

PHP Global Multi-Asset Income 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 which aims to achieve income generation by investing primarily in a diversified portfolio of equity, equity-related, fixed income and fixed income-related securities of companies and/or governments globally (including the emerging markets).

Fund Information

Inception Date May 2022	Fund Size PHP 6.94 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 1.049	Management Fee 2.25% per annum	Bloomberg Ticker PHEQPPM	

Performance Return (July 31, 2022)

PHP Global Multi-Asset Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	4.59%	n.a.	n.a.	n.a.	n.a.	5.32%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	5.32%

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

Information will be provided once available

Top Five Holdings

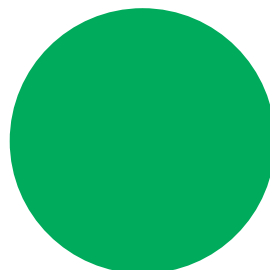
ALPHABET INC.	1.15%
AMAZON.COM, INC.	1.06%
LENNAR CORPORATION	0.68%
APPLE INC.	0.59%
JOHNSON & JOHNSON	0.58%

Monthly Performance

Information will be provided once available

Portfolio Breakdown

Asset Allocation (at Market Value)



■ Manulife Global Fund - Global Multi-Asset Diversified Income Fund
100.00%

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Market Review

July saw a reasonable bounce in developed market (DM) equities and debt, on the back of a very weak June, whilst emerging markets (EM) and Asia underperformed. Inflation concerns are still a focus for the US Federal Reserve Board (Fed), although the peak pace of tightening could already be upon us, whilst recently the Fed has highlighted they would no longer be providing forward guidance; instead, it would be going 'meeting by meeting' and would be 'data-dependent'. Many parts of the market interpreted this as a 'pivot': equities and credits rallied, EM saw a reprieve, break-evens boomed.

The binary 'recession or no recession' call is not what drives markets – rather it's growth that drives markets. And growth is materially slower, with a high likelihood of 4-6 quarters of very slow growth, which would make for a challenging market environment.

In equities, we saw the strongest monthly rally since November 2020 as the market pivoted from value to interest rate sensitive growth stocks. The MSCI World Index rallied +8% over the month of July 2022, the S&P 500 gained +9.2%, Europe gained +5% whilst the MSCI EM and Asia Index underperformed falling -0.2% and gaining +0.1% respectively. EM and Asia were driven by a -11% fall in the MSCI China Index over the month, given concerns on mortgage boycotts, broad property market weakness and overall slowing macro.

Sectorally, within the MSCI World Index, growth sectors outperformed, as consumer discretionary and technology gained +15.5% and +13.1%. Underperformers were healthcare and consumer staples gaining +3.3% and +3.9% respectively.

Fixed income markets were also buoyant as yields came back – the Citi World Government Bond Index gained +1.8%, the Barclays EM USD Aggregate Index gained +2.1%, global high yield gained +4% and US high yield gained +5.9%.

In terms of spreads, we saw a tightening, in lock step with other risk assets, over the month of July in the Bloomberg Barclays US Corporate High Yield Average OAS to 465 basis points (bps) versus 568 bps at the end of June.

The VIX ended July 2022 at 21, versus 29 at the end of June 2022.

In foreign exchange, markets saw US dollar weakness across most majors. The euro, however, depreciated another 2.5% versus the US dollar over July.

Governments and central banks continue to demonstrate a tough stance towards inflation whilst a focus on slowing growth is becoming more a concern for markets. Escalated geo adds to the weakened macro conditions as conflict inflation continues to challenge the Fed. Fed guidance, a function of job creation and inflation expectations, at this point, remains the key driver of near-term asset markets, alongside geopolitical sentiment towards Russia and Ukraine, whilst China policy and growth will be a key driver for the Asia region and broad EM.

Outlook

Tightening financial conditions, heightened geopolitical risks and fears of recession have enacted a heavy toll on valuations and positioning. We are currently operating in a period of energy and commodity supply shortages, tight labour markets, and disrupted supply chains. This is leading to unprecedented levels of inflation, not seen in decades. Due to this above trend inflation, we expect both DM and EM to be operating in a new normal of higher interest rates.

More indebted EM will need to maintain positive real yields to retain capital flows and avoid currency depreciation. Consequently, the pace of rate increases from US Fed is something we continue to closely monitor, although the peak pace of tightening could likely already be upon us.

The Biden Administration's pressure on the Fed to continue to go after inflation is likely driven by the front and centre concern by the US voter profile, whilst the growth repercussions and potential job losses that may become more a focus in the latter part of the year are still not yet being overly felt.

Aggressive rhetoric is likely to continue from the Fed over the near-term, rather than any finessing of the hike profile. We do believe, however, that growth concerns are becoming more of a dominating factor on decision-making in the latter part of the year which will push a Fed pivot towards guiding for a slowdown in their already aggressive move towards a terminal rate which we see at around 3.5%.

As a result of the Russia/Ukraine conflict, lower growth and higher inflation resulting from high commodity prices and uncertainty are likely to derail any short lived momentum. Global growth forecasts are being reduced, with Europe the most vulnerable, whilst the US will also remain challenged. The notion of transitory inflation has gone: sanctions represent a strongly pro-inflationary, supply driven shock, introducing risks of stagflation whilst yield curve inversion is signaling weaker macro conditions.

Pervasive geopolitical uncertainty, downside risks to growth, and upside pressures on inflation underpin caution regarding earnings and valuation expectations.

Levels of uncertainty suggest continued market volatility ahead. However, valuations within some sectors have more than halved without a corresponding decline in earnings or cash flows. This suggests a disconnect between market conditions and fundamentals in some quality franchises.

Indeed, initially we expected the year to begin with the uncomfortable combination of sticky, high inflation and a moderation in growth before transitioning to a higher growth profile with more moderate levels of inflation in the second half of 2022. However, another stagflation shock makes the prospect of a return to Goldilocks conditions by year-end look unlikely.

The market is pricing in an aggressively hawkish Fed, whilst sentiment is arguably at extreme bearishness. We believe the Fed will eventually have to pivot away and guide for less hikes than the market is pricing, as growth begins to moderate in the second half of 2022.

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Tactical positioning will be more prevalent again into late 2022, to be able to nimbly add and de-risk portfolios as well as add to yield opportunities as they arise. The trade-off between generating yield, which is the primary objective of the strategy, and capital appreciation through tactical equity allocations, or tactical decision-making around options writing will be the determinant of portfolio success in 2022.

Overall, we are tilted towards higher rates and stable spreads, but see yields remaining contained given the potential for macro data disappointments.

Corporate fundamentals are varied across sectors. Markets remain sensitive to a host of factors including Covid-19 vaccine success and fears of inflationary pressures. We expect global stimulus efforts to remain a focus whilst central banks divergent policies will keep market participants second-guessing policy responses.

A rising number of questions are growing around Fed policy. Fiscal stimulus is unlikely to be enough for a rapid economic recovery, as getting back to pre-Covid growth rates is likely to be pushed into 2023 and beyond. The lasting impact of Covid-19 on the global economy is not the only factor to monitor. Rising geopolitical tensions in Ukraine, decoupling between China and the West, decelerating growth rates post-stimulus, supply chain disruptions and a general deglobalisation trend all raise questions about the future trajectory of global debt and equity markets.

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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