

October 2024
Factsheet

Manulife Investment-HW Shariah Flexi Fund

Fund category

Mixed Assets (Islamic)

Fund objective

The Fund seeks to provide unit holders with long term capital appreciation.

Investor profile

The Fund is suitable for investors who seek capital appreciation and are willing to accept high level of risk. The Fund is suitable for investors who seek investments which conform to the requirements of the Shariah, who do not seek regular income stream and have a long-term investment horizon.

Fund manager

AHAM Asset Management Berhad (Formerly known as Affin Hwang Asset Management Berhad)
199701014290 (429786-T)

Trustee

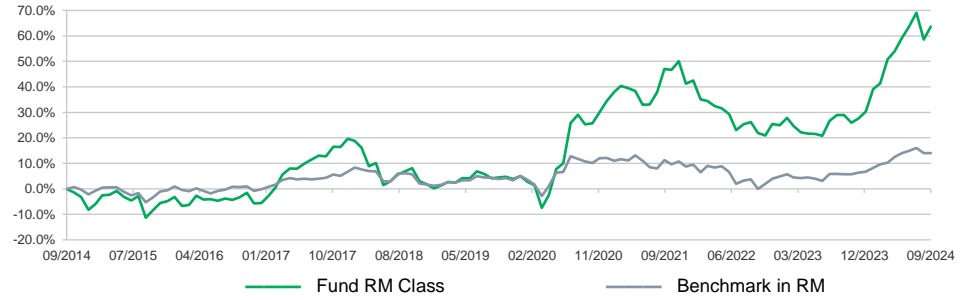
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 30 Sep 2024)

NAV/unit	RM 0.3883
Fund size	RM 210.56 mil
Units in circulation	542.31 mil
Fund launch date	18 Oct 2012
Fund inception date	08 Nov 2012
Financial year	31 Jan
Currency	RM
Management fee	Up to 1.50% of NAV p.a.
Trustee fee	Up to 0.06% of NAV p.a.
Sales charge	Up to 5.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	50% FTSE Bursa Malaysia Emas Shariah Index + 50% Maybank 12-month GIA-i Rate

Fund performance

10-year performance as at 30 September 2024*



Total return over the following periods ended 30 September 2024*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	3.11	8.43	25.46	26.77	11.52	56.47	63.56
Benchmark in RM (%)	-0.05	3.38	6.81	7.78	4.01	9.84	14.03

Calendar year returns*

	2019	2020	2021	2022	2023
Fund RM Class (%)	4.85	28.06	5.98	-12.35	4.35
Benchmark in RM (%)	3.73	6.80	-2.39	-4.23	1.79

*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	Sunway Bhd	7.4
2	KPJ Healthcare Bhd	7.1
3	Eco World Development Group Bhd	6.5
4	Gamuda Bhd	6.0
5	Mah Sing Group	4.9

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial Products & Services	15.8
2	Property	15.3
3	Construction	13.7
4	Telecommunications & Media	11.3
5	Technology	10.5
6	Healthcare	10.3
7	Real Estate Investment Trusts	5.0
8	Utilities	4.9
9	Energy	2.6
10	Cash & Cash Equivalents	10.7

Highest & lowest NAV

	2021	2022	2023
High	0.3644	0.3387	0.3095
Low	0.3091	0.2799	0.2853

Distribution by financial year

	2021	2022	2023
Distribution (Sen)	3.60	-	-
Distribution Yield (%)	11.7	-	-

Geographical allocation

No.	Geographical name	% NAV
1	Malaysia	89.3
2	Cash & Cash Equivalents	10.7

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Market review

The KLCI fell 1.8% mom to end Sep 24 at 1,649 pts, underperforming both the MSCI Emerging Market Index (+6.4% mom) and the MSCI All Country Asia ex-Japan Index (+8.2% mom). Indonesia's JCI also fell 1.9% mom, making it the worst performing MIST (Malaysia, Indonesia, Singapore, Thailand) market in Sep 24. Thailand's SET was the best performing MIST market in Sep 24 with an impressive 6.6% mom gain while Singapore's STI also gained 4.1% mom in Sep 24. In 9M24, the KLCI remained the leader amongst the MIST markets in terms of index growth (+13.4% YTD), followed by the STI (+10.6% YTD). Construction and Property sectors rebounded while the Healthcare sector was the best performer in Sep 24, driven by hospitals, gloves and Pharma.

On the economic front, 1) Malaysia's exports continued its rebound at a faster pace with a 12.1% increase y-o-y in Aug 2024 after a 12% increase in July, driven by higher exports of electrical and electronic (E&E) products, palm oil and palm oil-based agriculture products. ; 2) July 2024 IPI gained 5.3% y-o-y, from 5.0% in June 2024. ; 3) August 2024 headline inflation rate came in flat at +1.9% y-o-y (July: +2.0% y-o-y) as core inflation came in similarly flat at +1.9% y-o-y.; 4) BNM's international reserves increased by USD2.1B to US\$116.7bn as at end August vs a month ago. The reserves position is sufficient to finance 5.4 months of retained imports and is 1.0 time the short-term external debt.

In corporate developments, 1) Intel Corp will delay the operations of a new plant currently being built in Malaysia as the world's largest computer chip maker grapples with declining sales and mounting quarterly losses. 2) The Malaysian government announced incentives to jumpstart the Forest City Special Financial Zone that include special corporate income tax rates and 0% tax rate for family offices. 3) Creador Sdn Bhd has signed an agreement with CCK Consolidated Holdings Bhd for a RM163.1m investment to acquire a 40% stake in the poultry company's Indonesian unit, PT Adilmart Tbk. 4) Sarawak will take control of a 31.25% stake in Affin Bank Bhd, making it the largest shareholder of the bank, signing a delayed share purchase agreement with two shareholders, LTAT and Boustead Holdings Bhd. 5) AirAsia X Bhd has released a detailed circular on the RM6.8 billion acquisition of Capital A Bhd's entire equity stake in AirAsia Aviation Group Ltd and AirAsia Bhd for its shareholders' review, ahead of an EGM on Oct 16.

In the US, the four-week moving average of claims, considered a better measure of labour market trends as it strips out week-to-week volatility, came in at 224,750 for the week ended 21st September 2024, slightly lower vs previous week's figure of 228,250. Unemployment rate for August decreased slightly m-o-m at 4.2%. Meanwhile, the US manufacturing sector decreased marginally in September 2024, with the seasonally adjusted Markit U.S Manufacturing Purchasing Manager's Index™ (PMI™) registered at 47.3, losing 0.6 points from August. US consumer confidence was at 70.1 in September, higher than the 67.9 recorded in August. Headline inflation rate came in slightly lower at +2.5% in August 2024. Core inflation, which strips out food and energy costs, came in flat m-o-m at 3.2%, similar vs July.

In the Eurozone, Inflation rate came in at +1.8% in September 2024, +0.4% lower vs the previous month reading of 2.2%. Industrial production in the Euro Area decreased 2.2% from a year earlier in July 2024, following a 4.1% decrease in the previous month. The conditions in the Eurozone manufacturing sector remained flat in September, after an industry survey confirmed that the bloc's Manufacturing Purchasing Manager's Index (PMI), a broad gauge of industry activity, stood at 45.0 in September 2024 (vs 45.8 in Aug 2024).

Market outlook

The KLCI fell by 1.8% mom to close at 1,648 points after hitting near a four-year high in previous month, as profit-taking set in after the strong run-up and investors turned their focus to China equities last Tues after China's central bank implemented a range of broad stimulus measures. Foreign investors were the largest net buyers' in Sep but this was offset by net selling by local institutional, retail and nominee investors'. This reduces the KLCI's YTD gain to 13.4% for 9M24.

The Healthcare, Construction, and Property sectors were the top three best-performing indices in Sep, while the Energy, Technology, and Telecom sectors lagged. The healthcare sector's gains were driven by glove stocks, following the announcement by the United States Trade Representatives (USTR) that tariffs on medical and surgical gloves imported from China would increase to 50% starting in 2025 and rise to 100% in 2026. In contrast, the energy sector was the worst performer due to falling crude oil prices. Technology stocks also underperformed due to concerns over the stronger Ringgit. Among the KLCI constituents, the top three gainers were IHH, QL Resources, and Sime Darby Plantation, while the biggest losers were Petronas Dagangan, YTL Corp, and MISC.

Foreign investors remained the largest net buyers for the third consecutive month in Sep, although their net buy fell by 80% mom to RM509m. Their top three net buy sectors were financial services, utilities, and healthcare, with Tenaga, Public Bank, and Hong Leong Bank being the top net buy stocks. On the other hand, local institutional investors were the largest net sellers in Sep, though their net selling declined by 53.4% mom to RM508m. The key net sell sectors for local institutions were utilities, financial services, and healthcare, with Tenaga, Public Bank, and Hong Leong Bank being the net sell stocks.

On 4 Sep, Malaysia announced that it had secured RM85.4bn in foreign investments during 1H24, which accounted for 53.4% of the total approved investments. On 5 Sep, Malaysia's central bank left the benchmark interest rate unchanged, citing sustained economic growth and low inflation. On the same day, Prime Minister Datuk Seri Anwar Ibrahim clarified that the government had not discussed reinstating the Goods and Services Tax (GST) as an alternative to subsidy cuts. On 10 Sep, Health Minister Datuk Seri Dzulkefly Ahmad introduced a new sugar-sweetened beverage (SSB) tax as part of efforts to combat non-communicable diseases. On 19 Sep, the U.S. Federal Reserve cut interest rates by half a percentage point, marking the start of what is expected to be a series of rate reductions. On 20 Sep, the Malaysian government announced incentives to stimulate the Forest City Special Financial Zone, including special corporate income tax rates and a 0% tax rate for family offices. On 24 Sep, China's central bank unveiled a broad package of monetary stimulus measures to revive its economy, reflecting growing concerns about slowing growth and weakened investor confidence. Finally, on 27 Sep, Malaysia's central bank revealed its plan to fully transition to a new interbank rate used for pricing financial contracts within the next three years.

In October 2024, investors' attention will be on:

- 1. Economy** – All eyes will be on the tabling of Malaysia's Budget 2025 in Parliament on 18 Oct 2024. Prime Minister Datuk Seri Anwar Ibrahim has indicated that the budget will focus on three key areas: 1) addressing the cost of living, 2) improving the people's standard of living, and 3) advancing the nation's development. Also in focus will be the release of 3Q24 advance GDP estimates on 18 Oct 2024, along with Malaysia's IPI and CPI data, scheduled for release on 11 and 24 Oct 2024, respectively.
- 2. Corporates** – Investors will closely monitor the details of Budget 2025, which will be tabled in Parliament on 18 Oct 2024, and assess its potential impact on corporate earnings. Other areas of focus include the upcoming guidelines on data centres, the effects of the recent appreciation of the Ringgit, rising tensions in the Middle East, and the impact of recent stimulus measures by the Chinese government. Additionally, the Third Meeting of the Third session of the 15th Malaysian Parliament, which will run from 14 Oct to 12 Dec, will be closely watched.
- 3. Global** – Investors will be paying attention to the escalating conflict in the Middle East, particularly following Israel and the United States' vow of retribution after Iran's largest-ever direct attack on its regional adversary, involving over 180 ballistic missiles. Other global concerns include the on-going Russia-Ukraine conflict, global inflation trends, U.S. 10-year bond yields, global growth projections, and interest rate trajectories worldwide.

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4. **Politics** – Barisan Nasional (BN) retained its state seat in the Mahkota by-election in Johor on 28 Sep by a resounding margin, reaffirming its continued dominance in the southern Malaysian state.

Fund review and strategy

Local market sentiment was weak due to outflows triggered by resurgence in China equity markets. Having done so well this year, KLCI was an easy profit taking target. However, we are not overly concerned as investors will refocus on market fundamentals once the dust settles in China.

The key thing to watch is upcoming Budget 2025. We are hopeful to hear more stimulus policies especially from public infrastructure spending. Overall, we remain optimistic on market due to solid fundamentals.

Based on the Fund's portfolio returns as at 31 Aug 2024 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 16.265, "High" includes Funds with VF that are above 12.030 but not more than 16.265, "Moderate" includes Funds with VF that are above 8.975 but not more than 12.030, "Low" includes Funds with VF that are above 4.910 but not more than 8.975 and "Very Low" includes Funds with VF that are above 0.000 but not more than 4.910 (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 Master Prospectus dated 3 January 2023 and its First Supplemental Master Prospectus dated 20 October 2023 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.