

# USD Bond Fund

An investment fund option for **Affluence**, **Affluence Gold** and **Affluence Builder** 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 9.85 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.370	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (December 31, 2019)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.25%	10.70%	10.70%	11.42%	13.29%	137.00%
Annualized	n.a.	n.a.	10.70%	3.67%	2.53%	5.87%

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

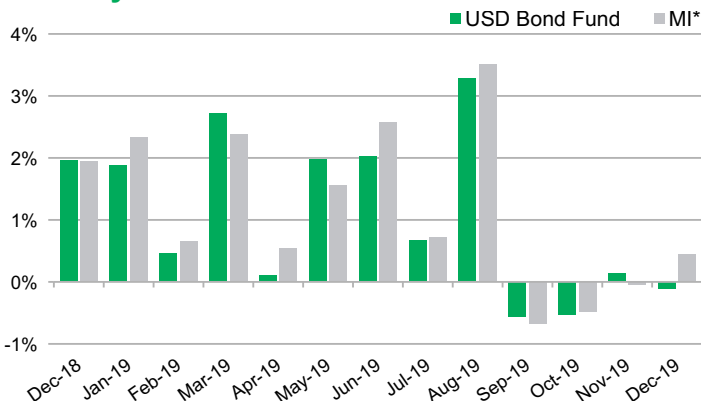


## Top Five Holdings

US TREASURY N/B 2.25% 15AUG2049% 08/15/49	8.4%
ROP 02/02/30	7.2%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023% 09/04/23	6.8%
ROP 01/14/31	6.5%
ROP 10/23/34	5.8%

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

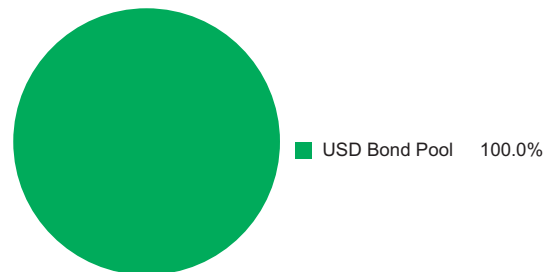
## Monthly Performance



\*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 US, Treasury yields generally rose on optimism over an announced phase-one Sino-US trade deal and stronger-than-expected US labour economic data. The 10-year US Treasury yield rose from 1.78% to 1.92% over the period. Philippine dollar-denominated (ROP) bond yields fell over the period amid improved investors' sentiment and subsequently tighter credit spreads. Overall, Asian investment grade credit markets posted positive returns for the month due positive carry and slightly tighter credit spreads. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 1bps. The JP Morgan Asia Investment Grade Corporate Bond Index returned 0.19% in US dollar terms. Primary and secondary market activities have declined during the December holiday season. We expect overall activities should resume back in January when investors return from holidays, acknowledging that many issuers are ready in the pipeline awaiting a window to print.

## Outlook

Moving into 2020, we expect the fundamentals of Asia to remain intact and for the region to grow faster than other areas of the world in the medium to longer term. Furthermore, Asia is one of the few regions that still boast the capacity for both monetary and fiscal stimulus. Interest rates in Asian markets are generally higher than in developed markets. We believe this provides room for further and effective monetary policy easing before a move towards fiscal policy. Overall, we believe Asian fixed income may continue to be a beneficiary of a favorable macro backdrop in 2020. Amid an accommodative global monetary policy environment, we expect demand for high-quality Asian credits to remain buoyant in 2020. Furthermore, we do not expect refinancing issues in the Asian investment-grade space, which in turn should support credit spreads.

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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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