

# 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 29.65 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.754	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (August 31, 2021)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.63%	-2.12%	-0.85%	17.17%	7.15%	75.40%
Annualized	n.a.	n.a.	-0.85%	5.42%	1.39%	4.64%

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

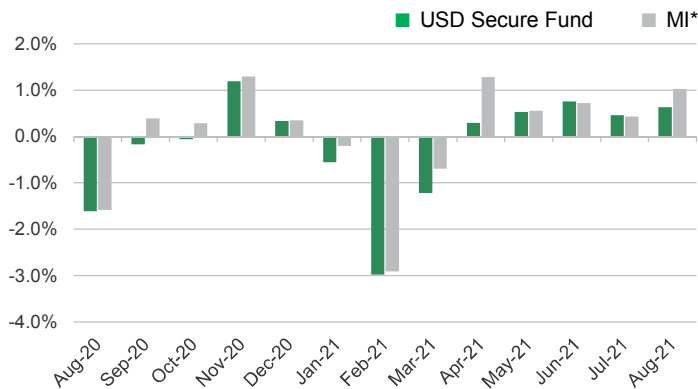


## Top Five Holdings

ROP 06/10/31	10.13%
ROP 02/02/30	6.90%
ROP 01/14/31	6.57%
ROP 10/23/34	5.90%
ROP 09/25/24	5.89%

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

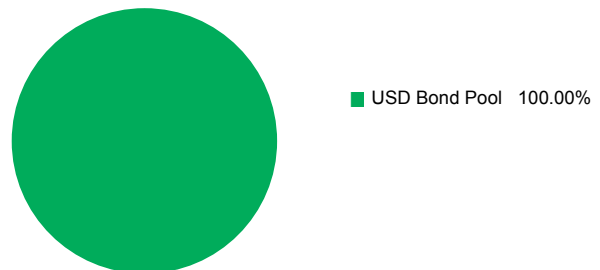
## Monthly Performance



\*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.

# USD Secure Fund

## Market Review

In the United States, Treasury yields moved higher on the back of positive economic data and expectations that the Federal Reserve (Fed) could taper bond purchases sooner. On the economic data front, unemployment rate fell by 0.5% month-on-month to 5.4% in July, better than market expectation and hit the lowest since March 2020. Towards end of the month, Fed Chairman Powell's dovish tone sent yields retracing slightly lower as he hinted at tapering bond purchases by year-end while interest rates to stay put with "much ground to cover". Over the period, the 10-year Treasury yield moved higher to 1.31% from 1.22%, whilst Philippine dollar-denominated (ROP) bond yields also rose tracking the US Treasury yield movement.

Asian investment grade credit markets posted positive returns over the month owing to tighter credit spreads and positive carry, offsetting higher US Treasury yields. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 18bps; the JP Morgan Asian Investment Grade Corporate Bond Index increased by 0.97% in US dollar terms. China IG credit outperformed as investor sentiment broadly improved on the back of Huarong recapitalization news, and the bear case scenario of an unorderly default is likely avoided for now. Meituan, a Chinese food delivery giant was fined around US\$1 billion for antitrust probe amid regulatory tightening; its bond price somewhat recovered over the month amid buying activities from a strong investor base. A US-based gaming issuer with Malaysian parentage was downgraded from BBB- to BB+ by S&P – remains rated BBB- by Fitch, resulting in a split credit rating– amid increasing concerns over the COVID-19 delta variant. Malaysia gaming bonds subsequently recovered most of the lost grounds on the back of buying activity by investors amid attractive valuations. Over the month, primary market activity was quiet, and we expect stronger pipeline in September after summer holiday.

## 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. The Fed may be building the foundation for tapering to manage market expectations, at the same time likely 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. North Asian economies generally fared better in terms of economic recovery compared to South Asian counterparts, whilst we are not overly concerned over the new COVID-19 variants on Asian bond markets. On the other hand, the potential restructuring of Evergrande is likely to remain an overhang on the property sector, we view it as an idiosyncratic risk rather than systemic, with limited impact on IG property developers. Whilst the recent regulatory intervention in China have exceeded market expectations and triggered weakened sentiment towards Chinese assets, we believe the impact is more contained for China credit as most issuers have a robust financial profile. Overall, 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.

---

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.

The information and/or analysis contained in this material have been compiled or arrived at from sources believed to be reliable but The Manufacturers Life Insurance Co. (Phils.), Inc. ("Manulife Philippines") does not make any representation as to their accuracy, correctness, usefulness or completeness and does not accept liability for any loss arising from the use hereof or the information and/or analysis contained herein. 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. Neither Manulife Philippines or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein.

The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here. The information in this material including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. This material was prepared solely for informational purposes and does not constitute a recommendation, professional advice, an offer, solicitation or an invitation by or on behalf of Manulife Philippines to any person to buy or sell any security. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Nothing in this material constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Past performance is not an indication of future results.

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and used by it and its affiliates including Manulife Financial Corporation.