

# 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 10.16 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.471	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (February 29, 2020)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.65%	4.26%	13.09%	14.35%	15.36%	147.10%
Annualized	n.a.	n.a.	13.09%	4.57%	2.90%	6.10%

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

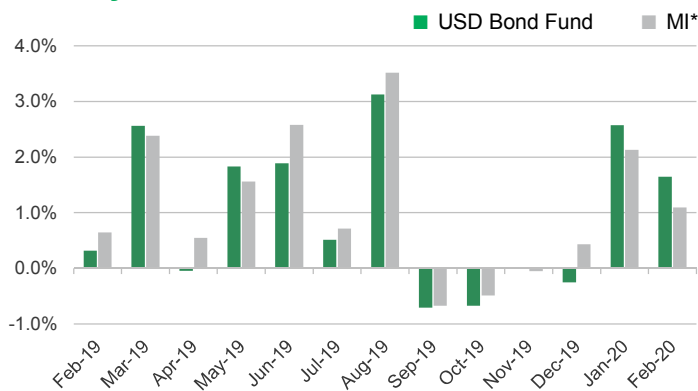


## Top Five Holdings

ROP 02/02/30	6.92%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	6.44%
ROP 01/14/31	6.21%
ROP 10/23/34	5.65%
ROP 01/20/40	5.54%

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

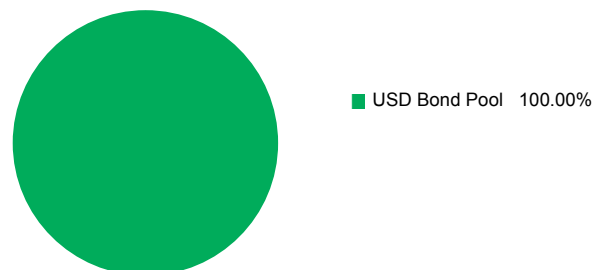
## Monthly Performance



\*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

The spread COVID-19 across the globe introduced uncertainty, raised concerns of disruption across supply chains and global end-user demand. Global financial markets experienced significant sell-off, as the spread of the virus outside Asia weakened global investors' sentiment and led to flight-to-quality flows. Risky assets across all asset classes sold off amidst a broad risk-off environment. The 10-year US Treasury yield fell from 1.51% to 1.15% over the period, benefiting from safe haven flows. The Philippine dollar-denominated (ROP) bond yields fell over the period amid lower US Treasury yields. Asian investment grade credit markets posted positive returns for the month due to significantly lower US Treasury yields and positive carry, which more than offset wider Asian credit spreads. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 10bps. The JP Morgan Asia Investment Grade Corporate Bond Index returned 1.28% in US dollar terms. Primary market pipeline continued to hold up during earlier part of the period, with high grade issuers being relatively more active, though performance in spread terms was mixed.

## Outlook

The global economic activity is expected to face temporary pressure from COVID-19 and containment measures. Within Asia, we believe the Chinese government and other Asian economies will introduce additional monetary easing and fiscal support as counter-cyclical measures, which are likely to provide a positive backdrop for the high quality Asian fixed income segment. Our base case for Asian credit remains that authorities to take three-to-six months to contain and stabilize the situation. Overall, we believe the COVID-19 would have a limited short-term impact on Chinese credits from a fundamental perspective whilst the impact on other markets like Indonesian and Indian credits should be relatively muted. We continue to monitor the situation very carefully and remain cautiously optimistic in the medium-term. We expect the current market dislocation to offer compelling long-term buying opportunities in fundamental sound Asian credits and currencies.

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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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