

# 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 22.28 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.490	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (June 30, 2022)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-3.12%	-13.97%	-14.12%	-9.09%	-4.06%	49.00%
Annualized	n.a.	n.a.	-14.12%	-3.13%	-0.82%	3.07%

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

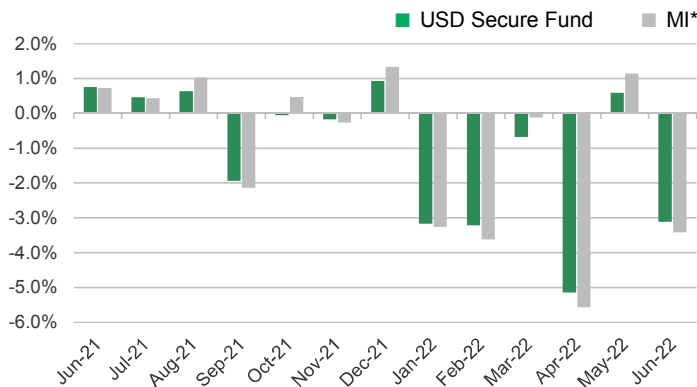


## Top Five Holdings

ROP 06/10/31	10.80%
ROP 01/20/40	9.97%
ROP 02/02/30	7.35%
ROP 01/14/31	6.98%
ROP 10/23/34	6.07%

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

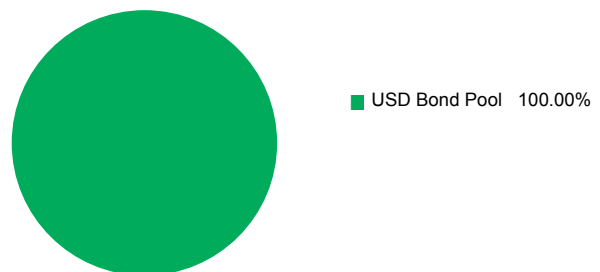
## Monthly Performance



\*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 Federal Reserve hiked interest rates by 75bps, its largest hike since 1994, to a range of 1.50% to 1.75%. The Federal Reserve also began shrinking its balance sheet to help curb inflation. The US yield curve flattened, reflecting the building expectations of a more aggressive Fed tightening path while market weighed on higher risk of an economic hard landing scenario. On the economic front, fears of stagflation deepened as inflation remained historically elevated at 8.6% year-on-year, an uptick from 8.3% last month. Non-farm payroll increased by 390k in May, down from 436k in April but better than market estimates. Over the month, the 10-year Treasury yield trended higher from 2.84% to 3.01%, whilst Philippine dollar-denominated (ROP) bond yields followed US Treasury yield higher.

Asian investment grade (IG) credit markets posted negative returns in June mainly driven by higher US Treasury yields, but partly offset by positive carry. 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 1.39% in US dollar terms. During the month, Asian credit markets traded on a softer tone while outperforming global dollar credits amid broad risk-off sentiment and heightened US rates volatility. Higher credit quality credits from markets such as South Korea and Singapore generally outperformed its Asia peers. China and Hong Kong credits held up relatively well as local sentiment was buoyed with easing COVID-19 restrictions. Primary market activity slowly resumed in June with deals coming from various countries and sectors. We expect the primary market to remain active in July.

## Outlook

The Russia-Ukraine situation remains fluid, but we expect to see mostly indirect impact on Asia fixed income. We believe Asia's credit fundamentals remain largely intact and supported by strengthened local and international investor base. Having said that, in the near term, investment sentiment should remain driven by global risk appetite and further geopolitical developments. In China, the physical property market is showing early signs of stabilization – June showed weekly gains, a narrowing of the year-on-year decline – as easing measures work their way through the system. China's Politburo pledges to step up policy support and more cities announced property policy relaxation are positive developments for the slowing economy, though we would continue to monitor for more concrete measures from the central government. Overall, we expect 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. 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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