

# 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 10.15 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 2.392	<b>Management Fee</b> 1.75% per annum	<b>Bloomberg Ticker</b> MPUSBND	

## Performance Return (September 30, 2019)

USD Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.71%	11.72%	13.20%	4.82%	18.83%	139.20%
Annualized	n.a.	n.a.	13.20%	1.58%	3.51%	6.04%

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

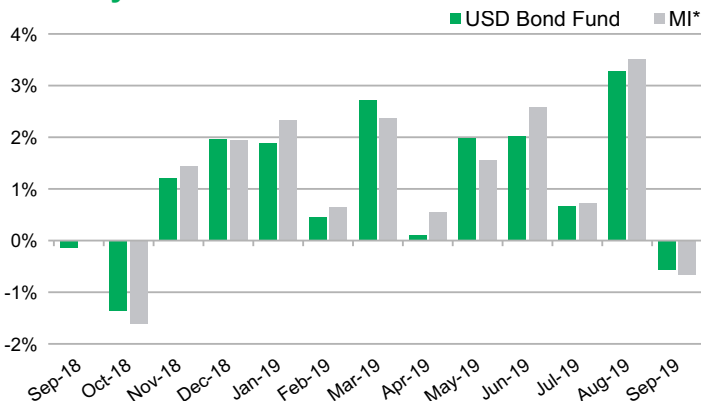


## Top Five Holdings

ROP 02/02/30	7.3%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023% 09/04/23	6.8%
ROP 01/14/31	6.5%
US TREASURY N/B 2.25% 15AUG2049% 08/15/49	6.2%
ROP 10/23/34	5.8%

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

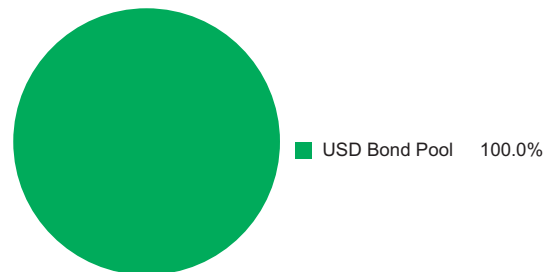
## Monthly Performance



\*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 US, the Federal Reserve (Fed) cut its key interest rate by 25bps to a range of 1.75% to 2.00% at its September meeting due to growing concerns over trade tensions and potential global slowdown; this was the second rate cut in 2019. The Fed's post meeting comments reiterated that they will "act as appropriate", but also noted labor market conditions was strong and unemployment was low. US Treasury yields generally moved higher on the back of stronger-than expected growth economic data. The 10-year US Treasury yield rose from 1.50% to 1.67% over the period. Philippine dollar-denominated (ROP) bond yields also rose over the period, generally tracking the US Treasury yield movement. Bangko Sentral ng Pilipinas cut its key interest rates by 25bps to 4% as means to stimulate its economy amid a receding inflationary environment. Elsewhere, the European Central Bank (ECB) announced new stimulus plans, which include lowering its key interest rates to -0.50% and new bond purchases of EUR20bn each month.

## Outlook

Developments of the Sino-US trade tensions are likely to take the limelight of financial markets and potentially catalyst further market volatility. Developed market (DM) central banks have generally responded by adopting monetary policy easing measures to offset the rising external uncertainty, subsequently leading to a rise in number of negative yielding DM government bonds. Asian economies face external headwinds arising from softer global demand and potential for a widening trade war. High quality Asian bonds are likely to be well supported during periods of uncertainty, whilst we also favor Asia bond markets with supportive economic fundamentals and attractive yields. From a regional perspective, Asian central banks including Bangko Sentral ng Pilipinas are likely to adopt accommodative monetary policies to offset impact from trade tensions and amid lower domestic inflation conditions, which is a supportive backdrop for Asian and ROP bond markets.

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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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