

January 2022

Factsheet

Manulife Dragon Growth Fund

Fund category

Feeder Fund

Fund objective

The Fund seeks to achieve capital appreciation over the medium- to long-term period.

Investor profile

The Fund is suitable for investors who seek capital appreciation, are willing to accept a higher level of risk and have a medium-to long-term investment horizon.

Fund manager

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

Trustee

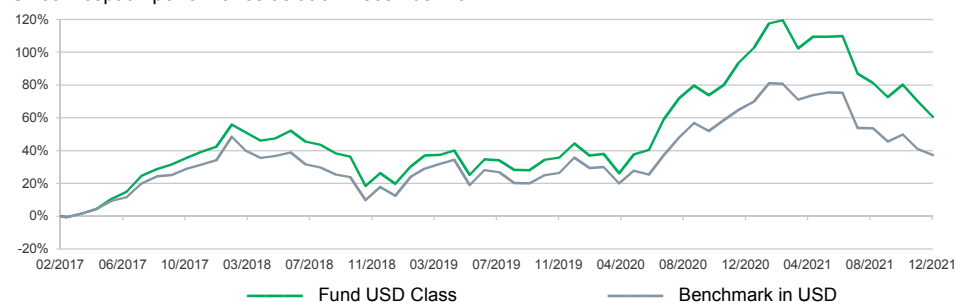
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Dec 2021)

NAV/unit (USD Class)	USD 1.3454
NAV/unit (RM-Hedged Class)	RM 1.3916
Fund size	USD 114.80 mil
Units in circulation	313.67 mil
Fund launch date	03 Nov 2016
Fund inception date	16 Feb 2017
Financial year	31 Dec
Currency	USD
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	0.04% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 5.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	MSCI AC Zhong Hua NR USD Index

Fund performance

Since inception performance as at 31 December 2021*



Total return over the following periods ended 31 December 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	-5.72	-23.45	-20.80	-20.80	34.11	-	60.63
Benchmark in USD (%)	-2.59	-21.57	-19.16	-19.16	22.11	-	37.43
Fund RM-Hedged Class (%)	-5.69	-23.04	-20.01	-20.01	35.45	72.40	66.54
Benchmark in USD (%)	-2.59	-21.57	-19.16	-19.16	22.11	52.73	47.13

Calendar year returns*

	2017	2018	2019	2020	2021
Fund USD Class (%)	42.40	-15.89	20.59	40.41	-20.80
Benchmark in USD (%)	34.39	-16.25	20.71	25.13	-19.16
Fund RM-Hedged Class (%)	50.62	-15.50	20.66	40.34	-20.01
Benchmark in USD (%)	49.35	-16.25	20.71	25.13	-19.16

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

Top 5 holdings#

No.	Security name	% NAV
1	Tencent Holdings Ltd.	8.5
2	Meituan	4.7
3	Alibaba Group Holding Ltd.	4.6
4	AIA Group Limited	4.4
5	Hong Kong Exchanges & Clearing Ltd.	3.5

Highest & lowest NAV

	2019	2020	2021
High	1.4483	2.0280	2.4630
Low	1.1493	1.1550	1.3080

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	-	-	36.50
Distribution Yield (%)	-	-	16.4

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Consumer Discretionary	26.9
2	Financials	16.4
3	Communication Services	12.9
4	Industrials	10.2
5	Information Technology	9.1
6	Healthcare	6.4
7	Materials	6.2
8	Real Estate	3.9
9	Others	5.7
10	Cash & Cash Equivalents	2.3

Geographical allocation#

No.	Geographical name	% NAV
1	China	85.5
2	Hong Kong	12.2
3	Cash & Cash Equivalents	2.3

Manulife Dragon Growth Fund**Market review**

China moved lower for the month. The divergence between onshore and offshore equities continued. Onshore equities consolidated and the delisting of a Chinese ride hailing company and the possibility of other Chinese American depository receipt (ADR) delistings negatively affected the offshore segment. Chinese equities initially reacted positively to the Central Economic Work Conference owing to growth support but failed to ignite a significant rally. A spate of downgrades in the property sector as well as the resurgence of a Covid-19 outbreak in Xian dented investment sentiment. In response to the economic challenges, the People's Bank of China slashed the banks' reserve requirement ratio by 50 basis points (bps) and reduced the one-year prime loan rate by 5 bps. Hong Kong equities posted marginal gains for the month with utilities and energy outperforming.

On the economic front, Caixin Purchasing Managers' Index data moved back into contractionary territory on the back of Covid-19 outbreaks, while monthly high frequency data was mixed.

Market outlook

We believe the year-to-date correction led by the regulatory clampdown has allowed value to emerge in Chinese equities from a fundamental standpoint. While it may still be too early to say the current episode of regulatory tightening is over, we believe most severe measures have been issued and digested. Swift rectification of business and operation models by relevant platforms and industries are also observed and therefore allowing growth expectations to be reset. Chinese equities are now trading at a healthier level and we believe further downside in the affected sectors is limited.

Looking ahead, we see solid investment opportunities in the renewable energy sector which is a strategic priority for government funding support. Construction of wind and photovoltaic bases has already been accelerated thanks to the elevated pace in government bonds and supportive policies on sustainability initiatives. Longer-term, we expect the release of a roadmap for peak carbon emissions by 2030 will mean decarbonisation efforts under a more institutionalised framework. Recent campaign-style power cuts should be rectified as the central government vowed to strike a balance between its decarbonisation initiatives and economic activities for the country's sustainable development.

Our strategy currently has an overweight in the photovoltaic and electric vehicle battery supply chain. We will continue to look for ideas in both onshore and offshore wind operators and their respective equipment manufacturing supply chains. We would also suggest that investors not overlook policy tailwinds in certain favourable sectors that are supported by government policies. Manufacturing upgrades and semiconductor supply chain self-sufficiency are some examples that are at the top of the Chinese government's agenda. We believe active management focusing on bottom-up stock election will be crucial to identifying emerging winners under the current environment for investing in Chinese equities.

Feeder fund review

The Fund moved lower in the month alongside the broader market. The portfolio's underweight in financials and energy sectors detracted from performance. Stock selection in communications and real estate hurt performance while consumer discretionary and consumer staples offset part of the losses. The portfolio remained overweight in China A-shares as a result of our bottom-up stock selection.

Regarding individual holdings, a key detractor was a social media platform focused on the Gen Z user segment. Although the company is dual listed in Hong Kong, the stock was under pressure amid the concerns of delisting risk of Chinese ADRs and a divestment possibility by a giant internet stakeholder. Another detractor was a manufacturer of battery modules. The stock faced profit-taking with the group's announcement of a large-scale investment totalling 20 billion renminbi into power battery production.

The top contributor was a leading electronic component producer. The stock rallied on the news of further penetration into the global smartphone and smart devices supply chain. Additional contributor includes a leading port operator which rose on earnings upgrades from the group's capacity expansion in mainland China. The continuation of global shipment disruption also raised expectations of further hikes on port charges.

Based on the Fund's portfolio returns as at 30 Nov 2021 the Volatility Factor (VF) for the Fund is as indicated in the table above and are classified as in the table (source: Lipper). "Very High" includes Funds with VF that are above 17.285, "High" includes Funds with VF that are above 14.240 but not more than 17.285, "Moderate" includes Funds with VF that are above 10.840 but not more than 14.240, "Low" includes Funds with VF that are above 4.265 but not more than 10.840 and "Very Low" includes Funds with VF that are above 0.000 but not more than 4.265 (source: FIMM). The VF means there is a possibility for the Funds in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified Funds. VF and VC are subject to monthly revision or at any interval which may be prescribed by FIMM from time to time. The Fund's portfolio may have changed since this date and there is no guarantee that the Funds will continue to have the same VF or VC in the future. Presently, only Funds launched in the market for at least 36 months will display the VF and its VC.

The above information has not been reviewed by the SC and is subject to the relevant warning, disclaimer, qualification or terms and conditions stated herein. Investors are advised to read and understand the contents of the Prospectus dated 30 September 2021 and all the respective Product Highlights Sheet(s) (collectively, the "Offering Documents"), obtainable at our offices or website, before investing. The Offering Documents have been registered with the Securities Commission Malaysia (SC), however the registration with the SC does not amount to nor indicate that the SC has recommended or endorsed the product. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from the pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, the value of your investment in the Fund's denominated currency will remain unchanged after the distribution of the additional units. Past performances are not an indication of future performances. There are risks involved with investing in unit trust funds; wholesale funds and/or Private Retirement Schemes. Some of these risks associated with investments in unit trust funds; wholesale funds and/or Private Retirement Schemes are interest rate fluctuation risk, foreign exchange or currency risk, country risk, political risk, credit risk, non-compliance risk, counterparty risk, target fund manager risk, liquidity risk and interest rate risk. For further details on the risk profile of all the funds, please refer to the Risk Factors section in the Offering Documents. The price of units and income distribution may go down as well as up. Investors should compare and consider the fees, charges and costs involved. Investors are advised to conduct own risk assessment and consult the professional advisers if in doubt on the action to be taken.