

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 58.62 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.274	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (January 31, 2020)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-4.50%	-4.50%	0.08%	20.30%	12.84%	27.40%
Annualized	n.a.	n.a.	0.08%	6.35%	2.45%	3.43%

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	4.48
IGB Real Estate Investment Trust	4.15
Mapletree Industrial Trust	4.05
Ascott Residence Trust	3.89
Keppel DC REIT	3.87
Sheng Siong Group Ltd.	3.39
Bangkok Chain Hospital Public Co. Ltd. NVDR	3.34
TISCO Financial Group Public Co. Ltd. NVDR	3.22
Parkway Life Real Estate Investment Trust	3.13
Raffles Medical Group Ltd	2.81

Sector Allocation[^]

	%
Real Estate	38.99
Consumer Staples	15.78
Financials	10.15
Consumer Discretionary	8.41
Healthcare	6.15
Information Technology	5.85
Utilities	3.27
Materials	3.24
Industrials	2.93
Energy	2.80
Cash & Cash Equivalents	2.43

Geographical Allocation[^]

	%
Singapore	37.26
Indonesia	19.48
Malaysia	17.25
Thailand	16.50
Vietnam	3.91
Philippines	3.17
Cash & Cash Equivalents	2.43

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

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Market Review

ASEAN markets were lower for the month driven by Thailand, Indonesia and the Philippines. In Thailand, investor sentiment was dented by heavy foreign selling and concerns over economic growth as tourism slumped with the outbreak of the coronavirus. Despite strong capital inflows, Bank Indonesia intervened in the currency markets in January to maintain the rupiah's value amid geopolitical concerns (US-Iran relations) and the coronavirus outbreak. The Philippines equity market moved notably lower. With already tepid investor sentiment, equities moved lower as the Philippines government announced it was reviewing all deals signed with private sector participants that may take advantage of taxpayers. The announcement represented a widening investigation after a number of water utility contracts were in December. On the economic front, fourth-quarter GDP print met market expectations due to government infrastructure spending, while full-year GDP growth decelerated, coming in below market expectations. Singapore's equity market markets were lower for the month. On the economic front, Singapore posted its lowest annual economic growth rate in a decade; fourth-quarter GDP print came in at roughly what the market expected. Malaysian equities were hit by falling commodity prices: crude oil fell in the second half of the month after an earlier spike in January due to US-Iran tensions. In addition, palm oil prices hit a 12-year low at the end of the month due to fears over reduced demand before spiking shortly thereafter on reduced supply expectations. In a surprise move, Malaysia's central bank cut interest rates by 25 basis points to shore up faltering economic growth.

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 SMEs 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.

In Malaysia, the glove manufacturing sector is expected to have a better year in 2020. Consistently strong demand from the US, Europe and recently a spike in demand from China, Singapore and Hong Kong has helped the industry work through a temporary excess capacity in the sector. This has helped establish a robust pricing environment in the sector and drive volume growth. Some of the leading manufacturers have order backlog of as long as three to six months, thanks to strong demand from the health care sector across the globe.

The outbreak of the Coronavirus is expected to have a dampening effect on Thailand's economic growth. This is because the tourism sector accounts for more than 10% of the country's GDP and tourists from China account for more than a third of total arrivals in the country. Recent drought also hit demand in the rural area. Against such backdrop, the Bank of Thailand cut interest rate decisively in February and the Thai Government is expected to expedite the implementation of the recently approved budget to stimulate growth. The fund is underweight the market and will focus on investing in exporters with capability of gaining market share and implement cost and production efficiency programs at the same time to boost profits. The outlook of the market in the Philippines appears increasingly challenging. President Duterte has taken a hard stance against companies or business groups that fail to share economic benefits with the country. This has created substantial uncertainty and any action taken against these companies would lead to heavy losses for investors. We are thus treading this market cautiously.

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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