

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 49.63 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.111	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Investment Management (Hong Kong) Limited			

Performance Return (May 31, 2020)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	5.41%	-16.72%	-12.93%	-2.80%	1.28%	11.10%
Annualized	n.a.	n.a.	-12.93%	-0.94%	0.25%	1.41%

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

	%
Sheng Siong Group Ltd.	3.99
Mapletree Logistics Trust	3.71
Parkway Life Real Estate Investment Trust	3.64
Raffles Medical Group Ltd	3.30
Mapletree North Asia Commercial Trust	3.22
R&B Food Supply Public Company Ltd NVDR	3.14
PT Industri Jamu dan Farmasi Sido Muncul Tbk	2.85
IGB Real Estate Investment Trust	2.76
Venture Corporation Limited	2.61
Hartalega Holdings Bhd.	2.58

Sector Allocation[^]

	%
Real Estate	31.46
Consumer Staples	21.63
Healthcare	9.69
Financials	9.44
Consumer Discretionary	7.25
Information Technology	6.75
Utilities	3.89
Industrials	3.66
Materials	2.19
Cash & Cash Equivalents	4.04

Geographical Allocation[^]

	%
Singapore	37.00
Thailand	18.68
Malaysia	18.09
Indonesia	12.14
Philippines	5.50
Vietnam	4.54
Cash & Cash Equivalents	4.04

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

ASEAN Growth Fund

Market Review

ASEAN markets rebounded strongly as on the back of increased government support and the reopening of economies as governments begin to relax restrictions.

Indonesian equity markets recovered on the back of optimism over economic opening. Although the number of COVID-19 cases continued to increase, the Indonesian government announced that the economy would fully open by the end of July. On the economic front, first-quarter GDP came in below expectations at roughly 3% year-on-year.

In Malaysia, markets rose on the optimism over an opening economy. The Malaysian government eased elements of the administrative lockdown, allowing businesses to open with restrictions. To help cushion the economic impact, the central bank cut interest rates by 50 basis points to 2%- its lowest level in 11 years. Political stability weighed on the market toward the end of the month, as former Prime Minister (PM) Mahathir Mohamad was expelled from the very opposition party he founded (United Indigenous Party of Malaysia) for not supporting the current government. On the economic front, data were mixed: although the country recorded deflation of 2.9% in April, first-quarter GDP print of 0.7% year-on-year growth surprised to the upside.

In the Philippines, equity markets recovered on the back of relaxed administrative lockdowns. The Philippines government announced that elements of the administrative lockdown would be eased in May and June, boosting equities higher. Despite the announcement, the toll of the pandemic was becoming clearer. First-quarter GDP contracted by 0.2% year-on-year- the first contraction in quarterly GDP recorded since 1998. In addition, Fitch revised its sovereign credit outlook for the country to "stable" from "positive."

Thailand equities rebounded rose on government support measures. As the government gradually reopened segments of the economy, it continued to unveil economic support to cushion the impact of COVID-19. The parliament passed a US \$60 billion stimulus package in early May. The central bank cut interest rates by 25 bps to a record low of 0.50%. On the economic front, first-quarter GDP contracted by 1.8% year-on-year.

Singapore's equity market was the only Southeast Asian market to decline for the month. On the economic front, economic data were mixed: first-quarter GDP came in at -0.7% year-on-year, while exports in April grew 10% year-on-year; the second consecutive month of expansion on the back of a surge in pharmaceuticals exports.

Outlook

South East Asian economies are gradually opening their economies following months of restricted movements and social distancing. With the exception of Vietnam and Thailand, other countries are still struggling to contain the spread of COVID-19. Despite a gradual re-opening, we believe it will take at least six months for business activities to resume normal. Political tension is brewing in Malaysia. This does not bode well for business confidence. While stocks have performed and held up relatively well on optimism of a recovery post-COVID-19, we believe a new opposition push to oust the new government could distract the leadership at this critical moment and dampened investors' confidence in due course. Thailand is one of the earliest in re-opening its economy. Stocks have performed well in anticipation of companies going back to business. However, we believe the optimism is overdone as tourists have yet to return to this tourism-dependent country. Further, consumer spending in the upcountry regions is affected by a drought this year. Against such backdrop, we would prefer to invest in companies who derive most of their income from domestic demand and sell small-ticket items. We are cautious on companies exposed to big-ticket consumption as well as banks and financial companies involved in small and medium enterprise and micro-lending. The Philippines and Indonesia are expected to require more time to re-start their economies. While investors have priced in the worst for these two markets, we believe some leading companies will be able to come out of the crisis much better than market expectations. More importantly, valuations of stocks appear undemanding at current levels.

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.

The Investment Funds ("Funds") mentioned in this document are specific to variable life insurance contracts and are not considered mutual funds. Yields depend on interest and foreign exchange rate levels, both of which may fluctuate. Other factors that affect yield include changes in the credit standing of the issuers and changes in the value of the stocks and dividends received. Further, investments of the Funds may provide that their values be determined based on prices or yields of other securities, instruments or foreign currencies, and such provisions may result in negative fluctuations in the value of these investments and, in turn, the Funds' yields. Thus, the performance of the separate account(s) is not guaranteed and the value of the policy could be less than the capital invested subject to any specified minimum guarantees. THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS. Past performance of the Funds is not necessarily indicative of future performance. Yields are not guaranteed. Yields indicated are exclusive of charges associated with the variable life policy.

Manulife Investment Management™ is the institutional asset management arm of Manulife Financial. Manulife Investment 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.

The opinions and portfolio holdings expressed are those of Manulife Investment Management™ ("Manulife IM") as of the date stated in the document, and are subject to change based on market and other conditions. The information in this document including statements concerning financial market trends, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. Manulife IM disclaims any responsibility to update such information. Information about the portfolio's holdings, asset allocation, or country diversification is historical and is not an indication of future portfolio composition, which will vary. All overviews and commentary are intended to be general in nature and for current interest. While helpful, these overviews are no substitute for professional tax, investment or legal advice. Clients should seek professional advice for their particular situation. Neither Manulife Financial, Manulife Investment Management™, nor any of their affiliates or representatives is providing tax, investment or legal advice. Past performance does not guarantee future results. This material was prepared solely for informational purposes, does not constitute an offer or an invitation by or on behalf of Manulife IM to any person to buy or sell any security and is no indication of trading intent in any fund or account managed by Manulife IM. Investors should not make investment decisions based on this material alone. For details, please refer to the relevant investment policy and product key fact statements.