

# 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 51.45 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.219	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> MPUSAGF	
<b>Investment Fund Manager (the "Manager")</b> Manulife Investment Management (Hong Kong) Limited			

## Performance Return (September 30, 2020)

ASEAN Growth Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.95%	-8.62%	-6.95%	3.92%	38.05%	21.90%
Annualized	n.a.	n.a.	-6.95%	1.29%	6.66%	2.56%

## 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

	%
Mapletree North Asia Commercial Trust	3.60
Sheng Siong Group Ltd.	3.56
Frasers Logistics & Commercial Trust	3.40
Century Pacific Food Inc.	3.02
Parkway Life Real Estate Investment Trust	3.01
PT Industri Jamu dan Farmasi Sido Muncul Tbk	3.00
SKP Resources Bhd.	2.99
Com7 Public Company Limited NVDR	2.95
Venture Corporation Limited	2.93
Mapletree Industrial Trust	2.88

## Sector Allocation^

	%
Real Estate	28.28
Consumer Staples	21.72
Consumer Discretionary	11.01
Healthcare	10.78
Information Technology	8.45
Industrials	6.60
Financials	4.87
Materials	2.20
Energy	1.30
Communication Services	0.50
Cash & Cash Equivalents	4.30

## Geographical Allocation^

	%
Singapore	37.37
Malaysia	18.72
Thailand	17.10
Indonesia	13.47
Vietnam	4.73
Philippines	4.31
Cash & Cash Equivalents	4.30

^Figures may not sum to 100 due to rounding.

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## Market Review

ASEAN markets were mixed for the month due to rising US-China tensions, a potential contested US presidential election in November, and stalled fiscal stimulus in key markets. Particularly for the ASEAN markets, countries were struggling to contain rising COVID-19 infection cases.

The Indonesian equity market was hardest hit as the government reinstated social distancing curbs in Jakarta as COVID-19 cases spiked. In addition, investors expressed increasing concern over recent legislation introduced in parliament that would expand Bank Indonesia's mandate, allow the government greater control over the central bank, and allow for greater debt monetization. Government authorities expressed support for an "independent" central bank, with some authorities stating they didn't think the government should play a role in monetary policy.

In Malaysia, markets moved lower on concerns over political instability. Towards the end of the month, Anwar Ibrahim, leader of the opposition, claimed that he had enough support in the nation's legislature to form a new government. Muhyiddin Yassin, the current prime minister, rejected the claim, leading to market speculation over whether new elections would need to be called to resolve the crisis. In late September, FTSE Russell kept the country on its watchlist for exclusion from the World Government Bond Index, a decision that dented market sentiment and weakened the ringgit.

In the Philippines, equity markets posted gains. In mid-September, President Duterte signed into a law a fiscal package that would provide US \$3.4 billion for pandemic relief. The law also allows the country's central bank to extend additional credit to the government worth as much as 10% of the government's average revenue take in over the past three years.

Thailand equities moved notably lower on the back of continued political instability. An increasing number of protests in Bangkok calling for broad political reforms and amending the nation's constitution led equity markets lower. This was in addition to the resignation of a freshly named finance minister in early September, and the slow disbursement of fiscal stimulus, which further weighed on market sentiment.

Singapore's equity market posted losses for the month. On the economic front, export growth accelerated in August to 7.7% (year-on-year) due to a pickup in electronic shipments.

## Outlook

In ASEAN, Indonesia took another forward in its economic reform after the parliament approved an Omnibus Law, which covers a law to reform the labour wage structure. Coupled with years of infrastructure development, the country is now ready to attract foreign direct investments. This is important for reviving growth in the economy as well as reducing the pressure on its current account balance. While Malaysia and Thailand face political uncertainty recently, the governments have continued to support economic growth by stimulating domestic consumption. The growth outlook of the glove sector in Malaysia and Thailand remain robust as supply of examination gloves continues to fall short of demand.

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### 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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