Manulife

News Release

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Filipino Investors Optimistic About Returns, Though Many Rely on Property & Cash – Manulife

One fifth of investors expect returns of 20 percent or more in 2015

MANILA – Philippine investors appear happy with their investment returns last year and are also optimistic about expected returns in 2015, though many appear to be relying on the comfort of cash and property when it comes to their investment decisions, according to new research by Manulife.*

When asked if they are happy with their actual investment performance in 2014, 76% of investors report being happy, and a mere 2% say they are unhappy. Of those who are happy, 42% attribute their performance to "pure luck" and 15% to unexpected market events that increased returns – factors which are neither replicable nor indicate any skill or information-based decision making. By comparison, satisfied investors elsewhere in Asia mostly attribute their success to prudent investment management, including actively rebalancing and diversifying their portfolios, and taking the right amount of risk.

One fifth of investors expect returns of 20 percent or more in 2015

Philippine investors' satisfaction over their past performance also extends to the future, with 71% believing their financial situation will be even better in two years' time. On average they expect returns of 12.4% in 2015 (above the Asia figure of 10.2%), and one in five investors expect returns of 20% or more.

"Philippine investors may have been satisfied with high returns on their investment in recent years, but as sectors mature and population growth slows, they are likely to find that securing returns will require investment knowledge and skill," commented Ryan Charland, President and Chief Executive Officer, Manulife Philippines. "Perhaps already reflecting their concern given shifts in global market trends, our research shows that 35% of Philippine investors now say their top financial priority this year is to learn more about investing."

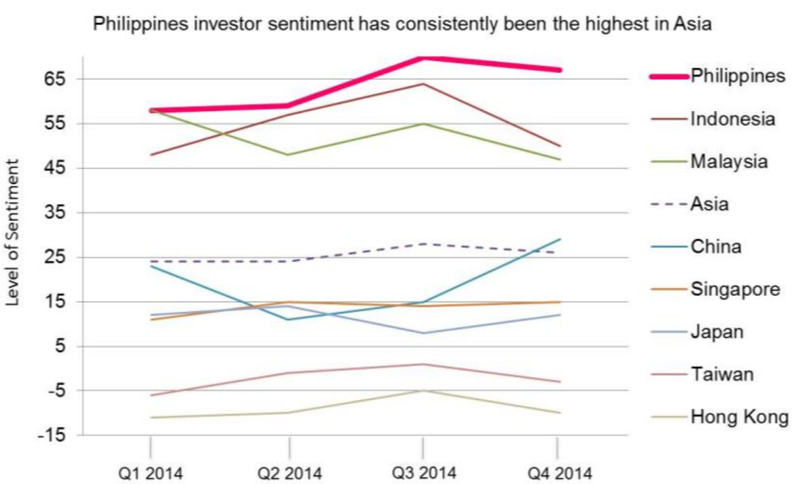
Reliance on property and cash leaves Philippine investors exposed

Philippine investors appear to have a strong preference for cash and property, as reflected in their investment portfolios. In the last quarter of 2014, investors increased their allocation to cash by 4% to comprise 41% of their portfolios while allocation to investment property increased by 3% to 27%.

Looking to the year ahead, 40% of investors expect that investment property will be the best performing asset, followed by cash at 27%. Only 7% believe equities will be the top performer, in contrast with their Asia peers who think equities will perform best.

This confidence in property and cash is also driving actual investment plans for the first half of 2015, with 71% of Philippine investors planning to 'invest' more in cash and 57% saying they will invest more in investment property – both double the Asia averages. By comparison, only 18% intend to buy equities, and even fewer say they'll invest more in mutual funds or bonds (15% and 14%, respectively). Philippine investors are also largely limiting their activity to the local market, with only 3% ever having invested overseas.

"We are skeptical that Philippine investors will be able to achieve their relatively lofty returns expectations based on current asset allocation," commented Aira Gaspar, CFA, Chief Investment Officer of Manulife Philippines. "While many consider cash to be a safe and stable asset to hold, it usually generates little or no return, particularly if the impact of inflation[1] is considered. Investors who do not have the time or skills to invest directly in higher yielding instruments may consider working with a financial adviser to explore equity or fixed income investment solutions that fit their risk and return objectives."



The latest survey also showed that investors in the Philippines remain highly optimistic about the investment environment. While the investor sentiment index for the Philippines was down slightly in the final quarter of 2014, by 3 points to 67, Philippine investors remain easily the most bullish in Asia, substantially above the Asia average of 26 points and outstripping second-highest Indonesia at 50 points.

"The Philippine economy has shown continued strength, with GDP growth beating expectations. The average retail investor in the Philippines appears to have benefited considerably, with four out of five saying they are satisfied with their current financial situation," said Mr. Charland.

For more findings and related information from the Manulife Investor Sentiment Index in Asia, please visit *www.manulife-asia.com*

[1] Inflation refers to the general upward trend of prices for goods and services.

*About Manulife Investor Sentiment Index in Asia

Manulife's Investor Sentiment Index in Asia (Manulife ISI) is a quarterly, proprietary survey measuring and tracking investors' views across eight markets in the region on their attitudes towards key asset classes and issues related to personal financial planning. The Index is calculated as a net score (% of "Very good time" and "Good time" minus % of "Bad time" and "Very bad time") for each asset class. The overall index is calculated as an average of the index figures of asset classes. A positive number means a positive sentiment, zero means a neutral sentiment, and a negative number means negative sentiment.

The Manulife ISI is based on 500 online interviews in each market of Hong Kong, China, Taiwan, Japan, and Singapore; in Malaysia, Indonesia and the Philippines it is conducted face-to-face. Respondents are middle class to affluent investors, aged 25 years and above who are the primary decision maker of financial matters in the household and currently have investment products.

The Manulife ISI is a long-established research series in North America. The Manulife ISI has been measuring investor sentiment in Canada for the past 15 years, and extended this to its John Hancock operation in the U.S. in 2011 and Asia in 2013. Asset classes taken into Manulife ISI Asia calculations are stocks/equities, real estate (primary residence and other investment properties), mutual funds/unit trusts, fixed income investment and cash.

About Manulife

Manulife is a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. We operate as John Hancock in the U.S. and as Manulife in other parts of the world. We provide strong, reliable, trustworthy and forward-thinking solutions for our customers' significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients. We also provide asset management services to institutional customers. Assets under management by Manulife and its subsidiaries were approximately C$821 billion (US$648 billion) as at March 31, 2015.

About Manulife Philippines

The Manufacturers Life Insurance Company opened its doors for business in the Philippines in 1907. Since then, Manulife's Philippine Branch and later The Manufacturers Life Insurance Co. (Phils.), Inc. (Manulife Philippines) has grown to become one of the leading life insurance companies in the country. Manulife Philippines is a wholly-owned domestic subsidiary of Manulife Financial Corporation, among the world's largest life insurance companies by market capitalization.

About Manulife Asset Management

Manulife Asset Management is the global asset management arm of Manulife, providing comprehensive asset management solutions for investors. This investment expertise extends across a broad range of public and private asset classes, as well as asset allocation solutions. As at March 31, 2015 assets under management for Manulife Asset Management were approximately US$302 billion.

Manulife Asset Management's public markets units have investment expertise across a broad range of asset classes including public equity and fixed income, and asset allocation strategies. Offices with full investment capabilities are located in the United States, Canada, the United Kingdom, Japan, Hong Kong, Singapore, Taiwan, Indonesia, Thailand, Vietnam, Malaysia, and the Philippines. In addition, Manulife Asset Management has a joint venture asset management business in China, Manulife TEDA. The public markets units of Manulife Asset Management also provide investment management services to affiliates' retail clients through product offerings of Manulife and John Hancock. John Hancock Asset Management and Declaration Management and Research are units of Manulife Asset Management. Additional information about Manulife Asset Management may be found at ManulifeAM.com.

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