

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

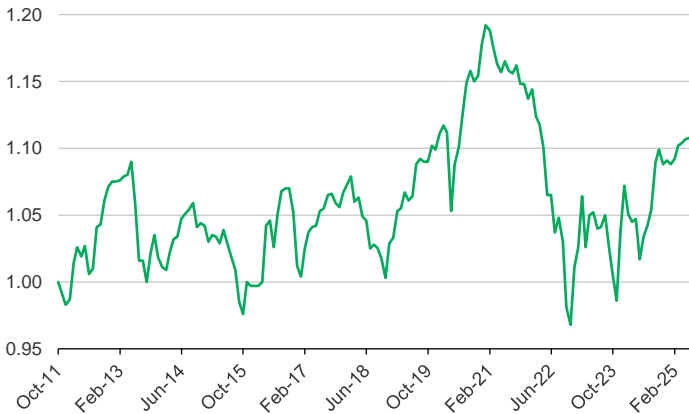
Inception Date October 2011	Fund Size USD 9.65 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.108	Management Fee 2.00% per annum	Bloomberg Ticker MPUSAPB	

Performance Return (May 31, 2025)

USD Asia Pacific Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.09%	1.84%	7.16%	4.04%	0.64%	10.80%
Annualized	n.a.	n.a.	7.16%	1.33%	0.13%	0.76%

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.

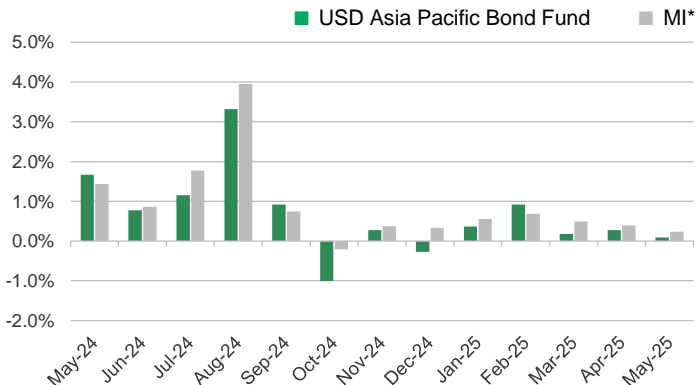
Monthly Net Asset Value per Unit



Top Five Holdings

SK Hynix Inc 5.5% 01/16/2029	1.70%
Rizal Commercial Banking Corp 5.5% 01/18/2029	1.70%
Motherson Global Investments BV 5.625% 07/11/2029	1.69%
Metropolitan Bank & Trust Co 5.375% 03/06/2029	1.69%
Hyundai Card Co Ltd 5.75% 04/24/2029	1.69%

Monthly Performance

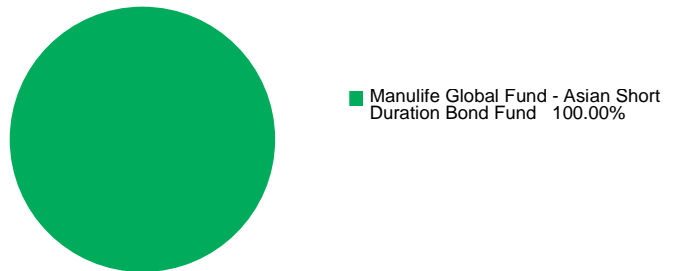


*Market Indicator = JACI Investment Grade 1-3 Years Index

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, US Treasury yields rose across the curve as credit rating agency Moody's Ratings downgraded the US' sovereign credit rating from Aaa to Aa1, citing large fiscal deficits and a decline in debt affordability. However, market sentiment improved on the back of positive tariff-related headlines, including a preliminary trade deal between the US and the UK which would scale back sectoral tariffs on autos and steel/aluminum, and a de-escalation in tariffs between US and China following a two-day high-level meeting on economic and trade affairs in Geneva. Towards the end of the month, the Court of International Trade also ruled against the tariffs imposed by the US administration on China, Canada, and Mexico, as well as the 10% baseline tariffs. With regard to the US Federal Reserve's (Fed) dual mandate, inflation for the month of April came in-line with market expectations at 2.5% -- although falling from previous month's revised reading of 2.7% -- using the Fed's preferred metric of core personal consumption expenditure (PCE), while change in nonfarm payrolls came in stronger than expected at 177k (vs. expectations of 138k). During the May Federal Open Market Committee (FOMC) meeting, the Fed kept its benchmark rate unchanged at 4.25-4.50%. Fed Chair Jerome Powell noted that recent tariffs have increased the risks of both higher unemployment and higher inflation, but believed that monetary policy was in a good place and emphasized the FOMC would continue to assess both sentiment and real economic data. Over the month, the 10-year US Treasury yield rose from 4.16% to 4.40%.

In China, Caixin Manufacturing Purchasing Managers Index (PMI) decreased to 50.4 in April from 51.2 in March primarily due to a fall in new export orders, although still beating consensus and remaining in expansionary territory (above '50'). Over the month, the PBOC cut various interest rates, including cutting Reserve Requirement Ratio (RRR) by 50bps, and 7-day reverse repo rate, 1-year loan prime rate and 5-year loan prime rate by 10bps respectively. In addition, the US-China trade negotiation has been ongoing; the US and China have reached an agreement on a 90-day suspension of most tariffs, reducing reciprocal tariffs from 125% to 10% on each other's goods. China local government bond yields trended higher over the period. In India, market investors were concerned in the beginning of the month amid rising tensions between India and Pakistan; however, India and Pakistan announced a ceasefire later which stabilize the market. On the economic side, inflation continued to soften compared to the prior month and came at 3.16% year-on-year in April, while Q1 GDP came in at 7.4% year-on-year, beating consensus, on the back of its strong domestic consumption and a relatively lower dependence on exports which cushioned the impact from the US administration's trade policies. Indian government bond yields trended lower over the period. In Indonesia, Bank Indonesia (BI) cut its key interest rate by 25bps to 5.50% as market expected on the back of lower domestic inflation (1.95% year-on-year), stable currency, and slower economic growth. On the other hand, Q1 GDP came in at 4.87% year-on-year which was lower than expected, primarily caused by the drag in government spending and slower capex which likely reflected the overhaul of domestic policies. Indonesia government bond yields trended lower over the period.

Asian dollar investment grade (IG) credits posted positive returns for the month on the back of stable carry and aggregate credit spread tightening, which were partly offset by higher US Treasury yields. The J.P. Morgan JACI Investment Grade Corporate Bond index rose by 25bps and aggregate Asian IG corporate credit spreads tightened by 15bps. Indonesian credits outperformed due to supportive monetary policies from Bank Indonesia (BI) that reduced its policy rate by 25bps and introduced several macroprudential measures to support the banking system, which included increasing the upside limit of bank foreign funding ratio (RPLN) and lowering the macroprudential liquidity buffer ratio (PLM). Chinese credits also outperformed amid the development on US-China trade policies negotiation. On the other hand, Malaysian credits underperformed; Bank Negara Malaysia kept its overnight policy rate unchanged at 3.0% during its meeting and highlighted downside risks to growth from potentially slower global growth and lower-than-expected commodity production. The Asian dollar primary market was active during the month, with sizeable issuances from Australian and Chinese financial institutions, as well as from Pertamina Hulu Energi and LG Chem.

Most Asian currencies strengthened against the US dollar in May, as USD remained volatile amid the US administration's trade policy announcement. The Taiwanese dollars outperformed amid optimism over US and Taiwan's trade deal, and exporters and life insurers' demand to convert their USD reserve to local currency. In contrast, Indian rupee underperformed amid the India-Pakistan tension and weaker investor confidence in the beginning of the month.

Outlook

Asian credit has remained resilient since the start of the year on the back of favourable fundamentals and supportive technicals, amid market uncertainties and trade tensions. The attractive carry and all-in yields of Asian credit relative to global peers provides investors with a decent buffer against market uncertainties, while the asset class continues to offer diversification benefits. Although recent headlines have suggested a temporary relief in terms of trade and tariffs, the ongoing policy uncertainties from the current US administration have led to rising concerns on weaker global growth and higher inflation -- we believe such uncertainties will persist, likely triggering 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. In China, the pro-growth stance from policymakers and the People's Bank of China's (PBOC) commitment to further monetary easing adds to the supportive macro backdrop in the region. During the past month, the PBOC cut both the 1-year and 5-year Loan Prime Rate (LPR) by 10bps, each. We expect to see more concrete measures by the government in the upcoming months 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 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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