

# 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><br>April 2009  | <b>Fund Size</b><br>USD 22.39 million    | <b>Fund Currency</b><br>US dollar  | <b>Dealing/Valuation</b><br>Daily |
| <b>Price (NAV/unit)</b><br>USD 1.518 | <b>Management Fee</b><br>2.00% per annum | <b>Bloomberg Ticker</b><br>MPUSSEC |                                   |

## Performance Return (August 31, 2022)

| USD Secure Fund<br>(net of management fee) | 1 Month | YTD     | 1 Year  | 3 Years | 5 Years | Since Inception |
|--|---------|---------|---------|---------|---------|-----------------|
| Absolute                                   | -0.98%  | -12.36% | -13.45% | -10.60% | -3.07%  | 51.80%          |
| Annualized                                 | n.a.    | n.a.    | -13.45% | -3.67%  | -0.62%  | 3.17%           |

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

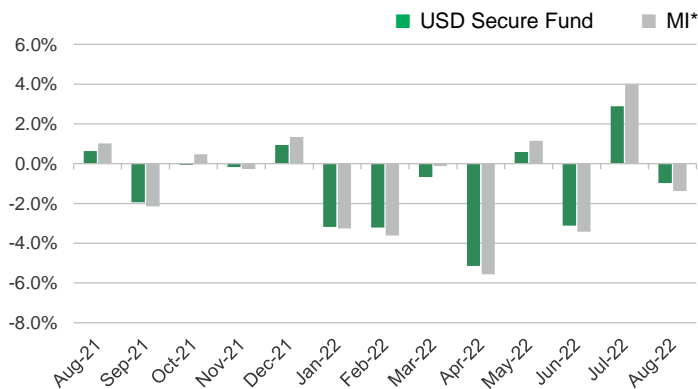


## Top Five Holdings

|              |        |
|--------------|--------|
| ROP 06/10/31 | 11.08% |
| ROP 01/20/40 | 10.39% |
| ROP 02/02/30 | 7.47%  |
| ROP 01/14/31 | 7.04%  |
| ROP 10/23/34 | 6.15%  |

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

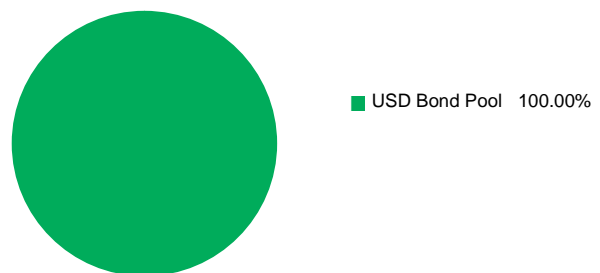
## Monthly Performance



\*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, the US Treasury yields surged higher on the back of hawkish comments by Federal Reserve Chairman Jay Powell at the annual Jackson Hole conference that interest rates would remain high 'for some time' to combat inflation. On the economic front, inflation grew by 8.5% year-on-year in July; non-farm payroll increased by 528k in July, up from 293k in June and better than market estimates as 250k. Over the month, the 10-year Treasury yield ended higher from 2.65% to 3.19%, whilst Philippine dollar-denominated (ROP) bond yields followed US Treasury yield higher.

Asian investment grade (IG) credit posted negative return in August driven by higher US Treasury yields more than offsetting tighter credit spread. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 47bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 0.57% in US dollar terms. During the month, Asian IG credits overall traded on a positive tone in credit spread terms and outperforming global equities despite heightened recessionary fears. The credit spread tightening was led by Southeast Asia credits with sovereigns spread reaching new low since May. In China, People's Bank of China (PBoC) has cut interest of its 1-year medium-term lending rate and 7-day reverse repo rate by 10bps for the second time this year. Property space saw recovery driven by rate cuts and further actions from governments to support developers on state-guaranteed bond issuance. Technology space also traded tighter as talks to avoid the delisting from US stock exchange showed progress according to a media report.

## Outlook

Aggressive developed market central bank's monetary policy response will negatively impact global growth outlook with stagflation risk building. On the other hand, with relatively benign inflation environment and resilient supply-chain in Asia, we expect Asian central banks to generally normalize its monetary policy at a more gradual pace than developed markets. In the near term, we believe increasing geopolitical developments could impact global investors' sentiment. China's zero COVID-19 policy is making the 5.5% GDP target more challenging to achieve. Whilst the physical property sector remains stressed leading to dramatic repricing to the China property credit market, we believe further policy measures are needed to have a positive impact on China's physical property market. Segments of Asia ex-China credit space is also attractive, as these issuers are trading at relatively attractive levels on an absolute yield basis after the correction among global credits spurred by rising macro headwinds and weak sentiment globally.

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The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Investment 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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