



Manulife Shariah PRS-Conservative Fund

FUND TYPE / CATEGORY

Core (Conservative)

FUND OBJECTIVE

The Fund aims to provide steady returns whilst preserving[^] capital.

INVESTMENT STRATEGY

To achieve the objective of the Fund, the Provider will at all times invest a minimum of 80% of the Fund's NAV in Malaysian sukuk (of which a minimum of 20% will be invested in Islamic money market instruments) and a maximum of 20% of the Fund's NAV in Malaysian Shariah-compliant equities and/or equity-related securities.

FUND MANAGER

Manulife Asset Management Services Berhad (834424-U)

TRUSTEE

CIMB Islamic Trustee Berhad (167913-M)

FUND DETAILS

(As At 30 September 2019)

NAV/Unit (Class A)	RM 0.5227
NAV/Unit (Class C)	RM 0.5439
Fund Size	RM 0.76 mil
Units In Circulation	1.44 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, and will be automatically reinvested and distributed as additional units of the Fund.
Benchmark	Maybank 12-month Islamic fixed deposit-i rate

FEES BY PRIVATE PENSION ADMINISTRATOR (PPA)

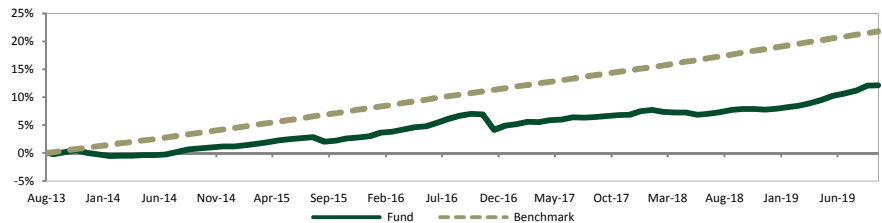
Account Opening Fee	RM10.00 (one-off)
Annual Fee ¹	RM8.00 p.a.
Pre-Retirement Withdrawal Fee	RM25.00 for each withdrawal
Transfer Fee	RM25.00 for each withdrawal to another PRS provider
Administration Fee	0.04% p.a.

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.

FUND REVIEW & STRATEGY

SINCE INCEPTION PERFORMANCE AS AT 30 SEPTEMBER 2019 *



Given that this is a conservative fund, we are staying entirely in fixed income at this juncture given market volatility. While market remains vulnerable to any negative surprises, be it trade policies or economic data, we believe the loose monetary policy will continue to be supportive of both asset classes. We will look for opportunity to re-balance should opportunity arises.

TOTAL RETURN OVER THE FOLLOWING PERIODS ENDED 30 SEPTEMBER 2019 *

	1-Month	6-Month	YTD	1-Year	3-Year	5-Year	Since Inception
Fund Class A (%)	0.08	2.95	3.88	3.96	4.79	11.20	12.13
Benchmark in RM (%)	0.25	1.57	2.40	3.26	9.98	17.55	21.79
Fund Class C (%)	0.13	3.34	4.46	4.74	7.23	N/A	9.66
Benchmark in RM (%)	0.25	1.57	2.40	3.26	9.98	N/A	11.51

CALENDAR YEAR RETURNS *

	2014	2015	2016	2017	2018
Fund Class A (%)	1.44	1.83	1.79	2.48	0.44
Benchmark in RM (%)	3.24	3.40	3.32	3.12	3.33
Fund Class C (%)	N/A	N/A	0.41	3.30	1.21
Benchmark in RM (%)	N/A	N/A	2.20	3.12	3.33

*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	36.6
2	MANULIFE INVESTMENT AL-MAMUN	24.9
3	COGARD 6.4 05/06/22	12.7
4	SPGSMK 5.02 10/29/27	9.5
5	CMSMK 4.8 05/05/22	8.8

HIGHEST & LOWEST NAV

	2016	2017	2018
High	0.5195	0.5098	0.5093
Low	0.4966	0.5005	0.5026

DISTRIBUTION BY FINANCIAL YEAR

	2017	2018	2019
Distribution (Sen)	0.85	0.60	0.59
Distribution Yield (%)	1.7	1.2	1.2

ASSET/ SECTOR ALLOCATION

No.	Asset/ Sector Name	% NAV
1	FIXED INCOME	75.8
2	MONEY MARKET	24.9
3	CASH EQUIVALENT	-0.6

COUNTRY/ TERRITORY ALLOCATION

No.	Country Name	% NAV
1	MALAYSIA	100.6
2	CASH EQUIVALENT	-0.6

Market Review**Equity**

Equity markets staged a relief rebound in September, following a weak showing in the prior month. Trade war sentiment again took centre stage, with both US and China easing their stance ahead of negotiations scheduled in October. Over the month, President Trump has agreed to briefly delay his next round of tariffs while China also resumed its purchase of American soybean. Both countries have also indicated that the upcoming trade talks would likely yield positive outcomes. Meanwhile, the move by the Federal Reserve to cut rates again by 25bps also helped to fuel the positive sentiment. Crude oil had an eventful month, as an attack on Saudi Arabia's Abqaiq and Khurais plants sent crude oil price spiking to a high of US\$72/bbl. However, the rally was short-lived as Saudi Arabia managed to restore production levels to pre-attack levels by month end. Brent crude oil closed the month at US\$62/bbl, gaining 3% MoM.

Key Asian markets rebounded, notably with Japan and India outperforming. Japanese equities rallied on the back of better trade sentiment as well as a weak Japanese Yen while India equities were lifted by the unexpected corporate tax cuts from 30% to 22% for domestic companies.

Domestically, the FBM KLCI underperformed against regional peers, chalking a loss of 1.8% MoM. Key detractors were the financial names which fell following lackluster banking statistics released over the month while the plantation names also slipped on the back of weaker CPO price. For the month, CPO price fell 5.4% to close at RM2,028/MT. On a positive note, FTSE Russell has decided to keep Malaysia in the FTSE World Government Bond Index until its next review in April 2020.

The FBM KLCI fared worse against broader market, with the FBM100 slipping 1.4% MoM while the FBM Small Cap Index gained 0.8%. Foreign investors net selling decelerated to RM559 mil in September, compared to net outflows of RM2.6 bil in August.

Relative to the region, the FBM KLCI underperformed MSCI Asia ex-Japan Index, which gained 1.4% during the month. The top performers were South Korea (4.8%), India (3.6%) and Taiwan (2.0%). Meanwhile, the worst performers were Philippines (-2.5%) and Jakarta (-2.5%).

Fixed Income

The US Treasury (UST) curve bear steepened in September 2019. 2-year, 5-year and 10-year UST yields changed +12, +15 and +17 bps and closed at 1.62%, 1.54% and 1.67% respectively. Trade tensions escalated in the beginning of the month as the US began imposing 15% tariffs on a variety of Chinese goods while China began to levy new duties of 5% on US crude. However, UST witnessed a major sell-off due to risk-on sentiment after the US and China showed a gesture of good will ahead of their planned trade talks. Demand for safe paper re-emerged following an attack in Saudi Arabia's largest oilfields in Hijra Khurais. However, the crude oil commodity prices softened slightly as President Trump has ordered the release of reserve. The US Federal Reserve delivering a 25bps rate cut during its FOMC meeting, as expected (1.75–2.00%).

Meanwhile, the Malaysia Government Securities (MGS) yield curve did not change in September 2019. Bank Negara Malaysia (BNM) held OPR steady and remained cautious on the growth outlook while the overall tone was less dovish as compared with other central banks globally which have adopted an easier policy. FTSE Russell will continue to maintain Malaysia's rating albeit still keeping us on its watch list for potential downgrade at its next review in March 2020. This news is a temporary relieve to the local bond market as FTSE Russell said it will continue to monitor the efficacy of the local authority's initiatives to further improve liquidity and accessibility for market participants.

Fund Review

In September 2019, the Fund generated a return of 0.08%, underperforming its benchmark return of 0.25% due to bond market correction after bullish for few months. On a year-to-date basis, the Fund registered a return of 3.88%, outperforming its benchmark return of 2.40%.

Market Outlook**Equity**

The ongoing US-China trade conflict has taken a positive turn with top American and Chinese trade negotiators scheduled to meet in Washington during the second week of October. This follows lower level talks which were held in September to lay the ground work for the upcoming meeting. China has also moved to increase imports of American soybeans, pork and other farm products. This would offer some reprieve to the markets following the escalation in trade tensions with the tit-for-tat tariffs towards the end of August.

In Malaysia, all eyes will be on the forthcoming Budget 2020 to be unveiled on 11 October. The Finance Minister has said that the government will not be proposing any new tax measures and will prioritise economic growth with the possibility of expansionary measures to provide some fiscal contingency amidst an uncertain global economic environment.

With the Malaysia market trading at below its average historical price-to-book valuations, we believe downside should be limited. We reaffirm our investment strategy of focusing on undervalued companies with earnings visibility and growth potential. We also favour with stocks which have dividend yield appeals and are defensive as a cushion against market volatility.

Fixed Income

Global economic data continues to deteriorate and many policy makers are acting more aggressively to counteract weakness in the global economy via rate cuts and fiscal stimulus. Headline news pertaining to the trade tension between US and China as well as the political unrest in Hong Kong sent investors hurling from one end of the risk spectrum to the other end. Against such a backdrop, we expect uncertainties and volatility in the financial markets to persist in the near future.

While Bank Negara Malaysia (BNM) had preemptively cut rates by 25 bps in May 2019, the likelihood of another rate cut by BNM in the coming months had increased with the weakening global economy and downside risks posed by potential black swan events. We retain our positive outlook on the local bond market, supported by dovishness of the central bank 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.