

PHP 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

| | | | |
|--------------------------------------|--|---|-----------------------------------|
| Inception Date May 2019 | Fund Size PHP 801.05 million | Fund Currency Philippine peso | Dealing/Valuation Daily |
| Price (NAV/unit) PHP 0.877 | Management Fee 2.25% per annum | Bloomberg Ticker PHEQPPF | |

Performance Return (June 30, 2022)

| PHP Asia Pacific Property Income Fund (net of management fee) | 1 Month | YTD | 1 Year | 3 Years | 5 Years | Since Inception |
|--|---------|--------|--------|---------|---------|-----------------|
| Absolute | -0.45% | -3.77% | -0.92% | -9.52% | n.a. | -5.99% |
| Annualized | n.a. | n.a. | -0.92% | -3.28% | n.a. | -1.98% |

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.

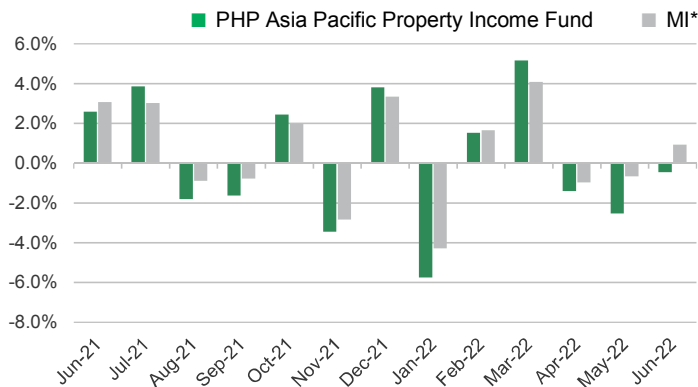
Monthly Net Asset Value per Unit



Top Five Holdings

| | |
|--|-------|
| CapitaLand Integrated Commercial Trust | 9.28% |
| Link Real Estate Investment Trust | 9.09% |
| Ascendas Real Estate Investment Trust | 8.07% |
| Mapletree Logistics Trust | 5.19% |
| Frasers Logistics & Commercial Trust | 5.04% |

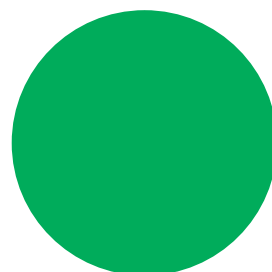
Monthly Performance



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

Portfolio Breakdown

Asset Allocation (at Market Value)



MANULIFE ASIA PAC REIT FD PR5
PHP UNHGNF 100.00%

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Market Review

Global equity markets sank in June as the stronger than expected US inflation rate forced the US Federal Reserve Board to abruptly hike rates by 75 basis points (bps) (instead of 50 bps) to get on top of inflationary pressures that have proved to be stickier and more broad-based than expected. More global central banks joined the US in policy tightening, as inflation data prints continued to run hot. Broad sentiment was weak as US and global ten-year bond yields hit new highs in the middle of June before easing off on slower growth/recession concerns.

Australian REITs underperformed the region as the sector continued to be sold-off on rising bond yields. The Australian 10-year bond yield closed the month at 3.67% after peaking at 4.2% on 15 June (a level not seen since late 2013). Reserve Bank of Australia Governor Lowe guided to raise rates further (by 25 or 50 bps) in July and said that the board is not overly concerned with the risk of over-tightening or slowing the economy. The sell-off was broad-based across AREITs with retail REITs outperforming on improving cash collections and sustained strength in retail sales.

Hong Kong's REITs market was weighed down by the correction in index heavyweight, Link REIT, on higher 10-year bond yields. China-centric REITs and the China real estate space outperformed in the month as Shanghai exited lockdowns and the country cut quarantine time for international travelers. The People's Bank of China has reiterated a pledge to provide stronger monetary policy support for the economy, emphasising goals to stabilise jobs and inflation.

Singapore's REITs market held up relatively better compared to the region. Hospitality REITs performed relatively better after one of the peers, Fraser Hospitality Trust, received a privatisation offer from its sponsor at a slight premium to its net asset value. In the face of inflation pressures, the Singapore government announced a 1.5 billion Singapore dollar support package to provide targeted and immediate relief for lower-income and more vulnerable groups.

Outlook

Market volatility is likely to remain high as investors are caught in a tug of war between inflationary threats and slowing growth concerns. The performance of Asia REITs will continue to swing by interest rate expectations and investors should focus on stock fundamentals when bond yields stabilise, and the market has clearer visibility of a forward inflation trajectory. As growth concerns and recession fears grow in the near-term, Asia REITs could provide some shelter given the visible income streams underpinned by the post-Covid recovery. With the rising cost of capital, we expect a further bifurcation of real estate valuations in the physical market and will focus on REITs owning quality assets in their portfolio.

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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