

# Manulife Investment Asia-Pacific REIT Fund

## **Annual Report**

for the financial year ended 31 August 2020

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

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## 1 GENERAL INFORMATION

### 1.1 THE TRUST

The Fund commenced operations on 7 June 2007 and will continue its operations until terminated as provided under Clause 48.2 of the Deed.

### 1.2 FUND TYPE / CATEGORY

Income and Growth/ Fund-of-Funds

### 1.3 BASE CURRENCY

Ringgit Malaysia (RM)

### 1.4 OBJECTIVE OF THE FUND

To provide long-term capital appreciation and sustainable income through a combined investment in other collective investment schemes, namely Real Estate Investment Trusts (REITs) and infrastructure funds/trusts.

*Note: Any material change to the Fund's investment objective would require Unit Holders' approval.*

### 1.5 DISTRIBUTION POLICY

Semi-annually, if any. Subject to the availability of income, the Manager has the discretion to declare distribution at a higher frequency.

### 1.6 PERFORMANCE BENCHMARK

Manulife Investment Asia REIT Ex Japan Index is a customised index which consists of the REIT funds universe within Asia ex Japan markets, which include China, Hong Kong, India, Indonesia, Malaysia, Pakistan, the Philippines, Singapore, South Korea, Taiwan and Thailand. The index is a market capitalisation weighted index of REIT funds with market capitalisation of USD5 million or more. The performance of the benchmark is obtainable via [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my). The risk profile of the Fund is different from the risk profile of the benchmark.

### 1.7 INVESTMENT STYLE AND STRATEGY

The Fund will invest in REITs and infrastructure funds/ trusts that are listed on Asia-Pacific stock exchanges. The Fund focuses on REITs that have historically generated regular income and are also expected to generate future income with the potential for capital growth. In evaluating the suitability of a REIT, the Fund Manager will review key attributes, including but not limited to, the underlying properties held by the REIT, performance of the REIT's manager, and its rental yield.

The underlying assets of infrastructure funds/ trusts will comprise listed equities of companies which focus primarily on but are not limited to utilities, transportation/ logistics and communications:

- Utilities include facilities for the recycling, treatment, distribution and supply of water, as well as facilities for the generation, transmission, distribution and supply of electricity and gas.
- Transportation/ logistics include toll roads, railways, storage terminals, airports and seaports.
- Communications comprise broadcast transmission infrastructures, satellite systems and terrestrial wireline and wireless network infrastructures.

The Fund Manager focuses primarily on Australia, China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand.

During the financial year ended under review, the Fund remains guided by its investment objective to invest in REITS and infrastructure funds in Asia-Pacific.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

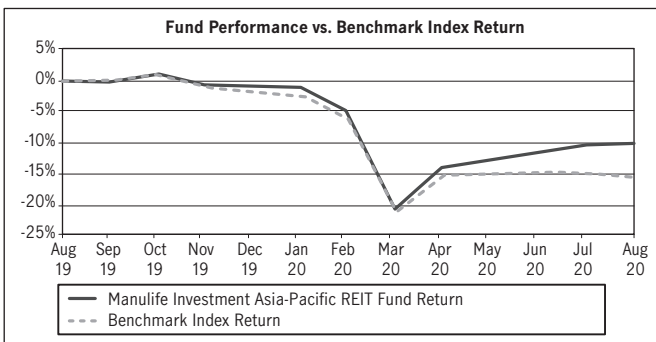
## 2 MANAGER'S REPORT

### 2.1 FUND PERFORMANCE

For the financial year ended 31 August 2020, the Fund's return decreased by 10.17% and outperformed its benchmark return, which decreased by 15.43%. The outperformance was attributable to positive contributions from REIT holdings in Singapore, Australia, Hong Kong and Thailand while underweights in Taiwan and South Korea and stock selection in Malaysia detracted value from performance

The distribution of 1.65 sen per unit on 26 February 2020 and 0.93 sen per unit on 26 August 2020 had the effect of reducing the NAV per unit of the Fund. The ex-distribution NAV per unit was RM0.4747 and RM0.4248 respectively.

The graph below compares the 12-month performance of the Fund against its benchmark return:



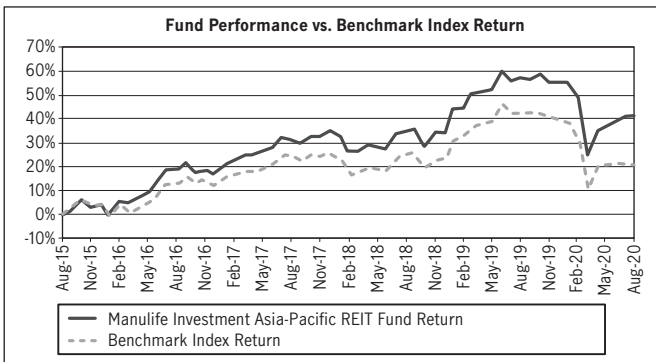
Source: Lipper, Bloomberg/ Factset

### Fund Size

The Fund's total NAV decreased to RM663.43mil from RM739.57mil during the financial year under review.

### Fund Returns

- (a) The graph below compares the 5-year performance of the Fund against its benchmark return:



Source: Lipper, Bloomberg/ Factset

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

(b) Average Total Return of the Fund:

For the financial year ended 31 August 2020	Fund (% p.a.)	Benchmark (% p.a.)
1 year	(10.17)	(15.43)
3 years	2.41	(1.19)
5 years	7.13	3.76
Commencement Date: 7 June 2007		

Source: Lipper, Bloomberg/ Factset

(c) Annual Total Return of the Fund:

For the financial year ended:	Fund (% p.a.)	Benchmark (% p.a.)
31 August 2020	(10.17)	(15.43)
31 August 2019	16.39	13.58
31 August 2018	2.74	0.44
31 August 2017	10.45	9.98
31 August 2016	18.97	13.31
Commencement Date: 7 June 2007		

Source: Lipper, Bloomberg/ Factset

The Fund has achieved its target of providing unit holders with capital appreciation over the longer term based on the stated Fund's objective.

## BASES OF CALCULATION

### 1. Net Asset Value (NAV)

Net Asset Value of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point.

### 2. Net Asset Value per unit

Net Asset Value per unit is the Net Asset Value of the Fund divided by the total number of units in circulation, at the valuation point.

### 3. Fund's Return

Fund's return can be calculated based on the computation methods as follows:

Daily Total Fund's Return =  $\frac{\{[\text{End NAV (Ex-distribution)} - \text{Beginning NAV} + \text{Dividend Distribution}] / \text{Beginning NAV}\} \times 100\%}{1}$

Total Fund's Return = Total fund's return for the period is derived from geometrically linking together the daily total fund's returns.  
The linking formula is  $[(1 + R_1) \times (1 + R_2) \times \dots \times (1 + R_n)] - 1$   
where:  $R_1$  is the first daily return for the period,  
 $R_2$  is the second daily return for the period, and  
 $R_n$  is the last daily return for the period.

Average Total Return = Annualised Total Return  
 $\frac{[(1 + \text{Total fund's return for the period})^{\frac{\text{Actual number of days in a year}}{\text{number of days during the period}}} - 1] \times 100\%}{1}$

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

The following table shows other financial and performance data of the Fund for the past three financial years:

Fund Data	31 August 2020	31 August 2019	31 August 2018
NAV (RM)	663,428,631	739,570,589	379,702,811
Units in Circulation ('000)	1,555,839	1,483,802	825,002
NAV per unit (RM per unit)	0.4264	0.4984	0.4602
Highest / Lowest NAV (RM per unit)	0.5075 / 0.3402	0.5422 / 0.4375	0.4927 / 0.4395
Total Fund Return (%)	(10.17)	16.39	2.74
NAV Return (%)	(15.05)	8.30	(3.20)
Income Return (%)	5.74	7.47	6.14
Final Distribution			
Gross (RM)	0.0165	0.0150	0.0147
Net (RM)	0.0165	0.0150	0.0147
Ex-date	26.02.20	26.02.19	26.02.18
Gross (RM)	0.0093	0.0210	0.0126
Net (RM)	0.0093	0.0210	0.0126
Ex-date	26.08.20	28.08.19	28.08.18
Management Expenses Ratio (%)	1.89	1.92	1.95
Portfolio Turnover Ratio (times)	0.32	0.52	0.61

## NOTES

### (i) Management Expenses Ratio (MER)

MER can be calculated based on the ratio of the sum of fees and the recovered expenses of the unit trust fund to the average value of the unit trust fund calculated on a daily basis.

$$\frac{\text{Fees of the unit trust fund} + \text{Recovered expenses of the unit trust fund}}{\text{Average value of the unit trust fund calculated on a daily basis}} \times 100$$

Where:

**Fees** = All ongoing fees deducted / deductible directly from the unit trust fund in respect of the period covered by the management expense ratio, expressed as a fixed amount, calculated on a daily basis. This would include the annual management fee, the annual trustee fee and any other fees deducted / deductible directly from the unit trust fund;

**Recovered expenses** = All expenses recovered from/ charged to the unit trust fund, as a result of the expenses incurred by the operation of the unit trust fund, expressed as a fixed amount. This should not include expenses that would otherwise be incurred by an individual investor (e.g. brokerage, taxes and levies); and

**Average value of the unit trust fund** = The NAV of the unit trust fund, including unit trust net income value of the fund, less expenses on an accrued basis, in respect of the period covered by the management expense ratio, calculated on a daily basis.

The MER for the financial year remains consistent with previous financial year.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## (ii) Portfolio Turnover Ratio (PTR)

PTR can be calculated based on the ratio of the average sum of acquisitions and disposals of the unit trust fund for the year to the average value of the unit trust fund for the financial year calculated on a daily basis.

$$\frac{[\text{Total acquisitions of the fund for the year} + \text{Total disposals of the fund for the year}]/2}{\text{Average value of the unit trust fund calculated on a daily basis}}$$

Average value of the unit trust fund calculated on a daily basis

The PTR for the financial year is lower as compared to the previous financial year mainly due to the increase in average NAV.

## Impact on NAV Arising From Distribution Distributed For The Past Three Financial Years:

EX-DATE	CUM DISTRIBUTION NAV (RM)	GROSS DISTRIBUTION (RM)	EX DISTRIBUTION NAV (RM)
26 August 2020	0.4324	(0.0093)	0.4231
25 February 2020	0.4995	(0.0165)	0.4830

EX-DATE	CUM DISTRIBUTION NAV (RM)	GROSS DISTRIBUTION (RM)	EX DISTRIBUTION NAV (RM)
27 August 2019	0.5136	(0.0210)	0.4926
25 February 2019	0.4968	(0.0150)	0.4818

EX-DATE	CUM DISTRIBUTION NAV (RM)	GROSS DISTRIBUTION (RM)	EX DISTRIBUTION NAV (RM)
27 August 2018	0.4719	(0.0126)	0.4593
23 February 2018	0.4551	(0.0147)	0.4404

*The Manager wishes to highlight that past performance of the Fund is not an indication of its future performance.*

*The price of units and the investment returns may go down, as well as up.*

## 2.2 ASSET ALLOCATION

Asset allocation for the past three financial years:

Sector Allocation	% of Net Asset Value		
	31 August 2020	31 August 2019	31 August 2018
Quoted REITs - Local	2.96	3.40	3.12
Quoted REITs - Foreign	93.68	89.60	93.45
<b>Total Quoted Investments</b>	<b>96.64</b>	<b>93.00</b>	<b>96.57</b>
Deposits with Licensed Financial Institutions	0.23	4.14	0.54
Other Assets & Liabilities	3.13	2.86	2.89

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

Country Allocation	% of Net Asset Value		
	31 August 2020	31 August 2019	31 August 2018
Singapore	59.86	56.15	58.67
Hong Kong / China	18.41	25.10	29.05
Australia	12.15	6.64	5.73
Thailand	3.26	1.71	-
Malaysia	2.96	3.40	3.12
<b>Total Investments</b>	<b>96.64</b>	<b>93.00</b>	<b>96.57</b>

As at 31 August 2020, the Fund was 96.64% invested in REITs and 3.34% in cash instruments. The Fund's allocations, by country, saw notable increase in Singapore, Australia and Thailand. Allocations were reduced in Hong Kong /China and Malaysia.

## 2.3 MARKET REVIEW

During the financial year under review (1st September 2019 to 31st August 2020), Asia REITS markets ended the year in the red. The outbreak of the global Covid-19 pandemic in early 2020 led fearful investors to sell across financial markets as global economies went into lock downs and border closures. The asset class managed to recover some lost grounds from end March 2020 on the back of news that Covid-19 infection curves had flattened across worst-hit European countries. During this period, US Federal Reserve (Fed) cut interest rates to zero, and government bond yields fell below 1% in Singapore, Hong Kong and Australia.

Australia REITs market saw steepest correction in the retail REITs due to concerns over weak rental collection rate and potential asset devaluations. Fund managers, Charter Hall Group and Goodman Group, stood out with positive gains as both REITs delivered good operating performance and guided for stable performance in the next financial year. Both fund management platforms were seen as more resilient and were key beneficiaries of the low interest rate environment.

The biggest underperformer in the region was Hong Kong REITs market as the country not only had to contend with economic impact from the Covid-19 outbreak but also rising US-China tensions. Sentiment stayed weak as China pushed through a new Hong Kong security law, which caused rising concerns over whether the US might suspend or revoke the city's trade and financial "special status".

Singapore REITs outperformed the region, as the Singapore government rolled out aggressive stimulus packages that amounted to almost 20% of its gross domestic product (GDP) to help save the small medium enterprises and prevent job losses. During the year, Monetary Authority of Singapore (MAS) finalised the decision to raise the gearing limit on SREITs to 50%. Industrial and data centres REITs outperformed the broader market as the sector proved to have very resilient cashflows and dividends that were relatively less impacted by the Covid-19 outbreak.

## 2.4 MARKET OUTLOOK AND INVESTMENT STRATEGY

The market is likely to stay choppy as the tug-of-war between the resurgence of Covid-19 infection cases and positive development on vaccines continues. Politics could also be an increasing driver for financial markets with the rising US-China tensions and the approaching US Presidential Election in November. We believe any second infection wave is likely to be better managed in developed Asia economies with localised/targeted tightening measures given earlier policy learnings. Investors are looking past record daily Covid-19 cases and focusing on vaccine development and potential easing of border restrictions and distancing measures towards end of 2020. Going forward, the relative performance of the Asia REITs would be driven by the resilience of their tenant base and cashflows, in the absence of government support.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 2.5 BREAKDOWN OF UNIT HOLDINGS BY SIZE AS AT 31 AUGUST 2020

The following table presents the distribution of the Fund's unit holders according to size of unit holdings:

Size of Holdings	No. of Unit Holders	%	No. of Units Held ('000)	%
5,000 and below	6,513	41.61	152,748	9.82
5,001 to 10,000	3,315	21.18	9,265	0.59
10,001 to 50,000	2,673	17.08	19,455	1.25
50,001 to 500,000	3,040	19.43	373,661	24.02
Above 500,001	110	0.70	1,000,712	64.32
Manager's stock	-	-	-	-
<b>Total</b>	<b>15,651</b>	<b>100.00</b>	<b>1,555,839</b>	<b>100.00</b>

## 2.6 STATE OF AFFAIRS

### NOTIFICATION OF CHANGES

A new Master Prospectus dated 10 August 2020 was issued to make the following general and administrative updates:

- New company name of the Manager;
- General and administrative updates such as branches of the Manager;
- Inclusion of sales charge for subscription via Employees Provident Fund (EPF) i-Akaun (member);
- Change of designated fund manager;
- Revision to the switching fee;
- Disclosure on other charges applicable in executing transactions.

The Master Prospectus dated 10 August 2020 is available in the company website: [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my).

### **3 POLICY ON STOCKBROKING REBATES AND SOFT COMMISSIONS**

The Management Company did not retain any rebates.

For the financial year ended 31 August 2020, the Management Company or its Fund Manager did not receive any rebates or soft commissions.

## **4 STATEMENT BY THE MANAGER**

We, Edmond Cheah Swee Leng and Chong Soon Min, being two of the Directors of Manulife Investment Management (M) Berhad (formerly known as Manulife Asset Management Services Berhad) (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying financial statements comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, summary of significant accounting policies and notes to the financial statements, are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 August 2020 and of its financial performance, changes in equity and cash flows of the Fund for the financial year ended 31 August 2020 in accordance with the Malaysian Financial Reporting Standards (“MFRS”) and the International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

**MANULIFE INVESTMENT MANAGEMENT (M) BERHAD**

(formerly known as Manulife Asset Management Services Berhad)

**EDMOND CHEAH SWEE LENG**

DIRECTOR

**CHONG SOON MIN**

DIRECTOR

Kuala Lumpur

26 October 2020

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 5 TRUSTEE'S REPORT

### TO THE UNIT HOLDERS OF MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

We have acted as Trustee of Manulife Investment Asia-Pacific REIT Fund ("the Fund") for the financial year ended 31 August 2020. To the best of our knowledge, Manulife Investment Management (M) Berhad (formerly known as Manulife Asset Management Services Berhad) (the "Management Company"), has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Management Company and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During this financial year, a total distribution of 2.58 sen per unit (gross) has been distributed to the unit holders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie  
Manager, Investment Compliance Monitoring

Kuala Lumpur  
26 October 2020

## 6 INDEPENDENT AUDITORS' REPORT

### TO THE UNIT HOLDERS OF MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Our opinion

In our opinion, the financial statements of Manulife Investment Asia-Pacific REIT Fund ("the Fund") give a true and fair view of the financial position of the Fund as at 31 August 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

##### What we have audited

We have audited the financial statements of the Fund which comprise the statement of financial position as at 31 August 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 37.

##### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

##### Information other than the financial statements and auditors' report thereon

The Manager of the Fund is responsible for the other information. The other information comprises Manager's Report but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations or has no realistic alternative but to do so.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- (d) Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## OTHER MATTERS

This report is made solely to the unit holders of the Fund and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT  
LLP 0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
26 October 2020

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 7 STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020 RM	2019 RM
<b>INVESTMENT (LOSS)/INCOME</b>			
Interest income from deposits with licensed financial institutions at amortised cost		352,888	334,475
Gross dividend income		28,854,507	21,649,290
Net (loss)/gain on financial assets at fair value through profit or loss	6	(97,762,072)	54,185,518
Net foreign currency exchange loss		(1,337,524)	(696,321)
		<u>(69,892,201)</u>	<u>75,472,962</u>
<b>EXPENSES</b>			
Manager's fee	3	12,796,825	8,247,741
Trustee's fee	4	438,748	282,780
Auditors' remuneration		5,800	5,800
Tax agent's fee		2,950	2,510
Other expenses		2,559,975	2,015,096
Transaction costs		859,263	936,713
		<u>16,663,561</u>	<u>11,490,640</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(86,555,762)	63,982,322
<b>TAXATION</b>	5	-	(76,320)
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/ INCOME</b>		<u>(86,555,762)</u>	<u>63,906,002</u>
(Loss)/profit after taxation is made up as follows:			
Realised		(2,699,706)	12,970,716
Unrealised		(83,856,056)	50,935,286
		<u>(86,555,762)</u>	<u>63,906,002</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 8 STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2020

	Note	31.08.2020 RM	31.08.2019 RM
<b>ASSETS</b>			
Cash and cash equivalents	7	20,168,450	50,780,454
Financial assets at fair value through profit or loss	6	641,169,982	687,801,507
Amount due from Manager		332,201	8,430,275
Amount due from dealer		-	54,038
Amount due from stockbrokers		2,708,560	-
Dividends receivable		2,608,836	1,013,774
Other receivables		175,089	662,011
<b>TOTAL ASSETS</b>		<b>667,163,118</b>	<b>748,742,059</b>
<b>LIABILITIES</b>			
Amount due to Manager			
- Manager's fee		980,697	1,061,784
- Cancellation of units		1,531,409	-
Amount due to Trustee		33,624	36,404
Amount due to stockbrokers		1,078,127	7,777,107
Amount due to dealer	8	-	54,015
Other payables		22,669	19,591
Distribution payable		87,961	222,569
<b>TOTAL LIABILITIES</b>		<b>3,734,487</b>	<b>9,171,470</b>
<b>NET ASSET VALUE ("NAV") OF THE FUND</b>		<b>663,428,631</b>	<b>739,570,589</b>
<b>EQUITY</b>			
Unit holders' capital		662,266,091	647,750,884
(Accumulated losses)/Retained earnings		1,162,540	91,819,705
		<b>663,428,631</b>	<b>739,570,589</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	2	<b>663,428,631</b>	<b>739,570,589</b>
<b>NUMBER OF UNITS IN CIRCULATION</b>	9	<b>1,555,839,496</b>	<b>1,483,802,000</b>
<b>NAV PER UNIT</b>		<b>0.4264</b>	<b>0.4984</b>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 9 STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Unit holders' capital	Retained earnings / (accumulated losses)	Total
	RM	RM	RM
<b>BALANCE AS AT 1 SEPTEMBER 2019</b>	647,750,884	91,819,705	739,570,589
Movement in unit holders' contribution:			
Creation of units arising from applications	183,545,912	-	183,545,912
Creation of units arising from distribution	40,719,836	-	40,719,836
Cancellation of units	(172,837,911)	-	(172,837,911)
Total comprehensive loss	-	(86,555,762)	(86,555,762)
Distribution (Note 15)	(36,912,630)	(4,101,403)	(41,014,033)
<b>BALANCE AS AT 31 AUGUST 2020</b>	<u>662,266,091</u>	<u>1,162,540</u>	<u>663,428,631</u>
	Unit holders' capital	Retained earnings	Total
	RM	RM	RM
<b>BALANCE AS AT 1 SEPTEMBER 2018</b>	347,681,555	32,021,256	379,702,811
Movement in unit holders' contribution:			
Creation of units arising from applications	376,662,786	-	376,662,786
Creation of units arising from distribution	40,779,422	-	40,779,422
Cancellation of units	(80,404,900)	-	(80,404,900)
Total comprehensive income	-	63,906,002	63,906,002
Distribution (Note 15)	(36,967,979)	(4,107,553)	(41,075,532)
<b>BALANCE AS AT 31 AUGUST 2019</b>	<u>647,750,884</u>	<u>91,819,705</u>	<u>739,570,589</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 10 STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Purchase of investments		(297,000,471)	(372,639,167)
Sale of investments		233,049,597	110,973,469
Capital distribution from investments		3,040,446	896,172
Dividends received		25,268,630	20,322,171
Interest income received		352,888	334,475
Manager's fee paid		(12,877,912)	(7,749,116)
Trustee's fee paid		(441,528)	(265,684)
Audit fee paid		(5,800)	(5,800)
Tax agent's fee paid		(2,950)	(2,700)
Payment for other fees and expenses		(566,082)	(543,761)
Net realised foreign exchange loss		(1,925,075)	(881,465)
Net cash used in operating activities		<u>(51,108,257)</u>	<u>(249,561,406)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution paid		(428,806)	(73,541)
Proceeds from creation of units		191,643,987	368,328,330
Payments for cancellation of units		(171,306,502)	(82,661,799)
Net cash generated from financing activities		<u>19,908,679</u>	<u>285,592,990</u>
Net (decrease)/increase in cash and cash equivalents		(31,199,578)	36,031,584
Currency translation differences		587,574	185,121
Cash and cash equivalents at the beginning of the financial year		<u>50,780,454</u>	<u>14,563,749</u>
Cash and cash equivalents at the end of the financial year	7	<u>20,168,450</u>	<u>50,780,454</u>
Cash and cash equivalents comprise:			
Deposit with licensed financial institution	7	1,521,202	30,664,226
Bank balances in licensed banks	7	18,647,248	20,116,228
		<u>20,168,450</u>	<u>50,780,454</u>

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

## **11 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. The policies have been consistently applied to all the financial years presented, unless otherwise stated.

### **A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Fund have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and the International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Manager to exercise judgement in the process of applying the Fund's accounting policies. Although these estimates and judgement are based on the Manager's best knowledge of current events and actions, actual results may differ. There are no significant areas of judgement or complexity that have significant effect on the amounts recognised in the financial statements. There are no critical accounting estimates and assumptions used in the preparation of the financial statements of the Fund for the financial year ended 31 August 2020.

Standards, amendments to published standards and interpretations that are effective and relevant:

The Fund has applied the following amendments for the first time for the financial year beginning 1 September 2019:

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividends should not be recognised in equity merely on the basis that it is related to a distribution to owners.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 September 2019 that have a material effect on the financial statements of the Fund.

Amendments and interpretations which are relevant to the Fund but not yet effective and have not been early adopted are as follows:

#### Financial year beginning on/ after 1 September 2020

- The Conceptual Framework for Financial Reporting ("Framework") (effective 1 January 2020).

The Framework was revised with the primary purpose to assist the International Accounting Standards Board ("IASB") to develop IFRS that are based on consistent concepts and enable preparers to develop consistent accounting policies where an issue is not addressed by an IFRS.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 September 2020.

## **B FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### **(i) Classification**

The Fund classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss and
- those to be measured at amortised cost

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate quoted equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from stockbrokers and dividends receivable and other receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amounts outstanding.

The Fund classifies amount due to Manager, amount due to Trustee, amount due to stockbrokers, amount due to dealer, other payables and distribution payable as other financial liabilities measured at amortised cost.

### **(ii) Recognition and initial measurement**

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the assets. Investments are initially recognised at fair value. Transaction cost are expensed in the statement of comprehensive income.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or has expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial year which they arise.

## MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Quoted securities in Malaysia are valued at the last done market price quoted on Bursa Malaysia Securities Bhd ("Bursa Securities") at the date of the statement of financial position.

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest methods over the period from the date of placement to the date of maturity of the respective deposits.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

### (iii) Impairment

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 months expected credit losses as any such impairment would be wholly insignificant to the Fund.

### (iv) Significant increase in credit risk

A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

### (v) Definition of default and credit-impaired financial assets

Any contractual payment which is more than 90 days past due is considered credit impaired.

### (vi) Write-off

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Fund may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains. There are no write-offs/recoveries during the financial year.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## C INCOME RECOGNITION

Interest income from deposits placed with licensed financial institutions is recognised on time proportionate basis using the effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividend income on quoted investments is recognised on the ex-dividend date.

Realised gains or losses on disposal of quoted investments is calculated based on the differences between the net disposal proceeds and the carrying amount of the investments, determined on a weighted average cost basis.

## D EXPENSES

Expenses are accounted for on an accrual basis and charged to the statement of comprehensive income. Expenses arising from net disposal of investments are recognised as transaction costs (Note L to the financial statements).

## E AMOUNT DUE FROM/TO STOCKBROKERS

Amounts due from and to stockbrokers represent receivables for quoted securities sold and payables for quoted securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amount due from stockbroker at an amount equal to lifetime expected credit losses if the credit risk have increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the stockbrokers, probability that the stockbrokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due.

## F CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank and deposits held in highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

## G DISTRIBUTION

A distribution to the Fund's unit holders is accounted for as a deduction from realised reserve. A proposed distribution to unit holders is recognised in the statement of changes in equity upon approval by the Trustee.

Distribution equalisation is the amount attributable to net realised income that is included in the price of units created or units cancelled by the Fund during the reporting year.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## H FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, event and conditions and have determined the functional currency to be in RM primarily due to the following factors:

- (i) Significant portion of the Fund’s expenses are denominated in RM; and
- (ii) Units of the Fund are denominated in RM.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in OCI as qualifying cash flow hedges.

## I FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The information presented herein represents the estimates of fair value as at the date of the statement of financial position.

Where available, quoted and observable market prices are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the uncertainties and assumptions could materially affect these estimates and the resulting fair value estimates.

A range of methodologies and assumptions has been used in deriving the fair values of the Fund’s financial instruments as at the date of statement of financial position. The total fair value of each financial instrument is not materially different from the total carrying value.

The fair values are based on the following methodologies and assumptions:

- (a) Short-term deposits with financial institutions

For deposits and placements with financial institutions with maturities of less than three months, the carrying value is a reasonable estimate of fair value. For deposit and placements with maturities of three months and above, the estimated fair value is based on discounted cash flows by using prevailing interbank money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

- (b) Quoted investments

The estimated fair value is based on quoted and observable market prices.

- (c) Other short-term financial instruments

Other short-term financial instruments comprise amount due from/to Manager, amount due to from/to dealer, amount due from/to stockbrokers, amount due from/to dealer, dividends receivable, other receivables, amount due to Trustee, other payables and distribution payable. The carrying values of the assets and liabilities are assumed to approximate their fair values due to the short tenure of less than one year.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## **J TAXATION**

Current tax expense is determined according to the Malaysian tax laws at the current rate based upon the taxable profit earned during the financial year.

## **K TRANSACTION COSTS**

Transaction costs are costs incurred to acquire or dispose of financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

## 12 NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

### 1 INFORMATION ON THE FUND

Manulife Investment Asia-Pacific REIT Fund ("the Fund") was established pursuant to a Master Deed date 31 January 2002, as amended and supplemented by subsequent Supplemental Deeds (hereinafter referred to as "the Deed") between Manulife Investment Management (M) Berhad (formerly known as Manulife Asset Management Services Berhad) ("the Manager") and HSBC (Malaysia) Trustee Berhad ("the Trustee").

The principal activity of the Fund is to invest in "Investments" as defined under Clause 1 of the Deed, which includes stocks and securities of companies listed on Bursa Malaysia Berhad and foreign securities listed on any recognised Stock Exchange(s) subject to approval by Bank Negara Malaysia and the Securities Commission, unlisted securities of a Malaysian issuer, deposits with financial institutions, quoted and unquoted fixed income securities. The Fund commenced operations on 7 June 2007 and will continue its operations until terminated as provided under Clause 48.2 of the Deed.

The main objective of the Fund is to provide unit holders with long-term capital appreciation and sustainable income through a combined investment in other collective investment schemes, namely real estate investment trusts ("REITs") and infrastructure funds/trusts.

The Manager of the Fund, a company incorporated in Malaysia, is a wholly-owned subsidiary of Manulife Holdings Berhad, a public limited liability company, incorporated and domiciled in Malaysia, and listed on the main market of Bursa Malaysia. Its principal activities are the management of unit trusts and private retirement schemes, financial planning and fund management activities.

The financial statements were authorised for issue by the Manager on 26 October 2020.

### 2 NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "Financial Instruments: Presentation". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's net asset value;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over their lifespan are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holders exercise the right to put the units back to the Fund.

Units are created and cancelled at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

### 3 MANAGER'S FEE

In accordance with the Deed, the Manager is entitled to Manager's fee at a rate of 1.75% per annum (2019: 1.75% per annum) of the net asset value of the Fund before deducting Trustee's fee and Manager's fee for the day, calculated on a daily basis.

There will be no further liability to the Manager in respect of Manager's fee other than the amount recognised above.

### 4 TRUSTEE'S FEE

In accordance with the Deed, the Trustee is entitled to a fee (excluding foreign custodian fees and charges) of 0.06% per annum (2019: 0.06% per annum) of the net asset value of the Fund before deducting Trustee's fee and Manager's fee for the day, calculated on a daily basis.

There will be no further liability to the Trustee in respect of Trustee's fee other than the amount recognised above.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 5 TAXATION

	2020	2019
	RM	RM
Current taxation	-	76,320

Numerical reconciliation between (loss)/profit before taxation multiplied by the Malaysian statutory tax rate and tax expenses of the Fund is as follows:

	2020	2019
	RM	RM
(Loss)/profit before taxation	(86,555,762)	63,982,322
Tax calculated at Malaysian tax rate of 24% (2019: 24%)	(20,773,383)	15,355,757
Tax effect in respect of:		
- Expenses not deductible for tax purposes	924,491	753,970
- Restriction on tax deductible expenses	3,074,764	1,982,984
- Investment income not subject to tax	16,774,128	(17,909,541)
- Investment income subject to different tax rate	-	(106,850)
Tax expenses	-	76,320

## 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.08.2020	31.08.2019
	RM	RM
Financial assets at fair value through profit or loss		
- Quoted investments - Local (Note 6(a))	19,606,721	25,217,901
- Quoted investments - Foreign (Note 6(b))	621,563,261	662,583,606
	641,169,982	687,801,507
	2020	2019
	RM	RM
Net (loss)/gain on financial assets at fair value through profit or loss		
- Realised	(13,318,442)	3,435,353
- Unrealised	(84,443,630)	50,750,165
	(97,762,072)	54,185,518

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## (a) QUOTED INVESTMENTS - LOCAL

			Fair value as at 31.08.2020 expressed as percentage of value of Fund
<u>QUOTED INVESTMENTS</u>	<u>Quantity</u>	<u>Cost of shares</u>	<u>Fair value as at 31.08.2020</u>
	<u>Units</u>	<u>RM</u>	<u>RM</u>
<b>31.08.2020</b>			
<b>MAIN MARKET</b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
CapitaLand Malaysia Mall Trust	5,330,200	5,707,127	3,624,536
IGB Real Estate Investment Trust	3,467,300	6,199,790	6,414,505
Sunway Real Estate Investment Trust	5,979,800	10,780,549	9,567,680
	<u>14,777,300</u>	<u>22,687,466</u>	<u>19,606,721</u>
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>	<u>14,777,300</u>	<u>22,687,466</u>	<u>19,606,721</u>
			<u>2.96</u>

## (b) QUOTED INVESTMENTS - FOREIGN

			Fair value as at 31.08.2020 expressed as percentage of value of Fund
<u>QUOTED INVESTMENTS</u>	<u>Quantity</u>	<u>Cost of shares</u>	<u>Fair value as at 31.08.2020</u>
	<u>Units</u>	<u>RM</u>	<u>RM</u>
<b>31.08.2020</b>			
<b>AUSTRALIA</b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
Charter Hall Group Real Estate Investment Trust	333,367	8,712,836	12,837,065
Centuria Industrial Real Estate Investment Trust	1,552,046	14,737,820	14,905,447
Centuria Office Real Estate Investment Trust	2,090,424	14,964,210	13,062,198
Dexus Real Estate Investment Trust	401,369	13,402,963	10,909,135
Goodman Group Stapled	261,624	10,406,505	14,745,237
Waypoint Real Estate Investment Trust Limited	1,724,663	12,455,002	14,174,291
	<u>6,363,493</u>	<u>74,679,336</u>	<u>80,633,373</u>
			<u>12.15</u>
<b>HONG KONG/CHINA</b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
Fortune Real Estate Investment Trust Limited	4,340,000	20,556,360	15,619,777
Link Real Estate Investment Trust Limited	2,342,000	94,095,131	77,621,560
Prosperity Real Estate Investment Trust Limited	10,069,000	17,341,963	12,818,730
Sunlight Real Estate Investment Trust Limited	6,176,000	17,829,892	12,374,465
Yuexiu Real Estate Investment Trust	1,844,000	5,150,414	3,704,613
	<u>24,771,000</u>	<u>154,973,760</u>	<u>122,139,145</u>
			<u>18.41</u>

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

			Fair value as at 31.08.2020 expressed as percentage of value of Fund
<b>QUOTED INVESTMENTS</b>	<b>Quantity</b>	<b>Cost of shares</b>	<b>Fair value as at 31.08.2020</b>
	<b>Units</b>	<b>RM</b>	<b>RM</b>
<b><u>SINGAPORE</u></b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
Ascendas India Real Estate Investment Trust	2,351,100	10,208,498	9,648,661
Ascendas Real Estate Investment Trust Limited	5,405,402	47,550,874	54,961,327
Ascott Real Estate Investment Trust	4,092,300	15,754,462	11,279,792
Capitaland Commercial Trust Reit	3,999,609	21,744,554	20,578,701
Capitaland Mall Trust	6,574,300	45,006,543	39,463,602
Capitaland Retail China Trust Reit	2,248,241	9,677,537	7,918,298
CDL Hospitality Trusts Reit	2,749,900	13,638,744	8,927,172
Far East Hospitality Trust	6,485,200	12,925,861	10,923,887
Frasers Centrepoint Trust	3,195,875	22,779,865	24,665,019
Frasers Logistic & Commercial Trust	6,950,100	21,574,837	28,522,460
Keppel DC Real Estate Investment Trust	3,011,505	14,457,666	26,839,085
Keppel Real Estate Investment Trust	5,581,750	20,250,198	17,949,436
Lendlease Global Commercial Reit	6,670,400	16,806,015	13,483,013
Mapletree Commercial Trust Reit	5,252,275	28,740,437	30,884,446
Mapletree Industrial Trust	2,635,900	18,300,372	24,621,806
Mapletree Logistics Trust	6,238,950	25,236,521	39,552,413
Mapletree North Asia Commercial Real Estate Investment Trust	7,366,700	23,674,171	21,207,622
Suntec Real Estate Investment Trust	1,320,100	7,414,902	5,660,125
	<u>82,129,607</u>	<u>375,742,057</u>	<u>397,086,865</u>
			<u>59.86</u>
<b><u>THAILAND</u></b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
CPN Retail Growth Leasehold Real Estate Investment Trust	2,637,700	11,815,877	8,504,163
Fraser Property Reit	6,622,000	14,135,498	13,199,715
	<u>9,259,700</u>	<u>25,951,375</u>	<u>21,703,878</u>
			<u>3.26</u>
<b>TOTAL QUOTED INVESTMENTS - FOREIGN</b>	<u>122,523,800</u>	<u>631,346,528</u>	<u>621,563,261</u>
			<u>93.68</u>
<b>TOTAL QUOTED INVESTMENTS</b>	<u>137,301,100</u>	<u>654,033,994</u>	<u>641,169,982</u>
			<u>96.64</u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		(12,864,012)	
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<u>641,169,982</u>	

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## (a) QUOTED INVESTMENTS - LOCAL

			Fair value as at 31.08.2019 expressed as percentage of value of Fund
<u>QUOTED INVESTMENTS</u>	<u>Quantity</u>	<u>Cost of shares</u>	<u>Fair value as at 31.08.2019</u>
	<u>Units</u>	<u>RM</u>	<u>RM</u>
<b>31.08.2019</b>			
<b>MAIN MARKET</b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
CapitaLand Malaysia Mall Trust	5,484,600	5,868,756	5,649,138
IGB Real Estate Investment Trust	4,477,900	7,871,694	9,269,253
Sunway Real Estate Investment Trust	5,281,800	9,419,868	10,299,510
	<u>15,244,300</u>	<u>23,160,318</u>	<u>25,217,901</u>
<b>TOTAL QUOTED INVESTMENTS - LOCAL</b>	<u>15,244,300</u>	<u>23,160,318</u>	<u>25,217,901</u>
			<u>3.40</u>

## (b) QUOTED INVESTMENTS - FOREIGN

			Fair value as at 31.08.2019 expressed as percentage of value of Fund
<u>QUOTED INVESTMENTS</u>	<u>Quantity</u>	<u>Cost of shares</u>	<u>Fair value as at 31.08.2019</u>
	<u>Units</u>	<u>RM</u>	<u>RM</u>
<b>31.08.2019</b>			
<b>AUSTRALIA</b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
Centuria Industrial Real Estate Investment Trusts	649,747	5,991,796	6,180,805
Centuria Metropolitan Real Estate Investment Trusts	1,481,529	11,212,155	12,541,308
Dexus Property Group	303,381	10,585,316	11,079,996
Scentre Group	794,922	9,551,701	9,092,167
Viva Energy Real Estate Investment Trust Limited	1,215,612	8,479,712	10,152,628
	<u>4,445,191</u>	<u>45,820,680</u>	<u>49,046,904</u>
			<u>6.64</u>
<b>HONG KONG/CHINA</b>			
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>			
Champion Real Estate Investment Trust Limited	3,825,000	11,575,295	10,833,785
Fortune Real Estate Investment Trust Limited	1,400,000	7,313,472	6,759,046
Link Real Estate Investment Trust Limited	2,555,500	101,672,900	120,635,021
Prosperity Real Estate Investment Trust Limited	10,069,000	17,341,963	15,717,888
Sunlight Real Estate Investment Trust Limited	6,176,000	17,829,892	16,995,717
Yuxiu Real Estate Investment Trust	5,329,000	14,890,618	14,750,620
	<u>29,354,500</u>	<u>170,624,140</u>	<u>185,892,077</u>
			<u>25.10</u>

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

				Fair value as at 31.08.2019 expressed as percentage of value of Fund
<b>QUOTED INVESTMENTS</b>	<b>Quantity</b>	<b>Cost of</b>	<b>Fair value</b>	
	<b>Units</b>	<b>shares</b>	<b>as at</b>	
		<b>RM</b>	<b>31.08.2019</b>	<b>%</b>
			<b>RM</b>	
<b><u>SINGAPORE</u></b>				
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>				
Ascendas Real Estate Investment Trust Limited	2,712,964	22,891,949	25,322,643	3.42
Capitaland Commercial Trust	7,259,909	39,469,713	46,862,459	6.34
Capitaland Mall Trust	6,993,000	47,507,592	56,159,559	7.59
Capitaland Retail China Trust	3,319,541	14,244,004	15,592,797	2.11
CDL Hospitality Trusts	2,642,600	13,195,125	12,813,439	1.73
Far East Hospitality Trust	6,327,000	13,519,993	12,654,822	1.71
Frasers Centrepont Trust	3,505,475	24,598,463	29,214,191	3.95
Frasers Commercial Trust	3,406,400	15,070,573	16,929,876	2.29
Frasers Logistic & Industrial Trust	5,820,620	18,869,010	21,520,054	2.91
Keppel DC Real Estate Investment Trust	3,661,000	16,901,363	20,303,229	2.75
Keppel Real Estate Investment Trust	6,957,950	25,364,057	25,935,863	3.51
Mapletree Commercial Trust	4,582,423	24,057,128	31,662,435	4.28
Mapletree Industrial Trust	1,617,100	10,266,240	11,320,436	1.53
Mapletree Logistics Trust	7,160,050	28,808,516	34,066,694	4.61
Mapletree North Asia Commercial Real Estate Investment Trust	5,822,400	20,013,027	23,291,114	3.15
SPH Real Estate Investment Trust	1,454,500	4,922,104	4,804,570	0.65
Starhill Global Real Estate Investment Trust	7,503,300	16,351,765	17,054,063	2.31
Suntec Real Estate Investment Trust	1,652,900	9,307,298	9,667,589	1.31
	<u>82,399,132</u>	<u>365,357,920</u>	<u>415,175,833</u>	<u>56.15</u>
<b><u>THAILAND</u></b>				
<b>REAL ESTATE INVESTMENTS TRUSTS (REITs)</b>				
Fraser Property Real Estate Investment Trust	5,452,200	11,258,831	12,668,792	1.71
<b>TOTAL QUOTED INVESTMENTS - FOREIGN</b>	<u>121,651,023</u>	<u>593,061,571</u>	<u>662,583,606</u>	<u>89.60</u>
<b>TOTAL QUOTED INVESTMENTS</b>	<u>136,895,323</u>	<u>616,221,889</u>	<u>687,801,507</u>	<u>93.00</u>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>71,579,618</u>		
<b>TOTAL FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u>687,801,507</u>		

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 7 CASH AND CASH EQUIVALENTS

	31.08.2020	31.08.2019
	RM	RM
Deposits with licensed financial institutions	1,521,202	30,664,226
Bank balances in licensed banks	18,647,248	20,116,228
	<u>20,168,450</u>	<u>50,780,454</u>

Weighted average rates of return are as follows:

	31.08.2020	31.08.2019
	RM	RM
Deposits with licensed financial institutions	1.74	3.02

The deposits have an average maturity of 3 days (31.08.2019: 9 days)

## 8 OTHER PAYABLES

	31.08.2020	31.08.2019
	RM	RM
Auditors' remuneration	5,800	5,800
Tax agent's fee	2,700	2,700
Sundry payables and accruals	14,169	11,091
	<u>22,669</u>	<u>19,591</u>

## 9 UNITS IN CIRCULATION

	31.08.2020	31.08.2019
	No. of units	No. of units
At beginning of the financial year	1,483,802,000	825,002,000
Add: Creation of units arising from applications	387,906,072	742,593,296
Add: Creation of units arising from distribution	89,264,542	82,747,042
Less: Cancellation of units	(405,133,118)	(166,540,338)
	<u>1,555,839,496</u>	<u>1,483,802,000</u>

## 10 BROKERS' TRANSACTIONS

The details of transactions with top brokers by value of trades are as follows:

Name of brokers	Percentage		Brokerage fees	Percentage of total brokerage fees
	Value of trades	of total trades		
	RM	%		
2020				
Credit Suisse (Hong Kong) Limited	78,704,967	19.29	163,253	19.00
Instinet Pacific Limited	73,147,789	17.93	143,229	16.67
UOB Kay Hian (Hong Kong) Limited	54,768,627	13.43	109,511	12.74
CLSA Singapore Private Limited	38,464,562	9.43	76,848	8.94
Citigroup Global Markets Asia Limited	35,066,703	8.60	86,777	10.10
China International Capital Corporation Hong Kong Securities	35,035,345	8.59	52,621	6.12
J.P. Morgan Securities Limited	30,339,545	7.44		
DBS Vickers Securities (Singapore) Private Limited	20,408,201	5.00	75,859	8.83
Kenanga Deutsche Futures Sdn Bhd	11,582,925	2.84	40,808	4.75
CIMB Investment Bank Berhad	8,250,456	2.02	21,481	2.50
Others	22,149,699	5.43	16,478	1.92
	407,918,819	100.00	72,400	8.43
			407,918,819	100.00

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

<u>Name of brokers</u>	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
	RM	%	RM	%
<b>2019</b>				
Instinet Pacific Limited	95,538,645	19.60	150,302	16.05
CLSA Limited	75,173,779	15.42	113,454	12.11
J.P. Morgan Securities Limited	68,929,163	14.14	158,235	16.89
Citigroup Global Markets Asia Limited	67,596,763	13.86	154,765	16.52
Credit Suisse (HK) Limited	62,256,472	12.77	139,132	14.85
UOB Kay Hian (HK) Limited	59,743,523	12.25	118,258	12.62
China International Capital Corporation Hong Kong Securities	27,193,335	5.58	40,729	4.35
Macquarie Capital Securities Limited	16,954,433	3.48	33,582	3.59
Affin Hwang Investment Bank Berhad	3,282,214	0.67	6,553	0.70
Maybank Investment Bank Berhad	3,228,616	0.66	6,440	0.69
Others	7,643,979	1.57	15,263	1.63
	<u>487,540,922</u>	<u>100.00</u>	<u>936,713</u>	<u>100.00</u>

As at the end of each financial year, there were no transactions with related parties.

## 11 UNITS HELD BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

The related parties and their relationship with the Fund are as follows:

<u>Related parties</u>	<u>Relationship</u>
Manulife Investment Management (M) Berhad (formerly known as Manulife Asset Management Services Berhad)	The Manager
Manulife Financial Corporation ("Manulife")	Ultimate holding company of the Manager
Manulife Holdings Berhad	Immediate holding company of the Manager
Subsidiaries and associates of Manulife as disclosed in its financial statements	Subsidiaries and associate companies of the ultimate holding company of the Manager
Directors of Manulife Investment Management (M) Berhad (formerly known as Manulife Asset Management Services Berhad)	Directors of the Manager
MIB-Manulife Asia-Pacific REIT Fund	Fund Managed by the Manager
MIB-Manulife EAP Managed Fund	Fund Managed by the Manager
Manulife PRS-Moderate Fund	Fund Managed by the Manager
Manulife PRS-Growth Fund	Fund Managed by the Manager

(i) Units held by the Manager and Director of the Manager:

<u>As at:</u>	<u>DIRECTOR OF THE MANAGER WONG BOON CHOY **</u>		<u>MANAGER MANULIFE INVESTMENT MANAGEMENT (M) BERHAD *</u>	
	No. of units	RM	No. of units	RM
31.08.2020	97,179	41,437	-	-
31.08.2019	6,319	3,149	895,230	446,183

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

(ii) Units held by parties related to the Manager:

	31.08.2020		31.08.2019	
	No. of units	RM	No. of units	RM
HSBC (Malaysia) Trustee Berhad MIB-Manulife Asia-Pacific REIT Fund**	17,720,022	7,555,817	7,242,017	3,609,421
HSBC (Malaysia) Trustee Berhad MIB-Manulife EAP Managed Fund**	5,011,661	2,136,972	20,910,444	10,421,765
HSBC (Malaysia) Trustee Berhad Manulife PRS Moderate Fund**	1,142,673	487,236	1,033,393	515,043
HSBC (Malaysia) Trustee Berhad Manulife PRS Growth Fund**	1,843,253	785,963	1,993,043	993,333

\* The units are held legally and beneficially

\*\* The units are held legally

The Manager is of the opinion that all transactions with the related companies have been entered into at agreed terms between the related parties.

In addition to the related party disclosure mentioned elsewhere in the financial statements, there were no other significant related party transactions and balances.

## 12 MANAGEMENT EXPENSES RATIO ("MER")

	2020	2019
	%	%
MER	1.89	1.92

MER represents expenses including Manager's fee, Trustee's fee, auditors' remuneration, tax agent's fee and other expenses (excluding SST on transaction costs and withholding tax) expressed as an annual percentage of the Fund's average net asset value calculated on a daily basis.

## 13 PORTFOLIO TURNOVER RATIO ("PTR")

	2020	2019
	%	%
PTR (times)	0.32	0.52

PTR represents the average of total acquisitions and disposals of investments in the Fund for the financial year over the Fund's average net asset value calculated on a daily basis.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## 14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is exposed to a variety of risks which include market risk (including price risk, interest rate risk and currency risk), credit risk, liquidity risk and capital risk.

Financial risk management is carried out through internal control processes adopted by the Manager and adherence to all rules and regulations as stipulated by the Securities Commission's Guidelines on Unit Trust Funds.

### Market risk

#### (a) Price risk

Price risk arises mainly from uncertainty about future prices of investments. It represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the investment portfolio.

The table shows the assets of the Fund which are exposed to price risk.

	31.08.2020	31.08.2019
	RM	RM
Financial assets at fair value through profit or loss		
- Quoted investments - Local	19,606,721	25,217,901
- Quoted investments - Foreign	621,563,261	662,583,606
	<u>641,169,982</u>	<u>687,801,507</u>

The table below summarises the sensitivity of the Fund's loss or profit after tax and net asset value to price risk movements of quoted investments. The analysis is based on the assumptions that the market price of quoted investments fluctuates by 5% with all other variables being held constant, and that fair value of the Fund's investments move according to the historical correlation of the index. Disclosures below are shown in absolute terms, changes and impact could be positive or negative.

As at:	Changes in price	Impact on loss or profit after tax	Impact on net asset value
	%	RM	RM
<b>31.08.2020</b>			
Financial assets at fair value through profit or loss			
- Quoted investment - Local	5	980,336	980,336
- Quoted investment - Foreign	5	31,078,163	31,078,163
		<u>32,058,499</u>	<u>32,058,499</u>
<b>31.08.2019</b>			
Financial assets at fair value through profit or loss			
- Quoted investment - Local	5	1,260,895	1,260,895
- Quoted investment - Foreign	5	33,129,180	33,129,180
		<u>34,390,075</u>	<u>34,390,075</u>

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## (b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate.

The Fund's exposure to the interest rate risk is mainly confined to deposits with licensed financial institutions. The Manager overcomes this exposure by way of maintaining deposits on short-term basis. Therefore, the Fund's exposure to interest rate fluctuation is minimal.

## (c) Currency risk

For investments denominated in foreign currencies, the currency risk may have a significant impact on the returns of the Fund. The Manager will evaluate the likely direction of a foreign currency versus Ringgit Malaysia based on consideration of economic fundamentals such as interest rate differentials, balance of payment position, debt level and technical consideration.

The Fund's foreign currency risk concentrations are as follows:

<b>As at</b>	<b>Cash and equivalents</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Amount due from stock- brokers</b>	<b>Dividends receivable</b>	<b>Other receivables</b>	<b>Total</b>
	RM	RM	RM	RM	RM	RM
<b>31.08.2020</b>						
AUD	115,025	80,633,373	-	-	-	80,748,398
HKD	-	122,139,145	-	1,013,122	-	123,152,267
SGD	18,315,199	397,086,865	2,674,663	1,462,565	175,089	419,714,381
THB	-	21,703,878	-	133,149	-	21,837,027
	<u>18,430,224</u>	<u>621,563,261</u>	<u>2,674,663</u>	<u>2,608,836</u>	<u>175,089</u>	<u>645,452,073</u>

<b>As at</b>	<b>Cash and equivalents</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Amount due from stock- brokers</b>	<b>Dividends receivable</b>	<b>Other receivables</b>	<b>Total</b>
	RM	RM	RM	RM	RM	RM
<b>31.08.2019</b>						
AUD	152,656	49,046,904	54,038	-	-	49,253,598
HKD	15	185,692,077	-	-	-	185,692,092
SGD	19,850,573	415,175,833	(54,015)	633,957	662,011	436,268,359
THB	-	12,668,792	-	109,570	-	12,778,362
	<u>20,003,244</u>	<u>662,583,606</u>	<u>23</u>	<u>743,527</u>	<u>662,011</u>	<u>683,992,411</u>

The following table summarises the sensitivity of the Fund's loss or profit after tax and net asset value to changes in foreign exchange movements at the end of each reporting period. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remaining constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures as shown in absolute terms, changes and impacts could be positive or negative.

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

<u>As at</u>	<u>Changes in foreign exchange</u>	<u>Impact on loss or profit after tax</u>	<u>Impact on net asset value</u>
	<u>%</u>	<u>RM</u>	<u>RM</u>
<b><u>31.08.2020</u></b>			
AUD	5	4,037,420	4,037,420
HKD	5	6,157,613	6,157,613
SGD	5	20,985,719	20,985,719
THB	5	1,091,851	1,091,851
		<u>32,272,603</u>	<u>32,272,603</u>
<b><u>31.08.2019</u></b>			
AUD	5	2,462,680	2,462,680
HKD	5	9,284,605	9,284,605
SGD	5	21,813,418	21,813,418
THB	5	638,918	638,918
		<u>34,199,621</u>	<u>34,199,621</u>

## **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Manager manages the credit risk by undertaking credit evaluation to minimise such a risk.

Credit risk arising from placement of deposits in licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by Bursa Malaysia Berhad or respective foreign stock exchange.

The settlement terms of the proceeds from the creation of units receivable by the Manager are governed by the Securities Commission's Guidelines on Unit Trust Funds.

The maximum exposure to credit risk before any credit enhancements in the carrying amount of the financial assets is as set out below:

<b>Neither Past Due Nor Impaired</b>						
<u>As at</u>	<u>Cash and cash equivalents</u>	<u>Amount due from Manager</u>	<u>Amount due from stock- brokers</u>	<u>Dividends receivable</u>	<u>Other receivables</u>	<u>Total</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<b><u>31.08.2020</u></b>						
AAA	1,738,226	-	-	-	-	1,738,226
AA3	18,430,224	-	-	-	-	18,430,224
Not rated	-	332,201	2,708,560	2,608,836	175,089	5,824,686
	<u>20,168,450</u>	<u>332,201</u>	<u>2,708,560</u>	<u>2,608,836</u>	<u>175,089</u>	<u>25,993,136</u>
<u>As at</u>	<u>Cash and cash equivalents</u>	<u>Amount due from Manager</u>	<u>Amount due from dealer</u>	<u>Dividends receivable</u>	<u>Other receivables</u>	<u>Total</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
<b><u>31.08.2019</u></b>						
AAA	30,777,210	-	-	-	-	30,777,210
AA3	20,003,244	-	54,038	-	-	20,057,282
Not rated	-	8,430,275	-	1,013,774	662,011	10,106,060
	<u>50,780,454</u>	<u>8,430,275</u>	<u>54,038</u>	<u>1,013,774</u>	<u>662,011</u>	<u>60,940,552</u>

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations. The Manager manages this risk by maintaining a sufficient level of liquid assets to meet anticipated payments and cancellations of units by unit holders. The liquid assets comprise cash at banks, deposits with licensed financial institutions and other instruments which are capable of being converted into cash within 7 days.

The following table analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the following table are the contractual undiscounted cash flows.

<u>As at</u>	<u>Within one year</u>	<u>No maturity date</u>	<u>Total</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>
<b><u>31.08.2020</u></b>			
<b><u>Financial assets</u></b>			
Cash and cash equivalents	1,521,202	18,647,248	20,168,450
Financial assets at fair value through profit or loss	-	641,169,982	641,169,982
Amount due from Manager	332,201	-	332,201
Amount due from stockbrokers	2,708,560	-	2,883,649
Dividends receivable	2,608,836	-	2,608,836
Other receivable	175,089	-	175,089
	<u>7,345,888</u>	<u>659,817,230</u>	<u>667,163,118</u>

## **Financial liabilities**

Amount due to Manager			
- Manager's fee	980,697	-	980,697
- Cancellation of units	1,531,409	-	1,531,409
Amount due to Trustee	33,624	-	33,624
Amount due to stockbrokers	1,078,127	-	1,078,127
Other payables	22,669	-	22,669
Distribution payable	87,961	-	87,961
	<u>3,734,487</u>	<u>-</u>	<u>3,734,487</u>

## As at

## **31.08.2019**

## **Financial assets**

Cash and cash equivalents	30,664,226	20,116,228	50,780,454
Financial assets at fair value through profit or loss	-	687,801,507	687,801,507
Amount due from Manager	8,430,275	-	8,430,275
Amount due from dealer	54,038	-	54,038
Dividends receivable	1,013,774	-	1,013,774
Other receivables	662,011	-	662,011
	<u>40,824,324</u>	<u>707,917,735</u>	<u>748,742,059</u>

## **Financial liabilities**

Amount due to Manager			
- Manager's fee	1,061,784	-	1,061,784
Amount due to Trustee	36,404	-	36,404
Amount due to stockbroker	7,777,107	-	7,777,107
Amount due to dealer	54,015	-	54,015
Other payables	19,591	-	19,591
Distribution payable	222,569	-	222,569
	<u>9,171,470</u>	<u>-</u>	<u>9,171,470</u>

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## Capital risk

The capital of the Fund is represented by equity consisting of unit holders' capital of RM662,266,091 (31.08.2019: RM647,750,884) and retained earning of RM 1,162,540 (31.08.2019: RM91,819,705). The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders, and to maintain a strong capital base to support the development of the investment activities of the Fund.

## Fair value estimation

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Financial assets at fair value through profit or loss consisting of RM641,169,982 (31.08.2019: RM687,801,507) is classified within level 1.

## 15 DISTRIBUTION

Distribution to unit holders is derived from the following sources:

	2020		2019	
	Final RM	Interim RM	Final RM	Interim RM
Previous financial years' realised income	8,951,616	11,812,508	9,918,485	5,679,708
Distribution equalisation	12,751,983	24,160,647	26,668,127	10,299,852
Less:				
Expenses	(7,534,729)	(9,127,992)	(6,955,360)	(4,535,280)
	<u>14,168,870</u>	<u>26,845,163</u>	<u>39,549,737</u>	<u>17,123,988</u>
Gross distribution per unit (sen)	<u>0.93</u>	<u>1.65</u>	<u>2.10</u>	<u>1.50</u>
Gross distribution per unit (sen)	<u>0.93</u>	<u>1.65</u>	<u>2.10</u>	<u>1.50</u>
Gross distribution per unit (sen)	<u>26.08.2020</u>	<u>26.02.2020</u>	<u>28.08.2019</u>	<u>26.02.2019</u>

Gross distribution per unit is derived from gross realised income less expenses divided by the number of units in circulation, while net distribution per unit is derived from gross realised income less expenses and taxation divided by the number of units in circulation.

Included in the distribution for the financial year is an amount of RM20,764,124 (31.08.2019: RM15,598,193) derived from previous financial years' realised income.

Distribution equalisation represents the average amount of distributable income included in the creation and cancellation prices of units. It is computed as at each date of creation and cancellation of units. For the purpose of determining amount available for distribution, distribution equalisation is included in the computation of realised gains or income available for distribution.

## MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

There are unrealised loss of RMRM83,856,056 (31.08.2019 unrealised gain: RM50,935,286) arising during the financial year.

### **16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The worsening of the macro-economic outlook as a result of Covid-19, both domestically and globally, has resulted in the deterioration of the Fund's net asset value per unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

The Manager is monitoring the situation closely and will be actively managing the portfolio to achieve the Fund's objective.

## **13 CORPORATE INFORMATION**

### **MANAGER**

Manulife Investment Management (M) Berhad  
(Formerly known as Manulife Asset Management Services Berhad)  
Registration No.: 200801033087 (834424-U)  
13th Floor, Menara Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur

### **BOARD OF DIRECTORS**

Dato' Md Agil Bin Mohd Natt (Independent)  
Edmond Cheah Swee Leng (Independent)  
Gianni Fiacco (Non-Independent)  
Vibha Hamsi Coburn (Non-Independent)  
Wong Boon Choy (Non-Independent)  
Chong Soon Min (Jason) (Non-Independent Executive)

### **INVESTMENT COMMITTEE**

Dato' Dr Zaha Rina Binti Zahari (Independent)  
Dato' Md Agil Bin Mohd Natt (Independent)  
Edmond Cheah Swee Leng (Independent)  
Wong Boon Choy (Non-Independent)  
Chong Soon Min (Jason) (Non-Independent)

### **INVESTMENT MANAGER**

Manulife Asset Management Services Berhad (834424-U)  
(Formerly known as Manulife Asset Management Services Berhad)  
Registration No.: 200801033087 (834424-U)  
10th Floor, Menara Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur

### **TRUSTEE OF THE FUND**

HSBC (Malaysia) Trustee Berhad  
Registration No: 193701000084 (1281-T)  
13th Floor, Bangunan HSBC, South Tower,  
No. 2, Leboh Ampang  
50100 Kuala Lumpur

### **AUDITORS**

PricewaterhouseCoopers PLT  
Registration No: LLP0014401-LCA & AF 1146  
Level 10, 1 Sentral, Jalan Travers  
Kuala Lumpur Sentral  
P O Box 10192  
50706 Kuala Lumpur

### **TAX CONSULTANTS**

Deloitte Tax Services Sdn Bhd  
Registration No: 197701005407 (36421-T)  
Level 16, Menara LGB  
1, Jalan Wan Kadir  
Taman Tun Dr Ismail  
60000 Kuala Lumpur

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## HEAD OFFICE

Manulife Investment Management (M) Berhad  
(Formerly known as Manulife Asset Management Services Berhad)  
Registration No.: 200801033087 (834424-U)  
13th Floor, Menara Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur  
Tel: (03) 2719-9228 Fax: (03) 2094-7654  
E-mail : [MY\\_CustomerService@manulife.com](mailto:MY_CustomerService@manulife.com)  
Website: [www.manulifeinvestment.com.my](http://www.manulifeinvestment.com.my)

## BRANCH OFFICES

### Kota Bharu

1st Floor, Lot 10900  
Wisma Seri Setia  
Jalan Dusun Muda, Sek 26  
15200 Kota Bharu  
Kelantan  
Tel: (09) 747-2388  
Fax: (09) 747-2588

### Sungai Petani

Lot 88, No. 17, 2nd Floor  
Jalan Perdana Heights 2/2  
Perdana Heights  
08000 Sungai Petani  
Kedah Darul Aman  
Tel: (04) 423-3233  
Fax: (04) 423-3233

### Penang

1-2-18, Elit Avenue,  
Jalan Mayang Pasir 3,  
11950 Bayan Baru,  
Penang  
Tel: (04) 611-9944 / 618-0044  
Fax: (04) 618-0505

### Ipoh

No. 1, 1A & 1B  
Pusat Perdagangan Canning 2  
Pusat Perdagangan Canning  
31400 Ipoh  
Perak Darul Ridzuan  
Tel: (05) 541-6839  
Fax: (05) 541-6627

### Dataran Sunway

26-2 & 28-2, Jalan PJU 5/8  
Dataran Sunway  
Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Tel: (03) 6140-8101 / 6140-8102  
Fax: (03) 6140-8103

### Shah Alam

30-1, Block 5,  
Jalan Setia Prima (S)  
U13/S, Setia Alam,  
Seksyen U13,  
40170 Shah Alam  
Selangor Darul Ehsan  
Tel: (03) 3362-6668  
Fax: (03) 3362-6662

# MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

## **Klang**

No. 3-1 & 3-2,  
Jalan Mahogani 5/K507,  
Bandar Botanic,  
41200 Klang  
Selangor Darul Ehsan  
Tel: (03) 3318-6088  
Fax: (03) 3318-4011

## **Kuala Lumpur**

2nd Floor, Menara Manulife  
No. 6, Jalan Gelenggang  
Damansara Heights  
50490 Kuala Lumpur  
Tel: (03) 2719-9204

## **Seremban**

160-2, Taipan Senawang  
Jalan Taman Komersil Senawang 1  
Taman Komersil Senawang  
70450 Seremban  
Negeri Sembilan  
Tel: (06) 671-5019  
Fax: (06) 678-0016

## **Melaka**

No. 87-01 & 87-02  
Jalan Melaka Raya 25  
Taman Melaka Raya 1  
75000 Melaka  
Tel: (06) 281-3866  
Fax: (06) 282-0587

## **Johor Bahru**

No. 1-01, Jalan Setia Tropika 1/15  
Taman Setia Tropika  
81200 Johor Bahru  
Johor Darul Takzim  
Tel: (07) 234-5871  
Fax: (07) 234-4620

## **Kuching**

No. 63 & 65, 2nd Floor  
Jalan Tun Jugah  
93350 Kuching  
Sarawak  
Tel: (082) 593-380  
Fax: (082) 593-382

## **Miri**

Lot. 3554, 1st & 2nd Floor  
Block 5 MCLD  
Jalan Miri Pujut  
101 Commercial Centre  
98000 Miri  
Sarawak  
Tel: (085) 325-770  
Fax: (085) 326-262

## **Bintulu**

No. 2, Lot 3288  
1st & 2nd Floor  
Parkcity Commerce Square  
Jalan Tun Ahmad Zaidi  
97000 Bintulu  
Sarawak  
Tel: (086) 343-288  
Fax: (086) 343-289

## MANULIFE INVESTMENT ASIA-PACIFIC REIT FUND

### **Sibu**

No. 1 & 3, 1st Floor, Lorong 1,  
Jalan Tun Abang Haji Openg  
96000 Sibu  
Sarawak  
Tel: (084) 320-469  
Fax: (084) 320-476

### **Kota Kinabalu**

Lot J-55-2, Block J,  
2nd Floor, Signature Office,  
KK Times Square,  
Off Jalan Coastal Highway,  
88100 Kota Kinabalu  
Sabah  
Tel: (088) 486-671 / 486-672  
Fax: (088) 486-670

### **Sandakan**

Taman Nasalim Shoplot  
Lot 88, 1st Floor, Phase 7A  
Jalan Lintas Utara  
90000 Sandakan  
Sabah  
Tel: (089) 220-220 / 229-045  
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