

# 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

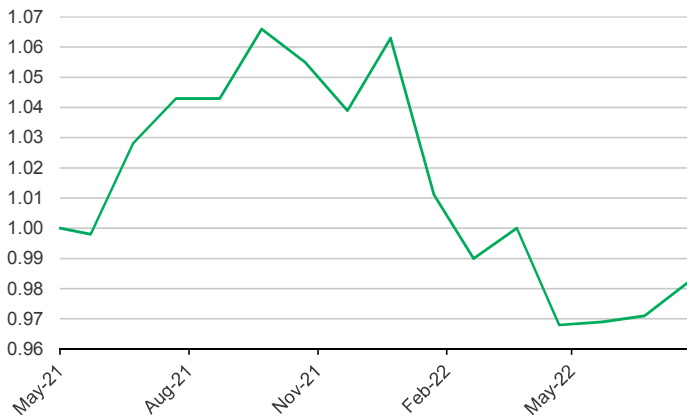
<b>Inception Date</b> May 2021	<b>Fund Size</b> PHP 237.75 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.982	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHBAPGP	

## Performance Return (July 31, 2022)

PHP Global Preferred Securities Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	3.49%	-3.45%	-1.60%	n.a.	n.a.	3.46%
Annualized	n.a.	n.a.	-1.60%	n.a.	n.a.	2.81%

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.

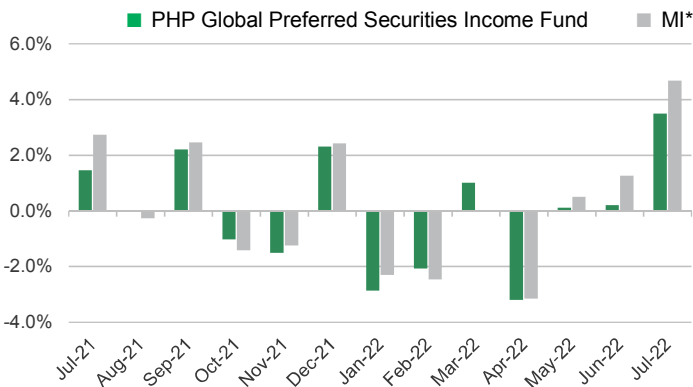
## Monthly Net Asset Value per Unit



## Top Five Holdings

BANK OF AMERICA CORP	6.45%	12/15/2066	2.33%
CITIGROUP CAPITAL XIII	9.176%	10/30/2040	2.13%
ASSURANT INC	7%	03/27/2048	2.05%
ENBRIDGE INC	6.25%	03/01/2078	1.89%
TRINITY CAPITAL INC/MD	7%	01/16/2025	1.85%

## Monthly Performance

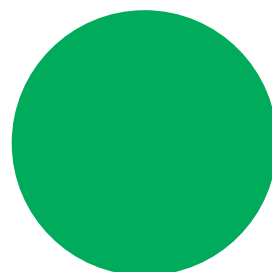


\*Market Indicator = 50% BoFA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BoFA Merrill Lynch US Capital Securities Index

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 GBL PREF INC FDR GP5  
PHPUNHGNF 100.00%

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## Market Review

US bonds advanced in July, posting just their second month of positive performance to date in 2022. Inflation remained elevated—the 12-month US inflation rate surged to a fresh 40-year high of 9.1%—leading the US Federal Reserve Board (Fed) to raise short-term interest rates by 75 basis points for the second straight month. However, the Fed rate hike was already priced into the bond market; instead, investors responded to signs of slowing economic growth, including a contraction in the US economy during the second quarter of the year. The economy's second consecutive quarterly contraction was driven mainly by weaker consumer spending and the negative impact of rising interest rates on the housing market.

In this environment, bond yields mostly declined, with intermediate-term yields falling the most. The exception was short-term bonds maturing in one year or less, where yields continued to rise during the month given the Fed rate hike. Sector performance was positive across the board, led by a rebound in high-yield and investment-grade corporate bonds, while asset-backed securities and US Treasury securities lagged.

## Outlook

A combination of high inflation and full employment has led the Fed to adopt a drastically different approach to monetary policy in the past few months. We believe that market pricing of expected rate hikes is overdone, particularly against a backdrop characterised by, as we expect, slowing growth and some moderation in inflation, which could convince the Fed to make a dovish pivot in the second half of the year.

While uncertainty has increased, we remain constructive on corporate fundamentals overall. Given the global economic uncertainty, the portfolio is invested in high quality companies that offer attractive yields. The investment team continues with their defensive stance since 2019, with overweight allocations in areas such as utilities and underweight allocations in retail fixed-coupon securities. Corporate credit fundamentals are strong. Financial sector credit fundamentals are strong, much different than the global financial crisis in 2008-2009. Energy and utilities have strong fundamentals, two sectors where we are overweight. Bottom line valuations are attractive and balance sheets are strong. Even in the event of a recession, the strategy is invested in high-quality companies, companies that are able to withstand an economic downturn.

We maintain our favourable view of preferred securities, largely due to the carry that the asset class offers. Spreads relative to US Treasuries have widened and we are concerned about the outlook for certain sectors should the economy stall. That said, we expect spreads to tighten should policy uncertainty (as well as inflation levels) recede during the second half of the year, as we expect, providing some incremental upside.

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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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