

# 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

<b>Inception Date</b> November 2012	<b>Fund Size</b> USD 67.54 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.342	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> MPUSAGF	
<b>Investment Fund Manager (the "Manager")</b> Manulife Asset Management (Hong Kong) Limited			

## Performance Return (June 30, 2019)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	5.17%	15.19%	12.87%	24.95%	16.59%	34.20%
Annualized	n.a.	n.a.	12.87%	7.71%	3.12%	4.56%

## 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	3.93
Mapletree North Asia Commercial Trust	3.92
TISCO Financial Group Public Co. Ltd. NVDR	3.79
Mapletree Logistics Trust	3.57
IGB Real Estate Investment Trust	3.54
TTW Public Company Limited	3.24
GFPT Public Co. Ltd.	3.16
Bangkok Chain Hospital Public Co. Ltd. NVDR	3.15
Mapletree Commercial Trust	2.98
PT Ciputra Development Tbk	2.95

## Sector Allocation<sup>^</sup>

	%
Real Estate	39.95
Consumer Staples	12.85
Financials	10.46
Consumer Discretionary	8.96
Healthcare	5.49
Utilities	4.97
Industrials	4.52
Information Technology	3.99
Energy	2.74
Materials	2.70
Cash	3.36

## Geographical Allocation<sup>^</sup>

	%
Singapore	31.20
Thailand	19.99
Indonesia	18.90
Malaysia	15.38
Philippines	6.14
Vietnam	5.03
Cash	3.36

<sup>^</sup>Figures may not sum to 100 due to rounding.

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## Market Review

The MSCI ASEAN Small Cap Index was higher for the month as improvement in Sino-US trade and the Fed's dovish tone helped drive all markets higher.

In Singapore, the equity market posted gains in June. Technology stocks also moved higher as the government pledged SG \$40 million for preliminary spending in support of the territory's 5G network. Despite the market's strong performance, economic data suggested worsening external demand: exports posted a double-digit contraction, the worst year-on-year performance in more than three years, as electronic exports plunged further.

In Indonesia, investor expectations of monetary easing (both globally and locally) sent equity markets higher. The country emerged as one of the key beneficiaries of global risk-on sentiment- Bank Indonesia echoed the Fed's dovish guidance by reducing the bank reserves requirement by 50 basis points, and offering a statement indicating future rate cuts. On the economic front, May's trade balance registered an unexpected surplus, although the year-to-date balance is still in deficit.

In Malaysia, inflation figures were lower than expected leaving room for the central bank to cut rates.

The Philippines equity market posted marginal gains in June. The Philippines central bank kept interest rates steady in June as May inflation data moderately accelerated. On the economic front, the country's trade deficit widened further in April- although the peso remained resilient in June due to increased capital inflows.

The formation of a new government and capital inflows boosted Thailand's equity market higher in June. The global risk-on sentiment also boosted capital inflows into the country's equity markets- foreign investors were net buyers of US \$ 1.5 billion in equities (the highest monthly total since February 2012) as the market emerged as a regional "safe haven" due its large current account surplus and robust foreign exchange reserves. Finally, May monthly economic data suggested weaker external demand: exports contracted year-on-year but relatively less than other regional exporters.

## Outlook

In the South East Asia region, we noticed some anomalies in the market. Liquidity is chasing after companies either with weak fundamentals and trading on rich multiples or companies with low growth but trading on steep valuations. Such trend and behavior is against our investment process and philosophy. We would thus focus on selecting and investing in good quality companies with strong cash flow, trading on reasonable valuations and pay decent dividends to shareholders. We remain optimistic on the growth potential of Indonesian companies while mindful of softer earnings growth in Thailand. Stocks in the Philippines appear fully priced and we would need to see higher earnings growth to justify a further re-rating of stocks.

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### Disclaimer

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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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