

Manulife Singapore Bond Fund (Share Class A)

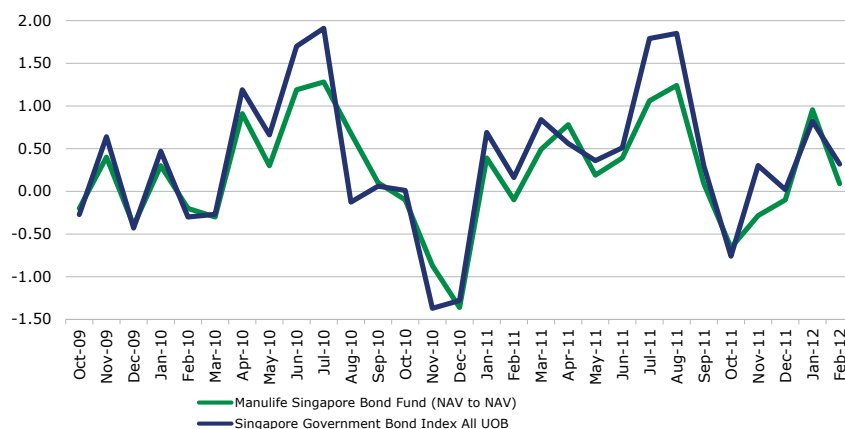
Investment Objective

To provide investors with stable medium to long term return with capital preservation, through investing in primarily investment-grade SGD denominated fixed income and money markets instruments issued by Singapore and non-Singapore entities.

Fund Information

| | |
|----------------------------------|--|
| ISIN Code: | SG9999006258 |
| Bloomberg Code: | MNSGBON SP |
| Launch Date: | 14 September 2009 |
| Fund Currency: | SGD |
| NAV Price: | SGD 1.059 |
| AUM: | SGD 7.305 million |
| Subscription Mode: | Cash SRS |
| Subscription Fee: | Up to 5% |
| Management Fee: | 1.0% p.a. |
| Minimum Initial Subscription: | S\$1,000 |
| Minimum Subsequent Subscription: | S\$100 |
| Dealing Frequency: | Every business day on forward pricing basis up till 4pm (Singapore time) |
| Benchmark: | Singapore Government Bond Index All UOB |

Fund Performance [†]



Investment Returns ^{**}

| | 1 Month | 3 Months | 6 Months | 1 Year | 3 Years | Since Inception |
|----------------------|---------|----------|----------|--------|---------|-----------------|
| Fund (NAV to NAV) | 0.09% | 0.95% | -0.09% | 4.13% | n/a | 2.36% |
| Fund (Offer to bid)* | -4.91% | -4.09% | -5.09% | -1.08% | n/a | 0.25% |
| Benchmark | 0.32% | 1.16% | 1.01% | 7.10% | n/a | 4.13% |

[†] Annualised for periods over one year with net income & dividends reinvested

^{*} Taking into account front-end load

Portfolio Characteristics [†]

| Allocation | % |
|--------------|---------------|
| SGD BONDS | 94.28 |
| Others/Cash | 5.72 |
| Total | 100.00 |

| Top 10 holdings | % |
|---|-------|
| Government Of Singapore 3.0% 01-Sep-2024 | 12.44 |
| Government Of Singapore 3.5% 01-Mar-2027 | 5.56 |
| Government Of Singapore 2.875% 01-Sep-2030 | 5.53 |
| Government Of Singapore 0.0% 10-May-2012 | 3.85 |
| Temasek Financial Ltd. 3.265% 19-Feb-2020 | 3.72 |
| Singtel Group Treasury Pte Ltd. 3.4875% 08-Oct-2020 | 3.70 |
| Singapore Post Ltd. 3.5% 30-Mar-2020 | 3.69 |
| DBS Bank Ltd. 4.47% 15-Jul-2021 | 3.62 |
| SMRT Capital Pte. Ltd. 2.42% 07-Oct-2014 | 3.56 |
| Singapore Press Holdings Ltd. 2.81% 02-Mar-2015 | 3.55 |

Managed by

Manulife Asset Management (Singapore) Pte.Ltd.
Company Registration No. 200709952G
<http://www.ManulifeAM.com>

[†] Source: Manulife Asset Management (Singapore) Pte.Ltd., Bloomberg and Morningstar

Portfolio Manager's Commentary

Market and portfolio review

Recent data on the Singapore economy has been weaker than expected. This is partly due to the Lunar New Year effect. For the month of January, exports declined 2.1% year-on-year (yoy) while the industrial production was 8.8% yoy lower. Electronics sector continued to account for most of the weakness in both exports and production. Although the CPI (Consumer Price Index) of 4.8% was lower than previous month's 5.5%, the core inflation surprised on the upside. It jumped to a 3-year high of 3.5% due to higher food prices and pass through of rising labour cost. We expect inflationary pressure to be lower this year given the weaker global economic outlook. But it is likely to be a gradual process. CPI may stay sticky at elevated levels for the next few months as car prices are still high with the tight COE (Certificate of Entitlement) supply and rental prices remain elevated. It will take a few more months before the effectiveness of the latest round of property market measures kick in to cool the real estate sector.

US data continues to be more encouraging and suggests that the gradual healing process may be gaining traction in the near term. The employment data was surprisingly strong at +243,000 (US Nonfarm Payroll) for January and unemployment rate declined to 8.3%, the lowest since February 2009. During the month, the Bank of Japan surprised the market by increasing the size of fund for asset buying to JPY65 trillion. The People's Bank of China also cut the reserve ratios for Chinese banks by 50 basis points. Greece finally received its second bailout package of EUR130 billion after many weeks of suspense. However, Greece is still not out of the woods and there are many uncertainties ahead.

In February, the yield in US Treasury drifted higher due to better than expected economic data. On the other hand, the Singapore Government bond (SGS) market rallied as there was decent demand from end investors despite the relatively low yields. For the same period, the SGD swap rates moved higher. This was partly due to technical correction given the strong rally in the previous month. As a result, SGD corporate bonds underperformed the SGS.

Contributors

None

Detractors

The overweight position in corporate bonds contributed to the under-performance during the month.

Outlook

Despite the recent approved second bailout package of EUR130 billion for Greece, there is still much uncertainties. Notwithstanding the strong economic numbers in the US, global economies continue to face headwinds due to restrained fiscal conditions in the US and Europe and cautious business sentiment. Interest rates are likely to stay low with the continued deflationary pressures in the Western economies

Manulife Asset Management

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