

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 52.20 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.563	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (March 31, 2023)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.03%	3.30%	-1.76%	69.34%	18.50%	56.30%
Annualized	n.a.	n.a.	-1.76%	19.19%	3.45%	4.41%

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	3.86
Venture Corporation Limited	3.69
Frasers Centrepoint Trust	3.59
PT Blue Bird Tbk	3.50
TISCO Financial Group Public Co. Ltd. NVDR	3.43
Sheng Siong Group Ltd.	3.43
IGB Real Estate Investment Trust	3.40
Heineken Malaysia Bhd.	3.21
Robinsons Retail Holdings, Inc.	3.09
TIME dotCom Bhd.	3.08

Sector Allocation[^]

	%
Real Estate	23.61
Consumer Staples	16.05
Healthcare	15.02
Financials	10.97
Consumer Discretionary	9.27
Industrials	8.13
Information Technology	4.89
Communication Services	3.08
Materials	2.69
Energy	1.76
Cash & Cash Equivalents	4.53

Geographical Allocation[^]

	%
Singapore	25.95
Thailand	22.22
Malaysia	17.76
Indonesia	16.70
Philippines	9.32
Vietnam	2.63
Technology	0.90
Cash & Cash Equivalents	4.53

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

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Market Review

ASEAN small cap equities were flat. Global markets experienced a volatile month after two bank failures in the U.S. and a government-brokered bank merger in Switzerland. Concerns arose over a potential global credit crunch, which might impact economic growth and catalyze more accommodative Fed policy. However, ASEAN equities benefited from a more stable macroeconomic environment and positive earnings surprises among tech bellwethers in China.

Indonesian equities posted losses for the month. Foreign investors were net buyers (US\$272 million) of equities. Bank Indonesia held interest rates steady at 5.75%. In policy, the government will provide incentives to boost sales of electric vehicles.

Malaysian equities posted gains as Bank Malaysia kept interest rates on pause at 2.75%.

The Philippines equity market was flat. The central bank downshifted to a 25-basis point hike to 6.25%, as inflation marginally decreased to 8.6% (year-on-year) in February. In policy, the House of Representatives approved the creation of a legislative body to propose amendments to the nation's constitution.

Singaporean equities moved higher for the month. Information technology outperformed, while industrials and real estate underperformed. On the economic front, exports contracted by 15.6% in February, the fifth straight month of contraction.

Thai equities were flat. In politics, the government dissolved the parliament in mid-March to prepare for a general election to be held in mid-May. Equities may benefit in the short-term as political parties have pledged upwards of US\$92 billion in stimulus for the country. Bank of Thailand raised rates by 25 basis points to 1.75%, guiding for further interest rate hikes. On the economic front, the country posted a current account surplus in February (US\$1.3 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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