

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 61.92 million | Fund Currency US dollar | Dealing/Valuation Daily |
| Price (NAV/unit) USD 1.570 | Management Fee 2.25% per annum | Bloomberg Ticker MPUSAGF | |
| Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited | | | |

Performance Return (May 31, 2021)

| ASEAN Growth Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|--------|--------|---------|---------|-----------------|
| Absolute | 0.51% | 13.19% | 41.31% | 24.11% | 53.77% | 57.00% |
| Annualized | n.a. | n.a. | 41.31% | 7.47% | 8.99% | 5.44% |

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 perceived 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

| | % |
|---------------------------------------|------|
| Comfortdelgro Corporation Limited | 3.57 |
| Century Pacific Food Inc. | 3.48 |
| Raffles Medical Group Ltd | 3.23 |
| Mapletree Industrial Trust | 3.02 |
| Dynasty Ceramic Public Co. Ltd. NVDR | 2.88 |
| TIME dotCom Bhd. | 2.84 |
| Chularat Hospital PCL | 2.79 |
| Frasers Logistics & Commercial Trust | 2.65 |
| Uchi Technologies Bhd. | 2.58 |
| Hana Microelectronics Public Co. Ltd. | 2.46 |

Sector Allocation[^]

| | % |
|-------------------------|-------|
| Real Estate | 22.89 |
| Industrials | 16.53 |
| Information Technology | 12.49 |
| Consumer Staples | 11.90 |
| Healthcare | 10.33 |
| Consumer Discretionary | 8.21 |
| Financials | 5.38 |
| Communication Services | 5.10 |
| Energy | 2.04 |
| Materials | 1.36 |
| Cash & Cash Equivalents | 3.77 |

Geographical Allocation[^]

| | % |
|-------------------------|-------|
| Singapore | 33.13 |
| Thailand | 21.73 |
| Malaysia | 17.29 |
| Indonesia | 15.74 |
| Philippines | 6.01 |
| Vietnam | 2.33 |
| Cash & Cash Equivalents | 3.77 |

[^]Figures may not sum to 100 due to rounding.

ASEAN Growth Fund

Market Review

Most ASEAN markets were lower on the month and was concentrated in Southeast Asian nations still dealing with significant COVID-19 outbreaks such as Malaysia and Singapore.

Indonesian market was lower for the month. Although consumer confidence was higher for the month of April, GDP growth for the first quarter was lower than expected. The central bank also kept rates unchanged.

Malaysian equity markets were lower for the month. Malaysian equities were lower as the prime minister declared a total lockdown lasting for two weeks in June. The announcement clouded the picture for an economic outlook and weakened the Ringgit. On the economic front, the economy shrunk by 0.5% (year-on-year) in the first quarter.

In the Philippines, the equity market gained for the month. After several months of underperformance, gradual economic reopening bolstered the equity market to the second-best performance in the region. On the economic front, GDP contracted by 4.2% (year-on-year) in the first quarter.

Thailand was higher on the month despite an increase in COVID-19 cases, and an extension of the state-of-emergency until the end of July, the Thai government announced an extension of funding (US \$2.8 billion) to boost emergency funding.

Singapore was also lower due to spike in COVID cases and forced the government to reintroduce some social distancing measures. The government announced a new stimulus package of SGD 800 million due to new virus containment measures for COVID-19.

Outlook

In South East Asia, Indonesia and Thailand are clear beneficiaries of reflation trades. The rebound in energy, commodity, material and soft commodity prices have contributed to the recovery of earnings of companies in these sectors. Higher commodity, material and food prices also bode well for domestic income growth and consumption. There are a few positive developments in Indonesia. The inoculation process has commenced, and the country is making good progress. This has contributed to a decline in coronavirus caseload. At the same time, the government has established the sovereign wealth fund with a target to raise between US\$100 and US\$200bn from foreign institutions and the Indonesian government. The fund will help the government finance the more than US\$70bn needed to invest annually in infrastructure. It will also mitigate the risk of over-dependence on foreign flows into the capital markets on its current account balances. Separately, the digitization of Indonesia's economy is also moving rapidly. Presently, investors have paid a high premium for any company with slight suggestion of participating in the digitization plan. While we like the development of digitization in the economy, we prefer to wait until a more reasonably priced opportunity arises. Good things come to those who wait.

The Singapore market has performed well as the country further relaxed the restriction on social distancing following a successful containment of COVID. Lower credit cost is expected to support earnings of banks and the resumption of domestic activities should drive the recovery of earnings of companies exposed to recovery in domestic travel and consumption. There is anecdotal evidence that multi-nationals are moving their offices and data centers to Singapore. This should provide support to the real estate sector in the near term. While any overshoot in property prices may lead to more tightening measures by the government, we believe the demand for real assets in Singapore may be more structural in nature in the long term. Malaysia and the Philippines have made slower progress in terms of inoculation of their population. The resurgence of COVID cases in the Philippines has led to a stricter movement control nationwide. We expect these two markets to underperform in the near term.

Disclaimer

The ASEAN Growth Fund is an investment fund option for The Manufacturers Life Insurance Co. (Phils.), Inc. and is managed by Manulife Investment Management (Hong Kong) Limited.

The Investment Funds ("Funds") mentioned in this document are specific to variable life insurance contracts and are not considered mutual funds. 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 Funds 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 Funds' 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 subject to any specified minimum guarantees. THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS. Past performance of the Funds is not necessarily indicative of future performance. Yields are not guaranteed. Yields indicated are exclusive of charges associated with the variable life policy.

Manulife Investment Management™ is the institutional asset management arm of Manulife Financial. Manulife Investment Management™ and its affiliates provide comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a full range of asset classes including equity, fixed income and alternative investments such as real estate, timber, farmland, as well as asset allocation strategies.

The opinions and portfolio holdings expressed are those of Manulife Investment Management™ ("Manulife IM") as of the date stated in the document, and are subject to change based on market and other conditions. The information in this document including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife IM disclaims any responsibility to update such information. 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. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife Financial, Manulife Investment Management™, nor any of their affiliates or representatives is providing tax, investment or legal advice. Past performance does not guarantee future results. This material was prepared solely for informational purposes, does not constitute an offer or an invitation by or on behalf of Manulife IM to any person to buy or sell any security and is no indication of trading intent in any fund or account managed by Manulife IM. Investors should not make investment decisions based on this material alone. For details, please refer to the relevant investment policy and product key fact statements.