Manulife Investment Management

December 2021
Factsheet

Manulife Asia Total Return Bond Fund

Fund category
Feeder Fund (Bond)

Fund objective
The Fund aims to provide total return from a combination of income and capital appreciation by investing in a collective investment scheme with investment focus on fixed income securities.

Investor profile
This Fund is suitable for investors who seek a combination of income and capital appreciation, have a medium to long-term investment horizon and seek investment exposure in the Asia region.

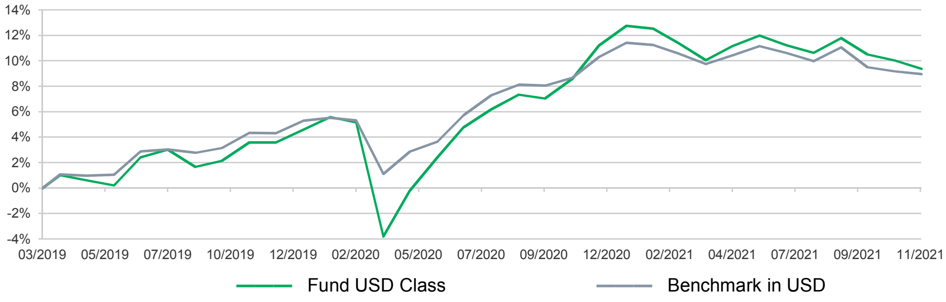
Fund manager
Manulife Investment Management (M) Berhad
200801033087 (834424-U)

Trustee
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 30 Nov 2021)

NAV/unit (USD Class)	USD 0.4918
NAV/unit (RM-Hedged Class)	RM 0.5018
NAV/unit (CNH-Hedged Class)	CNH 0.5088
Fund size	USD 18.18 mil
Units in circulation	142.26 mil
Fund launch date	18 Feb 2019
Fund inception date	11 Mar 2019
Financial year	30 Nov
Currency	USD
Management fee	Up to 1.25% of NAV p.a.
Trustee fee	0.04% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 3.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Quarterly, if any
Benchmark	50% JP Morgan Emerging Local Markets Index Plus (Asia) + 50% JP Morgan Asia Credit Index

Fund performance
Since inception performance as at 30 November 2021*



Total return over the following periods ended 30 November 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	-0.60	-2.33	-2.98	-1.64	-	-	9.38
Benchmark in USD (%)	-0.20	-2.08	-2.20	-1.22	-	-	8.96
Fund RM-Hedged Class (%)	-0.38	-1.68	-1.94	-0.52	-	-	11.80
Benchmark in USD (%)	-0.20	-2.08	-2.20	-1.22	-	-	8.96
Fund CNH-Hedged Class (%)	-0.45	-1.17	-0.90	0.66	-	-	12.03
Benchmark in USD (%)	-0.20	-2.08	-2.20	-1.22	-	-	7.80

Calendar year returns*

	2016	2017	2018	2019	2020
Fund USD Class (%)	-	-	-	4.59	7.79
Benchmark in USD (%)	-	-	-	5.29	5.82
Fund RM-Hedged Class (%)	-	-	-	5.11	8.46
Benchmark in USD (%)	-	-	-	5.29	5.82
Fund CNH-Hedged Class (%)	-	-	-	3.98	8.72
Benchmark in USD (%)	-	-	-	4.16	5.82

*Source: Lipper; Past performance is not necessarily indicative of future performance. The performance is calculated on NAV-to-NAV basis.

Top 5 holdings#

No.	Security name	% NAV
1	Korea Treasury Bond 2% 12/10/2021	3.6
2	China Government Bond 2.85% 06/04/2027	3.1
3	China Government Bond 2.68% 05/21/2030	3.0
4	India Government Bond 5.77% 08/03/2030	2.7
5	Indonesia Treasury Bond 6.125% 05/15/2028	2.7

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Treasuries	47.5
2	Investment Grade Corporates	22.4
3	High Yield Corporates	16.5
4	Government-Related	9.2
5	Non-rated Corporates	3.8
6	Cash & Cash Equivalents	0.6

Highest & lowest NAV

	2018	2019	2020
High	-	0.5174	0.5301
Low	-	0.4985	0.4511

Geographical allocation#

No.	Geographical name	% NAV
1	China	35.5
2	Indonesia	16.4
3	South Korea	14.2
4	India	11.3
5	Others	22.6

Distribution by financial year

	2019	2020	2021**
Distribution (Sen)	1.13	1.99	2.28
Distribution Yield (%)	2.2	3.9	4.5

**Cumulative quarterly distribution for the month of Dec'20 - Nov'21

MANULIFE GLOBAL FUND - ASIA TOTAL RETURN FUND

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Market review

In the United States, Treasury yields trended higher early the month on the back of continued inflationary pressure; consumer price inflation in October surpassed 6% year-on-year, reaching its highest level since November 1990 while the US Federal Reserve Board (Fed) began tapering its US$120 billion bond-buying programme in November at a pace of US$15 billion a month with potential acceleration of the tapering process. Towards the end of month, Treasury yields retraced to lower levels as the spread of a new Covid-19 variant, Omicron, introduced uncertainty. Over the month, the 10-year Treasury yield trended lower to 1.44% from 1.55%.

In China, economic data suggested renewed economic momentum; the Caixin Manufacturing Purchasing Managers' Index moved higher in October (50.6) from September (50.0) while monthly data also suggested accelerated activity with industrial production and retail sales beating market expectations. On the monetary policy front, the People's Bank of China signalled a more dovish tone in its quarterly monetary report and increased open market operations. China onshore government bond yields fell over the month. In India, local government bond yields were marginally lower. Consumer price inflation expanded 4.48% year-on-year in October, above market expectations. Third quarter gross domestic product expanded 8.4%, in line with market expectations and supported by higher private consumption. In Indonesia, local government bond yields moved slightly higher. Bank Indonesia kept the 7-day reverse repo rate unchanged at 3.5%, in line with market expectations. The central bank cut 2021 growth forecast to 3.2-4% from 3.5-4.3%, but slightly upgraded outlook for 2022 to 4.7-5.5%.

Asian credit markets posted positive returns over the month owing to lower US Treasury yields and positive carry, more than offsetting wider credit spreads. The Asian high yield corporate segment underperformed Asian investment grade credit; the JP Morgan Asian High Yield Corporate Bond Index decreased by 0.48%, while the JP Morgan Asian Investment Grade Corporate Bond Index increased by 0.52% in US dollar terms. Policy-wise, Chinese regulators relaxed mortgage approvals and eased the onshore bond issuance for Chinese property developers. Investor sentiment towards the Chinese property sector remained jittery with disappointing November property contract sales figures while some market participants waited for further policy easing. Bonds of Chinese asset management companies (AMC) outperformed, as sentiment was boosted by news of a share placement by a renowned Chinese AMC and positive rating action by Moody's. The arrest of a Macau junket operator also raised investors' concerns on the Macau gaming sector. The primary market was quiet into year-end and dominated by Chinese issuers with mixed performance.

The performance of Asian currencies against the US dollar was mixed. The Chinese renminbi outperformed regional peers amid the well-contained Covid-19 situation and twin surplus. On the other hand, the South Korean won underperformed amid lingering Covid-19 concerns.

Market outlook

The gradual US economic recovery and the Fed's imminent tapering process should support a higher US yield curve environment. North Asian economies have generally fared better in terms of their economic recoveries compared to South Asian counterparts year-to-date. Increasingly more South Asian economies are adopting a coexisting approach with Covid-19, reopening borders with higher vaccination rates which could be positive for their growth trajectories. On the other hand, the combination of China's regulatory intervention, power disruption and property sector shock may contribute to a downward trajectory on economic growth. The potential restructuring of Evergrande and other high yield developers is likely to remain an overhang on the property sector, including selective investment-grade developers if the sector continues to see prolonged challenges in refinancing. Overall, we remain cognisant of both systemic and idiosyncratic risks while seeking out attractive opportunities and believe that bottom-up credit selection will be key in generating further returns going forward.

Feeder fund review

In November, the Feeder Fund posted a) -0.60% versus the benchmark return of -0.20% for its USD class; b) -0.38% versus the benchmark return of -0.20% for its RM-Hedged class; and c) -0.45% versus the benchmark return of -0.20% for its CNH-Hedged class.

The portfolio's overweight South Korean interest rate duration positioning contributed to performance as local yields fell, though was slightly offset by the weakened South Korean won. In addition, underweight exposure to Singapore dollar-denominated bonds contributed as the Singapore dollar weakened against the US dollar. On the other hand, underweight US dollar interest rate duration positioning detracted from performance amid lower US Treasury yields. Over the period, the portfolio took the opportunity to add some Chinese property developers amid attractive valuations. In the meanwhile, the portfolio took profit from some Malaysian and Chinese local government bonds.