Manulife Investment Management

November 2021
Factsheet

Manulife Asia Total Return Bond Fund

Fund category
Feeder Fund

Fund objective
The Fund aims to provide total return from a combination of income and capital appreciation by investing in a collective investment scheme with investment focus on fixed income securities.

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

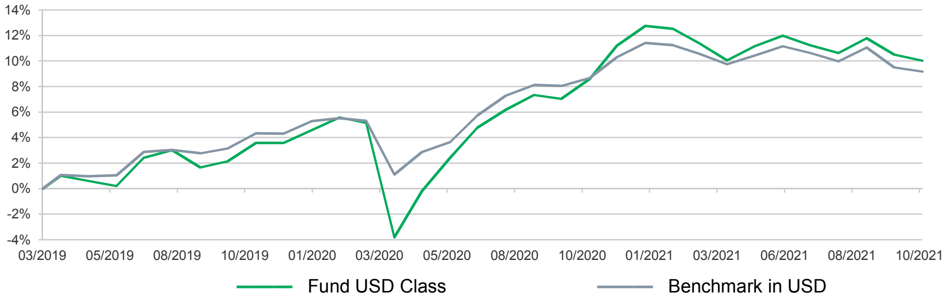
Fund manager
Manulife Investment Management (M) Berhad
200801033087 (834424-U)

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

Fund information (as at 31 Oct 2021)

NAV/unit (USD Class)	USD 0.5008
NAV/unit (RM-Hedged Class)	RM 0.5095
NAV/unit (CNH-Hedged Class)	CNH 0.5173
Fund size	USD 19.08 mil
Units in circulation	145.05 mil
Fund launch date	18 Feb 2019
Fund inception date	11 Mar 2019
Financial year	30 Nov
Currency	USD
Management fee	Up to 1.25% of NAV p.a.
Trustee fee	0.04% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 3.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Quarterly, if any
Benchmark	50% JP Morgan Emerging Local Markets Index Plus (Asia) + 50% 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 USD Class (%)	-0.42	-1.01	-2.39	1.33	-	-	10.05
Benchmark in USD (%)	-0.29	-1.13	-2.01	0.46	-	-	9.18
Fund RM-Hedged Class (%)	-0.37	-0.42	-1.57	2.20	-	-	12.22
Benchmark in USD (%)	-0.29	-1.13	-2.01	0.46	-	-	9.18
Fund CNH-Hedged Class (%)	-0.31	0.20	-0.46	3.67	-	-	12.53
Benchmark in USD (%)	-0.29	-1.13	-2.01	0.46	-	-	8.01

Calendar year returns*

	2016	2017	2018	2019	2020
Fund USD Class (%)	-	-	-	4.59	7.79
Benchmark in USD (%)	-	-	-	5.29	5.82
Fund RM-Hedged Class (%)	-	-	-	5.11	8.46
Benchmark in USD (%)	-	-	-	5.29	5.82
Fund CNH-Hedged Class (%)	-	-	-	3.98	8.72
Benchmark in USD (%)	-	-	-	4.16	5.82

*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	Korea Treasury Bond 2% 12/10/2021	3.4
2	China Government Bond 2.85% 06/04/2027	2.8
3	China Government Bond 1.99% 04/09/2025	2.7
4	China Government Bond 2.68% 05/21/2030	2.7
5	Indonesia Treasury Bond 6.125% 05/15/2028	2.5

Highest & lowest NAV

	2018	2019	2020
High	-	0.5174	0.5301
Low	-	0.4985	0.4511

Distribution by financial year

	2019	2020	2021**
Distribution (Sen)	1.13	1.99	1.69
Distribution Yield (%)	2.2	3.9	3.3

**Cumulative quarterly distribution for the month of Dec'20 - Aug'21

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Treasuries	50.5
2	Investment Grade Corporates	21.2
3	High Yield Corporates	15.9
4	Government-Related	8.5
5	Non-rated Corporates	3.4
6	Cash & Cash Equivalents	0.5

Geographical allocation#

No.	Geographical name	% NAV
1	China	36.0
2	Indonesia	16.3
3	South Korea	13.3
4	India	10.5
5	Others	23.9

MANULIFE GLOBAL FUND - ASIA TOTAL RETURN FUND

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Market review

In the United States, Treasury yields rose, and the yield curve flattened during October amid building expectations of the US Federal Reserve Board (Fed)'s 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%.

In China, economic data remained sluggish in October on the back of localised Covid-19 outbreaks and power outages. The Caixin Manufacturing Purchasing Managers' Index increased to 50, the 'neutral' value (indicating neither expansion nor contraction), from August (49.2). Third-quarter GDP growth posted at 4.9% (year-on-year), a deceleration from the previous quarter and below market expectations. China's onshore government bond yields rose over the period as expectations for a further reserve requirement ratio cut or monetary easing have eased. The Reserve Bank of India announced the suspension of pandemic-related quantitative easing stimulus earlier in the month. In addition, Moody's upgraded its outlook on the country to "stable" from "negative" on the back of a sustained economic recovery. Indian local government bond yields moved higher over the period. In Indonesia, local government bond yields moved lower amid Bank Indonesia's (BI) accommodative stance. BI kept the seven-day reverse repo rate on hold at 3.5%, in line with market expectations and pledged to keep interest rates low until most of 2022 to support the economic recovery and maintain the rupiah's stability. Moreover, the central bank extended its relaxed repayment terms for credit card debt to June 2022 as a means of stimulating its economy. Bali was reopened to fully vaccinated tourists from 19 countries with a five-day quarantine requirement, effective in October.

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 spillover 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 investors sentiment towards the sector improved after news of Huarong's recapitalisation plan. Overall, we saw a decent appetite for new issuances with attractive valuations.

Most of the Asian currencies strengthened against the US dollar. The Thai baht outperformed regional peers amid their border reopening and an easing of quarantine rules for travellers. On the other hand, the Indian rupee underperformed due to higher oil prices.

Market outlook

The gradual US economic recovery and the Fed's imminent tapering process could support a higher US yield curve environment. North Asian economies have generally fared better in terms of the economic recovery compared to South Asian counterparts year-to-date. Increasingly more South Asian economies are adopting a coexisting approach with Covid-19, reopening borders with higher vaccination rates which could be positive for their growth trajectories. On the other hand, the combination of China's regulatory intervention, power disruption and property sector shock could contribute to downward trajectory in economic growth. The potential restructuring of Evergrande and other high-yield developers is likely to remain an overhang on the property sector, including selective investment-grade developers if the sector continues to see prolonged challenges in refinancing. Overall, we remain cognisant of both systemic and idiosyncratic risks while seeking out attractive opportunities and believe that bottom-up credit selection will be key in generating further returns going forward.

Feeder fund review

In October, the Feeder Fund posted a) -0.42% versus the benchmark return of -0.29% for its USD class; b) -0.37% versus the benchmark return of -0.29% for its RM-Hedged class; and c) -0.31% versus the benchmark return of -0.29% for its CNH-Hedged class.

The portfolio's overall security selection contributed to performance; US dollar-denominated bond holdings of some Chinese property developers and a Chinese network service provider were notable outperformers. In addition, overweight exposure to Indonesian local currency bonds contributed as the Indonesian rupiah strengthened against the US dollar and local yields fell. However, overweight exposure to US dollar-denominated Asian corporate bonds detracted from performance amid wider credit spreads in the high yield space. Over the period, the portfolio took the opportunity to gradually add some Chinese property developers amid attractive valuations. In the meantime, the portfolio sold Singapore dollar-denominated bonds of a Singaporean bank and took profit in some Chinese and Indonesian local government bonds.