

# 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

<b>Inception Date</b> May 2019	<b>Fund Size</b> PHP 571.52 million	<b>Fund Currency</b> Philippine peso	<b>Dealing/Valuation</b> Daily
<b>Price (NAV/unit)</b> PHP 0.712	<b>Management Fee</b> 2.25% per annum	<b>Bloomberg Ticker</b> PHEQPPF	

## Performance Return (June 30, 2024)

PHP Asia Pacific Property Income Fund (net of management fee)	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Absolute	-2.33%	-10.37%	-4.96%	-12.45%	-20.04%	-16.92%
Annualized	n.a.	n.a.	-4.96%	-4.33%	-4.37%	-3.58%

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.

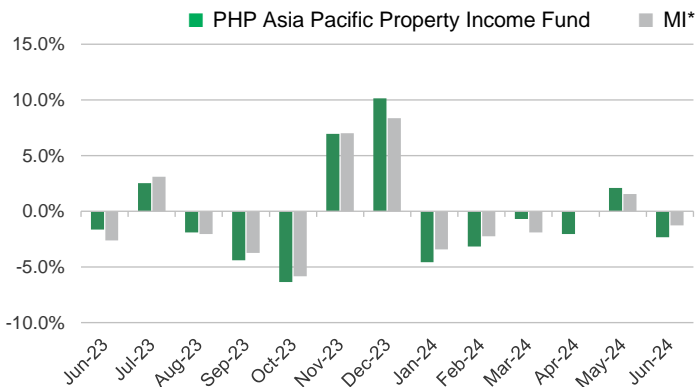
## Monthly Net Asset Value per Unit



## Top Five Holdings

CapitaLand Integrated Commercial Trust	10.15%
CapitaLand Ascendas REIT	9.47%
Link Real Estate Investment Trust	8.64%
Frasers Centrepoint Trust	5.83%
Frasers Logistics & Commercial Trust	5.74%

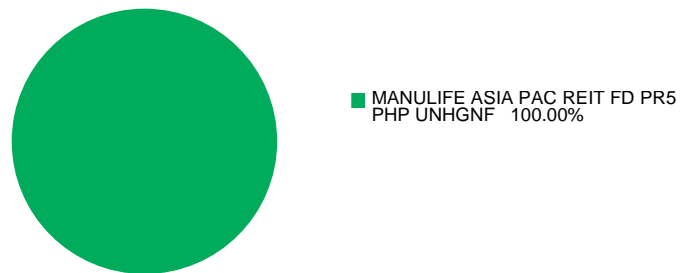
## Monthly Performance



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

## Portfolio Breakdown

### Asset Allocation (at Market Value)



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## Market Review

Asia ex Japan real estate investment trusts (REITs) traded lower in June. While the US Federal Reserve Board (Fed) Funds Futures continued to reflect expectations for two rate cuts by the end of 2024, there were growing expectations of another rate hike in Australia. This was driven by a strong inflation print of 4.0% (year-on-year) in May, which exceeded the 3.8% consensus estimate. Futures pricing now indicates Australian cash rate of 4.5% in Dec 2024 (+13 bps from prevailing levels), which is materially higher than expectations of 3.7% at the start of the year. In the meantime, the European Central Bank cut its benchmark interest rates for the first time in five years but did not commit to further easing.

Australian REITs corrected in June. That said, the strength in a large cap industrial REIT masked broad-based weakness in other names. There were more transactional activities in the market with several office and retail assets being transacted. Prices were lower than the latest valuations with generally higher cap rates. Several REITs unveiled their preliminary year-end asset valuations with retail appearing to stabilize but with office seeing further markdowns.

Hong Kong REITs detracted from performance. There were growing concerns over the health of Hong Kong's retail scene, which had a dominant representation in its REIT market. The announcement of a 15% retail sales decline (year-on-year) in April was weaker than consensus and an accelerated decline from March.

Singaporean REITs weakness was driven by industrial REITs with sizeable exposure to Singapore-centric business parks. There was renewed focus on occupancy weakness with media reports flagging elevated supply of newly completed spaces and prevalent downsizing by tenants. There were also reports of aggressive incentives by certain landlords, which offered free rent for one year with the signing of a new three-year lease. Singaporean REITs remain active for asset recycling to repair the balance sheet with a diversified SREIT selling an office building to address gearing issues.

## Outlook

With the potential peak in global interest rates, a key pressure point weighing on Asian REITs looks set to reverse in the year ahead. While rising expectations of a delayed and milder cut in interest rates have capped the performance of Asian REITs in recent months, we still see the attractive yields on the asset class as being resilient. In the absence of materially negative transactional evidence, REITs are actively looking to repair their balance sheets and this could restore investors' confidence in their underlying asset values. We continue to seek opportunities and focus on paying reasonable valuations for high-quality Asian REITs.

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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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