Manulife Investments

May 2025
Factsheet

Manulife Shariah PRS-Conservative Fund

Fund category
Core (Conservative)

Fund objective
The Fund aims to provide steady returns whilst preserving^ capital.

Investment Strategy
To achieve the investment objective of the Fund, the Fund may invest a maximum of 35% of its NAV in Shariah-compliant equities, Shariah-compliant equity-related securities and/or Islamic REITs (via Islamic CIS). The Fund will invest at least 65% of the Fund's NAV in sukuk, Islamic money market instruments and/or Islamic deposits with financial institutions.

Fund manager
Manulife Investment Management (Hong Kong) Limited

Trustee
CIMB Islamic Trustee Berhad
198801000556 (167913-M)

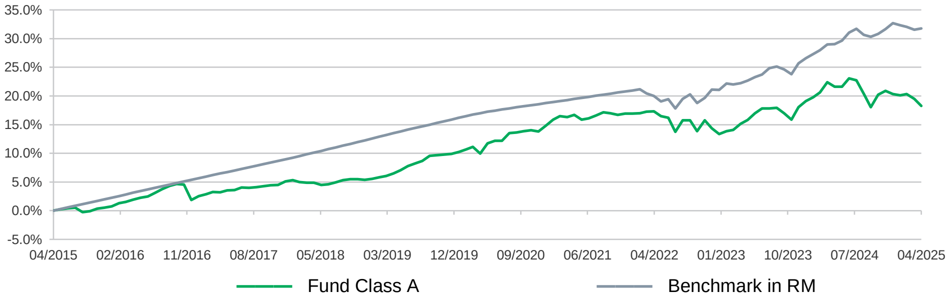
Fund information (as at 30 Apr 2025)

NAV/unit (Class A)	RM 0.5122
NAV/unit (Class C)	RM 0.5526
Fund size	RM 1.07 mil
Units in circulation	1.98 mil
Fund launch date	Class A: 24 Jul 2013 Class C: 28 Apr 2016
Fund inception date	13 Aug 2013
Financial year	31 Aug
Currency	RM
Management fee	Class A: 1.20% p.a. of the NAV Class C: 1.00% p.a. of the NAV
Trustee fee	Class A & C: 0.025% p.a. of the NAV
Sales charge	Class A: Nil Class C: Up to 3.00% of the NAV per unit
Redemption charge	Class A: 3.00% of NAV per unit for withdrawal in the 2nd year; 2.00% of NAV per unit for withdrawal in the 3rd year; 1.00% of NAV per unit for withdrawal in the 4th year; No Redemption Charge from the 5th year onwards. Class C: Nil
Distribution frequency	Annually, if any, and will be automatically reinvested and distributed as additional units of the Fund.
Benchmark	Median return of all Shariah-compliant PRS core funds - conservative funds established in Malaysia.

Fees by Private Pension Administrator (PPA)

Account opening fee	RM10.00 (one-off)
Annual fee[1]	RM8.00 p.a.
Pre-retirement withdrawal fee	RM25.00 for each withdrawal
Transfer fee	RM25.00 for each transfer to another PRS provider
Administration fee	0.04% p.a. of the NAV

Fund performance
10-year performance as at 30 April 2025*



Total return over the following periods ended 30 April 2025*

	1 month	6 month	YTD	1 year	3 year	5 year	10 year
Fund Class A (%)	-1.02	-1.61	-1.73	-2.73	1.51	5.85	18.27
Benchmark in RM (%)	0.18	0.75	-0.69	2.14	10.68	12.40	31.78
Fund Class C (%)	-1.02	-1.50	-1.66	-2.53	2.11	6.92	-
Benchmark in RM (%)	0.18	0.75	-0.69	2.14	10.68	12.40	-

Calendar year returns*

	2020	2021	2022	2023	2024
Fund Class A (%)	4.12	1.86	-3.05	5.05	1.04
Benchmark in RM (%)	2.22	1.85	0.07	4.58	4.83
Fund Class C (%)	4.34	2.05	-2.84	5.26	1.24
Benchmark in RM (%)	2.22	1.85	0.07	4.58	4.83

*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	SP Funds Dow Jones Global Sukuk ETF	28.1
2	Manulife Investment As-Saad	26.0
3	Manulife Investment Al-Mamun	13.5
4	iShares MSCI World Islamic UCITS ETF	11.9
5	Manulife Investment Al-Fauzan	6.5

Highest & lowest NAV

	2022	2023	2024
High	0.5378	0.5385	0.5555
Low	0.5117	0.5103	0.5198

Distribution by financial year

	2023	2024	2025
Distribution (Sen)	0.64	0.67	1.62
Distribution Yield (%)	1.2	1.3	3.0

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Fixed Income	54.1
2	Equities	31.3
3	Money Market	13.5
4	Cash & Cash Equivalents	1.1

Geographical allocation

No.	Geographical name	% NAV
1	Global	40.0
2	Malaysia	39.5
3	Asian Pacific Region	6.5
4	Others	12.9
5	Cash & Cash Equivalents	1.1

^ Please note that this is neither a capital guaranteed nor a capital protected. Therefore, a member's capital is neither guaranteed nor protected.
[1] No annual fee will be charged during the 1st year of the opening of a private pension account; there will also be no annual fee payable if no contributions are made during a calendar year.

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Market review

April was characterized by heightened volatility across equities, credit and foreign exchange owing to the US government's announcement of sizeable increases in import tariffs and the perceived negative impact on the economic outlook. In the first week of April, global equities corrected by 10%, led by a pronounced selloff in large-cap US equities and a weakening of the USD against major currency crosses. On the positive side, a significant proportion of that correction has since been retraced, although question marks remain over the economic outlook and the extent of actual US policy implementation. In addition, central banks, including the US Federal Reserve (Fed), are beginning to adjust their communication to consider the potential need for policy adjustments should economic activities slow down. Meanwhile, gold remained a bright spot, reaching its new all-time high, which continued to attract investors seeking safe-haven assets.

In the US, macro data were mixed with the composite Purchasing Managers' Index (PMI) revising down to 50.6, driven by declines in the services sector at 50.8, while manufacturing remained unchanged. The US economy contracted at an annualized rate of 0.3% in Q1 2025. Consumer sentiment fell to the lowest since July 2022, as consumers are concerned about economic prospects, largely driven by ongoing uncertainty surrounding trade policy and potential inflation resurgence. Regarding inflation data, inflation continued to ease with the headline and core inflation falling to 2.4% year-on-year (YoY) and 2.8% YoY, respectively. On April 2 "Liberation Day", President Trump announced unexpectedly broad tariffs on imported goods, including a 10% tariff on all US imports and higher "reciprocal" tariffs for geographic regions with large trade deficits with the US. However, the subsequent 90-day suspension of these tariffs for most geographic regions helped stabilize the US stock market, which lagged over the month.

In the eurozone, composite PMI refrained from contracting at 50.4 amid the weak economic backdrop and headwinds from the US trade war. Lower energy prices and expectations for fiscal stimulus have helped support the manufacturing sector. The GDP (gross domestic product) in the euro area expanded 0.4% in Q1 2025. Regarding inflation data, headline inflation remained steady at 2.2% YoY, while core inflation rose to 2.7% YoY. Despite a slight increase in inflation, the European Central Bank (ECB) cut interest rates by 25 basis points (bps) as tariffs threaten the economy. The European Union opted to suspend retaliatory tariffs on steel and aluminum to foster negotiation conditions with the US. This move, combined with Germany's political agreement to form a new government, offered some relief to the European market. In the UK, the composite PMI fell to 48.5 with noted declines in activity across both the manufacturing and services sectors. Both headline and core inflation slowed to 2.6% YoY and 3.4% YoY, respectively.

Within Asia, China's composite PMI dropped to 51.1 amid slower growth in both the manufacturing and services sectors. Early in the month, the tension between the US and China escalated sharply as the US announced plans to raise tariffs to 145%, while China further retaliated. China's members of Congress have emphasized that the geographic location has a wide array of tools to bolster its economic output. Premier Li Qiang has recently committed to providing additional stimulus measures. As negotiations advanced, trade tensions eased, leading to a rebound in China's stock market. Japanese equities positively performed despite headwinds from tariffs that might impact its export-reliant market. On a positive note, share buyback announcements have already surpassed last year's record levels.

In April, equity markets generally performed well, with the exception of the US. The MSCI ACWI and World rose by +0.98% and +0.94%, respectively. In US dollar terms, emerging markets performed well. Latin America led the way with an impressive gain of +6.97%, followed by Japan with a strong return of +5.23%. Europe saw a solid increase of +4.54%, and Asia Pacific ex Japan grew by +1.60%. Conversely, the US lagged behind, posting a negative return of -0.51%.

Within MSCI World, consumer staples led the gains adding +3.76%, closely followed by utilities +3.67%. In contrast, energy lagged, experiencing a sharp decline of -11.14%, driven by concerns over a potential global recession amid a tariff trade war. Healthcare also saw a loss of -1.86% over the month.

Fixed income markets delivered positive returns in April, with global treasuries leading the gains. The US 10-year treasuries surged to a peak of 4.6% and trended down to 4.2% by the end of the month. The FTSE World Government Bond Index gained +3.34%. Global investment-grade credits also performed well, gaining +1.90% on strong corporate fundamentals. Although riskier segments - global high yields lagged, they still managed to stay in positive territory with a return of +0.85%. Meanwhile, US high yields remained flat.

In foreign exchange, major currencies strengthened against the US dollar, including the GBP (+3.48%), JPY (+4.84%), and EUR (+5.24%).

Market outlook

Looking ahead, our medium- to long-term outlook suggests that ultimately lower interest rates would be accommodative for economic growth with inflation coming down and continuing resiliency in corporate earnings growth. However, we are at a juncture where rates may not need to be as aggressively cut as previously expected in 2025 amid the recent elevated inflation and broader macro uncertainty. We also remain on data watch in order to garner more clarity on the global macroeconomic path and how that translates into portfolios. We expect volatility to persist amid a complex macroeconomic landscape where geopolitical risks and the potential for a global economic slowdown could be potential headwinds in this year, compounded by uncertainties surrounding President Trump's policies. However, should we see positive tariff deals we could see a rebound in broad markets.

Entering 2025, it appears that most global central banks would like to move their monetary policy toward their respective neutral interest rates, but they are at different stages in their cycles. However, we expect the first half of the year to pose obstacles that may prevent a predictable, straightforward path to neutrality. We continue to expect that the US Fed eventually ends its easing cycle at 3.5% in 2026 but the timing of cuts is contingent on either a growth/labor market scare or clearer government policies. Even if the US Fed's bias is still to ease towards neutral rates, barring a compelling reason to move (i.e., signs of malfunctioning in key markets) the US Fed will leave rates unchanged and gather data. The negative impact of government policies on growth will be the larger focus despite the modest inflationary pressure from tariffs. The European and Canadian central banks are nearing the end of their easing cycles but we would note the risk of further cuts if tariffs prove more persistent or draconian than is currently forecast. The Bank of England is in a more complicated position, balancing stubborn inflation and weak growth. Japan continues to gradually increase interest rates to normalize its monetary policy. With the US Fed easing, other central banks feel more able to ease. In emerging markets, exposure to foreign trade and the USD could determine how much easing is feasible.

Economic growth, while positive, will be below trend across most major economies in 2025, driven by pressured consumers and high borrowing costs. Financial conditions are expected to remain balanced, avoiding extremes that could either materially slow down the economy or reignite inflation. We expect the US economy to slow down at some point over the year as volatile government policy – particularly with regards to trade – weighs on growth and is compounded by uncertainty, which could in turn affect the global trade and manufacturing cycles. However, more pronounced weakness or tariff-related uncertainty could further weigh on risk assets in export-dependent regions. Growth profiles in most of the world's other developed markets—Canada, Europe, and the UK—appear to be more subdued than in the US, with the lagged effects of tighter monetary policy, slowing global trade (especially with China) and more protectionist trade policies from the US weighing on these geographic regions and likely to keep doing so. Any regional-level assessment should include careful consideration of its exposure to the global trade impulse.

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President Trump's proposed tariffs on imports from key trading partners like China, Mexico, and Canada could severely hamper global trade activity. While broad-based tariffs pose a potential risk, we expect a more targeted and strategic approach to trade negotiations will ultimately emerge. In the near-term, potentially increased prices might affect consumers and companies alike, with the burden likely divided between higher costs and narrower profit margins. A lack of certainty might also make economic forecasting more challenging, likely making it difficult for central banks to act decisively. Over the longer-term, tariffs may shift production domestically and alter global supply chains. Uncertainty around what the policy will ultimately look like could dampen consumer and business confidence and potentially slow economic activity. We don't see globalization reversing anytime soon. Rather than a collapse of the current trade ecosystem, we expect a generally slower global trade impulse in 2025, with implications for our longer-term growth and inflation forecasts. We believe supply-side shocks and constraints—from trade policies, climate-related events, the low-carbon transition, and geopolitical conflicts—could increasingly influence the global economy, putting upward pressure on both the level and volatility of inflation.

In Asia, we remain positive in China. While the economy has been stabilizing, growing trade uncertainty means it can no longer rely on exports as the key growth engine. A strong economic recovery would likely require more policy support targeting consumers and the property sector, which currently seems insufficient to fully offset the negative impact of US tariffs. Having said that, equity valuations in Asian markets tip toward the favorable side of the equation. We anticipate additional government stimulus measures aimed more at restoring and maintaining economic growth than at meaningfully reaccelerating it. As such, our base case remains that, at best, we see gradual stabilization and perhaps modest improvement in China's labor market and consumer confidence. Elsewhere in Japan, the Bank of Japan (BoJ) hiking cycle is an outlier against global easing cycle. Policy normalization has begun in Japan. Economic stabilization and the expected 2% inflation suggest the BoJ will continue to normalize its policy rate over the next two years. The Japanese yen should strengthen due to favorable interest rate differentials, and the yield curve should flatten as the BoJ raises rates towards neutral.

At a time when we are seeing peak-level US equity valuations, tight credit spreads, continued uncertainty in the geopolitical environment, and wider dispersion in markets, there is value in taking a more cautious and defensive approach. We have moved our stance on equity relative to fixed income to neutral amidst market uncertainty. Within equity, our preference has shifted towards defensive stocks. We are adopting a more balanced stance between US equities and international markets as well. Within the US, we think investors should look to balance their large cap growth exposure with more value-oriented exposure in sectors like financials and healthcare, while higher dividend equities could also help navigate volatility. Outside the US, while tariffs remain a clear potential headwind, opportunities exist. For European equities, value-oriented favorable economic factors including more accommodative monetary policy from the ECB, supportive fiscal spending plans, and improving investor sentiment could provide a boost. In China, DeepSeek's artificial intelligence (AI) advancements have driven a strong rally since the beginning of the year. Stabilization in economic activity could broaden the rally beyond the technology sector to more domestically focused stocks. We remain mindful of risks associated with stretched valuations and uncertain policy developments. Subdued growth expectations offer relative upside for fixed income. However, inflation risks from trade disruption, which could lead to elevated yields, present a headwind.

Overall, we expect the market to experience some volatility into 2025, particularly as investors reprice interest rate and potentially inflation expectations, alongside uncertain President Trump policy. We maintain that there are downside risks to the economy, given tighter credit conditions. Tactical positioning will be more prevalent again as we continue into 2025, to nimbly add and de-risk portfolios, as well as add to yield opportunities as they arise.

Fund review and strategy

The Fund posted negative total returns in April. Overall equities in the portfolio stood at approximately 31% and fixed income at 54%, with the remainder in money market and cash at month-end.

A major detractor from returns was the allocation to developed market equities, closely followed by global bonds, which was a notable portfolio holding on average over the month. Asia Pacific ex Japan equities also detracted. On the other side, foreign exchange management contributed the most to portfolio returns as the Malaysian ringgit appreciated over the month. Malaysian bonds slightly added, along with money market instruments and Malaysian equities.