

Manulife Asia Total Return Bond Fund

Annual Report

for the financial year ended 30 November 2020

MANULIFE

ASIA TOTAL RETURN BOND FUND

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MANULIFE ASIA TOTAL RETURN BOND FUND

1 GENERAL INFORMATION

1.1 THE TRUST

The Fund commenced operations on 11 March 2019 and will continue its operations until terminated as provided under Clause 25 of the Deed.

1.2 FUND TYPE / CATEGORY

Income / Feeder Fund (Bond)

1.3 BASE CURRENCY

US Dollar (USD)

1.4 OBJECTIVE OF THE FUND

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.

Note: Any material change to the Fund's investment objective would require Unit Holders' approval.

1.5 DISTRIBUTION POLICY

Depending on the level of income (if any) the Fund generates, the Fund aims to distribute all or part of its distributable income on a quarterly basis. The payment of distributions, if any, from the Fund will vary from period to period depending on the market conditions, performance of the Fund and the Target Fund.

The Manager has the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to the Unit Holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the sole discretion to decide on the amount to be distributed to the Unit Holders.

1.6 PERFORMANCE BENCHMARK

50% JP Morgan Emerging Local Markets Index Plus (Asia) + 50% JP Morgan Asia Credit Index.

Note: The benchmark above is only used as a reference for investment performance comparison purpose. The benchmark chosen for the Fund is the same with the Target Fund whereby it reflects the universe of the investment strategy and the representative asset class exposures within the Target Fund. The risk profile of the Fund is not the same as the risk profile of this benchmark. The benchmark information is available in www.manulifeinvestment.com.my and www.jpmorgan.com.

1.7 INVESTMENT STYLE AND STRATEGY

The Fund will invest at least 95% of the Fund's NAV in Share Class I3 Inc of Manulife Global Fund - Asia Total Return Fund (the Target Fund), while the balance of the Fund's NAV will be in cash, money market instruments (including fixed income securities which have a remaining maturity period of less than 365 days) and/or placement of deposits with financial institutions for liquidity purposes.

The Fund's portfolio will be closely monitored and rebalanced from time to time to ensure that the Fund's asset is allocated in accordance with its prescribed asset allocation.

During the financial year under review, the Fund remained guided by its investment objective, having invested at least 95% of its NAV in the Target Fund and with the balance NAV in cash and money market instruments.

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2 MANAGER'S REPORT

2.1 FUND PERFORMANCE

For the financial year ended 30 November 2020, the Feeder Fund posted solid gains across sub-classes. Its RM-Hedged Class increased by 7.88%, its USD Class rose by 7.35% and its CNH-Hedged Class surged by 8.26%. The benchmark posted a gain of 5.75%, resulting in the Feeder Fund's outperformance numbers to be 2.13% for its RM-Hedged Class, 1.60% for its USD Class and 2.51% for its CNH-Hedged Class. The portfolio's overweight exposure to Indonesia local currency bonds contributed to relative performance due to the positive carry and local yields falling over the period. In addition, the portfolio's overall security selection in USD-denominated Asian corporate bonds contributed to relative performance; portfolio's bond holding of a Chinese chemical state-owned enterprise and an Indonesian state-owned metal mining company were notable outperformers. The portfolio also took the opportunity to take profit from some of its USD-denominated Asian investment-grade bonds (such as an Asian-international banking group, an Indonesian sovereign and a Chinese property developer) amid strong performance.

The gross distribution of 0.45 sen per unit for RM-Hedged Class and 0.58 sen per unit for USD Class and 0.46 sen per unit for CNH-Hedged Class on 17 February 2020 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.5196 RM-Hedged Class, USD0.5141 for USD Class and CNH0.5140 for CNH-Hedged Class respectively.

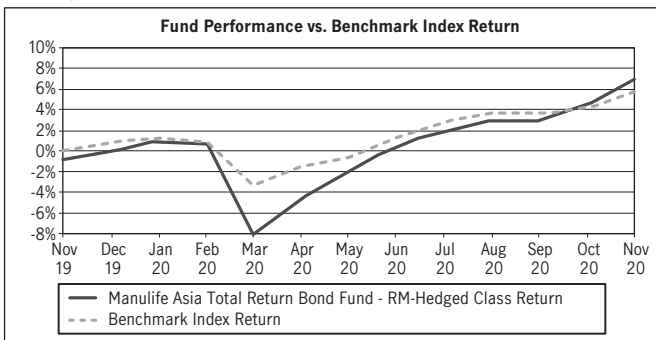
The gross distribution of 0.71 sen per unit for RM-Hedged Class and 0.58 sen per unit for USD Class and 0.38 sen per unit in CNH-Hedged Class on 18 May 2020 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.4859 for RM-Hedged Class, USD0.4819 for USD Class and CNH0.4844 for CNH-Hedged Class respectively.

The gross distribution of 0.50 sen per unit for RM-Hedged Class and 0.41 sen per unit for USD Class and 0.63 sen per unit for CNH-Hedged Class on 17 August 2020 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.5112 for RM-Hedged Class, USD0.5070 for USD Class and CNH0.5081 for CNH-Hedged Class respectively.

The gross distribution of 0.51 sen per unit for RM-Hedged Class and 0.42 sen per unit for USD Class and 0.30 sen per unit for CNH-Hedged Class on 16 November 2020 had the effect of reducing the NAV per unit of the Fund and the ex-distribution NAV per unit were RM0.5241 for RM-Hedged Class, USD0.5193 for USD Class and CNH0.5232 for CNH-Hedged Class.

The graph below compares the 12-month performance of the Fund against its benchmark return:

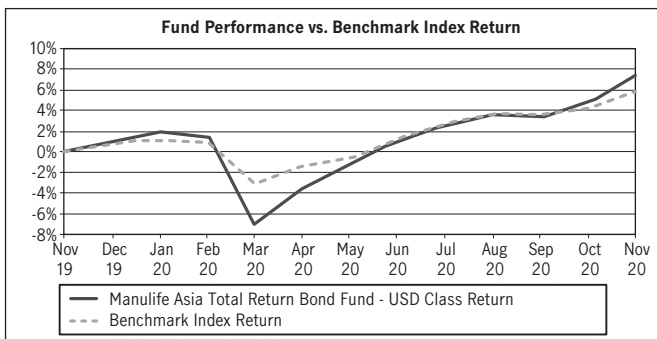
RM-Hedged Class



Source: Lipper & RIMES

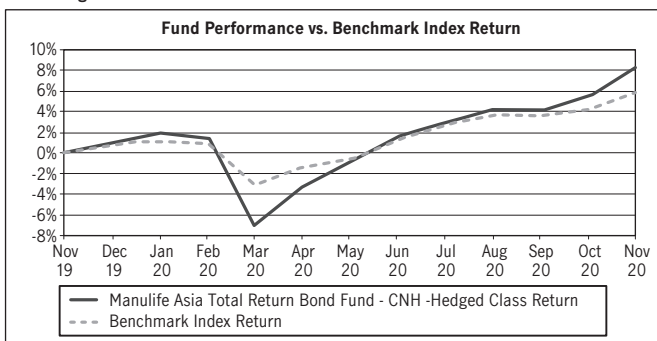
MANULIFE ASIA TOTAL RETURN BOND FUND

USD Class



Source: Lipper & RIMES

CNH-Hedged Class



Source: Lipper & RIMES

Note: The first subscription of the CNH-Hedged Class was made on 1 April 2019, being the commencement date.

MANULIFE ASIA TOTAL RETURN BOND FUND

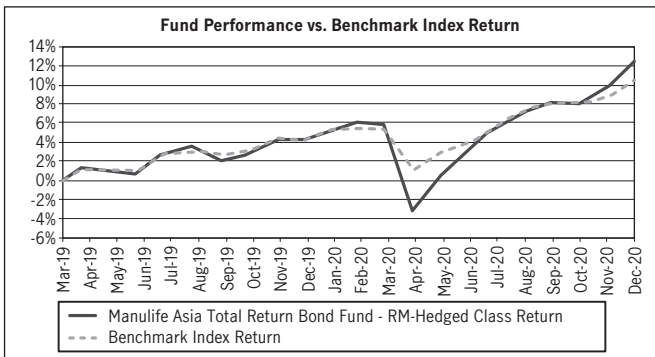
Fund Size

The Fund's total NAV decreased to USD30.06mil from USD37.11mil during the financial year under review.

Fund Returns

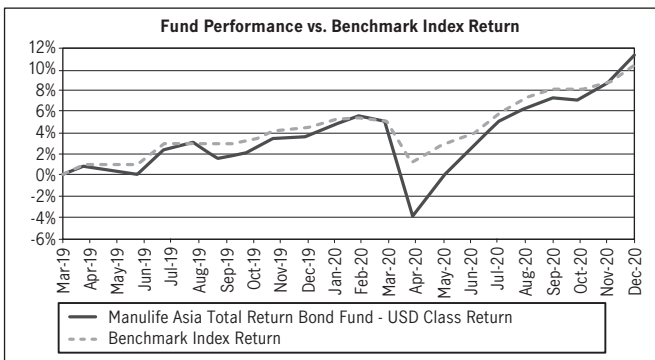
- (a) The graph below compares the since commencement performance of the Fund against its benchmark return:

RM-Hedged Class



Source: Lipper & RIMES

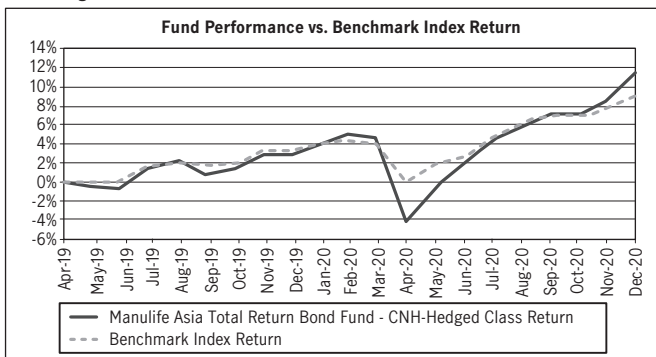
USD Class



Source: Lipper & RIMES

MANULIFE ASIA TOTAL RETURN BOND FUND

CNH-Hedged Class



Source: Lipper & RIMES

Note: The first subscription of the CNH-Hedged Class was made on 1 April 2019, being the commencement date.

(b) Average Total Return of the Fund:

RM-Hedged Class

For the financial year ended 30 November 2020	Fund (% p.a.)	Benchmark (% p.a.)
1 year	7.88	5.75
Since Commencement	6.99	5.84
Commencement Date: 11 March 2019		

Source: Lipper & RIMES

USD Class

For the financial year ended 30 November 2020	Fund (% p.a.)	Benchmark (% p.a.)
1 year	7.35	5.75
Since Commencement	6.33	5.84
Commencement Date: 11 March 2019		

Source: Lipper & RIMES

CNH-Hedged Class

For the financial year ended 30 November 2020	Fund (% p.a.)	Benchmark (% p.a.)
1 year	8.26	5.75
Since Commencement	6.63	5.38
Commencement Date: 1 April 2019		

Source: Lipper & RIMES

Note: The first subscription of the CNH-Hedged Class was made on 1 April 2019, being the commencement date.

(c) Annual Total Return of the Fund:

RM-Hedged Class

For the financial year ended:	Fund (% p.a.)	Benchmark (% p.a.)
30 November 2020	7.88	5.75
Since Commencement to 30 November 2019	4.17	4.31
Commencement Date: 11 March 2019		

Source: Lipper & RIMES

MANULIFE ASIA TOTAL RETURN BOND FUND

USD Class

For the financial year ended:	Fund (% p.a.)	Benchmark (% p.a.)
30 November 2020	7.35	5.75
Since Commencement to 30 November 2019	3.59	4.31
Commencement Date: 11 March 2019		

Source: Lipper & RIMES

CNH-Hedged Class

For the financial year ended:	Fund (% p.a.)	Benchmark (% p.a.)
30 November 2020	8.26	5.75
Since Commencement to 30 November 2019	2.80	3.19
Commencement Date: 1 April 2019		

Source: Lipper & RIMES

Note: The first subscription of the CNH-Hedged Class was made on 1 April 2019, being the commencement date.

The Fund has achieved its target of providing unit holders with positive total return via a combination of income and capital appreciation.

BASES OF CALCULATION

1. Net Asset Value (NAV)

Net Asset Value of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point.

2. Net Asset Value per unit

Net Asset Value per unit is the net asset value of the Fund divided by the total number of units in circulation, at the valuation point.

3. Fund's Return

The total Fund's return comprises both NAV return and Income return. The returns can be calculated based on the computation methods as follows:

$$\text{Total Fund's Return} = [(\text{NAV Return} * \text{Series of Income Return}) - 1] \times 100\%$$

$$\text{NAV Return} = \{[\text{End NAV (Ex-distribution)} / \text{Beginning NAV}] - 1\} \times 100\%$$

$$\text{Income Return} = (\text{Gross Distribution} / \text{Ex-NAV price}) \times 100\%$$

$$\text{Average Total Return} = (\text{NAV Return} * \text{Series of Income Return})^{(365.25/n)} \times 100 - 100, \\ \text{where } n = \text{number of days between beginning and end dates.}$$

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ASIA TOTAL RETURN BOND FUND

The following table shows other financial and performance data of the Fund for the last two financial years:

Fund Data	30 November 2020	30 November 2019
Net Asset Value (USD)		
RM-Hedged Class	27,912,645	34,922,819
USD Class	2,105,002	2,191,300
CNH-Hedged Class	40,206	558
Units in Circulation ('000)		
RM-Hedged Class	215,460	285,798
USD Class	4,025	4,326
CNH-Hedged Class	502	8
NAV (per unit)-in respective currencies		
RM-Hedged Class	0.5275	0.5102
USD Class	0.5229	0.5066
CNH-Hedged Class	0.5270	0.5040
Highest / Lowest NAV (per unit) -in respective currencies		
RM-Hedged Class	0.5292/0.4565	0.5186/0.5000
USD Class	0.5237/0.4511	0.5174/0.4985
CNH-Hedged Class	0.5270/0.4518	0.5153/0.4933
1st Quarter Distribution		
- RM-Hedged Class		
Gross (RM per unit)	0.0045	0.0026
Net (RM per unit)	0.0045	0.0026
- USD Class		
Gross (USD per unit)	0.0058	0.0014
Net (USD per unit)	0.0058	0.0014
- CNH-Hedged Class		
Gross (CNH per unit)	0.0046	-
Net (CNH per unit)	0.0046	-
Ex-date	17.02.2020	26.08.2019
2nd Quarter Distribution		
- RM-Hedged Class		
Gross (RM per unit)	0.0071	0.0080
Net (RM per unit)	0.0071	0.0080
- USD Class		
Gross (USD per unit)	0.0058	0.0099
Net (USD per unit)	0.0058	0.0099
- CNH-Hedged Class		
Gross (CNH per unit)	0.0038	0.0100
Net (CNH per unit)	0.0038	0.0100
Ex-date	18.05.2020	22.11.2019
3rd Quarter Distribution		
- RM-Hedged Class		
Gross (RM per unit)	0.0050	-
Net (RM per unit)	0.0050	-
- USD Class		
Gross (USD per unit)	0.0041	-
Net (USD per unit)	0.0041	-
- CNH-Hedged Class		
Gross (CNH per unit)	0.0063	-
Net (CNH per unit)	0.0063	-
Ex-date	17.08.2020	-
Final Distribution		
- RM-Hedged Class		
Gross (RM per unit)	0.0051	-
Net (RM per unit)	0.0051	-
- USD Class		
Gross (USD per unit)	0.0042	-
Net (USD per unit)	0.0042	-
- CNH-Hedged Class		
Gross (CNH per unit)	0.0030	-
Net (CNH per unit)	0.0030	-
Ex-date	16.11.2020	-

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Fund Data	30 November 2020	30 November 2019
Total Fund Return (%)		
- RM-Hedged Class	7.88	4.17
NAV Return (%)	3.39	2.04
Income Return (%)	4.35	2.09
Total Fund Return (%)		
- USD Class	7.35	3.59
NAV Return (%)	3.22	1.32
Income Return (%)	4.01	2.24
Total Fund Return (%)		
- CNH-Hedged Class	8.26	2.80
NAV Return (%)	4.56	0.80
Income Return (%)	3.54	1.98
Management Expenses Ratio (%)	1.31	1.02
Portfolio Turnover Ratio (times)	0.49	0.64

NOTES

(i) Management Expenses Ratio (MER)

MER can be calculated based on the ratio of the sum of fees and the recovered expenses of the unit trust fund to the average value of the unit trust fund calculated on a daily basis.

$$\frac{\text{Fees of the unit trust fund} + \text{Recovered expenses of the unit trust fund}}{\text{Average value of the unit trust fund calculated on a daily basis}} \times 100$$

Where:

Fees = All ongoing fees deducted / deductible directly from the unit trust fund in respect of the period covered by the management expenses ratio, expressed as a fixed amount, calculated on a daily basis. This would include the annual management fee, the annual trustee fee and any other fees deducted / deductible directly from the unit trust fund;

Recovered expenses = All expenses recovered from/ charged to the unit trust fund, as a result of the expenses incurred by the operation of the unit trust fund, expressed as a fixed amount. This should not include expenses that would otherwise be incurred by an individual investor (e.g. brokerage, taxes and levies); and

Average value of the unit trust fund = The NAV of the unit trust fund, including unit trust net income value of the fund, less expenses on an accrued basis, in respect of the period covered by the management expenses ratio, calculated on a daily basis.

The MER for the financial year is higher as compared with the previous financial year mainly due to increase in expenses incurred.

(ii) Portfolio Turnover Ratio (PTR)

PTR is computed based on the average of the acquisitions and disposals of investments of the unit trust fund for the financial year divided by the average fund size calculated on a daily basis.

$$\frac{[\text{Total acquisitions of the fund for the year} + \text{Total disposals of the fund for the year}]/2}{\text{Average value of the unit trust fund calculated on a daily basis}}$$

The PTR for the financial year is lower as compared to the previous financial year mainly due to the decrease in average NAV.

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The Manager wishes to highlight that past performance of the Fund is not an indication of its future performance.

The price of units and the investment returns may go down as well as up.

Impact on NAV Arising From Distribution Distributed For The Last Two Financial Year .

RM-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV RM	GROSS DISTRIBUTION RM	EX DISTRIBUTION NAV RM
16 November 2020	0.5280	(0.0051)	0.5229
17 August 2020	0.5159	(0.0050)	0.5109
18 May 2020	0.4918	(0.0071)	0.4847
17 February 2020	0.5232	(0.0045)	0.5187

USD CLASS

EX-DATE	CUM DISTRIBUTION NAV USD	GROSS DISTRIBUTION USD	EX DISTRIBUTION NAV USD
16 November 2020	0.5226	(0.0042)	0.5184
17 August 2020	0.5111	(0.0041)	0.5070
18 May 2020	0.4868	(0.0058)	0.4810
17 February 2020	0.5194	(0.0058)	0.5136

CNH-HEDGED CLASS

EX-DATE	CUM DISTRIBUTION NAV CNH	GROSS DISTRIBUTION CNH	EX DISTRIBUTION NAV CNH
16 November 2020	0.5256	(0.0030)	0.5226
17 August 2020	0.5144	(0.0063)	0.5081
18 May 2020	0.4871	(0.0038)	0.4833
17 February 2020	0.5183	(0.0046)	0.5137

RM-HEDGED CLASS

EX-DATE	CUM DISTRIBUTION NAV RM	GROSS DISTRIBUTION RM	EX DISTRIBUTION NAV RM
22 November 2019	0.5181	(0.0080)	0.5101
26 August 2019	0.5112	(0.0026)	0.5086

USD CLASS

EX-DATE	CUM DISTRIBUTION NAV USD	GROSS DISTRIBUTION USD	EX DISTRIBUTION NAV USD
22 November 2019	0.5164	(0.0099)	0.5065
26 August 2019	0.5089	(0.0014)	0.5075

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CNH-HEDGED CLASS

EX-DATE	CUM DISTRIBUTION NAV USD	GROSS DISTRIBUTION USD	EX DISTRIBUTION NAV USD
22 November 2019	0.5141	(0.0100)	0.5041
26 August 2019	-	-	-

2.2 ASSET ALLOCATION

Asset allocation of the Fund for the past two financial years:

Sector Allocation	% of Net Asset Value	
	30 November 2020	30 November 2019
Collective Investment Scheme	96.42	97.20
Other Assets & Liabilities	3.58	2.80

As at 30 November 2020, the Fund was 96.42% invested in collective investment scheme and 3.58% in cash instruments. The Fund remained fully invested and a minimal level of cash was maintained for liquidity purposes.

Asset allocation of the Target Fund for the past two financial years:

Sector Allocation	% of Net Asset Value	
	30 November 2020	30 November 2019
Treasury	50.10	49.10
Investment Grade Corporates	17.80	18.20
High Yield Corporates	18.50	18.00
Government-related	8.20	10.00
Cash	3.50	2.80
Non-rated Corporates	1.90	1.90

2.3 MARKET REVIEW

During the financial year under review (1st December 2019 to 30th November 2020), the US Treasury yields fell as the Federal Reserve slashed its benchmark interest rate two times and signalled plans to keep interest rates near zero for years amid concerns over Covid-19 induced economic slowdown. During the start of the period, global financial markets experienced indiscriminate sell-off as Covid-19 spread globally, raising concerns over both supply and demand shocks. Most global risk assets rebounded subsequently with economic stimulus programmes. Towards the end of the period, Treasury yields seesawed on the back of US election results, Covid-19 vaccine optimism and mixed economic data. The 10-year US Treasury yield fell from 1.76% to 0.84% over the period.

In China, economic data suggested its post-COVID recovery likely accelerated. Caixin's manufacturing Purchasing Managers' Index (PMI) hit record-low of 40.3 in March owing to the country's administrative lockdown against Covid-19 but rebounded to 53.6 in October. FTSE Russell confirmed that China Government Bonds (CGBs) will be included into the World Government Bond Index (WGBI) progressively from October 2021, subject to final confirmation in March 2021. This development was widely expected by the market and should provide support for China bonds over the medium term. Overall, Chinese government bond yields range traded over the period. In India, government bond yields fell as Reserve Bank of India (RBI) cut its key interest rates three times. RBI also implemented an "Operation Twist" strategy of purchasing long-tenor bonds and selling short-term debt. In Indonesia, government bond yields declined as Bank Indonesia cut its benchmark interest rate five times over the period and maintained its triple intervention policy to stabilise its domestic financial market.

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Asian credit markets posted positive returns for the period due to positive carry and US Treasury yields declining. The Asian investment grade credit segment outperformed Asian high yield corporate over the period. The J.P. Morgan Asian Investment Grade Corporate Bond Index increased by 6.14%, while the J.P. Morgan Asian High Yield Corporate Bond Index increased by 5.20% in US dollar terms.

Most of the Asian currencies strengthened against the US dollar. Chinese renminbi was one of the better performing currencies against the US dollar buoyed by strong economic data and capital inflows. In contrast, Indian rupee was one of the weaker performing currencies on the back of RBI's dollar buying.

2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

Moving into 2021, we expect the fundamentals of Asia to remain intact. North Asian economic activity has gradually picked up as Covid-19 situation remains somewhat stabilised, and have reopened their economies to varying degrees. Despite the increasingly positive results from Covid-19 vaccine trials, we remain mindful of potentially another wave of infections in Winter, as we see an increase in Covid-19 cases in US and Europe. Nevertheless, we believe the combination of the global low interest rate environment and quantitative easing programmes is supportive for range bound US Treasury yields. We expect global and Asian credit to remain supported, though the pace and magnitude for further credit spread compression could be circumscribed given the rally from March this year. Asian credit consists of state-owned-enterprises, which can benefit from potential government support and policies, and they typically have relatively lower fallen angel risks, making this segment well-placed to weather a Covid-19 induced economic slowdown.

On the other hand, we see pockets of opportunities in Asian local currency bond markets such as China and Indonesia. Strategy-wise, we focus on credit selection, capturing dislocations and mitigating key risks in the portfolio. We expect the primary market activity to slow down as we move into the final month of the year. Overall, we believe current valuations of Asian investment grade (IG) credit are attractive in the global context, considering Asia's more resilient underlying fundamentals and strong government sponsorship in the corporate sector.

2.5 Breakdown of Unit Holdings By Size As At 30 November 2020

The following table presents the distribution of the Fund's unit holders according to size of unit holdings:

RM-Hedged Class

Size of Holdings	No. of Unit Holders	%	No. of Units Held ('000)	%
5,000 and below	116	28.02	267	0.12
5,001 to 10,000	51	12.32	387	0.18
10,001 to 50,000	143	34.54	3,298	1.53
50,001 to 500,000	90	21.74	12,329	5.72
Above 500,001	14	3.38	199,179	92.45
Manager's stock	-	-	-	-
Total	414	100.00	215,460	100.00

USD Class

Size of Holdings	No. of Unit Holders	%	No. of Units Held ('000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	1	20.00	49	1.22
50,001 to 500,000	2	40.00	256	6.38
Above 500,001	2	40.00	3,719	92.40
Manager's stock	-	-	-	-
Total	5	100.00	4,025	100.00

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CNH-Hedged Class

Size of Holdings	No. of Unit Holders	%	No. of Units Held ('000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 50,000	-	-	-	-
50,001 to 500,000	-	-	-	-
Above 500,001	1	100.00	502	100.00
Manager's stock	-	-	-	-
Total	1	100.00	502	100.00

2.6 STATE OF AFFAIRS

NOTIFICATION OF CHANGES

A new Master Prospectus and First Supplemental Master Prospectus dated 10 August 2020 were issued to make the following general and administrative updates:

- New company name of the Manager;
- Removal of minimum allocation in liquid assets of the Fund;
- General and administrative updates such as branches of the Manager;
- Appointment of management company of Manulife Global Fund and inclusion of target fund's management company fee;
- Revision to the switching fee;
- Disclosure on other charges applicable in executing transactions.

The Master Prospectus dated 10 August 2020 is available in the company website: www.manulifeinvestment.com.my.

3 POLICY ON STOCKBROKING REBATES AND SOFT COMMISSIONS

The Management Company did not retain any rebates.

For the financial year ended 30 November 2020, the Manager and its Fund Manager did not receive any rebates or soft commissions.

MANULIFE ASIA TOTAL RETURN BOND FUND

4 STATEMENT BY THE MANAGER

We, Edmond Cheah Swee Leng and Chong Soon Min, being two of the Directors of Manulife Investment Management (M) Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements comprising the statement of comprehensive income, statement of financial position, statement of changes in net assets attributable to unit holders, statement of cash flows, summary of significant accounting policies and notes to the financial statements, are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 November 2020 and of its financial performance, changes in net assets attributable to unit holders and cash flows of the Fund for the the financial year ended 30 November 2020 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and the International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

MANULIFE INVESTMENT MANAGEMENT (M) BERHAD

EDMOND CHEAH SWEE LENG

DIRECTOR

CHONG SOON MIN

DIRECTOR

Kuala Lumpur
25 January 2021

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5 TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF MANULIFE ASIA TOTAL RETURN BOND FUND

We have acted as Trustee of Manulife Asia Total Return Bond Fund ("the Fund") for the financial year ended 30 November 2020. In our opinion and to the best of our knowledge, Manulife Investment Management (M) Berhad ("the Management Company"), has operated and managed the Fund in accordance with the following:

- a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, a total distribution of 1.77 cent per unit (gross) for CNH-Hedged Class, 2.17 sen per unit (gross) for RM-Hedged Class and 1.99 cent per unit (gross) for USD Class have been distributed to the unitholders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie

Senior Manager, Investment Compliance Monitoring

Kuala Lumpur
25 January 2021

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6 INDEPENDENT AUDITORS' REPORT

TO THE UNIT HOLDERS OF MANULIFE ASIA TOTAL RETURN BOND FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

We have audited the financial statements of Manulife Asia Total Return Bond Fund ("the Fund") which comprise the statement of financial position as at 30 November 2020 and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year ended and notes to the financial statements including a summary of significant accounting policies, as set out on pages 7 to 33.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 November 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independent Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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ASIA TOTAL RETURN BOND FUND

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
20206000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Hammami Bin Muhyidin
No. 03313/07/2021 J
Chartered Accountants

Kuala Lumpur
25 January 2021

MANULIFE ASIA TOTAL RETURN BOND FUND

7 STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

		Financial period from 18.02.2019 01.12.2019 (date of launch) to 30.11.2020 to 30.11.2019	
	Note	USD	USD Restated
INVESTMENT INCOME			
Interest income from deposits with licensed financial institutions at amortised cost		288	12,512
Gross dividend income		1,514,158	978,742
Net gain on financial assets at fair value through profit or loss	6	1,046,459	364,869
Net gain/(loss) on forward foreign currency contracts	7	806,434	(426,315)
Net foreign currency exchange gain/(loss)		4,835	(59,871)
		<u>3,372,174</u>	<u>869,937</u>
EXPENSES			
Manager's fee	3	417,193	278,815
Trustee's fee	4	13,350	8,922
Auditors' remuneration		1,620	1,616
Tax agent's fee		663	661
Other expenses		3,655	2,165
		<u>436,481</u>	<u>292,179</u>
PROFIT BEFORE DISTRIBUTION AND TAXATION		2,935,693	577,758
DISTRIBUTION TO UNIT HOLDERS	16		
- CNH-Hedged Class		(219)	(11)
- RM-Hedged Class		(1,183,398)	(624,760)
- USD Class		(68,415)	(37,975)
PROFIT/(LOSS) BEFORE TAXATION		1,683,661	(84,988)
TAXATION	5	-	-
NET PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD, REPRESENTING THE INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>1,683,661</u>	<u>(84,988)</u>
Increase/(decrease) in net assets attributable to unit holders is made up as follows:			
Realised		338,497	(270,500)
Unrealised		1,345,164	185,512
		<u>1,683,661</u>	<u>(84,988)</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

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ASIA TOTAL RETURN BOND FUND

8 STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2020

	Note	30.11.2020 USD	30.11.2019 USD
ASSETS			
Financial assets at fair value through profit or loss	6	28,981,090	36,077,211
Derivative assets at fair value through profit or loss	7	201,877	-
Amount due from Manager	3	45,592	175,325
Amount due from manager of collective investment scheme			
- Sale of collective investment scheme		163,800	219,491
Amount due from dealers		160,914	-
Cash and cash equivalents	8	944,933	1,026,328
TOTAL ASSETS		30,498,206	37,498,355
LIABILITIES			
Amount due to Manager			
- Manager's fee	3	30,760	38,256
- Cancellation of units		233,566	-
Amount due to manager of collective investment scheme			
- Purchase of collective investment scheme		8,330	219,404
Amount due to dealers		160,698	-
Amount due to Trustee	4	984	1,224
Derivative liabilities at fair value through profit or loss	7	106	120,364
Other payables	9	5,909	4,430
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		440,353	383,678
NET ASSET VALUE ("NAV") OF THE FUND		30,057,853	37,114,677
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	2	30,057,853	37,114,677
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
- CNH-Hedged Class		40,206	558
- RM-Hedged Class		27,912,645	34,922,819
- USD Class		2,105,002	2,191,300
		30,057,853	37,114,667
UNITS IN CIRCULATION (UNITS)			
- CNH-Hedged Class	10 (i)	501,993	7,778
- RM-Hedged Class	10 (ii)	215,459,841	285,797,673
- USD Class	10 (iii)	4,025,467	4,325,781
		219,987,301	290,131,232

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

MANULIFE ASIA TOTAL RETURN BOND FUND

NET ASSET VALUE PER UNIT (USD)

- CNH-Hedged Class	0.0801	0.0717
- RM-Hedged Class	0.1295	0.1222
- USD Class	0.5229	0.5066

NAV PER UNIT IN RESPECTIVE CURRENCIES

NAV PER UNIT - CNH-HEDGED CLASS	0.5270	0.5040
NAV PER UNIT- RM-HEDGED CLASS	0.5275	0.5102
NAV PER UNIT - USD CLASS	0.5229	0.5066

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

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ASIA TOTAL RETURN BOND FUND

9 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

	<u>30.11.2020</u>	<u>30.11.2019</u>
	USD	USD
		(Restated)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	37,114,677	-
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications		
- CNH-Hedged Class	42,979	565
- RM-Hedged Class	8,133,128	36,086,994
- USD Class	1,249,991	2,395,750
Creation of units arising from distributions		
- CNH-Hedged Class	221	11
- RM-Hedged Class	1,297,936	698,278
- USD Class	76,527	46,763
Cancellation of units		
- CNH-Hedged Class	(4,836)	-
- RM-Hedged Class	(17,946,059)	(1,690,035)
- USD Class	(1,467,719)	(256,355)
Distribution equalisation	16	
- CNH-Hedged Class	(2)	-
- RM-Hedged Class	(114,540)	(73,517)
- USD Class	(8,111)	(8,789)
	<u>28,374,192</u>	<u>37,199,665</u>
Net profit/(loss) for the financial year/period, representing the increase/(decrease) in net assets attributable to unit holders	<u>1,683,661</u>	<u>(84,988)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>30,057,853</u></u>	<u><u>37,114,677</u></u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

MANULIFE ASIA TOTAL RETURN BOND FUND

10 STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

		Financial period from 18.02.2019
	01.12.2019 (date of launch)	to 30.11.2019
Note	to 30.11.2020	to 30.11.2019
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from sale of investments	19,916,294	290,073
Purchase of investments	(11,440,179)	(36,368,324)
Dividends received	1,514,158	978,742
Interest income received	288	12,512
Manager's fee paid	(424,689)	(415,884)
Trustee's fee paid	(13,590)	(7,698)
Audit fee paid	(1,726)	-
Tax agent's fee paid	(651)	-
Payment for other fees and expenses	(2,082)	(12)
Net cash generated from/(used in) operating activities	9,547,823	(35,510,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution paid	(1,374,683)	(745,052)
Proceeds from creation of units	10,930,514	39,228,361
Payments for cancellation of units	(19,185,049)	(1,946,390)
Net cash (used in)/generated from financing activities	(9,629,218)	36,536,919
Net (decrease)/increase in cash and cash equivalents	(81,395)	1,026,328
Cash and cash equivalents at beginning of the financial year/period	1,026,328	-
Cash and cash equivalents at end of the financial year/period	8 944,933	1,026,328
Cash and cash equivalents comprise:		
Bank balance in a licensed bank	8 944,933	1,026,328

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

11 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. The policies have been consistently applied to all the financial years presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The audited financial statements of the Fund have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and the International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Manager to exercise judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ. There are no significant areas of judgement or complexity that have significant effect on the amounts recognised in the financial statements. There are no critical accounting estimates and assumptions used in the preparation of the financial statements of the Fund for the financial year ended 30 November 2020.

The Fund has applied the following amendments for the first time for the financial year beginning 1 December 2019:

- MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- MFRS 16 Leases
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
- Annual Improvement to MFRS Standards 2014-2016 Cycle
- IC Interpretation 23 'Uncertainty over Income Tax Return'

The adoption of the new standards, amendments to standards and interpretation above during the financial year did not result in any material financial impact to the financial statements of the Fund.

The new standards that are applicable to the Fund but not yet effective will be adopted by the new Fund. The new standards are not expected to have any material effect on the financial statements in the period of initial application.

B FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(i) Classification and measurement

Financial Assets

The Fund classifies its financial assets into the following categories: financial assets at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics ("SPPI test") and the business model for managing them.

The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest. This assessment is performed at an instrument level.

The business model for managing financial assets refers to how the Fund manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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(a) Fair value through profit or loss ("FVTPL")

Financial assets is classified as FVTPL if the financial assets are held for trading or are managed on a fair value basis (including derivatives). Other financial assets with contractual cash flow that are not solely payments of principal and interest, irregardless of its business model are classified as FVTPL.

Certain financial assets that otherwise meets the requirements to be either measured at amortised cost or at FVOCI, may irrevocably be designated at FVTPL on initial recognition, when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All subsequent fair value adjustments are recognised through profit or loss.

The Fund designates its investment in collective investment scheme and derivatives as financial assets at fair value through profit or loss.

(b) Financial assets at amortised cost

A financial asset is measured at amortised cost if its business model is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial assets. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of comprehensive income (OCI) when the financial assets at amortised cost are derecognised or impaired, as well as through the amortisation process.

The Fund classifies amount due from Manager, amount due from manager of collective investment scheme, amount due from dealers, dividends receivable and cash and cash equivalents as financial assets measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for management of the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to manager of collective investment scheme, amount due to dealers, derivatives and other payables as other financial liabilities.

(ii) Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL (financial assets that are debt instruments). The impairment model does not apply to collective investment schemes.

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ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date:
As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);
- Financial assets that are credit-impaired at the reporting date:
As the difference between the gross carrying amount and the present value of estimated future cash flows.

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

(iii) Derecognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or has expired.

C CREATION AND CANCELLATION OF UNITS

The Fund issues cancellable units, which are cancelled at the unit holders' option. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding unit is carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's net asset value per unit at the time of creation and cancellation. The Fund's net asset value is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

The net asset value per unit is computed each dealing day. The price at which units are created or cancelled is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Distribution equalisation is the amount attributable to net realised income that is included in the price of units created or units cancelled by the Fund during the reporting period.

D INCOME RECOGNITION

Interest income from deposits placed with licensed financial institutions is recognised on an accrual basis using the effective interest rate method.

Dividend income on collective investment schemes is recognised on the ex-dividend date.

Realised gains or losses on sale of collective investment schemes are accounted for as the difference between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the financial year.

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ASIA TOTAL RETURN BOND FUND

E EXPENSES

Expenses are accounted for on an accrual basis and charged to the statement of comprehensive income. Transaction costs are costs incurred to acquire or dispose of financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

F AMOUNT DUE FROM/TO MANAGER OF COLLECTIVE INVESTMENT SCHEME

Amounts due from and amount due to manager of collective investment scheme represent receivables for collective investments scheme sold and payables for collective investments scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from manager of collective investment scheme is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from manager of collective investment scheme at an amount equal to lifetime expected credit loss if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the manager of the collective investment scheme, probability that the Manager of the collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

G CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks and deposits held in highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

H FOREIGN CURRENCY

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency").

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represent the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

- i) Significant portion of the net asset value is invested in the form of cash denominated in USD for the purpose of making settlement of the foreign trades;
- ii) Significant portion of the Fund's expenses are denominated in USD; and
- iii) Significant portion of the Fund's investments are denominated in USD.

Transaction and balances

Foreign currency transaction are translated into functional currency using the exchange rate prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at financial year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

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I DISTRIBUTION

A distribution to the Fund's members is accounted for as finance cost in the statement of comprehensive income, when they are appropriately authorised and no longer at the discretion of the Fund.

A proposed distribution is recognised as a financial liability in the financial year in which it is approved by the Trustee.

Distribution equalisation is the amount attributable to net realised income that is included in the price of units created or units cancelled by the Fund during the reporting period.

J FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The information presented herein represents the estimates of fair value as at the date of the statement of financial position.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions has been used in deriving the fair values of the Fund's financial instruments as at the date of statement of financial position. The total fair value of each financial instrument is not materially different from the total carrying value.

The fair values are based on the following methodologies and assumptions:

(a) Short-term deposits with financial institutions

For deposits and placements with financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities of three months and above, the estimated fair value is based on discounted cash flows by using prevailing interbank money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

(b) Quoted investments - collective investment scheme

The estimated fair value is based on quoted and observable market prices.

(c) Derivatives

The fair value of forward foreign currency contracts is determined using general exchange rates as at the date of the statement of financial position, with the resulting value discounted back to present value. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(d) Other short-term financial instruments

Other short-term financial instruments comprise amount due from/to Manager, amount due from/to manager of collective investment scheme, amount due from/to dealers, amount due to Trustee and other payables. The carrying values of the assets and liabilities are assumed to approximate their fair values due to the short tenure of less than one year.

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K TAXATION

Current tax expense is determined according to the tax laws in the jurisdictions of the taxable profit earned during the financial year from the financial assets in which the Fund invests and includes all taxes based upon the taxable profit. No deferred tax is recognised as there are no material temporary differences.

L SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic asset allocation committee of the Manager that makes the strategic decisions.

12 NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

1 INFORMATION ON THE FUND

Manulife Asia Total Return Bond Fund ("the Fund") was established pursuant to a Principal Deed dated 16 August 2017 and Second Supplemental Master Deed dated 8 June 2018 (hereinafter referred to as ("the Deed") between Manulife Investment Management (M) Berhad ("the Manager") and HSBC (Malaysia) Trustee Berhad ("the Trustee").

The principal activity of the Fund is to invest in "Investments" as defined under Clause 17 of the Deed, which includes one collective investment scheme having a similar objective, deposits and money market instruments, financial derivative instruments including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes, and any other form of investments as may be determined by the Management Company from time to time that is in line with the Fund's objectives. The Fund commenced operations on 11 March 2019 and will continue its operations until terminated as provided under Clause 25 of the Deed.

The main objective of the Fund is 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.

The Target Fund is authorised by the Securities and Futures Commission in Hong Kong (the "SFC") for offering to the public in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance (as may be amended, supplemented or replaced from time to time).

The Manager of the Fund, a company incorporated in Malaysia, is a wholly-owned subsidiary of Manulife Holdings Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia. Its principal activities are the management of unit trusts and private retirement schemes, fund management activities and financial planning.

The financial statements were authorised for issue by the Manager on 25 January 2021.

2 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

The net assets attributable to unit holders are classified as liabilities under the requirements of MFRS 132 "Financial Instruments: Presentation" as they are puttable instruments whereby the unit holders have the right to redeem their units in the Fund at their option, and the different classes of units do not have identical features.

3 MANAGER'S FEE

In accordance with the Deed, the Manager is entitled to Manager's fee at a rate of 1.25% per annum (2019: 1.25% per annum) of the net asset value of the Fund before deducting Trustee's fee and Manager's fee for the day, calculated on a daily basis.

There will be no further liability to the Manager in respect of Manager's fee other than the amount recognised above.

Amount due from Manager relates to the creation of units by the Fund. Amount due to Manager relates to the amount payable to the Manager arising from the accruals for Manager's fee and cancellation of units by the Fund at the end of the financial year. The amounts due to/from Manager are unsecured, trade related, interest free and payable on demand. All amounts are receivable/payable within one month.

MANULIFE ASIA TOTAL RETURN BOND FUND

4 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a fee of 0.04% per annum (2019: 0.04% per annum) of the net asset value of the Fund before deducting Trustee's fee and Manager's fee for the day, calculated on a daily basis.

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised in the statement of comprehensive income on the above basis.

Amount due to Trustee relates to the amount payable to Trustee arising from the accruals for Trustee's fee at the end of the financial year. The amount due to Trustee are unsecured, trade related, interest free and repayable on demand. All amounts are payable within one month.

5 TAXATION

	Financial period from 18.02.2019	
	1.12.2019 (launch date) to to 30.11.2020	30.11.2019
	USD	USD
Current taxation	-	-

Numerical reconciliation between profit before taxation multiplied by the Malaysian statutory tax rate and tax expenses of the Fund is as follows:

	Financial period from 18.02.2019	
	1.12.2019 (launch date) to to 30.11.2020	30.11.2019
	USD	USD
Profit before taxation	2,935,693	577,758
Tax calculated at Malaysian tax rate of 24% (2019: 24%)	704,566	138,662
Tax effect in respect of:		
- Expenses not deductible for tax purposes	3,946	2,820
- Restriction on tax deductible expenses for unit trust funds	100,810	67,303
- Investment income not subject to tax	(809,322)	(208,785)
Tax expenses	-	-

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.11.2020	30.11.2019
	USD	USD
Financial assets at fair value through profit or loss		
- Collective investment scheme	28,981,090	36,077,211
Net gain on financial assets at fair value through profit or loss		
- Realised	23,429	3,632
- Unrealised	1,023,030	361,237
	1,046,459	364,869

MANULIFE

ASIA TOTAL RETURN BOND FUND

COLLECTIVE INVESTMENT SCHEME	Quantity Units	Cost of shares USD	Fair value as at 30.11.2020 USD	Fair value as at 30.11.2020 expressed as percentage of value of Fund %
30.11.2020				
Manulife Global Fund - Asia Total Return Fund	27,207,182	27,596,823	28,981,090	96.42
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>27,207,182</u>	<u>27,596,823</u>	<u>28,981,090</u>	<u>96.42</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		1,384,267		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>28,981,090</u>		

COLLECTIVE INVESTMENT SCHEME	Quantity Units	Cost of shares USD	Fair value as at 30.11.2019 USD	Fair value as at 30.11.2019 expressed as percentage of value of Fund %
30.11.2019				
Manulife Global Fund - Asia Total Return Fund	35,359,415	35,715,974	36,077,211	97.20
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>35,359,415</u>	<u>35,715,974</u>	<u>36,077,211</u>	<u>97.20</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		361,237		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>36,077,211</u>		

7 DERIVATIVE ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 November 2020, there are five forward foreign currency contracts outstanding. The total notional principal amount of the outstanding forward foreign currency contract outstanding amounts to USD26,821,580. The forward foreign currency contracts entered into are for hedging against the currency exposure arising from the investment in collective investment scheme denominated in USD. As the Fund has not adopted hedge accounting, the change in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income.

	30.11.2020 USD	30.11.2019 USD
Forward foreign currency contract		
- Financial assets	201,877	-
- Financial liabilities	(106)	(120,364)

MANULIFE ASIA TOTAL RETURN BOND FUND

	Financial period from 18.02.2019	
	1.12.2019 (launch date) to	30.11.2019
	to 30.11.2020	30.11.2019
	USD	USD

Net gain/(loss) on forward foreign currency contracts at fair value through profit or loss		
- Net realised gain/(loss) on forward currency contracts	484,300	(305,951)
- Net unrealised gain/(loss) on forward currency contracts	322,134	(120,364)
Total net gain/(loss) on derivatives	806,434	(426,315)

8 CASH AND CASH EQUIVALENTS

	30.11.2020	30.11.2019
	USD	USD
Bank balances in licensed banks	944,933	1,026,328

9 OTHER PAYABLES

	30.11.2020	30.11.2019
	USD	USD
Auditors' remuneration	1,510	1,616
Tax agent's fee	673	661
Sundry payables and accruals	3,726	2,153
	5,909	4,430

10 UNITS IN CIRCULATION

(i) CNH-HEDGED CLASS

	30.11.2020	30.11.2019
	No. of units	No. of units
At beginning of the financial year/period	7,778	-
Add: Creation of units arising from application	552,461	7,624
Add: Creation of units arising from distributions	2,824	154
Less: Cancellation of units	(61,070)	-
At end of the financial year/period	501,993	7,778

(ii) RM-HEDGED CLASS

	30.11.2020	30.11.2019
	No. of units	No. of units
At beginning of the financial year/period	285,797,673	-
Add: Creation of units arising from application	66,125,133	293,627,748
Add: Creation of units arising from distributions	10,802,848	5,729,700
Less: Cancellation of units	(147,265,813)	(13,559,775)
At end of the financial year/period	215,459,841	285,797,673

(iii) USD CLASS

	30.11.2020	30.11.2019
	No. of units	No. of units
At beginning of the financial year/period	4,325,781	-
Add: Creation of units arising from application	2,428,193	4,732,571
Add: Creation of units arising from distributions	152,009	92,392
Less: Cancellation of units	(2,880,516)	(499,182)
At end of the financial year/period	4,025,467	4,325,781

MANULIFE ASIA TOTAL RETURN BOND FUND

11 BROKERS' TRANSACTIONS

There were no transactions with brokers as at 30 November 2020 and 30 November 2019.

As at the end of the financial year, there were no brokers' transaction with related parties.

12 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Manulife Investment Management (M) Berhad	The Manager
Manulife Financial Corporation ("Manulife")	Ultimate holding company of the Manager
Manulife Holdings Berhad	Immediate holding company of the Manager
Directors of Manulife Investment Management (M) Berhad	Directors of the Manager
Subsidiaries and associates of Manulife as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager
Directors of Manulife Investment Management (M) Berhad	Directors of the Manager

Units held by the Manager:

(i) CNH-HEDGED CLASS

<u>As at:</u>	MANAGER MANULIFE INVESTMENT MANAGEMENT (M) BERHAD *	
	No. of units	USD
30.11.2020	-	-
30.11.2019	-	-

(ii) RM-HEDGED CLASS

<u>As at:</u>	MANAGER MANULIFE INVESTMENT MANAGEMENT (M) BERHAD *	
	No. of units	USD
30.11.2020	-	-
30.11.2019	391,901	47,890

(iii) USD CLASS

<u>As at:</u>	MANAGER MANULIFE INVESTMENT MANAGEMENT (M) BERHAD *	
	No. of units	USD
30.11.2020	-	-
30.11.2019	-	-

* The units are held legally and beneficially

The Manager is of the opinion that all transactions with the related parties have been entered into the normal course of business at agreed terms between the related parties.

In addition to the related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

MANULIFE ASIA TOTAL RETURN BOND FUND

13 MANAGEMENT EXPENSES RATIO ("MER")

	01.12.2019 to 30.11.2020	Financial period from 18.02.2019 (launch date) to 30.11.2019
	%	%
MER	1.31	1.02

MER represents expenses including Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and other expenses (excluding SST on transaction costs and withholding tax) expressed as an annual percentage of the Fund's average net asset value calculated on a daily basis.

14 PORTFOLIO TURNOVER RATIO ("PTR")

	01.12.2019 to 30.11.2020	Financial period from 18.02.2019 (launch date) to 30.11.2019
	%	%
PTR (times)	0.49	0.64

PTR represents the average of total acquisitions and disposals of investments in the Fund for the financial year/period over the Fund's average net asset value calculated on a daily basis.

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to all rules and regulations as stipulated by the Securities Commission's Guidelines on Unit Trust Funds.

Market risk

(a) Price risk

Price risk arises mainly from uncertainty about future prices of collective investment schemes. It represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The table below shows the assets of the Fund which are exposed to price risk.

	30.11.2020	30.11.2019
	USD	USD
Financial assets at fair value through profit or loss		
- Collective investment scheme	28,981,090	36,077,211

The following table summarises the sensitivity of the Fund's profit or loss before tax and net asset value to price risk movements as at the end of each reporting year. The analysis is based on the assumptions that the market price of the collective investment schemes fluctuates by 5% with all other variables being held constant. Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

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ASIA TOTAL RETURN BOND FUND

<u>As at:</u>	<u>Changes in price</u>	<u>Impact on profit of loss before tax</u>	<u>Impact on net asset value</u>
	%	USD	USD
<u>30.11.2020</u>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	1,449,055	1,449,055

30.11.2019

Financial assets at fair value through profit or loss			
- Collective investment scheme	5	1,803,861	1,803,861

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate.

The Fund's exposure to the interest rate risk is mainly confined to deposits with financial institutions. The Manager overcomes this exposure by way of maintaining deposits on short-term basis.

(c) Currency risk

For collective investment schemes denominated in foreign currencies, the currency risk may have a significant impact on the returns of the Fund. The Manager will evaluate the likely direction of a foreign currency versus US Dollar based on consideration of economic fundamentals such as interest rate differentials, balance of payment position, debt level and technical consideration.

The Fund's foreign currency risk concentrations are as follows:

<u>As at</u>	<u>Cash and cash equivalents</u>	<u>Amount due from Manager</u>	<u>Amount due from dealers</u>	<u>Total</u>
	USD	USD	USD	USD
<u>30.11.2020</u>				
MYR	62,909	45,096	151,035	259,040
CNH	125	496	1,179	1,800
	63,034	45,592	152,214	260,840

30.11.2019

MYR	79,516	-	-	79,516
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The table below summarises the sensitivity of the Fund's profit or loss before tax and net asset value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

MANULIFE

ASIA TOTAL RETURN BOND FUND

<u>As at:</u>	<u>Changes in foreign exchange</u>	<u>Impact on profit or loss before tax</u>	<u>Impact on net asset value</u>
	%	USD	USD
<u>30.11.2020</u>			
MYR	5	12,952	12,952
CNH	5	90	90
		<u>13,042</u>	<u>13,042</u>
<u>30.11.2019</u>			
MYR	5	<u>3,976</u>	<u>3,976</u>

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Manager manages credit risk by undertaking credit evaluation to minimise such a risk.

Credit risk arising from placement of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

The settlement terms of the proceeds from the creation of units receivable by the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

(i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. None of the Fund's financial assets were past due or impaired as at the reporting date.

(ii) Credit risk concentration

The following table analyses the Fund's cash at banks, amount due from Manager, amount due from stockbrokers and dividends receivable by rating categories. The rating is obtained from RAM Holdings Bhd's official website.

The maximum exposure to credit risk before any credit enhancements in the carrying amount of the financial assets is as set out below:

<u>As at</u>	Neither Past Due Nor Impaired					Total
	Cash and cash equivalents	Amount due from Manager	Amount due from investment scheme	Amount due from dealers	Derivative asset/ liability at fair value through profit or loss	
	USD	USD	USD	USD	USD	USD
<u>30.11.2020</u>						
AAA	944,933	-	-	-	201,983	1,146,916
Not rated	-	45,592	163,800	160,914	-	370,306
	<u>944,933</u>	<u>45,592</u>	<u>163,800</u>	<u>160,914</u>	<u>201,983</u>	<u>1,517,222</u>
<u>As at</u>						
<u>30.11.2019</u>						
AAA	1,026,328	-	-	-	-	1,026,328
Not rated		175,325	219,491	-	(120,364)	274,452
	<u>1,026,328</u>	<u>175,325</u>	<u>219,491</u>	<u>-</u>	<u>(120,364)</u>	<u>1,300,780</u>

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ASIA TOTAL RETURN BOND FUND

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining a sufficient level of liquid assets to meet anticipated payments and cancellations of units by unit holders. The liquid assets comprise cash at banks, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

The following table analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the following table are the contractual undiscounted cash flows.

As the unit holders can request for redemption of their units, they have been categorised as having maturity of "within one year". The financial assets of the Fund are grouped "within one year" as they are capable of being converted into cash should all of the Fund's unit holders redeem their units.

<u>As at</u>	<u>Within one year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>
<u>30.11.2020</u>		
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	28,981,090	28,981,090
Derivative assets at fair value through profit or loss	201,877	201,877
Amount due from Manager	45,592	45,592
Amount due from stockbrokers	163,800	163,800
Amount due from dealers	160,914	160,914
Cash and cash equivalents	944,933	944,933
	<u>30,498,206</u>	<u>30,498,206</u>

Financial liabilities

Amount due to Manager		
- Manager's fee	30,760	30,760
- Cancellation of units	233,566	233,566
Amount due to stockbrokers	8,330	8,330
Amount due to dealers	160,698	160,698
Amount due to Trustee	984	984
Derivative liabilities at fair value through profit or loss	106	106
Other payables	5,909	5,909
	<u>440,353</u>	<u>440,353</u>

<u>As at</u>	<u>Within one year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>
<u>30.11.2019</u>		
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	36,077,211	1,026,328
Amount due from Manager	175,325	36,077,211
Amount due from stockbrokers	219,491	175,325
Cash and cash equivalents	1,026,328	219,491
	<u>37,498,355</u>	<u>37,498,355</u>

MANULIFE ASIA TOTAL RETURN BOND FUND

<u>As at</u>	<u>Within one year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>
<u>30.11.2019</u>		
<u>Financial liabilities</u>		
Amount due to Manager		
- Manager's fee	38,256	38,256
Amount due to stockbrokers	219,404	219,404
Amount due to Trustee	1,224	1,224
Derivative liabilities at fair value through profit or loss	120,364	120,364
Other payables	4,430	4,430
	<u>383,678</u>	<u>383,678</u>

Capital risk

The capital of the Fund is represented by net assets attributable to unit holders of USD30,057,853 (2019: USD37,114,677). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders, and to maintain a strong capital base to support the development of the investment activities of the Fund.

Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active market for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets at fair value through profit or loss consisting of USD28,981,090 (2019: USD36,077,211) is classified within level 1. The carrying values of other financial assets/liabilities of the Fund are reasonable approximation of fair values due to their short-term maturity.

16 DISTRIBUTION

Distribution to unit holders is derived from the following sources:

i) CNH-HEDGED CLASS

	2020			
	1st Interim	2nd Interim	3rd Interim	4th Interim
	USD	USD	USD	USD
Realised income	7	4	38	207
Distribution equalisation	-	2	-	-
Less:				
Expenses	(2)	(2)	(7)	(26)
	<u>5</u>	<u>4</u>	<u>31</u>	<u>181</u>
Gross distribution per unit (cent in local currency)	<u>0.46</u>	<u>0.38</u>	<u>0.63</u>	<u>0.30</u>
Net distribution per unit (cent in local currency)	<u>0.46</u>	<u>0.38</u>	<u>0.63</u>	<u>0.30</u>
Ex-date	<u>17.02.2020</u>	<u>18.05.2020</u>	<u>17.8.2020</u>	<u>16.11.2020</u>

MANULIFE ASIA TOTAL RETURN BOND FUND

ii) RM-HEDGED CLASS

	2020			
	1st Interim	2nd Interim	3rd Interim	4th Interim
	USD	USD	USD	USD
Realised income	403,707	444,019	386,792	355,143
Distribution equalisation	-	105,114	-	9,426
Less:				
Expenses	(107,187)	(106,357)	(97,748)	(94,971)
	296,520	442,776	289,044	269,598
Gross distribution per unit (sen) (in local currency)	0.45	0.71	0.50	0.51
Net distribution per unit (sen) (in local currency)	0.45	0.71	0.50	0.51
Ex-date	17.02.2020	18.05.2020	17.8.2020	16.11.2020

iii) USD CLASS

	2020			
	1st Interim	2nd Interim	3rd Interim	4th Interim
	USD	USD	USD	USD
Realised income	29,468	23,538	20,276	20,361
Distribution equalisation	1,551	6,560	-	-
Less:				
Expenses	(6,673)	(6,560)	(6,310)	(5,685)
	24,346	23,538	13,966	14,676
Gross distribution per unit (cent in local currency)	0.58	0.58	0.41	0.42
Net distribution per unit (cent in local currency)	0.58	0.58	0.41	0.42
Ex-date	17.02.2020	18.05.2020	17.8.2020	16.11.2020

i) CNH-HEDGED CLASS

	2019	
	1st Interim	2nd Interim
	USD	USD
Realised income	-	15
Distribution equalisation	-	-
Less:		
Expenses	-	(4)
	-	11
Gross distribution per unit (cent in local currency)	-	1.00
Net distribution per unit (cent in local currency)	-	1.00
Ex-date	-	22.11.2019

MANULIFE ASIA TOTAL RETURN BOND FUND

ii) RM-HEDGED CLASS

	2019	
	1st Interim USD	2nd Interim USD
Realised income	246,091	644,484
Distribution equalisation	73,517	-
Less: Expenses	(156,405)	(109,409)
	<u>163,203</u>	<u>535,075</u>
Gross distribution per unit (sen) (in local currency)	<u>0.26</u>	<u>0.80</u>
Net distribution per unit (sen) (in local currency)	<u>0.26</u>	<u>0.80</u>
Ex-date	<u>26.8.2019</u>	<u>22.11.2019</u>

iii) USD CLASS

	2019	
	1st Interim USD	2nd Interim USD
Realised income	11,879	39,280
Distribution equalisation	80	8,709
Less: Expenses	(6,825)	(6,360)
	<u>5,134</u>	<u>41,629</u>
Gross distribution per unit (cent in local currency)	<u>0.14</u>	<u>0.99</u>
Net distribution per unit (cent in local currency)	<u>0.14</u>	<u>0.99</u>
Ex-date	<u>26.8.2019</u>	<u>22.11.2019</u>

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

There are unrealised gain of USD1,345,164 (2019: USD185,512) arising during the financial year/period.

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ASIA TOTAL RETURN BOND FUND

17 SEGMENT INFORMATION

The Manager determines the asset allocation on behalf of the Fund. The Fund determines the operating segments based on the objective of the Fund.

The Investment Manager is responsible for the Fund's entire portfolio and considers the business to have two operating segments.

The Manager is responsible for allocating resources available to the Fund in accordance with the overall investment strategies as set out in the Investment Guidelines of the Fund. The Fund is managed by two segments:

- A portfolio of investment in the feeder fund, MGF-Asia Total Return Fund
- A portfolio of deposits with financial institutions

The investment objective of each segment is to achieve consistent returns from the investments in each segment while safeguarding capital by investing in diversified portfolios.

	FVTPL assets	Deposits with financial institutions	Total
	USD	USD	USD
30.11.2020			
Interest income	-	288	288
Gross dividend income	1,514,158	-	1,514,158
Net gain on financial assets at fair value through profit or loss	1,046,459	-	1,046,459
Net gain on forward contract currency contracts	806,434	-	806,434
Net foreign currency exchange gain	4,835	-	4,835
Total segment operating income for the year	<u>3,371,886</u>	<u>288</u>	<u>3,372,174</u>
FVTPL financial assets	28,981,090	-	28,981,090
Cash and cash equivalents	-	944,933	944,933
Other assets	201,877	370,306	572,183
Total segment assets	<u>29,182,967</u>	<u>1,315,239</u>	<u>30,498,206</u>

30.11.2019			
Interest income	-	12,512	12,512
Gross dividend income	978,742	-	978,742
Net gain on financial assets at fair value through profit or loss	364,869	-	364,869
Net loss on forward contract currency contracts	(426,315)	-	(426,315)
Net foreign currency exchange loss	(59,871)	-	(59,871)
Total segment operating income for the year	<u>857,425</u>	<u>12,512</u>	<u>869,937</u>
FVTPL financial assets	36,077,211	-	36,077,211
Cash and cash equivalents	-	1,026,328	1,026,328
Other assets	-	394,816	394,816
Total segment assets	<u>36,077,211</u>	<u>1,421,144</u>	<u>37,498,355</u>

MANULIFE

ASIA TOTAL RETURN BOND FUND

Expenses of the Fund are not considered part of the performance of any operating segment. Liabilities of the Fund are also not considered to be part of the net liabilities of any individual segment.

18 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally, could result in a deterioration of the Fund's net asset value per unit as at the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

19 RECLASSIFICATION OF COMPARATIVES

As disclosed in Note 2, the net assets attributable to unit holders are classified as liabilities under the requirements of MFRS 132 "Financial Instruments: Presentation". In previous financial year, the net assets attributable to unit holders were classified as equity.

The reclassification of net assets attributable to unit holders did not give rise to any impact of the Net Asset Attributable to the unit holders of the Fund.

No restatements were made to the comparative financial statements except for the following:

	As previously disclosed	Reclassification	As restated
	USD	USD	USD
Statement of comprehensive income			
Profit before distribution and taxation	577,758	-	577,758
Distribution to unit holders	-	(662,746)	(662,746)
Profit/(Loss) before taxation	577,758	(662,746)	(84,988)
Net profit/(loss) for the financial year/period, representing the increase/(decrease) in net assets attributable to unit holders	577,758	(662,746)	(84,988)
Statement of changes in net assets attributable to unit holders			
Net profit/(loss) for the financial year/period, representing the increase/(decrease) in net assets attributable to unit holders	577,758	(662,746)	(84,988)
Distribution	(745,052)	662,746	(82,306)

13 CORPORATE INFORMATION

MANAGER

Manulife Investment Management (M) Berhad
Registration No.: 200801033087 (834424-U)
13th Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur

BOARD OF DIRECTORS

Dato' Md Agil Bin Mohd Natt (Independent)
Edmond Cheah Swee Leng (Independent)
Gianni Fiacco (Non-Independent)
Vibha Hamsi Coburn (Non-Independent)
Wong Boon Choy (Non-Independent)
Chong Soon Min (Jason) (Non-Independent Executive)

INVESTMENT COMMITTEE

Dato' Dr Zaha Rina Binti Zahari (Independent)
Dato' Md Agil Bin Mohd Natt (Independent)
Edmond Cheah Swee Leng (Independent)
Wong Boon Choy (Non-Independent)
Chong Soon Min (Jason) (Non-Independent)

INVESTMENT MANAGER

Manulife Investment Management (M) Berhad
Registration No: 200801033087 (834424-U)
10th Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur

TRUSTEE OF THE FUND

HSBC (Malaysia) Trustee Berhad
Registration No. 193701000084 (1281-T)
13th Floor, Bangunan HSBC, South Tower,
No.2, Leboh Ampang
50100 Kuala Lumpur

AUDITORS

Ernst & Young
Registration No: 202006000003 (LLP0022760-LCA) & AF 0039
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

TAX CONSULTANTS

Deloitte Tax Services Sdn Bhd
Registration No: 197701005407 (36421-T)
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

MANULIFE

ASIA TOTAL RETURN BOND FUND

HEAD OFFICE

Manulife Investment Management (M) Berhad
Registration No.: 200801033087 (834424-U)
13th Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur
Tel: (03) 2719-9228 Fax: (03) 2094-7654
E-mail : MY_CustomerService@manulife.com
Website: www.manulifeinvestment.com.my

BRANCH OFFICES

Kota Bharu

1st Floor, Lot 10900
Wisma Seri Setia
Jalan Dusun Muda, Sek 26
15200 Kota Bharu
Kelantan
Tel: (09) 747-2388
Fax: (09) 747-2588

Sungai Petani

Lot 88, No. 17, 2nd Floor
Jalan Perdana Heights 2/2
Perdana Heights
08000 Sungai Petani
Kedah Darul Aman
Tel: (04) 423-3233
Fax: (04) 423-3233

Penang

1-2-18, Elit Avenue,
Jalan Mayang Pasir 3,
11950 Bayan Baru,
Penang
Tel: (04) 611-9944 / 618-0044
Fax: (04) 618-0505

Ipoh

No. 1, 1A & 1B
Pusat Perdagangan Canning 2
Pusat Perdagangan Canning
31400 Ipoh
Perak Darul Ridzuan
Tel: (05) 541-6839
Fax: (05) 541-6627

Dataran Sunway

26-2 & 28-2, Jalan PJU 5/8
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 6140-8101 / 6140-8102
Fax: (03) 6140-8103

Shah Alam

30-1, Block 5,
Jalan Setia Prima (S)
U13/S, Setia Alam,
Seksyen U13,
40170 Shah Alam
Selangor Darul Ehsan
Tel: (03) 3362-6668
Fax: (03) 3362-6662

MANULIFE ASIA TOTAL RETURN BOND FUND

Klang

No. 3-1 & 3-2,
Jalan Mahogani 5/K507,
Bandar Botanic,
41200 Klang
Selangor Darul Ehsan
Tel: (03) 3318-6088
Fax: (03) 3318-4011

Kuala Lumpur

2nd Floor, Menara Manulife
No. 6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur
Tel: (03) 2719-9204

Seremban

160-2, Taipan Senawang
Jalan Taman Komersil Senawang 1
Taman Komersil Senawang
70450 Seremban
Negeri Sembilan
Tel: (06) 671-5019
Fax: (06) 678-0016

Melaka

No. 87-01 & 87-02
Jalan Melaka Raya 25
Taman Melaka Raya 1
75000 Melaka
Tel: (06) 281-3866
Fax: (06) 282-0587

Johor Bahru

No. 1-01, Jalan Setia Tropika 1/15
Taman Setia Tropika
81200 Johor Bahru
Johor Darul Takzim
Tel: (07) 234-5871
Fax: (07) 234-4620

Kuching

No. 63 & 65, 2nd Floor
Jalan Tun Jugah
93350 Kuching
Sarawak
Tel: (082) 593-380
Fax: (082) 593-382

Miri

Lot. 3554, 1st & 2nd Floor
Block 5 MCLD
Jalan Miri Pujut
101 Commercial Centre
98000 Miri
Sarawak
Tel: (085) 325-770
Fax: (085) 326-262

Bintulu

No. 2, Lot 3288
1st Floor
Parkcity Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu
Sarawak
Tel: (086) 343-288
Fax: (086) 343-289

MANULIFE ASIA TOTAL RETURN BOND FUND

Sibu

No. 1 & 3, 1st Floor, Lorong 1,
Jalan Tun Abang Haji Openg
96000 Sibu
Sarawak
Tel: (084) 320-469
Fax: (084) 320-476

Kota Kinabalu

Lot J-55-2, Block J,
2nd Floor, Signature Office,
KK Times Square,
Off Jalan Coastal Highway,
88100 Kota Kinabalu
Sabah
Tel: (088) 486-671 / 486-672
Fax: (088) 486-670

Sandakan

Taman Nasalim Shoplot
Lot 88, 1st Floor, Phase 7A
Jalan Lintas Utara
90000 Sandakan
Sabah
Tel: (089) 220-220 / 229-045
Fax: (089) 226-868

