

November 2021
Factsheet

Manulife Investment-HW Shariah Flexi Fund

Fund category

Mixed Assets (Islamic)

Fund objective

The Fund seeks to provide unit holders with long term capital appreciation.

Investor profile

The Fund is suitable for investors who seek capital appreciation and are willing to accept high level of risk. The Fund is suitable for investors who seek investments which conform to the requirements of the Shariah, who do not seek regular income stream and have a long-term investment horizon.

Fund manager

Affin Hwang Asset Management Berhad
193701014290 (429786-T)

Trustee

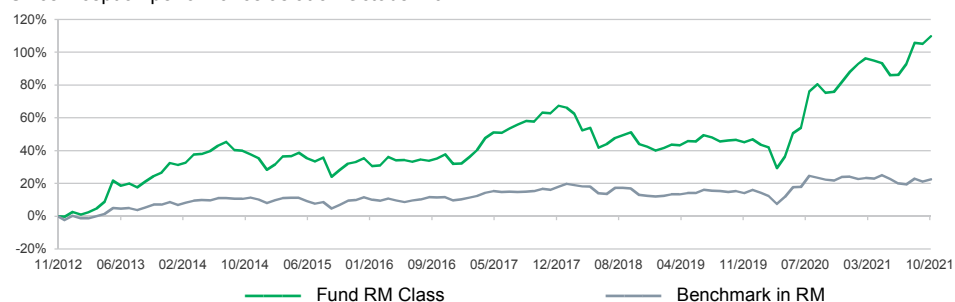
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Oct 2021)

NAV/unit	RM 0.3562
Fund size	RM 164.28 mil
Units in circulation	461.17 mil
Fund launch date	18 Oct 2012
Fund inception date	08 Nov 2012
Financial year	31 Jan
Currency	RM
Management fee	Up to 1.50% of NAV p.a.
Trustee fee	Up to 0.06% of NAV p.a.
Sales charge	Up to 5.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	50% FTSE Bursa Malaysia Emas Shariah Index + 50% Maybank 12-month GIA-i Rate

Fund performance

Since inception performance as at 31 October 2021*



Total return over the following periods ended 31 October 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund RM Class (%)	2.33	8.50	11.59	19.40	45.69	52.38	109.95
Benchmark in RM (%)	1.03	-2.06	-1.28	0.53	8.43	9.66	22.61

Calendar year returns*

	2016	2017	2018	2019	2020
Fund RM Class (%)	-2.47	26.66	-16.30	4.85	28.06
Benchmark in RM (%)	-1.12	7.02	-5.16	3.73	6.80

*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	Inari Amerton Bhd	5.8
2	Telekom Malaysia Bhd	4.8
3	Frontken Corp Bhd	4.3
4	Scientex Bhd	4.2
5	Petronas Chemical Group Bhd	3.9

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial Products & Services	30.2
2	Technology	18.0
3	Telco & Media	11.4
4	Energy	4.5
5	Property	4.0
6	Reits	3.7
7	Financial Services	3.5
8	Healthcare	2.4
9	Others	5.4
10	Cash & Cash Equivalents	16.9

Highest & lowest NAV

	2018	2019	2020
High	0.3480	0.2847	0.3552
Low	0.2603	0.2619	0.2284

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	-	-	3.60
Distribution Yield (%)	-	-	11.7

Geographical allocation

No.	Geographical name	% NAV
1	Malaysia	83.1
2	Cash & Cash Equivalents	16.9

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Market review

For the month of October, the KLCI was up by 1.59% to close at 1562.31. Meanwhile, the S&P 500 was up by 6.91% and the MSCI Asia ex-Japan was up by 1.32%.

On the economic front, 1) Malaysia's exports rose +24.7% y-o-y in September 2021. The rise was led by manufacturing, mining and agricultural products. ; 2) August 2021 IPI fell -0.7% y-o-y, from +0.6% in July 2021. ; 3) September 2021 headline inflation rate came in at +2.2% y-o-y (August: +2.0% y-o-y) and the core inflation edged up by +0.6% y-o-y. ; 4) BNM's international reserves decreased by USD0.7B to US\$115.6bn as at Oct-2021 from a month ago. The reserves position is sufficient to finance 8.2 months of retained imports and is 1.3 times the short-term external debt.

In corporate developments, 1) Yinson has invested in a Canada-based energy storage solutions company, which aims to reduce dependence on fossil fuels in the marine/industrial segments. ; 2) Genting Malaysia is injecting another US\$150mn into Empire for the repayment of short term debt. ; 3) CIMB has announced that Tigor, president director and CEO of CIMB Niaga, has tendered his resignation with effect from Oct 21. To ensure a smooth transition, CIMB said Tigor will be serving out his notice period in his current capacity with CIMB Niaga. ; 4) MAHB has appointed Iskandar Mizal as MD, replacing Mohd Shukrie effective Oct 25. Mizal has >32 years of experience serving several coys from MNC to GLCs with his most recent stint as the group MD for Media Prima.

In the US, the four-week moving average of claims, considered a better measure of labour market trends as it strips out week-to-week volatility, came in at 284,750 as in October 2021, lower than its month ago value of 340,500. Unemployment rate fell to 4.8% in Sep-2021 from 5.2% the previous month. Meanwhile, the US manufacturing sector was weaker in October 2021, with the seasonally adjusted Markit U.S Manufacturing Purchasing Manager's Index™ (PMI™) registered at 58.4, declined from September. US consumer confidence was at 109.3 in September, lower than 115.2 in August. The headline inflation rate came in at +5.4% in September 2021. Core inflation, which strips out food and energy costs, rose +4.0% in September, stable from +4.0% in August.

In the Eurozone, inflation rate came in at +4.1% in October 2021, higher than the previous month. Industrial production in the Euro Area increased +5.1% from a year earlier in August 2021, following a 8.0% expansion in the previous month. The conditions in the Eurozone manufacturing sector deteriorated in October, after an industry survey confirmed that the bloc's Manufacturing Purchasing Manager's Index (PMI), a broad gauge of industry activity, stood at 58.3 in October 2021 (vs 58.6 in September 2021).

Market outlook

KLCI rose 24.5 pts or 1.6% mom in Oct to close at 1,562 pts. The gain was driven by net buying by foreign investors on optimism that the Malaysian economy will rebound from Covid-19 impact, following the reopening of its economy. On 10 Oct, Malaysia lifted its interstate and overseas travel ban, in place since 13 Jan, for fully vaccinated Malaysians effective 11 Oct. This comes after 90% of Malaysia's adult population had been fully vaccinated. Foreign investors net bought RM1.6bn worth of Malaysian equities in Oct, their third consecutive month of net buying and highest monthly net buy since Jan 2018. The key negative in Oct was that the net selling among local institutional investors remained high at RM1,897m, and retailers' net buying declined 65% mom in Oct to RM333m. All sectors except healthcare posted gains in Oct 2021. The best-performing sectors in Oct were property, energy and plantation sectors. The top three worst-performing sectors in Oct were healthcare, utilities and telecom sectors. The KLCI was the second-worst performing equity market among MIST in Oct 2021. It narrowed its losses to 4% in 10M21. Average daily trading volumes fell 6% mom to 4.5bn units while average daily trading value declined 7% mom to RM3.05bn in Oct.

Analysing KLCI's historical data, we note that the KLCI's performance tends to be negative in Nov, with an average mom loss of 0.9%/0.4% over the past 10 years/43 years. In Nov 2021, investors' attention will be on:

1. Economics – Investors will be focusing on Bank Negara's Monetary Policy Committee (MPC) meeting scheduled for 3 Nov, the US Federal Open Market Committee (FOMC) meeting on 2-3 Nov, Organization of the Petroleum Exporting Countries (OPEC) meeting on 4 Nov, and the release of Malaysia's 3Q21 GDP figures on 12 Nov. Market watchers will also be tracking the news for further clarifications on the new taxes proposed in Budget 2022 ahead of the voting of the Budget on 13 Dec. Investors will also be looking at newsflow from the ongoing Parliament sittings (25 Oct to 16 Dec 2021).
2. Corporates – Investors will be focusing on the 3Q21 results season for Malaysian corporates in Nov, and particular on how the various new taxes (prosperous tax) will impact their earnings prospects in 2022. Also in focus will be plans to reopen the Malaysian borders to international travellers.
3. Global – Investors will be monitoring the outcomes from the COP26 UN Climate Change Conference which will take place from 31 Oct to 12 Nov. They will also keep an eye on the Global Covid-19 situation, Evergrande debt crisis, and China's power crisis.
4. Politics – Investors will be closely watching the upcoming Melaka state election, progress of the Memorandum of Understanding (MOU) signed between the government and Pakatan Harapan (PH). Political appointments or any potential shift in political allegiances by MPs could also be in focus.

The market has corrected recently to reflect the negative earnings impact from the one-off windfall tax (Makmur tax) for the year 2022 and higher stamp duty on share trading announced in Budget 2022. Our rough estimate suggests that the one-off windfall tax could lower our 2022F KLCI earnings by RM4.4bn or 6.6% (worst case scenario). Some companies could reduce their dividend payments/payouts due to the higher taxes. The negative surprise from Budget 2022 could dampen market sentiment and pose downside risks to our expectation of a market rebound in 4Q21F.

Fund review and strategy

The Prosperity tax announced recently in Budget 2022 took market by surprise as the hike in tax rate for profit in excess of RM100m will put a dent to earnings growth. Based on our estimates, the impact is around 3-4% downward earnings revision. Clearly a negative development but we think that its been largely priced in from the 3% selldown pre and post Budget.

Notwithstanding the minor setback, we remain cautiously optimistic on economic recovery following the relaxation of Covid restrictions. We continue to like reopening play, tech and telco.

Based on the Fund's portfolio returns as at 30 Sep 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.

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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 Master Prospectus dated 7 February 2020 and its First Supplemental Master Prospectus dated 13 November 2020 and its Second Supplemental Master Prospectus dated 5 April 2021 and its Third Supplemental Master Prospectus dated 13 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.