

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 62.80 million | Fund Currency US dollar | Dealing/Valuation Daily |
| Price (NAV/unit) USD 1.334 | Management Fee 2.25% per annum | Bloomberg Ticker MPUSAGF | |
| Investment Fund Manager (the "Manager") Manulife Asset Management (Hong Kong) Limited | | | |

Performance Return (December 31, 2019)

| ASEAN Growth Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|--------|--------|---------|---------|-----------------|
| Absolute | 2.93% | 14.51% | 14.51% | 30.78% | 19.96% | 33.40% |
| Annualized | n.a. | n.a. | 14.51% | 9.36% | 3.71% | 4.15% |

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

| | % |
|---|------|
| Mapletree Logistics Trust | 4.01 |
| Ascott Real Estate Investment Trust | 3.89 |
| IGB Real Estate Investment Trust | 3.81 |
| Mapletree Industrial Trust | 3.58 |
| Bangkok Chain Hospital Public Co. Ltd. NVDR | 3.57 |
| Keppel DC REIT | 3.55 |
| TISCO Financial Group Public Co. Ltd. NVDR | 3.42 |
| Sheng Siong Group Ltd. | 3.23 |
| First Resources Ltd. (Singapore) | 2.96 |
| Parkway Life Real Estate Investment Trust | 2.74 |

Sector Allocation[^]

| | % |
|------------------------|-------|
| Real Estate | 38.41 |
| Consumer Staples | 15.94 |
| Financials | 9.59 |
| Consumer Discretionary | 8.68 |
| Healthcare | 6.12 |
| Information Technology | 5.33 |
| Utilities | 3.90 |
| Materials | 2.97 |
| Industrials | 2.86 |
| Energy | 2.71 |
| Cash | 3.48 |

Geographical Allocation[^]

| | % |
|-------------|-------|
| Singapore | 36.39 |
| Indonesia | 18.97 |
| Thailand | 17.27 |
| Malaysia | 16.49 |
| Vietnam | 4.03 |
| Philippines | 3.37 |
| Cash | 3.48 |

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

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Market Review

The MSCI ASEAN Small Cap Index move higher during the month on the back of supportive policies and US-China trade tension relief. Indonesian equity markets rose in December. In the light of decelerated economic growth, the government announced that it would front-load fiscal stimulus in the first half of 2020, while the cabinet discussed raising the country's statutory fiscal deficit cap. In Malaysia, the equity market posted gains on the back of positive economic news. The OPEC announcement to cut supply helped boost domestic energy producers. In the Philippines, Thailand and Singapore, in spite of the negative domestic news flow and economic challenges, equities posted gains along with the broad regional markets. In Vietnam, the equity market was the only regional market to post losses with mixed economic data.

Outlook

Tailwinds are developing in South East Asia. On top of a more benign interest rate environment, the recovery of crude palm oil prices provided another leg of support to Indonesia. The palm oil sector is one of the biggest employers in Indonesia. High crude palm oil prices should drive income growth and provide a much needed support to domestic consumption in due course. We also look forward to the passing of an Omnibus Law covering the labour law reform (Employment Creation Act), Tax Reform (general taxation, income tax, value added tax) and SME Empowerment Act in 2020. This should create a more business friendly environment in Indonesia and pave the way to attracting foreign direct investments into the country in the future. These initiatives, if executed well should ease the pressure on the country's lingering current account balances.

Similarly, the Malaysian economy should also benefit from higher palm oil and crude oil prices. Petronas, the national oil company has committed to outsource more jobs to domestic oil and gas service companies. The country has also been attracting foreign direct investments, which grew 6.5% to MYR66.3bn between January and September 2019. Higher commodity prices and FDIs should translate into income growth in due course and this should drive improvement in domestic consumption, after a long period of softness. While overall economic growth remains soft in Thailand, we see opportunities in companies who are able to drive cost efficiency through automation. The growth outlook in the health care sector remains robust as hospitals continue to attract patients from the Middle East and China. In the Philippines, we see opportunities in the property development space. The Pasay City government recently approved a long-awaited 360-ha reclamation project. The project is expected to create thousands of job opportunities and contribute significantly to the country's economic growth.

In addition to the factors mentioned above, we are also looking for opportunities around the strong growth in South East Asia's Internet economy and the medical tourism sector.

Disclaimer

The ASEAN Growth Fund is an investment fund option for The Manufacturers Life Insurance Co. (Phils.), Inc.'s Affluence Gold, Affluence Max Gold, Manulife Affluence Builder, and Manulife Horizons, and is managed by Manulife Investment Management (Hong Kong) Limited.

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