

USD Asia Pacific Property Income Fund

An investment fund option for **Affluence Gold**, **Affluence Max Gold** and **Affluence Max Elite** 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

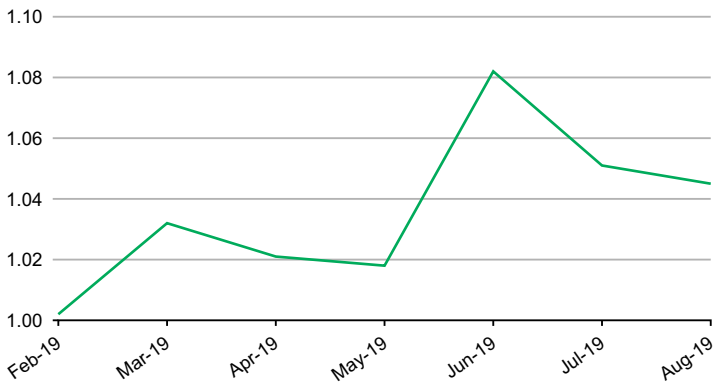
Inception Date February 2019	Fund Size USD 8.31 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.045	Management Fee 2.25% per annum	Bloomberg Ticker PHEQPIF	

Performance Return (August 31, 2019)

USD Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-0.57%	n.a.	n.a.	n.a.	n.a.	4.50%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	4.50%

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.

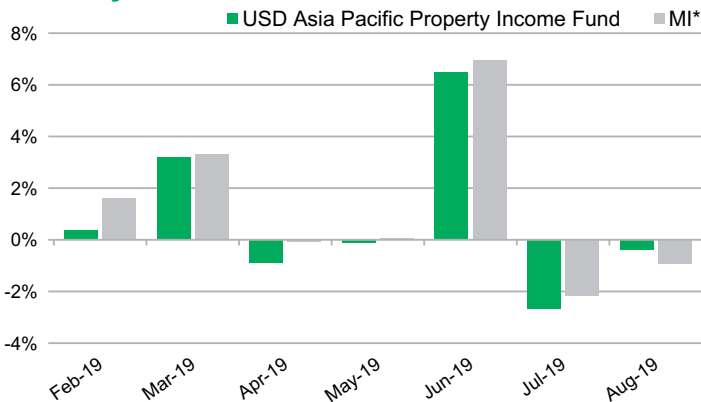
Monthly Net Asset Value per Unit



Top Five Holdings

Link Real Estate Investment Trust	9.1%
CapitaLand Mall Trust	7.4%
CapitaLand Commercial Trust	5.5%
Mapletree Commercial Trust	4.2%
Mapletree Logistics Trust	4.1%

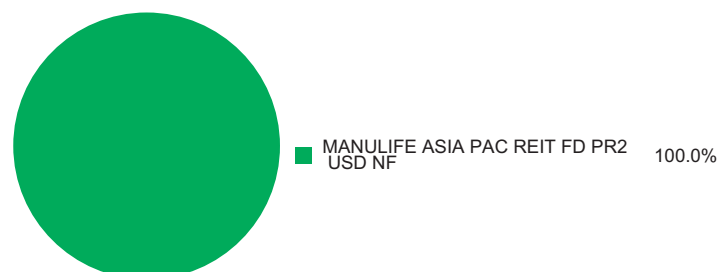
Monthly Performance



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

Portfolio Breakdown

Asset Allocation (at Market Value)



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Market Review

Asia Pacific real estate investment trusts (REITs) markets closed the month with mixed performances across the region. Market sentiment was generally defensive as tensions stemming from the US-China trade war escalated sharply over the last week of August. During the month, the US 2-10 yield curve inverted a few times, reflecting growing concerns over the possible risk of US recession in 2020-2021. Against this backdrop, global bond yields continue to compress with the US 10-year bond yield touching below 1.5%, the lowest since July 2016, while Japan's bond yields slid to a 3-year low.

The Australian market managed to stay in green territory, buoyed by low a rate environment. The recently concluded reporting season yielded few surprises. Fund managers delivered the strongest growth profile (aided by performance fees) and continued to stay positive in their earnings growth outlook. Retail REITs' operating metrics were stable and didn't experience any material cap rate expansion despite the market's bearish take on the outlook of the retail sector. While the Reserve Bank of Australia still has a dovish skew, we believe it will keep rates unchanged in September as it awaits new labour data before cutting rates further.

Hong Kong REITs and developers remained the biggest underperformer on country specific issues. Investors continued to de-risk exposure to the market as street protests turned more violent and continued unabated. Heavyweight Link REIT held up relatively better as the group's share buybacks provided some support. Hotel REITs were the biggest underperformers as more than thirty countries have issued travel warnings to citizens planning a trip to Hong Kong.

Singapore's REITs market was the best performer in August. In particular, REITs with necessity retail malls and data centres outperformed the broader SREITs market. Singapore developers also held up well as the local residential market proved to be more resilient than expected. During the National Day Rally, Prime Minister Lee shared that while the economy is seeing some near-term slowdown, the current situation does not call for stimulus measures as yet. However, the Singapore government stands ready to intervene with appropriate fiscal measures should the need arise.

Outlook

As we enter the second half of 2019, the global economic and market outlook has become increasingly sombre, as the impact of the trade war between the US and China continues to weigh on sentiment. Despite the risk of a further trade escalation and hard Brexit, consumption growth remains healthy in the major economies, with demand likely to be supported by "insurance" monetary easing by the world's major central banks. Employment data remains fairly stable in key Asian REITs markets which would provide further support for private consumption. The Fund has trimmed exposure to stocks with a higher exposure to non-discretionary spending and continues to prefer retail REITs with Singapore-centric necessity malls.

The investment fund option for The Manufacturers Life Insurance Company's variable life insurance product is managed by Manulife Asset 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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