ASEAN Growth Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**.

Investment Objective

The objective of this Fund is to generate long-term capital growth through investments in equity and equity-related securities of companies incorporated in countries which are members of ASEAN as well as companies incorporated outside ASEAN but with material exposure to ASEAN markets. The Fund may hold cash and fixed income instruments for liquidity management purposes.

Fund Information

Inception Date November 2012	**Fund Size** USD 61.43 million	**Fund Currency** US dollar	**Dealing/Valuation** Daily
Price (NAV/unit) USD 1.581	**Management Fee** 2.25% per annum	**Bloomberg Ticker** MPUSAGF	

Investment Fund Manager (the "Manager")
Manulife Investment Management (Hong Kong) Limited

Performance Return (June 30, 2021)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.70%	13.99%	37.36%	32.97%	47.21%	58.10%
Annualized	n.a.	n.a.	37.36%	9.96%	8.04%	5.48%

Why ASEAN markets

- **We know the ASEAN markets well:** With presence in the key ASEAN-6# and Greater China markets, we have in-depth knowledge and understanding of the region.
- **An under-appreciated side of Asia:** ASEAN## markets' current growth and return opportunities are yet to be fully appreciated by the investment community.
- **Big market, young consumers:** With close to half the population of China, Southeast Asia's population of approximately 600 million constitutes a huge market with a percieved steadily increasing purchasing power. Observed rising income and high savings rates in the region highlight the potential to convert into investments and consumption.

#ASEAN-6 includes Singapore, Thailand, Indonesia, Vietnam, Malaysia and Philippines.
##Predominantly represented by Indonesia, the Philippines, Thailand, Malaysia, and Singapore

Top Ten Holdings

Top Ten Holdings	%
Century Pacific Food Inc.	3.42
Comfortdelgro Corporation Limited	3.41
Raffles Medical Group Ltd	3.31
Mapletree Industrial Trust	3.19
Chularat Hospital PCL	3.10
TIME dotCom Bhd.	2.87
Frasers Logistics & Commercial Trust	2.64
Hana Microelectronics Public Co. Ltd.	2.55
Uchi Technologies Bhd.	2.55
Dynasty Ceramic Public Co. Ltd. NVDR	2.49

Sector Allocation^

Sector Allocation^	%
Real Estate	22.93
Industrials	15.59
Information Technology	13.23
Consumer Staples	12.65
Healthcare	11.72
Consumer Discretionary	7.49
Financials	5.33
Communication Services	5.18
Energy	1.99
Materials	0.72
Cash & Cash Equivalents	3.17

Geographical Allocation^

Geographical Allocation^	%
Singapore	33.29
Thailand	22.07
Malaysia	16.96
Indonesia	15.78
Philippines	6.23
Vietnam	2.50
Cash & Cash Equivalents	3.17

^Figures may not sum to 100 due to rounding.

ASEAN Growth Fund

Market Review

During period, most ASEAN markets were lower on the month as the spread of the delta variant of COVID-19 notably increased caseloads globally, particularly in Southeast Asia where lockdowns were reinstated due to lower vaccination rates.

The Indonesian equity market was the worst performing regional market. A notable increase in the number of COVID-19 cases that led to further lockdowns, coupled with a hawkish Federal Reserve statement, weakened the Rupiah and sent equities sharply lower.

In Malaysia, markets posted losses for the month. Equity markets were lower as the national lockdown originally scheduled for the first two weeks of June was extended through July- no end date was given. Energy-related equities received a fillip from a significant rise in oil prices.

In the Philippines, the equity market was the best-performing in Asia for the month. Equities moved higher on optimism of economic opening; areas outside the capital were opened despite further restrictions imposed around Manila. The central bank pledged an accommodative position until at least the first half of 2022, as inflationary pressures receded in May.

Thailand equity markets moved lower on the month. In response to a notable increase in COVID-19 cases, Thailand's parliament passed a bill to borrow US $16 billion for virus-related fiscal relief. Political instability also increased as protestors calling for constitutional reform headed back onto the streets of the capital.

Singapore's equity market posted losses for the month, as the market continued to suffer from economic restrictions.

Outlook

The recovery in most Southeast Asian countries is now looking more subdued following the resurgent of COVID cases in the region. The spread of more infectious strains amid slow vaccinations has taken its toll on the economy of this region. We expect a downward revision in growth outlook to follow. That said, we expect companies in the following sectors to outperform:

1. Health care – during the initial stage of the outbreak, hospitals suffered from low patient flows and cancellation of elective surgeries. Over time, these hospitals managed to pivot and have benefited from assisting the government in performing COVID tests and treating COVID patients. Income derived from these services has helped sustained earnings growth. Post-Covid, these hospitals will benefit from the normalization of hospital operations and the resumption of healthcare tourism.

2. Exporters – Manufacturers in Southeast Asia are expected to continue to do well on the back of strong demand from the re-opening of US and Europe. Some companies have benefited from the shift of orders from China to Southeast Asia. While there may be some disruption caused by restricted operations and shortage of components, we believe the impact will be short-lived as most companies are more well-prepared this time, thanks to the experience learned in 2020. The exporters also tend to benefit from a stronger USD in the event of Fed taper anxiety.

3. Digitisation of the ASEAN economies – as highlighted in our previous report, Southeast Asian countries, in particular Indonesia, are experiencing strong growth in digital economy. Data centers are growing rapidly in Indonesia as digitization gathers pace in the financial, e-commerce and ride hailing sectors. Demand for logistic and warehousing services has grown strongly in the region and we are seeing strong investments in these areas. We anticipate public listings of key sector leaders in 2H21 and they will set the benchmark for the listing of more "new economy" businesses in Southeast Asia in the foreseeable future.

ESG has gained prominence in recent years. Increasing awareness and engagement with companies has led us to replace companies with weak governance, high compliance cost with companies who make significant effort to improve their ESG standards and disclosures. It is heartening to note that most companies in Asia have stepped up their effort to improve their ESG ratings. Efforts have been made to improve disclosure, work environment, labour treatment, investment in green energy and use of green materials for their products.