

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 57.32 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.542	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (January 31, 2022)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.10%	-4.10%	7.83%	21.13%	45.61%	54.20%
Annualized	n.a.	n.a.	7.83%	6.60%	7.80%	4.83%

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.	4.24
Raffles Medical Group Ltd	3.62
PT Industri Jamu dan Farmasi Sido Muncul Tbk	3.10
Eastern Polymer Group Public Company Ltd	3.04
Mapletree Industrial Trust	3.01
Com7 Public Co. Ltd.	2.92
Uchi Technologies Bhd.	2.80
TIME dotCom Bhd.	2.77
PT Medikaloka Hermina Tbk	2.64
Sheng Siong Group Ltd.	2.63

Sector Allocation[^]

	%
Real Estate	17.47
Consumer Staples	15.76
Healthcare	13.34
Industrials	12.66
Information Technology	8.45
Consumer Discretionary	8.26
Communication Services	5.39
Financials	5.05
Materials	4.04
Energy	3.71
Utilities	2.08
Cash & Cash Equivalents	3.79

Geographical Allocation[^]

	%
Singapore	29.47
Thailand	20.58
Indonesia	17.78
Malaysia	16.07
Philippines	9.42
Vietnam	2.89
Cash & Cash Equivalents	3.79

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

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Market Review

ASEAN small cap equities posted losses for the month. Monetary tightening was the main driver pushing global equity markets lower, as the Federal Open Market Committee announced after its January meeting that asset purchases would end in March and it would potentially raise rates in the same month. The rising global rates environment, coupled with volatile earnings reports by tech firms in the US, sent growth names lower.

Indonesian equities moved lower for the month. Bank Indonesia kept interest rates on pause, but raised the banks' requirement ratio by 300 bps, which will be incrementally implemented. On the policy front, the Indonesian government eased the export ban on coal after a rapid rise in the commodity's price.

Malaysian equities posted losses for the month. The government announced a new program to allow vaccinated tourists in with only a five-day quarantine, while foreign investors turned to net buyers. The central bank kept interest rates on pause.

The Philippines equity market was the outperformer in ASEAN which was driven by energy and industrials. On the economic front, fourth-quarter GDP grew by 7.7% (year-on-year), above market expectations.

Singaporean equities moved lower for the month. The Monetary Authority of Singapore unexpectedly tightened monetary policy to fight inflation by slightly raising the rate of appreciation of the currency's nominal effective exchange rate policy band. On the economic front, fourth-quarter GDP grew by 5.9% (year-on-year).

Thailand was lower on the month despite COVID-19 cases gradually declining and the government reopening the border and announcing that quarantine-free entry for tourists would begin in February, earlier than original expectations. On the economic front, the current account swung back into deficit in December.

Outlook

2022 started with the expectation of a tightening of central bank liquidity. However, we believe Asian markets will be able to weather this better than the last Fed taper in 2013. In particular, the macro indicators of South East Asia and India are in a much better shape this time. Amid a tighter liquidity environment, we advocate maintaining the discipline of paying a reasonable price for growth with focus on cash flow and balance sheet strength.

We expect South Asia to outperform North Asia. We believe South Asia will experience a more significant recovery from COVID this year. This is reinforced by high vaccination rate in most countries in the region. Within South Asia, we expect India and Indonesia to do relatively better than other countries in the region. Indonesia's current account balance is supported by higher commodity prices – especially palm oil. A gradual recovery of economic activities from COVID should propel corporate earnings growth in these markets in due course. While rising raw material and logistic costs are putting pressure on profit margins, we believe companies with the capability to innovate and improve efficiency will be able to navigate through cost challenges better than those who have not. We also expect a more interesting pipeline of initial public offerings of new economy companies in South Asia in 2022.

Disclaimer

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