Manulife Investment Management

November 2021
Factsheet

Manulife Shariah Global REIT Fund

Fund category
Fund-of-Funds (Islamic)

Fund objective
The Fund aims to provide regular income* and capital appreciation by investing in islamic real estate investment trusts (REITs).
*Note: Income distribution (if any) may be made in the form of cash or additional Units reinvested into the Fund. Any material change of the Fund's investment objective would require Unit Holders' approval.

Investor profile
The Fund is suitable for Investors who wish to have investment exposure through a diversified portfolio of Islamic REITs globally, seek regular income and potential capital appreciation over medium to long-term and prefer Shariah-Compliant investments.

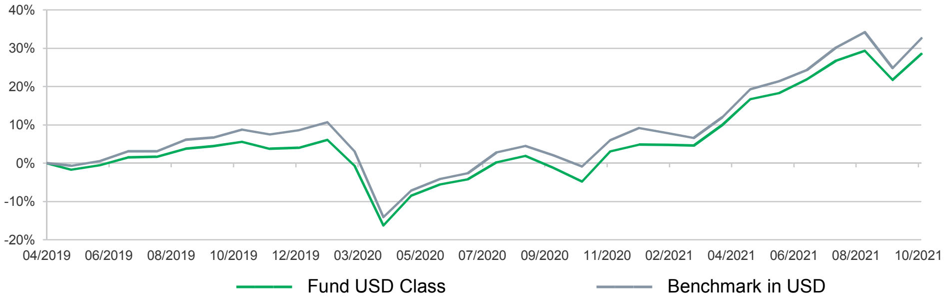
Fund manager
Manulife Investment Management (US) Limited

Trustee
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Oct 2021)

NAV/unit (USD Class)	USD 0.5992
NAV/unit (RM Class)	RM 0.6126
Fund size	USD 86.07 mil
Units in circulation	542.12 mil
Fund launch date	12 Mar 2019
Fund inception date	04 Apr 2019
Financial year	30 Nov
Currency	USD
Management fee	Up to 1.80% of NAV p.a.
Trustee fee	Up to 0.06% of NAV p.a. excluding foreign custodian fees and charges
Sales charge	Up to 5.00% of NAV per unit
Redemption charge	Nil
Distribution frequency	Semi-annually, if any.
Benchmark^	IdealRatings® Global REITs Islamic Select Malaysia Index

Fund performance
Since inception performance as at 31 October 2021*



Total return over the following periods ended 31 October 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	5.57	10.13	22.61	34.96	-	-	28.55
Benchmark in USD (%)	6.21	11.09	21.47	33.76	-	-	32.61
Fund RM Class (%)	4.41	11.36	26.30	34.58	-	-	30.50
Benchmark in RM (%)	5.06	12.30	25.05	33.30	-	-	35.14

Calendar year returns*

	2016	2017	2018	2019	2020
Fund USD Class (%)	-	-	-	4.00	0.82
Benchmark in USD (%)	-	-	-	8.64	0.49
Fund RM Class (%)	-	-	-	4.28	-0.91
Benchmark in RM (%)	-	-	-	9.35	-1.18

*Source: Lipper; Past performance is not necessarily indicative of future performance. The performance is calculated on NAV-to-NAV basis.

Top 5 holdings

No.	Security name	% NAV
1	American Tower Corporation	7.9
2	Goodman Group	7.8
3	Prologis, Inc.	6.5
4	SEGRO plc	6.0
5	Crown Castle International Corp	5.2

Highest & lowest NAV

	2018	2019	2020
High	-	0.5339	0.5428
Low	-	0.4866	0.3400

Distribution by financial year

	2019	2020	2021**
Distribution (Sen)	1.00	1.55	1.00
Distribution Yield (%)	1.9	3.3	2.0

**Interim distribution (semi-annual)

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial Reits	38.0
2	Specialized Reits	22.6
3	Retail Reits	8.3
4	Health Care REITs	7.6
5	Residential Reits	5.9
6	Diversified Reits	5.7
7	Office REITs	5.2
8	Cash & Cash Equivalents	6.7

Geographical allocation

No.	Geographical name	% NAV
1	United States	49.3
2	Australia	16.5
3	United Kingdom	10.6
4	Others	16.9
5	Cash & Cash Equivalents	6.7

^ The benchmark above is only used as a reference for investment performance comparison purpose. The risk profile of the Fund is not the same as the risk profile of this benchmark. The benchmark information and disclaimer of IdealRatings are availabe in www. manulifeinvestment.com.my

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Market review

The Shariah Global Real Estate sector posted strong returns for the month of October outperforming the broader global equity markets. World equity markets gained ground in October, which represented an impressive showing in a month that is often one of the worst of the year for stocks. The potential headwinds to performance were numerous, including the possibility of stagflation (slow growth plus rising inflation), tighter monetary policy by the world's central banks, ongoing uncertainty regarding China's economy, and worries about declining corporate profit margins. Still, equities marched higher on the strength of massive inflows of new investor cash coming into the market. Most major indexes finished the month at or near all-time highs, although the emerging markets were a notable exception. North America led the way at the regional level, with impressive gains for both Canada and the United States. European equities also performed very well, but Asia lagged as Japan gave back some of the strong returns it had logged in September. Emerging-market stocks, while producing a narrow gain, trailed their developed-market peers and remained slightly in negative territory on a year-to-date basis.

Market outlook

The Shariah Global REIT sector has performed well in 2021 with year-to-date performance outperforming the broader global equity markets. Global REITs have remained resilient and present an attractive asset class in the current market environment. While interest rates have moved higher recently, the sector's favourable distribution yields and steady cash flow remain attractive. While the COVID-19 virus has been problematic given the varying degree of cases around the world, the overall progress of an economic recovery remains intact and should support cash flow and earnings growth. We remain optimistic on the continuation of vaccine penetration and the use of booster shots to curtail the spread of the virus. While the economic recovery may be volatile over the near-term given the progression of COVID variants, we believe we are still in the early stages of a global economic recovery. We have seen evidence of pent-up demand that has begun in those regions where restrictions have been reduced or lifted and ultimately believe that will lead to stronger economic growth as we progress through the rest of the year and into 2022.

Despite this positive view, we constantly monitor potential risks across global REITs, including geopolitical risks that could weigh on global markets. Select sub-sectors and regions within global REITs may see some earnings pressure until COVID-19 related restrictions are fully lifted, and we have positioned the Fund accordingly. We believe near-term pressure on real estate fundamentals will ease in the coming quarters as the global economy recovers, especially in the Office, Retail and Residential sub-sectors. From a regional perspective, we favour the U.S., Australia, Hong Kong, and Singapore owing to a combination of attractive valuations and distribution yields. Within these countries, and from a global perspective, we see investment opportunities within Industrial, Retail and technology-related REITs. We have minimised our exposure to the Japanese and U.K. REIT markets based on their relative distribution yields and valuations.

During 2021, we have seen a resurgence of dividend growth within the sector as during 2020 some REITs took a conservative approach and reduced or maintained their dividends. As the economic recovery has begun, we have seen REITs begin to increase their respective distributions. We expect further improvement regarding dividend growth as the economy recovers for the rest of 2021 and into 2022. In addition, REIT valuations continue to trade near or below their respective net asset values which may lead to an increase in merger-and-acquisition (M&A) activity. So far during 2021, we have seen a pick-up in M&A which we believe is driven by the improved economic outlook, low interest rate environment and by the significant amount of institutional capital that is designated to real estate investments.

Overall, we believe the long-term outlook for Shariah Global REITs remains positive given the trajectory of the recovery and likely lower-for-longer interest rate environment. Distribution yields within the sector remain attractive compared to other yield-oriented investments. The spread between the yields of REITs and fixed income securities is well above historical averages. We are finding attractive opportunities within the REIT market that trade at significant discounts to what we view as their intrinsic net asset values.

Fund review and strategy

Our long-term outlook for the Shariah Global Real Estate sector remains positive. Global REITs have remained resilient and are attractive in the current interest rate environment given the sector's favorable distribution yields and steady cash flow. Although interest rates have moved higher recently, they remain at historically low levels. Although the presence of COVID-19 remains and continues to impact global financial markets, we remain optimistic on the continuation of vaccine penetration and the recent approvals of booster shots to curtail the spread of the virus. We have seen evidence of pent-up demand that has begun in those regions where restrictions have been reduced or lifted and ultimately believe that will lead to stronger economic growth as we progress through the rest of the year and into 2022. The investment case for Shariah Global REITs remains positive given the trajectory of the recovery. Distribution yields within the sector remain attractive compared to other yield-oriented investments. We are finding attractive opportunities within the market that trade at significant discounts to what we view as their intrinsic net asset values and believe current share prices and yields are attractive.

In October, the Fund posted strong returns modestly underperforming its benchmark. From a regional perspective, the Fund benefitted from positive stock selection within the U.K., U.S. and Hong Kong as well as an underweight within Japan. Within the U.S. market, positive stock selection within the Healthcare and Residential sectors benefitted performance as real estate fundamentals improve driving higher rents and improved occupancy. Within Hong Kong, our exposure within Retail was a positive contributor to performance. These positive contributors were offset by our overweight in Singapore and Hong Kong as well as our underweight in the U.K. The Singapore and Hong Kong REIT markets have lagged the overall market as concerns about economic growth in China and the continued impact of the COVID-19 pandemic on the region. Our underweight within the Self-storage sub-sector also detracted from performance over the past month.