

Investor Confidence Currently Low Across Developed Asia

In contrast, Malaysians are generally positive on investments

- Malaysia ranks as one of the most optimistic countries in the ASEAN region after Indonesia, with an Index of 52
- Malaysian investors rank highest in the ASEAN region for their strong affinity towards Mutual Funds or Unit Trust funds investments
- The financial priority of most Malaysian investors' is to "save for a rainy day" while the priority for their regional counterparts, is to "save for retirement".
- A majority of investors (70 percent) feel now is a "good time" to invest in real estate, particularly in their own homes
- 62 percent of Malaysia investors feel they will be better off financially in two years' time and 41 percent feel they already better off today compared to two years earlier.

KUALA LUMPUR – The inaugural Manulife Investment Sentiment Index in Asia (Manulife ISI) shows that investors in developed Asian markets are less confident that it is currently the right time to invest, with Hong Kong and Taiwan the most pessimistic. This contrasts with much higher levels of confidence in the emerging markets such as Indonesia and Malaysia as well as the developed markets namely Canada and the United States.

Robert A. Cook, President and CEO of Manulife Asia said, "From an investment point of view, there's no more exciting place than Asia right now. There are so many opportunities across the region for people to invest to achieve their life goals. To help them do that, it's extremely important that we understand investors' needs. The Manulife Investor Sentiment Index helps us do that by providing the kinds of market insights that the Index has been doing in North America now for many years."

As for Malaysian investors, they are some of the most optimistic in the region, yet they remain conservative, with a high preference towards cash as compared to more "risky" investment vehicles like stocks and equities. Malaysia investors also see it as a "good time" for holding fixed income investment as the market is seen as showing positive signals. They believe it will give them higher returns as compared to other types of investments. Yet there exists the concern that Malaysian investors' who have a high affinity towards holding cash and fixed income may see the value of their savings erode and this may result in low purchasing power in years to come in view of inflation. Hence there is a need to initiate and sustain in-depth education on the availability and suitability of various investment products, other than cash, fixed income and their own homes.

"Malaysian investors have a penchant for insurance products that provide a steady stream of income, in addition to the investments in their own home and holding cash. However, being cash-rich means that they do have the means to invest, but they need to tap into the other investment opportunities

that the Malaysian market has to offer which has higher growth potential or capital appreciation. Savings is the first step of any money management strategy, yet investment management is also key for Malaysians to make their money work for them,” said Mark O’Dell, Group Chief Executive Officer, Manulife Holdings Berhad.

Further supporting the notion that Malaysian investors are conservative and invest heavily in cash and their own homes, a large majority also do not use a financial planner for their investments (92 percent), hence underscoring the need for more financial education.

Manulife Investor Sentiment Index - Key findings:

Investor sentiment

- Malaysia and Indonesia report markedly higher sentiment towards investing, compared to developed Asia (+52 and +54 respectively).
- Investors across most of Asia report low net sentiment about investing (China +13, Singapore +10, Japan +4). Hong Kong (-4) and Taiwan (-8) are the most pessimistic.
- The young (25-29) are more optimistic than the other age groups overall for Malaysia.
- Investors in Indonesia and Malaysia optimistic about cash and property, with little appetite for stock and equities. In contrast, in Hong Kong and Japan the reverse is true.
- Nearly two thirds (63 percent) of those saying that it is a “bad time” to invest in stocks/equities report the main reason is “market volatility”. This is most significant in China (75 percent) and Malaysia (79 percent).
- Malaysian investors are generally positive towards cash, insurance and secured assets with a flavor for fixed income investments.

Financial position

- 62 percent of investors believe they will be better off in two years’ time (only three percent believe they will be worse off)
- China has the most optimistic investors, with 60 percent reporting they feel better off now than two years ago and as for Malaysia, 41 percent feel they are better off today than two years ago.
- In Malaysia, 7 percent of investors say they are worse off now than two years ago, in contrast to Japan (36 percent).

Financial goals

- Over 40 percent of 25-29 year olds in Malaysia say their top financial priority is to save for the purchase of a home.
- Nearly two-fifths of Asian investors see “saving for retirement” as their top financial priority. Their retirement savings will be used to : Pay for healthcare expenses; Maintain their pre-retirement standard of living and be financially independent; However for Malaysians, their financial priority is to “save for a rainy day”
- Malaysian investors believe that most of their retirement income should come from their savings as pension schemes will contribute 15%.

Financial planning

- Malaysian investors see saving for a rainy day as their number one financial priority today.

- 33% of Malaysian investors have no plans to start retirement planning, as they feel the balance held in their accounts would fund their retirement.
- 92% of Malaysians do not use the services of a financial planner. Given Malaysia investors' biggest investment is in insurance and their primary residence, it is not surprising that the majority do not use a professional advisor and feel that they can manage their own investments

Asset Summary of Manulife Investor Sentiment Index (March 2013)

	Canada	U.S.	Asia	Indonesia	Malaysia	China	Singapore	Japan	Hong Kong	Taiwan
Cash	17	-53	23	90	83	13	7	-17	-15	-1
Fixed Income Investment	13	-2	21	66	51	29	12	-9	-4	1
Mutual Fund/ Unit Trusts	19	40	9	24	33	3	-2	-1	5	-1
Own Home	51	46	27	84	66	19	25	21	-11	-15
Other Real Estate	20	42	14	70	57	3	9	5	-23	-24
Stock / Equities	1	32	11	-8	26	8	8	27	26	-10
Overall	20	18	17	54	52	13	10	4	-4	-8

The Manulife Sentiment Index is calculated as a net score of the percentage of “Very good time” and “Good time” to invest, minus the percentage of “Bad time” and “Very bad time” to invest, cited for each asset class. The overall index for each market is calculated as an average of the index figures of all asset classes.

- End -

About the Manulife Investor Sentiment Index in Asia

Manulife’s Investor Sentiment Index (Manulife ISI) in Asia is a quarterly, proprietary survey measuring and tracking investors’ views across seven markets in the region on their attitudes towards key asset classes and investment vehicles.

The Manulife ISI is based on 500 online interviews in conducted in Hong Kong, China, Taiwan, Japan, and Singapore; in Malaysia and Indonesia 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. Manulife ISI has been measuring investor sentiment in Canada for the past 13 years, and extended this to its John Hancock operation in the U.S. in 2011. This is the first Manulife ISI launched in Asia.

The research was conducted between mid-December 2012 and late January 2013 by TNS, a leading global research firm. The results of the second wave will be released later this year.

About Manulife Malaysia

Manulife Holdings Berhad is part of Canada-based Manulife Financial Corporation. Through its subsidiary companies, Manulife Malaysia offers an innovative range of financial protection, health and wealth management products and services to meet different customer needs. Manulife Malaysia currently serves the needs of over 300,000 policyholders and wealth management customers. Manulife Holdings Berhad has been listed on the Main Board of Bursa Malaysia since 1984. As at December 2012 its assets under management were over RM3.9 billion. Manulife Malaysia can be found on the Internet at manulife.com.my.

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 C\$532 billion (US\$535 billion) as at December 31, 2012.

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.