

June 2024
Factsheet

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

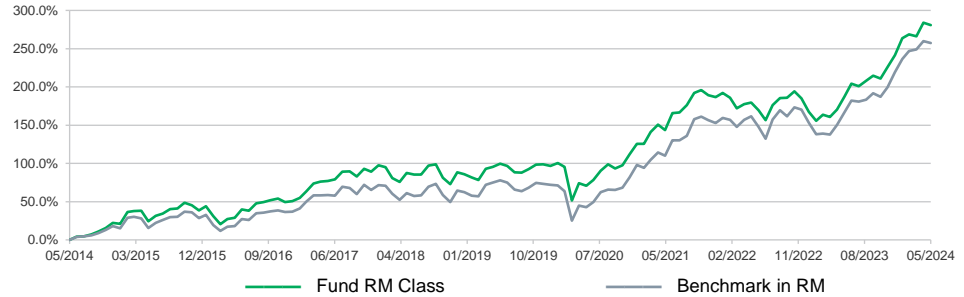
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 May 2024)

NAV/unit (RM Class)	RM 1.7180
NAV/unit (RM-Hedged Class)	RM 0.7917
Fund size	RM 675.90 mil
Units in circulation	408.22 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
Target fund#	Manulife Global Fund - India Equity Fund

Fund performance

10-year performance as at 31 May 2024*



Total return over the following periods ended 31 May 2024*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	-0.79	16.83	11.51	32.61	43.25	90.80	280.90
Benchmark in RM (%)	-0.67	19.36	11.96	34.19	55.40	101.14	257.45
Fund RM-Hedged Class (%)	0.34	14.24	7.71	26.65	20.96	62.44	-
Benchmark in USD (%)	0.71	18.15	9.30	31.58	36.17	79.07	-

Calendar year returns*

	2019	2020	2021	2022	2023
Fund RM Class (%)	5.80	14.75	29.47	-8.39	27.68
Benchmark in RM (%)	5.84	15.02	31.16	-2.45	26.14
Fund RM-Hedged Class (%)	7.05	15.94	26.21	-13.87	19.20
Benchmark in USD (%)	6.93	16.96	26.64	-7.74	20.92

* 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	Reliance Industries Limited	6.5
2	ICICI Bank Limited	6.1
3	Bharti Airtel Limited	3.6
4	Axis Bank Limited	3.5
5	Mahindra & Mahindra Ltd.	3.4

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Financials	23.1
2	Consumer Discretionary	12.2
3	Materials	11.9
4	Industrials	11.2
5	Energy	8.3
6	Information Technology	8.3
7	Consumer Staples	6.4
8	Communication Services	5.5
9	Others	9.7
10	Cash & Cash Equivalents	3.4

Highest & lowest NAV

	2021	2022	2023
High	1.3784	1.3672	1.5610
Low	1.0640	1.1340	1.1450

Distribution by financial year

	2021	2022	2023
Distribution (Sen)	17.60	-	-
Distribution Yield (%)	15.0	-	-

Geographical allocation#

No.	Geographical name	% NAV
1	India	96.6
2	Cash & Cash Equivalents	3.4

June 2024
Factsheet

Manulife India Equity Fund

Market review

Indian equities posted mild gains for the month as investors awaited the general election results to be announced early June. On the economic front, Q4 fiscal year (FY) 2024 real GDP (gross domestic product) growth came in stronger-than-expected at 7.8% year-on-year and FY 2024 real GDP growth ended at 8.2% year-on-year. Growth was driven by investments, in line with the government's economic agenda. Meanwhile, April headline and core consumer price index (CPI) inflation remained stable and in line with expectation. In addition, FY 2024 fiscal deficits were lower than estimates, buoyed by higher non-tax revenues and lower revenue expenditure. It is coupled with a higher-than-expected dividend from the Reserve Bank India, which should open further fiscal flexibility for the incoming government. Moving into the Q4 FY 2024 earnings season, there have been marginal upgrades overall, with strong results from property and industrials, with softer results from IT.

Market outlook

The primary growth drivers of digitization driving formalization, as well as reinvestment policies underpinning manufacturing growth, are well embedded in India's economic growth agenda. This is starting to show results with visibly improved capital expenditure and industrial order books, as well as a narrowing current-account deficit and a healthier inflationary picture. We also believe that the structural reforms will make India a more efficient, productive, and resilient economy. The strong primary growth drivers create multiple new themes and investible opportunities that could be potent wealth creators for investors.

Indeed, through structural reforms and policy support, India has responded to various macro challenges over the past three years, including COVID-19 and the energy price shock in 2022. This resiliency has been supported by low external debt plus strong household, corporate, and government balance sheets, as well as a conservative central bank that is preventing the build-up of excess in the system. This has protected the currency outlook and kept foreign exchange reserves strong. This macro resiliency has underwritten the strength of foreign and domestic flows and valuations.

Cyclically, India's macro setup also looks robust with favorable growth, inflation, and external account dynamics. The GDP prints over the last four quarters were ahead of expectations, driven by substantial investments and is in line with the economic agenda. The external accounts are likely to be well-supported by strong capital flows as overseas investors are keen to participate in the Indian growth story. Despite a higher goods trade deficit in FY 2024, overall BoP (balance of payments) will stay comfortable. Flows are likely to get a boost next year as Indian sovereign bonds will start getting included in bond indices from calendar year (CY) 2024. Furthermore, a strong services trade surplus supports the current account as global companies increase their presence in knowledge-based outsourcing and consultancy services segments.

We remain positive about India's long-term structural potential and believe these transformative changes require a modified approach as new forces emerge from the underlying drivers. We recognize that future wealth creators in many sectors will come from disruptors leveraging the transformed landscape and traditional incumbents. We classify these forces under the 5Ds framework: Digitization, Deglobalization, Decarbonization, Demography, and Deficit Reduction. We aim to capitalize on such opportunities through our bottom-up research process.

From a sectoral positioning, we are more optimistic on: (1) India capex plays such as industrial, auto ancillaries, utilities companies are benefitting from improved market share globally, as well as capex on green energy transition, automation, and electric vehicles (EVs). India is seeing strong reinvestment in capacities from engineering companies as global supply chains are reorienting and "friend-shoring". Also, strong domestic growth and capex is resulting in higher power demand and utilities with existing operational assets are likely to benefit; (2) domestic demand plays where we continue to identify beneficiaries of rising domestic income and disruptors in a selective manner. We are positive on stock specific opportunities in real estate, staples, food services, and auto names; (3) communication services as we see the sector entering a period of high FCF (free cash flow) growth with lower competition and falling capex-to-revenue along with its defensive characteristics; and (4) healthcare where we see select opportunities in domestic healthcare service names. The sector is a good defense against a growth slowdown by being largely disconnected from business cycles. We remain underweight on (1) consumer staples due to a disruption from D2C (direct-to-consumer) brands and mature penetration among product categories and (2) financials, in which we expect slowing loan growth and weaker margins for large private banks as rate cycle turns in CY 2024.

Feeder fund review

In May, the Feeder Fund posted a) -0.79% versus the benchmark return of -0.67% for its RM class; and b) 0.34% versus the benchmark return of 0.71% for its RM-Hedged class. Security selection, notably in the consumer discretionary names and materials, aided the Fund's performance relative to its benchmark index. Conversely, security selection within industrials and utilities hindered relative performance. 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%.

Based on the Fund's portfolio returns as at 30 Apr 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 14.515, "High" includes Funds with VF that are above 10.990 but not more than 14.515, "Moderate" includes Funds with VF that are above 8.410 but not more than 10.990, "Low" includes Funds with VF that are above 3.690 but not more than 8.410 and "Very Low" includes Funds with VF that are above 0.000 but not more than 3.690 (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 15 May 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 remain 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.