

# 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 6.74 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.224	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (October 31, 2024)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.75%	0.95%	12.10%	-9.30%	-6.40%	122.40%
Annualized	n.a.	n.a.	12.10%	-3.20%	-1.31%	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

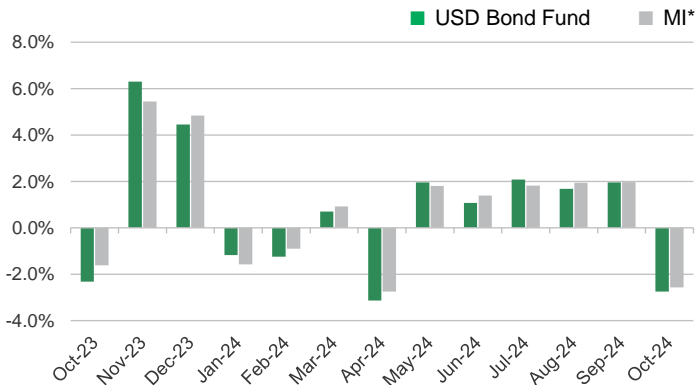


## Top Five Holdings

ROP 06/10/31	14.17%
ROP 01/20/40	12.67%
ROP 02/02/30	8.87%
ROP 01/14/31	8.56%
ROP 10/23/34	7.60%

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

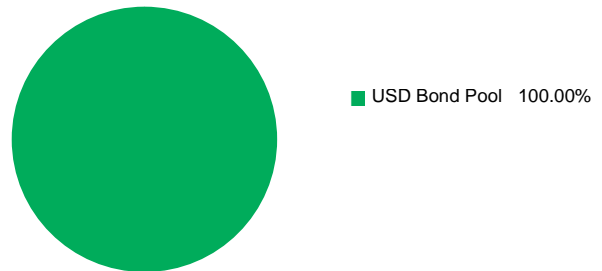
## Monthly Performance



\*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 trended higher amid market fears over expansionary fiscal policies among the US presidential candidates, as well as broadly positive economic data. US third quarter 2024 GDP increased by 2.8% (quarter-on-quarter, annualised). Economic data pointed to a continued moderating inflation; the personal consumption expenditure price index, the Fed's preferred measure of inflation, rose 2.1% year-on-year in September, in line with estimates. The non-farm payrolls increased by 254,000 in the same month, above market estimates. Over the period, the 10-year US Treasury yield rose from 3.78% to 4.28%, whilst the Philippine dollar-denominated (ROP) bond yield curve followed the US Treasury yields higher.

Asian investment grade (IG) credits posted negative performance for the month amid higher US Treasury yields, despite strong credit spread performance. Credit spreads on the J.P. Morgan Investment Grade Corporate Bond Index tightened by 23bps over the month; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 0.99%. Asian Investment grade (IG) credit spreads tightened on the back of higher rates and limited supply. Fundamentals remained supportive underpinned by decent 3Q earnings release and expectation on China policy support to stabilize corporate earnings growth. Hongkong Land announced the change of strategy from development properties to a focus on investment properties while expanding its investment management arm, which we believe will likely to reduce earnings volatility over time. New issue activities slowed down amid higher rates and uncertainty ahead of US election; primary activities were seen in China, South Korea, Indonesia, Japan and Philippines.

## Outlook

US Fed had its first rate cut since the covid pandemic in September and we believe the Fed and other global central banks transitioning to end their rate hike cycles in 2024 would help underpin global and Asian bond markets. Trump's second term in the office will likely trigger volatility from the uncertainty around his trade policy in the region; we believe active management will be crucial to navigate potential market turbulence. In Asia ex-China region, we view Asian central banks, such as India, Indonesia, South Korea and Philippines, to have room to cut rates in 2024 amid benign inflationary environment. At National People's Congress, Chinese authorities kept its growth target of around 5% level, inflation target of around 3%, and fiscal deficit target at 3% for 2024. China also began the issuance of one trillion yuan of ultra-long special government bonds to support the budget. During the September Politburo meeting, PBOC also delivered a series of economic stimulus announcements, which includes cutting reserve requirement ratio (RRR) for major banks by 50bps and 7-day reserve repo rate by 20bps. To sustain the market momentum and stabilize the economy, we believe the Chinese authorities would need to implement additional fiscal policy support along with further positive economic data releases to drive the next market movement.

---

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.