RM Class
3-year Fund Volatility
18.0
Very High
Lipper Analytics
10 Jul 24

USD Class
3-year Fund Volatility
18.1
Very High
Lipper Analytics
10 Jul 24

Manulife Investment Management

August 2024
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.

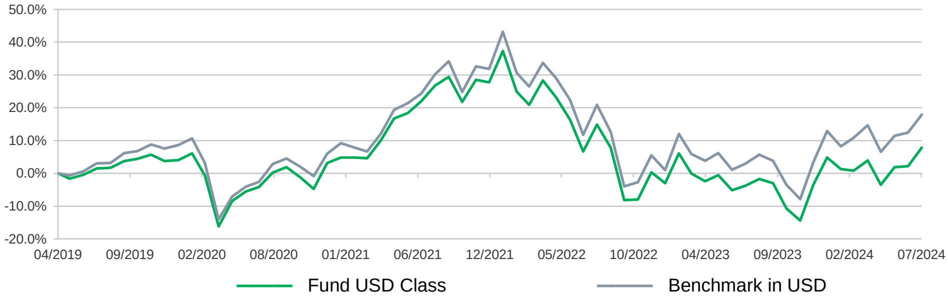
Fund manager
Manulife Investment Management (US) Limited

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

Fund information (as at 31 Jul 2024)

NAV/unit (USD Class)	USD 0.4316
NAV/unit (RM Class)	RM 0.4918
Fund size	USD 63.01 mil
Units in circulation	554.50 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 July 2024*



Total return over the following periods ended 31 July 2024*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	5.60	6.49	2.91	9.77	-14.90	6.12	7.86
Benchmark in USD (%)	4.83	8.88	4.41	11.55	-9.47	14.27	17.86
Fund RM Class (%)	2.87	3.44	2.93	11.83	-7.31	18.20	21.51
Benchmark in RM (%)	2.09	5.76	4.40	13.67	-1.44	27.23	33.25

Calendar year returns*

	2019	2020	2021	2022	2023
Fund USD Class (%)	4.00	0.82	30.97	-29.34	8.02
Benchmark in USD (%)	8.64	0.49	31.14	-29.43	10.12
Fund RM Class (%)	4.28	-0.91	35.65	-25.26	12.68
Benchmark in RM (%)	9.35	-1.18	35.82	-25.38	14.87

*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	13.2
2	Prologis, Inc.	10.0
3	American Tower Corporation	7.7
4	SEGRO plc	6.1
5	Crown Castle Inc.	4.7

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial Reits	45.7
2	Telecom Tower REITs	14.7
3	Retail Reits	9.2
4	Multi-Family Residential Reits	8.5
5	Health Care Reits	6.2
6	Diversified Reits	5.3
7	Data Center REITs	5.3
8	Office Reits	2.7
9	Cash & Cash Equivalents	2.5

Highest & lowest NAV

	2021	2022	2023
High	0.6281	0.6223	0.4754
Low	0.4819	0.3839	0.3563

Geographical allocation

No.	Geographical name	% NAV
1	United States	50.7
2	Australia	22.4
3	United Kingdom	10.0
4	Others	14.4
5	Cash & Cash Equivalents	2.5

Distribution by financial year

	2022	2023	2024**
Distribution (Sen)	2.50	2.16	1.14
Distribution Yield (%)	4.9	5.3	2.8

**Interim distribution (semi-annual)

^ 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 broad-based global equity indexes produced gains in July on the strength of an increasingly favorable interest rate outlook, building on the rally that began in November 2023. However, the positive headline return obscured notable changes under the surface. Sectors that had led the way through the market's long advance—namely, U.S. mega-cap technology companies and semiconductor stocks—moved sharply lower. At the same time, areas that had previously lagged started to outperform. For example, U.S. small-cap stocks outpaced large caps, the value style topped growth, and the developed international markets exceeded the returns for the United States. These trends demonstrate that the downturn in the U.S. tech sector, rather than fueling broad-based weakness, instead sparked a rotation into other areas of the market. The emerging markets were a notable exception. Although the asset class delivered a modest gain in Canadian dollar terms, it underperformed the developed markets due to persistent concerns about China's economy and weakness in Asian semiconductor stocks with sizable weightings in the major emerging-market indexes.

In this environment, Shariah Global REITs posted positive returns outperforming overall global equity markets. From a nation perspective, the Shariah REIT markets in Hong Kong, India, Japan, Thailand, the U.K., and the U.S. outperformed while Australia, Mexico, New Zealand, Saudi Arabia, and Turkey Shariah REIT markets underperformed. The best performing sub-sectors were Diversified, Health Care, Retail, and Telecom Tower REITs, while Data Center, Residential, and Self-storage REITs underperformed.

Market outlook

Our long-term outlook on the Shariah Global REIT sector remains positive. For the first half of 2024 we have seen overall equity markets continue to rally as economic growth has remain resilient leading to continued outperformance compared to Shariah Global REITs. Elevated inflation and a continued "higher for longer" policy around interest rates has continued to weigh on the Shariah Global REIT sector even while real estate fundaments and operating performance for the broader Global REIT market has remain stable with some sub-sectors continuing to realize growth in earnings and dividends. At the start of 2024 are expectations were for interest rate policy shift to an easing cycle which has continually been delayed as a result of elevated inflation levels. However, we believe that the shift has only been delayed and believe that central banks at this time are much closer to begin lower interest rates which will be a positive for the sector. As a result, relative valuations within the Shariah Global REIT sector and their respective distribution yields remain attractive especially with the backdrop of overall stable real estate fundamentals and potential interest rate reductions by central banks. The sector's performance in the near-term will continue to be driven by the macro environment, especially by the movement in interest rates and around the expectations of U.S. interest rate policy. Global economic data continues to show a stable but moderating global economy as well as inflation levels that remain above central bank target levels. Inflation over the past year has come down significantly but central banks such as the U.S. Federal Reserve want to be sure that inflation continues to ease towards their desired levels before reducing interest rates. We continue to anticipate some near-term market volatility as economic data comes in and expect that inflation will continue to trend in the direction that would support interest rate reductions in 2024. This was reinforced by commentary from the Fed emphasizing the dependence of the timing and pace of potential rate cuts on incoming data. Consensus expectations remain for interest rate cuts to begin in the latter half of 2024 and continue into the next year for the U.S., but we could see other major central banks begin cutting interest rates sooner such as the Bank of Canada and European Central Bank. A continued expectation of interest rate reductions would provide a positive backdrop for Shariah Global REITs.

In this environment, we believe Shariah Global REITs remain an attractive asset class due to its durable cash flows and current valuation levels. A stabilization of interest rates should provide better clarity on the impact to real estate values as well as financing costs for the real estate sector. Real estate fundamentals outside of the office sub-sector remain stable to improving in most regions and should support earnings growth in the current environment to help offset the impact of higher financing costs. Meanwhile, given their relatively high distribution yields and potential for dividend growth, Shariah Global REITs provide an attractive alternative for income-seeking investors. We saw dividend growth occur in many regions and sub-sectors within the Shariah Global REIT markets over the past year and expect further growth going forward. For those markets where distribution yields have seen pressure, we would also expect some stabilization and improvement as interest rates stabilize. In addition, REIT valuations continue to trade near or below their respective net asset values which supports merger-and-acquisition (M&A) activity. While the current financing market may pause M&A activity, there is a significant amount of institutional capital designated for real estate investments and deals continue to get executed. This further supports our conviction for potential M&A activity.

We continue to focus on our disciplined investment process, while considering the relative reward-to-risk of each investment, and we have positioned the Fund accordingly. From a regional perspective, we favour the U.S., Australia, and Singapore markets, owing to a combination of attractive valuations and distribution yields. Within these geographies, and from a global perspective, we see investment opportunities within Industrial and Technology-related REITs. We have minimised our exposure to the Hong Kong REIT market and the Self-storage and Residential sub-sectors based on their relative valuations and softer real estate fundamentals.

Overall, we believe the long-term outlook for Shariah Global REITs remains positive given the strength in real estate fundamentals. Distribution yields within the REIT market remain favourable compared to other yield-oriented investments and the prospects for dividend growth within the sector present an attractive alternative for investors seeking income. We are also finding compelling opportunities within the REIT market that trade at significant discounts to what we view as their intrinsic net asset values.

Fund review and strategy

In July, the Fund outperformed its benchmark. The Fund benefitted from an underweight to New Zealand and Saudia Arabia, as well as strong security selection within the U.S. Positive security selection was driven by our overweight to Telecom Tower REITs and underweight to Residential and Self-storage REITs. This was partially offset by our underweight to Hong Kong and Thailand REITs.

Based on the Fund's portfolio returns as at 30 Jun 2024 the Volatility Factor (VF) for the Fund is as indicated in the table above and are classified as in the table (source: Lipper). "Very High" includes Funds with VF that are above 15.880, "High" includes Funds with VF that are above 11.415 but not more than 15.880, "Moderate" includes Funds with VF that are above 8.740 but not more than 11.415, "Low" includes Funds with VF that are above 4.780 but not more than 8.740 and "Very Low" includes Funds with VF that are above 0.000 but not more than 4.780 (source:FiMM). The VF means there is a possibility for the Funds in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified Funds. VF and VC are subject to monthly revision or at any interval which may be prescribed by FIMM from time to time. The Fund's portfolio may have changed since this date and there is no guarantee that the Funds will continue to have the same VF or VC in the future. Presently, only Funds launched in the market for at least 36 months will display the VF and its VC.

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