

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 6.98 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.014	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (September 30, 2022)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-7.19%	-18.53%	-17.90%	-15.80%	-8.70%	101.40%
Annualized	n.a.	n.a.	-17.90%	-5.57%	-1.80%	3.99%

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

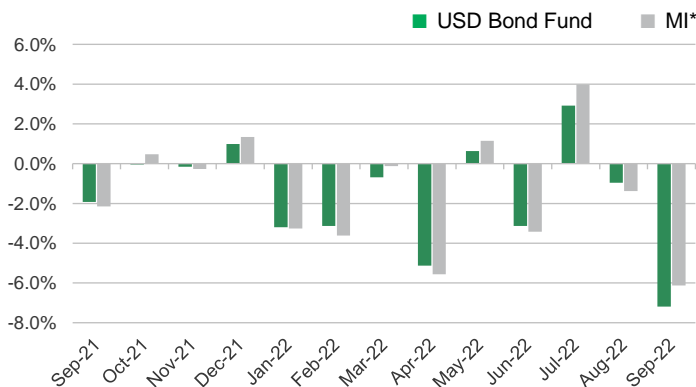


Top Five Holdings

ROP 06/10/31	10.83%
ROP 01/20/40	9.76%
ROP 02/02/30	7.55%
ROP 01/14/31	7.10%
ROP 10/23/34	6.05%

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

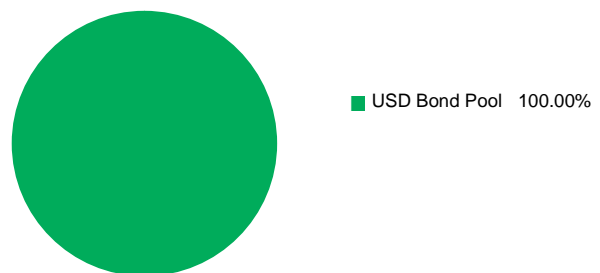
Monthly Performance



*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, the 10-year US Treasury yields traded near the 4% level during the month following aggressive tightening actions by global central banks before a stark reversal to close around the 3.8% level in September. The yield curve inversion deepened with 2-year US Treasury trading around 50bps in premium against 30-year US Treasury, a level last seen in 2000. During FOMC meeting, the Fed anticipated more hikes than previous expected alongside Powell acknowledging the difficulty of a soft-landing. Over the month, the 10-year Treasury yield ended higher from 3.19% to 3.83%, whilst Philippine dollar-denominated (ROP) bond yields followed US Treasury yield higher.

Asian investment grade (IG) credit posted negative return in September 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 6bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 2.28% in US dollar terms. During the month, Asian credits overall traded on a cautious tone in line with global risk assets following hawkish central banks tightening. Risk appetite turned weaker given the recent rates move, US dollar strength and FX volatility. In China, property space saw some consolidation on the back of weaker sentiment and rating downgrades, as the market awaits signs of sector recovery from local government easing measures. In China asset management company (AMC) space, S&P downgraded all big four AMCs on deteriorating earnings prospects and revised their outlooks to stable. Primary market was largely quiet amid weak sentiment and volatile rates movement. New deals included several Korean quasi-sovereigns, one Indonesian sovereign and some China local government financing vehicles (LGFVs).

Outlook

Aggressive developed market central bank's monetary policy response will negatively impact global growth outlook with stagflation risk building. On the other hand, with relatively benign inflation environment and resilient supply-chain in Asia, we expect Asian central banks to generally normalize its monetary policy at a more gradual pace than developed markets. In the near term, we believe increasing geopolitical developments could impact global investors' sentiment. China's zero COVID-19 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 believe further policy measures are needed to have a positive impact on China's physical property market. Segments of Asia ex-China credit space is also attractive, as these issuers are trading at relatively attractive levels on an absolute yield basis after the correction among global credits spurred by rising macro headwinds and weak sentiment globally.

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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