

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

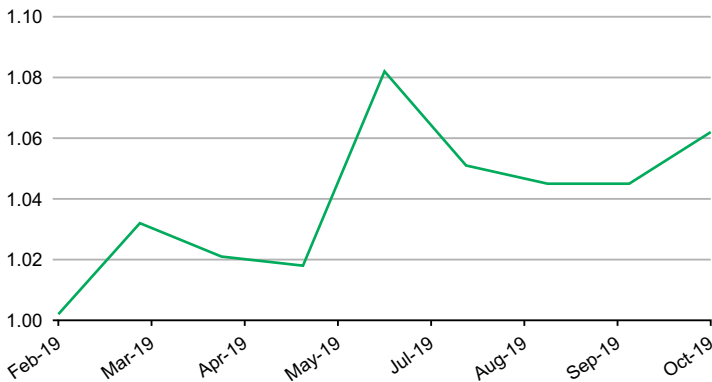
Inception Date February 2019	Fund Size USD 25.54 million	Fund Currency US dollar	Dealing/Valuation Daily
Price (NAV/unit) USD 1.062	Management Fee 2.25% per annum	Bloomberg Ticker PHEQPIF	

Performance Return (October 31, 2019)

USD Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	1.63%	n.a.	n.a.	n.a.	n.a.	6.20%
Annualized	n.a.	n.a.	n.a.	n.a.	n.a.	6.20%

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.

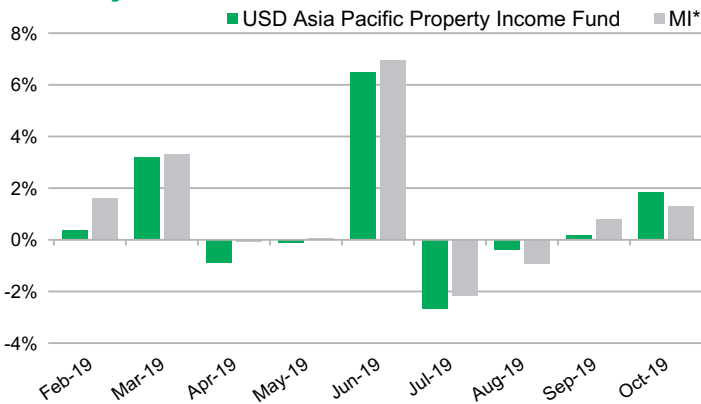
Monthly Net Asset Value per Unit



Top Five Holdings

Link Real Estate Investment Trust	9.1%
CapitaLand Mall Trust	6.7%
Mapletree Logistics Trust	4.8%
CapitaLand Commercial Trust	4.0%
Mapletree Commercial Trust	3.7%

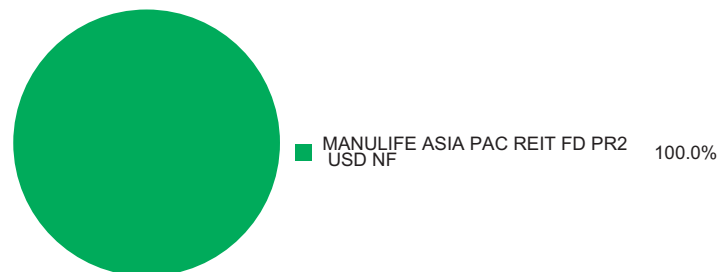
Monthly Performance



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

Portfolio Breakdown

Asset Allocation (at Market Value)



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Market Review

Asian REIT markets were broadly higher in October as sentiment improved on the back of positive progress in trade talks between the US and China. In early October, the US and China struck a mini-trade deal under which the US agreed to hold off on increasing tariffs on US\$250 billion worth of Chinese goods from 25% to 30%, originally scheduled to take effect on 15 October. The de-escalation in trade tensions led to an outperformance in developers' stocks versus REITs as risk appetite improved.

During the month, major AREITs released their operational updates and reaffirmed their funds from operations growth guidance for fiscal year 2020. Demand for office assets from offshore investors remains strong and office REIT Dexus expects a further 25 basis point cap rate compression for office assets over the next 12 months. There has been some uptick in residential sales and enquiries while retail remains subdued in Australia. The Australian central bank chief reiterated that he is prepared to ease policy further if needed, but is against introducing negative interest rates in Australia.

Hong Kong REITs and developers recovered some lost ground as sentiment was lifted by the government's recent policies to relax mortgage rules for first time home buyers in the recent policy address. Residential sales in Hong Kong's secondary market had more than doubled since the relaxation was announced in October. Link REIT underperformed in the month despite reporting resilient operational updates for the July-August period.

Singapore REITs market underperformed the region with Singapore-centric office REITs being the laggards. Despite reporting stronger third quarter rental reversions, investors were concerned about the impact of softening office demand from co-working operators like WeWork. In contrast, industrial REITs continued to draw buying interest as the sector was active in DPU accretive acquisitions in recent months. Developer City Development saw strong gains as the market expects the developer to unlock more value with the successful privatisation of the Millennium and Copthorne Hotels.

Outlook

The tentative agreements reached between China and the US may temporarily prevent the Sino-US conflict from escalating sharply, thus a positive for market sentiment in our view. Despite the cancellation of the APEC meeting by host country Chile, the US has reassured that it still aims to sign a trade deal in November. The Fund continues to favour REITs with exposure to necessity shopping malls where rents are less cyclical and more stable in today's slow economic growth environment. We are also overweight in regional industrial REITs with logistics assets as global demand for warehousing space remains strong and we believe there is room for further cap rate compression.

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

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