

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 249.91 million	Fund Currency Philippine peso	Dealing/Valuation Daily
Price (NAV/unit) PHP 0.949	Management Fee 2.25% per annum	Bloomberg Ticker PHBAGP	

Performance Return (January 31, 2023)

PHP Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	4.06%	4.06%	-1.31%	n.a.	n.a.	2.72%
Annualized	n.a.	n.a.	-1.31%	n.a.	n.a.	1.57%

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.

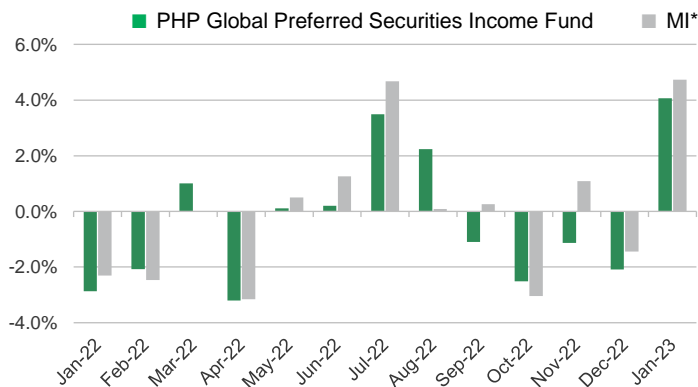
Monthly Net Asset Value per Unit



Top Five Holdings

BANK OF AMERICA CORP	6.45%	12/15/2066	2.26%
CITIGROUP CAPITAL XIII	11.172%	10/30/2040	2.19%
ASSURANT INC	7%	03/27/2048	1.99%
ENBRIDGE INC	6.25%	03/01/2078	1.86%
MPLX LP	6.875%	Perpetual	1.81%

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)



Manulife Global Preferred Income Feeder Fund and/or Manulife Global Fund Preferred Securities Income Fund 100.00%

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Market Review

US bonds rallied in January as bond yields tumbled, a sharp reversal from the rising interest rate environment of 2022. Yields fell as inflation continued to trend downward, with the latest year-over-year inflation rate falling to 6.5%, its lowest level since October 2021. The disinflationary trend boosted expectations that the US Federal Reserve Board (Fed) would slow the pace of its interest rate increases, and maybe even shift to a wait-and-see policy in the coming months. On the economic front, fourth-quarter economic growth came in at a 2.9% annualised rate, down slightly from the previous quarter but exceeding expectations. For 2022, the US economy grew by 2.1%.

Bond yields were lower across the board in January. Longer-term bond yields fell more than short-term yields given the likelihood that the Fed will continue to raise short-term interest rates in the near term. Sector performance was broadly positive, with high-yield and investment-grade corporate bonds posting the best returns, whilst shorter-term sectors such as asset-backed securities lagged.

Outlook

The Fed continues its path to tighten monetary policy in 2023. The full impact of the tightening started early in 2022 and is flowing through the real economy. Consumers and businesses in the US are beginning to feel this tightening. The impact to earnings and balance sheets is uneven, but it is there and broadening out.

Credit metrics supported by strong earnings and low leverage were very healthy for most businesses at the beginning of the year. Earnings deterioration is beginning to put pressure on companies as demand for goods wanes and inflationary pressures impact margins. Most higher quality corporates should be able to withstand softening economic conditions. Companies of lower credit quality will have to carefully navigate worsening conditions compounded by increased required rates of return by the financial markets.

We maintain our favourable view of preferred securities as significantly improved yields should lead to attractive forward returns. Ability to select securities from a broader credit universe and across the capital structure will help navigate the softening landscape and focus on risk-adjusted returns. There is potential for incremental upside in addition to income as inflation, volatility, and uncertainty subside medium-term. Preferred securities are higher quality in nature and continue to offer value compared to higher duration and traditional investment grade areas of the market. We have continued with a defensive position stance since 2019, with overweight allocations in areas such as utilities and underweight allocations in retail fixed-coupon securities.

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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