

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 6.75 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.956	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (October 31, 2022)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.88%	-20.87%	-20.23%	-17.68%	-11.17%	95.60%
Annualized	n.a.	n.a.	-20.23%	-6.28%	-2.34%	3.81%

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

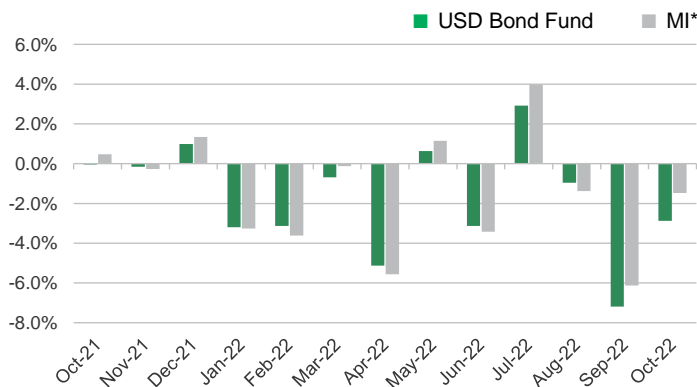


Top Five Holdings

ROP 06/10/31	11.28%
ROP 01/20/40	9.92%
ROP 02/02/30	7.68%
ROP 01/14/31	7.32%
ROP 10/23/34	6.26%

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

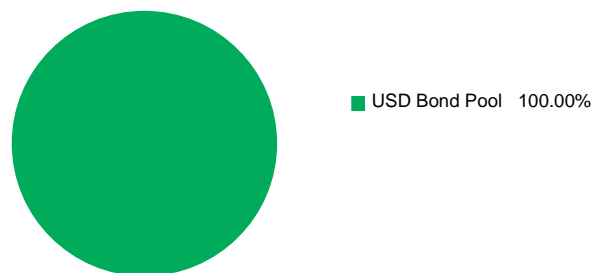
Monthly Performance



*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 moved higher amid 75bps rate hike and expectations of more to come from the Federal Reserve as the domestic economy remained resilient amid persistent inflation. Third-quarter GDP grew by 2.6% (quarter-on-quarter, annualized, first estimate), ending two consecutive quarters of contraction, while consumer price inflation remained elevated at 8.2% in September (year-on-year), increasing (0.4% month-on-month) from August. Over the month, the 10-year Treasury yield ended higher from 3.83% to 4.05%, whilst Philippine dollar-denominated (ROP) bond yields followed US Treasury yield higher.

Asian investment grade (IG) credit posted negative return in October driven by higher US Treasury yields and wider credit spread, which more than offsetting positive carry. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 54bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 3.31% in US dollar terms. October was the single worst month in 2022 for Asian credit markets; we saw weakness amid a series of macro and idiosyncratic events, with China drawing the center of attention. China's 20th National Party Congress concluded with President Xi re-elected for the third term and appeared to have consolidated control over the Standing Committee. Xi reaffirmed "development as top priority" and signaled longer term commitment to common prosperity and zero-COVID policy, disappointing markets. China technology credit declined following a selloff in Hong Kong and China equities as market participants were increasingly concerned about slow recovery due to sporadic lockdowns and reopening not occurring as soon as some expected. China property sector underperformed amid credit default headlines, chairwoman resignation of a renowned China property developer and lack of concrete housing-related stimulus policies post China's National Congress, which some market participants hoped for. On the other hand, Southeast Asian credit generally outperformed in credit spreads terms, supported by a strengthened regional investor base.

Outlook

Federal Reserve remains focused on inflation as it continues to rapidly adjust its monetary policy settings to a restrictive setting. Aggressive developed market central bank monetary policy tightening will likely weigh on global growth outlook with risk of recession building. China's zero-COVID policy is making the 5.5% GDP target more challenging to achieve; whilst the physical property sector remains stressed leading to dramatic repricing to the China property credit market. We expect more aggressive monetary and fiscal policy response. On the other hand, Asia ex-China region has generally adopted more flexible pandemic policies, which is expansionary for economic activity. Some Asian economies initiated various measures such as subsidies, tax cuts and trade restrictions to contain inflation. With relatively benign inflation environment and resilient supply-chain in Asia, we expect Asian central banks to tighten its monetary policy at a more gradual pace than developed markets.

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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