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 55.31 million

Fund Currency
US dollar

Dealing/Valuation
Daily

Price (NAV/unit)
USD 1.324

Management Fee
2.25% per annum

Bloomberg Ticker
MPUSAGF

Investment Fund Manager (the "Manager")
Manulife Investment Management (Hong Kong) Limited

Performance Return (November 30, 2020)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	8.44%	-0.75%	2.16%	5.92%	38.93%	32.40%
Annualized	n.a.	n.a.	2.16%	1.94%	6.80%	3.57%

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 percieved 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

Top Ten Holdings	%
Mapletree North Asia Commercial Trust	3.29
Comfortdelgro Corporation Limited	3.27
Frasers Logistics & Commercial Trust	3.21
Com7 Public Company Limited NVDR	2.99
SKP Resources Bhd.	2.93
Century Pacific Food Inc.	2.90
Raffles Medical Group Ltd	2.79
PT Aneka Tambang Tbk	2.77
R&B Food Supply Public Company Ltd NVDR	2.68
PT Ciputra Development Tbk	2.66

Sector Allocation^

Sector Allocation^	%
Real Estate	28.12
Consumer Staples	17.80
Consumer Discretionary	12.61
Industrials	10.01
Healthcare	8.94
Information Technology	8.76
Financials	4.44
Materials	2.77
Communication Services	1.94
Energy	1.69
Cash & Cash Equivalents	2.92

Geographical Allocation^

Geographical Allocation^	%
Singapore	35.86
Thailand	18.95
Malaysia	18.02
Indonesia	15.65
Philippines	5.44
Vietnam	3.17
Cash & Cash Equivalents	2.92

^Figures may not sum to 100 due to rounding.

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Market Review

ASEAN markets were higher for the month rejuvenated by hopes of demand recovery. Additionally, the signing of the Regional Comprehensive Economic Partnership (RCEP) free trade agreement offered a new lease on life for the ASEAN region. The expectations of less combative policy under a Biden presidency has also been a key driven for ASEAN equities.

The Indonesian equity market moved notably higher for the month. Bank Indonesia unexpectedly slashed interest rates by 25 bps to 3.75%, as third-quarter economic data (-3.49% year-on-year) showed the country entering its first technical recession in 22 years.

In the Philippines, equity markets were positive. Equity markets rose on the back of COVID-19 optimism and the continued (re) opening of the domestic economy. The central bank unexpectedly cut interest rates by 25 bps to a historical low of 2% on the back of third-quarter GDP contracting by 11.5%.

In Malaysia, markets moved higher despite negative economic news and concerns over political instability. At the end of the month, Prime Minister Muhyiddin Yassin passed a key political test by passing the nation's 2021 budget. However, pressure still exists among political allies to hold a confidence vote in parliament, and potentially a new election once COVID-19 conditions permit. On the economic front, third-quarter GDP contracted by 2.7% but beat the market consensus.

Thailand equities moved higher for the month. The Thai parliament rejected the idea of a constitutional amendment to reduce the power of the nation's monarchy, a move that is expected to keep political tensions high. On the economic front, GDP contracted by 6.4% in the third quarter.

Singapore's equity market posted strong gains for the month. On the economic front, exports posted an unexpected contraction of 3.1% in October, after posting four consecutive months of gains.

Outlook

On Nov 15, China and 14 other countries signed the Regional Comprehensive Economic Partnership (RCEP), which accounts for 30% of the world population and 30% of global GDP making it the world's largest trading region. The RCEP is a key milestone for South East Asian countries to advance as a global manufacturing hub. It will eliminate c. 92% of import tariffs and clear up various hurdles such as the Rules of Origins, promoting the shift of manufacturing to ASEAN amid the persisting US-China tension. As estimated by the World Bank, South East Asian countries would see their GDP to expand by 0.1- 0.8% and exports to expand by 0.3-4.7% higher than baseline in 2030. The increase in manufacturing jobs is a key driver for income growth and urbanization, creating further opportunities for consumers sectors.

We see each South East Asian country attract FDIs based on what they can offer in terms of their competitive and comparative advantages. Thailand has a strong automotive supply chain and a well-estabilished food manufacturing industry. Malaysia has an advantage in the manufacturing of electronic and electrical products, rubber gloves and wooden furniture. Philippines provides great service in terms of business process outsourcing (BPO) and Indonesia is offering itself as the hub for electric vehicle supply chain. Vietnam has established a niche in the manufacturing of smartphones and Vietnam and Cambodia offers the advantage of textile and apparel manufacturing. Singapore serves as the key financial hub supporting capital investments in the region.

In order the attract FDIs, governments in this region have invested in improving transport and logistic infrastructure over the years. They have also passed laws and simplify processes to create a business friendly environment for foreign investors. For example, the long awaited Omnibus law was approved by the Indonesian parliament on 5th October 2020. One of the main points addressed in this reform is the reduction of corporate severance payment liability from a previous maximum of 32 months to 19 months (with an additional 6 months paid by the Government). The law would also ease restrictions in critical areas, including labor law, capital investment, licensing, corporate tax, and land acquisition. This set the stage for global manufacturers to establish operations in Indonesia.

Tourism sector in South East Asia were badly affected by COVID-19. As vaccination work through its way, we believe the recovery of tourism industry should help revive economic growth in the region. If all goes well, we expect to see a more meaningful recovery to occur towards the latter half of 2021.