RM-Hedged Class

3-year Fund Volatility 13.5 High Lipper Analytics 13 May 25

RM Class

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Manulife India Equity Fund

Fund category

Feeder Fund (Equity)

Fund objective

The Fund invests in the Manulife Global Fund - India Equity Fund ("Target Fund") and aims to achieve long-term capital growth through equities and equity-related investments of companies covering different sectors of the India economy and which are listed on stock exchange in India or on any stock exchange. The remaining assets of the Target Fund may include bonds, deposits and other investments.

Investor profile

The Fund is suitable for investors who seek an investment in the India market 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

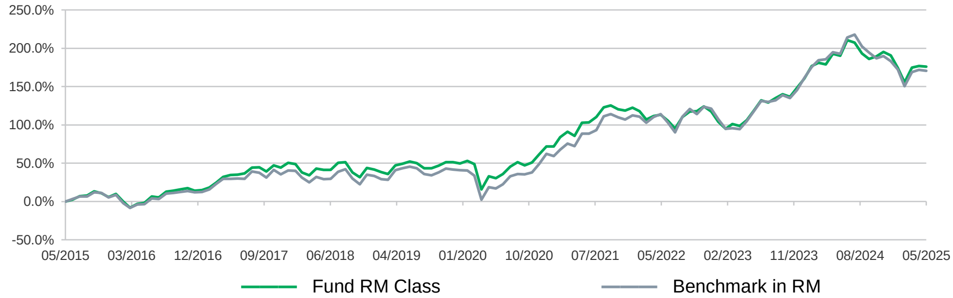
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 May 2025)

NAV/unit (RM Class)	RM 1.5213
NAV/unit (RM-Hedged Class)	RM 0.6928
Fund size	RM 667.64 mil
Units in circulation	473.49 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 India 10/40 Index (Net of Tax)
Target fund#	Manulife Global Fund - India Equity Fund

Fund performance

10-year performance as at 31 May 2025*



Total return over the following periods ended 31 May 2025*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	-0.39	-6.55	-5.14	-4.99	34.34	111.86	175.79
Benchmark in RM (%)	-0.41	-6.60	-4.35	-7.54	33.44	131.77	170.72
Fund RM-Hedged Class (%)	0.83	-3.48	-1.27	2.18	28.30	103.05	-
Benchmark in USD (%)	0.96	-2.46	0.49	2.25	37.27	136.73	-

Calendar year returns*

	2020	2021	2022	2023	2024
Fund RM Class (%)	14.75	29.47	-8.39	27.68	11.68
Benchmark in RM (%)	15.02	31.16	-2.45	26.14	8.23
Fund RM-Hedged Class (%)	15.94	26.21	-13.87	19.20	11.47
Benchmark in USD (%)	16.96	26.64	-7.74	20.92	11.22

*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	ICICI Bank Limited	7.0
2	Reliance Industries Limited	6.7
3	HDFC Bank Limited	5.9
4	Bharti Airtel Limited	5.0
5	Bajaj Finance Limited	3.4

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Financials	29.7
2	Consumer Discretionary	12.5
3	Industrials	9.3
4	Healthcare	7.9
5	Information Technology	7.8
6	Energy	6.7
7	Consumer Staples	6.5
8	Communication Services	6.2
9	Others	10.9
10	Cash & Cash Equivalents	2.5

Highest & lowest NAV

	2022	2023	2024
High	1.3672	1.5610	1.8577
Low	1.1340	1.1450	1.5328

Geographical allocation#

No.	Geographical name	% NAV
1	India	97.5
2	Cash & Cash Equivalents	2.5

Distribution by financial year

	2022	2023	2024
Distribution (Sen)	-	-	11.60
Distribution Yield (%)	-	-	6.9

^ Based on net of tax returns of 16.25%, i.e. average of short-term capital gain tax and long-term capital gain tax on Indian listed equity of 20% and 12.5% respectively currently. The tax rate may change from time to time based on prevailing tax rate.

Note: The performance benchmark for the Fund is revised from MSCI India 10/40 Index to MSCI India 10/40 Index (Net of Tax) effective from 1 March 2025. The purpose of the change is to reflect the taxation impact to the performance of benchmark index in view of the taxation applicable on Indian listed equity.

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Market review

Indian equities moved higher for the month on the back of domestic economic growth pickup, de-escalation of tensions with Pakistan, and moderating global trade tension. During the month, Q4 FY2025 GDP (gross domestic product) growth accelerated at 7.4% year-on-year (YoY), which was better than expected and brought the FY2025 GDP growth to 6.5% YoY. Meanwhile, the Reserve Bank of India (RBI) announced a record dividend (US$32 billion; 0.7% of GDP) payment to the government, easing the fiscal deficit. In addition, April headline consumer price index (CPI) inflation continued to soften at 3.2% YoY, providing market with further confidence over continuation of monetary easing path.

Market outlook

Since the US announced reciprocal tariffs on most of its major trading partners in the beginning of April, we have seen a scale down of trade tensions, as well as a pause or exemption of various tariffs. As we await to see the result of bilateral negotiation over the upcoming months, global macroeconomic conditions are likely to stay uncertain. Despite this, we expect the Indian economy to be resilient. India differentiates itself within the region with domestic-focused growth drivers with private consumption share of GDP at ~65%. India has relatively lower dependence on goods trade as a percentage of its GDP at ~12%, and goods exports to US at only ~2% of GDP. These are much lower as compared to other Asian peers. India's absolute goods trade surplus with the US is also relatively small at ~USD 46 billion (~1.2% of India's GDP), putting India in a relatively stronger footing to address the trade surplus with US during negotiations by increasing its purchase of US energy and defense products. We also note that initially announced tariff faced by Indian exports were lower than most its Asian peers. Overall, we believe the direct hit to GDP growth is likely to be 30-35 basis points (bps) in the worst case, if the initially announced tariffs were to continue.

Although direct impact on India seems limited, India could be impacted through other indirect channels like global growth slowdown. India has a large services surplus of more than USD200 billion. A majority of this surplus will be through IT services exports to US, which does not face any tariff but is vulnerable to potential US growth slowdown. If India gets impacted through indirect channels, the good news is that there are several offsets that members of Congress can use, as India has both monetary and fiscal policy spaces to react. India's real rate at >2% (inflation 3.2%; policy rate 5.5%) offers ample room to cut rates. The RBI's 50-bps repo rate cut to 5.5% and a totally unexpected 100-bps cut in the cash reserve ratio (CRR) during the June CY2025 meeting, coupled with its ongoing easing measures since end of CY2024, signal a highly accommodative stance. India's fiscal deficit, thanks to the formalization of the economy, remains well contained at 4.7% for the current year and is projected to go down to 4.4% for the next fiscal year, which allows room for the government to act with fiscal support, if required.

Despite India's favorable position compared to other emerging markets, it has faced some near-term cyclical challenges with a mid-cycle slowdown. This was reflected in corporate earnings releases in recent quarters where earnings growth has fallen to single digits. However, as discussed, India's strong macroeconomic position allows room for fiscal and monetary policy support.

We have already seen the national budget in February delivering a personal tax cut that will boost the disposable income of upper-middle class families and thus should boost domestic demand. We have seen a series of measures from the RBI, in which it has decisively pivoted to provide better liquidity. Inflation has moderated below the RBI's target level and is expected to stay here. With the US dollar weakening, this gives further room for the RBI to stay on an accommodative path. We also expect a pickup in rural growth with better crop prices and state governments' welfare schemes towards poorer families. These measures together are likely to put a floor on domestic growth. Indeed, as per the latest release, real GDP growth has bounced back to 7.4% in Q1 CY2025. We anticipate growth to improve through 2025 driven by domestic drivers, despite global headwinds. Strong domestic flows and potential resumption of foreign investment flows may provide additional support.

In this construct, we stick to our knitting and look for opportunities using our GCMV framework on a bottom-up basis, while being mindful about the top-down scenario. We expect good growth with cash flows and re-investment opportunity into growth in sectors identified through our 5D framework, taking note of the policy pivot to consumption in the recent budget. Opportunities arise under deficit reduction. Thanks to both fiscal and current account deficit reduction and stable debt-to-GDP ratios, the RBI can now cut rates and inject significant liquidity without compromising financial and currency stability. As a result of the recent CRR cut, there will be additional liquidity aiding deposit growth. It enables deposit and credit growth to pick up in the upcoming quarters. We remain constructive on banks and turn more positive on non-banks as they will benefit from falling cost of funds. We also expect credit costs to peak out in next one to two quarters, setting up the lending financials for a strong H2 FY2026. Liquidity will also find its way in asset markets, that keeps us bullish on real estate as well as distributors of financial savings products, like insurance brokers and wealth managers. In addition, exposure to the digital and demography themes should also benefit. Consumption trends have been a bit subdued in India. But now with tax and rate cuts, as well as recovery in rural income, we expect consumption demand to improve. We like established digital players in food and quick commerce delivery who are winning market shares. We are also optimistic on select traditional consumer companies that are weaving in digital and direct-to-consumer strategy. We are constructive on online travel platforms and aviation names on the back of growing income and travel spending. Besides, we favor value retail names in rural India, which are bridging the gaps between aspirations and affordability. We believe deglobalization theme remains intact with import substitution. India is focusing on growing its share of manufacturing by providing incentives in areas like electronics and white goods, which are main consumer imports. Despite the global trade tension, we remain optimistic on pharma CDMO (Contract Development and Manufacturing Organization) in exports, where India has structural advantages. For decarbonization, India has been adopting a deliberate attempt to incentivize green transitioning, including incentives for electric vehicles, solar cell production, and so on. We see opportunities in renewable energy companies and in transmission infrastructure, as investment in these areas will continue to grow.

Feeder fund review

In May, the Feeder Fund posted a) -0.39% versus the benchmark return of -0.41% for its RM class; and b) 0.83% versus the benchmark return of 0.96% for its RM-Hedged class. Unfavourable stock selection within industrials and materials detracted from active returns while favourable stock selection within information technology names and utilities added value to the active returns. The Feeder Fund will continue to be fully invested into the Target Fund. We rebalance the Feeder Fund when the invested level is affected by market volatilities, inflows and outflows of the Feeder Fund. We aim to maintain a target allocation of around 95%-98%.

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