

# 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 30.49 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.724	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSSEC	

## Performance Return (May 31, 2020)

USD Secure Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.53%	3.30%	7.15%	11.88%	12.53%	72.40%
Annualized	n.a.	n.a.	7.15%	3.81%	2.39%	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

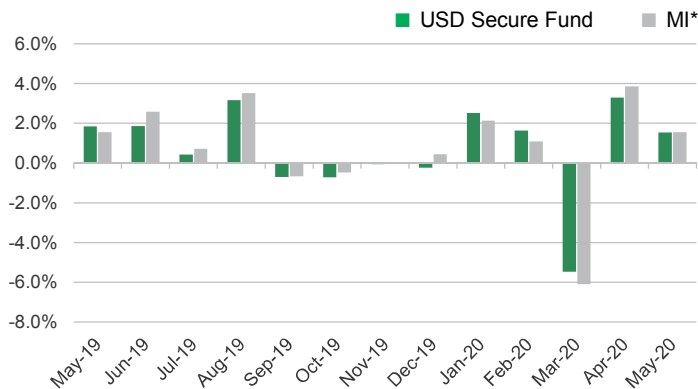


## Top Five Holdings

ROP 02/02/30	7.14%
BANK OF PHILIPPINE ISLAN SER EMTN (REG) (REG S) 4.25% 04SEP2023 09/04/23	6.61%
ROP 01/14/31	6.35%
ROP 10/23/34	5.73%
ROP 01/20/40	5.57%

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

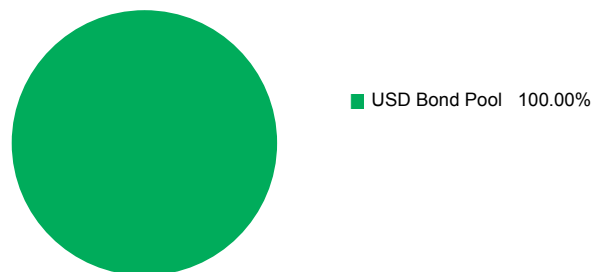
## Monthly Performance



\*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 were range trading in May as countervailing forces dominated the Treasury market. US Treasury yields generally rose on the back of the slowdown of new COVID-19 cases, optimism over COVID-19 vaccine and gradual reopening of businesses. However, yields retraced to lower levels towards the end of the month amid re-escalating US-China tensions. US economic data released over the period continued to show the toll of the pandemic; April unemployment rate surged to 14.7%, the highest level since the Great Depression. The 10-year US Treasury yield stayed relatively unchanged at 0.65% over the period. Whilst, the Philippine dollar-denominated (ROP) bond yields fell over the period as global investor's sentiment continued to improve.

Asian investment grade credit markets posted positive returns for the month primarily due to positive carry and tighter credit spreads over the period. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 12bps. Indonesian sovereign and state-owned-enterprise credit generally outperformed in spreads terms amid improved investors risk sentiment and stable US Treasury yields. The JP Morgan Asian Investment Grade Corporate Bond Index increased by 1.38% in US dollar terms. Asian credit issuers continued to return to the primary market, whilst most new issues generally performed well. New issues from high quality Chinese companies in the insurance and technology sectors were notably well received by market participants.

## Outlook

Global economic activity is expected to gradually resume as COVID-19 infection rates have generally fallen and some countries have begun or planning to reopen their economies. From the combination of a favourable global interest rate environment and programs from Federal Reserve and other central banks to stabilize financial markets, we expect global and Asian investment grade credit markets to continue to recover in the coming months. Asian credit consists of some state-owned-enterprises which can benefit from potential government support and typically feature relatively lower fallen angel risks. Furthermore, Asian credit has a relatively lower exposure to the commodities' sector compared to global credit and is expected to remain more resilient amid a global economic slowdown. We expect primary market pipeline to continue to hold up and provide opportunities predominately with Asian high grade issuers. Overall, we believe current valuations of Asian investment grade credit are attractive in the global context, considering Asia's more resilient underlying fundamentals and strong government support in the corporate sector.

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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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