

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 61.55 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.632	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (October 31, 2021)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	3.16%	17.66%	33.66%	42.78%	49.31%	63.20%
Annualized	n.a.	n.a.	33.66%	12.61%	8.35%	5.64%

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

	%
Century Pacific Food Inc.	4.00
Raffles Medical Group Ltd	3.82
Comfortdelgro Corporation Limited	3.22
Mapletree Industrial Trust	3.08
Uchi Technologies Bhd.	2.78
TIME dotCom Bhd.	2.77
PT Medikaloka Hermina Tbk	2.68
PT Industri Jamu dan Farmasi Sido Muncul Tbk	2.66
Chularat Hospital PCL	2.66
Venture Corporation Limited	2.55

Sector Allocation[^]

	%
Real Estate	20.58
Consumer Staples	13.61
Industrials	13.51
Information Technology	12.49
Healthcare	11.49
Consumer Discretionary	6.62
Financials	5.46
Communication Services	4.86
Materials	3.81
Energy	2.97
Utilities	1.32
Cash & Cash Equivalents	3.28

Geographical Allocation[^]

	%
Singapore	32.69
Malaysia	18.63
Thailand	18.41
Indonesia	16.39
Philippines	8.12
Vietnam	2.49
Cash & Cash Equivalents	3.28

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

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Market Review

All ASEAN markets posted gains during the month on the back of stronger earnings and optimism over reopening of borders. Singapore and Australia announced easing travel restrictions and Thailand declared foreign visitors who were vaccinated could enter without quarantine. Later in the month, concerns over lower economic growth and higher inflation resurfaced, as US and China third-quarter GDP data both failed to meet diminished expectations, while price levels remained elevated.

Indonesian equities moved higher on the back of significant vaccination progress leading to an acceleration of economic reopening. Investor attention on the pipeline of IPOs continued, as a state-owned telecommunication tower operator announced plans to launch the largest IPO in Indonesian history. Finally, the run-up in oil, coal, nickel, and palm oil continued to benefit shares in the energy and resources sector.

In the Philippines, equities moved higher for the month. Equities moved higher on the theme of reopening, led by gains in banks and property companies.

Malaysian equities posted gains for the month on continued economic reopening, including allowing intrastate travel, as well as surging commodity prices for oil and palm oil. On the policy front, the Malaysian government announced the largest annual budget on record for 2022, US \$80 billion, which is projected to contribute to a fiscal deficit of 6.1% of GDP. Meanwhile, the lower house of parliament passed a bill to raise the fiscal statutory ceiling to 65% of GDP from 60% for 2022, which is expected to pass the upper house and be approved by the king.

Singapore's equity market posted gains for the month. Equities were boosted by the removal of travel restrictions, allowing some foreign visitors to enter the territory quarantine-free with proof of quarantine. On the economic front, GDP grew by 6.5% (year-on-year) in the third quarter, while exports grew 12.3% (year-on-year) in September.

Thailand equities moved higher on optimism over economic reopening. The government announced that, starting in November, visitors from over 60 countries could enter the country without quarantine if they presented valid vaccination papers. On the policy front, the central bank scrapped loan-to-value limits on mortgages to boost investment in the real estate sector. In economics, the country's current account deficit continued to narrow in September on the back of a surging trade deficit.

Outlook

The outlook for the ASEAN region is expected to improve in 4Q21. The rate of COVID infection in on a steady decline as the number of inoculated adults continue to rise. Most countries are gradually relaxing movement and travel restrictions and moving towards a full opening of the economy. While growth slowdown in China would still be a headwind for the region, its effects would be mitigated by the strong global demand backdrop, which would support the region's exports. The region is also better prepared for a Fed tapering in November/December of 2021. 2H21 earnings are expected to cycle through a low base of 2H20 and outlook is expected to improve as the disruption from COVID dissipates.

In Indonesia, higher commodity prices (coal and palm oil) provide further boost to economic recovery. Banks' confidence to lend is stronger this time compared to early 2021. Credit cost is expected to decline as asset quality improves. Barring another serious outbreak of COVID-19, we expect the retail sector to recover from 4Q21 onwards.

In Malaysia's companies, particularly in the manufacturing and plantation sectors, have to rely on using domestic workforce as recruitment of foreign labours remains restricted. Wage pressure is expected to rise and the ability of labour-intensive companies to expand capacity may be limited until the border reopens. While higher wages are a headwind to corporate earnings, they are a tailwind to domestic consumption as household income is supported by robust domestic labour market.

Thailand and the Philippines may take longer to achieve a higher inoculation rate. However, the rate of infection and hospitalization are declining in Thailand. The resumption of tourism activities remains critical for the Thai economy, which is currently supported by the export sector. Singapore is pushing on with the strategy of living with Covid-19. The government is making an attempt to resume mass cross-border travelling by expanding the Vaccinated Travel Lane (VTL) arrangement with different countries. In our view, this bold attempt to restart cross-border travel may provide near-term relief to Singapore's aviation and land transportation traffic. If successful, this may present opportunities in 4Q21.

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