RM Class
3-year
Fund Volatility
19.9
Very High
Lipper Analytics
10 Oct 21

Manulife Investment Management

November 2021
Factsheet

Manulife Investment Shariah Progress Fund

Fund category

Equity (Islamic)

Fund objective

The Fund seeks to provide Unit Holders with steady long-term capital growth at a reasonable level of risk by investing in a diversified portfolio of small- to medium-capitalised Shariah-compliant equities and equity-related instruments.

Investor profile

The Fund is designed for investors who are willing to accept a high level of risk and seek capital appreciation and have a low income stream requirement. Have a long-term investment horizon.

Fund manager

Affin Hwang Asset Management Berhad
199701014290 (429786-T)

Trustee

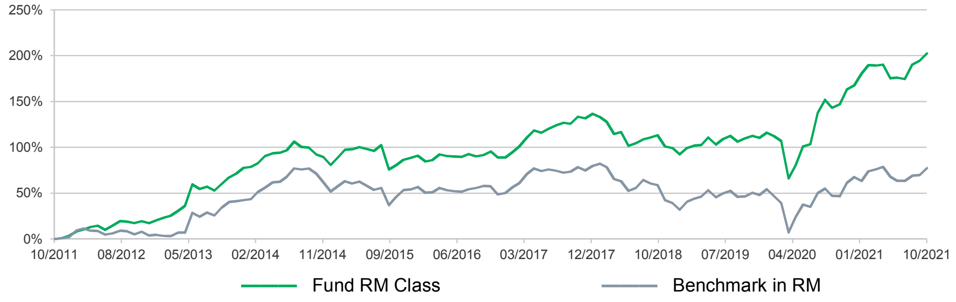
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Oct 2021)

NAV/unit	RM 0.4485
Fund size	RM 636.98 mil
Units in circulation	1,420.30 mil
Fund launch date	20 Apr 2011
Fund inception date	11 May 2011
Financial year	30 Apr
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 6.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	50% FTSE Bursa Malaysia Small Cap Index + 50% FTSE Bursa Malaysia Mid 70 Index

Fund performance

10-year 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	10 year
Fund RM Class (%)	2.80	4.28	13.02	22.39	50.58	54.74	202.69
Benchmark in RM (%)	4.53	-0.85	5.75	20.92	24.49	12.62	77.39

Calendar year returns*

	2016	2017	2018	2019	2020
Fund RM Class (%)	-1.21	25.47	-18.71	12.23	23.94
Benchmark in RM (%)	-4.24	19.65	-26.49	16.86	8.54

*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	Formosa Prosonic Industries Bhd	5.2
2	Scientex Bhd	4.5
3	BIMB Holdings Bhd	4.2
4	VS Industry Bhd	4.1
5	SuperComnet Techologies Bhd	3.2

Highest & lowest NAV

	2018	2019	2020
High	0.4289	0.3583	0.4459
Low	0.3131	0.3171	0.2518

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	-	-	5.00
Distribution Yield (%)	-	-	12.0

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial Products & Services	26.9
2	Consumer Products & Services	17.5
3	Technology	15.8
4	Financial Services	7.2
5	Energy	3.3
6	Construction	2.9
7	Telco & Media	2.9
8	Property	2.7
9	Others	5.1
10	Cash & Cash Equivalents	15.7

Geographical allocation

No.	Geographical name	% NAV
1	Malaysia	84.3
2	Cash & Cash Equivalents	15.7

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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 fom 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

We continue to like the small-midcap space as it is more insulated against recently announced prosperity tax. Given lack of growth in large cap space, we expect to see more activity here. We will continue to be nimble and look for names that offers strong growth profile driven by solid management.

Themes we continue to like: a) Recovery plays; b) Exporters (tech, trade diversion beneficiaries); c) Telco (preference for fixed line operators).

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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