



# Manulife Investment-Linked Policy Sub-Funds (for Capital Fusion / Fusion Plans)

*Report and Financial Statements*



*1 January 2019 to 31 December 2019*



# Welcome Message

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31 March 2020

Dear Customer

This booklet contains the Annual Report for our Investment-Linked Policy Sub-Funds, which provides an overview of each fund's investment objectives and performance.

To ensure that you are best positioned to meet your financial goals, we encourage you to review your investments regularly and maintain a well-diversified portfolio. We will continue to be vigilant in our choice of investments by looking out for opportunities available to help you grow your wealth.

If you have any questions about your investments, please speak to your Manulife Financial Consultant.

## Manage your investments with MyManulife

We would also like to encourage you to make use of our secure customer portal, MyManulife, to access your policy information and manage your investment online at your convenience. With MyManulife, you can easily:

- view policy details and statements;
- perform fund switches and set price alerts; and
- update your contact information.

Register in 3 simple steps or log in to your account by visiting [www.mymanulife.com.sg](http://www.mymanulife.com.sg).

If you need any assistance please email us at [service@manulife.com](mailto:service@manulife.com).

Thank you for trusting Manulife with your investment needs, and we look forward to continue supporting you in the years ahead.

Yours faithfully



Dr Khoo Kah Siang  
President & Chief Executive Officer  
Manulife Singapore

If you would like to receive a hard copy of this booklet, please email us at [service@manulife.com](mailto:service@manulife.com) by 30 April 2020.

The booklet will be mailed to you within 2 weeks upon receiving your request.

Register of Representatives - You may logon to the Monetary Authority of Singapore (“MAS”) website ([www.mas.gov.sg](http://www.mas.gov.sg)) to conduct a background check of your Manulife Financial Consultant.

The information relating to the Investment-Linked Policy (“ILP”) sub-fund is compiled by Manulife (Singapore) Pte. Ltd., solely for general information purposes. It does not constitute an offer, invitation, solicitation or recommendation by or on behalf of Manulife (Singapore) Pte. Ltd. to any person to buy or sell any ILP sub-fund.

All overviews and commentaries, if provided, are intended to be general in nature and for current interest. While helpful, these overviews and commentaries are no substitute for professional tax, investment or legal advice. Investors are advised to seek professional advice for their particular situation. The information provided herein does not take into account the suitability, investment objectives, financial situation or particular needs of any specific person. Investors should consider the suitability of any ILP sub-fund based on his or her investment objectives, financial situation and particular needs before making a commitment to subscribe for units, shares or any other interests in any ILP sub-fund.

Investments in ILP sub-funds are not deposits in, guaranteed or insured by Manulife (Singapore) Pte. Ltd., its partners or distributors. The value of units in any ILP sub-fund and any income accruing to it may rise as well as fall, which may result in the possible loss of principal amount invested. Past performance of any ILP sub-funds or fund managers and any prediction, projection or forecast on the economy or markets are not necessarily indicative of the future or likely performance of the ILP sub-funds or the fund managers. Investors should read the relevant Manulife Fund Summary and Product Highlights Sheet before deciding whether to subscribe for or purchase units in any ILP sub-funds.

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# Manulife Singapore Bond Fund

## Fund Facts

Launch Date / Price : February 2004 / S\$1.00 (Offer)  
 Unit Price\* : S\$1.5258 (Bid) / ^S\$1.6061 /  
 ^^S\$1.5730

Net Asset Value (NAV) : S\$92,516,633.74

Manager : Manulife Investment Management (Singapore) Pte. Ltd.

CPFIS Risk Classification : Low to Medium Risk – Narrowly Focused – Country - Singapore  
 Subscription : CPFIS-OA/SA/SRS/Cash

\*Based on NAV as at 31 December 2019

^Offer Price @ 5% sales charge – Regular Premium Plans

^^Offer Price @ 3% sales charge – Single Premium Plans

Note:

On 19 August 2019, Manulife Asset Management (Singapore) Pte. Ltd. has changed its legal name to Manulife Investment Management (Singapore) Pte. Ltd.

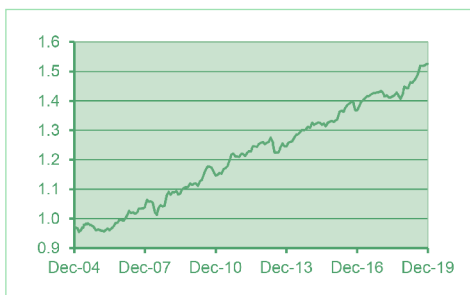
On 8 October 2018, the Manager was changed from Legg Mason Asset Management Singapore Pte. Limited. to Manulife Asset Management (Singapore) Pte. Ltd.

On 3 April 2017, the Manager was changed from Western Asset Management Company Pte. Ltd to Legg Mason Asset Management Singapore Pte. Limited.

## Fund Objective

The ILP Sub-Fund invests all or substantially all its assets into Manulife Funds - Manulife Singapore Bond Fund Class A ("Underlying Fund"), a sub-fund of Manulife Funds, which is a unit trust constituted in Singapore. The investment objective of the Underlying Fund is to provide you with a stable medium to long term return with capital preservation, through investing in primarily investment-grade SGD denominated fixed income and money markets instruments issued by Singapore and non-Singapore entities.

## Fund Performance



| Fund Performance/<br>Benchmark returns | Manulife<br>Singapore<br>Bond Fund | Benchmark* |
|--|------------------------------------|------------|
| 3 months                               | +0.46%                             | +0.75%     |
| 6 months                               | +3.26%                             | +3.50%     |
| 1 year                                 | +5.29%                             | +4.63%     |
| 3 years                                | +3.68%                             | +3.70%     |
| 5 years                                | +3.11%                             | +3.02%     |
| 10 years                               | +3.18%                             | +2.83%     |
| Since Inception                        | +3.03%                             | +0.88%     |

Inception date: 18 February 2004

\*Markit iBoxx ALBI Singapore Index

On 2 September 2019, the benchmark was changed from Markit iBoxx ALBI Singapore Government Index to Markit iBoxx ALBI Singapore Index.

The benchmark has been changed from J.P Morgan Singapore Government Bond Index (S\$) to Markit iBoxx ALBI Singapore Government Index on 8 October 2018. The full track record of the previous index has been kept and chainlinked to the new one.

The benchmark has been changed from UOB Singapore Government Bond Index (S\$) to J.P Morgan Singapore Government Bond Index (S\$) on 3 April 2017, as the benchmark data for the UOB Singapore Government Bond Index (S\$) has been discontinued by the index provider.

On 1 October 2006, the benchmark was changed from 70% 3-month Singapore Interbank Bid Rate and 30% UOB SGS Index to the UOB Singapore Government Bond Index All (S\$) to better reflect the investment objective.

Source of Information on performance: Manulife Investment Management (Singapore) Pte. Ltd.

- Performance is in SGD as at 31 December 2019 on bid-to-bid basis, with any income or dividends reinvested.
- Performance figures for 3 months till 1 year show the % change, those exceeding 1 year show the average annual compounded return.

## Investment and Market Review\*\*\*

US treasury and Singapore sovereign yields ended 2019 broadly lower across the curve as the US Federal Reserve (Fed) preemptively cut the fed funds rate three times throughout the year as an "insurance" against an uncertain macroeconomic backdrop. The shorter end of the US treasury curve outperformed with the longer end experiencing some volatility throughout the year due to gyrations in global trade and geopolitical tensions.

Major central banks across the globe became dovish and enacted accommodative policies in unison. The Fed in particular shifted its policy stance by easing monetary conditions in 2019 after hiking the fed funds rate four times the previous year. Both the Bank of Japan (BoJ) and the European Central Bank (ECB) generally persisted with an accommodative stance throughout the year given continued lukewarm economic data. 2019 also saw multiple central banks across the Asia region ease monetary conditions to support growth in their respective countries. Singapore was no different as the Monetary Authority of Singapore (MAS) eased monetary policy once in October 2019 by “slightly” reducing the rate of appreciation of the SGD NEER policy band, while keeping the midpoint and the width of the band unchanged. Singapore’s full year 2019 growth is expected to come in at 0.5% to 1.0%, slightly lower than earlier forecasts amidst trade uncertainties and geopolitical tensions.

Credit wise, 2019 proved to be a good year for risk assets as an easing global monetary policy complex provided support for corporate spreads. Spreads ended 2019 broadly tighter across the board, with higher yielding credits outperforming investment grade credits as investors rotated into riskier assets while continuing their hunt for yield.

Global equities also benefited from the easing global monetary complex and turned in an impressive year in 2019 with the S&P 500 Index returning over 28% for the year. This is despite the ongoing trade tensions between the US and China in addition to geopolitical uncertainties through the year. Oil ended the year stronger relative to where it started as the outlook for demand strengthened in the third quarter of 2019.

## Market Outlook and Investment Strategy\*\*\*

Growth in the global economy will likely face further uncertainty going into 2020 due to potential geopolitical evolutions and a yet to be discussed “phase two” trade deal between the US and China. Market consensus is that large differences in opinion still exist between the US and China amongst important issues such as intellectual property protection rights. This would complicate any potential “phase two” trade agreement, inducing further volatility into the markets. Markets are likely to remain prone to volatility stemming from headline risks surrounding trade and geopolitics. With that said, growth in the US still trends positive with improving consumer sentiments while economic data out of the Eurozone

suggests nascent signs of recovery. Risk assets globally and in Asia should find continued support from a broad based accommodative monetary policy.

In Singapore, the economy is likely to face challenges in the short term going into 2020 despite some optimism on the global trade front. Externally-oriented and trade dependent sectors such as electronics manufacturing and exports will continue to face pressures given its relatively high correlation and openness to overall macroeconomic conditions. Against such a backdrop, we forecast the final full year GDP growth for 2019 to come in the range of 0.5% to 1.0% with the MAS possibly easing further in their 2020 monetary policy meetings.

In terms of credit, we see valuations slightly richer than fair value given a good amount of credit spread tightening for the entire year of 2019. This necessitates that we become more selective in adding any further credit risks with bottom up credit selection and valuation becoming the main determinant in generating additional returns in such an environment. With yields trading in ranges amidst increased sensitivity to key macroeconomic and geopolitical events, being cognizant of such headline risks will be vital as we move into 2020.

Source: Bloomberg and Manulife Investment Management, as of 31 December 2019

## Schedule of Investments as at 31 December 2019

(unless otherwise stated)

### A) Distribution of Investments\*\*\*

|                   | Market Value (\$) | % of NAV |
|-------------------|-------------------|----------|
| i) <u>Country</u> |                   |          |
| Australia         | 3,356,227         | 3.06     |
| China             | 10,727,972        | 9.72     |
| France            | 2,554,385         | 2.32     |
| Hong Kong         | 3,177,047         | 2.88     |
| India             | 3,471,052         | 3.15     |
| Indonesia         | 493,695           | 0.45     |
| Malaysia          | 270,275           | 0.24     |
| Philippines       | 920,445           | 0.84     |

# Manulife Singapore Bond Fund

|   |             |       |  |                    |            |
|---|-------------|-------|--|--------------------|------------|
| Singapore                                   | 82,210,784  | 74.61 | iv) <u>Credit Rating</u>                                     |                    |            |
| South Korea                                 | 1,491,839   | 1.35  | AAA  | 1,020,480          | 0.93       |
| Thailand                                    | 275,375     | 0.25  | AA   | 276,128            | 0.25       |
|   |             |       | A+   | 253,808            | 0.23       |
| ii) <u>Industry</u>                         |             |       | A  | 252,120            | 0.23       |
| Airlines                                    | 2,595,322   | 2.36  | A-   | 4,415,953          | 4.01       |
| Automotive                                  | 345,143     | 0.31  | BBB+   | 12,119,548         | 11.00      |
| Banks                                       | 12,125,325  | 11.01 | BBB  | 5,142,679          | 4.66       |
| Chemical                                    | 279,015     | 0.25  | BBB-   | 4,278,623          | 3.88       |
| City Gas                                    | 944,738     | 0.86  | BB   | 495,450            | 0.45       |
| Commercial Services                         | 1,987,118   | 1.80  | B+   | 278,343            | 0.25       |
| Energy                                      | 767,888     | 0.70  | Not rated  | 80,415,964         | 72.98      |
| Finance                                     | 5,556,060   | 5.04  |  |                    |            |
| Food  | 495,450     | 0.45  |  |                    |            |
| Government                                  | 50,532,363  | 45.85 |  |                    |            |
| Investment                                  | 2,962,616   | 2.69  |  |                    |            |
| Iron & Steel                                | 1,464,337   | 1.33  |  |                    |            |
| Metals                                      | 268,933     | 0.24  |  |                    |            |
| Oil & Gas                                   | 1,953,771   | 1.77  |  |                    |            |
| Real Estate                                 | 4,590,567   | 4.17  |  |                    |            |
| Real Estate Investment Trust                | 18,365,380  | 16.67 |  |                    |            |
| Telecommunications                          | 2,054,260   | 1.86  |  |                    |            |
| Transport                                   | 1,660,810   | 1.51  |  |                    |            |
| iii) <u>Asset Class</u>                     |             |       | B) <u>Top 10 Holdings as at 31 December 2019***</u>          |                    |            |
|   |             |       |  | Market             | % of       |
|   |             |       | <u>Securities</u>  | <u>Value (S\$)</u> | <u>NAV</u> |
| Fixed income securities                     | 108,949,096 | 98.87 | Government of Singapore<br>2.25% 01/08/2036                  | 9,833,720          | 8.92       |
| Accrued interest on fixed income securities | 881,426     | 0.80  | Government of Singapore<br>2.75% 01/07/2023                  | 8,906,986          | 8.08       |
| Other net assets                            | 362,245     | 0.33  | MAS Bill Ser 28 Zcp<br>17/01/2020                            | 7,394,524          | 6.71       |
|   |             |       | Government of Singapore<br>3.375% 01/09/2033                 | 6,795,829          | 6.17       |
|   |             |       | Government of Singapore<br>2.875% 01/07/2029                 | 4,360,033          | 3.96       |
|   |             |       | Land Transport Authority<br>Ser MTN (BR) 3.38%<br>30/01/2059 | 3,083,383          | 2.80       |
|   |             |       | Government of Singapore<br>2.75% 01/04/2042                  | 2,750,177          | 2.50       |
|   |             |       | ICICI Bank Limited - Dubai<br>3.65% 14/01/2020               | 2,502,763          | 2.27       |
|   |             |       | Huarong Finance 2017 Co<br>3.2% 27/04/2021                   | 2,262,060          | 2.05       |
|   |             |       | Housing & Development<br>Board 2.315% 18/09/2034             | 2,258,775          | 2.05       |



### Top 10 Holdings as at 31 December 2018\*\*\*

| Securities                                   | Market Value (S\$) | % of NAV |
|--|--------------------|----------|
| Government of Singapore<br>2.75% 01/04/2042  | 8,766,904          | 8.21     |
| Government of Singapore<br>3.375% 01/09/2033 | 8,243,071          | 7.72     |
| Government of Singapore<br>2.625% 01/05/2028 | 5,347,720          | 5.01     |
| MAS Bill 84 Zcp<br>25/01/2019                | 4,494,285          | 4.21     |
| Government of Singapore<br>2.375% 01/06/2025 | 4,346,466          | 4.07     |
| MAS Bill 28 Zcp<br>04/01/2019                | 3,999,580          | 3.75     |
| Government of Singapore<br>2.75% 01/03/2046  | 3,845,589          | 3.60     |
| Singapore Government<br>2.25% 01/08/2036     | 3,833,857          | 3.59     |
| MAS Bill 167 Zcp<br>18/06/2019               | 2,872,813          | 2.69     |
| Government of Singapore<br>2.875% 01/09/2030 | 2,774,073          | 2.60     |

Note: Any differences in the percentage of the Net Asset figures are the result of rounding.

### C) Exposure to Derivatives

- i) Market value of derivative contracts  
Not Applicable
- ii) Net gains/losses on derivative contracts realised  
Not Applicable
- iii) Net gains/losses on outstanding derivative contracts  
Not Applicable

### D) Amount and percentage of NAV invested in collective investment schemes

100% invested in Manulife Funds - Manulife Singapore Bond Fund Class A

### E) Amount and percentage of debt to NAV

Not Applicable

### F) Total amount of Subscriptions and Redemptions

|                     |                  |
|---------------------|------------------|
| Total Subscriptions | S\$21,560,212.83 |
| Total Redemptions   | S\$21,886,017.68 |

### G) Amount and terms of related-party transactions

The Manager of the ILP Sub-Fund and the Underlying Fund is Manulife Investment Management (Singapore) Pte. Ltd. The management fees paid or payable by the ILP Sub-Fund and the Underlying Fund are related party transactions.

### H) Expense Ratio

31 December 2019 : 0.95%

31 December 2018 : 0.91%

Note: The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios. The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

### I) Turnover Ratio\*\*\*

31 December 2019 : 131.36%

31 December 2018 : 173.26%

### J) Any material information that shall adversely impact the valuation of the ILP sub-fund

Not Applicable

### K) Soft dollar commissions/ arrangements\*\*\*

The Manager does not receive any soft dollar commission or enter into any soft dollar arrangement in the management of the ILP Sub-Fund.

Note: \*\*\*Information given relates to the Underlying Fund and is provided by the Underlying Manager.

# Manulife Golden Balanced Growth Fund

## Fund Facts

Launch Date / Price : February 1997 / S\$1.00 (Offer)  
 Unit Price\* : S\$3.2031 (Bid) / ^S\$3.3717 / ^^S\$3.3022  
 Net Asset Value (NAV) : S\$249,433,557.09  
 Manager : Manulife Investment Management (Singapore) Pte. Ltd.  
 CPFIS Risk Classification : Medium - High Risk - Narrowly Focused – Country - Singapore  
 Subscription : CPFIS-OA/SA/SRS/Cash  
 \*Based on NAV as at 31 December 2019  
 ^Offer Price @ 5% sales charge – Regular Premium Plans  
 ^^Offer Price @ 3% sales charge – Single Premium Plans

Note:  
 On 19 August 2019, Manulife Asset Management (Singapore) Pte. Ltd. has changed its legal name to Manulife Investment Management (Singapore) Pte. Ltd.

On 13 August 2019, the allocation into Manulife Golden International Bond Fund will be replaced with Manulife Asia Pacific Investment Grade Bond Fund A.

On 1 May 2019, the Sub-Manager of the Manulife Golden Balanced Growth Fund was removed and the rebalancing responsibility transferred to the Manager, Manulife Asset Management (Singapore) Pte. Ltd.

On 1 February 2019, the Manager of the Manulife Golden International Bond Fund was changed from Legg Mason Asset Management Singapore Pte. Limited to Manulife Asset Management (Singapore) Pte. Ltd. and Legg Mason Asset Management Singapore Pte. Limited was appointed the Sub-Manager. Prior to 3 September 2018, the Manager was Western Asset Management Company Pte. Ltd.

On 1 February 2019, the Manager of the Manulife Golden Singapore Growth Fund was changed from Schroder Investment Management (Singapore) Ltd to Manulife Asset Management (Singapore) Pte. Ltd. and Schroder Investment Management (Singapore) Ltd was appointed the Sub-Manager.

## Fund Objective

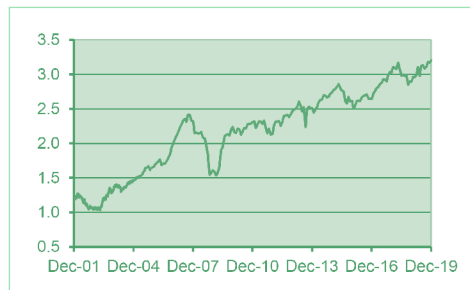
The investment objective of the ILP Sub-Fund is to achieve medium to long term capital growth by investing in a portfolio consisting of 60% equities and 40% fixed income securities primarily through investing in other ILP Sub-Funds.

The ILP Sub-Fund will invest 60% of its assets into Manulife Golden Singapore Growth Fund and 40% of its assets into Manulife Asia Pacific Investment Grade Bond Fund A.

**For equities:** Manulife Golden Singapore Growth Fund aims to achieve long-term capital growth primarily through investment in securities of companies listed on the Singapore Exchange Securities Trading Limited, by investing substantially into Schroder Singapore Trust. This portfolio will be broadly diversified with no specific industry or sectoral emphasis.

**For bonds:** Manulife Asia Pacific Investment Grade Bond Fund A seeks to maximize total returns from a combination of capital appreciation and income generation through investing primarily in a diversified portfolio of investment grade debt securities issued by governments, agencies, supranationals and corporate issuers in the Asia Pacific region.

## Fund Performance



| Fund Performance/<br>Benchmark returns | Manulife Golden<br>Balanced Growth<br>Fund | Benchmark* |
|--|--|------------|
| 3 months                               | +3.09%                                     | +2.89%     |
| 6 months                               | +2.48%                                     | +1.78%     |
| 1 year                                 | +10.78%                                    | +12.15%    |
| 3 years                                | +6.63%                                     | +7.68%     |
| 5 years                                | +3.20%                                     | +3.96%     |
| 10 years                               | +3.62%                                     | +4.25%     |
| Since Inception                        | +5.46%                                     | +5.31%     |

Inception date: 18 February 1997

\*Benchmark: 60% of MSCI Singapore Free Index + 40% of (70% JP Morgan Asia Credit Investment Grade Index (SGD Hedged) + 30% JP Morgan Emerging Local Markets Index Plus Asia (SGD)).

Prior to 13 August 2019, the benchmark was 60% of MSCI Singapore Free Index + 40% of FTSE World Government Bond Index ex Japan (hedged to S\$).

Prior to 1 April 2011, the benchmark was 60% MSCI Singapore Free Index + 40% Citigroup World Government Bond Index ex-Japan (unhedged in S\$). The change was made to reduce the impact of currency fluctuations on the performance of the benchmark.

Prior to 3 January 2005, the benchmark was 60% MSCI AC World+40% Citigroup World Government Bond Index (S\$). The reason for the change to Citigroup World Government Bond Index ex Japan (unhedged in S\$) is because it better reflects the investment focus and strategy of the Underlying Fund of the Golden International Bond Fund.

With effect from 1 January 2005 because of the changes in the Underlying Funds, the benchmark was changed from the 60% MSCI Straits Times Index + 40% Citigroup World Government Bond Index to 60% MSCI Singapore Total Index + 40% Citigroup World Government Bond Index ex Japan (unhedged in S\$).

Source of Information on performance: Manulife Investment Management (Singapore) Pte. Ltd.

- Performance is in SGD as at 31 December 2019 on bid-to-bid basis, with any income or dividends reinvested.
- Performance figures for 3 months till 1 year show the % change, those exceeding 1 year show the average annual compounded return.

## Investment and Market Review\*\*\*

Please refer to respective ILP sub-funds/underlying funds.

## Market Outlook and Investment Strategy\*\*\*

Please refer to respective ILP sub-funds/underlying funds.

## Schedule of Investments as at 31 December 2019

(unless otherwise stated)

### A) Distribution of Investments

Please refer to respective ILP sub-funds/underlying funds.

### B) Top 10 Holdings as at 31 December 2019 & 31 December 2018

Please refer to respective ILP sub-funds/underlying funds.

### C) Exposure to Derivatives

- Market value of derivative contract  
Not Applicable
- Net gains/losses on derivative contracts realised  
Not Applicable
- Net gains/losses on outstanding derivative contracts  
Not Applicable

### D) Amount and percentage of NAV invested in collective investment schemes

|  |                   |        |
|--|-------------------|--------|
| Manulife Golden Singapore Growth Fund              | S\$152,476,923.23 | 61.13% |
| Manulife Asia Pacific Investment Grade Bond Fund A | S\$96,956,633.86  | 38.87% |

### E) Amount and percentage of debt to NAV

Not Applicable

### F) Total amount of Subscriptions and Redemptions

|                     |                  |
|---------------------|------------------|
| Total Subscriptions | S\$29,004,464.33 |
| Total Redemptions   | S\$41,214,541.99 |

### G) Amount and terms of related-party transactions

Please refer to respective ILP sub-funds/underlying funds.

### H) Expense Ratio

31 December 2019 : 1.45%

31 December 2018 : 1.31%

Note: The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios. The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

# Manulife Golden Balanced Growth Fund

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I) Turnover Ratio\*\*\*

Please refer to respective ILP sub-funds/underlying funds.

J) Any material information that shall adversely impact the valuation of the ILP sub-fund

Please refer to respective ILP sub-funds/underlying funds.

K) Soft dollar commissions/ arrangements

Please refer to respective ILP sub-funds/underlying funds.

Note: \*\*\*Information given relates to the Underlying Fund and is provided by the Underlying Manager.

# Manulife Golden Singapore Growth Fund

## Fund Facts

Launch Date / Price : September 2000 / S\$1.00 (Offer)  
 Unit Price\* : S\$2.6551 (Bid) / ^S\$2.7948 /  
 ^^S\$2.7372

Net Asset Value (NAV) : S\$249,403,575.45  
 Manager : Manulife Investment Management  
 (Singapore) Pte. Ltd.

Sub-Manager : Schroder Investment  
 Management (Singapore) Ltd

CPFIS Risk : Higher Risk - Narrowly Focused -  
 Classification : Country - Singapore

Subscription : CPFIS-OA/SRS/Cash

\*Based on NAV as at 31 December 2019

^Offer Price @ 5% sales charge – Regular Premium Plans

^^Offer Price @ 3% sales charge – Single Premium Plans

Note:

On 19 August 2019, Manulife Asset Management (Singapore) Pte. Ltd. has changed its legal name to Manulife Investment Management (Singapore) Pte. Ltd.

On 1 February 2019, Manulife Asset Management (Singapore) Pte. Ltd. was appointed as the Manager of the ILP Sub-Funds and Schroder Investment Management (Singapore) Ltd as the Sub-Manager.

## Fund Objective

The ILP Sub-Fund invests all or substantially all its assets into the Schroder Singapore Trust (the “Underlying Trust”) which is a unit trust constituted in Singapore.

The investment objective of the Underlying Trust is to achieve long-term capital growth primarily through investment in securities of companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The portfolio of the Underlying Trust will be broadly diversified with no specific industry or sectoral emphasis.

The Fund Manager’s investment approach is based on the belief that fundamental analysis of companies using its local research resources gives it a competitive advantage and that companies with consistent above average growth produce superior stock market returns.

The CPFIS Guidelines issued by the CPF Board, which guidelines may be amended from time to time, shall apply to the Underlying Trust.

The Underlying Trust currently does not intend to carry out securities lending or repurchase transactions but may do so in the future, in accordance with the applicable provisions of the Code on Collective Investment Schemes.

## Fund Performance



| Fund Performance/<br>Benchmark returns | Manulife Golden<br>Singapore Growth<br>Fund | Benchmark* |
|--|---|------------|
| 3 months                               | +4.74%                                      | +4.47%     |
| 6 months                               | +1.87%                                      | +0.61%     |
| 1 year                                 | +12.72%                                     | +13.45%    |
| 3 years                                | +8.57%                                      | +9.53%     |
| 5 years                                | +3.47%                                      | +3.64%     |
| 10 years                               | +4.12%                                      | +4.50%     |
| Since Inception                        | +5.46%                                      | +5.04%     |

Inception date: 7 September 2000

\*MSCI Singapore Free Index

Source of Information on ILP sub-fund’s performance: Manulife Investment Management (Singapore) Pte. Ltd.

Source of Information on benchmark returns: Schroder Investment Management (Singapore) Ltd.

- Performance is in SGD as at 31 December 2019 on bid-to-bid basis, with any income or dividends reinvested.
- Performance figures for 3 months till 1 year show the % change, those exceeding 1 year show the average annual compounded return.

## Investment and Market Review\*\*\*

The Fund posted positive returns in 2019 but marginally underperformed the benchmark.

What was the key difference between 2018 and 2019? In one word, “liquidity”. At the end of 2018, there was tremendous uncertainty as to whether the US central bank, in particular, would provide a benign and

# Manulife Golden Singapore Growth Fund

“accommodative” policy. Throughout 2019, and especially in the final months, the US central bank did just that, and more. Liquidity demands were amply “accommodated” through term open market operations (OMO), amongst other new monetary tools. These actions represent a meaningful shift in facilitating ample liquidity. The local index has traded in a range for most of 2019, while local bond yields compressed for most of 2019.

Why is that important? If monetary policy actions continue to reinforce this perception, there is now scope to look forward to a gradual revival in economic growth as 2020 progresses, since “Phase One” of the deal between US and China has been signed. Investor sentiment has shifted to a more optimistic mode, manifesting in a willingness to tolerate higher market valuations, in hopes that there could be a trough and potential earnings recovery despite near-term evidence of slowing earnings momentum.

Turning to Singapore-specific data, there has also been some improvement in macro datapoints. Non-oil domestic export (NODX) growth came in at +2.4% y/y in December, bringing the full-year number to -9.2% y/y. In particular, electronics NODX fell by 21.3% y/y for December, marginally better than -23.3% y/y recorded in November, but still reflecting the weak prospects for the sector.

## Market Outlook and Investment Strategy\*\*\*

Thus, while 4Q2019 results might be the near-term focus, a gradual shift to the medium-term outlook would prevail as there is more clarity around whether economic momentum would trough. Furthermore, the Singapore quarterly reporting era will change from Feb 2020, as most companies will only be required to have semi-annual reporting. Exceptions are only for companies where there are material concerns. The Fund is slightly overweight in defensive stocks, while looking for opportunities to add to cyclical stocks where valuations are sufficiently cheap and where industry demand-supply scenarios stack up relatively more favourably.

## Schedule of Investments as at 31 December 2019

(unless otherwise stated)

### A) Distribution of Investments\*\*\*

|                                 | Market Value<br>(S\$) | % of<br>NAV |
|---------------------------------|-----------------------|-------------|
| i) <u>Country</u>               |                       |             |
| Singapore                       | 818,093,453           | 98.59       |
| ii) <u>Industry</u>             |                       |             |
| Agriculture                     | 32,622,946            | 3.93        |
| Bank                            | 365,169,870           | 44.01       |
| Diversified Operations          | 54,884,182            | 6.61        |
| Finance                         | 17,512,076            | 2.11        |
| Food & Beverage                 | 10,407,936            | 1.25        |
| Health Care/Pharmaceuticals     | 5,881,652             | 0.71        |
| Industrial And Transportation   | 23,320,039            | 2.81        |
| Real Estate                     | 173,404,838           | 20.90       |
| Retail                          | 2,588,600             | 0.31        |
| Technology Hardware & Equipment | 14,175,000            | 1.71        |
| Telecommunications              | 109,749,332           | 13.23       |
| Transportation & Logistics      | 6,817,034             | 0.82        |
| Utilities                       | 1,559,948             | 0.19        |
| iii) <u>Asset Class</u>         |                       |             |
| Equities                        | 818,093,453           | 98.59       |
| Other net assets/(liabilities)  | 11,702,716            | 1.41        |
| (iv) <u>Credit Rating</u>       |                       |             |
| Not Applicable                  |                       |             |

## B) Top 10 Holdings as at 31 December 2019\*\*\*

| Securities                       | Market Value<br>(S\$) | % of<br>NAV |
|----------------------------------|-----------------------|-------------|
| DBS Group Hldg Ltd               | 133,124,443           | 16.05       |
| Oversea-Chinese Banking Corp Ltd | 118,509,841           | 14.28       |
| United Overseas Bank Ltd         | 113,535,586           | 13.68       |
| Singapore Telecommunications Ltd | 93,332,285            | 11.25       |
| Keppel Corp Ltd                  | 48,364,203            | 5.82        |
| City Developments Ltd            | 29,649,687            | 3.57        |
| CapitaLand Ltd                   | 24,520,125            | 2.95        |
| Wilmar Intl Ltd                  | 22,438,756            | 2.70        |
| CapitaLand Mall Trust            | 21,947,628            | 2.64        |
| Mapletree Industrial Trust       | 21,700,211            | 2.62        |

## Top 10 Holdings as at 31 December 2018\*\*\*

| Securities                           | Market Value<br>(S\$) | % of<br>NAV |
|--------------------------------------|-----------------------|-------------|
| Oversea-Chinese Banking Corp Ltd     | 124,712,630           | 16.40       |
| DBS Group Hldg Ltd                   | 123,733,154           | 16.27       |
| United Overseas Bank Ltd             | 100,333,118           | 13.19       |
| Singapore Telecommunications Ltd     | 68,182,682            | 8.97        |
| Keppel Corp Ltd                      | 38,965,221            | 5.12        |
| CapitaLand Ltd                       | 32,234,839            | 4.23        |
| City Developments Ltd                | 20,778,544            | 2.73        |
| Frasers Logistics & Industrial Trust | 18,765,992            | 2.47        |
| Hongkong Land Hldg Ltd               | 18,528,813            | 2.44        |
| CapitaLand Mall Trust                | 16,622,752            | 2.19        |

Note: Any differences in the percentage of the Net Asset figures are the result of rounding.

## C) Exposure to Derivatives

- i) Market value of derivative contracts  
Not Applicable
- ii) Net gains/losses on derivative contracts realised  
Not Applicable
- iii) Net gains/losses on outstanding derivative contracts  
Not Applicable

## D) Amount and percentage of NAV invested in collective investment schemes

100% invested in Schroder Singapore Trust Class M

## E) Amount and percentage of debt to NAV

Not Applicable

## F) Total amount of Subscriptions and Redemptions

|                     |                  |
|---------------------|------------------|
| Total Subscriptions | S\$11,152,364.87 |
| Total Redemptions   | S\$16,770,407.43 |

## G) Amount and terms of related-party transactions\*\*\*

Not Applicable

## H) Expense Ratio

31 December 2019 : 1.71%

31 December 2018 : 1.71%

Note: The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios. The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

## I) Turnover Ratio\*\*\*

31 December 2019 : 15.16%

31 December 2018 : 11.07%

## J) Any material information that shall adversely impact the valuation of the ILP sub-fund

Not Applicable

# Manulife Golden Singapore Growth Fund

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## K) Soft dollar commissions/ arrangements\*\*\*

In the management of the Fund, the Manager may accept soft dollar commissions from, or enter into soft dollar arrangements with, stockbrokers who execute trades on behalf of the Fund and the soft dollars received are restricted to the following kinds of services:

- (i) research, analysis or price information;
- (ii) performance measurement;
- (iii) portfolio valuations; and
- (iv) administration services.

The Manager may not receive or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements shall reasonably assist the Manager in their management of the Fund, (b) best execution is carried out for the transactions, and (c) that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements. The Manager shall not receive goods and services such as travel, accommodation and entertainment.

Note: \*\*\*Information given relates to the Underlying Fund and is provided by the Underlying Fund Sub-Manager.



# Manulife Golden Worldwide Equity Fund

## Fund Facts

Launch Date / Price : January 2001 / S\$1.00 (Offer)  
 Unit Price\* : S\$1.1392 (Bid) / ^S\$1.1992 /  
 ^^S\$ 1.1744  
 Net Asset Value (NAV) : S\$113,538,169.08  
 Manager : Manulife Investment Management  
 (Singapore) Pte. Ltd  
 CPFIS Risk  
 Classification : Higher Risk / Broadly Diversified  
 Subscription : SRS/Cash  
 \*Based on NAV as at 31 December 2019  
 ^Offer Price @ 5% sales charge – Regular Premium Plans & Easi  
 Investor Plans  
 ^^Offer Price @ 3% sales charge – Single Premium Plans

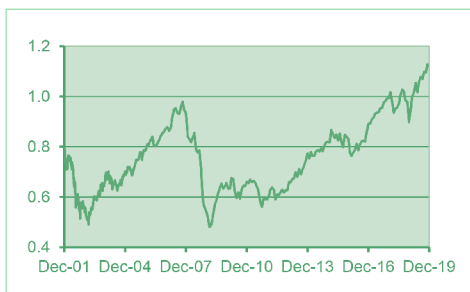
Note:  
 On 19 August 2019, Manulife Asset Management (Singapore)  
 Pte. Ltd. has changed its legal name to Manulife Investment  
 Management (Singapore) Pte. Ltd.

On 2 October 2017, the Manager was changed from UOB Asset  
 Management Ltd to Manulife Asset Management (Singapore) Pte.  
 Ltd.

## Fund Objective

The ILP Sub-Fund invests all or substantially all its  
 assets into Manulife Global Fund – Global Equity Fund  
 (“Underlying Fund”), which is a sub-fund of Manulife  
 Global Fund (“MGF”). MGF is constituted in Luxembourg.  
 The investment objective of the Underlying Fund is to  
 achieve capital growth from a balanced portfolio of  
 international securities. The Underlying Fund is designed  
 as a relatively lower risk way of participating in world  
 stock markets and offers an alternative to the other, more  
 aggressive, regional investments. The benchmark against  
 which the ILP Sub-Fund’s performance will be measured  
 is the MSCI World Index.

## Fund Performance



| Fund Performance/<br>Benchmark returns | Manulife Golden<br>Worldwide Equity<br>Fund | Benchmark* |
|--|---|------------|
| 3 months                               | +3.68%                                      | +5.56%     |
| 6 months                               | +7.55%                                      | +8.47%     |
| 1 year                                 | +26.87%                                     | +25.95%    |
| 3 years                                | +8.52%                                      | +9.91%     |
| 5 years                                | +6.80%                                      | +9.06%     |
| 10 years                               | +5.70%                                      | +9.00%     |
| Since Inception                        | +0.96%                                      | +4.21%     |

Inception date: 2 January 2001  
 \*MSCI World Index

On 2 October 2017, MSCI World index replaced the MSCI AC World  
 Index. The full track record of the previous index has been kept and  
 chain-linked to the new one.

Source of Information on performance: Manulife Investment  
 Management (Singapore) Pte. Ltd.

- Performance is in SGD as at 31 December 2019 on bid-to-bid  
 basis, with any income or dividends reinvested.
- Performance figures for 3 months till 1 year show the % change,  
 those exceeding 1 year show the average annual compounded  
 return.

## Investment and Market Review\*\*\*

All major global equity indices posted gains in the fourth  
 quarter despite overall slowing economic growth. Sharper  
 declines in the manufacturing sector were offset by  
 continued strong consumer demand. Late in the quarter,  
 the easing of the trade disputes between the US and  
 China, reduced Brexit uncertainty, an agreement by the  
 United States Congress on a replacement for the NAFTA  
 trade deal and continued accommodative policies by  
 many central banks around the world improved market  
 sentiment.

Led by a strong December, emerging markets were the  
 best-performing asset class for the quarter. A weaker US  
 dollar and the prospect of stronger relative earnings by  
 emerging market companies fuelled the rebound. Growth  
 stocks outperformed value stocks, a development that  
 was supported by the information technology sector’s  
 top performance, buoyed by a recovery in the prices of  
 semiconductors and growing demand for smartphones  
 and 5G applications. The utilities sector lagged the overall  
 market.

# Manulife Golden Worldwide Equity Fund

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Stock selection in the materials and information technology sectors and an underweight position in the utilities sector contributed to performance. Individual contributors included positions in a personal computer and mobile device company, a global building materials group and an integrated circuits manufacturer. Shares of the computer and mobile device company rose on stronger mobile phone sales and growth in the company's wearables and services business segments, the latter including the launch of a streaming video service and subscription-based gaming products. The share price also benefited from positive investor sentiment concerning the expected launch of a 5G mobile device product in 2020. Shares of the building products group rose after the company reported a 9% rise in third-quarter profits, on a like-for-like basis. The company benefited from strong demand and pricing power, conditions that are expected to continue in 2020. Shares of the integrated circuits manufacturer rose on strong demand for chips for smartphones and notebook computers. The share price further benefited from expectations that an upcoming new mass production of 5-nanometer chips will be a significant growth driver.

An overweight position in the consumer staples sector and stock selection in the healthcare and consumer discretionary sectors detracted from performance. Individual detractors included positions in a building products and technology solutions provider, a branded and packaged goods manufacturer and a property and casualty insurance company. Shares of the building products and technology solutions provider declined on investor concerns over a series of slowdowns in the company's organic growth in revenue and in new orders, although earnings were in-line with expectations. Shares of the branded and packaged goods manufacturer declined after the company reported quarterly sales growth that was slightly weaker than expected. These results were caused by prolonged wet weather in Europe negatively impacting sales in its global ice cream brand. Shares of the insurance company declined on general weakness in the property and casualty insurance industry.

During the period, we initiated a position in a major US cable company and provider of high-speed internet and television services to consumers. We believe the company's superior cable network should drive internet market share gains over the next four years as demand for faster speeds increases. The company's focus on its faster-growing, higher-margin and less capital-intensive internet business should drive improving growth in free cash flow, reduced debt levels and a reintroduction of share buybacks in 2020, in our view. According to our analysis, the company's share valuation is attractive on a

historical basis and relative to its peers. We also initiated a position in a leading distributor of plumbing and heating products in the US, serving the residential, commercial, civil and industrial markets. We believe the company's leading market share and scale advantages across its many business lines should lead to further consistent market share gains and revenue growth. In addition, we believe the company's balance sheet will further strengthen in the coming years, providing management with the ability to continue funding accretive mergers-and-acquisitions activity, an increasing dividend and stock buybacks.

We sold a position in a container terminal operator and port services company, as we believed there were more compelling investment opportunities elsewhere, with better visibility into their underlying businesses.

## Market Outlook and Investment Strategy\*\*\*

As the decade comes to a close, we mark our 10 years of global equity portfolio management. Our focus on quality and intrinsic valuation has led to consistent risk-adjusted alpha generation during one of the longest bull markets in history, with a top quartile ranking in the eVestment Global All Cap Core Universe over the nearly 10-year period (as of September 30, 2019). Aside from strong stock selection, the sub-Fund's hallmark is downside market protection. Admittedly, there have not been many down markets during the 10-year period, but our attention to the downside of every stock has resulted in strong downside market capture even in short pockets of market downturns.

The 2019 calendar year was an interesting period for investors. Despite an inverted yield curve, concerns of a recession and a large volume of negative-yielding debt, global equities rebounded, with US stocks posting some of their best returns in decades as a result of three US Federal Reserve Board rate cuts. Posturing between the US and China on trade issues moved markets, defying underlying fundamental concerns. Given these concerns, the market gravitated towards quality, which in turn, benefited the sub-Fund and helped it outpace growth stocks. Traditionally, market conditions such as those in 2019 have presented a challenge to the sub-Fund's performance. While a recession doesn't seem imminent, the MSCI World Index continues to trade at close to 15-year highs. The market, to a large degree, appears to be basing the high valuations we have been experiencing on perpetually low rates, as 2019's gains were almost all based on multiple expansion as earnings growth was

only 0.1%. In addition, profitability levels measured by earnings-before-interest-and-taxes margins continue to be at historic highs, although this is starting to decline. It is our view that we remain in a high-margin, high-debt, low-growth market with high multiples to match, and hence we maintain a defensive tilt within the portfolio.

Going into 2020, we are finding attractively valued opportunities outside the US, as the US still trades at a 15-year peak relative multiple compared to international markets. While the profitability of international corporations is cyclically high, it still remains well below its US equivalent on average. As a result, the portfolio continues to have overweight exposure to international markets, largely in companies that are global in nature. For example, the sub-Fund has overweight exposure to the UK, as we added two UK-domiciled companies during the fourth quarter. Both are global companies with no more than 10% of their respective revenue streams dependent on their domestic market. Despite the sharp rebound at the beginning of November, value stocks continue to trade at a substantial discount to growth stocks as the market continues to pay for potential future returns. In aggregate, the sub-Fund retains a higher level of profitability than the global index in general, and has lower debt levels and trades at less expensive multiples. We believe this offers good absolute upside potential while providing our traditional quality characteristics.

Source: Bloomberg and Manulife Investment Management as of 31 December 2019

## Schedule of Investments as at 31 December 2019

(unless otherwise stated)

### A) Distribution of Investments\*\*\*

| i) <u>Country</u> | Market Value<br>(US\$) | % of<br>NAV |
|-------------------|------------------------|-------------|
| Australia         | 5,863,883              | 2.50        |
| France            | 26,576,401             | 11.33       |
| Germany           | 3,938,245              | 1.67        |
| Hong Kong         | 1,757,978              | 0.75        |
| Ireland           | 14,100,676             | 6.00        |
| Japan             | 4,575,802              | 1.95        |
| Netherlands       | 28,041,425             | 11.93       |

|                           |             |       |
|---------------------------|-------------|-------|
| Republic of Korea (South) | 5,126,386   | 2.18  |
| Switzerland               | 16,925,775  | 7.21  |
| Taiwan                    | 2,603,950   | 1.11  |
| United Kingdom            | 11,063,878  | 4.71  |
| United States             | 107,919,446 | 45.97 |

### ii) Industry

|                        |            |       |
|------------------------|------------|-------|
| Basic materials        | 2,476,441  | 1.05  |
| Communications         | 16,943,620 | 7.21  |
| Consumer, cyclical     | 14,207,813 | 6.05  |
| Consumer, Non-cyclical | 37,785,719 | 16.08 |
| Energy                 | 11,889,429 | 5.06  |
| Financials             | 41,865,136 | 17.84 |
| Healthcare             | 23,627,618 | 10.08 |
| Industrials            | 40,645,944 | 17.31 |
| Technology             | 39,052,125 | 16.63 |

### iii) Asset Class

|                  |             |       |
|------------------|-------------|-------|
| Equities         | 228,493,845 | 97.31 |
| Other net assets | 6,318,654   | 2.69  |

### iv) Credit Rating

Not Applicable

### B) Top 10 Holdings as at 31 December 2019\*\*\*

| Securities                | Market Value<br>(US\$) | % of<br>NAV |
|---------------------------|------------------------|-------------|
| Apple Inc.                | 12,185,282             | 5.19        |
| Microsoft Corp.           | 9,599,289              | 4.08        |
| United Technologies Corp. | 8,412,645              | 3.58        |
| Johnson & Johnson         | 7,374,113              | 3.15        |
| Michelin                  | 7,318,825              | 3.12        |

# Manulife Golden Worldwide Equity Fund

|                             |           |      |
|-----------------------------|-----------|------|
| CRH Plc                     | 6,964,856 | 2.96 |
| Wells Fargo & Company       | 6,748,023 | 2.88 |
| Total SA                    | 6,115,767 | 2.60 |
| Verizon Communications Inc. | 5,925,854 | 2.52 |
| Amcor Limited               | 5,863,883 | 2.50 |

## Top 10 Holdings as at 31 December 2018\*\*\*

| Securities                | Market Value (US\$) | % of NAV |
|---------------------------|---------------------|----------|
| Nestle SA - Reg           | 7,184,627           | 3.97     |
| Apple Inc.                | 6,495,312           | 3.59     |
| Microsoft Corp.           | 5,984,289           | 3.31     |
| Wells Fargo & Company     | 5,960,713           | 3.28     |
| Amcor Limited             | 5,746,289           | 3.17     |
| Heineken NV               | 5,658,915           | 3.13     |
| Johnson & Johnson         | 5,344,901           | 2.94     |
| Chubb Limited             | 5,082,863           | 2.81     |
| United Technologies Corp. | 5,063,462           | 2.80     |
| Koninklijke Philips N     | 5,043,675           | 2.79     |

Note: Any differences in the percentage of the Net Asset figures are the result of rounding.

## C) Exposure to Derivatives

- Market value of derivative contracts  
Not Applicable
- Net gains/losses on derivative contracts realised  
Not Applicable
- Net gains/losses on outstanding derivative contracts  
Not Applicable

## D) Amount and percentage of NAV invested in collective investment schemes

100% invested in Manulife Global Fund – Global Equity Fund

## E) Amount and percentage of debt to NAV

Not Applicable

## F) Total amount of Subscriptions and Redemptions

|                     |                 |
|---------------------|-----------------|
| Total Subscriptions | S\$2,668,267.12 |
| Total Redemptions   | S\$2,990,609.69 |

## G) Amount and terms of related-party transactions\*\*\*

All transactions with related parties were entered into in the ordinary course of business and under normal commercial terms.

The main related parties of the Underlying Fund are the following:

- Manulife Investment Management International Holdings Limited in its capacities as Distributor; and
- The Investment Manager

The Distributor and the Investment Manager may be members of the Manulife Group. The transactions with Manulife Group are the management fee charged by the Distributor.

## H) Expense Ratio

31 December 2019 : 1.64%

31 December 2018 : 1.63%

Note: The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios. The expense ratio does not include (where applicable) charges for insurance coverage, brokerage & other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

## I) Turnover Ratio\*\*\*

31 December 2019 : 19.82%

31 December 2018 : 35.79%

## J) Any material information that shall adversely impact the valuation of the ILP sub-fund

Not Applicable

**K) Soft dollar commissions/ arrangements\*\*\***

The Manager of the ILP Fund is currently not receiving or in soft dollar commissions/arrangements in respect of the ILP Sub-Fund.

The Investment Manager of the Underlying Fund, Manulife Investment Management (US) LLC, may enter into soft commission arrangements in respect of the Underlying Fund's transactions with brokers.

Note: \*\*\* Information given relates to the Underlying Fund and is provided by the Underlying Fund Manager



# Appendix

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- Manulife Asia Pacific  
Investment Grade Bond Fund A

# Manulife Asia Pacific Investment Grade Bond Fund A

## Fund Objective

The Fund seeks to maximize total returns from a combination of capital appreciation and income generation through investing primarily in a diversified portfolio of investment grade debt securities issued by governments, agencies, supranationals and corporate issuers in the Asia Pacific region.

## Investment and Market Review\*\*\*

In the US, Treasury yields generally fell as the US Federal Reserve Board slashed its benchmark interest rate three times by 25 basis points (bps) each time, amid increasing concerns over escalating China-US trade tensions and potentially slowing global economic growth. The 10-year US Treasury yield fell from 2.68% to 1.92% over the period.

In China, the Caixin Manufacturing Purchasing Managers' Index temporarily fell below the "50" mark (signaling an economic contraction), before rebounding towards the end of the period. Market participants expected the People's Bank of China to maintain a neutral policy stance with only a slight easing bias as the central bank remains vigilant on credit expansion. Overall, Chinese government bond yields traded in a consistent range over the period. In India, government bond yields fell as the Reserve Bank of India (RBI) cut its key interest rates five times and headline inflation levels generally receded. Towards the end of the period, the RBI announced an "operation twist" strategy of purchasing long-tenor bonds and selling short-term debt to reduce term premiums and improve the transmission of earlier monetary easing. In Indonesia, government bond yields declined as Bank Indonesia cut its benchmark interest rate four times over the period, and President Widodo reappointed the previous finance minister to the new cabinet, easing market concerns over a potential change in policy.

Asian credit markets posted positive returns for the period as credit spreads tightened and US Treasury yields fell. Credit spreads on the JP Morgan Asian Investment Grade Corporate Bond Index tightened by 11 bps. The JP Morgan Asian Investment Grade Corporate Bond Index increased by 9.89% in US dollar terms.

The performance of Asian currencies was mixed against the Singapore dollar. The Thai baht was one of the better performing currencies against the Singapore dollar as a result of the country's robust current account surplus. In contrast, the South Korean won was one of the weaker performing currencies amid concerns over a peak in the global consumer electronics demand cycle.

The Fund's overweight in US dollar investment grade Asian corporate bonds and overall security selection contributed to performance. The Fund's holding in a Chinese state-owned-enterprise operating in the real estate sector and an Indonesian electricity company were notable outperformers. In addition, the Fund's exposure to Indonesian local currency bonds also contributed positively from lower local bond yields and a strengthened currency. However, the Fund's underweight in US dollar interest rate duration detracted from performance amid a falling US Treasury yield environment.

## Market Outlook and Investment Strategy\*\*\*

Moving into 2020, we expect the fundamentals of Asia to remain intact, and grow relatively faster compared to rest of the world in the medium to longer-term. Furthermore, Asia is one of the few regions that still boasts the capacity for both monetary and fiscal stimulus. Interest rates in Asian markets are generally higher than in developed markets, which provides room for further and effective monetary policy easing before a handoff to fiscal policy. Overall, we believe Asian fixed income may continue to be a beneficiary of a favourable macro backdrop in 2020. Amid an accommodative global monetary policy environment, we expect demand for high-quality Asian credits to remain buoyant in 2020. Furthermore, we do not expect refinancing issues in the Asian investment-grade space, which in turn, should support credit spreads. We continue to remain constructive on fixed income opportunities in Indonesia, because of its compelling yields in a global context.

Source: Bloomberg and Manulife Investment Management as of 31 December 2019



## Schedule of Investments as at 31 December 2019

(unless otherwise stated)

### A) Distribution of Investments\*\*\*

|                          | Market Value<br>(S\$) | % of<br>NAV |
|--------------------------|-----------------------|-------------|
| i) <u>Country</u>        |                       |             |
| Australia                | 4,130,934             | 1.07        |
| British Virgin Islands   | 7,619,284             | 1.98        |
| Canada                   | 678,148               | 0.18        |
| Cayman Islands           | 5,530,949             | 1.44        |
| China                    | 106,514,856           | 27.66       |
| Germany                  | 1,020,640             | 0.27        |
| Hong Kong                | 80,307,784            | 20.86       |
| India                    | 23,691,885            | 6.15        |
| Indonesia                | 38,701,231            | 10.05       |
| Malaysia                 | 18,952,188            | 4.92        |
| Mauritius                | 4,098,372             | 1.06        |
| Philippines              | 9,310,635             | 2.42        |
| Singapore                | 15,591,145            | 4.05        |
| South Korea              | 29,051,857            | 7.54        |
| Supra-National           | 3,381,547             | 0.88        |
| Taiwan                   | 2,139,639             | 0.56        |
| Thailand                 | 10,495,193            | 2.72        |
| United States of America | 5,682,506             | 1.48        |

|                     |            |       |
|---------------------|------------|-------|
| ii) <u>Industry</u> |            |       |
| Agriculture         | 3,369,992  | 0.88  |
| Automotive          | 9,044,361  | 2.35  |
| Autos & Trucks      | 5,115,867  | 1.33  |
| Banks               | 64,935,820 | 16.87 |

|                              |            |       |
|------------------------------|------------|-------|
| Chemical                     | 17,144,115 | 4.45  |
| City Gas                     | 2,159,400  | 0.56  |
| Commercial Services          | 8,278,109  | 2.15  |
| Construction                 | 2,154,441  | 0.56  |
| Diversified Resources        | 1,323,975  | 0.34  |
| Electronics                  | 15,005,030 | 3.90  |
| Engineering                  | 8,090,114  | 2.10  |
| Entertainment                | 5,682,506  | 1.48  |
| Finance                      | 49,211,050 | 12.78 |
| Food                         | 3,937,525  | 1.02  |
| Government                   | 52,833,921 | 13.72 |
| Hotel                        | 7,043,781  | 1.83  |
| Insurance                    | 4,939,381  | 1.28  |
| Investment                   | 13,917,268 | 3.61  |
| Iron & Steel                 | 14,609,468 | 3.79  |
| Metals                       | 7,035,095  | 1.83  |
| Mining                       | 1,762,117  | 0.46  |
| Miscellaneous                | 1,078,526  | 0.28  |
| Oil & Gas                    | 13,791,947 | 3.58  |
| Real Estate                  | 28,248,155 | 7.34  |
| Real Estate Investment Trust | 1,779,243  | 0.46  |
| Telecommunications           | 13,311,110 | 3.46  |
| Transport                    | 4,167,128  | 1.08  |
| Utilities                    | 6,929,348  | 1.80  |

|   |             |       |
|---|-------------|-------|
| iii) <u>Asset Class</u>                     |             |       |
| Fixed income securities                     | 366,898,793 | 95.29 |
| Accrued interest on fixed income securities | 4,164,345   | 1.08  |
| Other net assets                            | 13,967,212  | 3.63  |

# Manulife Asia Pacific Investment Grade Bond Fund A

## iv) Credit Rating

|           |            |       |
|-----------|------------|-------|
| AAA       | 2,214,696  | 0.58  |
| AA-       | 3,866,744  | 1.01  |
| A+        | 12,872,831 | 3.34  |
| A         | 22,336,535 | 5.80  |
| A-        | 29,043,790 | 7.54  |
| BBB+      | 29,425,581 | 7.65  |
| BBB       | 51,378,132 | 13.33 |
| BBB-      | 1,767,475  | 0.46  |
| B+        | 1,255,567  | 0.33  |
| B         | 1,087,822  | 0.28  |
| B-        | 1,396,957  | 0.36  |
| Not rated | 1,978,326  | 0.51  |

|  |           |      |
|--|-----------|------|
| Coastal Emerald Limited Var Perpetual              | 6,714,846 | 1.74 |
| Hong Kong Telecommunications 3.25% 30/09/2029      | 6,699,853 | 1.74 |
| Rizal Commercial Banking Series EMTN 3% 11/09/2024 | 6,652,656 | 1.73 |
| Hysan MTN Limited Series EMTN 2.82% 04/09/2029     | 6,453,950 | 1.68 |

## Top 10 Holdings as at 31 December 2018\*\*\*

| Securities   | Market Value (\$) | % of NAV |
|--|-------------------|----------|
| US Treasury 2.875% 15/08/2028                                  | 9,001,198         | 4.83     |
| China Overseas Finance 4.25% 26/04/2023                        | 3,826,609         | 2.05     |
| Indonesia Government Fr72 8.25% 15/05/2036                     | 3,766,164         | 2.02     |
| Indonesia Government International Bond Fr65 6.625% 15/05/2033 | 3,252,088         | 1.74     |
| Export-Import Bank Korea 6.75% 09/08/2022                      | 3,214,684         | 1.72     |
| CH Ovs Grand Oce Finance 4.875% 01/06/2021                     | 2,990,024         | 1.60     |
| Indonesia Government Ser Fr78 8.25% 15/05/2029                 | 2,901,398         | 1.56     |
| Perusahaan Listrik Negar 5.45% 21/05/2028                      | 2,887,345         | 1.55     |
| CMHI Finance BVI Co Ltd 5% 06/08/2028                          | 2,787,594         | 1.49     |
| Spic Lux Latam Re Ener 4.65% 30/10/2023                        | 2,731,650         | 1.46     |

Note: Any differences in the percentage of the Net Asset figures are the result of rounding.

## B) Top 10 Holdings as at 31 December 2019\*\*\*

| Securities   | Market Value (\$) | % of NAV |
|--|-------------------|----------|
| Indonesia Government Series Fr82 7% 15/09/30                   | 9,661,720         | 2.51     |
| Azure Orbit International Finance EMTN 3.75% 25/01/2023        | 8,274,525         | 2.15     |
| HBIS Group Company Limited 3.75% 18/12/2022                    | 7,364,735         | 1.91     |
| GOHL Capital Limited 4.25% 24/01/2027                          | 7,043,781         | 1.83     |
| China Huaneng Group HK Treasury Management 3% 10/12/2029       | 6,769,304         | 1.76     |
| Kasikornbank Public Company Limited Series EMTN Var 02/10/2031 | 6,756,698         | 1.75     |

C) Exposure to Derivatives

- i) Market value of derivative contracts  
Not Applicable
- ii) Net gains/losses on derivative contracts realised  
Not Applicable
- iii) Net gains/losses on outstanding derivative contracts  
Not Applicable

D) Amount and percentage of NAV invested in collective investment schemes

Not Applicable

E) Amount and percentage of debt to NAV

Not Applicable

F) Total amount of Subscriptions and Redemptions

Not Applicable

G) Amount and terms of related-party transactions

The Manager of the ILP Sub-Fund and the Underlying Fund is Manulife Investment Management (Singapore) Pte. Ltd. The management fees paid or payable by the ILP Sub-Fund and the Underlying Fund are related party transactions.

H) Expense Ratio

31 December 2019 : 0.90%

31 December 2018 : 0.91%

Note: The expense ratio is calculated in accordance with the Investment Management Association of Singapore's guidelines on the disclosure of expense ratios. The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

I) Turnover Ratio\*\*\*

31 December 2019 : 74.15%

31 December 2018 : 41.31%

J) Any material information that shall adversely impact the valuation of the ILP sub-fund

Not Applicable

K) Soft dollar commissions/ arrangements\*\*\*

Not Applicable

Note: \*\*\*Information given relates to the Underlying Fund and is provided by the Underlying Manager.



# Financial Statements

for the Period 1 January to 31 December 2019

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- Statement of Assets and Liabilities
- Capital Account
- Notes to the Accounts
- Independent Auditor's Report

# Statement Of Assets And Liabilities

## As At 31 December 2019

|   | *Manulife<br>Golden<br>Balanced<br>Growth<br>Fund<br>\$ | Manulife<br>Golden<br>International<br>Bond<br>Fund<br>\$ | Manulife<br>Golden<br>Singapore<br>Growth<br>Fund<br>\$ |
|---|---|---|---|
| <b>INVESTMENTS</b>                          |   |   |   |
| Cash and Cash Equivalents                   | -   | -   | -   |
| Value of Investment in Unit Trusts          | 249,476,282   | 73,967,321  | 249,958,057   |
|   | <b>249,476,282</b>                                      | <b>73,967,321</b>   | <b>249,958,057</b>                                      |
| <b>OTHER ASSETS</b>                         |   |   |   |
| Due from Brokers for investment sales       | 17,795  | -   | -   |
| Other assets                                | -   | 14  | -   |
| <b>Total Assets</b>                         | <b>249,494,077</b>                                      | <b>73,967,335</b>   | <b>249,958,057</b>                                      |
| <b>LIABILITIES</b>                          |   |   |   |
| Due to Brokers for investment purchases     | -   | (40,223)  | (260,287)   |
| Other liabilities                           | (60,520)  | (5,521)   | (294,195)   |
| <b>Value of Fund as at 31 December 2019</b> | <b>249,433,557</b>                                      | <b>73,921,591</b>   | <b>249,403,575</b>                                      |

\* The Manulife Golden Balanced Growth Fund and Manulife Golden Global Balanced Fund invest in existing Manulife Investment-Linked Policy sub-funds namely Manulife Golden Worldwide Equity Fund, Manulife Golden International Bond Fund and Manulife Golden Singapore Growth Fund respectively.

| Manulife<br>Golden<br>Worldwide<br>Equity<br>Fund<br>\$ | *Manulife<br>Golden<br>Global<br>Balanced<br>Fund<br>\$ | Manulife<br>Singapore<br>Bond<br>Fund<br>\$ |
|---|---|---|
| -   | -   | -   |
| 113,542,701   | 71,687,455  | 92,689,653                                  |
| <u>113,542,701</u>                                      | <u>71,687,455</u>                                       | <u>92,689,653</u>                           |
| 3,725   | -   | -   |
| 26  | -   | -   |
| <u>113,546,452</u>                                      | <u>71,687,455</u>                                       | <u>92,689,653</u>                           |
| -   | (113,860)   | (166,192)                                   |
| (8,283)   | (32,302)  | (6,827)                                     |
| <u>113,538,169</u>                                      | <u>71,541,293</u>                                       | <u>92,516,634</u>                           |

# Capital Account For The Period 1 January 2019 To 31 December 2019

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|  | *Manulife<br>Golden<br>Balanced<br>Growth<br>Fund<br>\$ | Manulife<br>Golden<br>International<br>Bond<br>Fund<br>\$ | Manulife<br>Golden<br>Singapore<br>Growth<br>Fund<br>\$ |
|--|---|---|---|
| Value of Fund as at 1 January 2019   | 236,562,253   | 217,321,227   | 225,309,368   |
| Amount paid (by)/to the fund for (liquidation)/<br>creation of units       | (12,210,078)  | (1,182,923)   | (5,618,043)   |
| Investment income  | -   | -   | -   |
| Net realised gain/(loss) on sale of investments                            | -   | -   | -   |
| Unrealised appreciation/(loss) in value of<br>investment during the period | 25,213,043  | (142,169,438)   | 32,724,246  |
| Exchange gain/(loss)   | -   | -   | -   |
| Fund income/(expenses)   | (131,661)   | (47,275)  | (3,011,996)   |
| <b>Value of Fund as at 31 December 2019</b>                                | <b>249,433,557</b>                                      | <b>73,921,591</b>   | <b>249,403,575</b>                                      |

\* The Manulife Golden Balanced Growth Fund and Manulife Golden Global Balanced Fund invest in existing Manulife Investment-Linked Policy sub-funds namely Manulife Golden Worldwide Equity Fund, Manulife Golden International Bond Fund and Manulife Golden Singapore Growth Fund respectively.



| Manulife<br>Golden<br>Worldwide<br>Equity<br>Fund<br>\$ | *Manulife<br>Golden<br>Global<br>Balanced<br>Fund<br>\$ | Manulife<br>Singapore<br>Bond<br>Fund<br>\$ |
|---|---|---|
| 95,964,083  | 66,424,967  | 89,797,952                                  |
| (322,343)   | (6,897,720)   | (325,805)                                   |
| 631,299   | -   | -   |
| -   | -   | -   |
| 17,237,308  | 12,121,615  | 3,068,345                                   |
| -   | -   | -   |
| 27,822  | (107,569)   | (23,858)                                    |
| <b>113,538,169</b>                                      | <b>71,541,293</b>                                       | <b>92,516,634</b>                           |

# Notes To The Accounts

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## 1. Significant Accounting Policies

- (a) **Basis of Accounting**  
The accounts of the Manulife Investment-Linked Policy sub-funds, expressed in Singapore dollars, are prepared under the historical cost convention except for the investments which are stated at market value.
- (b) **Cash and Cash equivalents**  
Cash and cash equivalents comprise cash deposited with financial institutions that are subject to an insignificant risk of changes in value.
- (c) **Investments**  
Unit trusts are valued at the market prices on 31 December 2019.
- (d) **Investment Income**  
Dividend income is taken up in the financial statements when it is declared payable.  
  
Interest income is recognised using the effective interest method.
- (e) **Foreign Currencies**  
Transactions arising in foreign currencies during the period are converted at rates closely approximating those ruling on the transaction dates. Foreign currencies denominated monetary assets and liabilities are translated into local currency at exchange rates ruling on the financial statement date. All exchange differences arising from conversion are included in the capital account.
- (f) **Realised Gain/(Loss) on Sale of Investments**  
Gain/(loss) on sale of investments is determined at average cost and includes realised foreign exchange gains and losses.

## 2. Units

The number of units issued as of valuation date 31 December 2019:

|   |                  |
|---|------------------|
| Manulife Golden Balanced Growth Fund    | 77,873,349.38932 |
| Manulife Golden International Bond Fund | 31,377,610.41970 |
| Manulife Golden Singapore Growth Fund   | 93,933,076.57285 |
| Manulife Golden Worldwide Equity Fund   | 99,662,462.66439 |
| Manulife Golden Global Balanced Fund    | 44,909,254.86962 |
| Manulife Singapore Bond Fund            | 60,636,218.72522 |

### 3. Expense Ratio

The audited expense ratio as of valuation date 31 December 2019:

|   |       |
|---|-------|
| Manulife Golden Balanced Growth Fund    | 1.45% |
| Manulife Golden International Bond Fund | 0.90% |
| Manulife Golden Singapore Growth Fund   | 1.71% |
| Manulife Golden Worldwide Equity Fund   | 1.64% |
| Manulife Golden Global Balanced Fund    | 1.51% |
| Manulife Singapore Bond Fund            | 0.95% |

Expense ratio is calculated in accordance with Investment Management Association of Singapore ("IMAS") Guidelines for the Disclosure of Expense Ratios.

# Independent Auditor's Report For The Year Ended 31 December 2019

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REPORT TO THE BOARD OF DIRECTORS  
OF MANULIFE (SINGAPORE) PTE. LTD.

Report On The Audit Of The Financial Statements

## Opinion

We have audited the accompanying financial statements of the investment-linked sub-funds ("Funds") of Manulife (Singapore) Pte. Ltd. (the "Company"), which comprise the statement of assets and liabilities as at 31 December 2019, the Capital Account for the financial year then ended, and notes to the accounts, including a summary of significant accounting policies set out in Note 1 to the accounts.

In our opinion, the accompanying financial statements of the Funds of the Company for the financial year ended 31 December 2019, are properly drawn up in accordance with the stated accounting policies set out in Note 1 to the accounts.

## Basis For Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements of the Funds section of our report. We are independent of the Company and the Funds in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for other information. The other information comprises the Message from the President and Chief Executive Officer, and fund reports included in pages 1 to 25, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the accounts, which describes the basis of accounting. The financial statements are prepared to assist the Company to comply with the requirements of the Monetary Authority of Singapore (“MAS”) Notice 307 Investment-Linked Life Insurance Policies. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the use of the Company. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the stated accounting policies, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Funds’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Funds’ financial reporting process.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

# Independent Auditor's Report For The Year Ended 31 December 2019

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

31 March 2020

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