

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 62.57 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.310	Management Fee 2.25% per annum	Bloomberg Ticker MPUSAGF	
Investment Fund Manager (the "Manager") Manulife Asset Management (Hong Kong) Limited			

Performance Return (September 30, 2019)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.23%	12.45%	6.94%	17.70%	10.92%	31.00%
Annualized	n.a.	n.a.	6.94%	5.58%	2.09%	4.03%

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	4.22
IGB Real Estate Investment Trust	4.03
Mapletree North Asia Commercial Trust	3.74
TISCO Financial Group Public Co. Ltd. NVDR	3.47
TTW Public Company Limited	3.39
Bangkok Chain Hospital Public Co. Ltd. NVDR	3.24
Parkway Life Real Estate Investment Trust	2.99
GFPT Public Co. Ltd.	2.93
Mapletree Commercial Trust	2.86
PT Ciputra Development Tbk	2.77

Sector Allocation[^]

	%
Real Estate	36.00
Consumer Staples	15.78
Financials	9.74
Consumer Discretionary	9.15
Healthcare	5.52
Utilities	5.22
Industrials	4.16
Information Technology	4.04
Energy	3.34
Materials	1.96
Cash	5.09

Geographical Allocation[^]

	%
Singapore	33.30
Thailand	18.38
Indonesia	17.90
Malaysia	17.05
Vietnam	4.34
Philippines	3.94
Cash	5.09

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

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Market Review

The MSCI ASEAN Small Cap Index was slightly lower for the month despite the central banks' accommodative monetary policies as negative sentiment mounted. Central banks in Indonesia and the Philippines cut interest rates while Singapore announced easing monetary policy.

Singapore's equity markets finished higher as expectations grew that weak economic data would compel the Monetary Authority of Singapore to ease its foreign exchange-rate based monetary policy in October. Exports contracted for the sixth consecutive month on a year-on-year basis, while industrial production notably declined in August.

The Indonesian equity market was lower as market sentiment turned negative on the back of continuing public protests regarding corruption and environment, as well as heavy foreign selling. With concerns over weak economic data growing, Bank Indonesia deepened its accommodative stance with a 25 bps cut to its benchmark interest rate for the third consecutive monthly meeting.

In Malaysia, the equity market performed well as the currency strengthened after FTSE Russell announced that Malaysian government bonds would not be excluded from its Global Bond Index but placed on a watch list. The decision led to a limited rally in equities.

The Philippines equity market was lower for the month despite the central bank cutting its benchmark policy rate by 25 bps and announcing a 100 bps cut in the bank reserve requirements effective on 1 November. On the policy front, the House of Representatives approved a bill to slash the country's corporate tax rate from 30% to 20%; it now awaits hearings in the Senate for potential passage by the end of the year.

In Thailand, equity markets were lower after the Bank of Thailand lowered its GDP forecasts for 2019 and 2020 as the impact from lower export growth is expected to spill over into the domestic economy. Benchmark policy rates remained unchanged as inflation came in lower than expected.

Outlook

A benign interest rate environment should bode well for South East Asian markets, especially Indonesia. President Jokowi of Indonesia is expected to form a new cabinet in October 2019. The newly elected government is expected to continue to encourage foreign direct investments and stimulate domestic demand. Further, the government plans to cut corporate taxes to boost domestic investment. The decision to relocate the capital city to Kalimantan is expected contribute to fixed asset investment growth for many years to come.

Thailand approved a US\$10bn stimulus package in August. The stimulus measures include debt relief and loans for drought-affected farmers. The government will also extend free-visa-on-arrival for several countries for another six months. Thai domestic tourists will receive Bt1,000 and 15% rebates on hotel accommodation, for and shopping costs of up to Bt30,000. Additionally, the government will give subsidies to low-income earners and increase allowances for the elderly and babies. Clearly, the stimulus package will help sustain private consumption as the country's economic growth slowed to 2.3% in 2Q19.

In the Philippines, the risk of a full ban on online gambling (on China's request) was defused after President Duterte decided against it. The decision removed investors' concerns as a full ban would have dire consequences to Philippines' economy and the real estate market. Separately, a benign inflation environment may prompt the central bank to implement another round of monetary easing soon. This is expected to include a rate cut of 25bps and another reduction in banks' reserve requirement ratio. The move is expected to restore investment-driven growth in the country.

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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