

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 52.14 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.553	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (April 30, 2023)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.64%	2.64%	-1.33%	47.34%	20.20%	55.30%
Annualized	n.a.	n.a.	-1.33%	13.79%	3.75%	4.31%

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

	%
Raffles Medical Group Ltd	3.80
PT Blue Bird Tbk	3.63
Venture Corporation Limited	3.54
Frasers Centrepoint Trust	3.46
IGB Real Estate Investment Trust	3.39
Heineken Malaysia Bhd.	3.38
Sabina Public Co. Ltd. NVDR	3.15
Robinsons Retail Holdings, Inc.	3.07
Sheng Siong Group Ltd.	2.99
Mapletree Industrial Trust	2.82

Sector Allocation[^]

	%
Real Estate	24.09
Consumer Staples	16.95
Healthcare	14.86
Financials	9.88
Consumer Discretionary	9.84
Industrials	8.11
Information Technology	4.81
Communication Services	2.73
Materials	2.48
Energy	1.73
Cash & Cash Equivalents	4.52

Geographical Allocation[^]

	%
Singapore	25.21
Thailand	23.00
Indonesia	18.15
Malaysia	17.26
Philippines	9.38
Vietnam	2.47
Cash & Cash Equivalents	4.52

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

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Market Review

ASEAN small cap equities posted losses and underperformed developed markets, which benefitted from better-than-expected corporate earnings and optimism over a Fed pivot amid reemerging recessionary fears. In Asia, simmering Sino-U.S. geopolitical tensions and mixed economic data for China, which suggested a multi-speed recovery, weighed on regional markets.

Indonesian equities finished the month higher. Better-than-expected first quarter results in discretionary consumer and financials led the market. In addition, the market's largest IPO of the year, a nickel miner, helped boost market sentiment, as it ended the first day higher. Foreign inflows of US \$828 million into equities also boosted market performance. On the economic front, the country's trade surplus narrowed to US\$2.91 billion in March.

Malaysian equities posted losses during April. On the economic front, exports in March contracted for the first time in 31 months, with broad weakness across tech and non-tech products.

The Philippines equity market were lower despite the inflation print for March showing a deceleration (from 8.6% in February to 7.6% in March), suggesting the rate hike cycle may soon be over.

Singapore's equity market moved lower for the month. After a lower-than-expected first quarter GDP print of 0.1% (year-on-year), the Monetary Authority of Singapore maintained its current monetary policy stance, suggesting a pause in the current rate cycle. On the policy front, the government doubled the property stamp duty for purchases by foreigners from 30% to 60%.

Thailand equities posted losses for the month. The equity market continued its underperformance on the back of a negative cocktail of news including a contentious general election scheduled for May 14 and hawkish guidance from the Bank of Thailand for further rate hikes, while many other regional central banks have paused. Net foreign selling of US \$231 million put further pressure on the market. On the economic front, the country's current account surplus significantly widened in March to US\$4.8 billion.

Outlook

We continue to see inflows of foreign direct investments into South-East Asia. The region has been a beneficiary of Regional Comprehensive Economic Partnership (RCEP) free trade agreement and the preferred destination for multinational companies looking to build an alternative production base to serve customers and markets outside of China. This is expected to create more job opportunities and support domestic consumption in the region. Further, the return of tourists and visitors to the region is also expected to revive and repair the balance sheets of small and medium enterprises. This should lower credit costs of banks over time. From an earnings perspective, we believe major banks in Singapore, Indonesia and the Philippines will continue to deliver strong earnings growth, underpinned by operating leverage from loan growth and net interest margin expansion and lower credit costs. We also expect companies in the health care and consumer sectors to deliver robust growth, thanks to their ability to capture opportunities from domestic and overseas markets. Profitability of some well-managed companies would also receive a boost from strong pricing power and greater cost efficiencies arising from higher capacity utilization. That said, we remain cautious on the technology sector as earnings risks have yet to fully priced in by the market. We also turned less positive on the commercial property sector as rising cost of funds and stretched balance sheets of most funds would entail lower risk adjusted returns for investors.

Disclaimer

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