

# USD Secure Fund

An investment fund option for 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> April 2009	<b>Fund Size</b> USD 30.25 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.722	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (May 31, 2021)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.53%	-3.91%	-0.12%	15.96%	8.17%	72.20%
Annualized	n.a.	n.a.	-0.12%	5.06%	1.58%	4.58%

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

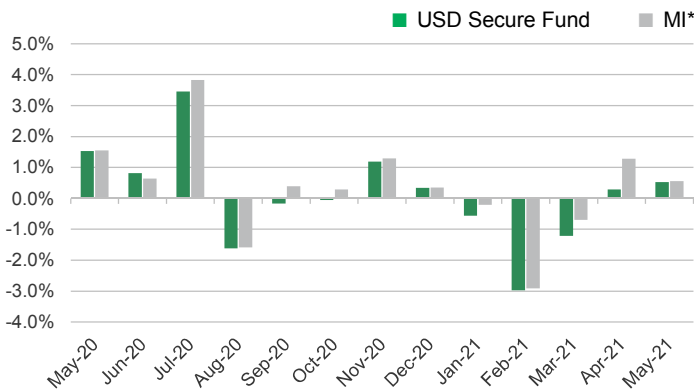


## Top Five Holdings

ROP 06/10/31	9.76%
ROP 02/02/30	6.78%
ROP 01/14/31	6.41%
ROP 10/23/34	5.73%
ROP 01/20/40	5.29%

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

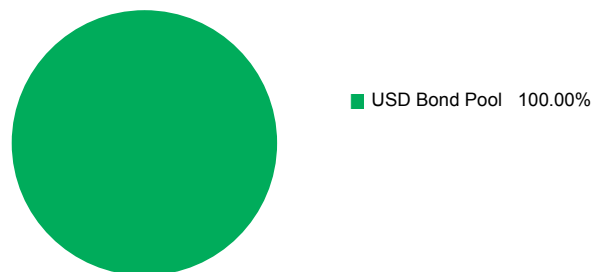
## Monthly Performance



\*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

US Treasury yields range traded amid robust auction demand for government bonds, Biden administration introduced a US\$6 trillion fiscal year 2022 budget and higher-than-expected US inflation data. US economic data were mixed; retail sales were flat (month-on-month) in April after stimulus payments ceased, while the consumer price index rose by 4.2% (year-on-year). Over the period, the 10-year Treasury yield fell from 1.63% to 1.59%, whilst Philippine dollar-denominated (ROP) bond yields also fell tracking the US Treasury yield movement.

Asian investment grade credit markets posted positive returns over the month amid lower US Treasury yields and positive carry, offsetting wider credit spreads. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 4bps. The J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 0.28% in US dollar terms. Selective India credit outperformed driven by yield-seeking investors and increased optimism over the COVID-19 situation, as new cases in India were off from its recent peak. A Chinese high beta property name slumped after local media reported suspected related party transactions and potential regulator investigation; this weighted on investors sentiment towards Chinese high yield property sector, whilst investment-grade Chinese property credit remained relatively resilient. US administration expanded investment bans on Chinese companies and provided more clarity to investors in terms of coverage, though the new list was mostly in line with the previous one. Primary market activity was robust over the month, with new issuance from a diverse base of issuers across Asia and various sectors.

## Outlook

We believe the Fed is committed to a relatively accommodative monetary policy despite signs of recovery in the US economy amidst steady vaccine rollout. In contrast to past cycles, the Fed and other central banks should be more inclined to keep interest rate volatility low, and for financial conditions to remain stable to promote economic recovery. North Asian economies, especially China, so far have demonstrated better containment of COVID-19 compared to their South Asian counterparts. Overall, we believe Asia's resilient underlying fundamentals, strong government sponsorship in the corporate sector and spread premium over developed bond markets, places Asian bonds in a unique position in the global context. Nonetheless, we believe fallen angel risk in Asia remains, as companies continue to navigate their way through the crisis. We continue to remain cognizant of both systemic and idiosyncratic risks while seeking out attractive opportunities and believe that bottom-up credit selection will be key in generating further returns going forward. We favour markets such as China for its superior COVID-19 containment underpinning growth and relatively attractive yields in single-A space, and Indonesia for its compelling yields and credit rating resilience.

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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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