RM Class

3-year Fund Volatility
16.9
High
Lipper Analytics 10 Sep 22

Manulife Investment Management

October 2022
Factsheet

Manulife China Equity Fund

Fund category

Feeder Fund (Equity)

Fund objective

The Fund invests in the Manulife Global Fund - China Value Fund which aims to achieve long-term capital growth through investments, primarily* in under-valued companies with long-term potential and substantial business interest in the Greater China Region (which includes PRC, Hong Kong and Taiwan) which are listed or traded on stock exchanges of Shanghai, Shenzhen, Hong Kong, Taipei or other exchanges.
*Primarily means mainly 70% invested.

Investor profile

This Fund is suitable for investors who wish to participate in the potential of the Greater China Region markets and are willing to accept higher risk in their investments in order to achieve long term capital growth.

Fund manager

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

Trustee

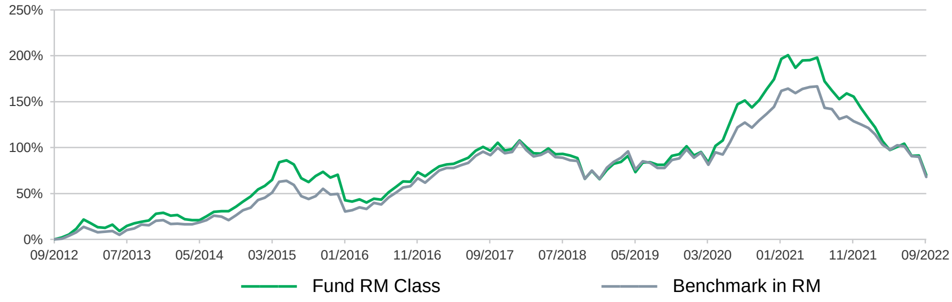
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 30 Sep 2022)

NAV/unit	RM 0.5099
Fund size	RM 92.97 mil
Units in circulation	182.33 mil
Fund launch date	07 Jan 2010
Fund inception date	27 Jan 2010
Financial year	31 Oct
Currency	RM
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	0.08% of NAV p.a. Subject to a minimum fee of RM18,000 p.a. excluding foreign custodian fees and charges.
Sales charge	Up to 6.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Annually, if any
Benchmark	MSCI Golden Dragon Index
Target fund#	Manulife Global Fund - China Value Fund

Fund performance

10-year performance as at 30 September 2022*



Total return over the following periods ended 30 September 2022*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	-11.00	-17.73	-29.98	-32.68	-6.17	-13.45	70.22
Benchmark in RM (%)	-11.57	-17.22	-25.39	-27.27	-5.48	-12.34	68.12

Calendar year returns*

	2017	2018	2019	2020	2021
Fund RM Class (%)	17.66	-16.57	21.69	36.21	-11.44
Benchmark in RM (%)	20.84	-15.06	19.42	23.42	-7.85

*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	Taiwan Semiconductor Manufacturing Co., Ltd.	8.9
2	Tencent Holdings Ltd.	7.4
3	Alibaba Group Holding Ltd.	4.1
4	AIA Group Limited	4.0
5	Meituan	3.6

Highest & lowest NAV

	2019	2020	2021
High	0.8738	1.1775	1.4321
Low	0.6870	0.7334	0.7144

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	-	-	37.00
Distribution Yield (%)	-	-	30.3

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Information Technology	23.8
2	Financials	20.3
3	Consumer Discretionary	20.0
4	Communication Services	9.3
5	Consumer Staples	7.2
6	Industrials	6.7
7	Healthcare	4.0
8	Real Estate	3.0
9	Others	4.8
10	Cash & Cash Equivalents	0.9

Geographical allocation#

No.	Geographical name	% NAV
1	China	63.6
2	Taiwan	25.1
3	Hong Kong	10.4
4	Cash & Cash Equivalents	0.9

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Market review

Chinese equities closed lower for the month on the back of the hawkish US Federal Reserve Board (Fed), rising geopolitical tension with the US, as well as pandemic related lockdowns in provinces such as Sichuan, Guizhou and Tibet. For the US, the Fed raised the Fed Funds rate by 75 bps to 3.00%-3.25% and offered further hawkish guidance, which spurred concerns over a global economic slowdown.

For Chinese A-shares, China further eased property measures such as allowing local governments to relax floor mortgage rates for first-time home buyers in certain cities, which should provide more support for the sector.

For Chinese ADRs, the biotech sector sold off amidst the US's initiatives to bolster domestic supply chains and reduce reliance on Mainland China for new medicines. The Public Company Accounting Oversight Board (PCAOB)'s inspections of selected US-listed Chinese companies' audit documents started in Hong Kong SAR this month. In addition, Mainland China approved the fifth batch of 73 video games' licences in September, which included a few Chinese TMT giants, signalling potential hopes for the end of regulatory headwinds in the technology sector.

Elsewhere, Hong Kong equities moved lower in September along with global markets. However, the government has eased quarantine rules to 0+3 days from 3+4 days by removing hotel quarantine and pre-flight PCR test requirements for incoming travellers, which should be positive for economic recovery.

Taiwan equities also moved lower on the back of global risk-off sentiment. The technology sector was affected amidst lower end-demand forecasts for consumer electronics. On the policy front, the central bank raised rates by 12.5 bps to 1.625%.

Market outlook

Overall, we remain constructive as policy executions accelerate in the fourth quarter of the year.

For policy tailwinds, infrastructure spending continued to accelerate as the second batch of RMB 300 billion of infrastructure financing finished distribution in September. Local governments have also utilised most of the special bond issuance quota, i.e., RMB 3.5 trillion, for construction projects. We expect more renewable projects to start in the fourth quarter and infrastructure investment could lead the cycle of recovery.

For innovations, President Xi has vowed to strengthen key technologies with 5 main guidelines, including improving a new national system for making breakthroughs in core technologies in key fields, and deepening reforms to enhance the development of rural medical and health care system etc. These should serve as long-term tailwinds for manufacturing industries involving scientific and technological innovation.

For consumption, Mainland China has extended the tax exemption on new energy vehicle (NEV) purchases for another year to the end of 2023. To foster Hainan's recovery from recent pandemic related lockdowns, the local government announced RMB 100 million of consumption vouchers and RMB 50 million of tourism vouchers. We expect consumption growth to rebound once the pandemic subsides in Mainland China.

We believe the fiscal and monetary stimulus announced set the stage for economic recovery for the fourth quarter of the year. We remain selective and continue to focus on our key structural investment themes.

For Taiwan, the Taiwanese tech sector has a high correlation with global tech sector. In longer term, we remain convicted on the semiconductor upgrade cycle. However, we expect short-term volatility with weaker-than-expected guidance from downstream customers.

Feeder fund review

The Feeder Fund posted -11.00% while the benchmark returned -11.57%, outperforming the benchmark by 0.58% in September. Favourable stock selection within the Information Technology sector in Taiwan was the key contributor to the outperformance. The Feeder Fund will continue to be fully invested into the Target Fund. We rebalance the Feeder Fund when the invested level is affected by market volatilities, inflows and outflows of the Feeder Fund. We aim to maintain a target allocation of around 95%-98%.

Based on the Fund's portfolio returns as at 31 Aug 2022 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 17.635, "High" includes Funds with VF that are above 14.210 but not more than 17.635, "Moderate" includes Funds with VF that are above 10.855 but not more than 14.210, "Low" includes Funds with VF that are above 4.440 but not more than 10.855 and "Very Low" includes Funds with VF that are above 0.000 but not more than 4.440 (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.