

# 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

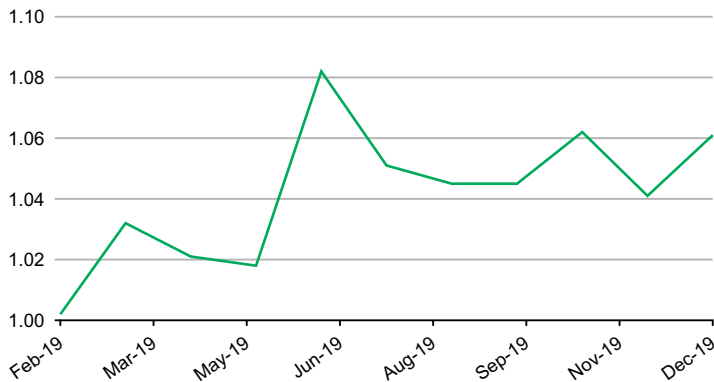
<b>Inception Date</b> February 2019	<b>Fund Size</b> USD 29.36 million	<b>Fund Currency</b> US dollar	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> USD 1.061	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHEQPIF	

## Performance Return (December 31, 2019)

USD Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.92%	n.a.	n.a.	n.a.	n.a.	6.10%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	6.10%

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.

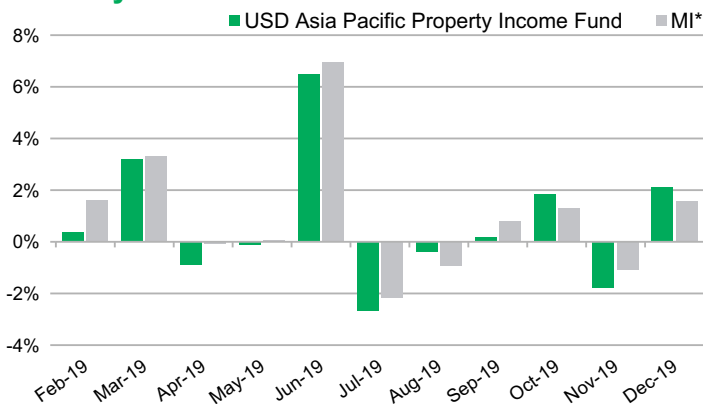
## Monthly Net Asset Value per Unit



## Top Five Holdings

Link Real Estate Investment Trust	8.9%
CapitaLand Mall Trust	6.4%
Mapletree Logistics Trust	4.8%
Ascendas Real Estate Investment Trust	4.3%
Frasers Centrepoint Trust	3.8%

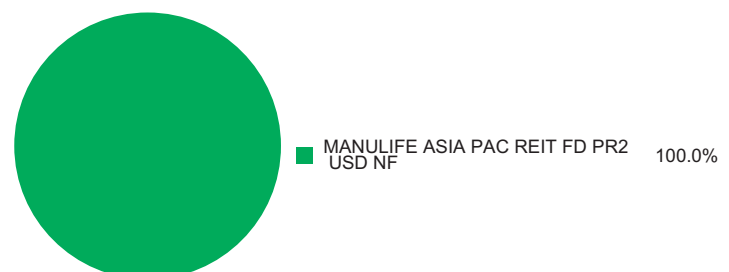
## Monthly Performance



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

## Portfolio Breakdown

### Asset Allocation (at Market Value)



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## Market Review

The Asia REITs markets closed the year mixed in December. In the latest Federal Open Market Committee meeting, the US Federal Reserve Board (Fed) kept interest rates unchanged and signaled that the current path for monetary policy is likely to remain in place through next year. The performance of Asia REITs was capped by a slight pick-up in government bond yields as the risk appetite improved after China and the US agreed to a “phase one deal” just before the next tariff hike came into effect on 15 December. On the other hand, real estate developers in Hong Kong and China did well on the back of the de-escalation in trade tensions.

The AREITs market underperformed the region as profit-taking among the bigger AREITs weighed down the index. A sizeable number of AREITs also went ex-dividend towards the end of the month. The market remained active at year-end with a few mid-cap REITs like Centuria Metropolitan REIT and Centuria Industrial REIT announcing equity fundraising exercises to fund asset acquisitions.

Hong Kong REITs and real estate developers outperformed the region and added more gains in December to close the eventful year in the black. Worries hanging over the city eased slightly following a landslide for the pro-democracy camp in the November elections and the US-China initial trade agreement. During the month, a few Hong Kong real estate players, such as Link REIT and Wharf REIC, announced overseas acquisitions to reduce concentration risks in Hong Kong. Chinese residential developers continued to rally as the policy tone focused on downside protection and primary sales remained healthy in December.

Singapore’s REITs market closed slightly higher in December. Major news flows included Frasers Logistics Trust and Frasers Commercial Trust which announced they will be merging with total assets under management of 5.7 billion Singapore dollars, making it the ninth largest S-REIT. The Monetary Authority of Singapore guided that the decision to increase the leverage limit for SREITs may take some time as it is still in the midst of studying industry feedback on the proposed limits.

## Outlook

Going into 2020, global central banks are expected to maintain their accommodative monetary policy stance as the declining interest rate trend this year comes to a halt. The Fed Chairman has completed his insurance cuts and any further shifts in rates would require a material reassessment of the economic outlook. Against this backdrop, there would be less room for sector-wide yield compression for Asia REITs in 2020. Bottom-up stock picking would be the key focus and the Fund will focus on REITs with the potential for inorganic growth through accretive acquisitions and REITs which enjoys structural growth drivers.

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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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