

# USD Secure Fund

An investment fund option for **Affluence Max, Affluence Max Gold, Affluence Builder Series, Horizons** and **FlexiSure** 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 31.60 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.782	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (January 31, 2021)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.56%	-0.56%	4.15%	16.09%	15.71%	78.20%
Annualized	n.a.	n.a.	4.15%	5.10%	2.96%	5.02%

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

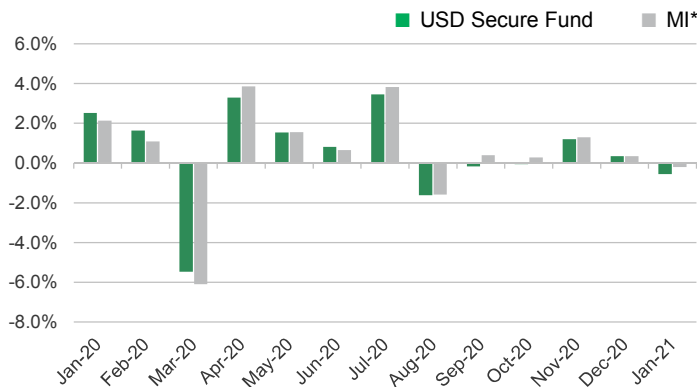


## Top Five Holdings

ROP 06/10/31	9.62%
ROP 02/02/30	6.72%
ROP 01/14/31	6.36%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	5.76%
ROP 10/23/34	5.68%

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 after the Democrats captured two Senate seats in Georgia, confirming the party's control of US Congress and potentially a more robust fiscal policy response as domestic COVID-19 cases surged. Economic data were mixed in December; retail sales were lower by 0.7% (seasonally adjusted, month-on-month), below market expectations, while unemployment remained flat at 6.7% from the previous month. Towards the end of the period, Treasury yields retreated amid potential roadblocks to Joe Biden's proposed US\$1.9 trillion stimulus package. Overall, the 10-year Treasury yield rose to 1.07% from 0.91% over the period, whilst Philippine dollar-denominated (ROP) bond yields rose generally tracking the US Treasury yield movement.

Asian investment grade credit markets posted flat-to-positive returns for the month primary due to tightened credit spreads and positive carry, offsetting the higher US Treasury yields. China credit on the US sanction list generally outperformed by credit spread terms, as the Biden administration delayed the investment ban, originally imposed Donald Trump, for some companies to 27 May. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 7bps. The J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 0.06% in US dollar terms. Primary issuance activity picked up immediately from a quiet year-end, from a diverse group of financial and corporate issuers across Asia. New issue performance was mixed as investors were largely being more selective amid massive supply.

## Outlook

North Asian economies demonstrated relatively better containment of COVID-19, which we believe is supportive for the region. Despite the implementation of large-scale vaccination program in major economies, we remained cautious of the wave of infections in Winter and viral mutations, as we see an increase in COVID-19 cases in US and Europe. Overall, we believe the accommodative monetary policies from global central banks are supportive for range bound US Treasury yields. We expect global and Asian investment grade credit markets to remain supported, though the pace and magnitude for further credit spread compression could ease given the rally from March last year. We believe Asia's resilient underlying fundamentals, strong government sponsorship in the corporate sector and relatively higher yields than 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, especially if much needed fiscal stimulus fails to materialize and if there is a negative turn in the COVID-19 vaccine developments. 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 in this low yielding environment. 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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