

News Release

For Immediate Release
22 January 2025

Manulife Investment Management Identifies Opportunities in Rate Cuts, Asia Growth, and Thematic Investments

- Global interest rate cuts and shifting trade dynamics are creating opportunities in developed and emerging markets for 2025.
- Thematic investments in AI, technology, and advanced manufacturing will drive growth in Asia equities, with key opportunities in South Korea, Taiwan, and ASEAN markets.
- Resilient fundamentals in Asian credit markets present compelling opportunities in high-yield and investment-grade bonds, while interest rate-sensitive assets remain less favourable.

HONG KONG / SINGAPORE – Manulife Investment Management (Manulife IM) unveiled its 2025 market outlook, identifying key investment opportunities stemming from anticipated macroeconomic, Asia equities, and fixed income markets conditions. As the world enters a transformative phase characterised by interest rate normalization, evolving trade dynamics, and technological innovation, Manulife IM emphasises the need for strategic allocation and thematic investing to capitalise on emerging trends.

Global inflationary pressures are moderating, with central banks adopting easing measures to stabilise growth. However, inflation remains uneven across regions, with lingering challenges from sticky core inflation in developed markets and supply chain disruptions in emerging markets.

Luke Browne, Senior Portfolio Manager and Head of Asset Allocation, Asia, Manulife Investment Management, said: “2025 is already shaping up to be an exciting year for investments. With global developed markets entering an interest rate-cutting cycle, markets have begun pricing in aggressive cuts, which have been scaled back more recently. The final scale and pace of these adjustments will depend on how resilient economies prove to be, how persistent inflation remains, and whether we encounter risk-off periods or episodes of reflation.”

The global economic landscape in 2025 is set to be shaped by a new presidency in the U.S. signaling potential corporate tax reforms, trade policy adjustments, and green energy initiatives. **Browne** continued: “With a global easing cycle already underway, over 50% of central banks have initiated rate cuts, presenting new opportunities in developed and emerging markets. Alongside this, deglobalisation and ‘friendshoring’ trends are reshaping global trade patterns, creating new opportunities for selective investments in regional leaders and thematic areas such as AI and clean energy.”

Asia Equities: Uncertainty paves the way for stock selection

Kenglin Tan, Senior Portfolio Manager, Equities, Manulife Investment Management, sees the Asia Equity markets in 2025 starting off with high levels of uncertainty driven by geopolitical headwinds, leadership transitions, a shift in the interest rate environment, and fiscal constraints. Such uncertainties call for investors to navigate the winding roads with caution, and put a focus on stock selection and the provisioning of diversification opportunities across Asia.

Tan said: “Starting in Mainland China, we focus on identifying opportunities that can benefit from effective government policy execution that stimulates domestic consumption, such as those opportunities arising from the development in localisation of supply chains. For the South Korea and Taiwan markets, they each offer distinct opportunities within the technology and AI sectors. Our emphasis is on the memory space, where we believe the growth in demand for high-bandwidth memory



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is underappreciated. In the market of Taiwan, we would like to see a broadening of application of AI to consumer products. Concurrently, we see opportunities in demand for semiconductor equipment as companies begin to transition to a new chip design approach, which requires different manufacturing processes.”

Tan added: “For the ASEAN region, the governments are putting forth domestic policies to support domestic economic growth and FDI growth. Banks, healthcare and consumer staples companies are some of the areas that should benefit. In India, the long-term structural growth trend remains intact. However, in the near term, we expect to see some speed bumps as government and private capex shows some signs of moderation.”

Asia Fixed Income: Resilience in High-Yield and Credit Markets

Murray Collis, Chief Investment Officer, Asia (ex-Japan) Fixed Income, Manulife Investment Management, believes Asia’s fixed income markets will remain resilient in 2025. Amid a strong U.S. dollar environment and rising interest rate sensitivity, Asian high-yield bonds and investment-grade credit present compelling opportunities, offering diversification and income potential.

Collis said: “High-yield credit is presenting stabilising fundamentals and attractive valuations, creating opportunities for spread compression. Investment-grade credit continues to offer appealing risk-adjusted returns, supported by strong fundamentals and steady demand.”

Collis continued, “as governments adopt pro-growth fiscal measures, and the U.S. Fed is expected to persist with its easing cycle, we expect Asian fixed income markets to remain resilient. High-yield bonds and investment-grade credit offer unique diversification benefits and stable income potential, allowing investors to navigate global volatility effectively.”

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