

# 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 26.17 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.677	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (January 31, 2022)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-3.18%	-3.18%	-5.89%	9.11%	10.77%	67.70%
Annualized	n.a.	n.a.	-5.89%	2.95%	2.07%	4.12%

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

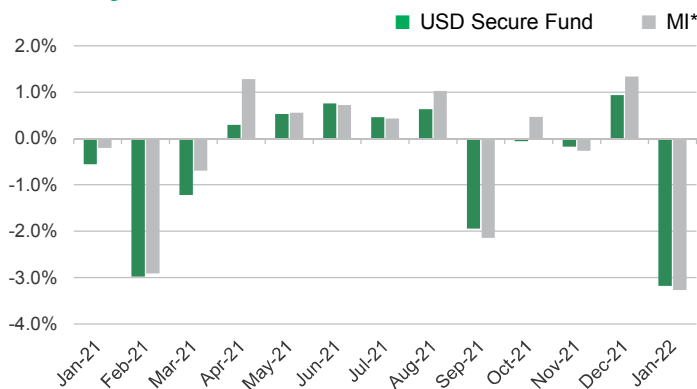


## Top Five Holdings

ROP 06/10/31	10.60%
ROP 02/02/30	7.28%
ROP 01/14/31	6.89%
ROP 09/25/24	6.29%
ROP 10/23/34	6.17%

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

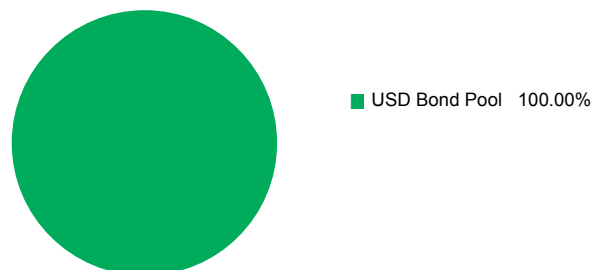
## Monthly Performance



\*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 materially higher over the month driven by positive economic data and the Federal Reserve's (Fed) hawkish pivot. Consumer price inflation climbed 7% year-on-year in December, the highest rate in nearly 40 years, while the fourth quarter GDP grew by 6.9% (quarter-on-quarter, annualised), beating market estimates. On the monetary policy front, the Fed reaffirmed plans to end its bond purchase programme in March and signalled March rate hike with "quite a lot of room" to raise rates without threatening the labour market. Over the month, the 10-year Treasury yield trended higher from 1.51% to 1.78%, and Philippine dollar-denominated (ROP) bond yields followed US Treasury yield higher.

Asian investment grade (IG) credit markets posted negative returns over the month mainly owing to higher US Treasury yields. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index widened by 2bps; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 1.55% in US dollar terms. In the China property space, bond price actions across the credit curve were volatile in the beginning of the month as more developers proposed exchange offers and growing concerns on refinancing ahead of maturity. This was soon followed by a rebound amid headlines the regulator is drafting rules that will give developers more access to presale funds in escrow accounts, echoing China macro loosening policy via loan prime rates cut. The primary market was packed with new issuances from a diverse group of issuers across Asia ahead of Chinese New Year, including several jumbo deals. Notably, the new issuance of a China asset management company managed to perform which supported the rest of the sector tighter in the secondary market.

## Outlook

Above trend US economic growth, a high prevailing level of inflation, and Fed normalization should support a higher US yield curve environment. However, fiscal drag will contribute to a more moderate growth outlook in the second half of 2022. North Asian economies have generally fared better in terms of economic recovery compared to South Asian counterparts last year. Increasingly more South Asian economies are adopting a coexisting approach with COVID-19, reopening borders with higher vaccination rates and could be positive for their growth trajectories. However, the widespread of Omicron variant remains an uncertainty. In China, the property sector was heavily sold off last year due to negative news flow and concerns about rising defaults. This year, we are likely to see greater consolidation in the sector and believe the market has priced in excessive default risks. Many quality companies are now being offered at compelling valuations; we see it an opportune time and environment for active investors to navigate the cycle, as market weakness is likely to bring out value opportunities in fundamentally strong issuers. 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.

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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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