

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

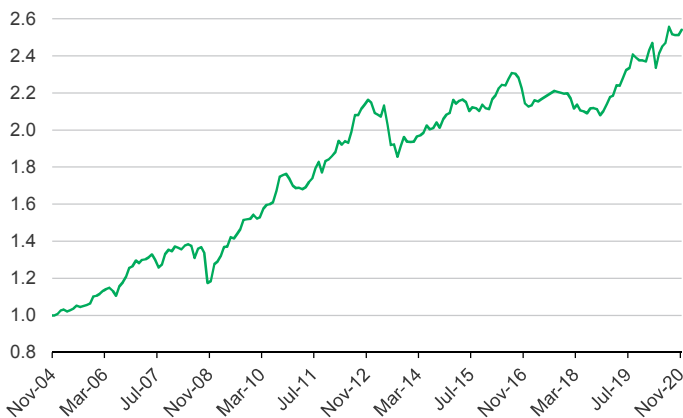
Inception Date November 2004	Fund Size USD 9.88 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 2.542	Management Fee 1.75% per annum	Bloomberg Ticker MPUSBND	

Performance Return (November 30, 2020)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.19%	7.26%	6.99%	15.76%	20.02%	154.20%
Annualized	n.a.	n.a.	6.99%	5.00%	3.72%	5.99%

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

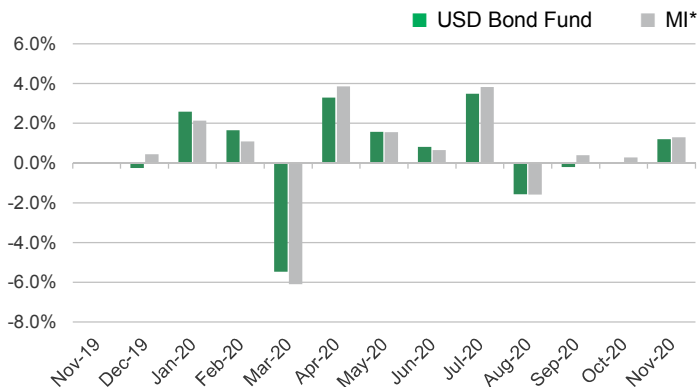


Top Five Holdings

ROP 02/02/30	6.78%
ROP 01/14/31	6.32%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	5.73%
ROP 10/23/34	5.66%
ROP 01/20/40	5.52%

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 over the period on the back of US election results, vaccine optimism, mixed economic data and fading economic stimulus. Positive vaccine news and greater clarity of Biden's victory helped boost risk sentiment. Towards the end of the month, Treasury yields retreated after the disappointing retail sales data and Treasury Secretary Steven Mnuchin declined to extend the Fed's stimulus programs that used Congress' CARES Act funds. The 10-year Treasury yield fell from 0.87% to 0.84% over the period, whilst Philippine dollar-denominated (ROP) bond yields fell generally tracking the US Treasury yield movement.

Asian credit markets posted positive returns for the month primary due to lower US Treasury yields and tightened credit spreads. The Asian high yield corporate segment outperformed Asian investment grade credit over the period. The J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 0.78%, while the J.P. Morgan Asian High Yield Corporate Bond Index increased by 2.24% in US dollar terms. Long-dated South East Asian oil producers outperformed over the period. The US administration imposed new investment restriction on some Chinese entities which casted uncertainty and led to weak price action, but remained localized, around the Chinese state-owned-enterprises on the list; these names recovered modestly toward the end of the period on the back of Biden's indication to end 'damaging executive orders'. Primary market was largely quiet with only a handful of issuers tapping the market amid softer sentiment around investment restriction on some Chinese entities and US Thanksgiving holiday.

Outlook

North Asia economic activity has gradually picked up as COVID-19 situation remains somewhat stabilized and have reopened their economies to varying degrees. Despite the increasingly positive results from vaccine trials, we remained mindful of potentially another wave of infections in Winter, as we see an increase in COVID-19 cases in US and Europe. Nevertheless, we believe the combination of the global low interest rate environment and quantitative easing programs is supportive for range bound US Treasury yields. We expect global and Asian investment grade credit to remain supported, though the pace and magnitude for further credit spread compression could be circumscribed given the rally from March this year. Asian credit consists of state-owned-enterprises, which can benefit from potential government support and policies, and they typically have relatively lower fallen angel risks, making this segment well-placed to weather a COVID-19 induced economic slowdown. On the other hand, we see pockets of opportunities in Asian local currency bond markets such as China and Indonesia. Strategy-wise, we focus on credit selection, capturing dislocations and mitigating key risks in the portfolio. We expect the primary market activity to slowdown as we move into the final month of the year. Overall, we believe current valuations of Asian IG credit are attractive in the global context, considering Asia's more resilient underlying fundamentals and strong government sponsorship in the corporate sector.

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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