

USD Asia Pacific Property Income Fund

An investment fund option for variable life insurance products of **The Manufacturers Life Insurance Co., (Phils), Inc.**

Investment Objective

The Fund is Feeder Fund that invests in the Asia Pacific REIT Fund of Fund of Manulife Asset Management and Trust Corporation. The target fund is a unit-paying fund of funds that seeks to achieve long-term capital appreciation and to generate income by investing primarily in a diversified portfolio of exchange-listed real estate investment trusts (REITs) in the Asia Pacific region and other allowable investments.

Fund Information

Inception Date February 2019	Fund Size USD 23.20 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 0.652	Management Fee 2.25% per annum	Bloomberg Ticker PHEQPIF	

Performance Return (October 31, 2023)

USD Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-6.72%	-15.42%	-4.62%	-16.42%	n.a.	-26.03%
Annualized	n.a.	n.a.	-4.62%	-5.80%	n.a.	-6.17%

Past performance is not an indication of future results. Information about the portfolio's holdings, asset allocation, or country diversification is historical and is not an indication of future portfolio composition, which will vary.

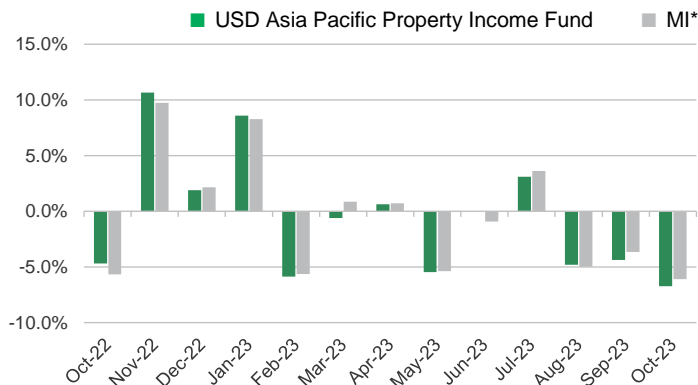
Monthly Net Asset Value per Unit



Top Five Holdings

CapitaLand Ascendas REIT	9.71%
CapitaLand Integrated Commercial Trust	9.10%
Link Real Estate Investment Trust	9.01%
Frasers Logistics & Commercial Trust	6.12%
Mapletree Logistics Trust	5.84%

Monthly Performance

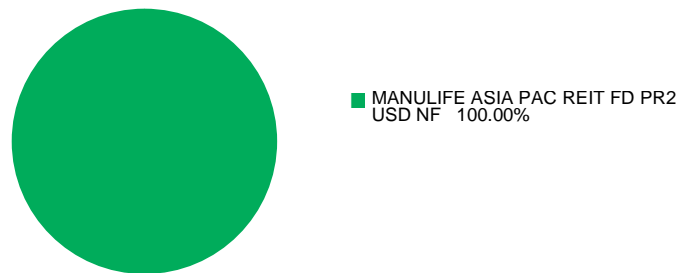


*Market Indicator = Manulife Investment Asia REIT ex-Japan Index

This is not a deposit product. Earnings are not assured and principal amount invested is exposed to risk of loss. This product cannot be sold to you unless its benefits and risks have been thoroughly explained. If you do not fully understand this product, do not purchase or invest in it.

Portfolio Breakdown

Asset Allocation (at Market Value)



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Market Review

Sentiment for Asia ex Japan real estate investment trust (REIT) markets took a further hit in October, as the US 10-year bond yield breached 5% intra-month for the first time in 16 years. The higher long-term yield was propelled by expectations that the US Federal Reserve Board (Fed) will maintain elevated interest rates and that the US government will further boost bond sales to cover widening deficits. This has coincided with the unfortunate breakout of the Israeli-Hamas conflict, which further dented sentiment on fears of escalation in the Middle East.

Australian REITs (AREITs) saw broad-based weakness as investors braced themselves for a potential Reserve Bank of Australia (RBA) rate hike in November following stronger-than-expected Q3 2023 inflation and September retail sales data reported in October. There were no major surprises to earnings, as major AREITs reiterated their FY2024 distribution per unit (DPU) guidance during the Q1 FY2024 operation updates. Office REITs mostly lagged in the retail and industrial sectors as the quarterly updates revealed some softening in the office metrics.

Hong Kong REITs continued to languish in the red in the absence of major corporate news flows. Hong Kong's largest retail suburban mall REIT saw some stability in the share price, after the management shared that Hong Kong retail malls continue to see healthy rental reversions and the REIT is looking to resume share buybacks. Meanwhile, the Chinese property market remained soft, reflecting the short-lived effectiveness of easing policies to restore investor confidence.

Singaporean REITs (SREITs) also pulled back amid the higher-for-longer rate outlook, with interest rates and foreign exchange losses weighing on their distribution income. In the Q3 2023 reporting season, most SREITs saw higher interest cost eroding away better rental reversions and higher property incomes. Bucking against this trend are hospitality REITs, which continue to deliver strong dividend growth driven by recovery in revenue per available room (RevPar). Appetite for acquisitions has declined further, given the persistently high cost of capital. An increasing number of SREITs have opted to accept a higher proportion of management fees to be paid in units (versus cash) to conserve cash and to cushion the interest costs' impact on dividends distribution. In the meantime, a data centre REIT with global exposure lagged on concerns over tenant credit risk for its Chinese data centres.

Outlook

A further US rate hike this year remains an option, and the US Fed message of "higher-for-longer" was hammered home with the dot plot showing fewer rate cuts (two vs three previously) in 2024. The US Fed's guidance of tighter monetary conditions for longer could restrict Asian REITs' near-term re-rating potential, but we don't expect material impact on distribution yields barring severe deterioration in economic environment. Market volatility looks set to continue in the coming months until a clearer picture emerges on the outlook for the US economy and underlying inflationary pressures. The certainty of peaking in rates generally bodes well for Asian REITs as investors have higher degree of confidence over real estate value and visibility in dividends projections. The fund focuses on REITs with stronger operating metrics and balance sheet to ride through this uncertainty.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Investment Management and Trust Corporation.

The Fund mentioned in this document is specific to variable life insurance contracts and is not considered a mutual fund. Yields depend on interest and foreign exchange rate levels, both of which may fluctuate. Other factors that affect yield include changes in the credit standing of the issuers and changes in the value of the stocks and dividends received. Further, investments of the Fund may provide that their values be determined based on prices or yields of other securities, instruments or foreign currencies, and such provisions may result in negative fluctuations in the value of these investments and, in turn, the Fund's yields. Thus, the performance of the separate account(s) is not guaranteed and the value of the policy could be less than the capital invested. THE VARIABLE LIFE POLICYHOLDER SHALL BEAR ALL INVESTMENT RISKS. Past performance of the Fund is not necessarily indicative of future performance. Yields are not guaranteed.

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