

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

Report and Financial Statements 1 January 2018 to 31 December 2018

Welcome Message

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.

If you need any assistance please email us at 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 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) 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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Singapore Bond Fund

Fund Facts

Launch Date / Price : February 2004 / S\$1.00 (Offer)
 Unit Price* : S\$1.4491 (Bid) / ^S\$1.5254 /
 ^^S\$1.4939

Net Asset Value (NAV) : S\$89,797,952.45
 Manager : Manulife Asset Management
 (Singapore) Pte. Ltd.

CPFIS Risk : Low to Medium Risk – Narrowly
 Classification : Focused – Country - Singapore
 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:

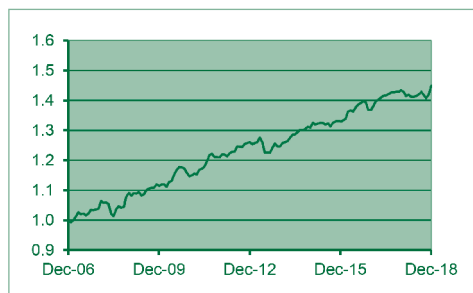
The Manager was changed from Legg Mason Asset Management Singapore Pte. Limited. to Manulife Asset Management (Singapore) Pte. Ltd. with effect from 8 October 2018.

The Manager was changed from Western Asset Management Company Pte. Ltd to Legg Mason Asset Management Singapore Pte. Limited. with effect from 3 April 2017.

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/ Benchmark returns | Singapore Bond Fund | Benchmark* |
|--|------------------------|------------|
| 3 months | +2.15% | +3.44% |
| 6 months | +2.39% | +4.09% |
| 1 year | +1.05% | +2.35% |
| 3 years | +2.93% | +3.18% |
| 5 years | +3.07% | +2.81% |
| 10 years | +2.88% | +2.38% |
| Since Inception | +2.89% | +0.63% |

Inception date: 18 February 2004

* Markit iBoxx ALBI Singapore Government 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 3rd 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, which was changed on 1 October 2006.

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

Source of Information on benchmark returns: Manulife 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.

Investment and Market Review***

US treasury and Singapore sovereign yields ended 2018 broadly higher with the short-end rising as the Federal Reserve (Fed) continued normalising monetary conditions, hiking rates four times in 2018 in addition to further unwinding of its balance sheet. Longer end rates saw some volatility throughout the year with a strong US economy for most of 2018, slightly outweighing global growth concerns and geopolitical tensions towards the end of the year.

Major central banks across the globe continue to diverge in their policies; with the Bank of Japan (BoJ) and European Central Bank (ECB) remaining relatively accommodative due to weaker than expected economic figures while the Fed has continued tightening on the back of a relatively strong US economy. The Monetary Authority of Singapore (MAS) tightened monetary policy twice in 2018 by "slightly" increasing the slope of the Singapore dollar nominal effective exchange rate (SGD NEER) in April and October, but kept the midpoint and bandwidth of the band unchanged. Singapore's full year 2018 growth is expected to come in at 3.0 to 3.5%, in line with earlier forecasts despite the economy losing steam in 2018 amidst global geopolitical and trade uncertainties.

Credit wise, 2018 was a challenging environment for both Singapore and Asian US dollar credits throughout most of the year. Corporate spreads ended 2018 broadly wider, with investment grade spreads outperforming high yields spreads as investors rotated heavily out of lower quality, higher yielding issuers.

Market Outlook and Investment Strategy***

We expect global growth to moderate in 2019, especially in the US. The Fed has raised interest rates four times in 2018, on the back of strong economic growth, tight labour market and inflation on target. We are of the view that the Fed is approaching the end of its current interest rate hiking cycle and forecast another one to two hikes in 2019 before coming to a pause. This should provide some stability in US interest rates. In addition, while the US has entered into the late stage of the business cycle and are slated for slower growth in 2019, we do not think that it will tip over into a recession.

Similarly, we expect Singapore's growth to moderate and inflation to ease in 2019. This is mainly due to increasing external headwinds and domestic structural challenges. Against this backdrop, there's a possibility that the tightening bias in monetary policy might be downshifted to neutral.

In terms of credits, Asia and Singapore corporate bonds have repriced in 2018 due to higher rates and wider credit spreads. As we start 2019, the yields and spreads available in Asia and Singapore credits remain elevated and as such we do see strong value in the market. While we recognise rising idiosyncratic risks and slowing growth in Asia, we also feel that the risk-reward for the better quality investment grade look favourable, particularly from a long-term perspective. We believe that bottom-up credit selection remains key to generating returns with opportunities to invest in better quality names at attractive valuations while actively avoiding the weakest credits.

Schedule of Investments

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

| | Market Value (\$) | % of NAV |
|------------------------------|-------------------|----------|
| i) <u>Country</u> | | |
| Australia | 3,261,780 | 3.06 |
| China | 12,853,806 | 12.05 |
| France | 1,518,960 | 1.42 |
| Great Britain | 757,393 | 0.71 |
| Hong Kong | 3,266,350 | 3.06 |
| Philippines | 533,532 | 0.49 |
| Singapore | 81,110,684 | 75.94 |
| South Korea | 551,747 | 0.52 |
| Thailand | 266,173 | 0.25 |
| United States of America | 1,156,057 | 1.08 |
| ii) <u>Industry</u> | | |
| Airlines | 2,019,105 | 1.88 |
| Banks | 9,406,112 | 8.82 |
| Chemical | 963,976 | 0.90 |
| City Gas | 917,071 | 0.86 |
| Commercial Services | 275,929 | 0.26 |
| Computers | 255,377 | 0.24 |
| Construction | 938,868 | 0.88 |
| Diversified Resources | 262,475 | 0.25 |
| Electronic | 671,986 | 0.63 |
| Finance | 7,491,468 | 7.01 |
| Government | 61,856,178 | 57.92 |
| Hotel | 514,450 | 0.48 |
| Investment | 1,949,473 | 1.83 |
| Metals | 269,041 | 0.25 |
| Miscellaneous | 960,612 | 0.90 |
| Oil & Gas | 2,230,606 | 2.09 |
| Real Estate | 2,205,372 | 2.07 |
| Real Estate Investment Trust | 10,049,045 | 9.40 |
| Telecommunications | 250,408 | 0.23 |
| Transport | 1,276,325 | 1.20 |
| Utilities | 512,605 | 0.48 |

Singapore Bond Fund

iii) Asset

| | | |
|---|-------------|-------|
| Fixed income securities | 105,276,482 | 98.58 |
| Accrued interest on fixed income securities | 716,051 | 0.67 |
| Other net assets | 796,130 | 0.75 |

iv) Credit Rating

| | | |
|-----------|------------|-------|
| AAA | 1,013,490 | 0.95 |
| AA | 275,929 | 0.26 |
| A+ | 1,235,555 | 1.16 |
| A | 1,485,171 | 1.39 |
| A- | 3,844,799 | 3.60 |
| BBB+ | 8,172,564 | 7.67 |
| BBB | 6,046,021 | 5.67 |
| BBB- | 2,292,368 | 2.15 |
| Not rated | 80,910,585 | 75.73 |

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

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

Top 10 Holdings as at 31 December 2017***

| Securities | Market Value (\$) | % of NAV |
|---|-------------------|----------|
| Singapore (Govt of) 3% 01/09/2024 | 11,747,560.00 | 11.32 |
| Singapore (Govt of) 3.5% 01/03/2027 | 8,346,327.60 | 8.04 |
| DBS Group Holdings Ltd (Reg S) Var Perp | 7,480,985.00 | 7.21 |
| ABN Amro Bank NV Ser EMTN (Reg S) Var 01/04/2026 | 7,132,185.00 | 6.87 |
| Singapore (Govt of) 2.125% 01/06/2026 | 5,058,150.00 | 4.87 |
| OCBC Capital Corp Preference | 4,829,250.00 | 4.65 |
| Singapore (Govt of) 2.75% 01/03/2046 | 4,258,560.00 | 4.10 |
| United Overseas Bank Ltd (Reg) (Reg S) 4% 29/12/2049 | 3,868,087.50 | 3.73 |
| AACI Reit MTN Pte Ltd Ser MTN (Reg S) 3.6% 22/03/2022 | 3,459,785.00 | 3.33 |
| Mapletree Treasury Svcs EMTN Var Perp | 3,103,500.00 | 2.99 |

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 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\$32,185,993.49 |
| Total Redemptions | S\$23,631,599.81 |

G) Amount and terms of related-party transactions

The Manager of the ILP Sub-Fund and the Underlying Fund is Manulife Asset 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 2018 : 0.91%

31 December 2017 : 0.92%

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 : 173.26%

31 December 2017 : 47.95%###

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

Not Applicable

K) Soft dollar commissions/ arrangements***

The Managers and Sub-Manager currently do not but shall be entitled to receive and enter into soft-dollar commissions/arrangements in respect of the Fund.

Note:

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

Information given relates to the Legg Mason Western Asset Singapore Bond Fund.

Golden Balanced Growth Fund

Fund Facts

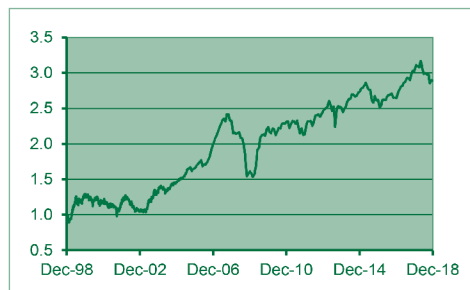
Launch Date / Price : February 1997/ S\$1.00 (Offer)
 Unit Price* : S\$2.8915 (Bid) / ^S\$ 3.0437 /
 ^^S\$ 2.9809
 Net Asset Value (NAV) : S\$236,562,253.47
 Manager : Legg Mason Asset Management
 Singapore Pte. Limited
 CPFIS Risk : Medium - High Risk - Narrowly
 Classification : Focused – Country - Singapore
 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

Fund Performance



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 Golden Singapore Growth Fund and 40% of its assets into Golden International Bond Fund. The Golden Singapore Growth Fund and Golden International Bond Fund are ILP Sub-Funds established by Manulife (Singapore) Pte. Ltd.

For equities: 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: Golden International Bond Fund seeks to maximise 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, Australia and New Zealand. The ILP Sub-Fund invests all or substantially all its assets into Legg Mason Western Asset Global Bond Trust.

| Fund Performance/ Benchmark returns | Golden Balanced Growth Fund | Benchmark* |
|--|--------------------------------|------------|
| 3 months | -3.30% | -3.32% |
| 6 months | -3.05% | -2.20% |
| 1 year | -4.58% | -3.71% |
| 3 years | +3.39% | +4.89% |
| 5 years | +2.88% | +3.35% |
| 10 years | +6.02% | +6.59% |
| Since Inception | +5.23% | +5.00% |

Inception date: 18 February 1997

*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 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.

Investment and Market Review

Please refer to respective ILP sub-funds.

Market Outlook and Investment Strategy

Please refer to respective ILP sub-funds.

Schedule of Investments

A) Distribution of Investments as at 31 December 2018

Please refer to respective ILP sub-funds.

B) Top 10 Holdings as at 31 December 2018 & 31 December 2017

Please refer to respective ILP sub-funds.

C) Exposure to Derivatives

Please refer to respective ILP sub-funds.

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

| | | |
|--------------------------------|-------------------|--------|
| Golden Singapore Growth Fund | S\$134,204,859.84 | 56.73% |
| Golden International Bond Fund | S\$102,357,393.63 | 43.27% |

E) Amount and percentage of debt to NAV

Please refer to respective ILP sub-funds.

F) Total amount of Subscriptions and Redemptions

| | |
|---------------------|------------------|
| Total Subscriptions | S\$47,416,531.41 |
| Total Redemptions | S\$42,376,847.37 |

G) Amount and terms of related-party transactions

Please refer to respective ILP sub-funds.

H) Expense Ratio

31 December 2018 : 1.31%

31 December 2017 : 1.36%

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.

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

Please refer to respective ILP sub-funds.

K) Soft dollar commissions/ arrangements

Please refer to respective ILP sub-funds.

Golden Global Balanced Fund

Fund Facts

Launch Date / Price : October 2001 / S\$1.00 (Offer)
 Unit Price* : S\$ 1.3412 (Bid) / ^S\$1.4118 /
 ^^S\$1.3827
 Net Asset Value (NAV) : S\$66,424,967.02
 Manager : Legg Mason Asset Management
 Singapore Pte. Limited
 CPFIS Risk : Medium - High 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

Fund Objective

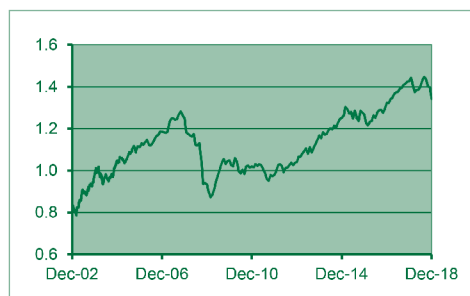
The investment objective of the ILP Sub-Fund is to achieve medium to long term capital growth by investing in a portfolio consisting of 60% equities and 40% fixed income securities primarily through investing in other ILP Sub-Funds.

The ILP Sub-Fund will invest 60% of its assets into Golden Worldwide Equity Fund and 40% of its assets into Golden International Bond Fund. The Golden Worldwide Equity Fund and Golden International Bond Fund are ILP Sub-Funds established by Manulife (Singapore) Pte. Ltd.

For equities: Golden Worldwide Equity 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.

For bonds: Golden International Bond Fund seeks to maximise 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, Australia and New Zealand. The ILP Sub-Fund invests all or substantially all its assets into Legg Mason Western Asset Global Bond Trust.

Fund Performance



| Fund Performance/ Benchmark returns | Golden Global Balanced Fund | Benchmark* |
|--|--------------------------------|------------|
| 3 months | -6.66% | -7.47% |
| 6 months | -4.29% | -4.86% |
| 1 year | -5.93% | -3.32% |
| 3 years | +1.93% | +4.54% |
| 5 years | +2.82% | +5.49% |
| 10 years | +3.68% | +6.79% |
| Since Inception | +2.03% | +4.64% |

Inception date: 30 October 2001

*60% MSCI World Index+ 40% 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 Index+ 40% Citigroup World Government Bond Index ex Japan (hedged to S\$).

Prior to 1 April 2011, the benchmark was 60% MSCI AC World 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 Index + 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.

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.

Investment and Market Review

Please refer to respective ILP sub-funds.

Market Outlook and Investment Strategy

Please refer to respective ILP sub-funds.

Schedule of Investments

A) Distribution of Investments as at 31 December 2018

Please refer to respective ILP sub-funds.

B) Top 10 Holdings as at 31 December 2018 & 31 December 2017

Please refer to respective ILP sub-funds.

C) Exposure to Derivatives

Please refer to respective ILP sub-funds.

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

| | | |
|--------------------------------|------------------|--------|
| Golden Worldwide Equity Fund | S\$38,170,448.24 | 57.46% |
| Golden International Bond Fund | S\$28,254,518.78 | 42.54% |

E) Amount and percentage of debt to NAV

Please refer to respective ILP sub-funds.

F) Total amount of Subscriptions and Redemptions

| | |
|---------------------|------------------|
| Total Subscriptions | S\$40,253,840.89 |
| Total Redemptions | S\$6,738,688.44 |

G) Amount and terms of related-party transactions

Please refer to respective ILP sub-funds.

H) Expense Ratio

31 December 2018 : 1.35%

31 December 2017 : 1.53%

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.

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

Please refer to respective ILP sub-funds.

K) Soft dollar commissions/ arrangements

Please refer to respective ILP sub-funds.

Golden Singapore Growth Fund

Fund Facts

Launch Date / Price : September 2000 / S\$1.00 (Offer)
 Unit Price* : S\$2.3554 (Bid) / ^S\$2.4794 /
 ^^S\$2.4282
 Net Asset Value (NAV) : S\$225,309,367.53
 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 2018
 ^Offer Price @ 5% sales charge – Regular Premium Plans
 ^^Offer Price @ 3% sales charge – Single Premium Plans

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.

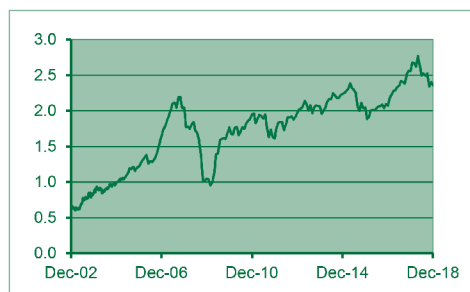
The investment objective of the Underlying Trust is to achieve long-term capital growth primarily through investment in securities of companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The portfolio of the Underlying Trust will be broadly diversified with no specific industry 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/ Benchmark returns | Golden Singapore Growth Fund | MSCI S'pore Free Index |
|--|---------------------------------|---------------------------|
| 3 months | -6.63% | -6.95% |
| 6 months | -5.58% | -4.73% |
| 1 year | -7.92% | -7.61% |
| 3 years | +4.80% | +6.16% |
| 5 years | +2.71% | +2.65% |
| 10 years | +8.45% | +8.78% |
| Since Inception | +5.09% | +4.60% |

Inception date: 7 September 2000

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 Singapore index amid global market weakness. Concerns centred on the prospect of slowing economic growth, rising oil prices, China’s trade tensions with the US as well as the US Fed hike rate cycle.

There is considerable uncertainty regarding the earnings outlook if China-US trade disputes continue to roil on. However, we consider some of the following countervailing factors:

- Valuations: these have improved in terms of historic price-earnings multiples and price-book valuations, but earnings visibility remains problematic
- The rapid decline in oil prices is a boon for consumer-centric sectors
- How rapidly can monetary and fiscal policy changes be introduced to stave off further macro deterioration and financial market declines? China has made further efforts to ease domestic liquidity concerns and is planning broader fiscal measures. As inflation numbers sequentially improve as a result of lower oil prices, there could be room for more policy flexibility from other central banks.
- Yields for long bonds have fallen from their peaks, easing the valuation pressure from rising risk-free rates. These have been supportive of the Singapore REITs in particular.

| | | |
|--------------------------------|-------------|-------|
| Diversified Operations | 53,976,773 | 7.09 |
| Industrial and Transportation | 37,579,313 | 4.94 |
| Consumer | 21,253,453 | 2.79 |
| Agriculture | 19,501,602 | 2.57 |
| Health Care | 7,017,067 | 0.92 |
| iii) <u>Asset</u> | | |
| Equities | 731,697,559 | 96.22 |
| Other net assets/(liabilities) | 28,737,770 | 3.78 |

- (iv) Credit Rating
Not Applicable

Market Outlook and Investment Strategy***

In summary, many of the key earnings variables are at a critical juncture, with weakening macro data on exports, for example. Furthermore, quantitative easing and a plethora of other policy tools have propped up the economic cycle since the Global Financial Crisis. Many of these tools are now being unwound or deemed to be less effective. The milieu of widening geopolitical schisms could render monetary and fiscal stimulus less effective than in previous macro cycles. However, the recent market rally illustrates the sentiment impact should progress on trade disputes materialise. Under these conditions, we continue to favour a defensive tilt, while seeking better valuation entry levels for companies with medium-term earnings recovery.

Schedule of Investments

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

| | Market Value (S\$) | % of NAV |
|---------------------|-----------------------|-------------|
| i) <u>Country</u> | | |
| Singapore | 731,697,559 | 96.22 |
| ii) <u>Industry</u> | | |
| Finance | 363,267,522 | 47.77 |
| Real Estate | 147,728,848 | 19.44 |
| Telecommunications | 81,372,981 | 10.70 |

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

| | Market Value (S\$) | % of NAV |
|--------------------------------------|-----------------------|-------------|
| Securities | | |
| 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 |

Top 10 Holdings as at 31 December 2017***

| | Market Value (S\$) | % of NAV |
|----------------------------------|-----------------------|-------------|
| Securities | | |
| DBS Group Hldg Ltd | 140,981,803 | 16.85 |
| Oversea-Chinese Banking Corp Ltd | 128,152,223 | 15.32 |
| United Overseas Bank Ltd | 109,655,405 | 13.11 |
| Singapore Telecommunications Ltd | 79,376,237 | 9.49 |

Golden Singapore Growth Fund

| | | |
|----------------------------|------------|------|
| CapitaLand Ltd | 43,713,755 | 5.23 |
| Keppel Corp Ltd | 41,606,145 | 4.97 |
| UOL Group Ltd | 27,644,233 | 3.30 |
| City Developments Ltd | 24,560,761 | 2.94 |
| Mapletree Industrial Trust | 21,763,762 | 2.60 |
| Hongkong Land Hldg Ltd | 20,301,135 | 2.43 |

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\$17,124,771.99 |
| Total Redemptions | S\$16,699,053.55 |

G) Amount and terms of related-party transactions

Not Applicable

H) Expense Ratio

31 December 2018 : 1.71%

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 : 11.07%

31 December 2017 : 12.91%

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 Worldwide Equity Fund

Fund Facts

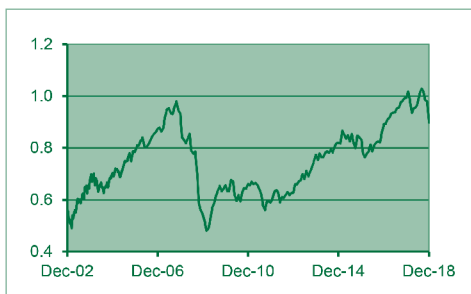
Launch Date / Price : January 2001 / S\$1.00 (Offer)
 Unit Price* : S\$0.8979 (Bid) / ^S\$0.9452 / ^^S\$0.9257
 Net Asset Value (NAV) : S\$95,964,083.46
 Manager : Manulife Asset Management (Singapore) Pte. Ltd.
 CPFIS Risk Classification : Higher Risk / Broadly Diversified
 Subscription : CPFIS-OA/SRS/Cash
 *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

Golden Worldwide Equity Fund

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 |

iv) Credit Rating
Not Applicable

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

| <u>Securities</u> | <u>Market Value (US\$)</u> | <u>% of NAV</u> |
|---------------------------|----------------------------|-----------------|
| 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***

| <u>Securities</u> | <u>Market Value (US\$)</u> | <u>% of NAV</u> |
|------------------------------------|----------------------------|-----------------|
| 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.

Golden Worldwide Equity Fund

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.

Appendix

- Golden International Bond Fund

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.

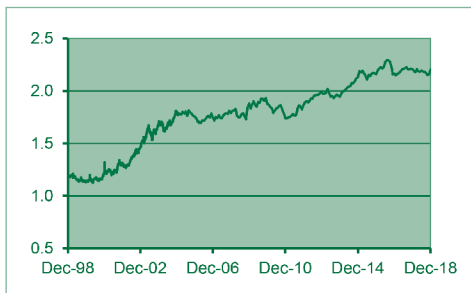
Prior to 3 January 2005, the benchmark against which the performance of the ILP Sub-Fund was measured was the Citigroup World Government Bond Index (S\$). The reason for the change is because the Citigroup World Government Bond Index ex Japan better reflects the investment focus and strategy of the Underlying 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 | \$13,816,575.48 |
| Total Redemptions | \$13,237,919.37 |

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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Financial Statements

for the Period 1 January to 31 December 2018

- 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 Balanced Growth Fund \$ | Golden International Bond Fund \$ | Golden Singapore Growth Fund \$ | Golden Worldwide Equity Fund \$ | *Golden Global Balanced Fund \$ | Singapore Bond Fund \$ |
|---|---|---|---|---|---|---------------------------------|
| INVESTMENTS | | | | | | |
| Cash and Cash Equivalents | - | - | - | - | - | - |
| Value of Investment in Unit Trusts | 236,566,901 | 217,425,376 | 225,665,260 | 96,005,453 | 66,439,612 | 89,665,575 |
| | 236,566,901 | 217,425,376 | 225,665,260 | 96,005,453 | 66,439,612 | 89,665,575 |
| OTHER ASSETS | | | | | | |
| Due from Brokers for investment sales | - | - | - | - | - | 138,785 |
| Other assets | 13,053 | 104 | - | 44 | - | 146 |
| Total Assets | 236,579,954 | 217,425,480 | 225,665,260 | 96,005,497 | 66,439,612 | 89,804,506 |
| LIABILITIES | | | | | | |
| Due to Brokers for investment purchases | - | (88,214) | (92,831) | (33,947) | - | - |
| Other liabilities | (17,701) | (16,039) | (263,061) | (7,467) | (14,645) | (6,554) |
| Value of Fund as at 31 December 2018 | 236,562,253 | 217,321,227 | 225,309,368 | 95,964,083 | 66,424,967 | 89,797,952 |

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

Capital Account For The Period

1 January 2018 To 31 December 2018

| | *Golden Balanced Growth Fund \$ | Golden International Bond Fund \$ | Golden Singapore Growth Fund \$ | Golden Worldwide Equity Fund \$ | *Golden Global Balanced Fund \$ | Singapore Bond Fund \$ |
|---|---|---|---|---|---|---------------------------------|
| Value of Fund as at 1 January 2018 | 243,182,699 | 184,927,285 | 250,187,378 | 68,387,081 | 36,383,196 | 73,916,694 |
| Amount paid (by)/to the fund for (liquidation)/ creation of units | 5,039,684 | 578,656 | 425,718 | 7,543,139 | 33,515,152 | 8,554,394 |
| Investment income | - | - | - | 474,575 | - | - |
| Net realised gain/(loss) on sale of investments | - | - | - | - | - | - |
| Unrealised appreciation/ (loss) in value of investment during the period | (11,774,952) | 31,890,657 | (22,310,212) | 19,546,888 | (3,458,809) | 7,515,406 |
| Exchange gain/(loss) | - | - | - | - | - | - |
| Fund income/(expenses) | 114,822 | (75,371) | (2,993,516) | 12,400 | (14,572) | (188,542) |
| Value of Fund as at 31 December 2018 | 236,562,253 | 217,321,227 | 225,309,368 | 95,964,083 | 66,424,967 | 89,797,952 |

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

Notes To The Accounts

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 Balanced Growth Fund | 81,813,903.15589 |
| Golden International Bond Fund | 98,659,592.88128 |
| Golden Singapore Growth Fund | 95,657,881.92998 |
| Golden Worldwide Equity Fund | 106,875,610.47640 |
| Golden Global Balanced Fund | 49,526,864.56259 |
| Singapore Bond Fund | 61,968,372.66446 |

3. Expense ratio

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

| | |
|--------------------------------|-------|
| Golden Balanced Growth Fund | 1.31% |
| Golden International Bond Fund | 0.88% |
| Golden Singapore Growth Fund | 1.71% |
| Golden Worldwide Equity Fund | 1.63% |
| Golden Global Balanced Fund | 1.35% |
| Singapore Bond Fund | 0.91% |

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

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 22, 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

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

