

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 59.83 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.590	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (November 30, 2021)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.57%	14.64%	20.09%	33.84%	55.73%	59.00%
Annualized	n.a.	n.a.	20.09%	10.20%	9.26%	5.28%

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.	3.95
Raffles Medical Group Ltd	3.86
Mapletree Industrial Trust	3.01
PT Industri Jamu dan Farmasi Sido Muncul Tbk	2.96
Comfortdelgro Corporation Limited	2.88
TIME dotCom Bhd.	2.83
Uchi Technologies Bhd.	2.80
Chularat Hospital PCL	2.77
Eastern Polymer Group Public Company Ltd	2.76
Com7 Public Co. Ltd.	2.75

Sector Allocation^

	%
Real Estate	19.24
Consumer Staples	14.49
Healthcare	12.88
Industrials	12.56
Information Technology	11.66
Consumer Discretionary	6.20
Communication Services	5.29
Financials	5.27
Materials	4.21
Energy	3.05
Utilities	1.27
Cash & Cash Equivalents	3.89

Geographical Allocation^

	%
Singapore	30.97
Thailand	19.51
Malaysia	18.47
Indonesia	16.10
Philippines	8.57
Vietnam	2.47
Cash & Cash Equivalents	3.89

^Figures may not sum to 100 due to rounding.

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Market Review

ASEAN small cap equities moved lower on the back of tapering of bond purchases by the Fed and the resurgence of COVID-19. Optimism of reopening and economic growth helped drive positive performance in the first half of the month but moved lower in the second half of the month over inflation concerns in the US. Renominated Federal Reserve Chair Jerome Powell pledged to make stable prices a key priority moving forward and discussed speeding up the taper of bond purchases, which began in late November. In addition, the discovery of new COVID-19 variant (Omicron) coincided with rising global caseloads, particularly in Europe, which sent equities lower as new lockdowns and a slower economic recovery became possible.

Indonesian equities moved lower for the month on the back of concerns over Federal Reserve tightening and the discovery of the new Covid variant amid economic data showing slower than expected third-quarter GDP of 3.5% (year-on-year). On the policy front, the constitutional court ordered President Jokowi to revise parts of the omnibus law, but the law itself would remain in force during the amendments. In addition, President Jokowi stated that the country might soon ban the export of other commodities such as bauxite or tin (adding to the current ban on nickel ore) in 2024 to help develop value-added processing jobs.

Malaysian equities moved lower as oil prices moved significantly lower for the month. Investor sentiment was also hurt by a provision in the recently passed (at policy stage) 2022 budget that will increase the stamp duty on equities from 0.1% to 0.15% starting in 2022. On the economic front, third-quarter GDP contracted by 6.4% in the third quarter.

In the Philippines, equity markets was marginally lower as the threat of new cases from the Omicron variant led to the imposition of new restrictions in the capitol region. On the economic front, third-quarter GDP rose by 7.1% (year-on-year).

Singapore's equity market posted losses for the month after cases of the Omicron variant were discovered in the territory, leading to the closing of several travel lanes. On the economic front, exports rose by 17.9% (year-on-year) in October.

Thailand equities moved lower on fears of rising COVID-19 cases and monetary tightening from the US. After (re) opening the country for tourists in November, Thailand equities were negatively impacted by the discovery of the Omicron variant, which could jeopardize reopening the travel sector and delay economic recovery.

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.

Disclaimer

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