



Manulife Shariah PRS-Moderate Fund

FUND TYPE / CATEGORY

Core (Moderate)

FUND OBJECTIVE

The Fund aims to facilitate accumulation of retirement savings[^] through a combination of income[#] and capital growth over the long term.

INVESTMENT STRATEGY

To achieve the objective of the Fund, the Provider will at all times invest a minimum of 40% up to a maximum of 60% of the Fund's NAV in Shariah-compliant equities and/or equity-related securities. That part of the Fund's NAV not invested in equities and/or equity-related securities will be invested in sukuk, Islamic money market instruments and Islamic deposit with financial institutions.

FUND MANAGER

Manulife Asset Management Services Berhad (834424-U)

TRUSTEE

CIMB Islamic Trustee Berhad (167913-M)

FUND DETAILS

(As At 31 October 2019)

| | |
|------------------------|---|
| NAV/Unit (Class A) | RM 0.5417 |
| NAV/Unit (Class C) | RM 0.5711 |
| Fund Size | RM 3.04 mil |
| Units In Circulation | 5.59 mil |
| Fund Launch Date | Class A & B: 24 Jul 2013 Class C: 28 Apr 2016 |
| Fund Inception Date | 13 Aug 2013 |
| Financial Year | 31 Aug |
| Currency | RM |
| Management Fee | Class A: 2.25% p.a. of the NAV Class B: 1.50% p.a. of the NAV Class C: Up to 1.50% p.a. of the NAV |
| Trustee Fee | Class A, B & C: 0.025% p.a. of the NAV |
| Sales Charge | Class A & B: Up to 2.00% of the NAV per unit Class C: Up to 3.00% of the NAV per unit |
| Redemption Charge | Class A & B: 3% of NAV per unit for withdrawal in the 2nd year; 2% of NAV per unit for withdrawal in the 3rd year; 1% of NAV per unit for withdrawal in the 4th year; No Redemption Charge from the 5th year onwards. Class C: N/A |
| Distribution Frequency | Income will be distributed once a year, if any, will be automatically reinvested and distributed as additional units of the Fund. |
| Benchmark | 50% FTSE Bursa Malaysia EMAS Shariah Index + 50% Maybank 12-month Islamic fixed deposit-i rate |

FEES BY PRIVATE PENSION ADMINISTRATOR (PPA)

| | |
|-------------------------------|--|
| Account Opening Fee | RM10.00 (one-off) |
| Annual Fee ¹ | RM8.00 p.a. |
| Pre-Retirement Withdrawal Fee | RM25.00 for each withdrawal |
| Transfer Fee | RM25.00 for each withdrawal to another PRS provider |
| Administration Fee | 0.04% p.a. |

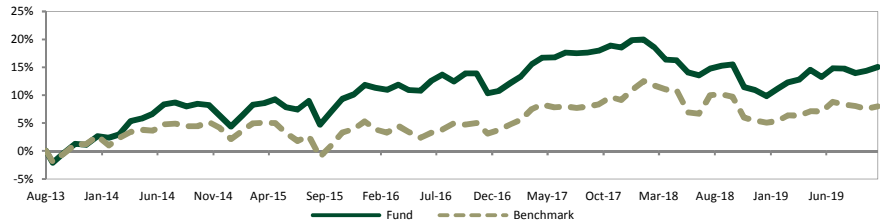
¹ No annual fee will be charged during the 1st year of the opening of a private pension account; there will also be no annual fee payable if no contributions are made during a calendar year.

[^] Please note that this is neither a capital guaranteed fund nor a capital protected fund. Therefore, a member's capital is neither guaranteed nor protected.

[#] Income declared will be reinvested in the form of additional Units issued to Members.

FUND REVIEW & STRATEGY

SINCE INCEPTION PERFORMANCE AS AT 31 OCTOBER 2019 *



Strategy of staying balanced between equity and fixed income remains as part of products differentiation.

TOTAL RETURN OVER THE FOLLOWING PERIODS ENDED 31 OCTOBER 2019 *

| | 1-Month | 6-Month | YTD | 1-Year | 3-Year | 5-Year | Since Inception |
|----------------------------|---------|---------|------|--------|--------|--------|-----------------|
| Fund Class A (%) | 0.63 | 0.45 | 4.76 | 3.24 | 1.03 | 6.32 | 15.06 |
| Benchmark in RM (%) | 0.39 | 0.77 | 2.77 | 1.89 | 2.81 | 2.63 | 7.97 |
| Fund Class C (%) | 0.71 | 0.81 | 5.41 | 4.01 | 3.40 | N/A | 6.73 |
| Benchmark in RM (%) | 0.39 | 0.77 | 2.77 | 1.89 | 2.81 | N/A | 4.38 |

CALENDAR YEAR RETURNS *

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------|-------|------|-------|------|-------|
| Fund Class A (%) | 1.68 | 7.13 | -0.97 | 8.23 | -8.35 |
| Benchmark in RM (%) | -0.47 | 3.05 | -1.46 | 6.89 | -5.26 |
| Fund Class C (%) | N/A | N/A | 0.49 | 9.09 | -7.64 |
| Benchmark in RM (%) | N/A | N/A | 0.29 | 6.89 | -5.26 |

*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 | MANULIFE INVESTMENT AS-SAAD | 18.0 |
| 2 | MANULIFE SHARIAH - DANA EKUITI | 10.9 |
| 3 | SPGSMK 5.02 10/29/27 | 7.9 |
| 4 | MANULIFE INVESTMENT AL-FAID | 7.0 |
| 5 | CMSMK 4.8 05/05/22 | 6.9 |

HIGHEST & LOWEST NAV

| | 2016 | 2017 | 2018 |
|-------------|--------|--------|--------|
| High | 0.5633 | 0.5728 | 0.5712 |
| Low | 0.5296 | 0.5324 | 0.5119 |

DISTRIBUTION BY FINANCIAL YEAR

| | 2016 | 2017 | 2018** |
|-------------------------------|------|------|--------|
| Distribution (Sen) | 0.85 | 1.30 | 1.16 |
| Distribution Yield (%) | 1.6 | 2.4 | 2.1 |

** Interim distribution (semi-annual)

ASSET/ SECTOR ALLOCATION

| No. | Asset/ Sector Name | % NAV |
|-----|--------------------|-------|
| 1 | EQUITY | 48.0 |
| 2 | FIXED INCOME | 44.4 |
| 3 | MONEY MARKET | 4.8 |
| 4 | CASH EQUIVALENT | 2.8 |

COUNTRY/ TERRITORY ALLOCATION

| No. | Country Name | % NAV |
|-----|-------------------------------|-------|
| 1 | MALAYSIA | 80.2 |
| 2 | ASIAN PACIFIC REGION | 11.9 |
| 3 | ASIAN PACIFIC REGION EX JAPAN | 5.0 |
| 4 | CASH EQUIVALENT | 2.8 |

Market Review**Equity**

Equity markets continued its upward trajectory in October, as positive sentiment on a potential US trade deal with China, a robust US third quarter GDP and solid earnings season supported the markets. Over the month, both US and China's trade negotiators have offered positive signals that trade talks have been making headways. Meanwhile, the Federal Reserve moved to cut rates again by 25bps, the third cut for the year and signaled that they will maintain rates at this level for longer. Over in the UK, the European Union has extended the deadline for Brexit to January 2020 after the UK failed to agree on a Brexit deal.

Key Asian markets also fared well, notably with Japan and Taiwan outperforming as technology sector led the gains over the month.

Domestically, the FBM KLCI underperformed against regional peers, despite chalking a gain of 0.9% MoM. Malaysia Airport Holdings Bhd was a key detractor on continued uncertainties over the regulatory asset base framework and potential reduction in the passenger service charge for the international travelers. Additionally, Kuala Lumpur Kepong Bhd was negatively impacted by a stake divestment from a foreign shareholder. On the other hand, financial names were the best performers during the month on rotation into the oversold sector with lower expectation on interest rates cut this year. The month of October also saw the release of Budget 2020 by the Ministry of Finance which was, in overall, moderately expansionary as the government is targeting a narrower budget deficit of 3.2% of GDP.

Domestic key commodities fared relatively well with crude palm oil staged a rebound for the month, rising 14.8% to RM2,308/MT while Brent crude oil slipped 0.9% to end at USD60/bbl. Meanwhile, the ringgit strengthened 0.2% against the greenback.

The FBM KLCI were mixed against broader market, with the FBM100 gaining 0.7% MoM while the FBM Small Cap Index rallied 5.4%. Foreign net selling decelerated further to RM485 mil in October, compared to net outflows of RM2.6 bil in August and RM559 mil in September.

Relative to the region, the FBM KLCI underperformed MSCI Asia ex-Japan Index, which gained 4.5% during the month. The top performers were Taiwan (4.9%), India (4.5%) and Singapore (3.8%). Meanwhile, the worst performer was Thailand (-2.2%).

Fixed Income

The US Treasury (UST) curve bear steepened in October 2019. 2-year, 5-year and 10-year UST yields changed -10, +7 and +10 bps and closed at 1.52%, 1.61% and 1.77% respectively. The selling pressure was driven by a global risk-on sentiment on the back of a reported tentative agreement between the US and China, added with Brexit optimism.

Meanwhile, the Malaysia Government Securities (MGS) yield curve tracked UST movements. The 3-year, 5-year and 10-year MGS yields changed -1, +12 and +14 bps. Due to fading expectations that Bank Negara Malaysia will cut the overnight policy rate (OPR) during its 5 November meeting, both the MGS and GII yield curves witnessed a solid selling pressure across all tenors with the focus at the belly to the back-end.

Fund Review

In Oct 2019, the Fund generated a return of 0.63%, outperforming its benchmark return of 0.39%. The performance was mainly driven by underlying equity funds, including Manulife Investment Shariah Progress Plus Fund, Manulife Investment Shariah Asia Pacific Fund and Manulife Shariah Dana Ekuiti, and also good stock selections in our direct equity investments. On a year-to-date basis, the Fund registered a return of 4.76%, outperforming its benchmark return of 2.77%.

Market Outlook**Equity**

Due to the deteriorating global economic outlook, major central banks have responded swiftly through monetary policy actions with interest rate cuts and bond-buying. The US Federal Reserve cut interest rate for the third time this year in October while the European Central Bank cut rates to record low in September and announced a new bond-buying programme. The measures seem to have assured investors as US market hit all-time high in early November while government bond yields moved up. Sentiment in the US is also supported by better-than-expected third quarter GDP growth and non-farm payrolls in October.

In Malaysia, with Bank Negara standing pat on interest rate in November, we could see interest in banking stocks coming back as fear of more net interest margin compression has subsided. Meanwhile, the plantation sector also saw buying interest recently as crude palm oil price has been trending up on expectation of weaker supply growth next year and demand to be supported by biodiesel mandate in Indonesia. With banking and plantation being two major sectors of the benchmark FBM KLCI Index, we could see a rebound in the Malaysian market given that it has been the worst performing market in the Asia region so far this year.

We reaffirm our investment strategy of focusing on undervalued companies with earnings visibility and growth potential. We also favour stocks which have dividend yield appeals and are defensive as a cushion against market volatility.

Fixed Income

Although the de-escalation of the US-China trade tension has improved market sentiment and caused yields to retrace upwards, uncertainty and volatility linger as the "mini-deal" has yet to fully materialize. At this juncture, most investors are at the edge of their seat, awaiting outcome from the negotiation between both countries; market could move either way depending on the outcome of the negotiation. Over the longer term, global economy is still expected to slow down and central banks worldwide remain dovish and committed to accommodative monetary policies - a positive for the bond market in general.

Bank Negara Malaysia (BNM) kept the Overnight Policy Rate (OPR) unchanged at 3.00% in November 2019's Monetary Policy Committee meeting. Nevertheless, there is still likelihood of a rate cut by BNM in the coming months, depending on how the global economy fare. We retain our positive outlook on the local bond market, supported by a dovish BNM and strong domestic liquidity.

Investors are advised to read and understand the contents of the Manulife Shariah PRS NESTEGG Series Replacement Disclosure Document dated 1 August 2017, its First Supplemental Disclosure Document dated 23 July 2018 and its Second Supplemental Disclosure Document dated 1 April 2019 (collectively, the "Offering Documents"), obtainable at our offices, before investing. The Offering Documents have been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Investors should consider the fees and charges involved. The price of units and income distribution may go down as well as up. Past performances of the Funds are not an indication of the Funds' future performances. 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. Units will only be issued on receipt of the completed application form referred to and accompanying the Offering Documents. 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.

All fees and charges (e.g. sales charge, switching fee, transfer fee, management fee, trustee fee and any other relevant fee(s) and/or charge(s)), where applicable, may be subject to tax that may be introduced by the Government of Malaysia from time to time, at the prevailing rate. The Manager, the Trustee and/or other services provider reserves the right to collect from you and/or the fund an amount equivalent to the prevailing rate of tax payable for all fees and charges, where applicable. Your obligation to pay any applicable taxes shall form part of the Terms and Conditions.