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News Release

Investors Positive on Financial Position and Expected Investment Returns – Manulife Survey

- Investors expect 10% returns in 2015, despite focus on cash and cautious approach
- Present generation is more optimistic than its predecessor about financial situation

KUALA LUMPUR – Malaysian investors are fairly optimistic about their future financial situation despite being least satisfied with their present financial standing when compared to other aspects of their life,* according to the latest Manulife Investor Sentiment Index.**

More than half (52%) of Malaysia investors surveyed believe that their financial position will improve in the next two years while only 10% feel that it will worsen. This optimism can be attributed to the improved financial standing of investors in recent years, with a similar proportion (49%) indicating that they are now doing better financially compared to two years ago.

Investors expect 10% returns in 2015, despite focus on cash and cautious approach.

A third (32%) of investors predicted that cash will be the top performing asset class for the year whilst one-fifth expect property to lead, followed by REITS (14%). Cash remains the asset class that most investors (44%) plan to hold more of in the first six months of the year, followed by REITs (30%), mutual funds/unit trusts (26%), and property for investment purposes (25%).

In terms of popular investment market choices, Malaysia investors displayed high optimism towards offshore markets such as China (+60pts), Japan (+50pts) and the United States (+41pts), but sentiment towards Malaysia dropped from +42pts in the third quarter of 2014 to +36pts in the fourth quarter.

Nonetheless, though investors express optimism towards other non-local markets, their actual inclination towards investing in them is considerably lower (China, 6%; Japan, 3%; the United States, 8%) and only 7% mentioned that they had experience investing offshore. The local market is where most investors are still planning to invest more for 2015 (24%).

On average, Malaysia investors expect their investment portfolio to generate a return of 10% this year.

"We find that Malaysians may be too confident about their returns potential, in light of their high exposure to cash and their reluctance to take investment risk in the local market and diversify into offshore markets," commented Jason Chong, Chief Investment Officer for Manulife Asset Management Services Berhad.

“We agree with taking a cautious approach to the local market, as Malaysia’s GDP is forecast to moderate to 4.5% to 5.0% for 2015[1] and faces downside risk related to the 6% goods and services tax. However, we believe careful stock selection can still unearth ‘hidden gems’ among Malaysia stocks with the potential for strong growth driven by the ongoing US economic recovery and low oil prices. Similarly, investors can consider adding investments in other regional markets to their portfolio to diversify risk and access further opportunities for return,” he concluded.

Present generation is more optimistic than its predecessor about financial situation

The most recent Manulife Investor Sentiment Index also asked investors to compare their current financial situation to that of the previous generation and if their financial situation had any effect on their outlook in terms of job security.

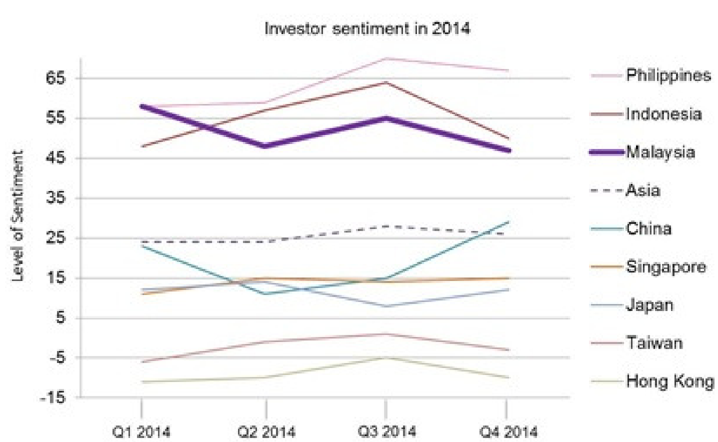
The survey shows that more than half of Malaysian investors (57%) perceive their financial situation to be better than that of their parents’ generation, and a similar majority (55%) are equally positive about the next generation’s financial situation, believing that it will be better than their own.

Reflecting this situation, among parents surveyed who are not saving for their children’s future use, 37% cite “children will have a better job and earn more” and 31% that “they will leave what they have as estate.”

Those who have been saving for their children’s future use (excluding education) amount to almost a fifth of respondents. Many consider this a parental responsibility (45%) and a similar number of parents want to ensure their children will be able to lead a more comfortable life than they do (41%).

“Parents, particularly in Malaysia, tend to be concerned about leaving an inheritance to their children despite having the strong belief that the future generation will be more financially secure. Interestingly enough, with retirement affordability becoming an increasingly real issue, this begs the question whether parents consider their own income, healthcare costs and the potential of outliving their own retirement funds when putting aside monies for their offspring” said Mark O’Dell, Group Chief Executive Officer of Manulife Holdings Malaysia.

Overall investment sentiment dips



The latest survey also showed that sentiment among Malaysia investors recorded a low of +47pts for the fourth quarter of 2014, compared to +55pts in the third quarter and +48pts in the second quarter. While sentiment towards cash and mutual funds showed some improvement, investors' views on fixed income investment, equities and real estate became less favorable.

"This could correspond to the Malaysian Ringgit's fall at the end of last year amid a slump in crude oil prices that dampened the economic outlook" said Mr. Chong.

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

*Categories include
Marriage, Family relationship, Social relationship, Health, Work/ life balance, Living condition/ environment, Job/ career/ own business, Financial situation

**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.

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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 US 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. Funds under management by Manulife and its subsidiaries were approximately US$596 billion as at 31 December 2014. Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '945' on the SEHK. Manulife can be found on the Internet at manulife.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 31 December 2014, assets under management for Manulife Asset Management were approximately US$277 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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[1]Source: World Bank