RM Class
3-year Fund Volatility
25.6
Very High
Lipper Analytics 10 Oct 21

Manulife Investment Management

November 2021
Factsheet

Manulife Global Resources Fund

Fund category
Feeder Fund (Equity)

Fund objective
The Fund invests in the Manulife Global Fund - Global Resources Fund which aims to achieve long-term capital growth mainly through equities and equity-related investments of companies involved in resources such as gas, oil, coffee, sugar and related industries globally which are listed on any stock exchange.

Investor profile
This Fund is suitable for investors who wish to capitalise on the opportunities offered by the natural resources sectors and are willing to invest in diversified global market and accept higher risk in their investments in order to achieve long term capital growth.

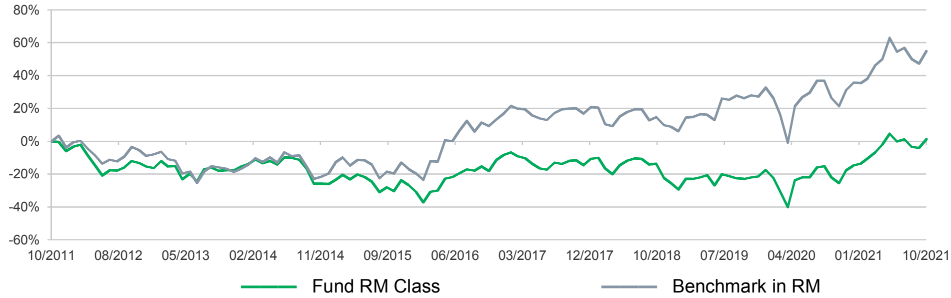
Fund manager
Manulife Investment Management (M) Berhad
200801033087 (834424-U)

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

Fund information (as at 31 Oct 2021)

NAV/unit	RM 0.4858
Fund size	RM 25.61 mil
Units in circulation	52.71 mil
Fund launch date	07 Jan 2010
Fund inception date	27 Jan 2010
Financial year	31 Oct
Currency	RM
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	0.08% of NAV p.a. Subject to a minimum fee of RM18,000 p.a. excluding foreign custodian fees and charges.
Sales charge	Up to 6.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Annually, if any
Benchmark	1/3 MSCI World Energy, 1/3 MSCI World Materials, 1/3 FTSE Gold Mines

Fund performance
10-year 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	10 year
Fund RM Class (%)	5.65	3.49	19.01	36.04	30.42	23.74	1.42
Benchmark in RM (%)	5.20	3.41	14.33	27.77	41.05	41.75	55.05

Calendar year returns*

	2016	2017	2018	2019	2020
Fund RM Class (%)	32.18	-2.41	-21.10	16.89	3.29
Benchmark in RM (%)	45.60	3.31	-12.11	24.93	2.16

*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	Newmont Corporation	6.0
2	Chevron Corporation	4.1
3	Exxon Mobil Corporation	3.6
4	Royal Dutch Shell Plc Sponsored ADR Class A	3.4
5	Kirkland Lake Gold Ltd.	3.4

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Materials	58.8
2	Energy	34.9
3	Utilities	1.7
4	Information Technology	0.3
5	Financials	0.3
6	Cash & Cash Equivalents	4.1

Highest & lowest NAV

	2018	2019	2020
High	0.4445	0.3974	0.4237
Low	0.3371	0.3365	0.2458

Geographical allocation#

No.	Geographical name	% NAV
1	United States	37.5
2	Canada	37.4
3	United Kingdom	9.5
4	Others	11.5
5	Cash & Cash Equivalents	4.1

Distribution by financial year

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

MANULIFE GLOBAL FUND - GLOBAL RESOURCES FUND

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Market review

The world 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 the 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.

In this environment, the global energy sector was among the top performing global sectors and outperformed global equities. Global materials stocks were also positive, but slightly lagged global equities during the period.

Market outlook

We remain optimistic on the outlook for commodities. The global recovery combined with the support of long-term trends, including the transition to a low carbon economy, should continue to support metals prices as we move forward. As such, we continue to maintain our overweight in base metals as we move forward. At the same time, we have steadily reduced our underweight to gold. However, we remain underweight at least in the short term until we have a better sense of the direction and timing of U.S. monetary policy. It is worth noting that an extended negative real rate scenario is positive for the price of gold as investors turn to real assets for protection and as a hedge against inflation. The price of gold could see significant moves upward if inflation proves to be longer-lasting.

In energy markets, producer discipline seems well entrenched at the moment with U.S. exploration and production companies sticking with their original 2021 budgets and waiting for OPEC to return volumes despite materially higher commodity prices. Cashflows for the sector should be strong and leverage is rapidly declining. Expectations for 2022 production show some improvement as a few notable projects come online but most public producers are indicating modestly higher production targets within their new focus on shareholder returns. The higher prices will likely lead to a modest resumption in supermajors' growth in the Permian. We continue to expect more emphasis from the European super-majors on renewable energy and a de-emphasis on investment in traditional energy areas, which should support healthy oil prices near term. Global natural gas prices remain strong due to hot summer weather and inventory levels are well below five-year averages globally, which is setting up the potential for very strong prices should the winter turn out to be colder than average. We expect continued shareholder pressure on energy companies to improve their CO2 footprint and we believe carbon capture may be an attractive area for the traditional energy companies to contribute to a lower carbon world.

While the U.S. administration favors a transition to a lower carbon energy future, they continue to look to stable oil and gasoline prices to support the global economy. Ironically, increased regulatory burden and stigmatization on oil and gas will likely continue to suppress full-cycle domestic oil production, all else equal, which will in turn potentially lead to higher oil prices in the near-to-intermediate term. We will be closely monitoring the upcoming reconciliation budget, which will signal how aggressively the U.S. administration plans to support a lower carbon future.

Feeder fund review

The Fund delivered a solid gain of 5.65% during the month and outperformed its blended benchmark return of 5.20% due to favorable stock selection. Holdings within the energy sector benefitted performance and stock selection further aided relative results. Stock selection within the oil gas & consumable fuels sub-industry was the strongest contributor to relative performance. Within materials, positive stock selection contributed to the Fund's performance. The Fund benefited from strong selection within the metals & mining sub-sector, in particular, exposure to select copper companies contributed to performance.

In the materials sector, this year's steady increase in the copper price took a pause towards the end of the second and third quarter and headed into the fourth quarter on the same trend. However, it quickly reversed course and nearly reached its May 2021 high as available copper inventories in the London Metal Exchange's global warehouse system fell to levels not seen since 1974. This, combined with surging power prices which threaten to curb supply, pushed the copper price back up. Investors appear to be bracing for a slower, but still robust economic recovery and gradual monetary-policy tightening, as inflation concerns take hold. Despite some inflationary cost pressures, companies continue to generate strong cash flows at current metal prices. In the medium-term, copper market fundamentals remain strong with market deficits still expected in the coming years. This is fuelled by both limited supply and increased demand from infrastructure rebuilding, as well as the energy transition to lower carbon alternatives like electric vehicles. The price of gold has been volatile through the month of October but ended up slightly on a month-over-month basis due to a weakening US dollar and growing concerns over inflation. Global debt remains high and once concern over a recovery shifts to one where we need to deal with global debt levels, interest should come back to gold. With inflation higher and rates not moving up significantly, real rates will remain low which is positive for gold.

In the energy sector, the industry is seeing improved demand globally despite periodic setbacks from the rise of Covid variants. So far, the rising cases have not had a significant impact on real time mobility indicators, and we continue to see improving indicators broadly around the globe. OPEC, in particular Saudi Arabia, remains focused on their long-term goal of lowering global inventory levels but continues to add production to meet the rising demand for crude oil. The rising commodity prices are causing some political discomfort and we are seeing more calls for OPEC to add production to keep the global economic recovery on track. Weak renewables power generation in Europe has led to very high natural gas prices. During the third quarter earnings releases, most exploration & production companies maintained their original capital budgets and have significantly boosted returns to shareholders with increased dividends and buybacks. Debt levels have fallen dramatically as well.

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.

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