Important Notes:

1. **Manulife Global Fund – China Value Fund** ("Manulife China Value Fund" or the "Fund") invests in equity securities of companies with substantial business interests in the Greater China region, which may involve risks relating to equity market, geographical concentration, political and regulatory, Mainland China investment, Mainland China tax, small cap, liquidity and Volatility, currency risks, and is subject to greater risk than investments in more developed economies or markets.
2. The Fund intends to use financial derivative instruments ("FDIs") for investment, efficient portfolio management and/or hedging purposes. The use of FDIs exposes the Fund to additional risks, including leverage risk, management risk, market risk, credit risk and liquidity risk.
3. Investment involves risk. The Fund may expose its investors to capital loss. Investors should not base on this material alone to make investment decisions and should read the offering document for details, including the risk factors, charges and features of the Fund and its share classes.

Manulife China Value Fund

Q&A with Fund Manager

March 2025

Wenlin Li

Managing Director and Senior Portfolio Manager for Greater China equity, based in Hong Kong, Wenlin manages the China A-shares, Greater China as well as Shariah compliant related China equity portfolios.

Q: How did Greater China equities perform in February?

A: China equities[1] posted strong gains. Optimism over domestic technological advancements in AI and humanoid robot fields, along with increased AI capex by large cap technology, media, and telecommunications (TMT) firms continued to drive the tech sector. Additionally, President Xi met with leading technology/ internet entrepreneurs for the first time since 2018, which was seen as a positive sign over a more constructive business environment for the private sector. Taiwan equities[1] posted negative performance for the month. Tech shares lost momentum with U.S. tech sector sell-off.

Q: What were the key contributors to the Fund's performance over the month?

A: The Fund moved higher but underperformed the benchmark[2]. The portfolio's underweight in communication services and overweight in industrials detracted from performance, while overweight in consumer discretionary offset part of the losses. Stock selection in information technology and financials detracted from performance, while health care offset part of the losses.

Detracting from performance was a Taiwanese financial company, which was flat for the month. For 9M 2024, the company demonstrated solid results with growth in both life insurance and bank businesses. The bank business also saw stable asset quality with net interest margin expansion.

Another detractor was a Taiwanese CPU socket manufacturer, which corrected along with the Taiwanese tech sector. The company remains a beneficiary of potential demand recovery in both regular and AI servers, which should lead to CPU platform upgrades.

Contributing to performance was a Chinese biopharmaceutical company. The stock posted strong performance on the back of smooth commercialization and clinical progress in multiple products. It remains a leader with major products for cancer treatment. It was also supported by favorable government policy announcement to support the innovative drug industry, including encouraging medical insurance to cover the expenditure of innovative drugs.

Another contributor was a Chinese supplier of exterior automobile parts. The stock surged amid expectation over strategic business expansion into the humanoid robot segment, which demonstrates synergies with the company's existing technologies and could be one of the future earnings' catalysts.

Q: What is your outlook on the market?

A: As we progress through 2025, Greater China equities have demonstrated strong performance. China sets the GDP growth target at around 5%, CPI growth target at ~2% and budget deficit ratio at around 4% of GDP, which are in-line with our view. On top of the breakthroughs in AI and humanoid robot development, we see positive catalysts which further support the Greater China equity markets. These include:

- Supportive policies aimed at addressing the capital-raising needs of innovative high-end manufacturing and new-industry companies.
- A series of domestic growth measures announced during the March National People's Congress (NPC) meeting, covering areas in monetary and fiscal policies, domestic economy, property, technology, energy and agriculture, and health care.
- Improving mainland property market, as evidenced by improving new home prices in tier-1 cities, home price recovery, increase in land sales, foreign investments participation, and progressive inventory clearing.
- Potential additional recapitalization in the mainland banking sector.

We continue to favour technology, media, and telecommunications (TMT) and platform companies (with AI adoption accelerations), advanced manufacturing companies with go-global strategies, edge AI beneficiaries (e.g. AI smartphones and AI PCs), as well as the robotic supply chain.

For Taiwan region, although it is an export-oriented economy and may be subject to potential US tariff hikes, Taiwanese companies have been investing in overseas markets (e.g. the US) more aggressively over the last few years and diversifying their export destinations. Hence, potential negative impact has been reduced. The major potential risks for the Taiwan region going into 2025 are (1) a potential slowdown of developed-market economies (as a result of technology demand), (2) uncertainty surrounding tariff policies, etc. For the medium-to-long term, we believe the next generation of AI development continues to present many structural opportunities across foundries, the next generation of AI, data centers, and high bandwidth memory (HBM), etc.

1. Source: Manulife Investment Management, as of February 28, 2025. China equities were represented by the MSCI China Index. Taiwan equities were represented by the MSCI Taiwan Index.
2. Source: MSCI Golden Dragon NR USD Index.