

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

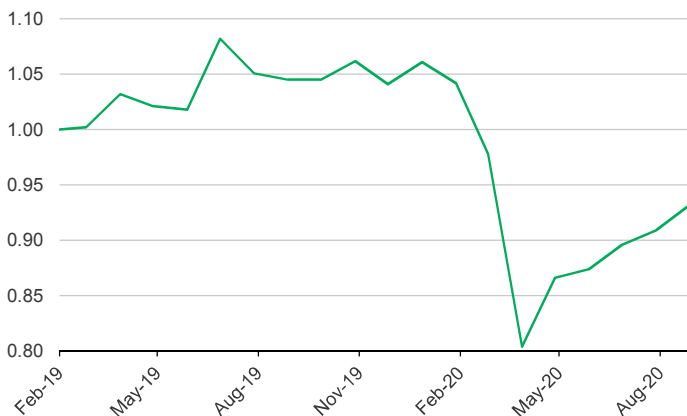
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|--|--|------------------------------------|-----------------------------------|
| Inception Date February 2019 | Fund Size USD 33.93 million | Fund Currency US dollar | Dealing/Valuation Daily |
| Price (NAV/unit) USD 0.932 | Management Fee 2.25% per annum | Bloomberg Ticker PHEQPIF | |

Performance Return (August 31, 2020)

| USD Asia Pacific Property Income Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|---------|--------|---------|---------|-----------------|
| Absolute | 2.53% | -11.13% | -9.77% | n.a. | n.a. | -5.43% |
| Annualized | n.a. | n.a. | -9.77% | n.a. | n.a. | -3.49% |

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.

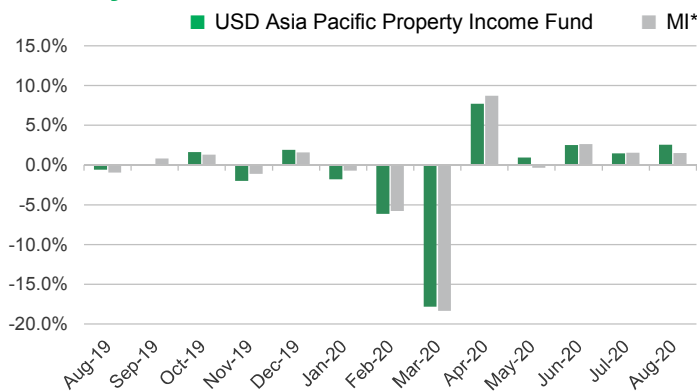
Monthly Net Asset Value per Unit



Top Five Holdings

| | |
|---------------------------------------|-------|
| Ascendas Real Estate Investment Trust | 7.51% |
| Link Real Estate Investment Trust | 6.25% |
| Mapletree Logistics Trust | 5.79% |
| CapitaLand Mall Trust | 5.47% |
| Mapletree Commercial Trust | 4.31% |

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

Major Asia REITs markets closed higher in August, led by both the Australian and Hong Kong markets. Sentiment remained broadly positive as investors looked past record daily Covid-19 cases and focused on the re-opening of economies and potential easing of social distancing measures towards the end of 2020. At the latest US Jackson Hole conference, US Federal Reserve Board Chairman Powell shared that the central bank is likely to adopt a more relaxed view towards inflation which would see short-term interest rates near zero beyond 2022.

The Australian REITs market outperformed the region, underpinned by strong gains from diversified REITs. Most AREITs reported results in August with Charter Hall Group among the best performers after it beat expectations with operating earnings growth ahead of previous guidance. Retail REITs reported weaker than expected first half calendar year 2020 operating numbers and did not provide any earnings/dividends guidance for fiscal year 2021.

Both Hong Kong REITs and developers recovered in August, as the latest wave of Covid-19 infections was brought under control. Social distancing measures were gradually relaxed from the end of August. Champion REIT underperformed the market after it reported lacklustre interim results and guided for more challenges in the second half of 2020 for its two key assets. To help property owners in the commercial sector, the Hong Kong Monetary Authority increased loan to value ratios for non-residential properties by 10 percentage points, to 50%.

Singapore REITs underperformed the region, closing August in the red. Retail and hotel REITs fared relatively better as investors added positions in anticipation of an easing of borders restrictions and social distancing measures by the end of 2020. REITs managers shared that retail tenant sales have recovered faster than foot traffic, an encouraging sign that distribution income that was retained in the first quarter of 2020 might be returned in the second quarter of 2020. The Singapore government also announced a seven-month extension of wage subsidies under the jobs support scheme and a new initiative to bolster hiring in still-growing sectors.

Outlook

The market is likely to stay choppy as the tug of war between the resurgence of Covid-19 infection cases and positive development on vaccines continues. Politics could also be an increasing driver for financial markets with rising US-China tensions and the approaching US presidential election in November. We believe any second infection wave is likely to be better managed in developed Asian economies with localised/targeted tightening measures given earlier policy learnings. For Australia and Singapore, the extension of the jobs support scheme will help buy more time for small medium-sized enterprises to recover. Going forward, the relative performance of Asian REITs should be driven by the resilience of their tenant base and cashflows, in the absence of government support.

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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