

News Release

TSX/NYSE/PSE: MFC SEHK: 945

For Immediate Release

8 September 2021

Manulife Investment Management (M) Berhad launches Manulife Shariah China Equity Fund to help investors capitalise on China's post-pandemic economic opportunities

Kuala Lumpur – Manulife Investment Management (M) Berhad announces today the launch of Manulife Shariah China Equity Fund (the “Fund”), its first China-focused Islamic equity fund, and offers investors in Malaysia the opportunity to participate in China’s post-pandemic economic opportunities.

The Fund aims to give investors direct access to China offshore and onshore investment opportunities in structural growth areas such as consumer, technology, materials, and healthcare, to name a few. It will invest at least 70% of its net asset value in a diversified portfolio of Shariah-compliant equities and Shariah-compliant equity-related securities of companies domiciled in, listed in, or have significant operations¹ in China, which includes but not limited to A-shares, H-shares, and companies domiciled in or have significant operations¹ in China but listed in other countries.

Jason Chong, CEO, Manulife Investment Management (M) Berhad said: “We are pleased to introduce the Manulife Shariah China Equity Fund that is focused on opportunities with the highest conviction, and could fulfil the financial objectives of investors in Malaysia. China is already the second largest equity market in the world but underrepresented by most international market-cap weighted indices. The country contributed to around 33% of the world’s GDP in 2019², but its weighting in MSCI All Country World Index was only 5.2%³. We can expect more investment opportunities in China to unveil themselves as the country continues to develop and become more widely adopted in major global indices.”

Ng Chze How, Head of Retail Wealth Distribution, Manulife Investment Management (M) Berhad said: “Three key themes are expected to drive China’s long-term economic growth, namely consumption upgrade, technology and innovation, and supportive government policies. For instance, innovation is expected to drive growth in the healthcare sector as consumer demand grows and the country moves away from manufacturing generic products to new and innovative medicine and medical discoveries. It is expected that China’s biological drug market could reach US\$ 79 billion in 2023⁴. The

¹ Significant operations mean the revenue, earnings, production facilities, assets and/or investments of a company are based in/derived from China. The level of significance will be determined by the Manager on a case-by-case basis based on his/her research and judgement.

² Source: IMF, Visual Capitalist, March 2019

³ Source: MSCI, Bloomberg, as of 31 December 2020

⁴ Source: CICC Research, as at April 2020. Compound Annual Growth Rate (“CAGR”). Contract Development and Manufacturing Organization (CDMO).

Manulife Investment Management

Manulife Shariah China Equity Fund also allows investors to enjoy peace of mind with Shariah-compliant investments by taking a two-level screening of the companies it invests in – business activity screening and financial ratios screening.”

Key themes driving China’s long-term growth include:

- **Consumption upgrade** – China’s middle class has already reached critical mass and could sustain a domestically-drive economy. Coupled with advancements in technology and a shift in consumption habits partly due to the pandemic, consumers’ online engagements in both commerce and entertainment are expected to rise. Lower tier cities will be a key growth driver in the next five years, as it is estimated that China’s online retail penetration rate will reach 37% in 2023⁵, with users of online payment apps from tier-3 or lower cities already accounting for 52% of the country’s total⁶.
- **Technology and innovation** – As China strives to move up the value chain and localize the high-value adding manufacturing processes, numerous opportunities from upstream equipment to downstream products can be identified. For one, China is enhancing and localizing its semiconductor supply chain, with worldwide sales of semiconductor manufacturing equipment reaching US\$18.7 billion in 2020, the highest in the world⁷.
- **Supportive policies** – The Chinese government continues to support selected key policy areas, such as environmental protection and its goal in achieving carbon neutral by 2060, including supply side reform, natural gas, waste-to-energy, wastewater treatment, and wider adoption of zero-emission sources. For example, China’s natural gas consumption is expected to grow at 7.8% (CAGR 2020-2025E), outpacing the primary energy growth at 1.9%⁸.

The Fund is benchmarked against the FTSE Shariah China Index, which offers a universe of more than 550 stocks across multiple sectors and various share types. The Fund aims to achieve capital appreciation and is suitable for investors who prefer Shariah-compliant investments, have a long-term investment horizon, and wish to seek investment exposure in the China market.

The Fund is available in A (RM) Class and A (USD) Class, with minimum initial investment of RM1,000 or USD1,000 and minimum additional investment of RM100 or USD100. The Fund is now available for subscription through the unit trust advisers of Manulife Investment Management (M) Berhad.

For more information about the Manulife Shariah China Equity Fund, please visit manulifeinvestment.com.my.

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About Manulife Investment Management (M) Berhad

⁵ Source: National Bureau of Statistics of China, Credit Suisse, May 2020

⁶ Source: QuestMobile, 30 September 2019

⁷ Source: SEMI and SEAJ, Worldwide Semiconductor Equipment Market Statistics (WWSEMS) Report, April 2021

⁸ Source: National Bureau of Statistics, China Customs, CNPC, Goldman Sachs Global Investment Research, 29 October 2019

Manulife Investment Management

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About Manulife Investment Management

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. We draw on more than a century of financial stewardship and the full resources of our parent company to serve individuals, institutions, and retirement plan members worldwide. Headquartered in Toronto, our leading capabilities in public and private markets are strengthened by an investment footprint that spans 18 geographies. We complement these capabilities by providing access to a network of unaffiliated asset managers from around the world. We’re committed to investing responsibly across our businesses. We develop innovative global frameworks for sustainable investing, collaboratively engage with companies in our securities portfolios, and maintain a high standard of stewardship where we own and operate assets, and we believe in supporting financial well-being through our workplace retirement plans. Today, plan sponsors around the world rely on our retirement plan administration and investment expertise to help their employees plan for, save for, and live a better retirement.

As of June 30, 2021, Manulife Investment Management’s assets under management and administration, including assets managed for Manulife’s other segments, totaled CAD \$1.0 trillion (US \$834 billion). Not all offerings are available in all jurisdictions. For additional information, please visit manulifeim.com.

About Manulife

About Manulife

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