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 50.60 million

Fund Currency
US dollar

Dealing/Valuation
Daily

Price (NAV/unit)
USD 1.520

Management Fee
2.25% per annum

Bloomberg Ticker
MPUSAGF

Investment Fund Manager (the "Manager")
Manulife Investment Management (Hong Kong) Limited

Performance Return (May 31, 2023)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.12%	0.46%	-2.94%	36.81%	20.16%	52.00%
Annualized	n.a.	n.a.	-2.94%	11.01%	3.74%	4.06%

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 percieved 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

Top Ten Holdings	%
PT Blue Bird Tbk	3.74
Sabina Public Co. Ltd. NVDR	3.59
Raffles Medical Group Ltd	3.46
Frasers Centrepoint Trust	3.39
IGB Real Estate Investment Trust	3.31
Heineken Malaysia Bhd.	3.22
Robinsons Retail Holdings, Inc.	3.19
Taokaenoi Food & Marketing Public Company Ltd NVDR	3.18
PT MAP Aktif Adiperkasa Tbk	3.02
PT Selamat Sempurna Tbk	2.98

Sector Allocation^

Sector Allocation^	%
Real Estate	23.26
Consumer Staples	17.09
Healthcare	13.99
Consumer Discretionary	11.28
Financials	9.42
Industrials	8.57
Information Technology	3.78
Communication Services	2.66
Materials	2.54
Energy	1.88
Cash & Cash Equivalents	5.53

Geographical Allocation^

Geographical Allocation^	%
Thailand	24.66
Singapore	22.35
Indonesia	19.14
Malaysia	16.79
Philippines	9.05
Vietnam	2.48
Cash & Cash Equivalents	5.53

^Figures may not sum to 100 due to rounding.

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Market Review

ASEAN small cap equities posted losses for the month. Decelerating inflation and concerns over economic growth in the U.S. led to speculation that the Fed will pause hike for at least the scheduled June meeting. In addition, a U.S. manufacturer of AI computing chip announced better-than-expected quarterly earnings and higher guidance for 2023, which led to optimism for AI and tech-related stocks. In contrast, China's slower-than-expected economic recovery partially dented regional sentiment, driving the ASEAN markets to end lower.

Indonesia equities pulled back despite first-quarter GDP growth (5.03% year-on-year) and April trade surplus both beat market expectation.

Malaysia equities pulled back dragged by materials and consumer discretionary. On the economic front, first-quarter GDP grew by 5.6% (year-on-year). Exports contracted by 17.4% (year-on-year) in May, the second consecutive month of decline.

Philippine equities moved lower. In the meantime, the central bank paused on interest rates after inflation decelerated to 6.6% (year-on-year) in April, its third consecutive monthly decline, indicating that the peak in inflation may have passed. On the economic front, first-quarter GDP growth of 6.4% (year-on-year), beating expectations.

Singapore equities retreated due to higher sensitivity to global macro headwinds and softer non-oil exports.

Thai equities posted losses amid political uncertainty under the general election. Conglomerates' shares were sent lower as the winning party (pro-democratic Move Forward party) pledged on breaking up monopolies and encouraging competition. On the economic front, first-quarter GDP grew by 2.7% (year-on-year), beating expectations.

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.