ASEAN Growth Fund

An investment fund option for the 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 64.19 million

Fund Currency
US dollar

Dealing/Valuation
Daily

Price (NAV/unit)
USD 1.313

Management Fee
2.25% per annum

Bloomberg Ticker
MPUSAGF

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

Performance Return (August 31, 2019)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.16%	12.70%	7.27%	16.09%	8.51%	31.30%
Annualized	n.a.	n.a.	7.27%	5.10%	1.65%	4.11%

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	%
Ascott Residence Trust	4.05
IGB Real Estate Investment Trust	3.98
Mapletree North Asia Commercial Trust	3.64
TTW Public Company Limited	3.38
TISCO Financial Group Public Co. Ltd. NVDR	3.37
Bangkok Chain Hospital Public Co. Ltd. NVDR	3.21
GFPT Public Co. Ltd.	2.88
Parkway Life Real Estate Investment Trust	2.87
PT Ciputra Development Tbk	2.80
Mapletree Commercial Trust	2.77

Sector Allocation^

Sector Allocation^	%
Real Estate	36.88
Consumer Staples	15.55
Financials	9.45
Consumer Discretionary	8.66
Healthcare	5.40
Utilities	5.29
Industrials	4.25
Information Technology	3.91
Energy	3.42
Materials	1.98
Cash	5.22

Geographical Allocation^

Geographical Allocation^	%
Singapore	31.83
Thailand	19.23
Indonesia	17.73
Malaysia	16.74
Philippines	5.08
Vietnam	4.17
Cash	5.22

^Figures may not sum to 100 due to rounding.

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Market Review

The MSCI ASEAN Small Cap Index was lower for the month on the back of resurgent Sino-US trade tensions and concerns over faltering global growth. A raft of central banks engaged in unexpected interest rate cuts such as Indonesia, Thailand and the Philippines. Additionally, both Indonesia and Thailand introduced fiscal stimulus packages to counteract the effects of an economic slowdown.

In Singapore, the equity market moved lower on the back of concerns over an economic slowdown. Negative economic sentiment spilled over into the market as concerns over a technical recession in the city-state were amplified by a further deterioration in Sino-US trade relations and the government cutting its 2019 economic forecast further, as exports posted another double-digit contraction in July.

The Indonesian equity market moved lower despite the government unveiling a raft of supportive policy measures. Government policy was a major market catalyst, as it introduced policies to support the economy. President Widodo announced the governments expansive 2020 budget and stated that the countrys capital will be moving from Jakarta to Borneo at a cost of US$ 33 billion over the next five years. Bank Indonesia also surprised markets with a 25 basis point rate cut, symbolizing the further stabilization of the rupiah amid a difficult global market environment.

In Malaysia, equity markets posted losses despite positive economic data. Equities moved lower amid a significant depreciation in the ringgit. Despite negative market sentiment, economic data was supportive: second quarter GDP growth beat market expectations and inflation showed signs of normalization after a bout of deflation earlier in the year.

Negative domestic news flow sent Philippine equities lower for the month. The governments increased crackdown on the offshore gaming sector dented investment sentiment earlier in the month coupled with the reescalation in Sino-US trade relations. Negative news flow outweighed the central banks cutting of interest rates by 25 basis points. On the economic front, second quarter GDP came in below market consensus due to a marked slowdown in fixed investment.

In Thailand, equity markets trended lower on pessimistic economic data. Markets were lower on negative economic data, as second quarter GDP growth was well-below market expectations. In response, the Bank of Thailand unexpectedly slashed interest rates by 25 basis points and the government introduced a fiscal stimulus package (US$ 10 billion) to boost flagging demand.

Outlook

A benign interest rate environment should bode well for South East Asian markets, especially Indonesia. President Jokowi of Indonesia is expected to form a new cabinet in October 2019. The newly elected government is expected to continue to encourage foreign direct investments and stimulate domestic demand. Further, the government plans to cut corporate taxes to boost domestic investment. The decision to relocate the capital city to Kalimantan is expected contribute to fixed asset investment growth for many years to come.

Thailand approved a US$10bn stimulus package in August. The stimulus measures include debt relief and loans for drought-affected farmers. The government will also extend free-visa-on-arrival for several countries for another six months. Thai domestic tourists will receive Bt1,000 and 15% rebates on hotel accommodation, for and shopping costs of up to Bt30,000. Additionally, the government will give subsidies to low-income earners and increase allowances for the elderly and babies. Clearly, the stimulus package will help sustain private consumption as the countrys economic growth slowed to 2.3% in 2Q19.

In the Philippines, the risk of a full ban on online gambling (on Chinas request) was defused after President Duterte decided against it. The decision removed investors concerns as a full ban would have dire consequences to Philippines economy and the real estate market. Separately, a benign inflation environment may prompt the central bank to implement another round of monetary easing soon. This is expected to include a rate cut of 25bps and another reduction in banks reserve requirement ratio. The move is expected to restore investment-driven growth in the country.