

# 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 30.22 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.743	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (July 31, 2021)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.46%	-2.73%	-3.06%	16.59%	6.28%	74.30%
Annualized	n.a.	n.a.	-3.06%	5.25%	1.23%	4.62%

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

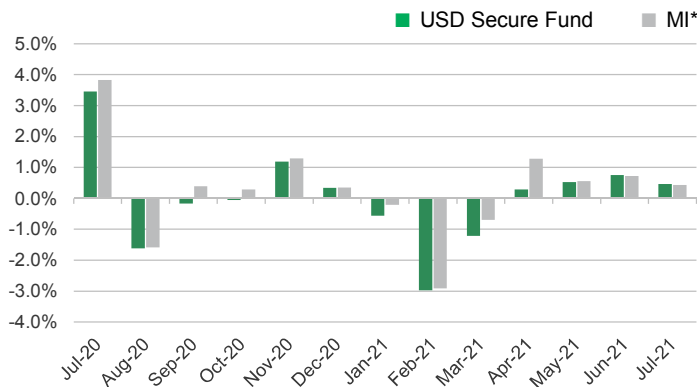


## Top Five Holdings

ROP 06/10/31	9.84%
ROP 02/02/30	6.75%
ROP 01/14/31	6.44%
ROP 09/25/24	5.85%
ROP 10/23/34	5.77%

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 fell amid resurgence of domestic COVID-19 cases, concerns over weaker growth prospects and the FOMC minutes does not signal imminent tapering. The more transmissible Delta variant made up over 80% of new COVID-19 infections in the US, casting shadow on economic recovery. On the economic data front, US Q2 GDP rose 6.5% y/y, while personal consumption expenditures (PCE) rose 0.4% in June, both below market expectations, paring back some expectations that the Fed would taper soon. Over the period, the 10-year Treasury yield moved lower to 1.22% from 1.47%. 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 owing to 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 15bps. The J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 0.46% in US dollar terms. Idiosyncratic credit headlines of a renowned Chinese high yield property facing a potential restructuring scenario continued to take limelight, whilst Chinese investment-grade property space was relatively resilient. Chinese education credit underperformed amid recent measures to limit the “after-school-tutoring” sector’s profit making. Credit spreads of Chinese internet credit widened moderately, amid regulatory moves on various sectors, including education (limited to after-school-tutoring) and internet sectors, are surrounding the theme to strengthen government control and to enhance social security. Primary market activity was generally active despite the softened sentiment with mixed performance.

## Outlook

US economic recovery trajectory is expected to extend amid steady vaccine rollout, despite higher number of COVID-19 cases due to new variants. With hospitalization and fatality rates under control, investors are turning their focus to economic recovery and strong corporate earnings. Default rates year-to-date also came lower than previously expected amid abundant global liquidity. We continue to expect the Fed to maintain a relatively accommodative monetary policy amid slack in US labour market and commitment to its average inflation targeting policy framework. Furthermore, the Fed and other central banks are more inclined to keep interest rate volatility low and for financial conditions to remain stable to promote economic recovery. Most North Asian economies fared better in terms of economic recovery compared to South Asian counterparts. While we are not overly concerned over the new COVID-19 variants on Asian bond markets, we 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.

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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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