Manulife Investment Management

January 2022
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.

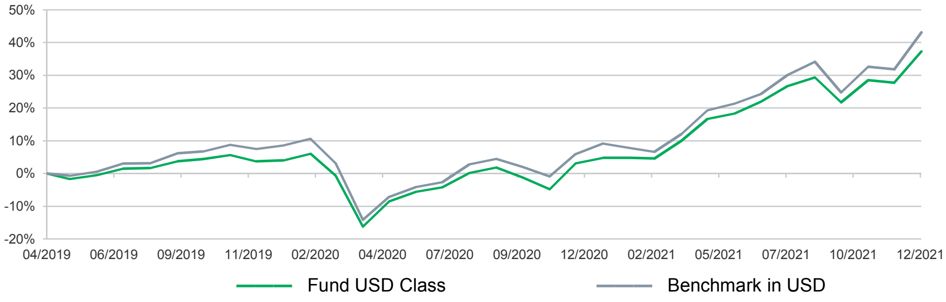
Fund manager
Manulife Investment Management (US) Limited

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

Fund information (as at 31 Dec 2021)

NAV/unit (USD Class)	USD 0.6279
NAV/unit (RM Class)	RM 0.6454
Fund size	USD 90.52 mil
Units in circulation	544.15 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 December 2021*



Total return over the following periods ended 31 December 2021*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	7.50	12.60	30.97	30.97	-	-	37.31
Benchmark in USD (%)	8.60	15.14	31.14	31.14	-	-	43.17
Fund RM Class (%)	6.24	12.92	35.65	35.65	-	-	40.16
Benchmark in RM (%)	7.42	15.54	35.82	35.82	-	-	46.77

Calendar year returns*

	2017	2018	2019	2020	2021
Fund USD Class (%)	-	-	4.00	0.82	30.97
Benchmark in USD (%)	-	-	8.64	0.49	31.14
Fund RM Class (%)	-	-	4.28	-0.91	35.65
Benchmark in RM (%)	-	-	9.35	-1.18	35.82

*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	Goodman Group	8.7
2	American Tower Corporation	7.9
3	Prologis, Inc.	7.2
4	SEGRO plc	6.3
5	Crown Castle International Corp	5.8

Highest & lowest NAV

	2019	2020	2021
High	0.5339	0.5428	0.6281
Low	0.4866	0.3400	0.4819

Distribution by financial year

	2019	2020	2021
Distribution (Sen)	1.00	1.55	2.15
Distribution Yield (%)	1.9	3.3	4.0

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial Reits	40.2
2	Specialized REITs	22.2
3	Retail Reits	7.8
4	Health Care Reits	7.4
5	Residential Reits	6.0
6	Diversified Reits	5.6
7	Office Reits	4.7
8	Cash & Cash Equivalents	6.2

Geographical allocation

No.	Geographical name	% NAV
1	United States	49.6
2	Australia	16.7
3	United Kingdom	10.8
4	Others	16.7
5	Cash & Cash Equivalents	6.2

^ 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/disclaimer-for-idealratings.html

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Market review
The global equity markets posted healthy returns in December, lifting most major indexes near all-time highs by year-end. Timing played a key role in the rally, as the final week of November brought a meaningful sell-off in response to news about the spread of the Omicron variant of COVID-19. Once it became apparent that the symptoms were relatively mild compared to previous variants, worries about renewed lockdowns eased and stocks resumed the rally that has been in place since the lows of March 2020. Notably, the gains occurred even as the U.S. Federal Reserve and other world central banks moved to taper their quantitative easing policies and indicated that interest-rate hikes were likely to occur in 2022. The developed markets outperformed the emerging markets in December, continuing a key trend that has been in place for most of 2021, while the value style finished ahead of growth. European stocks led the global markets higher for the month and outperformed both the United States and Canada.

In this environment, Shariah Global REITs rallied and managed to outperform global equity markets. Regionally, the strongest Shariah REIT markets were the U.S., Australia, and Mexico while Hong Kong and Singapore posted positive returns but lagged the overall Shariah REIT universe. The best performing sub-sectors were Industrial, Residential and Specialized REITs such as Tower REITs while office, Healthcare and Diversified REITs underperformed.

Market outlook
The Shariah global REIT sector had a very strong 2021 as the sector's performance outpaced the broader global equity markets. As we enter 2022, we believe the sector remains an attractive asset class in the current market environment. While the Omicron variant has caused renewed volatility and concern that a sustained economic recovery may be derailed, we are optimistic given the early indications of the lower severity of this variant. With increasing vaccination rates, including the authorization of booster shots and progress on therapeutics, we believe that significant restrictions are less likely or will be short in duration if implemented which should allow the economic recovery to persist. We have seen evidence over the past year of pent-up demand that has begun in those regions where restrictions have been reduced or lifted and ultimately believe that will it lead to stronger economic growth in 2022.

Despite this positive view, we consistently monitor potential risks across Shariah global REITs, including geopolitical risks that could weigh on global markets. Select sub-sectors and regions within Shariah global REITs may continue to see some earnings pressure as a result of the COVID-19 virus, and we have positioned the Fund accordingly. We believe near-term pressure on real estate fundamentals will ease over time as the global economy recovers, especially in the Office, Retail and Residential sub-sectors. From a regional perspective, we favour the U.S., Singapore, Australia, and Hong Kong 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, Healthcare, and technology-related REITs. We have minimised our exposure to the Japanese and the U.K. REIT markets based on their relative distribution yields and valuations.

During 2021, there was a resurgence of dividend growth within the sector as some REITs reduced or maintained their dividends in 2020. We expect further improvement regarding dividend growth as the economy recovers in 2022. In addition, REIT valuations trade near or below their respective net asset values which may lead to an increase in merger-and-acquisition (M&A) activity. We have seen a pick-up in M&A which we believe is driven by an improved economic outlook, relatively 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 relatively low interest rate environment. Distribution yields within the sector remain attractive compared to other yield-oriented investments and the spread between the yields of REITs and fixed income securities is well above historical averages. We also continue to find 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. Given the outlook for the economic recovery to push forward in 2022, we believe dividend and earnings growth will continue to trend positively. While the COVID virus has been problematic given the varying degree of cases around the world and the emergence of new variants, the overall progress of an economic recovery remains intact. 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 it will lead to stronger economic growth in 2022.

The investment case for Shariah Global REITs remains positive given the trajectory of the economic recovery. Distribution yields within the sector also remain attractive compared to other yield-oriented investments. We continue to find attractive opportunities within the market that trade at significant discounts to their net asset values and believe current share prices and yields are attractive.

In December, the Fund posted positive returns but underperformed the benchmark. From a regional perspective, the fund benefitted from an underweight within the U.K. as well as the small REIT markets like Taiwan, Thailand, and Saudi Arabia. Stock selection within Mexico, specifically within the industrial sub-sector, contributed positively to performance. The Fund also benefitted from security selection within the Office and Industrial sub-sectors as well as an overweight in Tower REITs. These positives were offset by an overweight in Hong Kong and Singapore as well as negative security selection within the U.S. driven by an underweight in the Self-Storage sub-sector. Our overweight in the Retail and Health Care sub-sectors also detracted from performance as the rise in cases from the "Omicron" variant weighed on those sub-sectors.