

April 2021
Factsheet

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

Trustee

CIMB Islamic Trustee Berhad
198801000556 (167913-M)

Fund information (as at 31 Mar 2021)

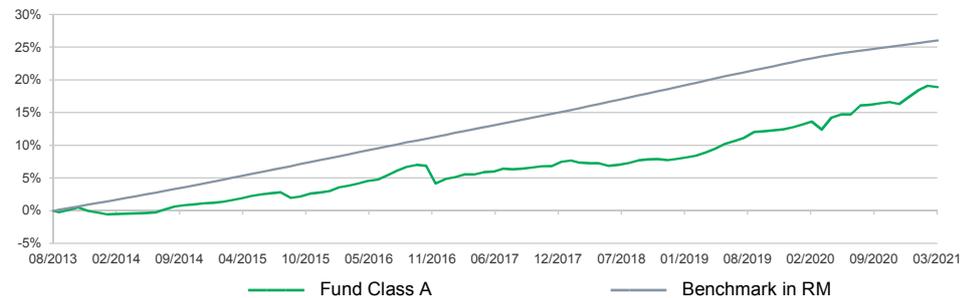
NAV/unit (Class A)	RM 0.5403
NAV/unit (Class C)	RM 0.5646
Fund size	RM 1.02 mil
Units in circulation	1.88 mil
Fund launch date	Class A & B: 24 Jul 2013 Class C: 28 Apr 2016
Fund inception date	13 Aug 2013
Financial year	31 Aug
Currency	RM
Management fee	Class A: 1.20% p.a. of the NAV Class B: 1.00% p.a. of the NAV Class C: 1.00% p.a. of the NAV
Trustee fee	Class A, B & C: 0.025% p.a. of the NAV
Sales charge	Class A & B: Nil Class C: Up to 3.00% of the NAV per unit
Redemption charge	Class A: 3.00% of NAV per unit for withdrawal in the 2nd year; 2.00% of NAV per unit for withdrawal in the 3rd year; 1.00% of NAV per unit for withdrawal in the 4th year; No Redemption Charge from the 5th year onwards. Class B & C: Nil
Distribution frequency	Annually, 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 transfer to another PRS provider
Administration fee	0.04% p.a. of the NAV

Fund review and strategy

Since inception performance as at 31 March 2021*



Given that this is a conservative fund, we are investing mainly in fixed income while keeping modest exposure in equities as global economic data momentum remains strong, strong fiscal policy and loose monetary policy are set to continue. The recent market volatility was largely due to rotation from expensive growth stocks to value stocks alongside an adjustment in rates and inflation expectations. The rising bond yields are purely reflecting the changes in activities and inflation, and not the concern over liquidity.

Total return over the following periods ended 31 March 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund Class A (%)	-0.17	2.13	1.29	5.77	10.87	14.12	18.92
Benchmark in RM (%)	0.16	0.92	0.45	1.97	8.63	15.68	26.03
Fund Class C (%)	-0.14	2.24	1.35	6.00	12.58	-	16.78
Benchmark in RM (%)	0.16	0.92	0.45	1.97	8.63	-	15.38

Calendar year returns*

	2016	2017	2018	2019	2020
Fund Class A (%)	1.79	2.48	0.44	4.45	4.12
Benchmark in RM (%)	3.32	3.12	3.33	3.19	2.22
Fund Class C (%)	0.41	3.30	1.21	5.19	4.34
Benchmark in RM (%)	2.20	3.12	3.33	3.19	2.22

*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	26.8
2	CIMB Islamic Bank Bhd 1.7 04/02/21	14.0
3	Manulife Investment Al-Mamun	11.0
4	Country Garden Real Estate Sdn Bhd 6.4 05/06/22	9.3
5	Fortune Premiere Sdn Bhd 5.05 10/31/25	7.4

Highest & lowest NAV

	2018	2019	2020
High	0.5093	0.5246	0.5396
Low	0.5026	0.5033	0.5161

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	0.59	0.60	0.76
Distribution Yield (%)	1.2	1.2	1.4

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Fixed Income	56.8
2	Money Market	25.0
3	Equities	18.4
4	Cash & Cash Equivalents	-0.3

Geographical allocation

No.	Geographical name	% NAV
1	Malaysia	100.3
2	Cash & Cash Equivalents	-0.3

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

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.

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Market Review

Equity

March was generally a positive month for global equities, despite some volatility due to rising Treasury yields. The steady pace of inoculations in the US and UK, coupled with improving economic data helped sustain investor sentiment towards equities. US President Biden also signed the massive USD1.9trn American Rescue Plan into law and pledged to double the number of vaccinations from 100mil to 200mil within his first 100 days, leading to upgrades in the US GDP expectations for 2021. For the first time in decades, US GDP is expected to rival or even surpass China. The Federal Reserve raised its 2021 GDP forecast to 6.5%, sharply higher than the 4.2% forecasted in December.

Asian markets were mixed, with Indonesia and Philippines leading the underperformers on the back of higher US Treasury yields and stronger USD. Chinese equities were also a main drag on the MSCI Asia Ex-Japan index, as investors grew wary over expectations of tighter monetary policy in Beijing spurred by the strong economic recovery. Concerns about possible delisting of Chinese technology stocks from US exchanges and reported plans by Beijing to take control of tech companies' user data also weighed on sentiment.

The FBM KLCI Index ended the month slightly weaker, declining 0.3% m/m to close at 1,573.5. While the market had initially gained in early March, as the government announced that the MCO for Selangor, Penang, Johor and Kuala Lumpur would be lifted on 4 March and these states will enter the CMCO phase as the number of new covid-19 cases have reduced. BNM also held the OPR steady at 1.75% during its March MPC meeting, signaling confidence in economic recovery in the later part of the year with the rollout of vaccinations. Meanwhile, the government announced an additional stimulus package worth RM20 billion known as PEMERKASA, which included several cash assistance and subsidies for individuals, and another round of special grants for the SMEs. However, the benchmark index declined in the second half of the month, dragged by heavy selling in the healthcare and plantation sectors. Foreigners remained net sellers in the market, albeit with the much lower net sell of RM34mil. The broader market outperformed, with the FBM100 Index and FBM Small Cap Index returning -0.2% and 2.3% m/m respectively.

Relative to the region, the FBM KLCI Index outperformed the MSCI Asia ex-Japan Index, which fell by 2.7% during the month. The top performers were Singapore (7.3%), Thailand (6.0%) and Taiwan (3.0%). Meanwhile, the worst performers were the Philippines (-5.2%), Indonesia (-4.1%) and China H-Shares (-2.4%).

Fixed Income

The US Treasury (UST) yield curve bear steepened in March 2021; 2-year, 5-year and 10-year UST yields changed +3 bps, +21 bps and +34 bps to close at 0.16%, 0.94% and 1.74% respectively. The upward pressure came after stronger economic data release reinforced prospects of a faster economic recovery and inflationary pressure amid the ongoing rollout of Covid-19 vaccines as well as expectations of the US Congress passing the large stimulus package.

The Malaysia Government Securities (MGS) yield curve faced market selling pressure across the curve, triggered by the UST selling. 3-year, 5-year and 10-year MGS yields changed +15 bps, +34 bps and +16 bps respectively to close at 2.13%, 2.66% and 3.24%. As Covid cases reducing and implementation of vaccine plan, better economy outlook also curbed the yields from staying at low.

Fund Review

In the month of March 2021, the fund underperformed its benchmark due to capital loss of its Sukuk holdings following global bond yields rising.

Market Outlook

Equity

Global equity markets are expected to remain watchful of the direction of the 10-year US Treasury yield. Although markets have recovered from the recent correction, another spike in yield could spook investors again. Meanwhile, with the US\$1.9 trillion Covid stimulus package approved, President Biden will be focusing his attention on the proposed US\$2 trillion infrastructure plan aimed at, amongst others, modernising America's transportation network, investments in clean energy infrastructure and high-speed broadband. While there are fears that a hike in corporate tax to fund the spending would be negative for markets, the gradual increase over 15 years has probably alleviated those concerns.

For Malaysia, investors are expected to be influenced by the direction of US markets and bond yields. The local market and the ringgit could also be impacted by the outflow of funds back to the US from emerging markets given the strength of the US economy. While the technology sector has rebounded somewhat from the fall in early March, the rotation from growth to value and cyclical stocks could continue if bond yields trend up further. We view the recent market correction as transitory and remain positive on the prospects of the market, thanks to anticipation of eventual global economic recovery. The performance of the market will unlikely be uniform across sectors and the road to recovery will remain a bumpy one; current market development only serves to reinforce this opinion.

Structurally, we believe the key investment themes that we like, such as deglobalisation, digitalisation, clean energy and economic reopening, remain intact and will continue to anchor the basis of our investment decisions. In the current investment climate, we believe sector and stock selection will be key to investment performance.

Fixed Income

The scale of US fiscal stimulus and the speed of vaccine rollout have significantly lifted global economic prospects. There are, however, still risks to growth given that COVID-19 infection is still widespread, and many countries may need time to recover from economic scarring. In Malaysia, Bank Negara Malaysia (BNM) appears more upbeat on consumption and investment recovery. It also does not seem to be overly concerned about inflationary pressure despite forecasting higher inflation outlook for the year. As such, we expect BNM to maintain the Overnight Policy Rate (OPR) at the current level of 1.75% for the year.

We anticipate upward pressure on bond yields to persist both globally and domestically due to expectations of rate normalization and higher inflation. Within Malaysia, the MGS market is also weighed down by large bond supplies to fund fiscal stimulus and lower bond demand due to cash outflow from pension funds, e.g. EPF and KWAP. However, most of these factors have been priced in after the bond sell off in February and March. On top of that, FTSE Russell's recent removal of Malaysia from its Watchlist means less worry by investors about Malaysia's possible exclusion from the FTSE Russell World Global Bond Index. All said, we think that MGS market will be strongly influenced by development in the UST and global bond markets.

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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 Manulife Shariah PRS NESTEGG Series Disclosure Document dated 29 November 2019 and its First Supplemental Disclosure Document dated 10 February 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.