

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 53.31 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.151	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (July 31, 2020)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	5.39%	-9.07%	-9.61%	6.97%	18.57%	21.30%
Annualized	n.a.	n.a.	-9.61%	2.27%	3.47%	2.55%

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

	%
R&B Food Supply Public Company Ltd NVDR	3.85
Sheng Siong Group Ltd.	3.61
Parkway Life Real Estate Investment Trust	3.59
Com7 Public Company Limited NVDR	3.25
Frasers Logistics & Commercial Trust	3.18
Mapletree North Asia Commercial Trust	3.16
Raffles Medical Group Ltd	2.98
Mapletree Industrial Trust	2.81
IGB Real Estate Investment Trust	2.77
Venture Corporation Limited	2.62

Sector Allocation[^]

	%
Real Estate	28.32
Consumer Staples	22.92
Healthcare	11.64
Consumer Discretionary	9.34
Industrials	7.01
Information Technology	6.97
Financials	6.54
Materials	2.24
Energy	1.67
Cash & Cash Equivalents	3.34

Geographical Allocation[^]

	%
Singapore	35.36
Malaysia	21.07
Thailand	18.80
Indonesia	13.87
Vietnam	3.92
Philippines	3.65
Cash & Cash Equivalents	3.34

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

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Market Review

ASEAN small cap equity markets performance was mixed during the month with Indonesia, Malaysia, Thailand and Singapore registering gains while the Philippines was lower. Indonesia and Malaysia central banks cut interest rates while a surge in COVID-19 infections continued to batter the economy. Markets posted losses on pessimism of an economic recovery due to the continued lockdown. Singapore's general election was the main market event with the ruling party maintaining power as expected.

The Indonesian equity market rose for the month. A government debt monetization plan sparked concern among some investors that would see Bank Indonesia buying US \$28 billion worth of bonds from the government without receiving interest payments. The current plan would only allow monetization in 2020. The central bank also cut interest rates for the second straight month by 25 bps to 4.00%.

In Malaysia, the equity market rose higher on continued stimulus. The central bank slashed interest rates for the fourth straight month by 25 bps to 1.75%.

In the Philippines, the equity market moved lower. COVID-19 infections continued to surge battering the economy. Markets steadily posted losses on pessimism of economic recovery and a continued lockdown. At the end of the month, telecom stocks moved notably lower after the government threatened to "shut down" the country's two largest telecommunications providers due to poor service. On the policy front, President Duterte reiterated proposals in his annual state address to reduce the corporate tax rate from 30% to 25%, as well as for bank lenders to extend repayment to borrowers without incurring charges.

The Thailand equity market was the worst performing in the Asia-Pacific region. Although the number of COVID-19 cases has decreased, Thailand's government extended the state of emergency until July 31. On the economic front, contractions in domestic investment and consumption lessened in June, while exports contracted by double-digits, the weakest pace recorded since 2009.

Singapore's equity market was marginally lower for the month. Singapore's general election was the main market event, as the ruling People's Action Party (PAP) prevailed in the election but the opposition won a record number of seats (10) in parliament. The equity market offered a tepid reaction as investor concerns over the trajectory of COVID-19 and economic growth persisted. On the economic front, the country officially entered a technical recession, as second-quarter GDP fell by 12.6% (year-on-year); unemployment also continued to rise due to effects from the "circuit breaker."

Outlook

The reopening of South East Asia economies is occurring gradually. The spread of the virus appeared to be well-contained in Malaysia, Thailand and Vietnam. Economic activities in these countries have resumed, but we believe it will take some time before they return to pre-COVID levels. Activities in the stock markets in Malaysia and Thailand have largely been driven by retail participation. There are signs of disconnect between fundamentals and valuations of stocks. We would select stocks carefully in these markets and focus on investing in companies with strong balance sheet and sustainable earnings profile. The recovery of Indonesia and the Philippines is expected to take a much longer time than its other peers in ASEAN. The number of COVID-19 cases is still rising and social distancing is still in place in both places. The earnings outlook of companies in these two markets is expected to remain soft going forward.

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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