amid market uncertainties and trade tensions. The attractive carry and all-in yields of Asian credit relative to global peers provides investors with a decent buffer against market uncertainties, while the asset class continues to offer diversification benefits. Although recent headlines have suggested a temporary relief in terms of trade and tariffs, the ongoing policy uncertainties from the current US administration have led to rising concerns on weaker global growth and higher inflation -- we believe such uncertainties will persist, likely triggering further market volatility; hence, active management will be key to navigating the persistently uncertain market environment in the upcoming months. In Asia ex-China, we believe that certain central banks, including India, Indonesia, South Korea and Philippines, have room to continue their rate cut cycles in 2025 amid benign inflation. In China, the pro-growth stance from policymakers and the People's Bank of China's (PBOC) commitment to further monetary easing adds to the supportive macro backdrop in the region. During the past month, the PBOC cut both the 1-year and 5-year Loan Prime Rate (LPR) by 10bps, each. We expect to see more concrete measures by the government in the upcoming months to stabilize the property market, address local government debt pressures and boost consumption, in response to sluggish economic data and volatility from the uncertainties around the US' tariff plans.

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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