

Media Release

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Manulife launches Asia Pacific Investment Grade Bond fund – available under the CPF Investment Scheme

Singapore – Manulife Singapore and Manulife Asset Management Singapore (the “Asset Manager”) today jointly announced the launch of a new Asian bond fund, the Manulife Funds - Manulife Asia Pacific Investment Grade Bond Fund (the “Fund”).

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

Investors can access the Fund either via a unit trust or an investment-linked policy, both of which are available under the CPF Investment Scheme (ordinary account, special account) and the Supplementary Retirement Scheme (SRS) as well as by subscribing via cash. The Manulife Income Series is distributed via Manulife Singapore’s extensive distribution network, which includes Manulife’s 900 agents, 4 bank partners and 29 Financial Advisory firms, and via the iFAST and Navigator platforms.

- Manulife Funds - Manulife Asia Pacific Investment Grade Bond Fund, a sub-fund of a unit trust.
- Manulife Income Series - Asia Pacific Investment Grade Bond Fund, an investment-linked policy (“ILP”) sub-fund¹.

Manulife believes that retail investors in Singapore can benefit from diversifying their portfolios by investing beyond domestic securities. Ms Annette King, President and CEO of Manulife Singapore, said: “Findings from the recent Manulife Investor Sentiment Index² released in January show that Singaporeans’ accumulated savings are not working as hard as they could be, with respondents indicating that they hold 33 months of personal income in cash with 3/4 being considered for medium- to long-term savings purposes. These savings generate little or no return and in fact lose buying power after inflation. Retail investors would do better not to put all their eggs in one basket and to instead consider investment options across a range of markets and asset classes. Asian bonds can play an integral part in an investor’s allocation and diversification strategy, as the asset class has a track record of providing a regular income stream while also offering capital growth potential.

Ms Jill Smith, Senior Managing Director at Manulife Asset Management Singapore, said: “We are pleased to launch our first fund to be available under the CPF Investment Scheme. We consider Asia an attractive investment destination as the region is expected to show 2014 GDP growth of 6.2%, more than two times higher than developed and other emerging markets³. We see many opportunities to generate returns in the region based on the yield premium Asian bonds deliver versus equivalently rated developed-market bonds, generally attractive credit spreads and undervalued Asian currencies.”

A distinguishing feature of the Fund is its focus on investment-grade bonds. Mr Endre Pedersen, Managing Director of Asian Fixed Income at Manulife Asset Management, commented: “We focus on corporate credit in Asian markets as these issuances offer higher-than-global average yield and relatively short duration, which limits interest rate sensitivity. Whereas the spotlight has been on high-yield stories in previous years, we believe that the credit ‘sweet spot’ has moved towards the middle of the spectrum and now includes bonds in the lower-end investment grade range (ie, rated BBB+ to BBB-). In addition, most Asian sovereigns are now rated investment grade by three international rating agencies⁴, adding to investment choices.”

Mr Pedersen, who was named “Long-Only Fixed Income Fund Manager of the Year” in *The Asset’s* Triple A awards for Asia in 2013, continued: “While there may be investment options in the Asian market with the potential to deliver higher yields, these securities may also expose the investor to higher levels of risk. The Fund’s focus on investment-grade bonds may leave some potential gains on the table during risk-on periods, but we feel it offers a degree of downside resilience in the event of a risk-off scenario.”

Manulife Asset Management believes that the trend of raising money through bond issuance is on the rise in Asia as it is seen as a way for companies to diversify their capital structures, suggesting continued expansion of the Asian bond universe. The company’s network of over 50 fixed income investment professionals – including 23 credit specialists – across 10 markets in Asia positions it well to help investors benefit from opportunities in this space.

Remarks:

1. Manulife Income Series – Asia Pacific Investment Grade Bond Fund invests all, or substantially all of its assets into Manulife Funds – Manulife Asia Pacific Investment Grade Bond Fund, a sub-fund of Manulife Funds, which is a unit trust constituted in Singapore.
2. Manulife’s Investor Sentiment Index in Asia is a quarterly, proprietary survey measuring and tracking investors’ views across eight markets in the region on their attitudes towards key asset classes and related issues. Research was conducted in November 2013.
3. Bloomberg, 12 February 2014.
4. Fitch, Moody’s, Standard & Poor’s.

About Manulife Financial

Manulife Financial is a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. Clients look to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most 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. Funds under management by Manulife Financial and its subsidiaries were approximately US\$563 billion as at 31 December 2013. The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States. Manulife Financial Corporation trades as ‘MFC’ on the TSX, NYSE and PSE, and under ‘945’ on the SEHK. Manulife Financial can be found on the Internet at manulife.com.

About Manulife Asset Management

Manulife Asset Management is the global asset management arm of Manulife Financial, providing comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a broad range of public and private asset classes, as well as asset allocation solutions. As at 31 December 2013, assets under management for Manulife Asset Management were US\$263 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 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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