

# Manulife Investment-Linked Policy Sub-Funds (for Fortune Accumulator)

**Report and Financial Statements 1 January 2018 to 31 December 2018**



# Welcome Message

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29 March 2019

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 the best 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 2019.

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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# Fortune-Aggressive Portfolio Fund

## Fund Facts

Launch Date / Price : December 2006 / S\$1.00 (Offer)  
 Unit Price\* : S\$1.1395 (Bid) / S\$1.1995 (Offer)  
 Net Asset Value (NAV) : S\$ 692,909.47  
 Manager : Manulife Asset Management (Singapore) Pte. Ltd.

CPFIS Risk Classification : Not Applicable  
 Subscription : Cash

\*Based on NAV as at 31 December 2018

Note: The Manager was changed from UOB Asset Management Ltd to Manulife Asset Management (Singapore) Pte. Ltd. with effect from 2 October 2017.

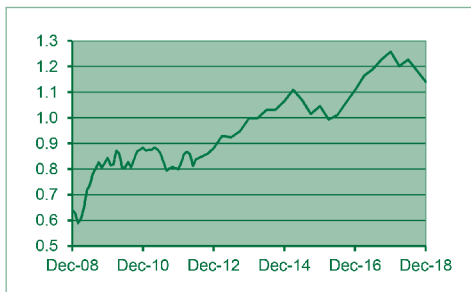
## Fund Objective

This Portfolio Fund aims to achieve maximum growth over the long run with considerable risk in the short run. The Portfolio Fund generally invests up to 90% in equities and 10% in bonds.

The Portfolio Fund feeds into:

- 60% Golden Worldwide Equity Fund
- 30% Manulife Pacific Equity Fund
- 10% Golden International Bond Fund

## Fund Performance



Fund Performance/ Benchmark returns	Fortune- Aggressive Portfolio Fund	Benchmark*
3 months	-9.98%	-11.01%
6 months	-7.15%	-8.63%
1 year	-9.40%	-7.75%
3 years	+2.90%	+5.19%
5 years	+2.68%	+5.61%
10 years	+5.93%	+8.60%
Since Inception	+1.52%	+3.45%

Inception date: 8 December 2006

\*Benchmark: 60% MSCI World + 30% MSCI AC Pacific Free ex Japan + 10% FTSE World Government Bond Index (ex Japan) hedged to S\$. The full track record of the previous index has been kept and chain-linked to the new one.

Prior to 2 October 2017, the benchmark was 60% MSCI AC World + 30% MSCI AC Pacific Free ex Japan + 10% Citigroup World Government Bond Index (ex Japan) hedged to S\$.

Prior to 22 February 2017, the benchmark was 60% MSCI AC World + 30% MSCI AC Pacific ex Japan TR + 10% Citigroup World Government Bond Index (ex Japan) hedged to S\$.

Prior to 1 April 2011, the benchmark was 60% MSCI AC World + 30% MSCI AC Pacific ex Japan TR + 10% Citigroup World Government Bond Index (ex Japan).

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

Source of Information on benchmark returns: Manulife Asset Management (Hong Kong) Limited.

- Performance is in SGD as at 31 December 2018 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 (see appendix).

## Market Outlook And Investment Strategy

Please refer to respective ILP sub-funds (see appendix).

## Schedule of Investments

A) Distribution of Investments as at 31 December 2018  
Please refer to respective ILP sub-funds (see appendix).

B) Top 10 Holdings as at 31 December 2018 & 31 December 2017  
Please refer to respective ILP sub-funds (see appendix).

C) Exposure to Derivatives  
Please refer to respective ILP sub-funds (see appendix).

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

Golden International Bond Fund	S\$71,754.40	10.36%
Golden Worldwide Equity Fund	S\$413,178.45	59.63%
Manulife Pacific Equity Fund	S\$207,976.62	30.01%

E) Amount and percentage of debt to NAV  
Please refer to respective ILP sub-funds (see appendix).

F) Total amount of Subscriptions and Redemptions

Total Subscriptions	S\$58,009.59
Total Redemptions	S\$303,869.32

G) Amount of related-party transactions  
Please refer to respective ILP sub-funds (see appendix).

H) Expense Ratio

31 December 2018 : 1.71%

31 December 2017 : 1.81%

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

Please refer to respective ILP sub-funds (see appendix).

J) Any material information that will adversely impact the valuation of the ILP Sub-Fund  
Not Applicable

K) Soft dollar commissions/ arrangements

Please refer to respective ILP sub-funds (see appendix).

# Fortune-Growth Portfolio Fund

## Fund Facts

Launch Date / Price : December 2006 / S\$1.00 (Offer)  
 Unit Price\* : S\$1.1591 (Bid) / S\$1.2201 (Offer)  
 Net Asset Value (NAV) : S\$359,790.08  
 Manager : Manulife Asset Management (Singapore) Pte. Ltd.

CPFIS Risk Classification : Not Applicable  
 Subscription : Cash

\*Based on NAV as at 31 December 2018

Note: The Manager was changed from UOB Asset Management Ltd to Manulife Asset Management (Singapore) Pte. Ltd. with effect from 2 October 2017.

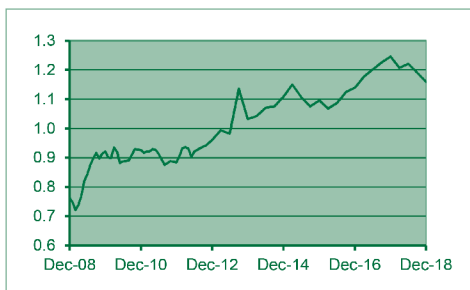
## Fund Objective

This Portfolio Fund aims to achieve growth over the long run with some limit on risk exposure. The Portfolio Fund generally invests up to 60% in equities and 40% in bonds.

The Portfolio Fund feeds into:

40% Golden Worldwide Equity Fund  
 20% Manulife Pacific Equity Fund  
 40% Golden International Bond Fund

## Fund Performance



Fund Performance/ Benchmark returns	Fortune-Growth Portfolio Fund	Benchmark*
3 months	-6.59%	-6.71%
6 months	-5.08%	-5.27%
1 year	-6.94%	-4.55%
3 years	+1.91%	+4.36%
5 years	+2.35%	+5.10%
10 years	+4.29%	+6.67%
Since Inception	+1.67%	+3.37%

Inception date: 8 December 2006

\*40% MSCI World + 20% MSCI AC Pacific Free ex Japan + 40% FTSE World Govt Bond (ex Japan) hedged to S\$. The full track record of the previous index has been kept and chain-linked to the new one.

Prior to 2 October 2017, the benchmark was 40% MSCI AC World + 20% MSCI AC Pacific Free ex Japan + 40% Citigroup World Govt Bond (ex Japan) hedged to S\$.

Prior to 22 February 2017, the benchmark was 40% MSCI AC World + 20% MSCI AC Pacific ex Japan TR + 40% Citigroup World Govt Bond (ex Japan) hedged to S\$.

Prior to 1 April 2011, the benchmark was 40% MSCI AC World + 20% MSCI AC Pacific ex Japan TR + 40% Citigroup World Govt Bond (ex Japan).

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

Source of Information on benchmark returns: Manulife Asset Management (Hong Kong) Limited.

- Performance is in SGD as at 31 December 2018 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 (see appendix).

## Market Outlook And Investment Strategy

Please refer to respective ILP sub-funds (see appendix).



## Schedule of Investments

A) Distribution of Investments as at 31 December 2018  
Please refer to respective ILP sub-funds (see appendix).

B) Top 10 Holdings as at 31 December 2018 & 31 December 2017  
Please refer to respective ILP sub-funds (see appendix).

C) Exposure to Derivatives  
Please refer to respective ILP sub-funds (see appendix)..

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

Golden International Bond Fund	S\$141,186.65	39.24%
Golden Worldwide Equity Fund	S\$142,309.44	39.55%
Manulife Pacific Equity Fund	S\$76,293.99	21.21%

E) Amount and percentage of debt to NAV  
Please refer to respective ILP sub-funds (see appendix).

F) Total amount of Subscriptions and Redemptions

Total Subscriptions	S\$34,025.24
Total Redemptions	S\$117,954.41

G) Amount of related-party transactions  
Please refer to respective ILP sub-funds (see appendix).

H) Expense Ratio

31 December 2018 : 1.66%

31 December 2017 : 1.75%

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

Please refer to respective ILP sub-funds (see appendix).

J) Any material information that will adversely impact the valuation of the ILP Sub-Fund  
Not Applicable

K) Soft dollar commissions/ arrangements

Please refer to respective ILP sub-funds (see appendix).

# Fortune-Moderate Portfolio Fund

## Fund Facts

Launch Date / Price : December 2006 / S\$1.00 (Offer)  
 Unit Price\* : S\$0.9882 (Bid) / S\$1.0402 (Offer)  
 Net Asset Value (NAV) : S\$12,443.43  
 Manager : Manulife Asset Management (Singapore) Pte. Ltd.

CPFIS Risk Classification : Not Applicable  
 Subscription : Cash

\*Based on NAV as at 31 December 2018

Note: The Manager was changed from UOB Asset Management Ltd to Manulife Asset Management (Singapore) Pte. Ltd. with effect from 2 October 2017.

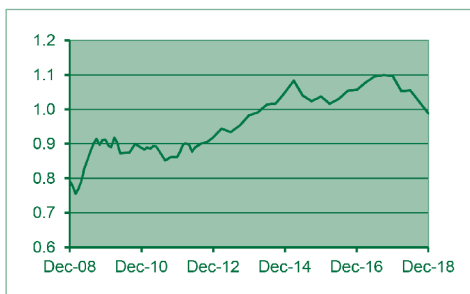
## Fund Objective

This Portfolio Fund aims to achieve moderate growth over the long-term with moderate risk exposure. The Portfolio Fund generally invests up to 50% in equities and 50% in bonds.

The Portfolio Fund feeds into:

- 40% Golden Worldwide Equity Fund
- 10% Manulife Pacific Equity Fund
- 50% Golden International Bond Fund

## Fund Performance



Fund Performance/ Benchmark returns	Fortune- Moderate Portfolio Fund	Benchmark*
3 months	-6.44%	-5.51%
6 months	-6.31%	-4.01%
1 year	-9.97%	-3.08%
3 years	-1.60%	+3.96%
5 years	+0.11%	+4.99%
10 years	+2.22%	+5.97%
Since Inception	+0.33%	+3.23%

Inception date: 8 December 2006

\*Benchmark: 40% MSCI World + 10% MSCI AC Pacific Free ex Japan + 50% FTSE World Govt Bond (ex Japan) hedged to S\$. The full track record of the previous index has been kept and chain-linked to the new one.

Prior to 2 October 2017, the benchmark was 40% MSCI AC World + 10% MSCI AC Pacific Free ex Japan + 50% Citigroup World Govt Bond (ex Japan) hedged to S\$.

Prior to 22 February 2017, the benchmark was 40% MSCI AC World + 10% MSCI AC Pacific ex Japan TR + 50% Citigroup World Govt Bond (ex Japan) hedged to S\$.

Prior to 1 April 2011, the benchmark was 40% MSCI AC World + 10% MSCI AC Pacific ex Japan TR + 50% Citigroup World Govt Bond (ex Japan).

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

Source of Information on benchmark returns: Manulife Asset Management (Hong Kong) Limited

- Performance is in SGD as at 31 December 2018 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 (see appendix).

## Market Outlook And Investment Strategy

Please refer to respective ILP sub-funds (see appendix).

## Schedule of Investments

A) Distribution of Investments as at 31 December 2018  
Please refer to respective ILP sub-funds (see appendix).

B) Top 10 Holdings as at 31 December 2018 & 31 December 2017  
Please refer to respective ILP sub-funds (see appendix).

C) Exposure to Derivatives  
Please refer to respective ILP sub-funds (see appendix).

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

Golden International Bond Fund	S\$6,442.83	51.78%
Golden Worldwide Equity Fund	S\$4,635.45	37.25%
Manulife Pacific Equity Fund	S\$1,365.15	10.97%

E) Amount and percentage of debt to NAV  
Please refer to respective ILP sub-funds (see appendix).

F) Total amount of Subscriptions and Redemptions

Total Subscriptions	S\$886.08
Total Redemptions	S\$ -

G) Amount of related-party transactions  
Please refer to respective ILP sub-funds (see appendix).

H) Expense Ratio

31 December 2018 : 6.40%

31 December 2017 : 3.38%

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

Please refer to respective ILP sub-funds (see appendix).

J) Any material information that will adversely impact the valuation of the ILP Sub-Fund  
Not Applicable

K) Soft dollar commissions/ arrangements

Please refer to respective ILP sub-funds (see appendix).



# Appendix

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- Manulife Pacific Equity Fund
- Golden International Bond Fund
- Golden Worldwide Equity Fund

# Manulife Pacific Equity Fund

## Fund Facts

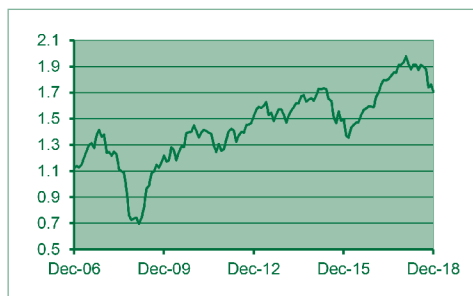
Launch Date / Price : May 2006 / S\$1.00 (Offer)  
 Unit Price\* : S\$1.7066 (Bid) / ^S\$1.7964 / ^^S\$1.7594  
 Net Asset Value (NAV) : S\$49,877,381.19  
 Manager : Schroder Investment Management (Singapore) Ltd  
 CPFIS Risk Classification : Higher Risk - Narrowly Focused – Regional - Asia  
 Subscription : CPFIS-OA/SRS/Cash  
 \*Based on NAV as at 31 December 2018  
 ^Offer Price @ 5% sales charge – Regular Premium Plans  
 ^^Offer Price @ 3% sales charge – Single Premium Plans

Note: The Manager was changed from Aberdeen Asset Management Asia Limited to Schroder Investment Management (Singapore) Ltd. with effect from 22 February 2017.

## Fund Objective

The Fund invests all or substantially all its assets into Schroder Asian Equity Yield Fund ("Underlying Fund"), a Singapore-authorized unit trust, which aims to provide capital growth and income through investment in equity and equity related securities of Asian companies which offer attractive yields and sustainable dividend payments.

## Fund Performance



Fund Performance/ Benchmark returns	Manulife Pacific Equity Fund	Benchmark*
3 months	-9.30%	-10.07%
6 months	-8.95%	-11.11%
1 year	-11.72%	-12.81%
3 years	+4.60%	+6.40%
5 years	+2.21%	+4.87%
10 years	+8.76%	+9.41%
Since Inception	+4.77%	+4.89%

Inception date: 31 May 2006

\*MSCI AC Pacific Free ex Japan

The benchmark was changed from MSCI AC Asia Pacific Ex-Japan Index to MSCI AC Pacific Free ex Japan on 22 February 2017. The full track record of the previous index has been kept and chainlinked to the new one.

Schroder Investment Management (Singapore) Ltd. was appointed the Fund Manager of Pacific Equity Fund on 22 February 2017. Aberdeen Asset Management Asia Limited was the previous Fund Manager of the Pacific Equity Fund appointed on 31 May 2006.

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

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

- Performance is in SGD as at 31 December 2018 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 negative returns in 2018 but outperformed the broader Pacific ex Japan index, which ended in decline alongside global equity markets. Global equity markets zoomed off in January to the third best start to the year since 1988 but corrected substantially, capping off the worst year since the Global Financial Crisis. Pervasive and persistent global growth slowdown coupled with shrinking global liquidity and noise around the trade war nurtured risk-off sentiments among investors.

Concerns over tightening monetary policy as central banks take steps towards normalisation are gradually giving

way to fears over a deteriorating growth outlook. China's economy weakened due to the lagged effects of slower credit growth onshore as authorities sought to rein in the shadow banking sector. Escalating trade friction with the US and tariffs imposed so far have hurt corporate confidence and capex decisions, weighing further on growth prospects.

High oil prices and a strong US dollar had put upward pressure on interest rates on emerging Asian markets, leaving liquidity conditions tighter in general – a further headwind to growth. More recently, however, oil prices have corrected sharply from their highs, alleviating pressures on current accounts of the more fragile emerging economies.

At the same time, US bond yields and rate expectations moderated significantly at the end of 2018, partly in response to the crack in the US stock market and also due to the ongoing slowdown in growth outside the US.

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

Our view remains that in contrast to previous "taper tantrums", Asian emerging markets generally look better placed today from a macro perspective. That said, the backdrop for 2019 remains weak given persistent uncertainty on the trade front and continued increases in US dollar interest rates in the next few months. However, on a medium-term view, structural deflation will mean that bond yields should remain lower for longer. The demographic trend of an aging global population will underpin dividend investing in the longer term.

In the near term, dividend investing remains relevant, especially in view of the weak economic backdrop, given its strong bias to quality businesses with sound capital structures and strong cash flow generation. In Asia, where payout ratios remain amongst the lowest globally, steeply rising profitability, historically low gearing and burgeoning free cash flows present the best conditions for dividends to surprise on the upside. The propensity for dividends to surprise in Asia is further helped by improving corporate governance and regulatory changes in the region.

In terms of portfolio strategy, we will pick up Dividend Surprise opportunities as they present themselves in an environment that we believe is conducive. Dividend Surprise ideas in the portfolio are found in select Chinese, Korean, Indian and Australian names. We continue to be well-diversified across our portfolio of Dividend Cows and Growers, and our preferred areas of investment remain in select blue chips in Hong Kong and Australia, as well as in China and Singapore.

## Schedule of Investments

### A) Distribution of Investments as at 31 December 2018\*\*\*

	Market Value (\$S)	% of NAV
i) <u>Country</u>		
Australia	82,860,680	25.03
Hong Kong	80,707,106	24.38
China	43,704,339	13.20
Taiwan	36,522,589	11.04
South Korea	36,497,808	11.03
Singapore	27,788,337	8.40
United Kingdom	11,781,810	3.56
India	11,103,497	3.35
Philippines	2,637,963	0.80
ii) <u>Industry</u>		
Bank	59,768,813	18.06
Real Estate	42,745,509	12.91
Technology Hardware & Equipment	40,868,264	12.35
Hotel & Leisure	33,520,429	10.13
Insurance	25,884,681	7.82
Chemicals	16,679,781	5.04
Finance	14,861,741	4.49
Diversified Operations	13,669,761	4.13
Oil & Gas	11,727,541	3.54
Semiconductor	10,224,872	3.09
Utilities	10,013,197	3.03
Automobiles & Components	8,489,009	2.56
Construction & Engineering	7,697,532	2.32
Consumer Durables	7,684,719	2.32
Containers & Packaging	7,515,497	2.27
Mining	6,938,112	2.10
Software	5,918,470	1.79
Health Care/Pharmaceuticals	3,663,391	1.11

# Manulife Pacific Equity Fund

Education Services	3,094,847	0.93	Crown Resorts Ltd	12,653,569	3.28
Telecommunications	2,637,963	0.80	HSBC Hldg PLC	12,377,546	3.21
iii) <u>Asset</u>			Australia & New Zealand Banking Group Ltd	11,938,864	3.09
Equities	333,604,129	100.79	Kolon Ind Inc	11,604,429	3.01
Other net assets/(liabilities)	(2,618,233)	(0.79)			

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

iv) Credit Rating  
Not Applicable

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

Securities	Market Value (S\$)	% of NAV
Swire Properties Ltd	16,420,900	4.96
Samsung Electronics Co Ltd	13,748,947	4.16
Jardine Strategic Hldg Ltd	13,669,761	4.13
China Construction Bank Corp H Shares	13,616,800	4.11
HSBC Hldg PLC	11,781,810	3.56
Mapletree Commercial Trust	11,634,975	3.51
Crown Resorts Ltd	11,413,392	3.44
Tabcorp Hldg Ltd	11,240,961	3.40
Medibank Private Ltd	10,195,728	3.08
China Yangtze Power Co Ltd A Shares	10,013,197	3.03

## Top 10 Holdings as at 31 December 2017\*\*\*

Securities	Market Value (S\$)	% of NAV
Samsung Electronics Co Ltd	17,493,413	4.53
Swire Properties Ltd	14,776,594	3.83
Hon Hai Precision Ind Co Ltd	13,507,592	3.50
Medibank Private Ltd	13,358,135	3.46
China Construction Bank Corp H Shares	13,087,840	3.39
Jardine Strategic Hldg Ltd	12,763,494	3.31

## 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 Schroder Asian Equity Yield Fund

## E) Amount and percentage of debt to NAV

Not Applicable

## F) Total amount of Subscriptions and Redemptions

Total Subscriptions	S\$8,402,810.32
Total Redemptions	S\$8,117,296.38

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

Not Applicable

## H) Expense Ratio

31 December 2018 : 1.75%

31 December 2017 : 1.72%

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 2018 : 26.05%

31 December 2017 : 28.49%

J) Any material information that shall adversely impact the valuation of the ILP Sub-Fund

Not Applicable

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 Manager.

# Golden International Bond Fund

## Fund Facts

Launch Date / Price : January 1997 / S\$1.00 (Offer)  
 Unit Price\* : S\$2.2027 (Bid) / ^S\$ 2.3186 /  
 ^^S\$ 2.2708

Net Asset Value (NAV) : S\$217,321,227.14

Manager : Legg Mason Asset Management  
 Singapore Pte. Limited

CPFIS Risk : Low - Medium Risk - Broadly

Classification : Diversified

Subscription : CPFIS-OA/SA/SRS/Cash

\*Based on NAV as at 31 December 2018

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

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

Note: The Manager was changed from Western Asset Management Company Pte. Ltd to Legg Mason Asset Management Singapore Pte. Limited with effect from 3 September 2018.

Fund Performance/ Benchmark returns	Golden International Bond Fund	Benchmark*
3 months	+1.43%	+2.17%
6 months	+0.42%	+1.45%
1 year	-0.23%	+1.65%
3 years	+0.66%	+2.35%
5 years	+2.53%	+3.75%
10 years	+1.60%	+2.45%
Since Inception	+3.91%	+5.13%

Inception date: 10 January 1997

\*FTSE World Government Bond Index ex Japan (hedged to S\$).

## Fund Objective

The ILP Sub-Fund invests all or substantially all its assets into Legg Mason Western Asset Global Bond Trust ("Underlying Fund"), which is a unit trust constituted in Singapore and inception on 2 November 1998. The investment objective of the Underlying Fund is to maximize total returns in Singapore Dollar terms over the longer term by investing in a portfolio of high quality debt securities of Singapore and major global bond markets such as the G10 countries and Australia and New Zealand. The Underlying Fund aims to outperform the benchmark.

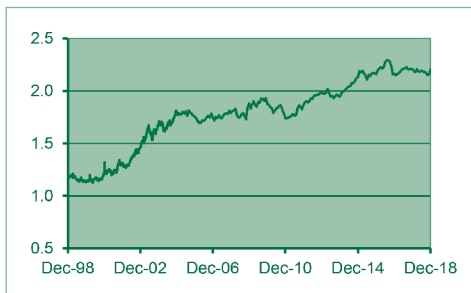
Prior to 3 January 2005, the benchmark against which the performance of the ILP Sub-Fund was measured was the Citigroup World Government Bond Index (S\$). The reason for the change is because the Citigroup World Government Bond Index ex Japan better reflects the investment focus and strategy of the Underlying Fund.

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

Source of Information on benchmark returns: Legg Mason Asset Management Singapore Pte. Ltd.

- Performance is in SGD as at 31 December 2018 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.

## Fund Performance



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

Global developed market (DM) bond yields fell, with US Treasuries (USTs) outperforming as negative risk sentiment resulted in the sharp repricing of a number of asset classes and a flight to safety by investors. Against a backdrop of mounting concern over continued trade tensions between the US and China, and expectations for US economic growth moderation, the Federal Reserve (Fed) hiked interest rates by 25 basis points (bps) for the fourth time this year. The European Central Bank (ECB) left interest rates unchanged but announced the end of net asset purchases, as had been flagged during recent months, indicating that reinvestments will continue well beyond the first rate hike. Spreads across the investment-grade and high-yield corporate credit space continued to widen on the back of continued equity market volatility, corporate-related idiosyncratic risks and ongoing trade tensions. Emerging market (EM) performance was mixed on the combination of the broader "risk-off" environment, a weaker US dollar and lower oil prices.

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

In the US, we expect slower growth in 2019 as some of the fortuitous factors recently boosting growth begin to fade. We think the claims of runaway growth are exaggerated and that we will likely see more modest performance in 2019, along with continued low inflation. Accordingly, we retain a long US duration bias which we also believe remains an effective hedge against risk exposures in global portfolios.

In Europe, we remain underweight 10-year German duration on our view that European data will stabilize as we move into 2019, led predominantly by domestic consumption and investment. An improving economy, emerging wage and capacity concerns, combined with very supportive monetary conditions, should support inflation moving back to the ECB's target. Under this scenario we expect steeper curves and higher German yields towards year-end. We think firmer ECB forward guidance is supportive for short-dated carry trades, which supports our decision to retain a modest overweight to Italian bonds.

EM issuers have underperformed on global growth fears with a number of isolated stories further contributing to weakness. Over the longer term, we remain constructive on select EM sovereign issues given steady EM growth, improved external accounts, proactive central banks and prudent fiscal policy. We believe EM secondary market valuations are attractive on a historical basis and relative to other spread sectors.

## Schedule of Investments

### A) Distribution of Investments as at 31 December 2018\*\*\*

	Market Value (\$)	% of NAV
i) <u>Country</u>		
Australia	1,550,831.99	0.39
Belgium	9,256,546.04	2.32
Canada	7,620,454.81	1.91
France	32,221,790.98	8.07
Germany	13,891,652.70	3.48
Great Britain	15,164,891.05	3.80
Ireland	3,349,432.75	0.84
Italy	42,002,752.13	10.52
Japan	9,028,438.01	2.26
Mexico	16,703,532.72	4.18
Spain	23,137,535.15	5.80

Supra-national	3,401,122.09	0.85
USA	192,712,020.53	48.27
ii) <u>Industry</u>		
Government	366,492,782.23	91.79
Financials	3,401,122.09	0.85
Others	147,096.63	0.04
iii) <u>Asset</u>		
Fixed Income	370,041,000.95	92.68
Cash	29,222,684.48	7.32
iv) <u>Credit Rating</u>		
Aaa	26,321,640.38	6.59
AA+	192,675,364.35	48.26
Aa2	47,392,358.48	11.87
Aa3	9,256,546.04	2.32
A	9,163,601.29	2.30
A2	3,349,432.75	0.84
Baa1	23,137,535.15	5.80
Baa3	42,002,752.13	10.52
BBB+	16,703,532.72	4.18
NR	38,237.66	0.01

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

Securities	Market Value (\$)	% of NAV
US Treasury Bond 1.750% 31/03/2022	30,367,418.09	7.61
US Treasury Bond 2.875% 30/04/2025	27,814,668.95	6.97
US Treasury Bond 1.625% 15/11/2022	25,704,352.35	6.44
Francee (Govt of) (Reg S) 0.25% 25/11/2026	20,851,817.17	5.22
US Treasury Bond 4.5% 15/08/2039	18,434,995.84	4.62
Buoni Poliennali Del Tes (BR) 1.45% 15/09/2022	15,924,797.38	3.99
US Treasury Bond 2.125% 29/02/2024	15,136,876.63	3.79

# Golden International Bond Fund

US Treasury Bond 2.875% 15/05/2043	13,101,761.32	3.28
US Treasury Bond 2% 31/10/2022	12,078,845.51	3.03
US Treasury Bond 4.25% 07/12/2040	12,054,900.63	3.02

## Top 10 Holdings as at 31 December 2017\*\*\*

Securities	Market Value (\$)	% of NAV
US Treasury Bond 1.5% 31/12/2018	34,013,342.42	9.19
Buoni Poliennali Del Tes 1.45% 15/09/2022	21,544,848.80	5.82
France (Govt of) (Reg S) 0.25% 25/11/2016	21,226,590.04	5.74
US Treasury Bond 4.5% 15/08/2039	18,919,819.26	5.11
US Treasury Bond 2.125% 29/02/2024	14,978,915.85	4.05
Japan (Govt of) CPI Linked Ser 16 1.4% 10/06/2018	14,367,212.45	3.88
Poland Government Bond Ser 726 2.5% 25/07/2026	13,735,071.22	3.71
US Treasury Bond 2.875% 15/05/2043	13,497,013.67	3.65
UK Treasury 4.25% 07/12/2040	12,777,637.13	3.45
Mex Bonds Desarr Fix RT Ser M 7.75% 13/11/2042	12,474,360.59	3.37

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 Legg Mason Western Asset Global Bond Trust

## E) Amount and percentage of debt to NAV

Not Applicable

## F) Total amount of Subscriptions and Redemptions

Total Subscriptions	\$S13,816,575.48
Total Redemptions	\$S13,237,919.37

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

Not Applicable

## H) Expense Ratio

31 December 2018 : 0.88%

31 December 2017 : 0.95%

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 2018 : 28.30%

31 December 2017 : 45.84%

## J) Any material information that shall adversely impact the valuation of the ILP Sub-Fund

Not Applicable

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

The Managers currently do not but shall be entitled to receive or enter into soft dollar commissions/ arrangements in respect of the Trust.

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

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# Golden Worldwide Equity Fund

## Fund Facts

Launch Date / Price : January 2001 / S\$1.00 (Offer)  
 Unit Price\* : S\$0.8979 (Bid) / ^S\$0.9452 / ^^S\$0.9257

Net Asset Value (NAV) : S\$95,964,083.46  
 Manager : Manulife Asset Management (Singapore) Pte. Ltd.

CPFIS Risk Classification : Higher Risk / Broadly Diversified  
 Subscription : CPFIS-OA/SRS/Cash

\*Based on NAV as at 31 December 2018

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

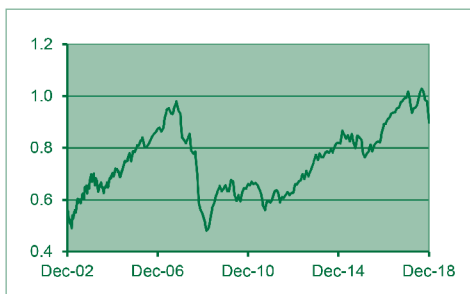
^^Offer Price @ 3% sales charge – Single Premium Plans

Note: The Manager was changed from UOB Asset Management Ltd to Manulife Asset Management (Singapore) Pte. Ltd. with effect from 2 October 2017.

## 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/ Benchmark returns	Golden Worldwide Equity Fund	MSCI World Index
3 months	-11.91%	-13.63%
6 months	-7.49%	-9.14%
1 year	-9.58%	-6.89%
3 years	+2.57%	+4.90%
5 years	+3.04%	+6.17%
10 years	+5.16%	+9.06%
Since Inception	-0.31%	+3.11%

Inception date: 2 January 2001

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 ILP sub-fund’s performance: Manulife (Singapore) Pte. Ltd.

Source of Information on benchmark returns: Manulife Asset Management (Hong Kong) Limited

- Performance is in SGD as at 31 December 2018 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 2018 calendar year began with a theme of synchronised global economic growth. However, the escalating trade disputes between the US and China, Brexit negotiations, concerns about Italy’s budget and other geopolitical concerns created volatility throughout the period. As a result, no major broad-based equity index finished the year in positive territory.

Despite the recent equity market decline, the US was the best-performing region in 2018 as a result of the benefits of tax cuts and continued strong corporate earnings throughout much of the year. However, to put the volatility into perspective, 2018 was the first calendar year in a decade where the S&P 500 Index finished with a negative return. Furthermore, 2018 was the first time ever the S&P 500 Index finished negative for a year after being up in its first three quarters.

Emerging markets were among the worst-performing regional equity market categories of 2018 as a result of

rising US interest rates, a strong US dollar and the impact of rising oil prices on oil-importing emerging market countries. The eurozone also lagged most regions as economic growth decelerated, while investor sentiment was negatively impacted by China-US trade disputes and Italy's inability to deliver an EU-approved budget. The traditionally defensive healthcare and utilities sectors were the only two sectors in positive territory in a volatile 2018. After a sharp decline in December, financials was the worst-performing sector for the year.

## Market Outlook and Investment Strategy

The 2018 calendar year was a volatile period that brought global equity markets into negative territory. Global stocks with growth characteristics, as represented by the MSCI World Growth Index, peaked at the beginning of October. Since then, there has been a significant shift toward stocks with value characteristics. These conditions created a much more favourable environment for the Fund's value-based investment style. Growth stocks typically struggle during market declines, while value stocks tend to outperform. Although stock prices declined in 2018, the portfolio manager believes equity valuations are fairly high, and that the valuation differentials between US and Europe, Australasia and the Far East stocks remain wide, as do the differentials between growth and value stocks.

General investor sentiment seems to indicate a significant amount of optimism for low-double-digit corporate earnings growth annually for the next three to five years. The portfolio manager is sceptical of these expectations, however. The portfolio manager is maintaining our defensive approach to investing, favouring shares of companies that represent high-quality and sustainable franchises. In this "value-rich" environment, the portfolio manager continues to favour European companies with international operations and, based upon valuation, are maintaining an underweight exposure to the US. Within the US, the portfolio manager is maintaining exposure to US banks, not based on the interest rate environment but rather on the potential for capital returns going forward. However, the portfolio manager remains wary of international banking stocks, and is maintaining large exposures to sustainable quality franchises across sectors, with our largest overweight allocation being to the consumer staples sector. As a result of our concerns about corporate debt levels, the Fund is structurally focused on companies exhibiting lower-than-average levels of debt. Lastly, the portfolio manager continues to focus on businesses that are highly cash generative, and that are trading at lower-than-average multiples. The portfolio manager believes valuations will be key to outperformance going forward.

## Schedule of Investments

### A) Distribution of Investments as at 31 December 2018\*\*\*

	Market Value (US\$)	% of NAV
i) <u>Country</u>		
Australia	5,746,289	3.17
Brazil	646,609	0.36
Cayman Islands	2,795,238	1.54
France	12,925,299	7.15
Germany	5,003,506	2.76
Hong Kong	3,078,283	1.70
Ireland	10,430,359	5.77
Japan	3,871,980	2.14
Jersey - Channel Islands	2,546,326	1.40
Netherlands	25,183,617	13.91
Republic of Korea (South)	3,080,451	1.70
Switzerland	19,023,591	10.52
Taiwan	1,917,461	1.06
United Kingdom	2,004,733	1.11
United States	76,726,765	42.38
ii) <u>Industry</u>		
Consumer staples		13.45
Industrials		13.53
Financials		18.61
Materials		6.61
Healthcare		13.85
Real estate		2.14
Energy		4.35
Information technology		13.00
Consumer discretionary		6.71
Communication services		4.40
iii) <u>Asset Class</u>		
Equities	174,980,507	96.67
Other net assets	6,025,700	3.33

# Golden Worldwide Equity Fund

## iv) Credit Rating

Not Applicable

## B) 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 NV	5,043,675	2.79

## Top 10 Holdings as at 31 December 2017\*\*\*\*

Securities	Market Value (US\$)	% of NAV
Wells Fargo & Company	10,269,109	4.91
Roche Holding AG	8,505,152	4.05
Nestle SA - Reg	8,338,625	3.98
Amcor Limited	6,436,072	3.08
Philips NV	6,246,228	2.99
Affiliated Managers Group	5,923,188	2.83
Johnson Controls International plc	5,850,002	2.80
Heineken NV	5,569,152	2.66
Oracle Corp.	5,469,229	2.61
United Technologies Corp.	5,459,880	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 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\$10,650,791.01
Total Redemptions	S\$3,107,651.52

## 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 Asset Management International Holdings Limited in its capacities as the General Adviser and Distributor; and
- The investment manager

The General Adviser and Distributor and the investment managers may be members of the Manulife Group. The transactions with Manulife Group are the management fee charged by the General Adviser.



#### H) Expense Ratio

31 December 2018 : 1.63%

31 December 2017 : 1.75%

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 2018 : 35.79%

31 December 2017 : 52.22%

#### 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 manager of the Underlying Fund, Manulife Asset 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.



# Financial Statements

for the Period 1 January to 31 December 2018

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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 2018

	Golden International Bond Fund	Golden Worldwide Equity Fund	Manulife Pacific Equity Fund	*Fortune Aggressive Portfolio Fund	*Fortune Growth Portfolio Fund	*Fortune Moderate Portfolio Fund
	\$	\$	\$	\$	\$	\$
<b>INVESTMENTS</b>						
Cash and Cash Equivalents	-	-	-	-	-	-
Value of Investment in Unit Trusts	217,425,376	96,005,453	49,854,302	692,923	359,830	12,445
	<b>217,425,376</b>	<b>96,005,453</b>	<b>49,854,302</b>	<b>692,923</b>	<b>359,830</b>	<b>12,445</b>
<b>OTHER ASSETS</b>						
Due from Brokers for investment sales	-	-	19,947	-	-	-
Other assets	104	44	7,000	45	-	-
<b>Total Assets</b>	<b>217,425,480</b>	<b>96,005,497</b>	<b>49,881,249</b>	<b>692,968</b>	<b>359,830</b>	<b>12,445</b>
<b>LIABILITIES</b>						
Due to Brokers for investment purchases	(88,214)	(33,947)	-	-	-	-
Other liabilities	(16,039)	(7,467)	(3,868)	(59)	(40)	(2)
<b>Value of Fund as at 31 December 2018</b>	<b>217,321,227</b>	<b>95,964,083</b>	<b>49,877,381</b>	<b>692,909</b>	<b>359,790</b>	<b>12,443</b>

\* Fortune Portfolio Funds invest in existing Manulife Investment-Linked Policy sub-funds namely Golden International Bond Fund, Golden Worldwide Equity Fund and Manulife Pacific Equity Fund respectively.

# Capital Account For The Period

## 1 January 2018 To 31 December 2018

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	Golden International Bond Fund \$	Golden Worldwide Equity Fund \$	Manulife Pacific Equity Fund \$	*Fortune Aggressive Portfolio Fund \$	*Fortune Growth Portfolio Fund \$	*Fortune Moderate Portfolio Fund \$
<b>Value of Fund as at 1 January 2018</b>	<b>184,927,285</b>	<b>68,387,081</b>	<b>56,268,090</b>	<b>1,019,038</b>	<b>470,931</b>	<b>12,900</b>
Amount paid (by)/to the fund for (liquidation)/creation of units	578,656	7,543,139	285,514	(245,860)	(83,929)	886
Investment income	-	474,575	2,211,082	-	-	-
Net realised gain/(loss) on sale of investments	-	-	-	-	-	-
Unrealised appreciation/(loss) in value of investment during the period	31,890,657	19,546,888	(8,871,312)	(79,139)	(25,929)	(682)
Exchange gain/(loss)	-	-	-	-	-	-
Fund (expenses)/income	(75,371)	12,400	(15,993)	(1,130)	(1,283)	(661)
<b>Value of Fund as at 31 December 2018</b>	<b>217,321,227</b>	<b>95,964,083</b>	<b>49,877,381</b>	<b>692,909</b>	<b>359,790</b>	<b>12,443</b>

\* Fortune Portfolio Funds invest in existing Manulife Investment-Linked Policy sub-funds namely Golden International Bond Fund, Golden Worldwide Equity Fund and Manulife Pacific Equity Fund respectively.

# 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 2018.
- (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 2018:

Golden International Bond Fund	98,659,592.88128
Golden Worldwide Equity Fund	106,875,610.47640
Manulife Pacific Equity Fund	29,222,326.39870
Fortune Aggressive Portfolio Fund	608,066.54571
Fortune Growth Portfolio Fund	310,403.99874
Fortune Moderate Portfolio Fund	12,591.42406

### 3. Expense ratio

The audited expense ratio as of valuation date 31 December 2018:

Golden International Bond Fund	0.88%
Golden Worldwide Equity Fund	1.63%
Manulife Pacific Equity Fund	1.75%
Fortune Aggressive Portfolio Fund	1.71%
Fortune Growth Portfolio Fund	1.66%
Fortune Moderate Portfolio Fund	6.40%

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 2018

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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 2018, 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 2018, 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 23, 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.

# Independent Auditor's Report For The Year Ended 31 December 2018

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

- 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

29 March 2019



