Manulife Investment Management

November 2021
Factsheet

Manulife Global Healthcare Fund

Fund category

Feeder Fund

Fund objective

The Fund aims to provide capital appreciation by investing in one collective investment scheme, with investment focus in health care-related companies globally.

Investor profile

The Fund is suitable for investors who seek capital appreciation, have a medium to long-term investment horizon and wish to seek investment exposure in health care-related companies globally.

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 0.5360
Fund size	USD 3.67 mil
Units in circulation	28.33 mil
Fund launch date	05 Jan 2021
Fund inception date	26 Jan 2021
Financial year	30 Jun
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/Health Care NR USD Index

Fund performance

Not available as the Fund is less than one year

Total return over the following periods

Not available as the Fund is less than one year

Calendar year returns

Not available as the Fund is less than one year

Top 5 holdings#

No.	Security name	% NAV
1	Abbott Laboratories	7.0
2	UnitedHealth Group Incorporated	6.7
3	Roche Holding Ltd	6.6
4	Eli Lilly and Company	6.5
5	AstraZeneca PLC	5.9

Highest & lowest NAV

	2018	2019	2020
High	-	-	-
Low	-	-	-

Distribution by financial year

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

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Pharmaceuticals	34.6
2	Healthcare Equipment & Supplies	20.4
3	Healthcare Providers & Services	14.8
4	Life Sciences Tools & Services	13.9
5	Biotechnology	13.2
6	Health Care Technology	0.2
7	Insurance	0.1
8	Cash & Cash Equivalents	2.9

Geographical allocation#

No.	Geographical name	% NAV
1	United States	77.0
2	Switzerland	7.4
3	United Kingdom	5.9
4	Others	6.8
5	Cash & Cash Equivalents	2.9

Manulife Global Fund - Healthcare Fund

Manulife Investment Management

November 2021
Factsheet
Manulife Global Healthcare Fund

Market review

Global equity markets gained ground in October, which represented an impressive showing in a month that is often one of the worst of the year for stocks. The potential headwinds to performance were numerous, including the possibility of stagflation (slow growth plus rising inflation), tighter monetary policy by the world's central banks, ongoing uncertainty regarding China's economy, and worries about declining corporate profit margins. Still, equities marched higher on the strength of massive inflows of new investor cash coming into the market.

Most major indexes finished the month at or near all-time highs, although emerging markets were a notable exception. North America led the way at the regional level, with impressive gains for both Canada and the United States. European equities also performed very well, but Asia lagged as Japan gave back some of the strong returns it had logged in September. Emerging market stocks, while producing a narrow gain, trailed their developed market peers and remained slightly in negative territory on a year-to-date basis.

The healthcare sector advanced during the period, but underperformed global markets, as measured by the MSCI World Index. The healthcare providers & services and life science tools & services sub-sectors outperformed the overall healthcare sector. The biotechnology sub-sector underperformed and was the only sub-sector to produce a negative return during the month.

Market outlook

We believe select companies within the healthcare sector offer the potential for strong long-term outperformance. We continue to deploy our bottom-up fundamental investment process informed by assessment of emerging scientific and medical trends coupled with our intrinsic valuation analysis. This process should continue to ensure that our allocation of capital to companies tackling important unmet medical needs drives portfolio construction with deference to appropriate valuation discipline.

We continue to monitor the Covid-19 outbreak globally and have positioned the portfolio consistent with our conclusions. As such, within the biopharmaceuticals sub-sector, we are focused on companies with best-in-class product portfolios serving patients in disease states with inelastic demand (cancer, diabetes, etc.). We also continue to monitor potential volatility given possible US drug pricing actions corresponding with ongoing congressional legislative initiatives.

Fundamentals within specific pockets of both the healthcare equipment & supplies and life science tools & services industries remain attractive, although valuations have become stretched. Specifically, select emerging leaders in the Covid-19 diagnostics space offer a unique investment opportunity as we believe the durability of these businesses is currently being underappreciated by the market. In addition, we expect certain companies to experience disproportionate disruptions as a result of the Covid-19 pandemic and have reduced our exposures accordingly.

Within the healthcare providers & services industry, we see continued threats to select supply chain companies, specifically pharmacy retailers. We expect these companies to see heightened pressures from decelerating drug inflation as well as opiate litigation liability. We have increased our positioning in select healthcare insurers commensurate with improved profit profiles associated with the Covid-19 induced reduction in office visits and surgeries in the Medicare population.

Mergers and acquisitions activity in the healthcare sector appear to be increasing as we approach the later stages of a multi-year capital markets financing window, and we expect the historic run of initial public offerings and secondary offerings to wane over time. We believe the Fund is well-positioned in this regard, as evidenced by the proposed takeout of a small cap healthcare information technology holding at a 35% premium as well as the completion of a takeout in early October of UK respiratory therapies at a 40% premium.

Notwithstanding the aforementioned headline risks, we believe that the defensive characteristics of the sector coupled with strong organic growth in select companies should provide strong outperformance over a full market cycle.