

# 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 25.60 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 0.771	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHEQPIF	

## Performance Return (September 30, 2024)

USD Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	4.61%	2.27%	15.15%	-8.31%	-12.88%	-8.69%
Annualized	n.a.	n.a.	15.15%	-2.85%	-2.72%	-1.59%

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.

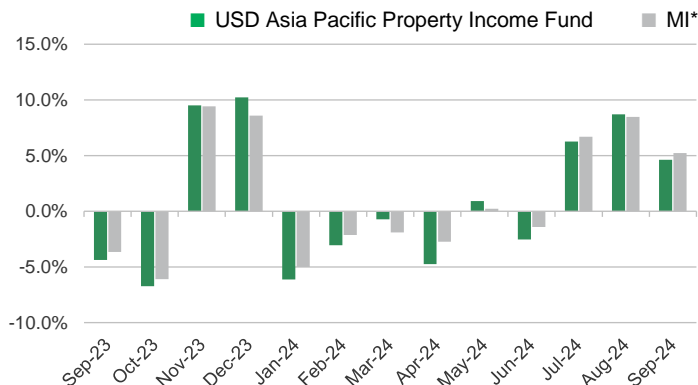
## Monthly Net Asset Value per Unit



## Top Five Holdings

Link Real Estate Investment Trust	9.56%
CapitaLand Ascendas REIT	8.99%
CapitaLand Integrated Commercial Trust	8.92%
Frasers Logistics & Commercial Trust	6.01%
Mapletree Pan Asia Commercial Trust	5.50%

## 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

Asia ex Japan real estate investment trusts (REITs) continued to move higher in September. Buying sentiment for the asset class remained upbeat as the US Federal Reserve Board (Fed) started to recalibrate its interest rate policy with a 50-bps rate cut on September 18. The US Core Personal Consumption Expenditures (PCE) data for August continued to show meaningful year-on-year reduction, providing market confidence for further rate cuts by the Federal Open Market Committee (FOMC). Risk appetite in the region was further lifted by a broad stimulus package announced by China towards the end of the month with REITs that have underlying Chinese and Hong Kong assets seeing notable performance.

The Australian REITs market saw broad-based gains with notable performance led by the real estate fund managers, which were deemed as most sensitive to global interest rate cuts. During the month, a listed fund manager-backed retail REIT announced a hostile bid for a smaller listed Australian REIT, signaling potential consolidation within the Australian REITs space. In the September meeting, the Reserve Bank of Australia kept cash rate target steady at 4.35% and has continued to guide that it will be some time before their inflation target is sustainably achieved.

Hong Kong REITs performed well in the region, as buying sentiment was lifted by news of the Chinese government announcing a broader-than-expected range of measures to support the economy, stabilize the housing sector, and restore market confidence. It was also reported in the media that the Hong Kong government is looking to cut taxes on liquor in a bid to revive local spending and improve businesses of restaurants, bars, and retailers. Gains in the market were led by Hong Kong REITs with exposure to the Chinese real estate assets.

Singaporean REITs lagged as big cap REITs detracted from performance. Buying interest rotated into the mid-small cap REITs with higher headline yields. Singapore-listed REITs and developers with China and Hong Kong exposure saw particularly strong performance with a small cap REIT with pure Chinese assets delivering strong performance, mirroring the strong returns seen in the Chinese real estate space in September.

## Outlook

The US rate cuts cycle would have flow-through implications on global interest rates. We see an increasing number of REITs where their marginal cost of debt is below prevailing debt cost on their books, which is a harbinger of lower interest costs, thus turning past headwinds into potential tailwinds for Asian REITs earnings and distributions as we head into 2025 and 2026. The combination of resilient operating fundamentals and lower interest costs has us incrementally more positive and with brighter prospects for the sector in the coming year. Having said that, we remain watchful of exogenous downside risk factors ranging from geopolitical tensions, policy changes post-US elections, and pockets of economic weaknesses. We continue to seek opportunities and focus on paying reasonable valuations for high-quality Asian REITs.

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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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