

# 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

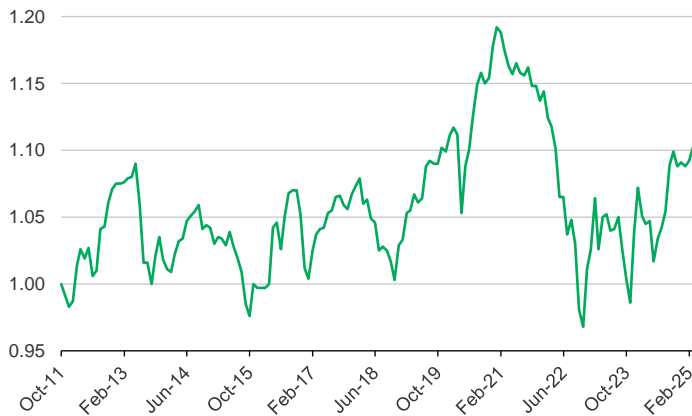
<b>Inception Date</b> October 2011	<b>Fund Size</b> USD 9.85 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.102	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSAPB	

## Performance Return (February 28, 2025)

USD Asia Pacific Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.92%	1.29%	5.45%	-1.43%	-0.90%	10.20%
Annualized	n.a.	n.a.	5.45%	-0.48%	-0.18%	0.73%

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.

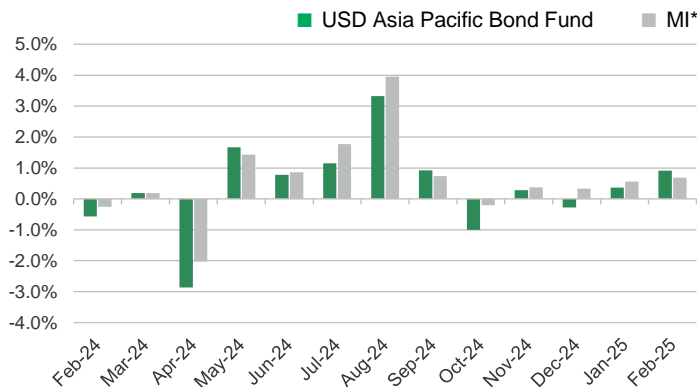
## Monthly Net Asset Value per Unit



## Top Five Holdings

Khazanah Global Sukuk Bhd 4.687% 06/01/2028	2.07%
Hyundai Card Co Ltd 5.75% 04/24/2029	1.73%
Metropolitan Bank & Trust Co 5.375% 03/06/2029	1.72%
China Cinda 2020 I Management Ltd 5.75% 05/28/2029	1.72%
Bangkok Bank PCL/Hong Kong 5.3% 09/21/2028	1.71%

## Monthly Performance

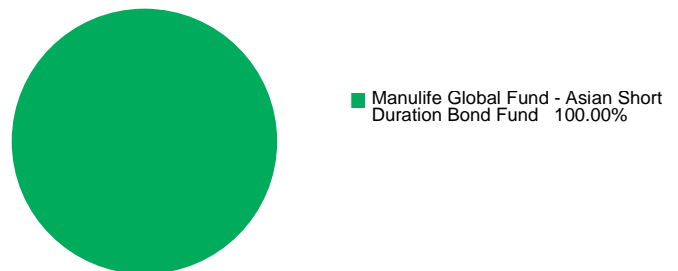


\*Market Indicator = JACI Investment Grade 1-3 Years Index

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)



Manulife Global Fund - Asian Short Duration Bond Fund 100.00%

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## Market Review

In the United States, US Treasury yields fell across most tenors for the month of February as more signs of a slowing US economy emerged, particularly in the services sector, and as tariff-related headlines resurfaced. The preliminary reading of the S&P Global US Services Purchasing Managers' Index (PMI) for February fell into contraction territory (at 49.7) for the first time in two years, raising concerns about the health of the US economy, and US consumer confidence -- as reflected in both the Conference Board Consumer Confidence and University of Michigan Sentiment indicators -- weakened for a second consecutive month. Towards the end of the month, US President Donald Trump indicated that the proposed 25% tariffs on the imports of its neighbouring countries Canada and Mexico would take effect on the first week of March and additionally imposed extra tariffs on imports from China. With regard to the Fed's dual mandate, inflation for the month of January came in-line with market expectations, using the Fed's preferred metric of core personal consumption expenditure (PCE), while change in nonfarm payrolls came in weaker than expected at 143k (vs. expectations of 175k). Fed Chair Jerome Powell reiterated that the Federal Open Market Committee (FOMC) was in no hurry to adjust its policy stance. Over the period, the 10-year US Treasury yield declined by 33bps, from 4.54% to 4.21%.

In China, Caixin Manufacturing Purchasing Managers Index (PMI) declined to 50.1 in January from 50.5 in December, remaining in expansionary territory (reading greater than '50') on the back of improved purchasing and business sentiment despite increased inventory. On 1st February, US President Trump imposed a 10% tariff on imports from China; China then unveiled a series of retaliatory measures, including its tariffs of up to 15% on some US products. China local government bond yields trended higher over the period. In India, the Reserve Bank of India (RBI) cut its repurchase rate by 25bps to 6.25% for the first time since the covid pandemic, which was in line with market estimates. The committee maintained a neutral policy stance, hinting a cautious approach amid global uncertainties and inflation risks. On the economic front, inflation softened compared to the prior month and came at 4.31% year-on-year in January. Q4 GDP rose by 6.2% year-on-year, showing an uptick from the prior quarter mainly driven by the accelerating consumption demand. Indian government bond yields trended higher over the period. In Indonesia, the government announced a new program to issue property-linked bonds to support subsidized housing, with Bank Indonesia (BI) set to finance the program by repurchasing these bonds in the secondary market. Alongside the sovereign fund setup earlier this month to support various government initiatives, this new property bond program has added to bond investors' concerns. Over the month, BI held its key interest rate unchanged at 5.75% as market expected. Inflation has been moderated at 0.76% year-on-year in January. Q4 GDP rose by 5.02%, which was above market estimates and driven by household spending and investment. Indonesia government bond yields trended lower over the period.

Asian dollar investment grade (IG) credits posted positive returns for the month driven by lower US Treasury yields and stable carry. The J.P. Morgan JACI Investment Grade Corporate Bond index rose by 1.53% while aggregate IG corporate credit spreads remained little changed over the month. Chinese credits contributed most to index-level returns ahead of China's 2025 "Two Sessions" meeting on the first week of March, as positive momentum from the tailwinds of the government's pro-growth stance persisted. In addition, Chinese TMT credits rose on the back of DeepSeek's emergence as a credible competitor to global Artificial Intelligence (AI) peers, as well as President Xi's reiteration of the government's supportive stance towards the private sector in a meeting with business leaders including Jack Ma and Wenfeng Liang. Elsewhere, Indonesian credits were another key contributor to index-level returns; Indonesia's real GDP growth edged up to 5.0% year-on-year in Q4 and as Governor Perry Warjiyo said there was room for Bank Indonesia to cut interest rates further to support economic growth. The dollar IG primary market was active during the month, with sizeable issuances from Japan and New Zealand financial institutions, as well as from BHP Group.

Asian currencies had mixed performance against the US dollar in February. Philippines peso was a regional outperformer, recouping some of its year-to-date underperformance and benefitting from a regulatory change allowing foreigners to own a higher percentage in Jollibee stocks. In contrast, Indonesian rupiah underperformed amid the heightened bond investor concern after the announcement of the new property-linked bonds program.

## Outlook

Asian Fixed Income currently provides investors with attractive carry and all-in yields relative to global peers, which can potentially serve as a buffer against market uncertainties while offering diversification benefits. Since Inauguration Day, the new US administration has signed a series of executive orders, many of which were targeted towards immigration; has begun reducing the size of the government, to increase efficiency; and has announced tariffs on its key trading partners, including China, Canada, and Mexico. We believe policy uncertainties will persist and will likely trigger further market volatility; hence, active management will be key to navigating the persistently uncertain market environment in the upcoming months. In Asia ex-China, we believe that certain central banks, including India, Indonesia, South Korea and Philippines, have room to continue their rate cut cycles in 2025 amid benign inflation, which should provide a supportive macro backdrop for the region. In China, policymakers have strengthened their pro-growth stance with pledges of further fiscal and monetary support. Chinese authorities are expected to provide more indications on both economic growth targets and fiscal budget forecasts for 2025 during the March National People's Congress (NPC) meeting. We expect the government to step up stimulus measures to stabilize the property market, address local government debt pressures and boost consumption, in response to sluggish economic data and volatility from the uncertainties around the US' tariff plans.

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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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