

Manulife Asia Total Return Bond Fund

Annual Report

for the financial year ended 30 November 2021

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 18 February 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, and 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 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 net asset value (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 assets are 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 2021, the Feeder Fund declined on the back of strong economy data, inflationary pressures and the US Federal Reserve's (Fed's) announcement plans to turn off liquidity spigot. The Fund's RM-Hedged Class and USD Class decreased 0.52% and 1.64% respectively while the Fund's CNH-Hedged Class rose 0.66%. The benchmark posted a loss of 1.22%, resulting the outperformance numbers to be 0.70% for its RM-Hedged Class and 1.88% for its CNH-Hedged Class as well as an underperformance number of 0.42% for its USD Class.

The gross distribution of 0.55 sen per unit for RM-Hedged Class, 0.53 cent per unit for USD Class and 0.40 cent per unit in CNH-Hedged Class on 5 February 2021 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.5301 for RM-Hedged Class, USD0.5246 for USD Class and CNH0.5324 for CNH-Hedged Class respectively.

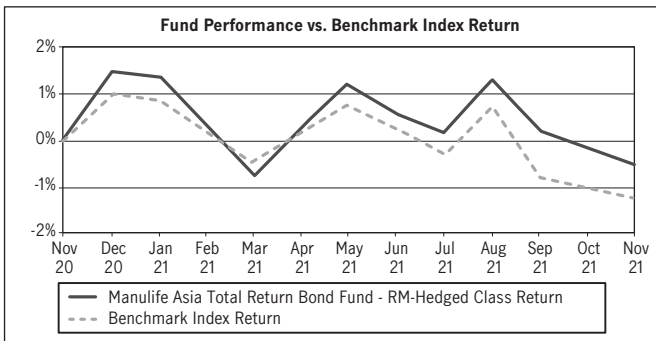
The gross distribution of 0.59 sen per unit for RM-Hedged Class, 0.55 cent per unit for USD Class and 0.57 cent per unit for CNH-Hedged Class on 7 May 2021 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.5195 for RM-Hedged Class, USD0.5136 for USD Class and CNH0.5238 for CNH-Hedged Class respectively.

The gross distribution of 0.60 sen per unit for RM-Hedged Class, 0.61 cent per unit for USD Class and 0.59 cent per unit for CNH-Hedged Class on 9 August 2021 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.5135 for RM-Hedged Class and USD0.5055 for USD Class and CNH0.5196 for CNH-Hedged Class.

The gross distribution of 0.57 sen per unit for RM-Hedged Class, 0.59 cent per unit for USD Class and 0.61 cent per unit for CNH-Hedged Class on 8 November 2021 had the effect of reducing the NAV per unit of the Fund, and the ex-distribution NAV per unit were RM0.4942 RM-Hedged Class, USD0.4852 for USD Class and CNH0.5015 for CNH-Hedged Class.

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

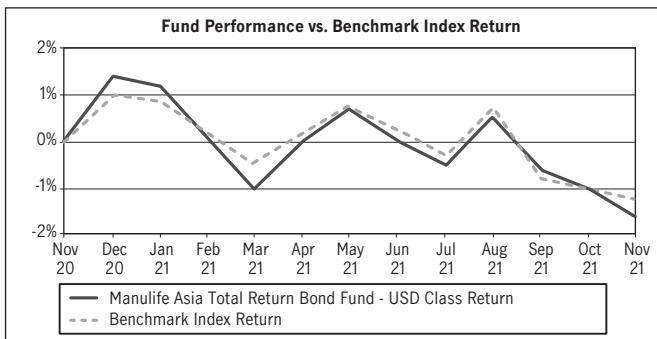
RM-Hedged Class



Source: Lipper & RIMES

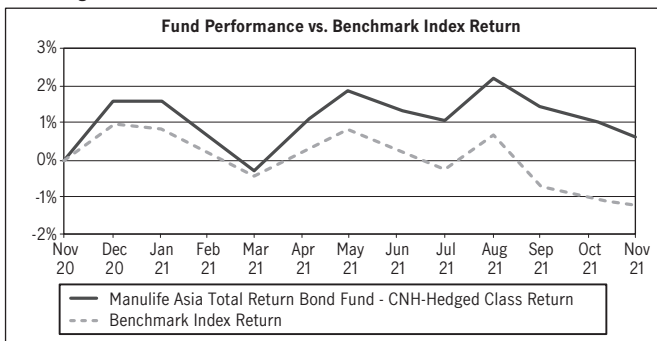
MANULIFE ASIA TOTAL RETURN BOND FUND

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

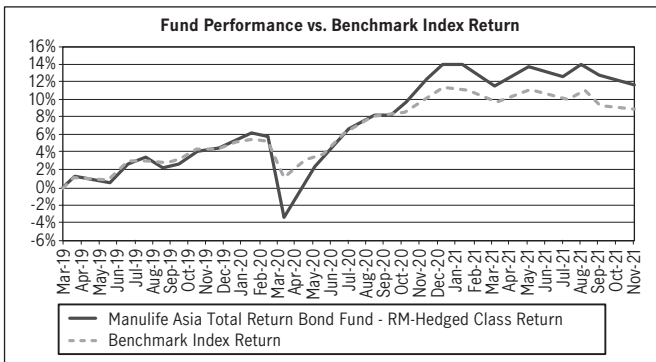
Fund Size

The Fund's total NAV decreased to USD18.18mil from USD30.06mil during the financial year under review.

Fund Returns

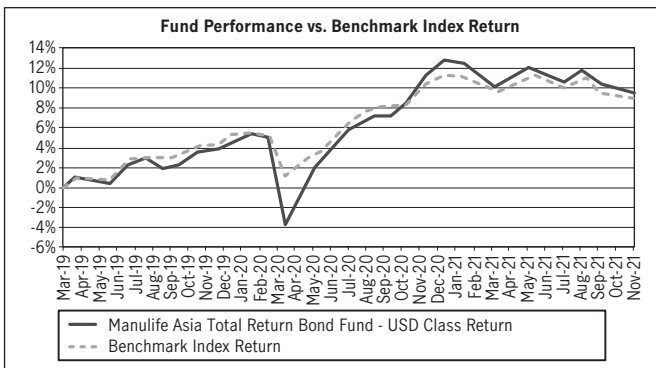
- (a) The graph below compares the since commencement performance of the Fund against its benchmark return:

RM-Hedged Class



Source: Lipper & RIMES

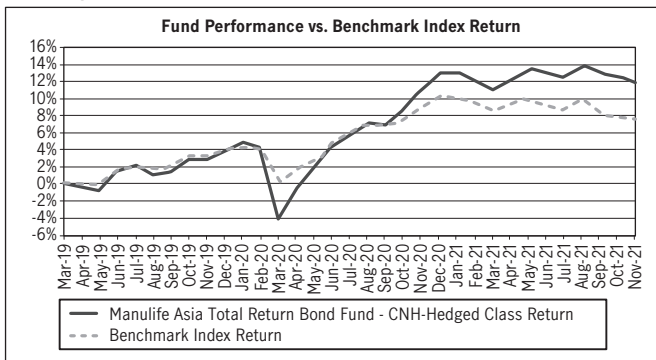
USD Class



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 2021	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(0.52)	(1.22)
Since Commencement	4.17	3.19
Investment Commencement Date: 11 March 2019		

Source: Lipper & RIMES

USD Class

For the financial year ended 30 November 2021	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(1.64)	(1.22)
Since Commencement	3.34	3.19
Investment Commencement Date: 11 March 2019		

Source: Lipper & RIMES

CNH-Hedged Class

For the financial year ended 30 November 2021	Fund (% p.a.)	Benchmark (% p.a.)
1 year	0.66	(1.22)
Since Commencement	4.35	2.85
Investment 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 2021	(0.52)	(1.22)
30 November 2020	7.88	5.75
Since Commencement to 30 November 2019	4.17	4.31
Investment 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 2021	(1.64)	(1.22)
30 November 2020	7.35	5.75
Since Commencement to 30 November 2019	3.59	4.31
Investment Commencement Date: 11 March 2019		

Source: Lipper & RIMES

CNH-Hedged Class

For the financial year ended:	Fund (% p.a.)	Benchmark (% p.a.)
30 November 2021	0.66	(1.22)
30 November 2020	8.26	5.75
Since Commencement to 30 November 2019	2.80	3.19
Investment 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 with its since commencement average total return to be 4.17% p.a. for its RM-Hedged Class and 3.34% p.a. for its USD Class.

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 past three financial years:

Fund Data	30 November 2021	30 November 2020	30 November 2019
Net Asset Value (USD)			
RM-Hedged Class	16,244,661	27,912,645	34,922,819
USD Class	1,737,862	2,105,002	2,191,300
CNH-Hedged Class	194,700	40,206	558
Units in Circulation ('000)			
RM-Hedged Class	136,290	215,460	285,798
USD Class	3,534	4,025	4,326
CNH-Hedged Class	2,438	502	8
NAV (per unit)-in respective currencies			
RM-Hedged Class	0.5018	0.5275	0.5102
USD Class	0.4918	0.5229	0.5066
CNH-Hedged Class	0.5088	0.5270	0.5040
Highest / Lowest NAV (per unit) -in respective currencies			
RM-Hedged Class	0.5367/0.4931	0.5292/0.4565	0.5186/0.5000
USD Class	0.5318/0.4838	0.5237/0.4511	0.5174/0.4985
CNH-Hedged Class	0.5377/0.5006	0.5270/0.4518	0.5153/0.4933
1st Quarter Distribution			
- RM-Hedged Class			
Gross (RM per unit)	0.0055	0.0045	0.0026
Net (RM per unit)	0.0055	0.0045	0.0026
- USD Class			
Gross (USD per unit)	0.0053	0.0058	0.0014
Net (USD per unit)	0.0053	0.0058	0.0014
- CNH-Hedged Class			
Gross (CNH per unit)	0.0040	0.0046	-
Net (CNH per unit)	0.0040	0.0046	-
Ex-date	05.02.2021	17.02.2020	26.08.2019
2nd Quarter Distribution			
- RM-Hedged Class			
Gross (RM per unit)	0.0059	0.0071	0.0080
Net (RM per unit)	0.0059	0.0071	0.0080
- USD Class			
Gross (USD per unit)	0.0055	0.0058	0.0099
Net (USD per unit)	0.0055	0.0058	0.0099
- CNH-Hedged Class			
Gross (CNH per unit)	0.0057	0.0038	0.0100
Net (CNH per unit)	0.0057	0.0038	0.0100
Ex-date	07.05.2021	18.05.2020	22.11.2019
3rd Quarter Distribution			
- RM-Hedged Class			
Gross (RM per unit)	0.0060	0.0050	-
Net (RM per unit)	0.0060	0.0050	-
- USD Class			
Gross (USD per unit)	0.0061	0.0041	-
Net (USD per unit)	0.0061	0.0041	-
- CNH-Hedged Class			
Gross (CNH per unit)	0.0059	0.0063	-
Net (CNH per unit)	0.0059	0.0063	-
Ex-date	09.08.2021	17.08.2020	-
Final Distribution			
- RM-Hedged Class			
Gross (RM per unit)	0.0057	0.0051	-
Net (RM per unit)	0.0057	0.0051	-
- USD Class			
Gross (USD per unit)	0.0059	0.0042	-
Net (USD per unit)	0.0059	0.0042	-
- CNH-Hedged Class			
Gross (CNH per unit)	0.0061	0.0030	-
Net (CNH per unit)	0.0061	0.0030	-
Ex-date	08.11.2021	16.11.2020	-

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ASIA TOTAL RETURN BOND FUND

Fund Data	30 November 2021	30 November 2020	30 November 2019
Total Fund Return (%)			
- RM-Hedged Class	(0.52)	7.88	4.17
NAV Return (%)	(4.87)	3.39	2.04
Income Return (%)	4.57	4.35	2.09
Total Fund Return (%)			
- USD Class	(1.64)	7.35	3.59
NAV Return (%)	(5.95)	3.22	1.32
Income Return (%)	4.58	4.01	2.24
Total Fund Return (%)			
- CNH-Hedged Class	0.66	8.26	2.80
NAV Return (%)	(3.45)	4.56	0.80
Income Return (%)	4.26	3.54	1.98
Management Expenses Ratio (%)	1.32	1.31	1.02
Portfolio Turnover Ratio (times)	0.57	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 period remains fairly consistent with the previous financial period.

(ii) Portfolio Turnover Ratio (PTR)

PTR is computed based on the average of the acquisitions and disposals of investments of the Fund 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 higher as compared to the previous financial year mainly due to the increase in trading actives.

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ASIA TOTAL RETURN BOND FUND

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 three financial years:

2021

RM-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV RM	GROSS DISTRIBUTION RM	EX DISTRIBUTION NAV RM
08.11.2021	0.5010	(0.0057)	0.4953
09.08.2021	0.5200	(0.0060)	0.5140
07.05.2021	0.5245	(0.0059)	0.5186
05.02.2021	0.5359	(0.0055)	0.5304

USD Class

EX-DATE	CUM DISTRIBUTION NAV USD	GROSS DISTRIBUTION USD	EX DISTRIBUTION NAV USD
08.11.2021	0.4920	(0.0059)	0.4861
09.08.2021	0.5122	(0.0061)	0.5061
07.05.2021	0.5182	(0.0055)	0.5127
05.02.2021	0.5305	(0.0053)	0.5252

CNH-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV CNH	GROSS DISTRIBUTION CNH	EX DISTRIBUTION NAV CNH
08.11.2021	0.5086	(0.0061)	0.5025
09.08.2021	0.5258	(0.0059)	0.5199
07.05.2021	0.5285	(0.0057)	0.5228
05.02.2021	0.5368	(0.0040)	0.5328

2020

RM-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV RM	GROSS DISTRIBUTION RM	EX DISTRIBUTION NAV RM
16.11.2020	0.5280	(0.0051)	0.5229
17.08.2020	0.5159	(0.0050)	0.5109
18.05.2020	0.4918	(0.0071)	0.4847
17.02.2020	0.5232	(0.0045)	0.5187

USD Class

EX-DATE	CUM DISTRIBUTION NAV USD	GROSS DISTRIBUTION USD	EX DISTRIBUTION NAV USD
16.11.2020	0.5226	(0.0042)	0.5184
17.08.2020	0.5111	(0.0041)	0.5070
18.05.2020	0.4868	(0.0058)	0.4810
17.02.2020	0.5194	(0.0058)	0.5136

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CNH-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV CNH	GROSS DISTRIBUTION CNH	EX DISTRIBUTION NAV CNH
16.11.2020	0.5256	(0.0030)	0.5226
17.08.2020	0.5144	(0.0063)	0.5081
18.05.2020	0.4871	(0.0038)	0.4833
17.02.2020	0.5183	(0.0046)	0.5137

2019

RM-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV RM	GROSS DISTRIBUTION RM	EX DISTRIBUTION NAV RM
22.11.2019	0.5181	(0.0080)	0.5101
26.08.2019	0.5112	(0.0026)	0.5086

USD Class

EX-DATE	CUM DISTRIBUTION NAV USD	GROSS DISTRIBUTION USD	EX DISTRIBUTION NAV USD
22.11.2019	0.5164	(0.0099)	0.5065
26.08.2019	0.5089	(0.0014)	0.5075

CNH-Hedged Class

EX-DATE	CUM DISTRIBUTION NAV CNH	GROSS DISTRIBUTION CNH	EX DISTRIBUTION NAV CNH
22.11.2019	0.5141	(0.0100)	0.5041
26.08.2019	-	-	-

2.2 ASSET ALLOCATION

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

Sector Allocation	% of Net Asset Value		
	30 November 2021	30 November 2020	30 November 2019
Collective Investment Scheme	97.63	96.42	97.20
Deposits With Licensed Financial Institutions	0.23	-	-
Other Assets & Liabilities	2.14	3.58	2.80

As at 30 November 2021, the Fund was 97.63% invested in collective investment scheme and 2.37% in cash and cash equivalent instruments. The Fund remained fully invested and a minimal level of cash was maintained for liquidity purposes.

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Asset allocation of the Target Fund for the financial year ended:

Sector Allocation	% of Net Asset Value		
	30 November 2021	30 November 2020	30 November 2019
Treasury	47.50	50.10	49.10
Investment Grade Corporates	22.40	17.80	18.20
High Yield Corporates	16.50	18.50	18.00
Government-related	9.20	8.20	10.00
Non-rated Corporates	3.80	1.90	1.90
Cash & Cash Equivalents	0.60	3.50	2.80

Country Allocation	% of Net Asset Value		
	30 November 2021	30 November 2020	30 November 2019
China	35.50	32.20	29.50
Indonesia	16.40	23.20	18.90
South Korea	14.20	11.20	11.90
India	11.30	-	-
Malaysia	-	8.50	9.60
Others	22.60	24.90	30.00

2.3 MARKET REVIEW

During the financial year under review (1st December 2020 to 30th November 2021), In the United States, Treasury yields moved higher over the year on the back of positive economic data, continued inflationary pressure and a hawkish US Federal Reserve Board (Fed). The Biden administration passed new fiscal packages in the first half of 2021, supporting the economy while US economic data came in stronger-than-expected; consumer price inflation continued its upward trajectory and surpassed 6% year-on-year in October, reaching its highest level since November 1990. On the monetary policy front, the Fed began tapering its US\$120 billion bond-buying programme in November 2021 at a pace of US\$15 billion a month with potential acceleration of the tapering process. Over the period, the 10-year Treasury yield trended higher from 0.84% to 1.44%.

In China, economic data suggested renewed economic momentum; the Caixin Manufacturing Purchasing Managers' Index ended the period in expansionary territory with a 50.6 reading in October. The People's Bank of China signalled a more dovish tone in its latest quarterly monetary report and increased open market operations to inject liquidity into the financial system. China's onshore government bond yields fell over the period. In India, local government bond yields trended higher as the Reserve Bank of India began policy normalisation and announced the suspension of pandemic-related quantitative easing stimulus. Moody's also upgraded its outlook on India from "negative" to "stable" due to the sustained economic recovery. In Indonesia, local government bond yields moved lower as Bank Indonesia maintained an accommodative stance and extended the "burden sharing" scheme to purchase bonds next year. The central bank cut its 2021 growth forecast to 3.2-4% from 3.5-4.3%, but slightly upgraded the outlook for 2022 to 4.7-5.5%. In South Korea, the Bank of Korea raised its policy rate two times by 25 basis points each to 1% to curb rising household debts and inflation, becoming the first in Asia to normalise their policy rate.

Asian credit markets posted negative returns over the year owing to higher US Treasury yields and wider credit spreads in the high yield space. The Asian high yield corporate segment underperformed Asian investment grade credit; the JP Morgan Asian High Yield Corporate Bond Index decreased by 10.55%, while the JP Morgan Asian Investment Grade Corporate Bond Index edged higher by 0.41% in US dollar terms. Policy-wise, Chinese regulators relaxed mortgage approvals and eased onshore bond issuance for Chinese property developers. Investor sentiment towards the Chinese property sector remained jittery with disappointing November property contract sales figures while some market participants wait for further policy easing.

The performance of Asian currencies against the US dollar was mixed. The Chinese renminbi outperformed regional peers amid a well-contained Covid-19 situation and twin surplus. On the other hand, the Thai baht underperformed regional peers amid uncertainty over the Omicron variant on its tourism-reliant economy.

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2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

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

2.5 BREAKDOWN OF UNIT HOLDINGS BY SIZE AS AT 30 NOVEMBER 2021

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	199	35.16	438	0.32
5,001 to 10,000	80	14.13	614	0.45
10,001 to 50,000	187	33.04	4,261	3.13
50,001 to 500,000	85	15.02	11,900	8.73
Above 500,001	15	2.65	119,077	87.37
Manager's stock	-	-	-	-
Total	566	100.00	136,290	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	1	16.67	10	0.28
10,001 to 50,000	-	-	-	-
50,001 to 500,000	3	50.00	569	16.10
Above 500,001	2	33.33	2,955	83.62
Manager's stock	-	-	-	-
Total	6	100.00	3,534	100.00

CNH-Hedged Class

Size of Holdings	No. of Unit Holders	%	No. of Units Held ('000)	%
5,000 and below	-	-	-	-
5,001 to 10,000	1	50.00	5	0.24
10,001 to 50,000	-	-	-	-
50,001 to 500,000	-	-	-	-
Above 500,001	1	50.00	2,433	99.76
Manager's stock	-	-	-	-
Total	2	100.00	2,438	100.00

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ASIA TOTAL RETURN BOND FUND

2.6 STATE OF AFFAIRS

NOTIFICATION OF CHANGES

A new Fourth Supplemental Master Prospectus dated 13 September 2021 was issued to make the following general and administrative updates:

- an update to the contact information of the Manager and the Trustee;
- an update to the board of directors of the Manager;
- an update to the particulars of the Trustee's delegate;
- inclusion of a disclosure that the Manager reserves the right to request for additional documentation before an application for investment is made; and
- change of Management Company and reduction of Management Company fee of the Target Fund.

The Fourth Supplemental Master Prospectus dated 13 September 2021 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 2021, the Manager and its Fund Manager did not receive any rebates or soft commissions.

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 2021 and of its financial performance, changes in net assets attributable to unit holders and cash flows of the Fund for the financial year ended 30 November 2021 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 2022

MANULIFE ASIA TOTAL RETURN BOND FUND

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 2021. 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 2.17 cents per unit (gross) for CNH-Hedged Class, 2.31 sen per unit (gross) for RM-Hedged Class and 2.28 cents per unit (gross) for USD Class have been distributed to the unit holders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objectives of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
25 January 2022

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 2021 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 19 to 43.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 November 2021, 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 Independence Standard) ("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 the 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.

MANULIFE 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 Matters

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. 03313/07/2023 J
Chartered Accountants

Kuala Lumpur
25 January 2022

MANULIFE ASIA TOTAL RETURN BOND FUND

7 STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

	Note	2021 USD	2020 USD
INVESTMENT (LOSS)/INCOME			
Interest income from deposits with licensed financial institutions at amortised cost		100	288
Gross dividend income		1,072,790	1,514,158
Net (loss)/gain on financial assets at fair value through profit or loss	6	(1,113,908)	1,046,459
Net (loss)/gain on forward foreign currency contracts	7	(465,662)	806,434
Net foreign currency exchange gain		1,898	4,835
		<u>(504,782)</u>	<u>3,372,174</u>
EXPENSES			
Manager's fee	3	305,402	417,193
Trustee's fee	4	9,773	13,350
Auditors' remuneration		1,576	1,620
Tax agent's fee		645	663
Other expenses		4,089	3,655
		<u>321,485</u>	<u>436,481</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(826,267)	2,935,693
FINANCE COST	16		
- CNH-Hedged Class		(8,427)	(219)
- RM-Hedged Class		(949,234)	(1,183,398)
- USD Class		(89,870)	(68,415)
(LOSS)/PROFIT BEFORE TAXATION		(1,873,798)	1,683,661
TAXATION	5	-	-
NET (LOSS)/PROFIT FOR THE FINANCIAL REPRESENTING THE (DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>(1,873,798)</u>	<u>1,683,661</u>
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>(1,873,798)</u>	<u>1,683,661</u>
(Decrease)/increase in net assets attributable to unit holders is made up as follows:			
Realised		(5,392)	338,497
Unrealised		(1,868,406)	1,345,164
		<u>(1,873,798)</u>	<u>1,683,661</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

8 STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2021

	Note	30.11.2021 USD	30.11.2020 USD
ASSETS			
Financial assets at fair value through profit or loss	6	17,745,623	28,981,090
Derivative assets at fair value through profit or loss	7	42	201,877
Amount due from Manager	3	496	45,592
Amount due from manager of collective investment scheme			
- Sale of collective investment scheme		12,886	163,800
Amount due from dealers		185,942	160,914
Cash and cash equivalents	8	742,455	944,933
TOTAL ASSETS		18,687,444	30,498,206
LIABILITIES			
Amount due to Manager			
- Manager's fee	3	19,088	30,760
- Cancellation of units		193,430	233,566
Amount due to manager of collective investment scheme			
- Purchase of collective investment scheme		-	8,330
Amount due to dealers		185,232	160,698
Amount due to Trustee	4	611	984
Derivative liabilities at fair value through profit or loss	7	104,892	106
Other payables	9	6,968	5,909
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		510,221	440,353
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	2	18,177,223	30,057,853
NET ASSET VALUE ("NAV") OF THE FUND		18,177,223	30,057,853
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS			
- CNH-Hedged Class		194,700	40,206
- RM-Hedged Class		16,244,661	27,912,645
- USD Class		1,737,862	2,105,002
		18,177,223	30,057,853
UNITS IN CIRCULATION (UNITS)			
- CNH-Hedged Class	10 (i)	2,438,485	501,993
- RM-Hedged Class	10 (ii)	136,289,647	215,459,841
- USD Class	10 (iii)	3,533,780	4,025,467
		142,261,912	219,987,301

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	0.0798	0.0801
- RM-Hedged Class	0.1192	0.1295
- USD Class	0.4918	0.5229

NAV PER UNIT IN RESPECTIVE CURRENCIES

NAV PER UNIT - CNH-Hedged Class	0.5088	0.5270
NAV PER UNIT- RM-Hedged Class	0.5018	0.5275
NAV PER UNIT - USD Class	0.4918	0.5229

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

9 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

	<u>30.11.2021</u>	<u>30.11.2020</u>
	USD	USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	30,057,853	37,114,677
Movement due to units created and cancelled during the financial year:		
Creation of units arising from applications		
- CNH-Hedged Class	231,290	42,979
- RM-Hedged Class	7,085,640	8,133,128
- USD Class	563,108	1,249,991
Creation of units arising from distributions		
- CNH-Hedged Class	8,427	221
- RM-Hedged Class	942,934	1,297,936
- USD Class	89,870	76,527
Cancellation of units		
- CNH-Hedged Class	(80,325)	(4,836)
- RM-Hedged Class	(17,948,629)	(17,946,059)
- USD Class	(899,147)	(1,467,719)
Distribution equalisation	16	
- CNH-Hedged Class	-	(2)
- RM-Hedged Class	-	(114,540)
- USD Class	-	(8,111)
	<u>20,051,021</u>	<u>28,374,192</u>
Net (loss)/profit for the financial year, representing the (decrease)/increase in net assets attributable to unit holders	<u>(1,873,798)</u>	<u>1,683,661</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>18,177,223</u></u>	<u><u>30,057,853</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 2021

	Note	2021 USD	2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of investments		19,441,560	19,916,294
Purchase of investments		(9,335,054)	(11,440,179)
Dividends received		1,072,790	1,514,158
Interest income received		100	288
Manager's fee paid		(317,074)	(424,689)
Trustee's fee paid		(10,146)	(13,590)
Audit fee paid		(1,602)	(1,726)
Tax agent's fee paid		(651)	(651)
Payment for other fees and expenses		(2,998)	(2,082)
Net cash generated from operating activities		10,846,925	9,547,823
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid		(6,300)	(2,848)
Proceeds from creation of units		7,925,134	9,558,679
Payments for cancellation of units		(18,968,237)	(19,185,049)
Net cash used in financing activities		(11,049,403)	(9,629,218)
Net decrease in cash and cash equivalents		(202,478)	(81,395)
Cash and cash equivalents at beginning of the financial year		944,933	1,026,328
Cash and cash equivalents at end of the financial year	8	742,455	944,933
Cash and cash equivalents comprise:			
Bank balances in licensed banks		700,646	944,933
Short term deposits with a licensed financial institutions		41,809	-
	8	742,455	944,933

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

11 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

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 2021.

The Fund has applied the following amendments for the first time for the financial year beginning on 1 December 2020:

- Amendments to references to the Conceptual Framework in MFRS Standards
- Amendment to MFRS 9, MFRS 139 and MFRS 7 - 'Interest Rate Benchmark Reform
- Amendments to MFRS 3 'Business Combinations: Definition of Business'
- Accounting Policies, and Changes in Accounting Estimates and Errors: Definition of Material'

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 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.

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, regardless of its business model are classified as FVTPL.

MANULIFE

ASIA TOTAL RETURN BOND FUND

(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, regardless 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 fair value through other comprehensive income ("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 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 investments schemes.

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.

MANULIFE

ASIA TOTAL RETURN BOND FUND

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.

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.

MANULIFE

ASIA TOTAL RETURN BOND FUND

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 the 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 bank 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 US Dollar (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 transactions 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.

I DISTRIBUTION

A distribution to the Fund's unit holders 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.

MANULIFE ASIA TOTAL RETURN BOND FUND

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 at 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 valued using mark to market as at the date of the financial position, where the daily exchange rate is used to calculate interpolate rate. 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.

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.

M CLASSIFICATION OF REALISED AND UNREALISED GAINS AND LOSSES

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

Realised gains and losses on disposal of financial instruments are calculated using the weighted average method. They represent the difference between an instrument initial carrying amount and disposal amount.

12 NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2021

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 18 February 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 2022.

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 (2020: 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 in the statement of comprehensive income on the above basis.

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 (2020: 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

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Current taxation	-	-

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

	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
(Loss)/profit before taxation	(1,873,798)	1,683,661
Tax calculated at Malaysian tax rate of 24% (2020: 24%)	(449,712)	404,079
Tax effect in respect of:		
- Expenses not deductible for tax purposes	254,603	304,433
- Restriction on tax deductible expenses for unit trust funds	73,961	100,810
- Investment loss/(income) not subject to tax	121,148	(809,322)
Tax expenses	-	-

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>30.11.2021</u>	<u>30.11.2020</u>
	<u>USD</u>	<u>USD</u>
Financial assets at fair value through profit or loss		
- Collective investment scheme	17,745,623	28,981,090
	<u>2021</u>	<u>2020</u>
	<u>USD</u>	<u>USD</u>
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised	459,241	23,429
- Unrealised	(1,573,149)	1,023,030
	(1,113,908)	1,046,459

MANULIFE ASIA TOTAL RETURN BOND FUND

COLLECTIVE INVESTMENT SCHEME	Quantity Units	Cost of shares USD	Fair value as at 30.11.2021 USD	Fair value as at 30.11.2021 expressed as percentage of value of Fund %
30.11.2021				
Manulife Global Fund - Asia Total Return Fund	17,476,485	17,934,505	17,745,623	97.63
TOTAL COLLECTIVE INVESTMENT SCHEME	17,476,485	17,934,505	17,745,623	97.63
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(188,882)		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>17,745,623</u>		

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	27,207,182	27,596,823	28,981,090	96.42
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,384,267</u>		
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>28,981,090</u>		

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

As at 30 November 2021, the notional principal amount of the 2 (2020 : 5) outstanding forward foreign currency contracts amounted to USD16,341,191 (30.11.2020: USD26,821,580). The forward foreign currency contracts entered into were 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.

	30.11.2021 USD	30.11.2020 USD
Forward foreign currency contract		
- Financial assets	42	201,877
- Financial liabilities	(104,892)	(106)

MANULIFE ASIA TOTAL RETURN BOND FUND

	<u>30.11.2021</u> USD	<u>30.11.2020</u> USD
Net (loss)/gain on forward foreign currency contracts at fair value through profit or loss		
- Net realised (loss)/gain on forward currency contracts	(159,042)	484,300
- Net unrealised (loss)/gain on forward currency contracts	(306,620)	322,134
Total net (loss)/gain on derivatives	<u>(465,662)</u>	<u>806,434</u>
8 CASH AND CASH EQUIVALENTS		
	<u>30.11.2021</u> USD	<u>30.11.2020</u> USD
Bank balances in licensed banks	700,646	944,933
Short term deposits with a licensed financial institutions	41,809	-
	<u>742,455</u>	<u>944,933</u>
9 OTHER PAYABLES		
	<u>30.11.2021</u> USD	<u>30.11.2020</u> USD
Auditors' remuneration	1,484	1,510
Tax agent's fee	667	673
Sundry payables and accruals	4,817	3,726
	<u>6,968</u>	<u>5,909</u>
10 UNITS IN CIRCULATION		
(i) CNH-Hedged Class		
	<u>30.11.2021</u> No. of units	<u>30.11.2020</u> No. of units
At beginning of the financial year	501,993	7,778
Add: Creation of units arising from application	2,822,243	552,461
Add: Creation of units arising from distributions	104,793	2,824
Less: Cancellation of units	(990,544)	(61,070)
At end of the financial year	<u>2,438,485</u>	<u>501,993</u>
(ii) RM-Hedged Class		
	<u>30.11.2021</u> No. of units	<u>30.11.2020</u> No. of units
At beginning of the financial year	215,459,841	285,797,673
Add: Creation of units arising from application	54,619,161	66,125,133
Add: Creation of units arising from distributions	7,549,683	10,802,848
Less: Cancellation of units	(141,339,038)	(147,265,813)
At end of the financial year	<u>136,289,647</u>	<u>215,459,841</u>
(iii) USD Class		
	<u>30.11.2021</u> No. of units	<u>30.11.2020</u> No. of units
At beginning of the financial year	4,025,467	4,325,781
Add: Creation of units arising from application	1,086,706	2,428,193
Add: Creation of units arising from distributions	177,084	152,009
Less: Cancellation of units	(1,755,477)	(2,880,516)
At end of the financial year	<u>3,533,780</u>	<u>4,025,467</u>

MANULIFE ASIA TOTAL RETURN BOND FUND

11 BROKERS' TRANSACTIONS

As at the end of the financial year ended 30 November 2021 and 30 November 2020, there were no transactions with brokers and related parties.

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 Holdings Berhad	Immediate holding company of the Manager
Directors of Manulife Investment Management (M) Berhad	Directors of the Manager

As at 30 November 2021 and 30 November 2020 respectively, there were no units held by the Manager or parties related to the Manager.

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.

13 MANAGEMENT EXPENSES RATIO ("MER")

	<u>30.11.2021</u>	<u>30.11.2020</u>
	%	%
MER	1.32	1.31

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")

	<u>30.11.2021</u>	<u>30.11.2020</u>
PTR (times)	0.57	0.49

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

MANULIFE ASIA TOTAL RETURN BOND FUND

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.

	<u>30.11.2021</u>	<u>30.11.2020</u>
	USD	USD
Financial assets at fair value through profit or loss		
- Collective investment scheme	<u>17,745,623</u>	<u>28,981,090</u>

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 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.

<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>30.11.2021</u>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	<u>887,281</u>	<u>887,281</u>
<u>30.11.2020</u>			
Financial assets at fair value through profit or loss			
- Collective investment scheme	5	<u>1,449,055</u>	<u>1,449,055</u>

(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 considerations.

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ASIA TOTAL RETURN BOND FUND

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

As at	Cash and cash equivalents	Amount due from Manager	Amount due from dealers	Derivative assets/ (liabilities) at fair value through profit or loss	Total
	USD	USD	USD	USD	USD
<u>30.11.2021</u>					
MYR	61,271	-	185,177	(104,892)	141,556
CNH	132	496	-	42	670
	<u>61,403</u>	<u>496</u>	<u>185,177</u>	<u>(104,850)</u>	<u>142,226</u>
<u>30.11.2020</u>					
MYR	62,909	45,096	151,035	201,875	460,915
CNH	125	496	1,179	108	1,908
	<u>63,034</u>	<u>45,592</u>	<u>152,214</u>	<u>201,983</u>	<u>462,823</u>

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.

As at:	Changes in foreign exchange	Impact on profit or loss before tax	Impact on net asset value
	%	USD	USD
<u>30.11.2021</u>			
MYR	5	7,078	7,078
CNH	5	34	34
		<u>7,112</u>	<u>7,112</u>
<u>30.11.2020</u>			
MYR	5	23,046	23,046
CNH	5	95	95
		<u>23,141</u>	<u>23,141</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.

MANULIFE ASIA TOTAL RETURN BOND FUND

(ii) Credit risk concentration

The following table analyses the Fund's cash at banks, amount due from Manager, amount due from manager of collective investment scheme, amount due from dealers and derivative asset at fair value through profit or loss 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:

As at	Neither Past Due Nor Impaired					Total
	Cash and cash equivalents	Amount due from Manager	Amount due from manager of collective investment scheme	Amount due from dealers	Derivative asset at fair value through profit or loss	
	USD	USD	USD	USD	USD	USD
30.11.2021						
AAA	742,455	-	-	-	42	742,497
Not rated	-	496	12,886	185,942	-	199,324
	<u>742,455</u>	<u>496</u>	<u>12,886</u>	<u>185,942</u>	<u>42</u>	<u>941,821</u>
As at						
30.11.2020						
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>

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.

As at	Within one year USD	Total USD
30.11.2021		
Financial assets		
Financial assets at fair value through profit or loss	17,745,623	17,745,623
Derivative assets at fair value through profit or loss	42	42
Amount due from Manager	496	496
Amount due from manager of collective investment scheme		
- Sale of collective investment scheme	12,886	12,886
Amount due from dealers	185,942	185,942
Cash and cash equivalents	742,455	742,455
	<u>18,687,444</u>	<u>18,687,444</u>

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ASIA TOTAL RETURN BOND FUND

<u>As at</u>	<u>Within one year USD</u>	<u>Total USD</u>
<u>30.11.2021</u>		
<u>Financial liabilities</u>		
Amount due to Manager		
- Manager's fee	19,088	19,088
- Cancellation of units	193,430	193,430
Amount due to dealers	185,232	185,232
Amount due to Trustee	611	611
Derivative liabilities at fair value through profit or loss	104,892	104,892
Other payables	6,968	6,968
	<u>510,221</u>	<u>510,221</u>
Net assets attributable to unit holders	<u>18,177,223</u>	<u>18,177,223</u>

<u>As at</u>	<u>Within one year USD</u>	<u>Total 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 manager of collective investment scheme		
- Sale of collective investment scheme	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>

<u>Financial liabilities</u>		
Amount due to Manager		
- Manager's fee	30,760	30,760
- Cancellation of units	233,566	233,566
Amount due from manager of collective investment scheme		
- Purchase of collective investment scheme	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>
Net assets attributable to unit holders	<u>30,057,853</u>	<u>30,057,853</u>

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ASIA TOTAL RETURN BOND FUND

Capital risk

The capital of the Fund is represented by net assets attributable to unit holders of USD18,177,223 (2020: USD30,057,853) . The amount of net assets attributable to unit holders 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).

	Carrying amount	Level 1	Level 2
	USD	USD	USD
<u>As at</u>			
<u>30.11.2021</u>			
Financial assets at fair value through profit or loss	17,745,623	17,745,623	-
Derivative assets	42	-	42
Derivative liabilities	104,892	-	104,892

As at **30.11.2020**

Financial assets at fair value through profit or loss	28,981,090	28,981,090	-
Derivative assets	201,877	-	201,877
Derivative liabilities	106	-	106

The carrying values of other financial assets/liabilities of the Fund are reasonable approximation of fair values due to their short-term maturity.

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ASIA TOTAL RETURN BOND FUND

16 DISTRIBUTION

Distribution to unit holders is derived from the following sources:

i) CNH-Hedged Class

	2021			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	USD	USD	USD	USD
Realised income	1,890	2,839	2,962	3,056
Distribution equalisation	-	-	-	-
Less:				
Expenses	(295)	(675)	(667)	(683)
	<u>1,595</u>	<u>2,164</u>	<u>2,295</u>	<u>2,373</u>
Total finance cost				<u>8,427</u>
Gross distribution per unit (cent in local currency)	<u>0.40</u>	<u>0.57</u>	<u>0.59</u>	<u>0.61</u>
Net distribution per unit (cent in local currency)	<u>0.40</u>	<u>0.57</u>	<u>0.59</u>	<u>0.61</u>
Ex-date	<u>05.02.2021</u>	<u>07.05.2021</u>	<u>09.08.2021</u>	<u>08.11.2021</u>

ii) RM-Hedged Class

	2021			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	USD	USD	USD	USD
Realised income	385,776	326,595	279,737	250,074
Distribution equalisation	-	-	-	-
Less:				
Expenses	(85,398)	(82,092)	(66,377)	(59,081)
	<u>300,378</u>	<u>244,503</u>	<u>213,360</u>	<u>190,993</u>
Total finance cost				<u>949,234</u>
Gross distribution per unit (sen in local currency)	<u>0.55</u>	<u>0.59</u>	<u>0.60</u>	<u>0.57</u>
Net distribution per unit (sen in local currency)	<u>0.55</u>	<u>0.59</u>	<u>0.60</u>	<u>0.57</u>
Ex-date	<u>05.02.2021</u>	<u>07.05.2021</u>	<u>09.08.2021</u>	<u>08.11.2021</u>

MANULIFE ASIA TOTAL RETURN BOND FUND

iii) USD Class

	2021			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	USD	USD	USD	USD
Realised income	29,902	30,425	29,623	26,763
Distribution equalisation	-	-	-	-
Less:				
Expenses	(6,437)	(7,498)	(6,744)	(6,164)
	23,465	22,927	22,879	20,599
Total finance cost				89,870
Gross distribution per unit (cent in local currency)	0.53	0.55	0.61	0.59
Net distribution per unit (cent in local currency)	0.53	0.55	0.61	0.59
Ex-date	05.02.2021	07.05.2021	09.08.2021	08.11.2021

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)
	5	4	31	181
Total finance cost				221
Gross distribution per unit (cent in local currency)	0.46	0.38	0.63	0.30
Net distribution per unit (cent in local currency)	0.46	0.38	0.63	0.30
Ex-date	17.02.2020	18.05.2020	17.8.2020	16.11.2020

MANULIFE ASIA TOTAL RETURN BOND FUND

ii) RM-Hedged Class

	2020			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	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)
	<u>296,520</u>	<u>442,776</u>	<u>289,044</u>	<u>269,598</u>
Total finance cost				<u>1,297,938</u>
Gross distribution per unit (sen in local currency)	<u>0.45</u>	<u>0.71</u>	<u>0.50</u>	<u>0.51</u>
Net distribution per unit (sen in local currency)	<u>0.45</u>	<u>0.71</u>	<u>0.50</u>	<u>0.51</u>
Ex-date	<u>17.02.2020</u>	<u>18.05.2020</u>	<u>17.8.2020</u>	<u>16.11.2020</u>

iii) USD Class

	2020			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	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)
	<u>24,346</u>	<u>23,538</u>	<u>13,966</u>	<u>14,676</u>
Total finance cost				<u>76,526</u>
Gross distribution per unit (cent in local currency)	<u>0.58</u>	<u>0.58</u>	<u>0.41</u>	<u>0.42</u>
Net distribution per unit (cent in local currency)	<u>0.58</u>	<u>0.58</u>	<u>0.41</u>	<u>0.42</u>
Ex-date	<u>17.02.2020</u>	<u>18.05.2020</u>	<u>17.8.2020</u>	<u>16.11.2020</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 gains of USD1,868,406 (2020: USD1,324,940) arising during the financial year.

MANULIFE 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
30.11.2021			
Interest income	-	100	100
Gross dividend income	1,072,790	-	1,072,790
Net loss on financial assets at fair value through profit or loss	(1,113,908)	-	(1,113,908)
Net loss on forward contract currency contracts	(465,662)	-	(465,662)
Net foreign currency exchange gain	1,898	-	1,898
Total segment operating (loss)/income for the financial year	<u>(504,882)</u>	<u>100</u>	<u>(504,782)</u>
FVTPL financial assets	17,745,623	-	17,745,623
Cash and cash equivalents	700,646	41,809	742,455
Other assets	199,366	-	199,366
Total segment assets	<u>18,645,635</u>	<u>41,809</u>	<u>18,687,444</u>
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 financial 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	572,183	-	572,183
Total segment assets	<u>30,498,206</u>	<u>-</u>	<u>30,498,206</u>

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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 consequence of the Covid-19 pandemic, both domestically and globally, could result in a deterioration of the Fund's net asset value per unit in the future.

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

MANULIFE ASIA TOTAL RETURN BOND FUND

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' Dr Zaha Rina Binti Zahari (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)
Edmond Cheah Swee Leng (Independent)
Wong Boon Choy (Non-Independent)
Chong Soon Min (Jason) (Non-Independent)
Wan Shuhaida Binti Wan Zainal (Non-Independent)

INVESTMENT MANAGER

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

TRUSTEE OF THE FUND

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

AUDITORS

Ernst & Young PLT
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)
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Taman Tun Dr Ismail
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MANULIFE

ASIA TOTAL RETURN BOND FUND

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E-mail : MY_CustomerService@manulife.com
Website: www.manulifeinvestment.com.my

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Fax: (04) 618-0505

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No. 1, 1A & 1B
Pusat Perdagangan Canning 2
Pusat Perdagangan Canning
31400 Ipoh
Perak Darul Ridzuan
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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
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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
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Fax: (06) 282-0587

Johor Bahru

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

Kuching

No. 63 & 65, 2nd Floor
Jalan Tun Jugah
93350 Kuching
Sarawak
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Miri

Lot. 3554, 1st & 2nd Floor
Block 5 MCLD
Jalan Miri Pujut
101 Commercial Centre
98000 Miri
Sarawak
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Bintulu

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Parkcity Commerce Square
Jalan Tun Ahmad Zaidi
97000 Bintulu
Sarawak
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Fax: (086) 343-289

MANULIFE ASIA TOTAL RETURN BOND FUND

Sibu

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