

# 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 9.79 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.512	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (October 31, 2020)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.00%	5.99%	5.72%	14.08%	17.55%	151.20%
Annualized	n.a.	n.a.	5.72%	4.49%	3.29%	5.94%

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

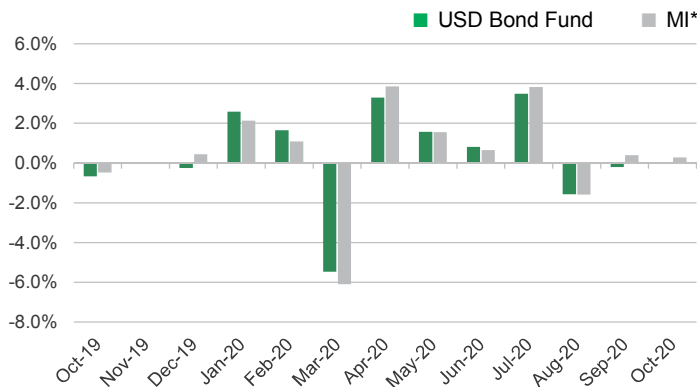


## Top Five Holdings

ROP 02/02/30	7.07%
ROP 01/14/31	6.32%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	5.74%
ROP 10/23/34	5.64%
ROP 01/20/40	5.47%

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 moved higher over the period amid optimism over a large economic stimulus package, upbeat economic data and the upcoming US presidential election. Financial markets focused on the progress of reaching a roughly US\$1.9 trillion stimulus deal and continued to price in a “blue wave” Democratic sweep in the election which was expected to boost government spending and subsequently increase Treasuries’ supply significantly. Towards the end of the month, US Treasury yields extended their move higher on better-than-expected third-quarter GDP, which rose by 33.1% (annualized) quarter-on-quarter, above the market expectations of 32.0% and after the Federal Reserve’s announcement of lowering the barriers on Main Street Lending Program for small firms. The 10-year Treasury yield rose from 0.68% to 0.87% over the period, whilst Philippine dollar-denominated (ROP) bond yields range traded.

Asian credit markets remained stable for the month primary due to tightened credit spreads and positive carry. The Asian high yield corporate segment outperformed Asian investment grade credit over the period, The J.P. Morgan Asian Investment Grade Corporate Bond Index decreased marginally by 0.01%, while the J.P. Morgan Asian High Yield Corporate Bond Index increased by 0.20% in US dollar terms. Primary market activity was active with mixed performance; new issuance was led by Chinese issuers and generally received strong interest.

## Outlook

North Asia economic activity has gradually picked up as COVID-19 situation remains somewhat stabilized and have reopened their economies to varying degrees. We remain mindful of potentially another wave of infections in Autumn and Winter, whilst beginning to see an increase in COVID-19 cases predominately in US and Europe. Furthermore, the US presidential election situation remains fluid, and could potentially spark market volatility on top of rising COVID-19 cases globally. 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. Strategy-wise, we focus on credit selection, capturing dislocations and mitigating key risks in the portfolio. We expect the primary market pipeline to continue to hold up predominately with Asian high grade issuers and may provide opportunities under the current credit market conditions. 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.

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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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