RM-Hedged Class

3-year Fund Volatility **17.1** High Lipper Analytics 12 Apr 23

RM Class

3-year Fund Volatility **16.2** High Lipper Analytics 12 Apr 23

Manulife Investment Management

May 2023
Factsheet

Manulife India Equity Fund

Fund category

Feeder Fund (Equity)

Fund objective

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

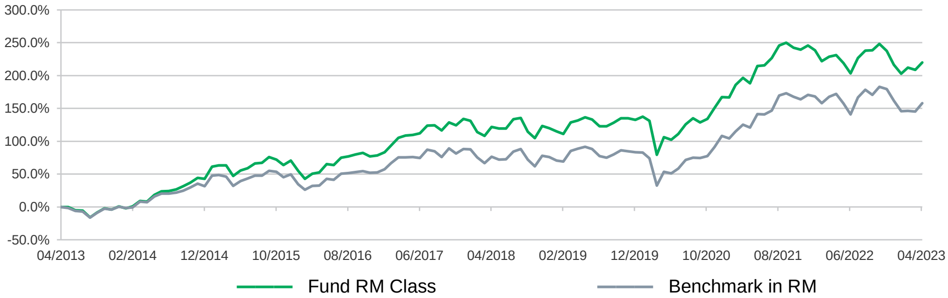
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 30 Apr 2023)

NAV/unit (RM Class)	RM 1.2192
NAV/unit (RM-Hedged Class)	RM 0.6098
Fund size	RM 392.70 mil
Units in circulation	330.96 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 30 April 2023*



Total return over the following periods ended 30 April 2023*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	3.70	-8.09	1.04	-3.31	55.27	44.12	220.02
Benchmark in RM (%)	5.25	-8.83	-1.47	-5.20	68.04	46.36	157.93
Fund RM-Hedged Class (%)	2.44	-4.07	-1.09	-7.34	48.82	-	-
Benchmark in USD (%)	4.11	-3.36	-2.69	-7.47	62.00	-	-

Calendar year returns*

	2018	2019	2020	2021	2022
Fund RM Class (%)	-5.97	5.80	14.75	29.47	-8.39
Benchmark in RM (%)	-6.70	4.35	13.54	29.98	-3.29
Fund RM-Hedged Class (%)	5.58	7.05	15.94	26.21	-13.87
Benchmark in USD (%)	0.64	5.42	15.46	25.50	-8.53

*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	8.8
2	Reliance Industries Limited	7.2
3	Axis Bank Limited	4.9
4	HDFC Bank Limited	4.4
5	Housing Development Finance Corporation Limited	4.3

Highest & lowest NAV

	2020	2021	2022
High	1.1763	1.3784	1.3672
Low	0.7167	1.0640	1.1340

Distribution by financial year

	2020	2021	2022
Distribution (Sen)	-	17.60	-
Distribution Yield (%)	-	15.0	-

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Financials	27.9
2	Industrials	11.8
3	Consumer Discretionary	10.6
4	Energy	9.6
5	Consumer Staples	8.0
6	Materials	7.9
7	Information Technology	7.5
8	Healthcare	6.7
9	Others	6.3
10	Cash & Cash Equivalents	3.7

Geographical allocation#

No.	Geographical name	% NAV
1	India	96.3
2	Cash & Cash Equivalents	3.7

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Manulife India Equity Fund

Market review

India equities posted gains on the back of (1) the RBI's unexpected pause in rate hike, (2) correction in crude, (3) strong results from domestic-focused sectors and (4) more reasonable valuations. Net buying from foreign institutional investors (USD 1.1 billion) and domestic institutional investors (USD 0.3 billion) also helped boost market sentiment. During the month, the RBI surprised the market with a pause in the rate hike cycle as it responded to growth concerns globally and signs of softening inflation in India. March inflation cooled off sharply to below 6%, led by both lower core inflation and food prices due to strong rabi season food production. Moving into the Q4 FY23 earnings season, financials and industrials names have posted strong growth. On the other hand, IT services were dragged by delayed decision-making and the cancellation of projects from US clients due to layoffs and an uncertain growth outlook.

Market outlook

Through structural reforms and policy support, the Indian economy has been able to respond to various sets of macro challenges over the last three years, including COVID-19 and the energy price shock. While the energy price shock has affected the growth outlook in CY22, overall growth held up well, and inflation went slightly higher than the RBI's tolerance level. India's resiliency has been supported by low external debt, strong domestic balance sheets of households, and corporate as well as government and forex reserves of the RBI (driven by a favourable CAD and strong flows in CY19–CY21). This resiliency has supported policy initiatives to drive digitalisation and formalisation of the economy. Buoyed by better tax collection from a growing formal economy, the government provided various incentives to increase the manufacturing share of GDP.

Some of the macro headwinds, like the high trade deficits seen in H2 CY22, have receded. The high trade driven by higher energy import bills (oil and coal), as well as strong growth in non-energy net imports (due to better domestic demand), has come down substantially to approximately USD 17 billion/month in recent readings from the highs of approximately USD 25 billion /month. A persistently high trade deficit of approximately USD 22 billion/month, as we saw during H2 CY22, had made the BoP unsustainably high. Simply put, beyond this rate, India becomes more reliant on global savings to manage its external accounts. While we continue to monitor this risk, we are seeing positive trends over the last 6 months. Oil and coal prices have continued to cool off, services exports have been better than expected, domestic goods import demand has cooled, and forex reserves have risen off their October lows. Moreover, capital flows remain strong towards India to participate in the Indian growth story, and this has helped mitigate any BoP challenges. We continue to expect that India will retain its fair share of EM flows as the medium-to-long-term growth story remains compelling. This is further strengthened by resilience from the stable political outlook and low external debt.

As China's re-opening and the fallout from the US bank failure play out, we remain watchful about any spike in inflation and/or growth slowdown in the US. We believe that due to low external linkages, India will be relatively resilient to a slowdown in the US, with some of the export-driven sectors like IT seeing some moderation in growth. India's large domestic economy, policy-driven expansion of manufacturing and a strong and well-regulated banking sector are likely to drive its growth through the core themes, and there are likely to be ample wealth creation opportunities.

We continue to remain positive on India's long-term structural story but also note that as growth slows down globally, there will be spillover effects in India as well. Keeping this in mind, we have recently raised weight towards more defensive names and sectors, keeping our core positioning on longer-term themes intact. We are more optimistic on the following: 1) India manufacturing plays: We are positive on industrial, chemical and auto ancillary companies that are benefitting from improved market shares globally, as well as capex on automation, energy efficiency and electric mobility. India is seeing strong reinvestment in capacities from engineering companies and gain in share of net exports, as global supply chains are re-orienting and 'friend-shoring'; 2) Domestic demand plays: We continue to play beneficiaries of rising income domestically in a selective manner. We are positive on Real Estate and see stock-specific opportunities in staples and auto and building material names; 3) Financials: It remains a strong proxy to play India's growth with strong, structural improvements in asset quality. We remain positive on large banks and have recently raised weight in NBFCs, taking note of the pause in the hiking cycle from RBI. We believe larger NBFCs with good credit ratings will see strong earnings growth; 4) Healthcare: We see opportunities and defensiveness in domestic healthcare names and the reversal of many headwinds seen in CY22 in global generics, such as higher raw material prices and higher generic pricing pressure in the US, as we are seeing good bottom-up opportunities. The sector is also a good defence against a growth slowdown, being largely disconnected from business cycles.

Feeder fund review

In April, the Feeder Fund posted a) 3.70% versus the benchmark return of 5.25% for its RM class; and b) 2.44% versus the benchmark return of 4.11% for its RM-Hedged class. Unfavourable stock selection in Information Technology and Financials detracted from performance while an overweight position in Real Estates contributed to 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%.