

# 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

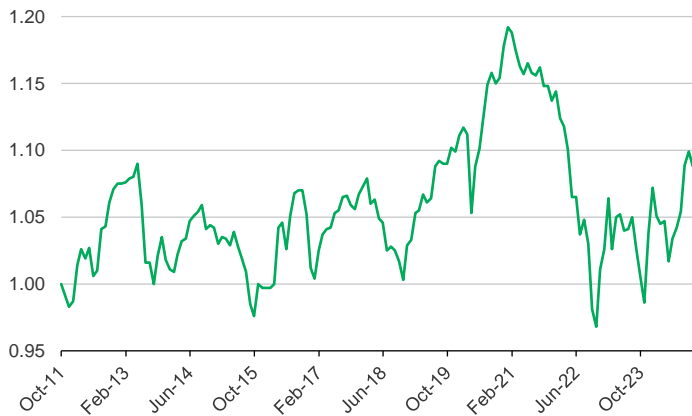
<b>Inception Date</b> October 2011	<b>Fund Size</b> USD 9.90 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.088	<b>Management Fee</b> 2.00% per annum	<b>Bloomberg Ticker</b> MPUSAPB	

## Performance Return (October 31, 2024)

USD Asia Pacific Bond Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.00%	1.49%	10.34%	-5.23%	-1.27%	8.80%
Annualized	n.a.	n.a.	10.34%	-1.77%	-0.26%	0.65%

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.

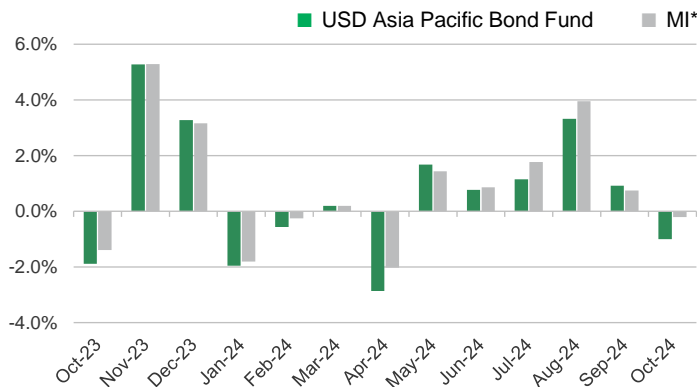
## Monthly Net Asset Value per Unit



## Top Five Holdings

Khazanah Global Sukuk Bhd 4.687% 06/01/2028	2.10%
Security Bank Corp 5.5% 05/14/2029	1.74%
China Cinda 2020 I Management Ltd 5.75% 05/28/2029	1.73%
Rizal Commercial Banking Corp 5.5% 01/18/2029	1.71%
Metropolitan Bank & Trust Co 5.375% 03/06/2029	1.70%

## Monthly Performance

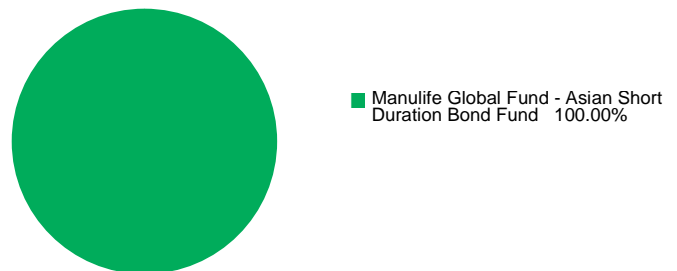


\*Market Indicator = JACI Investment Grade 1-3 Years Index

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 trended higher amid market fears over expansionary fiscal policies among the US presidential candidates, as well as broadly positive economic data. US third quarter 2024 GDP increased by 2.8% (quarter-on-quarter, annualised). Economic data pointed to a continued moderating inflation; the personal consumption expenditure price index, the Fed's preferred measure of inflation, rose 2.1% year-on-year in September, in line with estimates. The non-farm payrolls increased by 254,000 in the same month, above market estimates. Over the period, the 10-year US Treasury yield rose from 3.78% to 4.28%.

In China, Caixin Manufacturing Purchasing Managers Index (PMI) dropped to 49.3 in September from 50.4 in August, entering contraction territory (reading below '50') as new manufacturing orders significantly declined. Meanwhile, third quarter GDP increased by 4.6% (year-on-year). Over the period, the PBOC cut the 1-year and 5-year loan prime rate by 25bps to 3.10% and 3.60%, respectively. China local government bond yields trended lower over the period. In India, the Reserve Bank of India (RBI) kept the repo rate unchanged at 6.50%. The inflation came at 5.49% year-on-year in September which was higher than expected and mainly driven by the volatile spike in food prices, but still within the RBI's inflation target. Indian government bond yields trended higher over the period. In Indonesia, Bank Indonesia (BI) kept its key interest rate unchanged at 6.00% after the surprise cut in the previous meeting. Inflation has been moderated at 1.84% year-on-year in September. Over the month, President Prabowo reappointed Sri Mulyani as finance minister, which alleviated some concerns over fiscal slippage and policy uncertainty. Indonesia government bond yields trended higher over the period.

Asian investment grade (IG) credits posted negative performance for the month amid higher US Treasury yields, despite strong credit spread performance. Credit spreads on the J.P. Morgan Investment Grade Corporate Bond Index tightened by 23bps over the month; the J.P. Morgan Asian Investment Grade Corporate Bond Index decreased by 0.99%. Asian Investment grade (IG) credit spreads tightened on the back of higher rates and limited supply. Fundamentals remained supportive underpinned by decent 3Q earnings release and expectation on China policy support to stabilize corporate earnings growth. Hongkong Land announced the change of strategy from development properties to a focus on investment properties while expanding its investment management arm, which we believe will likely to reduce earnings volatility over time. New issue activities slowed down amid higher rates and uncertainty ahead of US election; primary activities were seen in China, South Korea, Indonesia, Japan and Philippines.

All major Asian currencies depreciated against the US dollar in October amid a recent strong USD environment. Indian rupee was a regional outperformer which only weakened slightly against the US dollar amid the central bank's intervention to manage volatility of the currency. In contrast, Malaysian ringgit underperformed against its Asia peer amid its worse-than-expected exports in October and a risk-off environment before the US election.

## Outlook

US Fed had its first rate cut since the covid pandemic in September and we believe the Fed and other global central banks transitioning to end their rate hike cycles in 2024 would help underpin global and Asian bond markets. Trump's second term in the office will likely trigger volatility from the uncertainty around his trade policy in the region; we believe active management will be crucial to navigate potential market turbulence. In Asia ex-China region, we view Asian central banks, such as India, Indonesia, South Korea and Philippines, to have room to cut rates in 2024 amid benign inflationary environment. At National People's Congress, Chinese authorities kept its growth target of around 5% level, inflation target of around 3%, and fiscal deficit target at 3% for 2024. China also began the issuance of one trillion yuan of ultra-long special government bonds to support the budget. During the September Politburo meeting, PBOC also delivered a series of economic stimulus announcements, which includes cutting reserve requirement ratio (RRR) for major banks by 50bps and 7-day reserve repo rate by 20bps. To sustain the market momentum and stabilize the economy, we believe the Chinese authorities would need to implement additional fiscal policy support along with further positive economic data releases to drive the next market movement.

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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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