

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 66.07 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.342	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Asset Management (Hong Kong) Limited			

Performance Return (July 31, 2019)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	0.00%	15.19%	10.45%	19.82%	12.87%	34.20%
Annualized	n.a.	n.a.	10.45%	6.21%	2.45%	4.51%

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

	%
Ascott Residence Trust	4.01
Mapletree North Asia Commercial Trust	3.86
IGB Real Estate Investment Trust	3.65
GFPT Public Co. Ltd.	3.26
TISCO Financial Group Public Co. Ltd. NVDR	3.22
TTW Public Company Limited	3.15
PT Ciputra Development Tbk	3.11
Bangkok Chain Hospital Public Co. Ltd. NVDR	2.98
Vista Land & Lifescapes Inc.	2.91
Somboon Advance Technology Public Co. Ltd. NVDR	2.82

Sector Allocation[^]

	%
Real Estate	38.70
Consumer Staples	15.43
Consumer Discretionary	9.49
Financials	9.47
Healthcare	5.25
Utilities	5.06
Industrials	4.49
Information Technology	3.86
Energy	3.63
Materials	2.32
Cash	2.31

Geographical Allocation[^]

	%
Singapore	31.48
Thailand	20.16
Indonesia	19.48
Malaysia	15.77
Philippines	6.63
Vietnam	4.17
Cash	2.31

[^]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 despite positive macro catalysts such as the resumption of Sino-US trade talks and dovish Federal Reserve cutting interest rates.

In Singapore, the equity market moved lower on the back of pessimistic investor sentiment. Economic data continued to be negative: second-quarter GDP contracted on a year-on-year basis, while exports shrunk for the fourth consecutive month, as technology exports remained soft.

In Indonesia, investor expectations over accommodative monetary policy sent Indonesian equities higher for the month. Industrials and telecom led the market, while energy was the worst-performing sector. Equity markets benefited from expectations over the Federal Reserve cutting interest driving risk-on sentiment in emerging markets, as well as Bank Indonesia cutting the policy rate by 25 basis points in July and offering guidance for future rate cuts. Economic data was also positive: the country's trade balance remained marginally in surplus for the second consecutive month in June, as import growth sharply outpaced export growth.

In Malaysia, equity markets posted gains as energy outperformed the market. On the economic front, data was mixed: while the Purchasing Mangers' Index fell further into contraction territory in June, exports hit a four-month high.

The Philippine equity market was flat for the month. While the market briefly touched bull market territory at the start of the month, a raft of company-specific negative factors dragged markets lower toward the end of the month. Economic data in June also supported equities, as inflation decelerated from a high point in May and the trade deficit narrowed.

Market uncertainties led Thailand's equity markets lower in July. Equities suffered from domestic and foreign uncertainty: the late formation of the new government will likely delay the allocation of the next fiscal year's budget, a key support of domestic demand, while the ongoing Sino-US trade war has hurt the tourism sector and exports, denting investment sentiment.

Outlook

In the South East Asia region, our strict adherence to investment process has paid off. As highlighted last month, liquidity was going after low growth companies trading on steep valuations. These companies disappointed on earnings delivery during the recent earnings reporting season. The rally in June proved unsustainable. In Indonesia, most companies delivered weaker than expected earnings. This is well expected as activity in 1H19 was held back by the Presidential election and a long break in conjunction with the celebration of Eid festival. We expect earnings momentum to gain pace in 2H19 as political certainty lifts consumer and business confidence. Rate cuts by the central bank should also help alleviate pressure on liquidity. In Singapore, most companies reported weak earnings as economic growth softens in Singapore but remains a market that offers opportunities to invest in companies with high dividend yield. In Thailand and Philippines, our preference lies with companies with specific growth drivers as domestic growth begin to show signs of weakness.

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 Asset Management (Hong Kong) Limited.

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Manulife Asset Management™ is the institutional asset management arm of Manulife Financial. Manulife Asset Management™ and its affiliates provide comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a full range of asset classes including equity, fixed income and alternative investments such as real estate, timber, farmland, as well as asset allocation strategies.

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