

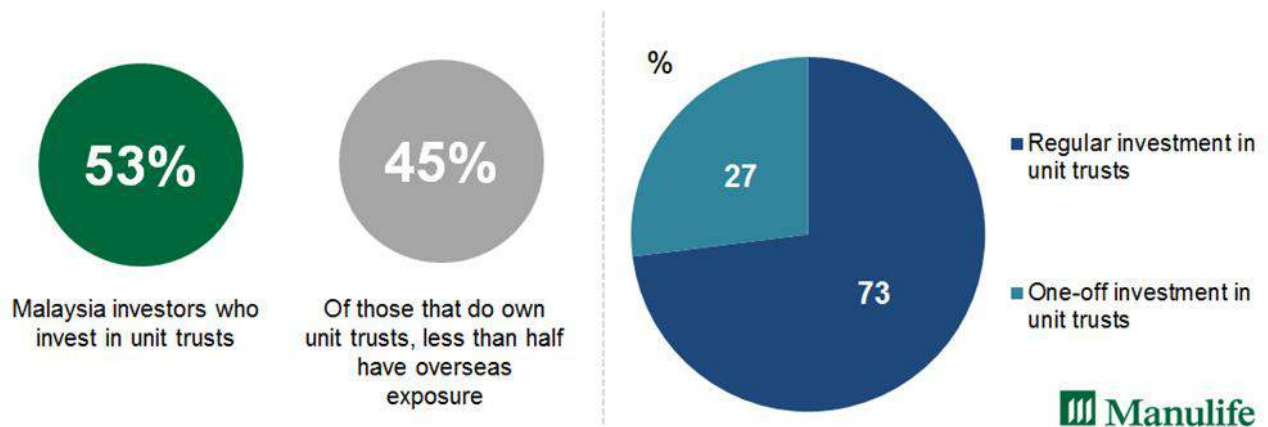
Malaysia Investors Eye Unit Trusts for More Diversification and Less Volatility – Manulife

- **More than half of Malaysia investors hold unit trusts and opt for regular payments**
- **Investors take a medium- to long-term approach to unit trusts**
- **Less than half seek overseas exposure in unit trusts**

KUALA LUMPUR – Appetite for unit trusts is growing among retail investors in Malaysia, with more than half already investing in such funds and nearly three quarters of those making regular investments, according to new research from Manulife. Furthermore, of those who do not currently invest in unit trusts, 65% said they plan to buy into them this year.

The research, carried out for the Manulife Investor Sentiment Index*, showed that 53% of Malaysia investors invest in unit trusts, well above the regional average of 44%, with 73% of them making regular investments as opposed to one-off payments. They also take a medium- to long-term view of their unit trust investments, with the research showing that a vast majority (88%) who invest in unit trusts hold onto them for more than a year.

The findings revealed that more than half of investors (57%) consider it a good time to invest in unit trusts, perhaps reflecting awareness that these investments tend to be less volatile with the potential for capital growth over the medium- to long-term. More than half (56%) also expect to invest more in their unit trusts, while 44% of those already holding funds said they hold on to each fund investment for three years or more.



“The interest in unit trusts can be explained in part by the local market performance this year. For those investors holding cash or investments purely in local currency, it’s been a tough year,” said Mark O’Dell, Group Chief Executive Officer of Manulife Holdings Malaysia. “But, as well, the appetite for unit trusts is partly borne of growing awareness of the benefits of diversification, not least as a way to limit ringgit exposure. Nearly half (45%) of those surveyed chose unit trusts with overseas exposure.”



Unit trust Appeal Grows as Ringgit Falls and Malaysia Stocks Slide

Investors' interest in unit trusts comes against a backdrop of local market weakness and volatility on several fronts. At the time of the survey (late May), the ringgit was down just over 3% against the US dollar since the start of the year. By early October, it was down more than 25% at MYR4.40. Meanwhile, the Malaysian stock market is down 7% since the start of the year.

"The ringgit has fallen precipitously this year, particularly during the past couple of months," O'Dell continued. "Low oil prices and political concerns have dented confidence, particularly among overseas investors, and that's hurting the currency. For investors, more than ever, cash isn't a good option. A better option right now would be unit trusts that offer growth stocks in domestic and regional markets, along with other assets."

Some Investor Choices Belie Concerns About Risk

The Manulife research showed Malaysia investors have concerns about investments perceived as risky. This includes investing overseas. For example, less than half (45%) of those investing in unit trusts have overseas exposure. Those who elect for unit trusts without overseas exposure mostly cite risk (61%) as the reason, followed by a lack of knowledge of foreign markets (58%).

Despite concerns over risk, two in five investors (41%) paradoxically say they would invest directly in stocks if they were to switch out of cash. And, of these, three quarters say they would most likely invest in growth stocks.

"In general, we look for stocks – whether growth or value – with relatively high earnings visibility in order to control our risk exposure," said Jason Chong, Chief Investment Officer for Manulife Asset Management Services Berhad. "While some higher risk investments have their place in a portfolio, it is prudent to balance such exposures with a mixture of assets to achieve an acceptable overall risk profile that matches the investor's goals. This could include a mix of stocks and bonds issued by companies in different industries, on different markets and even some in foreign currencies.

"That being said, we understand that some investors feel they lack the knowledge required to invest in diverse asset classes, markets and currencies. Such investors can benefit from tapping the expertise of professional investment managers with deep knowledge of these markets by making regular contributions to a well-diversified unit trust."

The research showed that investors' expected average rate of return on investments is 8.6% for 2015. While this is lower than the 10% expected return cited in the fourth quarter of 2014, Mr. Chong indicated that it may be overly ambitious considering the level of losses Malaysian equities have posted so far in 2015.

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

About Manulife Investor Sentiment Index in Asia

Manulife's Investor Sentiment Index in Asia is a bi-annual 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, Singapore, Malaysia, Indonesia and the Philippines. 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.

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About Manulife

Manulife Financial Corporation is a leading international financial services group providing forward-thinking solutions to help people with their big financial decisions. We operate as John Hancock in the United States, and Manulife elsewhere. We provide financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions. At the end of 2014, we had 28,000 employees, 58,000 agents, and thousands of distribution partners, serving 20 million customers. At the end of June 2015, we had C\$883 billion (US\$708 billion) in assets under management and administration, and in the previous 12 months we made more than C\$22 billion in benefits, interest and other 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. Follow Manulife on Twitter @ManulifeNews or visit www.manulife.com or www.johnhancock.com

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 30 June 2015, assets under management for Manulife Asset Management were approximately C\$390 billion



(US\$313 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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