Manulife Asset Management

**PRESS RELEASE**

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## Philippine Economy to Benefit from Synchronized Global Growth Momentum

**MANILA, 16 April 2018** – Manulife Asset Management and Trust Corporation believes that the Philippines is well positioned to reap the benefits of synchronized global growth, and that it will continue to contribute to Asia's growing economy in 2018.

According to Geoff Lewis, Senior Strategist, Asia, Manulife Asset Management, a top-line market outlook for 2018 includes the following:

- Accelerating, synchronized global growth is likely to continue in 2018, with further strong earnings growth

- Global policy rates would stay historically low and monetary conditions would continue to be accommodative

- With the trend of a recovering oil price going into 2018, inflation is likely to increase moderately

- Despite expectations of slowing structural China gross domestic product (GDP) growth, an economic expansion rate of at least 6% would adequately support emerging markets and global risk assets.

"The global economy has the wind fully in its sails, drawing a sharp contrast to early-2016 when anxiety for a stall in the upswing was rife. Global measures of manufacturing and consumer confidence continue to be robust, with developed market manufacturing confidence rising to a 43-year high in September 2017, as well as a combined developed and emerging market confidence at its highest since April 2011," explained Lewis.

Accelerating global economic growth typically correlates well with corporate earnings. Positive macro fundamentals allow for an environment for corporates' operational leverage, and are therefore conducive to a further rise in profits. "Sell-side earning per share (EPS) forecasts for emerging and developed markets have been upgraded across the board. Emerging markets are therefore poised to take further advantage of the global growth cycle," Lewis said.

"Monetary conditions are likely to remain easy for quite a while, with global policy rates still looking remarkably low. Conditions may gradually become less accommodative as 2018 progresses, but even then, not to a level where they become restrictive," Lewis added.

The senior strategist thinks the price of crude oil is moving into a higher range, with some impact on headline Consumer Price Index (CPI) inflation expected in 1Q 2018. This may affect inflation expectations, creating nervousness in financial markets. But a move to US$60-per-barrel oil is unlikely to cause an inflation panic, Geoff asserted.

“China’s GDP growth, albeit slowing down somewhat, should continue to project confidence globally, especially for emerging markets. We believe the bull market in emerging economies is no ‘flash in the pan’ but is here to stay, with foreign institutions generally underinvested in an asset class is returning to favor after some years out in the cold,” Lewis concluded.

On risks facing investors in 2018, movement of US wages, the rebound of US dollar, and macro risks around China’s policies are areas to look out for.

**The Philippines, a key driver for Asia growth**

The Philippines recently recorded 6.7% GDP growth in 2017, contributing to the 5.9% GDP growth expected for the Asia Pacific ex Japan region.

Mark Canizares, Head of Equities, Manulife Asset Management and Trust Corporation, said: “The Philippines’ fundamentals remain solid, with ongoing structural reforms expected to enhance the country’s attractiveness to investors.”

The country has already started seeing the impact of the government’s Tax Reform for Acceleration and Inclusion (TRAIN) Law and the “Build Build Build” program. “Government spending was up by 11% in 2017 from a year earlier, while under-spending was reduced to 2.5% in the same year from 12.8% in 2015. Tax collections in 2017 are also up by 10.8% year on year,” said Canizares. “However, the TRAIN roll-out has also resulted in higher than expected inflation and interest rates. In addition, stronger imports for various infrastructure projects have also weakened the peso.”

As foreign investors grow wary of the weaker currency, the Philippine market has become cheaper and has returned to more reasonable valuations. “Expectations of tax reform and increased infrastructure spending propelled Philippine equities market to finish at a peak in 2017. While it continued to perform well in January 2018, it went down towards the end of first quarter on the back of persistent foreign selling,” explained Canizares.

Given current market conditions, our preference leans towards property, banks, and consumer retail sector. “The market has become significantly more reasonably-priced and presents good value at current levels,” said Canizares. “The long-term picture still continues to look favorable, given the country’s expanding economic capacity. Our funds are well positioned to take advantage of companies that are likely to benefit from the strong economic momentum and favorable structural reforms.”

**About Manulife**
Manulife Financial Corporation is a leading international financial services group that helps people achieve their dreams and aspirations by putting customers' needs first and providing the right advice and solutions. We operate primarily as John Hancock in the United States and Manulife elsewhere. We provide financial advice, insurance, as well as wealth and asset management solutions for individuals, groups and institutions. At the end of 2017, we had approximately 34,000 employees, 73,000 agents, and thousands of distribution partners, serving more than 26 million customers. As of December 31, 2017, we had over $1.04 trillion (US$829.4 billion) in assets under management and administration, and in the previous 12 months we made $26.7 billion in payments to our customers. Our principal operations are in Asia, Canada and the United States where we have served customers for more than 100 years. With our global headquarters in Toronto, Canada, we trade as 'MFC' on the Toronto, New York, and the Philippine stock exchanges and under '945' in Hong Kong.

**About Manulife Asset Management**
Manulife Asset Management is the global asset management arm of Manulife Financial Corporation ("Manulife"). We provide comprehensive asset management solutions for investors across a broad range of public and private asset classes, as well as asset allocation solutions. We also provide portfolio management for affiliated retail Manulife and John Hancock product offerings.

Our investment solutions include public and private equity and fixed income, real estate and infrastructure equity and debt, timberland and farmland, oil and gas, renewable energy, and mezzanine financing. We operate in the United States, Canada, Brazil, the United Kingdom, New Zealand, Australia, Japan, Hong Kong, Singapore, Taiwan, Indonesia, Thailand, Vietnam, Malaysia, the Philippines, as well as through a China joint venture, Manulife TEDA. We also serve investors in select European, Middle Eastern, and Latin American markets.

As at December 31, 2017, assets under management for Manulife Asset Management were approximately C$491 billion (US$392 billion, GBP£290 billion, EUR€327 billion). Additional information may be found at ManulifeAM.com.

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Manulife Asset Management and Trust Corporation (MAMTC) is a wholly-owned subsidiary of The Manufacturers Life Insurance Co. (Phils.) Inc. (Manulife Philippines). It provides investment solutions to both retail and institutional clients. MAMTC started its operations in September 2017. MAMTC is part of Manulife Asset Management, the global asset management arm of Manulife.

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## Media Contacts:

Melissa Henson
Manulife Philippines
(+632) 884-5484
melissa_henson@manulife.com

Dessa Virtusio
Virtusio PR International, Inc.
(+632) 631-9479
dessa@virtusio.com