RM Class

3-year Fund Volatility
18.6
Very High
Lipper Analytics
10 Oct 21

Manulife Investment Management

November 2021
Factsheet

Manulife China Equity Fund

Fund category

Feeder Fund (Equity)

Fund objective

The Fund invests in the Manulife Global Fund - China Value Fund which aims to achieve long-term capital growth through investments, primarily* in under-valued companies with long-term potential and substantial business interest in the Greater China Region (which includes PRC, Hong Kong and Taiwan) which are listed or traded on stock exchanges of Shanghai, Shenzhen, Hong Kong, Taipei or other exchanges.
*Primarily means mainly 70% invested.

Investor profile

This Fund is suitable for investors who wish to participate in the potential of the Greater China Region markets and are willing to 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

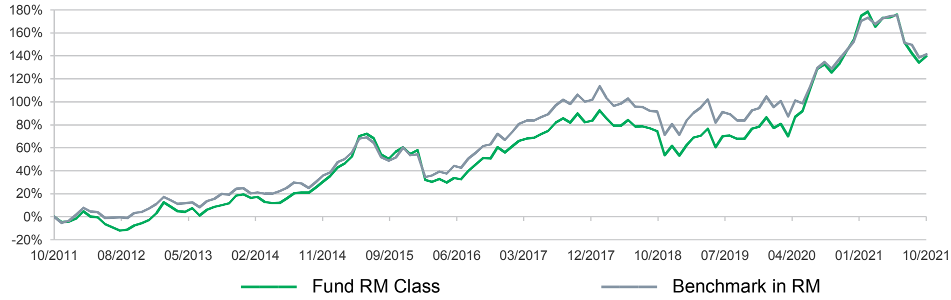
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Oct 2021)

NAV/unit	RM 0.7760
Fund size	RM 148.59 mil
Units in circulation	191.47 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	MSCI Golden Dragon Index

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 (%)	2.47	-12.14	-5.61	2.94	56.23	59.01	139.95
Benchmark in RM (%)	1.14	-11.39	-4.39	1.74	40.93	48.08	141.58

Calendar year returns*

	2016	2017	2018	2019	2020
Fund RM Class (%)	-1.12	17.66	-16.57	21.69	36.21
Benchmark in RM (%)	8.16	20.84	-15.06	19.42	23.42

*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	Taiwan Semiconductor Manufacturing Co. Ltd.	9.7
2	Tencent Holdings Ltd.	7.8
3	Alibaba Group Holding Ltd.	5.1
4	AIA Group Limited	3.3
5	Meituan	3.3

Highest & lowest NAV

	2018	2019	2020
High	0.9120	0.8738	1.1775
Low	0.6928	0.6870	0.7334

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	-	-	37.00
Distribution Yield (%)	-	-	30.3

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Consumer Discretionary	24.4
2	Information Technology	23.5
3	Financials	13.7
4	Communication Services	12.6
5	Materials	6.4
6	Industrials	5.8
7	Healthcare	5.2
8	Real Estate	3.1
9	Others	4.2
10	Cash & Cash Equivalents	1.1

Geographical allocation#

No.	Geographical name	% NAV
1	China	66.1
2	Taiwan	24.7
3	Hong Kong	8.1
4	Cash & Cash Equivalents	1.1

MANULIFE GLOBAL FUND - CHINA VALUE FUND

Manulife Investment Management

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Market review

China and Hong Kong equities posted gains for the month. Offshore listed tech and internet stocks surged in the first half of the month, as investors saw the rate of new regulations decreasing. The conclusion on antitrust fines on some major platforms were also seen as potential relief of the sector overhang. In the October study session of the Politburo, central government called for co-existence of regulation and development for internet platforms and stated digital economy is crucial for enhancing productivity and international competitiveness. On the real estate side, while potential credit events continued to hover news headlines, Chinese government has signalled the debt crisis for an individual leading developer is manageable and spill over risks are contained. The People’s Bank of China also affirmed in the month that reasonable funding needs are being met for the sector, indicating selective relaxation in housing loans at local provincial level are possible in the near-term.

On the economic, third quarter gross domestic product came in below expectations at 4.9% year-on-year, while the producer price index continued to move higher due to input costs pressure. Fiscal stimulus, especially green infrastructure initiatives, and targeted monetary easing measures against the softening economic backdrop were the main focus of investor expectations.

Taiwanese equities moved higher for the month led by the technology sector on strong third-quarter revenues and guidance by blue-chip technology producers.

Market outlook

We believe the year-to-date correction led by a regulatory clampdown has allowed value to emerge in Chinese equities from a fundamental standpoint. While it may still be too early to say the current episode of regulatory tightening is over, we believe most severe measures have been released and digested. Swift rectification of business and operation models by relevant platforms and industries are also observed and therefore allowing growth expectations to be reset. Chinese equities are now trading at a healthier level and we believe further downside of the affected sectors is limited.

Looking forward, we see solid investment opportunities in the renewable energy sector which is strategic priority for government funding support. Construction of wind and photovoltaic bases has already been accelerated thanks to the elevated pace in government bond issuance totalling one trillion worth of renminbi in 2021. Longer-term, we expect the release of a roadmap for peak carbon emissions by 2030 will mean decarbonisation efforts under a more institutionalised framework. Recent campaign-style power cuts shall be rectified as the central government vowed to strike a balance between its decarbonisation initiatives and economic activities for the country’s sustainable development.

Strategy-wise, our strategy currently has an overweight on the photovoltaic and EV battery supply chain. We will continue to look for ideas in both onshore and offshore wind operators and their respective equipment manufacturing supply chains. We would also suggest that investors not overlook policy tailwinds in certain favourable sectors that are supported by government policies. For Taiwan, we are positive on the technology upcycle thanks to strong demand for semiconductors and power related solutions.

Feeder fund review

In October, the Feeder Fund rebounded and outperformed the benchmark by 1.33%.Stock selection in information technology and communication services contributed the most to performance. The overweight in materials marginally offset some gains. The portfolio remained an overweight in China A-shares as a result of our bottom-up stock selection and the Fund’s China A-shares holdings contributed positively to performance in the month.

Regarding individual holdings, a key contributor was a leading manufacturer for relays that are used in smart appliances, electric vehicles (EV) and other industrial automation controls. The company reported a set of robust third quarter results with revenue and net profit growth at 31% and 25% year-on-year, thanks to a surge in demand for high power relay for EV uses and further penetration into domestic auto brands. Another contributor was a manufacturer for auto components which benefited from robust demand of EVs.

On the detractor side, the Fund’s position in a biopharmaceutical company focused on oncology treatment paused its year-to-date rally. We remain confident in the company’s research pipeline and execution ability of its licensing-out activities. Another detractor was the Fund’s position in a construction machinery supplier. The stock retreated on weaker-than-expected third quarter results, and concerns of a slowdown in domestic construction machinery demand driven by the property down cycle.

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.