

USD Asia Pacific Bond Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

Investment Objective

The Fund aims to maximize total return by investing substantially all of its assets in one or more collective investment schemes. The collective investment scheme aims to provide investors with income and/or long-term capital appreciation through investing primarily in a portfolio of debt securities issued or guaranteed by governments, agencies, supra-nationals and corporations in Asia (which shall include Australia and New Zealand).

Fund Information

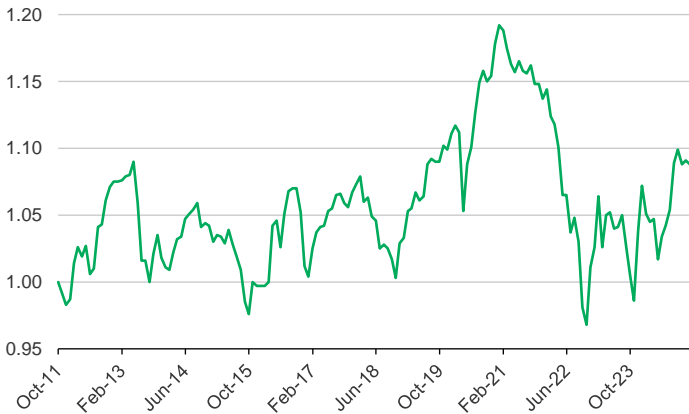
Inception Date October 2011	Fund Size USD 9.85 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.088	Management Fee 2.00% per annum	Bloomberg Ticker MPUSAPB	

Performance Return (December 31, 2024)

USD Asia Pacific Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.27%	1.49%	1.49%	-4.90%	-2.07%	8.80%
Annualized	n.a.	n.a.	1.49%	-1.66%	-0.42%	0.64%

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.

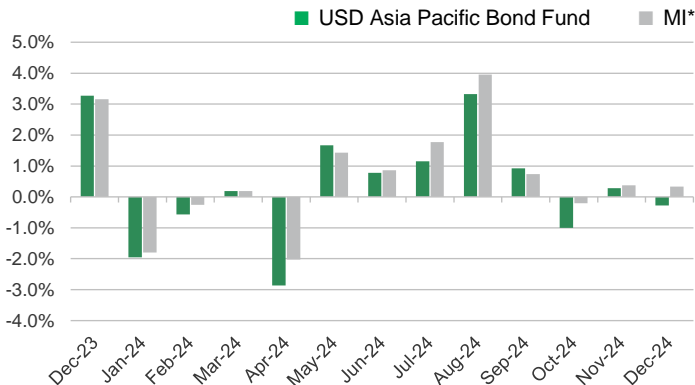
Monthly Net Asset Value per Unit



Top Five Holdings

Khazanah Global Sukuk Bhd 4.687% 06/01/2028	2.08%
Rizal Commercial Banking Corp 5.5% 01/18/2029	1.72%
SK Hynix Inc 5.5% 01/16/2029	1.72%
SMRC Automotive Holdings Netherlands BV 5.625% 07/11/2029	1.71%
Hyundai Card Co Ltd 5.75% 04/24/2029	1.71%

Monthly Performance

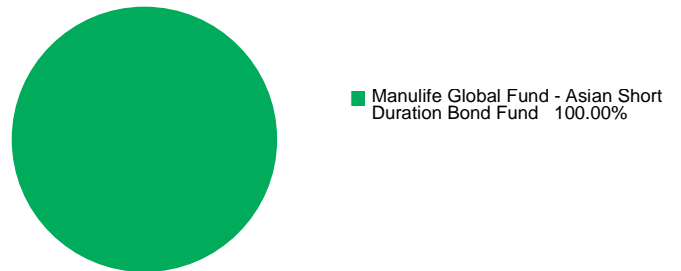


*Market Indicator = JACI Investment Grade 1-3 Years Index

This is not a deposit product. Earnings are not assured and principal amount invested is exposed to risk of loss. This product cannot be sold to you unless its benefits and risks have been thoroughly explained. If you do not fully understand this product, do not purchase or invest in it.

Portfolio Breakdown

Asset Allocation (at Market Value)



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Market Review

In the United States, the US Treasury yield curve normalized and returned to an upward-sloping shape following the US Federal Reserve's (Fed) third interest rate cut of the year. The December Federal Open Market Committee (FOMC) meeting was generally considered hawkish, as the dot plot reflected a median projection of only two 25 bps rate cuts for 2025 (compared to the three expected by consensus) and the Fed sent a clear message that it intended to slow the pace of rate cuts next year, although the magnitude of the December rate cut – 25 bps – was in-line with market expectations. As a result, the US Treasury yield curve steepened, with the 2-year/10-year spread, a proxy for the slope of the curve, widened to its widest levels since May 2022. On the fiscal side, the government averted a shutdown ahead of the holidays as Congress passed a spending extension until March 2025, with Republican leaders looking to raise the debt limit by USD 1.5 trillion and cut spending by USD 2.5 trillion over 10 years in a reconciliation bill next year. Economic data was generally mixed for the month of November, with non-farm payrolls increasing slightly more than expected by 227,000, while core personal consumption expenditure, personal income, and personal spending all coming in softer-than-expected. Over the period, the 10-year US Treasury yield rose from 4.17% to 4.57%.

In China, Caixin Manufacturing Purchasing Managers Index (PMI) rose to 51.5 in November from 50.3 in October, moving further into expansionary territory (reading above '50') on the back of stronger purchasing and production activities. During the December Politburo meeting and Central Economic Work Conference, the policymakers announced to adopt a "moderately loose" monetary policy for 2025, marking the most dovish stance since 2010, and indicated the central government to maintain a pro-growth and easing tone with pledges of more fiscal and monetary support. China local government bond yields trended lower over the period. In India, Sanjay Malhotra, who previously served as Revenue Secretary at the Finance Ministry, was appointed as a new Reserve Bank of India (RBI) governor replacing Shaktikanta Das; the consensus view is that the new governor will be more pro-growth, increasing the likelihood of monetary policy easing in the near term. Over the month, the RBI kept the repo rate unchanged at 6.50%. The inflation softened compared to the prior month and came at 5.48% year-on-year in November. Indian government bond yields trended higher over the period. In Indonesia, Bank Indonesia (BI) kept its key interest rate unchanged at 6.00%. Inflation has been moderated at 1.55% year-on-year in November. Indonesia government bond yields trended higher over the period.

Asian investment grade (IG) credits posted negative performance for the month mainly driven by higher US Treasury yields, despite tighter credit spreads. Credit spreads on the J.P. Morgan Investment Grade Corporate Bond Index tightened by 3bps over the month; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 0.58%. Chinese credits, particularly in the quasi-sovereign and financial sectors, fared relatively better following the December Politburo and Central Economic Work Conference (CEWC) meetings, where policymakers strengthened their pro-growth stance, focusing more on domestic demand, and pledged to stabilize the property sector. On the other side, South Korea, especially the higher-beta names, underperformed on the back of political volatility; however, no material spillover to other parts of the market was seen. New issue activities were muted given the year-end seasonality, with some primary activities in Hong Kong, Australia, and South Korea.

Most of the major Asian currencies depreciated against the US dollar in December amid a recent strong USD environment. The Philippine peso was a regional outperformer amid the strong year-end overseas remittance inflows. In contrast, the South Korean won underperformed amid the political instability over the month, which President Yoon Suk-yeol was impeached for a political gambit to temporarily enact martial law earlier in the month, followed by a parliamentary vote later to also impeach the prime minister.

Outlook

A new phase of the monetary cycle has begun following the US Federal Reserve (Fed)'s long-awaited rate cut back in September 2024, and we believe Asian Fixed Income will play a greater role this year as it provides attractive carry and all-in yields as well as diversification benefits. Trump's second term in the office will likely trigger volatility from the uncertainty around his trade policy in the region. Thus, active management will be key in navigating this persistently uncertain market environment. In Asia ex-China region, we view Asian central banks, such as India, Indonesia, South Korea and Philippines, to have room to continue its rate cutting in 2025 amid benign inflationary environment. In China, the policymakers have proactively rolled out series of supportive measures since September, and further strengthened their pro-growth stance with pledges of further fiscal and monetary policies during the December meetings. The authorities are also expected to provide more indications on both economic growth target and fiscal budget forecast for 2025 during the March NPC meeting. We expect the government to step up stimulus measures in 2025 to stabilize the property market, address local government debt pressures and boost consumption, in response to sluggish economic data and volatility from the uncertainty around Trump's tariff plan.

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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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