

November 2021
Factsheet

Manulife Asian Small Cap Equity Fund

Fund category

Wholesale Fund (Feeder Fund)

Fund objective

The Fund aims to provide long-term capital growth by investing in the Manulife Global Fund - Asian Small Equity Fund ("Target Fund").

Investor profile

The Fund is suitable for Sophisticated Investors who wish to participate in the growth potential of the smaller capitalization companies¹ in the Asian and/or Pacific² region; and are willing to accept high risk in their investments in order to achieve long-term capital growth.

Fund manager

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

Trustee

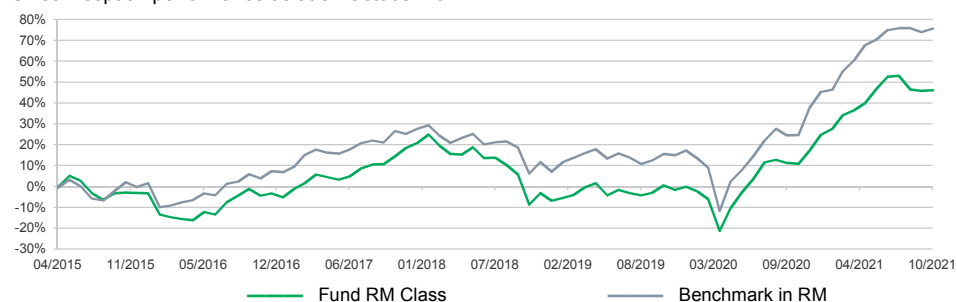
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Oct 2021)

NAV/unit (RM Class)	RM 1.4605
NAV/unit (RM-Hedged Class)	RM 1.1468
Fund size	RM 27.83 mil
Units in circulation	20.01 mil
Fund launch date	08 Apr 2015
Fund inception date	29 Apr 2015
Financial year	31 Oct
Currency	RM
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	0.04% of NAV p.a. excluding foreign custodian fees and charges or a minimum of RM10,000 p.a.
Sales charge	Up to 6.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	MSCI Asia Pacific ex-Japan Small Cap Index

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 RM Class (%)	0.13	4.30	17.06	31.82	59.96	52.65	46.06
Benchmark in RM (%)	0.99	4.80	21.00	40.99	65.39	69.02	75.77
Fund RM-Hedged Class (%)	1.33	3.75	14.57	33.06	62.63	-	14.67
Benchmark in USD (%)	2.10	3.67	17.54	41.47	67.12	-	33.39

Calendar year returns*

	2016	2017	2018	2019	2020
Fund RM Class (%)	-1.93	27.59	-23.06	7.31	24.87
Benchmark in RM (%)	5.20	19.56	-16.16	9.44	23.90
Fund RM-Hedged Class (%)	-	-	-27.20	8.46	26.76
Benchmark in USD (%)	-	-	-18.53	10.57	25.99

*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	iFAST Corporation Ltd	2.6
2	Bapcor Ltd	2.6
3	ALS Ltd.	2.5
4	NICE Information Service Co. Ltd.	2.3
5	Kinsus Interconnect Technology Corp.	2.3

Asset/sector allocation[#]

No.	Asset/sector name	% NAV
1	Information Technology	20.6
2	Industrials	19.5
3	Consumer Discretionary	17.0
4	Materials	9.9
5	Financials	9.7
6	Consumer Staples	6.3
7	Communication Services	6.3
8	Healthcare	4.9
9	Others	3.5
10	Cash & Cash Equivalents	2.3

Highest & lowest NAV

	2018	2019	2020
High	1.2568	1.0329	1.2477
Low	0.8937	0.9086	0.7065

Distribution by financial year

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

Geographical allocation[#]

No.	Geographical name	% NAV
1	South Korea	18.8
2	India	18.0
3	Taiwan	18.0
4	Others	42.9
5	Cash & Cash Equivalents	2.3

MANULIFE GLOBAL FUND - ASIAN SMALL CAP EQUITY FUND

¹ Generally, "smaller capitalization companies" refers to small-sized public listed companies. Classifying these companies based on their market capitalization remains challenging as small-sized public listed companies in one market may not be considered small-sized in another due to various factors such as size, liquidity and dynamic of a given market.

² Please refer to important note in section 2.1, the investment objective of the Target Fund (Page 23 of Information Memorandum dated 11 Feb 2020) for better understanding on investment temperament of the Target Fund.

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Market review

Asia Pacific ex-Japan small cap equities moved higher in October on the back of stronger earnings and optimism over the reopening of borders. Singapore and Australia announced an easing in travel restrictions and Thailand declared that foreign visitors who were vaccinated could enter without quarantine. Later in the month, concerns over lower economic growth and higher inflation resurfaced, as US and China third-quarter gross domestic product (GDP) data both failed to meet diminished expectations, while price levels remained elevated. Overall, a majority of regional equity markets moved higher for the month, and all regional currencies appreciated against a weakening US dollar except for the Indian rupee, which depreciated partially on concerns of rising oil prices and a surging trade deficit in September.

Chinese small cap equities were lower on the month due to concerns over the trajectory of the country's real estate sector generally, and the financial viability of a prominent property developer specifically, weighed on market sentiment even with payments made on US dollar bonds at the end of the month to avoid default. On the economic front, equity markets reacted negatively to data showing decelerated economic growth and higher producer prices: third-quarter GDP came in below expectations at 4.9% (year-on-year), while the producer price index grew at the fastest monthly rate since June 1995.

South Korea's small cap equity markets were largely flat but there were concerns of heightened policy risks on housing and financial sectors ahead of the presidential election in 2022. Third-quarter earnings thus far have shown some positive outlines; however, the results failed to serve as a positive catalyst.

Taiwan was higher for the month. Technology moved higher on strong third-quarter revenues and guidance by blue-chip technology producers, as well as a bolstered outlook for logic semiconductors. Personal computer producers also gained on a more positive demand outlook for the second half of 2021. In contrast, suppliers for smartphones were muted due to bottlenecks in supply chains and concerns over lower demand.

Indian small caps consolidated for the month due to numerous negative factors including mixed third-quarter earnings reports and recent strong increases in oil prices that led to the highest trade deficit in history in September. In addition, foreign institutional investors turned to net sellers (US\$1.5 billion) for the month, while domestic institutional investors continued to be net buyers (US\$597 million). Finally, Moody's upgraded the outlook for the country to "stable" from "negative" due to a continued economic recovery and better-than-expected fiscal position.

All ASEAN small cap markets posted gains during the month over optimism of an economic reopening. Indonesian equities moved higher on the back of significant vaccination progress leading to an acceleration of the economic reopening. Investor attention on the pipeline of initial public offerings (IPOs) continued, as a state-owned telecommunication tower operator announced plans to launch the largest IPO in Indonesian history. In Malaysia, the economic reopening continued, including allowing intra-state travel, as well as surging commodity prices for oil and palm oil. Singapore equities were boosted by the removal of travel restrictions, allowing some foreign visitors to enter the territory quarantine-free with proof of quarantine. Thai equities moved higher on optimism over the economic reopening. The government announced that, starting in November, visitors from over 60 countries could enter the country without quarantine if they presented valid vaccination papers. On the policy front, the central bank scraped loan-to-value limits on mortgages to boost investment in the real estate sector. In the Philippines, equities moved higher on the reopening theme, led by gains in banks and property companies.

Australian small cap markets also posted gains for the month due to two main catalysts: the anticipated opening of its international borders on 1 November for the first time since the outbreak of the pandemic, and the strong performance of some base commodities for the month - nickel, coal, and iron ore moved higher for the month. The Reserve Bank of Australia held interest rates steady, while remaining committed to a gradual tapering of bond purchases.

Market outlook

Against the backdrop of the pandemic's continued evolution, we also see a bifurcation of Covid states depending on geography: industries that are newly affected positively or negatively by Covid's spread; stalling or accelerating vaccination rates; the tensions between and economic implications of countries adopting a "Living with Covid" versus "Zero Covid" policy stance. At the same time, with countries undertaking tougher regulatory control initiatives and overall liquidity and macro conditions changing rapidly, we continue to update with companies to understand current and future operating outlooks. While our philosophy and approach remain focused on identifying and understanding businesses and management teams with compelling domestic and/or niche global opportunities, ideally in oligopolistic market structures, we remain vigilant of economic and pandemic-related movements and are closely monitoring market valuations.

We continue to consider the fiscal and monetary policy environments and earnings and operating outlooks as we pass peak earnings growth. Larger questions will revolve around the roles of materially expanded monetary bases and shifts in fiscal spending priorities. While we adjust to quickly evolving markets, our approach is and will continue to be rooted in operating fundamentals.

Feeder fund review

In October, the Feeder Fund posted: a) 0.13% versus the benchmark return of 0.99% for its RM class; and b) 1.33% versus the benchmark return of 2.10% for its RM-Hedged class.

The Fund posted positive absolute gains but detracted for the month on the back of asset allocation decisions at the country level and stock selection at the sector level. Partially offsetting the detraction was stock selection at the country level and asset allocation decisions at the sector level. Stock selection in Singapore, Indonesia and the Philippines as well as the underweight to Australia and the overweight to China were the primary detractors to performance. Contributing positively was stock selection in South Korea, Thailand, China as well as the overweight to the Philippines and Indonesia.

Detracting from performance was the Fund's position in a biopharmaceutical company focused on oncology treatment which paused its year-to-date rally. We remain confident in the company's research pipeline and execution ability of its licensing-out activities. Also detracting was a Philippine fixed broadband services provider as it was subject to profit-taking after being the best year-to-date performer in the index. We believe that the company's structural growth story remains intact and its port roll-out should continue to gain momentum.

Contributing positively was a South Korean media platform operator that offers streaming and video-on-demand services. The company reported better than expected earnings on the back of strong sales, and revenue on the back of increase marketing campaigns and higher ad prices. The outlook remains positive on the back of new initiatives such as launching a metaverse/non-fungible token platform. Also contributing was a Taiwanese electronic components manufacturer on the back of stronger than expected margin expansion driven by increased efficiency and capacity expansion. Given the industry shortage in one of its key products and continued capacity expansion, we believe that future earnings growth should be driven by margin expansion.

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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.

The above information has not been reviewed by the SC and is subject to the relevant warning, disclaimer, qualification or terms and conditions stated herein. Investors are advised to read and understand the contents of the Information Memorandum dated 11 February 2020 and its First Supplemental Information Memorandum dated 13 September 2021 and all the respective Product Highlights Sheet(s) (collectively, the "Offering Documents"), obtainable at our offices or website, before investing. The Offering Documents have been registered with the Securities Commission Malaysia (SC), however the registration with the SC does not amount to nor indicate that the SC has recommended or endorsed the product. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the NAV per unit will be reduced from the pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV; and where a unit split is declared, the value of your investment in the Fund's denominated currency will remained unchanged after the distribution of the additional units. Past performances are not an indication of future performances. There are risks involved with investing in unit trust funds; wholesale funds and/or Private Retirement Schemes. Some of these risks associated with investments in unit trust funds; wholesale funds and/or Private Retirement Schemes are interest rate fluctuation risk, foreign exchange or currency risk, country risk, political risk, credit risk, non-compliance risk, counterparty risk, target fund manager risk, liquidity risk and interest rate risk. For further details on the risk profile of all the funds, please refer to the Risk Factors section in the Offering Documents. The price of units and income distribution may go down as well as up. Investors should compare and consider the fees, charges and costs involved. Investors are advised to conduct own risk assessment and consult the professional advisers if in doubt on the action to be taken.