Manulife Investment Management

October 2021
Factsheet

Manulife Global Low Volatility Equity Fund

Fund category
Feeder Fund

Fund objective
The Fund aims to provide capital appreciattion by investing in one collcetive investment scheme with investment focus in global equities.

Investor profile
This Fund is suitable for investors who seek capital appreciation, are willing to accept higher level of risk with low income requirement.

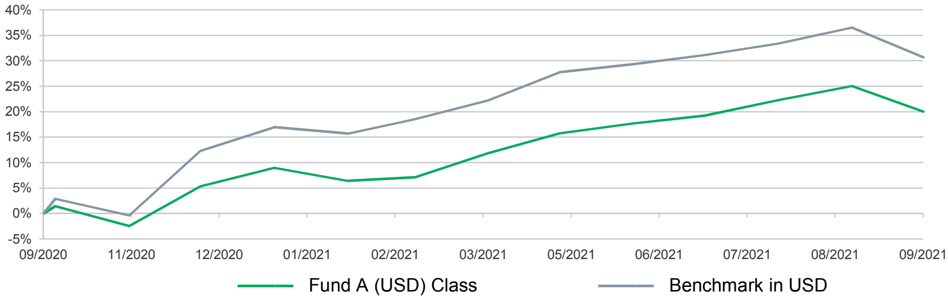
Fund manager
Manulife Investment Management (M) Berhad
200801033087 (834424-U)

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

Fund information (as at 30 Sep 2021)

NAV/unit (A (USD) Class)	USD 0.6002
NAV/unit (A (RM Hedged) Class)	RM 0.5892
Fund size	USD 13.58 mil
Units in circulation	87.56 mil
Fund launch date	29 Jul 2020
Fund inception date	25 Sep 2020
Financial year	31 May
Currency	USD
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	0.04% of NAV p.a. including local custodian fees but excluding foreign custodian fees and charges
Sales charge	Up to 5.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	MSCI World Unhedged Index

Fund performance
Since inception performance as at 30 September 2021*



Total return over the following periods ended 30 September 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund A (USD) Class (%)	-4.03	7.29	10.11	18.34	-	-	20.04
Benchmark in USD (%)	-4.29	6.93	11.77	27.01	-	-	30.71
Fund A (RM Hedged) Class (%)	-3.93	7.93	11.21	19.63	-	-	17.84
Benchmark in USD (%)	-4.29	6.93	11.77	27.01	-	-	25.31

Calendar year returns*

	2016	2017	2018	2019	2020
Fund A (USD) Class (%)	-	-	-	-	9.02
Benchmark in USD (%)	-	-	-	-	16.94
Fund A (RM Hedged) Class (%)	-	-	-	-	5.96
Benchmark in USD (%)	-	-	-	-	12.11

*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	Microsoft	4.4
2	Alphabet	3.0
3	Apple	2.3
4	Amazon.com	2.3
5	Roche	2.2

Highest & lowest NAV

	2018	2019	2020
High	-	-	0.5451
Low	-	-	0.4879

Distribution by financial year

	2018	2019	2020
Distribution (Sen)	-	-	-
Distribution Yield (%)	-	-	-

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Information Technology	26.4
2	Financials	16.7
3	Consumer Discretionary	10.6
4	Healthcare	10.3
5	Communication Services	10.0
6	Consumer Staples	10.0
7	Industrials	6.0
8	Utilities	3.0
9	Materials	1.4
10	Others	5.6

Geographical allocation#

No.	Geographical name	% NAV
1	United States	63.0
2	Japan	5.8
3	Switzerland	4.9
4	United Kingdom	4.5
5	Others	21.8

AB SICAV I - Low Volatility Equity Portfolio

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Market review

Global equities, as measure by the MSCI World Index were flat at 0.0% during the third quarter, bringing year-to-date returns to 13.0% (all returns in US-dollar terms). The MSCI World advanced during July and August but gave back most of its gains in a volatile September, falling 4.2%. The September decline reflects the changing monetary policy landscape, a more persistent inflation threat and debt troubles at Chinese property developer Evergrande.

The Fed said that it is likely to begin tapering asset purchases in November and signaled that rates may rise next year. The European Central Bank (ECB) is preparing to retire its Pandemic Emergency Purchase Programme, with South Korea, Hungary and Norway moving official rates up from historical lows, the first tangible signs of the changing monetary policy environment. US Treasury yields rose to 1.5% by the end of the quarter, as investors adjust to the reality that extraordinary COVID-19-induced monetary easing may be rolling off.

The inflation threat is becoming real, as supply-chain disruptions push up prices in many industries. In the US, the Fed updated its 2021 inflation outlook to 4%. In Europe, inflation reached 3% in August, well above the ECB's 2% target, while the Bank of England predicted that UK inflation could breach 4% into the second quarter of 2022.

Recent developments in China rattled investor confidence in the world's second-largest economy. In July, Chinese stocks tumbled amid a regulatory crackdown on education and technology companies. Then, in September, debt troubles at giant property developer Evergrande sparked concerns about the stability of the sector and China's financial system.

Growth stocks outperformed value stocks for the quarter, in a reversal of a seven-month value rally through May. With high valuations in popular growth segments and rising interest rates, the market rotated back to value stocks at the end of the quarter. Quality stocks performed relatively well in both developed and emerging markets. Low-volatility stocks performed in line for the quarter. Financials and energy led sector gains after rebounding late in the quarter. Technology stocks did well most of the quarter but gave back gains during September, while materials declined for the quarter.

Market outlook

Are equity market gains sustainable? After a strong run through the first three quarters of 2021, the risk of a correction should not be ignored. But we believe that stocks, compared with bonds, still offer attractive long-term return potential that can't be sourced elsewhere and should prevail over time, even if a short-term downturn materializes.

We aim to build a macro-resilient portfolio by investing in companies with strong cash flows and resilient business models that are likely to withstand the key risks to equity markets: interest rates/inflation, valuation and a decelerating growth outlook for 2022.

The greatest risk is a more challenging inflation/interest-rate environment, in which the only choices available to central banks are difficult ones. Policy rates in the US, Europe and China are likely to remain on hold until at least the end of 2022. For now, we believe that inflation is likely to fall back next year. We continue to think that this pressure is transitory, but risks are heavily skewed to the upside. Upward pressure on prices has already been less transitory than expected, perhaps hinting at a more fundamental shift in inflation dynamics.

Equity market valuations remain at the high end of their historical range and are especially heightened in certain industries. After this year's rebound from the pandemic-induced collapse, earnings growth is forecast to fall back to more normal levels in 2022. China's property market, the US debt ceiling and soaring energy prices in Europe all cloud the outlook. We're also concerned that supply-side dislocations stemming from COVID-19 could be more pervasive and persistent than expected. Even after a recovery to the new normal, the global growth outlook faces many risks that prevailed before the pandemic, including populism and elevated debt. Rising corporate taxes and heightened regulatory risk remain concerns.

We are positioned for the current environment. The Portfolio owns quality compounders. We believe that the coronavirus will ultimately serve to accelerate many structural trends that were already in place. The accelerated digitization across payments, business interactions and consumer e-commerce, as well as the accelerated transition to the knowledge-based economy, will create opportunities in companies that provide information and proprietary data that are essential in a contactless world.

We are exposed to inexpensive defensives. Low-risk stocks have lagged the most in history, since the trough in March 2020, while earnings have held up strongly in sectors such as utilities and consumer staples, leading them to trade at very attractive valuations. These companies benefit from structural trends toward green energy or have brands that allow them to earn healthy profit margins in the face of fluctuations in the global economy.

We believe that equity portfolios designed to smooth volatility are especially appealing in the current market environment. We continue to look for companies that offer a combination of quality and stability at attractive prices, the three core elements that underpin our investment philosophy in good times and in bad times. For long-term, outcome-oriented investors, we believe that companies with these features are best positioned to deliver strong returns through changing environments.

Feeder fund review

In September, the Feeder Fund posted -4.03% for its A (USD) class; and -3.93% for its A (RM-Hedged) class. Versus to its benchmark of -4.29%, the Feeder Fund outperformed the benchmark by 0.26% for it's a (USD) class; and by 0.36% for it's a (RM-Hedged) class.

The outperformance was mostly driven by favorable security selection within some Information Technology stocks. In terms of country level, superior security selection in US was the key contributor to the outperformance.

Our Low Volatility Equity Portfolio seeks to provide a smoother ride, with downside mitigation driving long-term outperformance. Class A shares of the Portfolio increased in absolute terms and outperformed the MSCI World for the quarter, posted a double-digits growth even underperformed its Benchmark for the year to date, net of fees.