RM-Hedged Class
3-year Fund Volatility
12.3
Moderate
Lipper Analytics 10 Oct 21

RM Class
3-year Fund Volatility
10.0
Low
Lipper Analytics 10 Oct 21

Manulife Investment Management

November 2021
Factsheet

Manulife Asia Pacific Income And Growth Fund

Fund category
Feeder Fund (Mixed Assets)

Fund objective
To provide income and capital appreciation over the medium- to long-term.

Investor profile
This Fund is suitable for investors who seek regular income and capital appreciation, have a medium to long-term investment horizon and seek investment exposure in the Asia-Pacific ex Japan region.

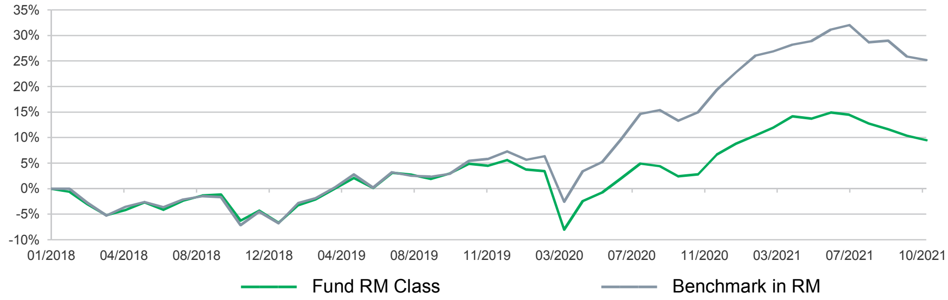
Fund manager
Manulife Investment Management (M) Berhad
200801033087 (834424-U)

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

Fund information (as at 31 Oct 2021)

NAV/unit (RM Class)	RM 0.4694
NAV/unit (RM-Hedged Class)	RM 0.4615
Fund size	USD 1.39 mil
Units in circulation	12.37 mil
Fund launch date	12 Dec 2017
Fund inception date	02 Jan 2018
Financial year	31 Dec
Currency	USD
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	0.04% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 5.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Quarterly, if any
Benchmark	60% MSCI AC Asia Pacific ex Japan Index + 40% JP Morgan Asia Credit Index.

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 (%)	-0.82	-3.72	0.62	6.50	16.81	-	9.51
Benchmark in RM (%)	-0.59	-2.88	1.90	8.89	34.76	-	25.18
Fund RM-Hedged Class (%)	0.35	-4.16	-1.25	8.09	20.04	-	9.46
Benchmark in USD (%)	0.50	-3.93	-1.02	9.26	36.18	-	22.34

Calendar year returns*

	2016	2017	2018	2019	2020
Fund RM Class (%)	-	-	-6.68	13.21	3.02
Benchmark in RM (%)	-	-	-6.72	15.06	14.46
Fund RM-Hedged Class (%)	-	-	-8.16	14.60	5.31
Benchmark in USD (%)	-	-	-8.65	16.24	16.39

*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	TAIWAN SEMICONDUCTOR MANUFAC	6.3
2	SAMSUNG ELECTRONICS-PREF	3.0
3	ALIBABA GROUP HOLDING-SP ADR	2.1
4	NATIONAL AUSTRALIA BANK LTD	2.1
5	HAOHUA 4 ⅛ 07/19/27	1.9

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Financials	21.3
2	Information Technology	16.4
3	Materials	13.5
4	Real Estate	10.6
5	Consumer Discretionary	10.4
6	Industrials	10.1
7	Communication Services	6.0
8	Energy	2.5
9	Others	7.6
10	Cash & Cash Equivalents	1.6

Highest & lowest NAV

	2018	2019	2020
High	0.5005	0.4918	0.4962
Low	0.4460	0.4414	0.3996

Geographical allocation#

No.	Geographical name	% NAV
1	China	36.6
2	Australia	12.5
3	Taiwan	11.2
4	Others	38.1
5	Cash & Cash Equivalents	1.6

Distribution by financial year

	2019	2020	2021**
Distribution (Sen)	1.77	1.96	1.49
Distribution Yield (%)	3.8	4.3	3.0

**Cumulative quarterly distribution for the month of Jan'21 - Sep'21

MANULIFE ADVANCED FUND SPC - ASIA PACIFIC INCOME AND GROWTH FUND SEGREGATED PORTFOLIO

Manulife Investment Management

November 2021
Factsheet
Manulife Asia Pacific Income And Growth Fund

Market review

Asia-Pacific (ex- Japan) equities moved higher in October on the back of stronger earnings and optimism over the reopening of borders. Singapore and Australia announced an easing in travel restrictions and Thailand declared that foreign visitors who were vaccinated could enter without quarantine. Later in the month, concerns over lower economic growth and higher inflation resurfaced, as US and China third-quarter gross domestic product (GDP) data both failed to meet diminished expectations, while price levels remained elevated. Overall, a majority of regional equity markets moved higher for the month, and all regional currencies appreciated against a weakening US dollar except for the Indian rupee, which depreciated partially on concerns of rising oil prices and a surging trade deficit in September.

In the United States, Treasury yields rose, and the yield curve flattened during October amid building expectations of the US Federal Reserve Board (Fed) imminent tapering process, with details expected to be announced at the upcoming Federal Open Market Committee meeting in early November. US third-quarter gross domestic product (GDP) rose by 2.0% (first estimate, annualised, quarter-on-quarter), below market expectations, while consumer price inflation in September came in at 5.4%, marginally above market consensus. Over the period, the 10-year Treasury yield moved higher from 1.49% to 1.55%. Asian credit markets posted negative returns over the month owing to higher US Treasury yields and wider credit spreads in the Asian high yield space. The Asian high yield corporate segment underperformed Asian investment grade credit; the JP Morgan Asian High Yield Corporate Bond Index decreased by 6.25%, while the JP Morgan Asian Investment Grade Corporate Bond Index decreased by 0.51% in US dollar terms. Investor sentiment towards the Chinese property sector remained weak as a single-B Chinese property developer announced non-payment of its bond maturity, whilst we saw limited spill-over to the broader Asian credit market and investment grade credit remained supported. The primary market was active as issuers returned from China's Golden Week holiday. Notably, China sovereign printed a mega-size bond deal; a Chinese asset management company tapped the US dollar bond market, the first offshore issuance by the sector since the Huarong incident earlier this year as investor sentiment towards the sector improved after news of Huarong's recapitalisation plan. Overall, we saw a decent appetite for new issuances with attractive valuations.

Chinese equities posted gains for the month. Concerns over the trajectory of the country's real sector generally, and the financial viability of a prominent property developer specifically, weighed on market sentiment even with payments made on US dollar bonds at the end of the month to avoid default. On the economic front, equity markets reacted negatively to data showing decelerated economic growth and higher producer prices: third-quarter GDP came in below expectations at 4.9% (year-on-year), while the producer price index grew at the fastest monthly rate since June 1995.

South Korea's equity markets were lower on the month and were weighed down over the Fed's tapering plans, as well as heightened inflation risks and worries over supply chain bottlenecks affecting technology product sales. Third-quarter earnings thus far have shown some positive outlines; however, the results failed to serve as a positive catalyst.

Taiwan's equity markets edged higher for the month. Technology moved higher on strong third-quarter revenues and guidance by blue-chip technology producers, as well as a bolstered outlook for logic semiconductors. Personal computer producers also gained on a more positive demand outlook for the second half of 2021. In contrast, suppliers for smart phones were muted due to bottlenecks in supply chains and concerns over lower demand.

Indian equities consolidated for the month due to numerous negative factors including mixed third-quarter earnings reports and recent strong increases in oil prices that led to the highest trade deficit in history in September. In addition, foreign institutional investors turned to net sellers (US$1.5 billion) for the month, while domestic institutional investors continued to be net buyers (US$597 million). Finally, Moody's upgraded the outlook for the country to "stable" from "negative" due to a continued economic recovery and better-than-expected fiscal position.

All ASEAN markets posted gains during the month over optimism over an economic reopening. Indonesian equities moved higher on the back of significant vaccination progress leading to an acceleration of the economic reopening. Investor attention on the pipeline of initial public offerings (IPOs) continued, as a state-owned telecommunications tower operator announced plans to launch the largest IPO in Indonesian history. In Malaysia, the economic reopening continued, including allowing intrastate travel, as well as surging commodity prices for oil and palm oil. Singapore equities were boosted by the removal of travel restrictions, allowing some foreign visitors to enter the territory quarantine-free with proof of quarantine. Thai equities moved higher on optimism over the economic reopening. The government announced that, starting in November, visitors from over 60 countries could enter the country without quarantine if they presented valid vaccination papers. On the policy front, the central bank scraped loan-to-value limits on mortgages to boost investment in the real estate sector. In the Philippines, equities moved higher on the theme of reopening, led by gains in banks and property companies.

Australian markets posted gains for the month due to two main catalysts: the anticipated opening of its international borders on 1 November for the first time since the outbreak of the pandemic, and the strong performance of some base commodities for the month - nickel, coal, and iron ore moved higher for the month. The Reserve Bank of Australia held interest rates steady, while remaining committed to a gradual tapering of bond purchases.

Market outlook

Despite global equity market valuations looking elevated relative to history, low absolute interest rates and somewhat depressed earnings need to be kept in mind with multiples looking far more reasonable several years out. Asian equities continue to trade at a reasonable discount to global markets and we anticipate strong double-digit earnings recovery in 2021. Although 10-year bond yields have risen since the start of the year, equity dividend yields continue to look attractive compared to bond yields. We see scope for further reductions in valuation dispersions between high price-to-earnings growth stocks and stocks that have attractive yields as we enter a period of global economic recovery as vaccinations take hold across the region and around the world.

The strength of the anticipated economic recovery has led us to favour more cyclical yields such as within materials and ports for instance. The consumer spending recovery is also leading us to increase our allocation towards the consumer discretionary sector particularly those who also have solid long-term growth prospects. Bond proxy equities are less favoured compared to last year given the recent steepening in the yield curve. Although real estate investment trusts can be considered as bond proxies, we maintain a strong allocation as a source of yield although we favour trusts that benefit from a re-opening post-Covid lockdowns such as retail commercial trusts. We also continue to see strong value in many expressway companies who are seeing a dramatic increase in traffic post-Covid. Many companies we like that offer robust growth at a reasonable yield continue to be within the Taiwanese information technology sector which continues to benefit from ongoing chip shortages and ongoing structural growth profiles with solid cash flows and generous dividend payout ratios.

We continue to hold several exposures within the banking sector. The steepening yield curve together with our view that many regional property markets should see a recovery in activity should lead to stronger earnings fundamentals. In terms of growth sectors, we see some value emerging back in the Chinese e-commerce sector which has corrected due to the anti-monopoly campaign. Compared to a few months ago, there is a lot more clarity on what the earnings impact would be from fines and alterations to business practices. Overall, the earnings growth profile continues to look attractive at much lower valuations.

Given the growth recovery scenario and somewhat elevated inflation expectations, we prefer equities over fixed income at this point. Within fixed income, the focus remains on yield extraction through credit opportunities within the high yield space while maintaining shorter duration profiles.

Manulife Investment Management

November 2021
Factsheet
Manulife Asia Pacific Income And Growth Fund

Feeder fund review

In October, the Feeder Fund posted: a) -0.82% versus the benchmark return of -0.59% for its RM class; and b) 0.35% versus the benchmark return of 0.50% for its RM-Hedged class.

The Fund's equity portion detracted on the back of stock selection at the country and asset allocation decisions at the sector level. Partially offsetting the detraction was asset allocation decisions at the country level and stock selection at the sector level. Stock selection in China and South Korea were the primary detractors to performance. Contributing positively was stock selection in Taiwan and the underweight to India and South Korea and the overweight to Australia and Singapore.

A Hong Kong listed Chinese toll road operator detracted from performance as Chinese 10-year bond yields moved higher in the first half of the month. Fundamentally, the company's outlook remains unchanged and reported strong third quarter earnings results. Also negatively impacting performance was a Chinese provider of cybersecurity products, services and solutions as it disappointed investors with soft third quarter earnings results. We believe that the secular growth potential remains intact driven by new product and policy tailwind.

The key contributors to performance were the Fund's Australian holdings. An Australian diversified bank performed strongly after reporting fiscal first half earnings that were stronger than expected with positive forward guidance. Another was an electronic goods retailer that reported fiscal first quarter sales performance that was stronger than expected. We believe that strong consumer savings and housing prices in addition to the reopening support demand and earnings.

Over the month, the portfolio's overall security selection contributed to performance with US dollar denominated bonds of an Indian steel producer and an Indian renewable energy company being notable outperformers. On the other hand, overweight exposure to US dollar-denominated Asian corporate bonds detracted from performance amid wider credit spreads.

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.