

# 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 30.70 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.698	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (April 30, 2020)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	3.28%	1.74%	7.47%	10.55%	10.12%	69.80%
Annualized	n.a.	n.a.	7.47%	3.40%	1.95%	4.91%

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

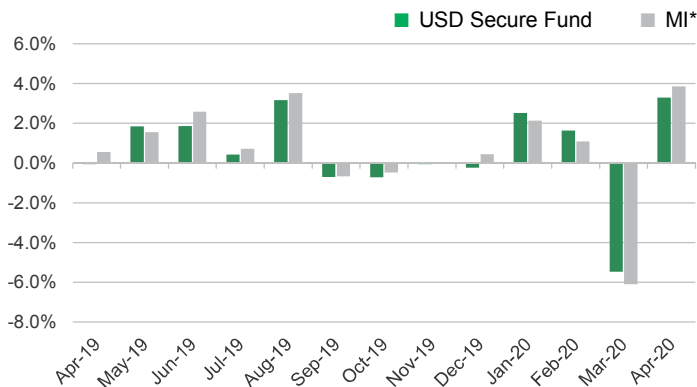


## Top Five Holdings

ROP 02/02/30	6.98%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	6.47%
ROP 01/14/31	6.23%
ROP 10/23/34	5.67%
ROP 01/20/40	5.48%

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

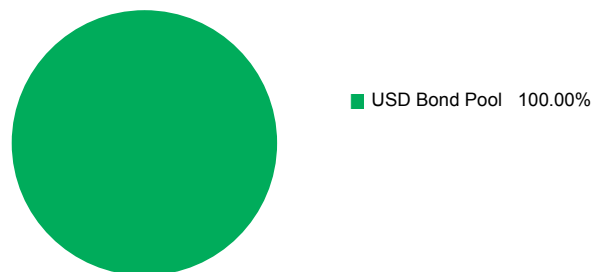
## Monthly Performance



\*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

After a wave of indiscriminate selling in March, most global risk assets rebounded in April. In the United States, Treasury yields were slightly lower as the Federal Reserve (Fed) announced new policies to support the economy and financial markets. The 10-year US Treasury yield fell from 0.67% to 0.64% over the period. The Philippine dollar-denominated (ROP) bond yields fell over the period as global markets stabilized and sentiment improved. Fed Chairman Jerome Powell reiterated the central bank would “do whatever it takes” to keep the economy away from collapsing and expanded the scope of bond-buying programme to include some “fallen angels” downgraded from investment-grade to high-yield since 22 March 2020. Economic data showed the initial toll of the pandemic; US first-quarter GDP contracted by 4.8% quarter-on-quarter, while the March unemployment rate increased to 4.4% from 3.5% in the prior month. Oil prices plunged into negative territory for the first time in history; the West Texas Intermediate (WTI) May contract fell to a record low of around negative US\$40 per barrel, as global lockdowns dried up oil demand and trading activity to avoid delivery of physical oil and subsequent storage costs. The OPEC+ agreed to slash oil outputs by 9.7 million barrels per day, which represents about 10% of global supply.

Asian investment grade credit markets posted positive returns for the month primarily due to positive carry, whilst US Treasury yields and credit spreads was generally stable over the period. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index was unchanged over the month. Indian credit generally outperformed in spreads terms, as they retraced after significant credit spread widening from the indiscriminate selling in the prior month. The JP Morgan Asian Investment Grade Corporate Bond Index increased by 0.74% in US dollar terms. Asian credit issuers gradually returned to the primary market; we saw new issues from Indonesian and Philippines sovereign, as well as some high quality Asian investment grade issuers, whilst performance was decent against re-offer with two-way interest.

## Outlook

Global economic activity is expected to face pressure from the pandemic and containment measures. Within Asia, we believe the Chinese government and other Asian economies will introduce additional monetary easing and fiscal support as counter-cyclical measures, which should provide a positive backdrop for the high-quality Asian fixed income segment. Our base case for Asian credit is a gradual broad stabilization in credit spreads, while sectors such as energy will require close monitoring for credit risk. Overall, we believe the impact on Chinese credits is manageable in the near term, underpinned by strong government tie. We continue to monitor the situation carefully and remain cautiously optimistic in the medium term. We have made some idiosyncratic adjustments in credit and added selective high quality Southeast Asian state-owned enterprises aim to benefit from a gradual recovery in attractively valued companies. We expect the current market dislocation, combined with global monetary and fiscal stimulus, to trigger compelling long-term buying opportunities in fundamentally sound Asian credits and currencies.

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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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