

# 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

<b>Inception Date</b> February 2019	<b>Fund Size</b> USD 24.12 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 0.748	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHEQPIF	

## Performance Return (September 30, 2022)

USD Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-10.53%	-20.41%	-18.30%	-22.37%	n.a.	-18.64%
Annualized	n.a.	n.a.	-18.30%	-8.10%	n.a.	-5.49%

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.

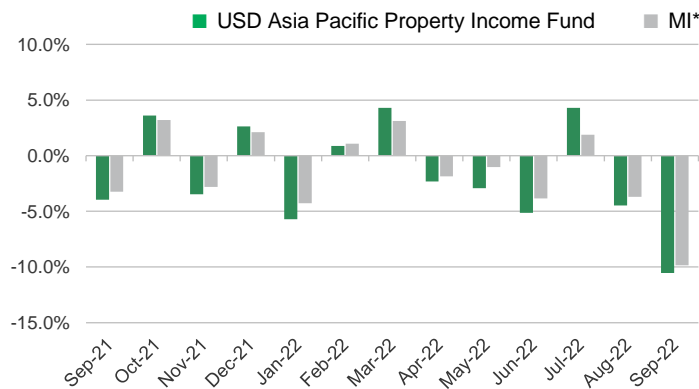
## Monthly Net Asset Value per Unit



## Top Five Holdings

CapitaLand Ascendas REIT	9.37%
Link Real Estate Investment Trust	9.34%
CapitaLand Integrated Commercial Trust	9.27%
Mapletree Logistics Trust	6.15%
Frasers Logistics & Commercial Trust	5.54%

## Monthly Performance

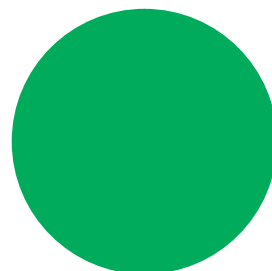


\*Market Indicator = Manulife Investment Asia REIT ex-Japan Index

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)



MANULIFE ASIA PAC REIT FD PR2  
USD NF 100.00%

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## Market Review

Global REIT markets, along with broad equities, retreated further in September as global central banks continue to make outsized rate hikes to rein in hard to tame inflation. The stronger than expected US inflation reading for August spooked investors and led to the US 10-year bond yield hitting a high of 3.945% during the month. The fragile market sentiment was further dented by a controversial proposal by the UK to introduce debt-funded tax cuts, a move that was criticised by the International Monetary Fund given elevated inflation pressures. The Bank of England was forced to renew asset purchases in response to financial stability concerns.

During the month, the Australian dollar 10-year bond yield trended higher to retest its recent high of 4.09%. Selling was broad-based across the AREITs market as investors de-risked exposure to the sector. Industrial REITs and fund managers underperformed, whilst diversified REITs held up relatively better. Performance was driven largely by bond yield movement in the absence of major corporate news flows. The volatility in long duration interest rates continues to create uncertainty for investors in valuing commercial real estate and REIT assets.

The Hong Kong REIT market underperformed the region despite the government announcing some relaxation in border measures. The removal of mandatory hotel quarantine requirements was seen to favour outbound tourism as inbound tourists would not be able to dine in restaurants/bars for the first 3 days and are still expected to take polymerase chain reaction tests. The necessity retail-centric REITs outperformed office and China-centric names as authorities announced the relaxation of its social distancing rules (wef 6 October) which include allowing restaurants to take in bigger groups per table.

The Singapore REIT market managed to maintain its lead over its Hong Kong and Australia peers. The market has been resilient on expectations of further Singapore dollar appreciation when the Monetary Authority of Singapore releases its bi-annual policy decision in October. The UK government's proposed tax cuts which induced further depreciation of the British pound, aggravated selling on SREITs with exposure to depreciation of the pound and euro. Despite positive tourism news, hospitality REITs with income exposure to UK/Europe were among the worst performers. Diversified REIT - Suntec REIT outperformed on expectations that its convention space could benefit from the strong recovery in MICE activities in Singapore.

## Outlook

With inflation far above target, the US Federal Reserve officials have reiterated the need for further significant tightening since the Jackson Hole Conference just over a month ago. Markets are pricing in a steeper hiking path, tightening financial conditions and dimming US growth prospects. Other developed market central banks (except Bank of Japan) are also tightening briskly. Volatility has spiked higher in recent weeks and risk off sentiment will prevail for some time. In Asia, we expect the inflation and rate hikes induced slowdown to be less pronounced, given less severe inflationary pressures. Hence, whilst we believe a global economic slowdown is likely in the coming year, Asia is expected to be more resilient. Our Fund stays focused on Asian REITs with strong real estate fundamentals and capital management to ride through this period.

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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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