

Date: 28 November 2023

Dear Valued Customer,

RE: Maturity of the Manulife Target Maturity Bond Fund 1 (the “Fund”)

The Manulife Target Maturity Bond Fund 1 was launched on 4 September 2019 and seeks to provide regular income during the tenure of the Fund. The Fund aims to achieve its objective by investing a minimum of 70% of the Fund's NAV in local and/or foreign bonds which include sovereign bonds (including quasi-sovereign) and corporate bonds (listed and unlisted), with remaining in liquid assets. In general, the portfolio of the Fund was managed with a “buy and watch” strategy as the Investment Manager aims to lock in medium-term yields.

The Fund has reached its maturity date on 14 November 2023 (the “Maturity Date”). As at the Maturity Date,

- The USD Class delivered a total return of 7.97%*, or an annualized return of 1.93% since inception.
- The RM Hedged-Class delivered a total return of 10.92%*, or an annualized return of 2.62% since inception. The rapid rise in US interest rates relative to RM interest rates over the past few years resulted in high unwinding costs for the currency hedges that were in place for the RM Hedged-Class. These high unwinding costs negatively affected the performance returns of the RM Hedged-Class.

Income distribution of the Fund are as follows:

Income Distribution FYE ending	RM-Hedged Class Net (Cents per unit, in RM)	USD Class Net (Cents per unit, in USD)
4 September 2019 (date of launch) to 31 January 2021	4.15	3.40
31 January 2022	4.30	3.50
31 January 2023	4.20	3.50

In 2022, the Fund had also delivered its partial repayment at 21 % of the Fund’s NAV to you, based on the NAV per unit as at 11 November 2022 (i.e. USD0.8966 for USD Class and RM0.9093 for RM Hedged-Class).

The Fund provided positive total return along with income distributions during a very challenging market environment over the life of the Fund. The portfolio returns of the Fund were impacted by the following events:

- Since the Commencement Date, there were a few credit events in the Fund’s portfolio as a result of covid pandemic which started in early 2020, followed by Russian-Ukraine war which started in early 2022;
- Massive shift in interest rates environment (US Fed Funds rates effectively from zero to 5%) was major unforeseen circumstance, resulting to drop in bond prices;
- At the local front, the Malaysia government imposed foreign sourced income tax effective 1 January 2022, to as high as 24% on the coupon income received by the Fund.

As disclosed in the Offering Memorandum, maturity proceeds will be paid to unit holders within two (2) months of the Maturity Date based on the NAV of the Fund on the Maturity Date, however we aim to pay the maturity proceeds^ to you as soon as possible. The net asset value per unit on the Maturity Date was USD0.9707 for the USD Class, and RM0.9592 for the RM Hedged-Class.

Although the Investment Manager had sold off some of the defaulted bonds in the Fund, there were a few missed coupons and bond proceeds which have yet to be recovered. The Investment Manager has initiated recovery process against the issuer of the bonds that have defaulted. However, it is important to note that the recovery process may or may not be successful and may extend beyond the Maturity Date. If successful, any proceeds (after deducting all relevant expenses such as legal fees) from the recovery process will be divided equally based on the number of Units held by the unit holders on the Maturity Date. The payment of the proceeds from the recovery process, if any, will be made after the Maturity Date.

We also would like to take this opportunity to share with you the multiple awards and accolades we have received from LSEG Lipper Fund Awards** throughout 2023. LSEG Lipper Fund Awards reflect a truly independent and uncompromised assessment of performance in over 19 countries worldwide:

Award Category	Fund Name	Award Classification
<i>Refinitiv Lipper Fund Awards Malaysia 2023</i>		
Group Awards	Manulife Investment Management (M) Berhad	<ul style="list-style-type: none"> Best Equity Fund Family Group Over Three Years, Malaysia Best Bond Fund Family Group Over Three Years, Malaysia Provident Funds Best Mixed Assets Fund Family Group Over Three Years, Malaysia Islamic Funds
Fund Awards	Manulife Investment Growth Fund	Best Equity Malaysia Fund Over 3 Years, Malaysia Funds
	Manulife Investment Growth Fund	Best Equity Malaysia Fund Over 3 Years, Malaysia Funds
	Manulife Investment Progress Fund	Best Equity Malaysia Small & Mid Cap Fund Over 10 Years, Malaysia Funds
	Manulife Investment-ML Flexi Fund	Best Mixed Asset MYR Flexible Fund Over 10 Years, Malaysia Funds
	Manulife Investment Shariah Progress Plus* Fund	Best Equity Malaysia Small & Mid Cap Fund Over 3 Years, Malaysia Islamic Funds
	Manulife Investment-HW Shariah Flexi Fund	Best Mixed Asset MYR Flexible Fund Over 10 Years, Malaysia Islamic Funds
<i>Refinitiv Lipper Fund Awards Global Islamic 2023</i>		
Group Awards	Manulife Investment Management (M) Berhad	Best Mixed Assets Fund Family Group Over Three Years
Fund Awards	Manulife Investment Shariah Progress Plus* Fund	Best Equity Malaysia Small & Mid Cap Fund Over 3 Years
	Manulife Investment-HW Shariah Flexi Fund	Best Mixed Asset MYR Flexible Fund Over 10 Years

*The word "Plus" is used in the fund's name as the fund has a similar investment strategy as Manulife Investment Shariah Progress Fund with a wider universe via exposure to the Asia Pacific region

If you would like to find out more about the above funds or how best to re-position your portfolio, you may:

- reach out to your servicing adviser on current ongoing promotions and offers available for you;
- Call our Customer Service personnel at 03-2719 9271;
- visit <https://www.manulifeim.com.my/manulife-ifunds.html> for more details; or
- Complete the appended ADDITIONAL INVESTMENT SLIP and submit to us.

Thank you for your continued support.

This letter is computer generated and no signature is required.

* Source: Lipper. Total return/ annualised return from 8 November 2019 to 14 November 2023. The performance is calculated on NAV-to-NAV basis.

^ Proceeds will be paid to you via telegraphic transfer or cheque.

**The awards herein are granted by LSEG with whom we are not related to.

Source: <https://lipperfundawards.com/Awards/Malaysia/2023/Fund>