Manulife Investment Management

November 2021
Factsheet

Manulife Target Maturity Bond Fund 1

Fund category
Bond (close-ended)

Fund objective
The Fund seeks to provide regular income during the tenure of the Fund

Investor profile
This Fund is suitable for Sophisticated invesors who are seek regular income distribution, have a 4-year investment horizon and have a low to moderate risk tolerance.

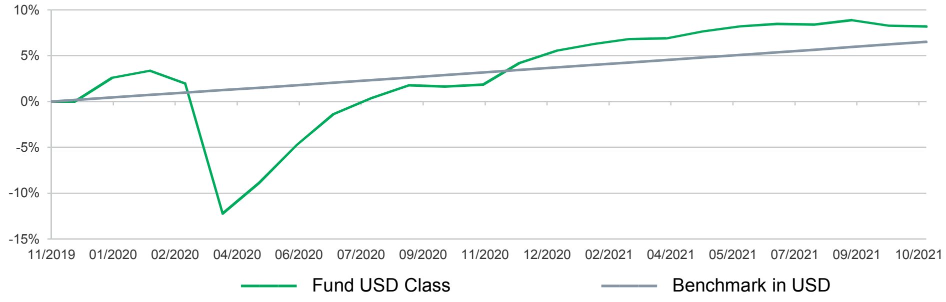
Fund manager
Manulife Investment Management (US) Limited

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

Fund information (as at 31 Oct 2021)

NAV/unit (USD Class)	USD 1.0465
NAV/unit (RM-Hedged Class)	RM 1.0468
Fund size	USD 19.76 mil
Units in circulation	75.25 mil
Fund launch date	04 Sep 2019
Fund inception date	11 Nov 2019
Financial year	31 Jan
Currency	USD
Management fee	Up to 0.50% of NAV p.a.
Trustee fee	Up to 0.04% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 2.30% of NAV per unit
Redemption charge	3.00% of NAV per unit of the class for redemption received after the offer period and prior to maturity date.
Distribution frequency	Annually, if any
Benchmark	48-month Malayan Banking Berhad fixed deposit rate as at the commencement date of the fund

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 (%)	-0.12	0.48	2.48	6.22	-	-	8.17
Benchmark in USD (%)	0.27	1.63	2.70	3.25	-	-	6.51
Fund RM-Hedged Class (%)	0.13	1.57	3.50	6.41	-	-	9.02
Benchmark in RM (%)	0.27	1.63	2.70	3.25	-	-	6.51

Calendar year returns*

	2016	2017	2018	2019	2020
Fund USD Class (%)	-	-	-	2.62	2.86
Benchmark in USD (%)	-	-	-	0.45	3.26
Fund RM-Hedged Class (%)	-	-	-	1.65	3.63
Benchmark in RM (%)	-	-	-	0.45	3.26

*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	Petroleos Mexicanos 4.875 01/18/24	2.5
2	Trust Fibra Uno 5.25 12/15/24	2.0
3	REC Ltd 5.25 11/13/23	2.0
4	CBQ Finance Ltd 5 05/24/23	2.0
5	OCP SA 5.625 04/25/24	2.0

Highest & lowest NAV

	2018	2019	2020
High	-	1.0262	1.0408
Low	-	0.9992	0.8689

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	-	-	3.40
Distribution Yield (%)	-	-	3.4

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Corporate Bond	79.1
2	Federal Bond	18.3
3	Federal Agency Bond	1.2
4	Cash & Cash Equivalents	1.4

Geographical allocation

No.	Geographical name	% NAV
1	Mexico	11.3
2	India	10.8
3	China	6.8
4	Others	69.7
5	Cash & Cash Equivalents	1.4

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Market review

Emerging-market debt declined in October as bond yields generally rose during the month. Elevated inflation was the key factor behind the continued rise in bond yields as supply chain disruptions led to higher prices for many goods. Central banks in developed countries are expected to begin retracting their accommodative policies in the coming months, but many central banks in emerging nations have already begun raising short-term interest rates. For example, Brazil's central bank raised its benchmark interest rate in October by the highest amount in nearly two decades. These developments, along with rising vaccination rates and improving economic activity, have served to drive bond yields higher in emerging markets.

On a sector basis, high-yield bonds continued to underperform in October as credit concerns remained at the forefront given further debt issues and increased regulatory activity in China's property sector. Emerging-market bonds issued in local currencies also underperformed for the month; investment-grade bonds were the best performers.

Market outlook

Our outlook for Emerging Markets Debt remains somewhat constructive for the remainder of 2021, however the challenge of reconciling low interest rates with stronger growth is a dynamic being watched closely. Increased confidence in the global economic recovery as well as sentiment that inflation will prove transitory has boosted risk assets globally. More recently, inflation concerns have risen as continuing supply chain disruptions, a surge in oil process, and potential for renewed US-China trade tensions all weigh heavily on sentiment. In addition, policy changes in China including tighter regulation on new economy industries such as after-school tutoring and online gaming, as well as decarbonization initiatives for old economy industries have clouded visibility on economic growth.

Improving growth along with higher commodity prices should provide a positive backdrop for EM, yet virus variants and vaccination dynamics could heavily influence the pace of recovery well into 2023. The economic re-openings seen in highly vaccinated countries such as Israel, Chile and the US create a smoother and faster path to full recovery, whereas countries with low levels of immunization are more susceptible to stalling activity. This divergence between well vaccinated and poorly vaccinated countries will have impacts globally on economic growth and inflation. Additionally, careful navigation is needed for many central banks that are/will be raising rates and tightening financial conditions to stem inflation without stifling a recovery. An overall constructive global view moves forward yet focus is warranted in pockets where economic growth will face hurdles in a finding its path towards a post-pandemic era.

Stronger economic growth, healthy valuations relative to other assets, and a backdrop of relatively subdued interest rates should keep EMD in focus for global investors. We believe that the strong asset class inflows seen until very recently in 2021 are indicative of positive investor sentiment and the continued global search for yield across EMD. That said, we appreciate the economic recovery in EM is anticipated to be uneven as vaccine rollout continues into 2022 and beyond, with wide disparity in both vaccine access and distribution infrastructure, and there also remains potential for higher debt levels and policy missteps to impact the pace of recovery. Identifying excess return opportunities while deviating away from assets which are cheap for a reason will be critical to both sovereign and credit selection decisions.

Given this macroeconomic backdrop, we continue to employ a (disciplined) selective approach that seeks to add value through a combination of geopolitical and top-down macro analysis, complemented by bottom-up security selection. In such an environment, it will be of paramount importance to emphasize security selection based on fundamental research as a key source of returns.

Fund review and strategy

Over the period, the Fund's security selection in India, Sri Lanka, and Ukraine contributed to performance.

In a period of mostly negative returns across EM globally, positions held in Ghana, Mexico and Chile were more notable detractors.