RM Class

3-year Fund Volatility
17.8
Very High
Lipper Analytics
10 Aug 24

USD Class

3-year Fund Volatility
17.8
Very High
Lipper Analytics
10 Aug 24

Manulife Investment Management

September 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

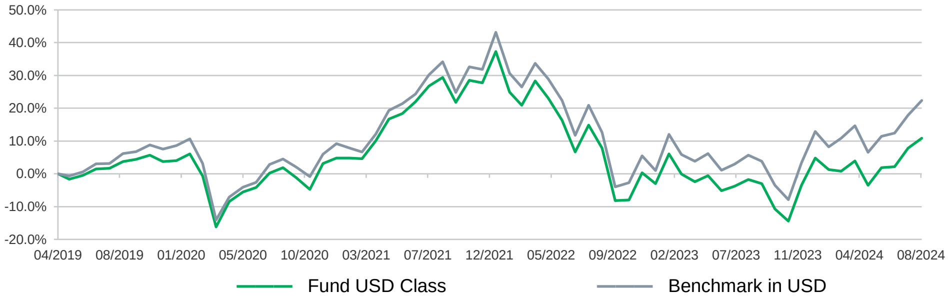
HSBC (Malaysia) Trustee Berhad
193701000084 (1281-T)

Fund information (as at 31 Aug 2024)

NAV/unit (USD Class)	USD 0.4436
NAV/unit (RM Class)	RM 0.4756
Fund size	USD 64.87 mil
Units in circulation	557.30 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 August 2024*



Total return over the following periods ended 31 August 2024*

	1 month	6 month	YTD	1 year	3 year	5 year	Since inception
Fund USD Class (%)	2.78	9.93	5.77	14.25	-14.33	6.82	10.86
Benchmark in USD (%)	3.83	10.37	8.41	17.86	-8.81	15.30	22.37
Fund RM Class (%)	-3.29	0.20	-0.46	6.47	-10.90	9.91	17.51
Benchmark in RM (%)	-2.32	0.54	1.98	9.79	-5.18	18.51	30.16

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	13.1
2	Prologis, Inc.	9.7
3	American Tower Corporation	7.6
4	SEGRO plc	5.8
5	Crown Castle Inc.	4.7

Highest & lowest NAV

	2021	2022	2023
High	0.6281	0.6223	0.4754
Low	0.4819	0.3839	0.3563

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)

Asset/sector allocation

No.	Asset/sector name	% NAV
1	Industrial REITs	45.9
2	Telecom Tower REITs	14.6
3	Multi-Family Residential Reits	9.0
4	Retail REITs	8.3
5	Health Care Reits	6.1
6	Data Center Reits	5.2
7	Diversified Reits	5.2
8	Office Reits	2.7
9	Cash & Cash Equivalents	2.9

Geographical allocation

No.	Geographical name	% NAV
1	United States	50.4
2	Australia	22.4
3	United Kingdom	9.7
4	Others	14.6
5	Cash & Cash Equivalents	2.9

^ 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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Manulife Shariah Global REIT Fund

Market review

August brought an unusual degree of volatility for stocks, with a sharp downturn in the first two days of the month followed by an impressive snap-back rally. The initial sell-off was largely the result of an unwind of the "yen carry trade," where investors borrow in yen at low rates to fund the purchase of other assets. Concerns that the Bank of Japan would raise rates prompted investors to close out trades to repay the borrowed yen, fueling a wave of selling across the financial markets. Sentiment was further pressured by worries that the U.S. economy was slipping toward a recession and that the U.S. Federal Reserve was not cutting interest rates quickly enough. Both of these issues dissipated rapidly, with the unwind of the carry trade largely concluding and market participants regaining confidence in the economic outlook. Stocks rebounded in response, helping the major global indexes finish the month in positive territory.

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, Japan, New Zealand, Philippines, Singapore, South Africa, Thailand, and the U.S. outperformed while Australia, India, Mexico, Saudi Arabia, Turkey, and the U.K. Shariah REIT markets underperformed. The best performing sub-sectors were Health Care, Office, Residential, Retail, and Self-storage REITs, while Data Center, Diversified, Industrials, and Telecom Tower REITs underperformed.

Market outlook

Our long-term outlook on the Shariah Global REIT sector remains positive despite underperforming global equities the last few years. More recently, we have observed a global softening of inflation and economic data. As a result, some central banks have begun reducing interest rates, while the U.S. is expected to begin reducing interest rates in September. This has triggered a strong rally within the Shariah Global REIT sector, allowing it to outperform broader global equity markets. We believe the sector's near-term performance will continue to be driven by the macro environment, particularly interest rate movements and expectations around U.S. interest rate policy. Global economic data continues to show a stable but moderating global economy. Although inflation levels remain above central bank targets, the trend has been moving toward levels that may prompt rate reductions. We continue to anticipate some near-term market volatility as economic data is reported and expect inflation will continue to dissipate, supporting interest rate reductions in late 2024. This outlook was reinforced by the Fed's commentary, which emphasized that the timing and pace of potential rate cuts will be dependent upon incoming data. Consensus expectations suggest interest rate cuts will begin at the Fed's September meeting and continue through to the end of 2024 and into 2025. The continued expectation of rate reductions provides a positive backdrop for Shariah Global REITs. As a result, we believe an environment of lower interest rates, stable real estate fundamentals, attractive relative valuations, and favorable distribution yields supports our positive outlook on the Shariah Global REIT sector.

Real estate fundamentals, aside from the office sub-sector, remain stable to improving in most regions and should support earnings growth. A reduction in interest rates should alleviate financing costs, which has been a headwind for dividend growth. With relatively high distribution yields and potential for dividend growth, Shariah Global REITs are an attractive alternative for income-seeking investors, especially as bond yields and cash rates decline as central banks cut rates. We have observed dividend growth for Shariah Global REITs in many regions and sub-sectors and expect this trend to continue in-line with earnings growth. Additionally, REIT valuations continue to trade near or below their respective net asset values, which is supportive of merger-and-acquisition (M&A) activity. While the current financing market may have paused M&A activity, a shift in interest rates along with a significant amount of institutional capital designated for real estate investments could lead to an increase in transactions. This further bolsters our conviction in the potential for 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 weaker 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 August, the Fund posted positive returns but underperformed its benchmark. The Fund benefitted from an underweight to India, Turkey, and Saudia Arabia, as well as our overweight to Singapore. Security selection within Australia also contributed to performance driven by positioning within Industrial REITs. This was offset by an underweight to Hong Kong and Thailand REITs as well as security selection within the U.S. In the U.S. our underweight to Self-storage and overweight to Telecom Tower REITs detracted from performance.

Based on the Fund's portfolio returns as at 31 Jul 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 16.035, "High" includes Funds with VF that are above 11.525 but not more than 16.035, "Moderate" includes Funds with VF that are above 8.795 but not more than 11.525, "Low" includes Funds with VF that are above 4.785 but not more than 8.795 and "Very Low" includes Funds with VF that are above 0.000 but not more than 4.785 (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.