November 30, 2021

PHP Global Preferred Securities 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 provide income generation with potential long-term capital appreciation by investing primarily in preferred securities listed or traded on any regulated market in the world.

Fund Information

Inception Date May 2021	**Fund Size** PHP 153.24 million	**Fund Currency** Philippine peso	**Dealing/Valuation** Daily
Price (NAV/unit) PHP 1.039	**Management Fee** 2.25% per annum	**Bloomberg Ticker** PHBAPGP	

Performance Return (November 30, 2021)

PHP Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-1.52%	n.a.	n.a.	n.a.	n.a.	4.74%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	4.74%

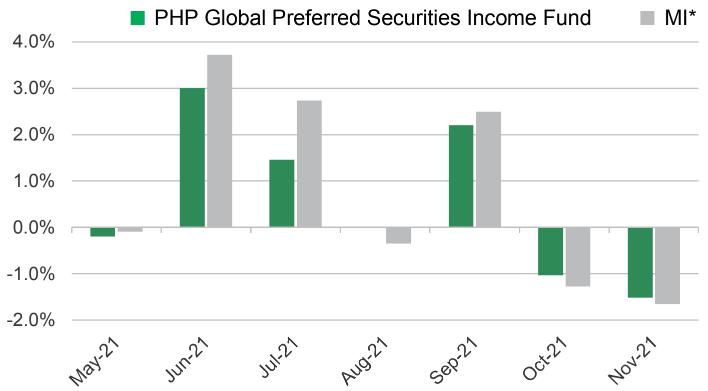
Past performance is not an indication of future results. Information about the portfolio's holdings, asset allocation, or country diversification is historical and is not an indication of future portfolio composition, which will vary.

Monthly Net Asset Value per Unit

Top Five Holdings

TRINITY CAPITAL INC/MD 7% 01/16/2025	2.20%
BANK OF AMERICA CORP 6.45% 12/15/2066	2.08%
ASSURANT INC 7% 03/27/2048	2.03%
ENBRIDGE INC 6.25% 03/01/2078	1.91%
SOFTBANK GROUP CORP 6.875% Perpetual	1.90%

Monthly Performance

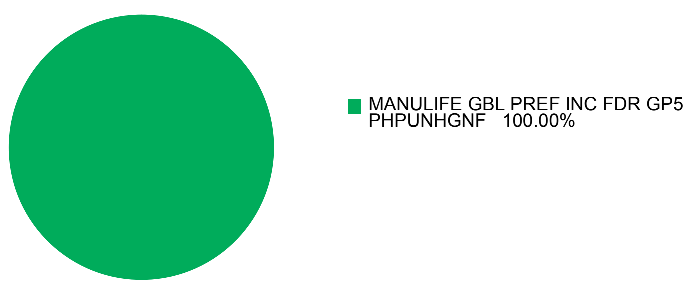


**Market Indicator = 50% BoFA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BoFA Merrill Lynch US Capital Securities Index*

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

US bonds posted mixed but positive overall returns in November as market volatility increased. While US economic data released during the month were generally positive, much of the focus was on inflation—the 12-month consumer inflation rate surpassed 6%, its highest level since November 1990. The US Federal Reserve Board (Fed) began tapering its bond purchases during the month, and Fed Chair Jerome Powell indicated a potential accelerating of the tapering process in 2022. Late in the month, the widening spread of the new Omicron Covid-19 variant created some economic uncertainty, which led to heightened volatility in financial markets.

As in October, bond yield movements were mixed in November—short-term bond yields rose in response to the Fed news, while intermediate and long-term bond yields fell as investors began to anticipate the effects of a less-accommodative Fed policy on economic growth. US Treasury securities fared best, benefiting the most from the decline in bond yields. Investment-grade corporate bonds also posted positive returns, while high-yield corporate bonds fell the most, reflecting the increasing economic uncertainty.

Outlook

While uncertainty has increased due to the spread of the Delta and Omicron variants, accommodative central bank policies in addition to vaccination rates globally which are increasing, should allow for the global economy to continue to recover although at a potentially slower pace. The utility, energy, communication, and consumer cyclical industries stand to benefit significantly. Utility common equity valuation multiples are at the lowest level of the last ten years. We believe the convertible preferred securities of utility issuers will benefit as valuation multiples rise. Global oil prices have rebounded and now trade over US$70 a barrel from negative prices in 2020. Midstream concerns of counterparty credit risk and low volumes have abated, strengthening midstream credit profiles. Residential and commercial broadband demand is at an all-time high, improving the credit outlook for communication issuers. And consumer cyclical issuers should benefit from increased consumer spending levels and positive implications of the pending infrastructure spending legislation.

The Fund is overweight the utilities sector which has limited exposure from an economic standpoint to the coronavirus. Commercial and industrial electricity demand has declined but at the same time, residential demand increased as many Americans continue to work from home. Importantly, utilities often make between 2-3 times more margin from residential customers than they do from commercial and industrial. In addition, most utilities have regulatory mechanisms in place to make up for lost demand. We see tremendous value in the utility preferred space as many of these securities are not trading on their underlying fundamentals. Further, we believe that President Biden will incentivise renewable energy investments which will result in even better earnings and cash flows for the next several years.

Financial services companies, another large weighting in the portfolio, are well-positioned from a balance sheet standpoint for this crisis. US banks are strong, well-capitalised with good liquidity. During the 2008-09 financial crisis, banks were forced to tighten their lending standards because of their weak balance sheets. Insurance companies, regulated by the states where they operate, similarly are well positioned from a balance sheet standpoint currently. Property and casualty insurance companies are benefiting from increases in premiums paid as these companies have been raising prices owing to several years of higher-than-expected claims. We see value in the financial services sector as the market is not recognising their strong balance sheets.

The Fund’s holdings in the energy sector do not have direct exposure to commodity prices. Our energy holdings are midstream companies that transport oil and/or gas on their pipelines. Many of these companies are diversified into different areas of the midstream space such as natural gas pipelines, gasoline pipelines and storage. Overall, we are confident in the stability of the income in our midstream names. We view the yields offered by these companies as very attractive.
