

# 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 9.78 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 (June 30, 2020)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.82%	4.26%	6.33%	12.78%	17.50%	147.10%
Annualized	n.a.	n.a.	6.33%	4.09%	3.28%	5.96%

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

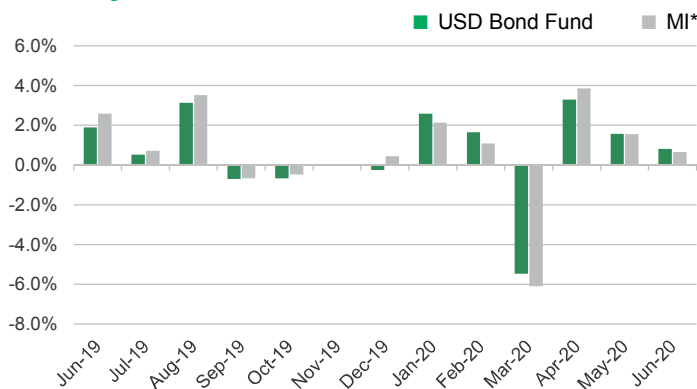


## Top Five Holdings

ROP 02/02/30	7.20%
ROP 01/14/31	6.40%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	5.83%
ROP 10/23/34	5.77%
ROP 01/20/40	5.55%

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, Treasury yields seesawed in June on the back of positive economic data yet overshadowed by soaring COVID-19 cases. During the start of the period, Treasury yields climbed following the stronger-than-expected May job report; US added 2.5 million jobs in May and unemployment rate fell to 13.3%. However, yields fell to lower levels and retraced most of its earlier rise towards the end of the month as the Federal Reserve (Fed) decided to hold rates steady and signalled no rate hike through 2022. Record high COVID-19 cases in the United States also threatened reopening of the economy. The 10-year Treasury yield was 0.66% at the end of the period. Whilst, the Philippine dollar-denominated (ROP) bond yields fell over the period.

Asian credit markets posted positive returns for the month primarily due to positive carry and tighter credit spreads. The Asian high yield corporate segment outperformed Asian investment grade credit over the period amid improved global risk sentiment. The J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 1.57%, while the J.P. Morgan Asian High Yield Corporate Bond Index increased by 3.38% in US dollar terms. Asian credit issuers continued to return to the primary market, whilst the performance of the new issues was mixed.

## Outlook

We believe the COVID-19 situation may continue to weigh on investors' sentiment. While the situation in China remained broadly under control, daily infection cases in the United States reached new highs and paused reopening plans in some regions. Mindful of a potential second wave of infections, we expect global and Asian investment grade credit markets to continue to recover in the coming months amid a favourable global interest rate environment, programs from global central banks to stabilize financial markets and expansionary fiscal policies. Asian credit consists of some state-owned-enterprises which can benefit from potential government support and typically feature relatively lower fallen angel risks. Furthermore, Asian credit has a relatively lower exposure to the commodities' sector compared to global credit and is expected to remain more resilient amid a global economic slowdown. We expect primary market pipeline to continue to hold up and provide opportunities predominately with Asian high grade issuers. Overall, we believe valuations of Asian investment grade credit are attractive in the global context, considering Asia's more resilient underlying fundamentals and strong government support in the corporate sector.

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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.

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