

# 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

<b>Inception Date</b> November 2012	<b>Fund Size</b> USD 50.58 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.532	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> MPUSAGF	
<b>Investment Fund Manager (the "Manager")</b> Manulife Investment Management (Hong Kong) Limited			

## Performance Return (June 30, 2023)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.79%	1.26%	3.44%	33.10%	28.85%	53.20%
Annualized	n.a.	n.a.	3.44%	10.00%	5.20%	4.11%

## Why ASEAN markets

- **We know the ASEAN markets well:** With presence in the key ASEAN-6<sup>#</sup> and Greater China markets, we have in-depth knowledge and understanding of the region.
- **An under-appreciated side of Asia:** ASEAN<sup>##</sup> 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.

<sup>#</sup>ASEAN-6 includes Singapore, Thailand, Indonesia, Vietnam, Malaysia and Philippines.

<sup>##</sup>Predominantly represented by Indonesia, the Philippines, Thailand, Malaysia, and Singapore

## Top Ten Holdings

	%
PT Blue Bird Tbk	3.63
Raffles Medical Group Ltd	3.62
Frasers Centrepoint Trust	3.47
IGB Real Estate Investment Trust	3.47
Robinsons Retail Holdings, Inc.	3.44
PT MAP Aktif Adiperkasa Tbk	3.25
Heineken Malaysia Bhd.	3.12
CapitaLand China Trust	2.99
PT Selamat Sempurna Tbk	2.98
Sabina Public Co. Ltd. NVDR	2.95

## Sector Allocation<sup>^</sup>

	%
Real Estate	23.26
Consumer Staples	17.91
Healthcare	14.38
Consumer Discretionary	10.64
Financials	10.17
Industrials	8.63
Information Technology	3.43
Communication Services	2.54
Materials	2.45
Energy	2.09
Cash & Cash Equivalents	4.50

## Geographical Allocation<sup>^</sup>

	%
Thailand	23.62
Singapore	22.50
Indonesia	20.74
Malaysia	16.66
Philippines	9.52
Vietnam	2.47
Cash & Cash Equivalents	4.50

<sup>^</sup>Figures may not sum to 100 due to rounding.

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## Market Review

ASEAN small cap equities were flat for the month. The Fed paused on interest rates while provided hawkish guidance, followed by other developed markets' central banks.

Indonesia equities moved higher. Bank Indonesia stayed on pause as inflation for May registered at 4.0% (year-on-year), within the central bank's inflation target 2-4%.

The Philippines equity market moved higher for the month. The central bank remained on pause after inflation slowed for the fourth straight month to 6.1% (year-on-year). On the policy front, the government proposed a potential tax on junk food products, which sent some food producers lower, while also initiating an investigation into one of the nation's airlines for flight cancellations and delays.

Singapore's equity market moved higher for the month. On the economic front, exports contracted by 14.7% (year-on-year), the eight straight month of negative growth.

Malaysia equities posted losses despite inflation decelerating to 2.8% (year-on-year) in May.

Thai equities moved lower for the month. Political instability continued to be a key feature negatively affecting the investing landscape, as the Move Forward Party and its coalition were still in negotiations to elect a prime minister. On the economic front, the country posted a current account deficit of US\$2.8 billion in May.

## 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.

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