Manulife Investment Management

RM Class
3-year Fund Volatility
14.4
High
Lipper Analytics
10 Feb 25

March 2025
Factsheet

Manulife Investment Shariah Asia-Pacific ex Japan Fund

Fund category
Equity (Islamic)

Fund objective
To provide long-term capital appreciation through investment in Shariah-compliant equities and equity-related securities of companies in the Asia-Pacific ex Japan region.

Investor profile
The Fund is suitable for investors who wish to invest in a diversified portfolio of stocks listed in the APxJ region, seek Shariah-Compliant investments, are willing to accept amoderate to high level of risk and have a long-term investment horizon.

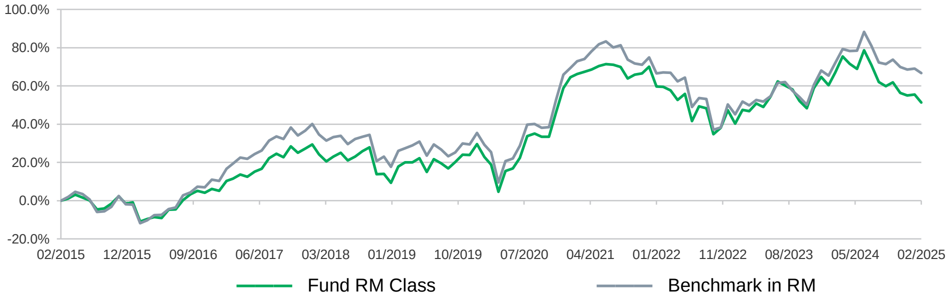
Fund manager
Manulife Investment Management (M) Berhad
200801033087 (834424-U)

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

Fund information (as at 28 Feb 2025)

NAV/unit	RM 0.3906
Fund size	RM 194.35 mil
Units in circulation	497.50 mil
Fund launch date	16 Jan 2008
Fund inception date	06 Feb 2008
Financial year	30 Sep
Currency	RM
Management fee	Up to 1.75% of NAV p.a.
Trustee fee	Up to 0.06% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 6.50% of NAV per unit
Redemption charge	Nil
Distribution frequency	Incidental, if any
Benchmark	FTSE Shariah Asia Pacific Ex-Japan Index

Fund performance
10-year performance as at 28 February 2025*



Total return over the following periods ended 28 February 2025*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	-2.69	-6.65	-2.37	-9.48	-5.21	27.33	51.27
Benchmark in RM (%)	-1.30	-3.14	-1.09	-3.03	-0.12	33.12	66.79

Calendar year returns*

	2020	2021	2022	2023	2024
Fund RM Class (%)	22.67	7.05	-17.54	17.43	-5.91
Benchmark in RM (%)	22.57	5.39	-17.07	15.90	0.31

*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	Samsung Electronics Co., Ltd.	7.2
2	CSL Limited	4.3
3	SK hynix Inc.	4.3
4	BHP Group Ltd	4.2
5	ASE Technology Holding Co., Ltd.	3.5

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Information Technology	32.6
2	Consumer Discretionary	12.7
3	Industrials	12.5
4	Materials	12.3
5	Healthcare	10.2
6	Energy	5.2
7	Communication Services	4.7
8	Real Estate	2.7
9	Consumer Staples	2.6
10	Cash & Cash Equivalents	4.4

Highest & lowest NAV

	2022	2023	2024
High	0.4809	0.4626	0.5140
Low	0.3744	0.3917	0.4001

Geographical allocation

No.	Geographical name	% NAV
1	Australia	22.2
2	China	19.1
3	South Korea	16.8
4	Others	37.5
5	Cash & Cash Equivalents	4.4

Distribution by financial year

	2022	2023	2024
Distribution (Sen)	-	-	3.26
Distribution Yield (%)	-	-	7.1

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Market review

Asia Pacific ex Japan equities posted slight gains for the month. Chinese equities outperformed the region on the back of continuous optimism in the tech sector. On the other hand, the US government placed 10% tariffs on China in February and threatened more on trading partners based on reciprocal tariffs and sector-specific targets, weighing on most other Asia markets amid geopolitical uncertainties. Domestic growth concerns also impacted India and select ASEAN markets (e.g. Indonesia, Thailand).

China equities posted strong gains. The roll-out of a highly cost-effective AI model drove continued optimism in the technology space and increased capex by large cap firms. AI adjacent firms in the small-medium enterprises space were also boosted, as the prospect of a home-grown AI solution improved sentiment. Additionally, President Xi met with leading technology/internet entrepreneurs for the first time since 2018, which was seen as a positive signal for a more constructive business environment for the private sector. Overall, optimism outweighed the imposition of 10% tariffs on Chinese exports by the US in February, as investors looked forward to potential fiscal stimulus from the upcoming National People's Congress in March.

Taiwan equities posted negative performance for the month. Tech shares lost momentum with the selloff in the US. In policy, the president committed to increase imports of US goods as the market maintains a significant bilateral trade surplus.

Korea equities ticked lower for the month. The defense sector outperformed on the back of strong earnings, while AI-related shares underperformed along with a downturn in US tech shares. Bank of Korea cut rates by 25 bps to 2.75% to manage risks related to growth and potential US tariffs on the auto sector.

India equities corrected. Equities were muted after the release of the Union Budget, which featured smaller-than-expected increases in government capital expenditures. However, a tax cut for the middle class drove autos and consumer goods higher. Overall, foreign investors were net sellers (US $4 billion) putting pressure on the market. The Reserve Bank of India cut its policy rate by 25 bps to 6.25%.

ASEAN markets posted mixed performance on uncertainties. Singapore equities moved higher. Financials outperformed with solid earnings. On the policy front, the Monetary Authority of Singapore announced plans to inject roughly US $3.7 billion in local equities to support the local fund management industry. Philippine equities posted positive performance for the month. The central bank unexpectedly paused on interest rate cut amid uncertainty. However, it announced a 200 bps cut in the bank reserve requirement ratio to 5.00%, effective in March. Malaysia equities rebounded post recent correction. On the economic front, Q4 GDP grew by 5.0% (year-on-year). Indonesia equities posted losses on the back of macroeconomic headwinds, as well as uncertainty amid government efforts to cut spending on services and infrastructure projects in funding the new administration's fiscal projects. Thai equities retreated on the back of tariff and growth concerns. The central bank unexpectedly cut the policy rate by 25 bps to 2.0% to support the economy, as Q4 2024 GDP missed estimates at 3.2% (year-on-year) and as the government readied for potential tariffs given its trading surplus with the US.

Australia equities moved lower for the month. The banking sector retreated as guidance for 2025 showed slowing growth and shrinking net interest margins amid higher valuations. Some materials firms also cut dividends over slower projected growth from China. On the policy front, the Reserve Bank of Australia cut the cash rate by 25 bps to 4.10%.

Market outlook

China has been stepping up its fiscal and monetary stimulus to try to stabilize its property sector and revive consumer confidence and domestic consumption. While moving on a positive direction, follow up actions need to be seen in areas of restructuring of bad debts, pro-market and pro-entrepreneurial policies that drive employment and income growth as well as policies to support social welfare of its ageing population. In the face of higher trade barriers, it is crucial for the Chinese government to introduce policies that could materially stimulate and support domestic consumption growth. Looking ahead, we must be more discerning in positioning for a growth recovery in China. As execution risk remains, we prefer to stay invested in companies with strong management who can navigate and withstand economic challenges (domestically and externally), leaders in sectors that are aligned with the government's development goals (healthcare, technology, and renewable energy) and companies providing consumer services.

Other markets within the Asia ex-Japan region are expected to take a breather. We expect some market consolidation in India. That said, over the longer term, we remain confident about India's core growth drivers - formalization and digitization reinforcing each other and growing manufacturing in India.

Similarly, the strong growth potential arising from the proliferation of application of generative AI has been well-discovered and discounted by the market. Valuations of most tech stocks in Taiwan are still hovering at high levels, which leave little margin of safety. We have taken some profits from our holdings in tech stocks in Korea and Taiwan earlier as we believe share price has run ahead of near-term earnings growth potential. However, in the longer term, we believe the development of technology in the generative AI space will continue and will broaden to other areas like user-based applications and development of energy efficient chips through advanced packaging technology.

The Fed's easing cycle has reduced pressure on interest rates in the region, particularly in Indonesia and the Philippines. The anticipation of interest cut by the Fed also led to the appreciation of local currencies against the USD within the region since July. It also drove key stock indices higher. However, this trend has reversed amid a change in interest rate expectations following the confirmation of a second Trump presidency. There are concerns around the implementation of US trade tariffs affecting investment appetite and China+1 strategy in the region. While investment decisions may be deferred amid heightened uncertainties, the advantage of investing and building production capacities in South East Asia remains supported by the lower tariff relative to China (if imposed) and lower cost base. That said, we remain vigilant on risks related to geopolitical tensions and changes in trade policies.

Fund review and strategy

The Fund underperformed the benchmark in February. Stock selection in China, Taiwan and India and the overweight to Indonesia were the primary detractors. Stock selection in Hong Kong and Australia and the underweight to India were the primary contributors.

Detracting from performance was an Indonesian pharmaceutical company, which pulled back along with the broader market amid domestic economic concerns. Another detractor was one of the key players in India's cable and wire market. The stock pulled back in anticipation of a new market entrant.

Contributing to performance were two Chinese/ Hong Kong-listed automotive and industrial component manufacturers. Both stocks surged amid expectation over strategic business expansion into the humanoid robot segment, which demonstrates synergies with the companies' existing technologies and could be one of the future earnings' catalysts. Another contributor was a Chinese semiconductor equipment manufacturer, which rallied along with the Chinese tech sector on favorable market sentiment.

From a geographic standpoint, we are neutral on China with a selection bias towards the renewable sector and technology self sufficiency and remain cautious on the consumer sector. India remains a strong structural story but we maintain an underweight position due to concerns over valuation. However, within India, we like healthcare and IT sectors for 2025 and focus our consumer exposure towards the 2-wheeler and tractor market. We are overweight to Korea based on our positive view on the DRAM sector as well as industrials. In Taiwan, we have a relatively neutral position.

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Based on the Fund's portfolio returns as at 31 Jan 2025 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 16.245, "High" includes Funds with VF that are above 12.010 but not more than 16.245, "Moderate" includes Funds with VF that are above 9.085 but not more than 12.010, "Low" includes Funds with VF that are above 4.850 but not more than 9.085 and "Very Low" includes Funds with VF that are above 0.000 but not more than 4.850 (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 its Second Supplemental Master Prospectus dated 12 February 2025 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.