Manulife Investment Management

January 2022
Factsheet

Manulife Asia Total Return Bond Fund

Fund category

Feeder Fund (Bond)

Fund objective

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

Investor profile

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

Fund manager

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

Trustee

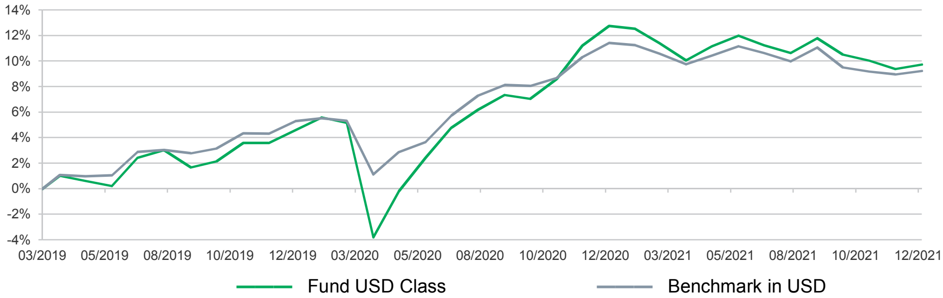
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Dec 2021)

NAV/unit (USD Class)	USD 0.4934
NAV/unit (RM-Hedged Class)	RM 0.5034
NAV/unit (CNH-Hedged Class)	CNH 0.5119
Fund size	USD 18.41 mil
Units in circulation	142.29 mil
Fund launch date	18 Feb 2019
Fund inception date	11 Mar 2019
Financial year	30 Nov
Currency	USD
Management fee	Up to 1.25% of NAV p.a.
Trustee fee	0.04% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 3.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Quarterly, if any
Benchmark	50% JP Morgan Emerging Local Markets Index Plus (Asia) + 50% JP Morgan Asia Credit Index

Fund performance

Since inception performance as at 31 December 2021*



Total return over the following periods ended 31 December 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	0.33	-1.36	-2.66	-2.66	-	-	9.74
Benchmark in USD (%)	0.25	-1.26	-1.96	-1.96	-	-	9.23
Fund RM-Hedged Class (%)	0.32	-0.78	-1.62	-1.62	-	-	12.15
Benchmark in USD (%)	0.25	-1.26	-1.96	-1.96	-	-	9.23
Fund CNH-Hedged Class (%)	0.61	-0.11	-0.30	-0.30	-	-	12.71
Benchmark in USD (%)	0.25	-1.26	-1.96	-1.96	-	-	8.06

Calendar year returns*

	2017	2018	2019	2020	2021
Fund USD Class (%)	-	-	4.59	7.79	-2.66
Benchmark in USD (%)	-	-	5.29	5.82	-1.96
Fund RM-Hedged Class (%)	-	-	5.11	8.46	-1.62
Benchmark in USD (%)	-	-	5.29	5.82	-1.96
Fund CNH-Hedged Class (%)	-	-	3.98	8.72	-0.30
Benchmark in USD (%)	-	-	4.16	5.82	-1.96

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

Top 5 holdings#

No.	Security name	% NAV
1	China Government Bond 2.85% 06/04/2027	3.1
2	China Government Bond 2.68% 05/21/2030	3.0
3	India Government Bond 5.77% 08/03/2030	2.8
4	Indonesia Treasury Bond 6.125% 05/15/2028	2.7
5	Indonesia Treasury Bond 7% 05/15/2027	2.7

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Treasuries	44.3
2	Investment Grade Corporates	20.6
3	High Yield Corporates	16.5
4	Government-Related	10.1
5	Non-rated Corporates	3.4
6	Cash & Cash Equivalents	5.1

Geographical allocation#

No.	Geographical name	% NAV
1	China	34.6
2	Indonesia	16.5
3	India	11.4
4	South Korea	10.7
5	Others	26.8

Highest & lowest NAV

	2019	2020	2021
High	0.5174	0.5301	0.5318
Low	0.4985	0.4511	0.4838

Distribution by financial year

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

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

MANULIFE GLOBAL FUND - ASIA TOTAL RETURN FUND

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Manulife Asia Total Return Bond Fund

Market review

In the United States, Treasury yields moved higher over the month amid continued inflationary pressure and monetary policy tightening despite Omicron fears. US consumer price inflation remained elevated in November at 6.8% year-on-year, hitting a four-decade high. On the monetary policy front, the US Federal Reserve Board (Fed) said it would end its pandemic-era bond purchase programme by March 2022, paving the way for three rate hikes of 25 basis points (bps) in 2022 as expected by most of the Fed members. Over the month, the 10-year Treasury yield trended higher from 1.44% to 1.51%.

In China, economic data pointed to a continued slowdown amid the sluggish consumption recovery and property sales slump; the Caixin Manufacturing Purchasing Managers' Index slipped into contraction territory at 49.9 (November) from 50.6 (October) for the first time in three months. On the other hand, the People's Bank of China cut the bank reserve requirement ratio (RRR) by 50 bps, releasing US$188 billion worth of long-term liquidity into the interbank system, and cut its one-year loan prime rate by 5 bps to 3.80%. China's onshore government bond yields fell over the period. In India, local government bond yields were higher on the back of inflationary pressure and the Reserve Bank of India's surprised introduction of an out-of-calendar three-day variable rate reverse repo to reduce liquidity. In Indonesia, local government bond yields trended higher over the month, tracking the US Treasury yield movement. Bank Indonesia left its benchmark rate unchanged to maintain the rupiah's stability.

Asian credit markets posted negative returns over the month. The Asian high yield corporate segment underperformed Asian investment grade credit mainly owing to selective Chinese high yield property developers and Sri Lanka; the JP Morgan Asian High Yield Corporate Bond Index decreased by 0.94%, while the JP Morgan Asian Investment Grade Corporate Bond Index decreased by 0.26% in US dollar terms. In the Chinese property sector space, state-owned and some high quality private-owned property developers were supported by policies such as the RRR cut. On the other hand, more positive progress on a state-owned Chinese asset management company's capital raising including onshore bond issuance and asset sales further boosted the asset management sector sentiment. The primary market was muted in year-end amid the holiday season.

The performance of Asian currencies against the US dollar was mixed. The Singapore dollar outperformed regional peers on positive economic data, especially the strong rebound in its imports supported by semiconductor demand. On the other hand, the Philippine peso underperformed due to the current account deficit and typhoon damage.

Market outlook

Looking into 2022, the gradual US economic recovery and the Fed's tapering process should support a higher US yield curve environment. North Asian economies have generally fared better in terms of economic recovery compared to South Asian counterparts in 2021. Increasingly more South Asian economies are adopting a coexisting approach with Covidd-19, reopening borders with higher vaccination rates which could be positive for their growth trajectories. However, the widespread Omicron variant could spark market volatility. In China, the property sector was heavily sold-off in 2021 due to negative news flows and concerns about rising defaults. In 2022, we are likely to see greater consolidation in the sector and believe the market has priced in excessive default risks. Many quality companies are now being offered at compelling valuations; we see it as an opportune time and environment for active investors to navigate the cycle, as market weakness is likely to bring out value opportunities in fundamentally strong issuers. Overall, we remain cognisant of both systemic and idiosyncratic risks while seeking out attractive opportunities and believe that bottom-up credit selection will be key in generating further returns going forward.

Feeder fund review

In December, the Feeder Fund posted a) 0.33% versus the benchmark return of 0.25% for its USD class; b) 0.32% versus the benchmark return of 0.25% for its RM-Hedged class; and c) 0.61% versus the benchmark return of 0.25% for its CNH-Hedged class.

The portfolio's overall security selection contributed to performance; US dollar-denominated bond holdings of some Chinese property developers were notable outperformers. In addition, underweight US dollar interest rate duration positioning contributed amid higher US Treasury yields. On the other hand, the portfolio's zero exposure to Singapore local currency bonds detracted from performance as the Singapore dollar strengthened against US dollar. Over the period, the portfolio took profit US dollar-denominated bonds of a Pan-Asian insurance company amid strong performance. On the other hand, the portfolio sold US dollar-denominated bonds of some Chinese property developers on risk management purposes, whilst taking the opportunity to add US dollar-denominated bonds of a higher quality Chinese property developer and a Chinese renewable energy producer.