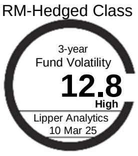
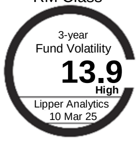
RM-Hedged Class



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

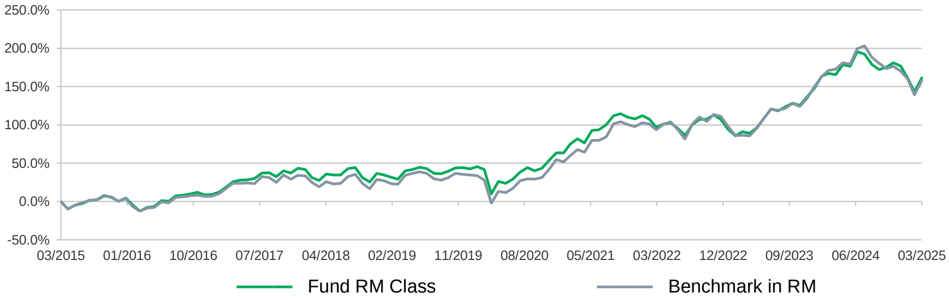
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Mar 2025)

NAV/unit (RM Class)	RM 1.5154
NAV/unit (RM-Hedged Class)	RM 0.6652
Fund size	RM 695.58 mil
Units in circulation	503.89 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 March 2025*



Total return over the following periods ended 31 March 2025*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund RM Class (%)	7.63	-3.90	-5.49	-1.48	29.92	137.81	161.42
Benchmark in RM (%)	7.82	-8.20	-4.54	-5.44	28.38	163.61	157.70
Fund RM-Hedged Class (%)	8.02	-11.36	-5.19	2.24	14.90	118.71	-
Benchmark in USD (%)	8.43	-14.70	-3.81	0.86	21.64	156.63	-

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	6.9
2	Reliance Industries Limited	6.4
3	HDFC Bank Limited	5.9
4	Bharti Airtel Limited	5.0
5	Bajaj Finance Limited	3.6

Highest & lowest NAV

	2022	2023	2024
High	1.3672	1.5610	1.8577
Low	1.1340	1.1450	1.5328

Distribution by financial year

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

Asset/sector allocation#

No.	Asset/sector name	% NAV
1	Financials	29.9
2	Consumer Discretionary	11.9
3	Industrials	9.9
4	Information Technology	7.6
5	Healthcare	7.1
6	Energy	6.4
7	Communication Services	6.2
8	Consumer Staples	5.6
9	Others	10.8
10	Cash & Cash Equivalents	4.6

Geographical allocation#

No.	Geographical name	% NAV
1	India	95.4
2	Cash & Cash Equivalents	4.6

^ 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 rebounded for the month on foreign net inflows amid market rotation, easing measures by the Reserve Bank of India (RBI) to boost liquidity, and lower-than-expected February inflation. During the month, the RBI further injected INR1.9 trillion of liquidity into the banking system, bringing total liquidity injection to INR 5.5 trillion since December 2024. It has coupled with policy rate cut in February 2024 and regulatory easing in the banking sector to help lending conditions and support economic growth. On the economic front, headline consumer price index (CPI) inflation has come in lower than expected at 3.6% year-on-year (YoY), which provided market with confidence over a further RBI rate cut in the April meeting. Besides, February goods trade deficit has fallen to USD14 billion (lowest level in 42 months) on the back of lower oil and gold imports.

Market outlook

On April 2, 2025, the US has announced reciprocal tariffs on most of its major trading partners, including India. While subsequently some of the tariffs have been paused or exempted as we await to see the result of bilateral negotiations between geographic regions 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 (gross domestic product) at 65%. India has low dependence on goods trade as a % of its GDP at 12%, and goods exports to the US at only 2% of the GDP. These are much lower than Asian peers. India's absolute goods trade surplus with the US is also relatively small at USD46 billion (1.2% of India's GDP), putting India in a strong footing to address the trade surplus with US during negotiations by increasing purchase of US energy and defense products. We also note that initially announced tariff faced by Indian exports at 26% were lower than most 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 the 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 service exports to the 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 policymakers can use, as India has both monetary and fiscal policy space to react. India's real rate at >2% (inflation 3.6%; policy rate 6%) offers ample room to cut rates. We expect rate cuts to an extent of 75-100 bps if growth were to be slower than expected. 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 faces near-term cyclical challenges with a mid-cycle slowdown. This was reflected in corporate earnings releases in October calendar year (CY) 2024 as well as January CY2025, where earnings growth fell to single digits and GDP growth fell below 6% in Q3 CY2024. 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 since December and has injected liquidity worth 2.5% of the GDP through a series of measures. Inflation has moderated to RBI's target level and is expected to stay here. With US rate outlook shifting, we expect deeper rate cuts ahead. We also expect a pickup in rural growth with better crop prices and state government 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 6.3% in Q4 CY2024 and is expected to pick up further to 7.6% 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 of 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. We continue to see opportunity in the digital and demography space, where changing consumer preference and convenience offered by digital platforms are altering the landscape. We see opportunities in the food delivery and quick commerce (QC) space with players who are gaining share. We continue to see opportunities in online travel and online insurance broking where penetration remains low. We also like telecom, as their infrastructure enables the growing digital economy. Telecom companies are also nearing the end of their capex cycles, therefore they could see an inflection in cash flows. These two themes will benefit from the tax cut in the budget as the end consumers' income will grow. We remain bullish on deficit reduction theme, which is leading to the financialization of the economy. Cyclically, we expect the liquidity situation to improve and rates to be lower, benefitting non-bank lenders with solid underwriting capabilities and large customer base. We also like the structural opportunities in areas like wealth and asset management as domestic savings get allocated to financial markets. Since end of H1 CY2024, we had turned selective on decarbonization and deglobalization as the valuations of the direct beneficiary companies in the industrials space have risen to a significant premium to market. After the recent budget's policy pivot to consumption, we have turned even more selective in these themes. We like downstream plays in wires and cables as well as construction of transmission lines over power generators and equipment suppliers. The former have a longer runway of growth than the latter and are trading at much more reasonable valuation. We also like reasonably priced renewable focused utilities. In deglobalization, we like companies with domain expertise in manufacturing of electronics and complex chemical drugs. These companies should see top line growth due to increased outsourcing from top global companies.

Feeder fund review

In March, the Feeder Fund posted a) 7.63% versus the benchmark return of 7.82% for its RM class; and b) 8.02% versus the benchmark return of 8.43% for its RM-Hedged class. Favourable stock selection within the Consumer Staples sector contributed while unfavourable stock selection within the Consumer Discretionary sector detracted. 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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