Manulife
Investment Management

2027 private markets outlook










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A message from Anne Valentine Andrews



Private markets are entering a new phase. As the opportunity set has expanded across asset classes, investors have more ways to deploy capital – and a greater need to distinguish where and how value can be created. An investment edge comes from identifying the right opportunities and executing with discipline – from differentiated sourcing and rigorous risk assessment through conviction-led implementation. That perspective continues to draw us to the middle market.

In this 2027 private markets outlook, our investment teams examine the areas where they believe the most compelling opportunities are emerging across private markets.

We explore the infrastructure needed to support rising power demand, the openings created by the real estate market reset, and the growing role of specialty lending in private credit, alongside developments across private equity, timberland, and agriculture. Just as importantly, we examine how those opportunities are pursued in practice and what it takes to translate them into durable results.

Across these markets, a common thread emerges: execution matters. Our experience in the middle market has taught us that who you know can shape what you see. How deeply you engage can change what is possible. And the decisions made after capital is committed can matter as much as the decision to invest itself. Over time, we've found that some of the most valuable insights come not from chasing the next big theme, but from understanding what separates a compelling idea from a successful investment.

We share those perspectives not as predictions, but as lessons drawn from investing through different markets, cycles, and conditions. We hope they offer a useful lens on where opportunities are emerging and what it could take to capture them.

Anne Valentine Andrews
Global Head of Private Markets
Manulife Investment Management

Key takeaways

1

Growing capacity needs are expanding the opportunity set

Investors able to provide flexible, well-structured capital are well positioned across real assets and private credit. Rising power demand is creating a long runway for investment in grid capacity and storage, while housing undersupply and a growing refinancing pipeline add to the need for private capital.

2

Execution is becoming a more important source of returns

As multiple expansion fades as a return driver, value creation increasingly comes from rigorous due diligence and hands-on management. In private equity, that means partnering with sponsors whose plans rest on operational improvement. In real assets, it means actively operating what we own, from timberland harvest schedules to farm-level water management.

3

Repricing is creating attractive entry points

Valuation adjustments are improving entry points across private markets. Real estate lenders can secure stronger protections at compelling yields, while buyers can acquire quality assets – from industrial portfolios to water-secure orchards – at more attractive valuations than in recent years.

4

Some of the best opportunities are one step removed from the headline theme

The businesses and infrastructure that enable the most powerful secular trends can offer a more attractive way to gain exposure than their most obvious expression. Battery storage and digital infrastructure services capture growth in power and data demand, while agricultural value-chain investments can add margin beyond the farmgate.

Infrastructure

Rising electricity demand is reshaping the infrastructure landscape. A compelling opportunity lies within the power, storage, and grid infrastructure required to deliver reliable electricity to a rapidly evolving economy. In addition, underinvestment in road and rail infrastructure, growing demand for reliable mobility, and strained government budgets are creating a favorable environment for private capital deployment across the transportation sector.

OUTLOOK

A new era for U.S. power infrastructure

After more than a decade of relatively modest growth, electricity demand is accelerating once again. Data centers may be the most visible manifestation of this trend, but they're only one part of a broader shift driven by electrification, reshoring, and the growing need for reliable power. As demand rises, power systems are confronting a new reality: ensuring sufficient capacity is available when and where it's needed.

The result is not simply a need for more generation. It's a need for a more flexible, resilient, and interconnected grid to increase the speed of deployment while simultaneously reducing costs. Across power markets, capacity constraints, transmission bottlenecks, and reliability concerns are driving significant investment needs in transmission, distribution, flexible generation, and battery storage – all of which can support and balance the system. We believe the most compelling opportunities lie not in chasing the most crowded areas of the market, but in the infrastructure that enables the broader power ecosystem to function.

Infrastructure today combines the defensive characteristics investors have long valued with exposure to one of the most significant growth themes shaping the global economy: the modernization of the power system.

TOP IDEAS FOR 2027

Building the infrastructure for the next decade

Battery storage

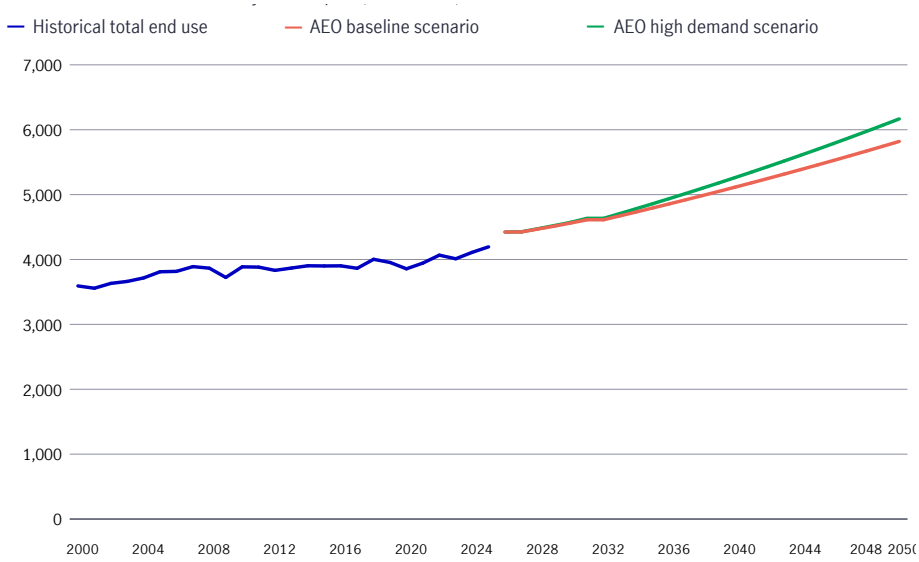
Storage is increasingly becoming a critical component of modern power systems, helping balance supply and demand, relieve transmission constraints, improve grid reliability, and support growing electricity consumption. Renewable output does not necessarily coincide with peak demand, and new projects can wait years for grid interconnection. Storage helps address both constraints. It provides dispatchable capacity that can be released in seconds and can be sited in transmission-constrained markets much faster than new lines can be built. Its value becomes especially visible under stress. Our existing renewables platforms, such as Silicon Ranch and CleanCapital, are increasingly incorporating battery storage, either as stand-alone investments or alongside solar offerings.

> "Battery storage is an emerging and fast-growing infrastructure opportunity because it sits at the intersection of rising electricity demand, grid reliability needs, transmission constraints, and the growing requirement for flexible capacity across modern power systems."
>
> — **Recep Kendircioglu**, **CFA, FRM**, Global Head of Infrastructure Equity

Storage can be deployed more quickly and targeted more precisely than new transmission infrastructure, making it an increasingly important tool in addressing resource adequacy concerns across major power markets. As utilities, regulators, and grid operators focus on reliability, storage has evolved from a complementary technology into essential infrastructure. In many markets, utility interest or state-level support results in long-term contracts, providing infrastructure-style cash flow visibility while often linked to the secular growth trend of data centers.

U.S. electricity demand is entering a new era of growth

Historical and forecast electricity consumption, 2000–2050 (billion kWh)



Source: U.S. Energy Information Administration assumptions, not predictions.

Transportation

The need to modernize critical infrastructure extends beyond the power sector. Across North America, aging transportation assets are facing growing capacity constraints, rising deferred-maintenance backlogs, and public funding shortfalls. Reliable transportation is foundational to productivity and economic growth, facilitating the movement of people, goods, and services. Decades of underinvestment in U.S. roads, bridges, rail, ports, and transit systems are creating costs for the economy: congestion, safety concerns, and inefficiency. The American Society of Civil Engineers estimates that the U.S. faces a $1.4 trillion funding gap for surface and aviation transportation through 2033.

The scale of the required investment in transportation creates opportunities for private investment. State and federal funding, including allocations sunsetting in 2026 under the Infrastructure Investment and Jobs Act ("IIJA"), face uncertainty and variability. The public sector is increasingly turning to long-term strategic partnerships with private capital to deliver complex transportation assets. Public-private partnerships are a recognized model for delivering large-scale infrastructure efficiently and cost-effectively. For thoughtful investors in the transportation sector, these partnerships can provide long-duration contracted returns from creditworthy counterparties or a multi-decade opportunity to capture demand growth for high-quality, essential infrastructure. Successfully investing in the sector requires expertise in navigating complex contractual structures, experience with the unique layers of debt capital used in the sector, and trusted relationships with government counterparties. Overall, transportation assets can provide durable cash flows and diversification benefits while supporting economic activity, mobility, and population growth.

OUR APPROACH

Discipline in a changing market

Structure over story. We focus on infrastructure assets supported by long-term contracts, creditworthy counterparties, and strong downside protections. In a world where capital can rapidly crowd into popular themes, we believe disciplined underwriting and thoughtful structuring remain critical drivers of long-term outcomes.

Investing where reliability matters. Rather than pursuing every emerging theme, we focus on assets that perform essential functions within the broader infrastructure ecosystem. Whether supporting the power grid, enhancing transportation networks, or improving system resilience, we seek investments where demand is driven by fundamental needs rather than market sentiment.

Beyond the largest deals. As the largest global infrastructure funds cluster around bigger deals, they leave a broader set of middle market opportunities where competition is often less intense. That gives investors room to underwrite selectively, work with management to improve operations, and retain access to a broad universe of potential buyers. Strong demand and a diverse buyer base have supported liquidity and exit activity, even as transaction volumes slowed elsewhere in private markets.

OUR APPROACH IN PRACTICE

Battery storage

The opportunity. A US $205 million preferred equity investment in NineDot Energy, a leading developer, owner and operator of battery storage projects within New York City. Manulife Investment Management's capital is facilitating the build-out of more than 500 megawatts of new capacity, representing nearly 5% of the NYC market available during peak-demand periods. During the 2025 heat waves, the portfolio of distributed storage and energy projects on our platform served more than 25,000 homes when the grid was most strained.

The Manulife Investment Management edge. Infrastructure investing is ultimately a people business. We work alongside developers, operators, management teams, and community stakeholders to help scale businesses, accelerate growth, and navigate increasingly complex infrastructure markets.

In battery storage, that means partnering with experienced teams operating at the intersection of power-demand growth, grid reliability, and the energy transition. Our focus extends beyond individual projects to building scalable platforms with repeatable development capabilities, strong market positioning, and multiple avenues for value creation.

By combining disciplined underwriting, active asset management, and a partnership-oriented approach, we seek to create value through the full life cycle of an investment rather than relying solely on market appreciation.



Real estate

Higher-for-longer rates have repriced real estate and created one of the more attractive investment cycles for real estate investments across the capital stack in years.

OUTLOOK

A reset that rewards disciplined capital

Higher-for-longer rates have driven a clarifying reset. Values have adjusted, entry prices are more attractive and, with development slowing and a wave of refinancing ahead, patient capital can acquire well-located assets on favorable terms. Cap-rate compression is unlikely to do the work it once did, so returns will depend less on market beta and more on top-line growth and execution advantages that can deliver alpha. As liquidity remains constrained, the ability to structure flexible solutions across the capital stack, for both borrowers and sellers, is itself a source of opportunity.

> "The next cycle will reward managers who can create value beyond market beta through differentiated sourcing, micro-market and asset selection, sophisticated structuring, and disciplined execution."
>
> — **Marc Feliciano**, Global Head of Real Estate

TOP IDEAS FOR 2027

Opportunity across the capital stack

Global real estate equity: Demographics, liquidity constraints, and market dislocations anchor the most attractive opportunities. Living sectors lead, from affordable and attainable housing to senior and student living, all of which are chronically undersupplied. A recent GP-interest investment in a roughly $1 billion affordable-housing portfolio seeded our first workforce-housing platform for middle-income renters. Similar shortfalls run across Asia-Pacific, where rate policy diverges by market: housing in Japan, Australia, and Singapore remains structurally undersupplied, and low institutional ownership leaves room to build scale. Alongside living, AI-adjacent real estate, including next-generation logistics and niche industrial, captures the digital build-out through power- and fiber-enabled, data-center-proximate markets, where access to power matters as much as location.

North American real estate credit. The most compelling real estate credit opportunities in 2027 sit at the intersection of elevated refinancing needs and constrained capital. Commercial real estate fundamentals are broadly stabilizing, yet many middle market borrowers still face lender selectivity, higher capital costs, and a need for flexible execution. For private lenders, that backdrop is a chance to originate well-structured loans at yields that, in our view, remain compelling by historical standards and relative to other fixed-income alternatives. Success rests on underwriting risk, structure, and collateral: where capital is scarce, disciplined lenders can negotiate stronger economics, enhanced protections, and more conservative capital structures. We favor returns driven by contractual cash flows and downside protection, enabling investors to generate attractive current income with a firm focus on capital preservation.

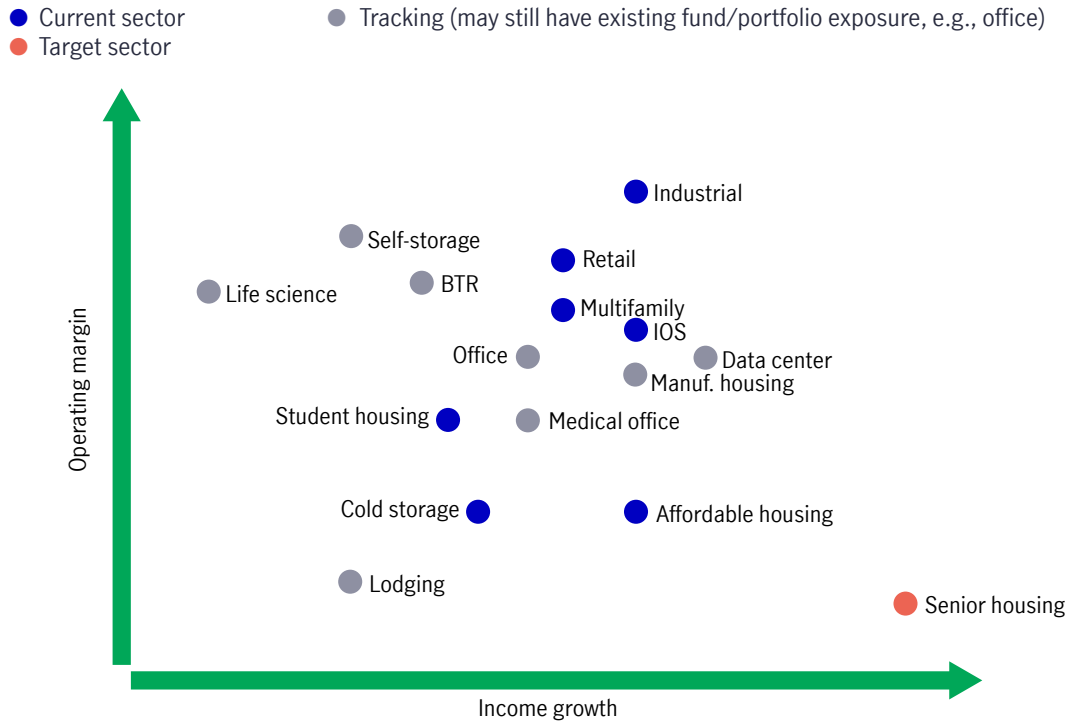
Value beyond market beta

Create it, don't wait for it. With beta no longer driving returns, our conviction rests on differentiated sourcing, local-market and asset selection, execution advantages, and sophisticated structuring. Preferred equity, GP stakes, and tax-efficient structures can improve risk-adjusted returns independently of a broad market recovery.

Diversification beyond property types. We construct portfolios across distinct return drivers: economic sensitivity, capital intensity, operating margin, and income-growth potential. By combining assets and structures with complementary performance attributes, we seek to generate more durable income and stronger risk-adjusted outcomes through market cycles.

Shared risk creates better outcomes. Sound real estate investing turns on how risk is shared among stakeholders. We prioritize opportunities where sponsors retain meaningful economic exposure throughout the investment's life and where lender protections align with borrower incentives. Our integrated approach keeps the people who make the initial underwriting decision accountable through maturity, reinforcing disciplined underwriting and long-term stewardship of capital.

Operating margin & income growth vary by sector



Source: Manulife Investment Management, Real Estate Research & Strategy. Green Street. Definitions: Economic sensitivity: Beta measures the sensitivity of the change in rents and occupancy to changes in the economy. Capital intensity: Capital-expenditure intensity measures capital expenditure as a percentage of NOI. Operating margin strength: NOI margin measures NOI as a percentage of revenue. Income growth: NOI growth is forecasted for near-term ('27-'30).



Global real estate equity

The opportunity. When core capital was scarce, we structured a solution with a leading industrial partner on a 35-asset class A industrial portfolio, in various stages of lease-up, with a gross asset value well above $1 billion.

The Manulife Investment Management edge. We sourced the opportunity through direct relationships and structured it to meet our partner's financial objectives while maximizing outcomes for our investors. The recapitalization demonstrates how thoughtful structuring and problem-solving can generate higher risk-adjusted returns at a core-plus risk profile.

Real estate credit

The opportunity. A $58 million loan financed construction of a 216,000-square-foot Class A cold-storage facility 15 miles from the Port of Philadelphia, the largest refrigerated port in the country. The team won the mandate over larger, established lenders on the strength of its relationships and certainty of execution.

The Manulife Investment Management edge. Beyond winning the deal, the team negotiated bespoke loan protections and additional collateral that a typical first-lien lender might not seek. A pledge of the borrower's equity allows foreclosure through a Uniform Commercial Code process and control of the asset within weeks, bypassing the years that a judicial foreclosure in New Jersey can require. Completion guarantees and a year of funded interest reserves provide additional protection. After the property opened ahead of budget and signed a 10-year lease, the team restructured the loan to benefit both sides, lowering the rate in exchange for a longer prepayment-interest protection.

Private credit

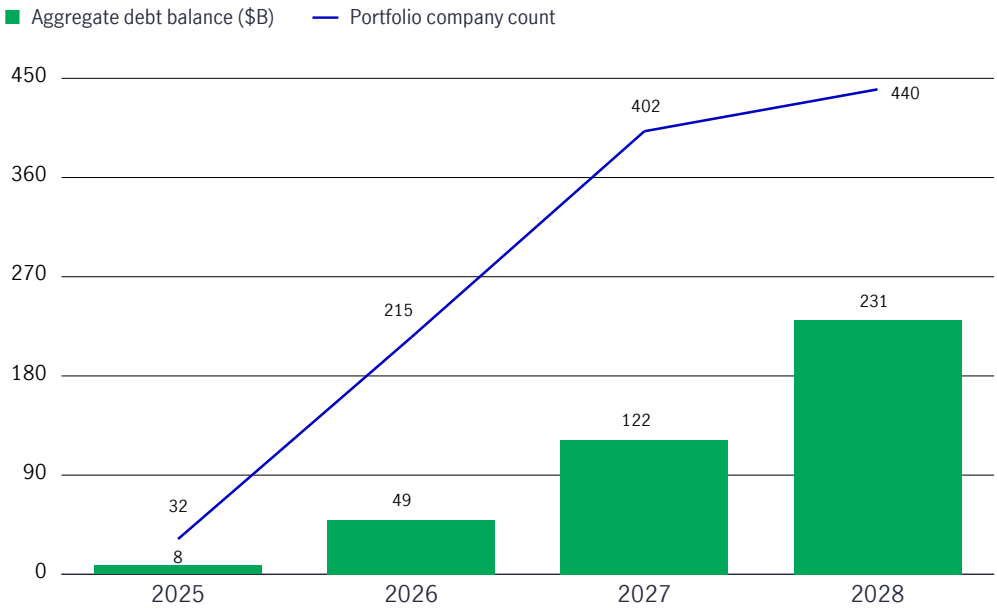
Much of the debt raised during the last boom is maturing into a higher-cost and more selective financing market. As refinancing activity accelerates and borrower needs become more varied, Manulife | Comvest Credit Partners sees expanding opportunities across private credit. From core middle market lending to specialized asset-based and opportunistic credit investments, today's market environment favors investors with the ability to underwrite complexity and structure transactions with strong downside protection.

OUTLOOK

Rising demand for flexible capital

A tighter lending environment, extended private equity hold periods, and a significant pipeline of maturities through 2028 are creating financing needs that extend beyond traditional sponsor-backed leveraged buyout (LBO) financing. As a result, we expect demand for flexible capital to remain elevated over the coming years.

Near-term private credit maturity wall



Source: © 2025 Lincoln Partners Advisors LLC, August 2025. All rights reserved. Used with permission. Third party use is at user's own risk. Note: Data represented above are considered senior and unitranche term loans.

Many companies continue to perform well but carry debt structures designed for a different market environment, creating refinancing challenges as debt matures. Other companies face operational or market complexities and therefore require financing partners who understand their businesses at a deeper level.

As a result, sponsors and management teams are increasingly seeking new financing solutions that better align capital structures with business fundamentals, current market conditions, and valuation realities.

TOP IDEAS FOR 2027

Accessing specialized markets through flexible capital

Direct lending. While sponsor-backed buyout financing remains a core component of the market, refinancing activity, shareholder liquidity events, acquisitions, and capital structure optimization initiatives are creating a broader range of financing opportunities. We believe lenders with the flexibility to underwrite complexity and structure customized solutions are well positioned as borrower needs diversify.

Asset-based finance. As banks reduce exposure to certain specialty lending markets, demand continues to grow across a range of income-producing assets. Attractive opportunities exist in specialized and less-trafficked asset classes, where deep underwriting expertise, proprietary sourcing, and disciplined structuring can create compelling risk-adjusted returns.

Capital solutions. The expanding opportunity set is not limited to conventional lending. Across the market, sponsors and management teams are increasingly utilizing structured capital to address liquidity needs, bridge valuation gaps, support portfolio company growth, and create flexibility around realization timelines. These solutions provide flexibility where traditional financing may be insufficient.

"We believe we're in the early stages of a multi-year shift toward more complex financing needs across the middle market. As the financing environment becomes more nuanced, the opportunity in private credit is broadening, increasingly defined by an investor's ability to underwrite complexity and structure a wide range of tailored solutions."

— **Robert O'Sullivan**, Global Head of Private Credit, Manulife | Comvest Credit Partners

OUR APPROACH

Underwriting complexity

Structural protections and credit discipline

In private credit, value comes from structure as much as from yield. Careful attention to leverage, collateral coverage, covenant protections, lender rights, and capital-structuring positioning can provide meaningful downside protection and support attractive risk-adjusted returns.

Differentiated sourcing

Many of our opportunities are sourced outside broadly marketed processes through specialized intermediaries and long-standing relationships. This approach often provides better access to diligence, greater selectivity, and stronger negotiating leverage in less-intermediated, less-competitive settings.

Flexible capital solutions

Asset-based lending

The opportunity. A publicly traded health-insurance marketplace sought to refinance $70 million of existing debt while funding growth initiatives, including investments in AI-driven capabilities and omnichannel technology.

The Manulife | Comvest Credit Partners edge. We provided a $125 million asset-based revolving credit facility, with an additional $50 million expansion option, refinancing existing debt and providing flexible capital to support growth and diversify revenues. By anchoring the facility to the company's asset base, we aligned the financing with its operating profile while maintaining strong downside protection through collateral coverage. The transaction reflects our ability to underwrite complexity and structure customized asset-based solutions for the middle market.

Direct lending

The opportunity. A leading reverse-mortgage sub-servicer operating in a highly regulated corner of financial services needed a financing solution to maintain its growth trajectory under private-equity ownership.

The Manulife | Comvest Credit Partners edge. We served as administrative agent and sole lender on a senior secured credit facility for the company. Our sector expertise allowed us to get comfortable with a specialized, heavily regulated business model and helped us deliver a creative structure that provided capital at scale and met the company's growth needs. As sole lender, we offered certainty and speed of execution that a broadly syndicated process would struggle to match.

Opportunistic credit

The opportunity. A specialty industrial technology company faced a near-term refinancing deadline despite improving business performance. Incumbent lenders were unwilling to provide a solution and were looking to force a sale that would have crystallized value prematurely.

The Manulife | Comvest Credit Partners edge. We structured a customized financing solution that provided liquidity, extended the runway for value creation, and aligned stakeholder interests. By addressing a complex capital-structure challenge, we were able to facilitate an investment offering the downside protection of senior secured credit with returns more akin to opportunistic investments, driven by structuring expertise rather than increased business risk.

Private equity

Even with exits constrained, 2027 favors disciplined buyers: the middle market still offers compelling entry points, and returns increasingly reward operational value creation.

OUTLOOK

Pressure on exits, opportunity in new deals

Private equity has spent the past three years in a slow exit environment, and that backdrop is likely to persist into 2027. Liquidity remains below normal – more than a third of buyout transactions are now seven years or older, and investors are focused on distributions rather than paper gains. The pressure, however, is concentrated on the exit side. For new capital, the middle market continues to offer compelling transactions, and the same conditions weighing on sellers are creating more attractive entry points for disciplined buyers.

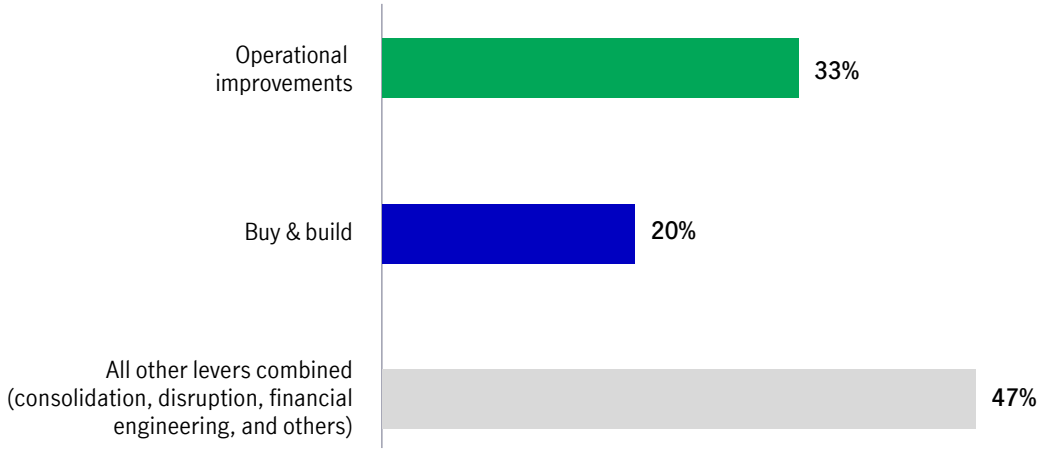
The industry is also consolidating. The largest firms continue to raise mega-funds, so dollars deployed are rising even as deal count falls, while many lower and middle market managers face a more difficult fundraising environment. That can leave attractive businesses with fewer competing buyers – an advantage for investors with capital and access. With multiple expansion less dependable, returns increasingly need to come from improving the businesses themselves, favoring managers with genuine operating capability.

> "The era when rising multiples could carry returns is over for the time being. In 2027, the managers who succeed will be the most selective – partnering with proven sponsors on businesses where disciplined, operational value creation, not leverage or market timing, drives durable growth."
>
> — **Vipon Ghai, CFA, CPA, CMA**, Global Head of Private Equity

Operational levers now lead private equity creation

Operational improvement outranks every other lever in the equity story

Importance allocated to value creation levers by private equity deal teams and operating partners, 2025



Source: Simon-Kucher, Private Equity Value Creation Study 2025 (Industrials and Business Services), survey of 100+ private equity executives in EMEA and North America. "All other levers combined" is the residual share not allocated to operational improvements or buy & build.



TOP IDEAS FOR 2027

Buying the enablers

Healthcare services. An aging population supports durable demand for healthcare, and we prefer to capture that demand through the services around care rather than the providers themselves. Pharmaceutical services and physician-staffing firms earn fees from industry participants rather than billing insurers for the care itself. This keeps their revenue outside the reimbursement decisions that can squeeze providers and cloud their earnings.

Digital-infrastructure services. The build-out behind AI and cloud computing is real, but data-center operators themselves trade at full valuations. We prefer businesses that serve the build-out, such as NetworkConnex, which handles on-site wiring for new facilities and is growing with the pipeline. A broader rip-and-replace cycle provides an additional source of demand. These businesses can offer exposure to the same secular growth at more attractive entry points.

OUR APPROACH

Selectivity and access

A sourcing advantage. We commit around $1.5 billion a year to private-equity sponsors and maintain relationships with more than 200 managers. Those relationships create access to co-investments and GP-led secondary opportunities, allowing us to invest selectively alongside sponsors we know well. Nearly every co-investment comes through an existing relationship, and each opportunity is independently diligenced and underwritten based on the sponsor, the company, and the value-creation plan rather than a broad sector view.

The strongest entry points typically arise outside competitive auctions. For example, a founder selling for the first time or a corporate parent carving out a division can create a less contested and more complex process, giving a disciplined buyer the opportunity to enter at a more attractive multiple than in an open auction.

OUR APPROACH IN PRACTICE

Healthcare services

The opportunity. Medicus, owned by sponsor Ridgemont Equity Partners, provides locum-tenens staffing for physicians, placing specialists on temporary assignments where hospitals and health systems struggle to fill roles, particularly in hard-to-staff areas such as anesthesiology. Two forces support demand: a genuine shortage of physicians and a growing preference among doctors for project-based work. The company is among the fastest-growing staffing businesses in the country, expanding organically at approximately 27% a year.

The Manulife Investment Management edge. The company captures healthcare demand without direct reimbursement risk, and we accessed it through our primary-fund relationship with Ridgemont, which provided access to the co-investment. It's an example of the outsourced-services model we favor, where growth is tied to a structural need and where returns do not depend on excessive leverage or rising multiples.

Timberland

Timberland enters 2027 with its core advantage intact: trees keep growing through the cycle, giving managers the flexibility to defer harvests today and capture value as housing demand recovers. A widening set of natural capital revenue streams adds to the opportunity.

OUTLOOK

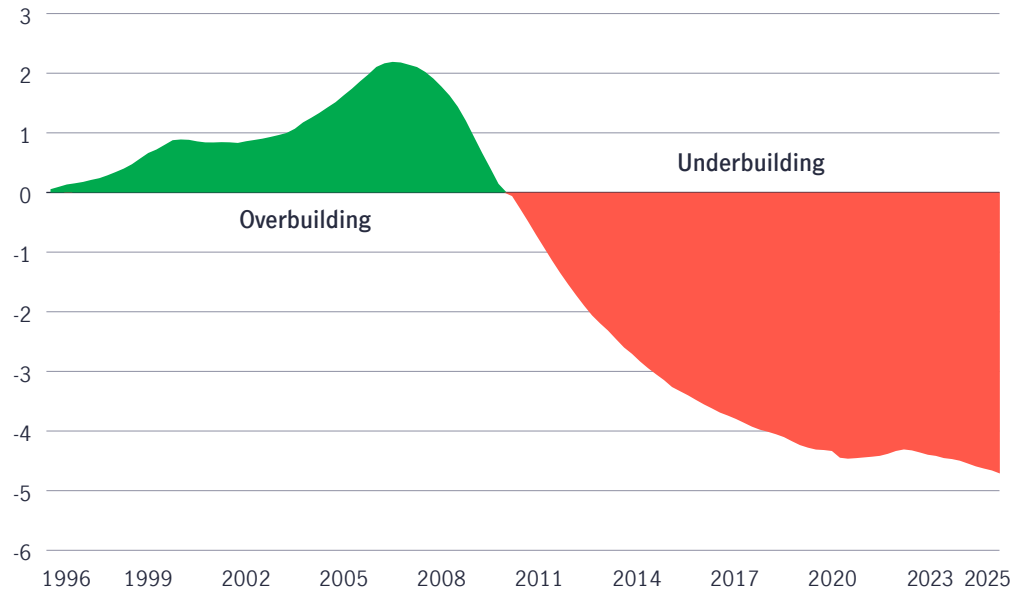
Resilient through the cycle

Timberland's defining strength is biological growth. Trees keep adding volume and value regardless of where the market sits, so during the current period of lower housing starts and softer timber demand, managers can harvest less and defer volume, allowing quality to improve until pricing recovers. This flexibility reduces dependence on financial-market timing and helps preserve value through the cycle.

The case for recovery rests on demographics and years of underbuilt housing. Household formation continues to outpace new construction, and demand for wood is positioned to strengthen. Finite supply, inflation sensitivity, and low correlation with public markets add to timberland's role in a portfolio.

U.S. residential construction has failed to keep pace with demand, leaving a nearly 5 million-unit housing deficit

Difference between housing starts and estimated underlying demand, million units



Source: Forest Economic Advisors, as of July 2026.



TOP IDEAS FOR 2027

Growth and a widening revenue base

Growing value over volume. Markets for smaller, lower-value wood, particularly pulpwood in the U.S. South, have weakened in recent times. Our strategy concentrates on growing higher-value saw timber, the segment most closely tied to residential construction and best positioned for the housing recovery.

A widening revenue base. Alongside log sales, carbon, conservation, recreation, and renewable-energy uses such as solar are becoming meaningful revenue streams where they can be measured and monetized. Carbon is the clearest example: on one 89,000-acre Maine property dedicated to carbon storage, the project is expected to generate more than 1 million credits over 20 years while remaining a working, protected forest.

A globally diversified portfolio. Regional log markets show low correlation with one another, so a global footprint across the U.S. South, Pacific Northwest, and Southern Hemisphere can smooth returns and open differentiated carbon and land-use opportunities. For example, while the U.S. South faced softer timber markets in 2026, the Pacific Northwest and New Zealand sawtimber prices showed relative resilience and modest improvement, illustrating how diversification can capture strength wherever it emerges.

> "Timberland's appeal in 2027 is not only that trees keep growing. It's that disciplined managers can combine biological growth, market optionality, and emerging natural capital revenue streams to create durable value across cycles."
>
> — **Thomas G. Sarno**, Global Head of Timberland Investments

OUR APPROACH

Built to underwrite the long cycle

Forty years on the ground. With over 40 years of timberland investing and 5.6 million acres under management, we combine our on-the-ground integrated property management, economic research, and investment underwriting in a single process, supported by remote sensing, LiDAR, and drones that improve inventory and harvest planning. Harvest timing is modeled against biological growth and current market conditions, so we can advance or defer cuts as value dictates. Our full-cycle experience also helps inform acquisition discipline as new entrants continue to move into the asset class.

Stewardship that pays. Sustainability is now a baseline expectation, so the greater differentiator is translating stewardship into measurable outcomes. We underwrite natural capital revenues at the asset level, tie them to execution plans and third-party verification, and treat them as additive to a sound timber investment.

OUR APPROACH IN PRACTICE

Conservation and natural capital

The opportunity. Sensitive lands may present opportunities to create value through conservation transactions while protecting important environmental, recreational, cultural, and community resources. We seek solutions that balance fiduciary responsibilities with responsible stewardship, recognizing that conservation outcomes and investor returns can often be aligned.

The Manulife Investment Management edge. For 37 years, our Sensitive Lands Program has partnered with public agencies and conservation groups to protect approximately 500,000 acres of ecologically important forestland. Over the past five years alone, the program conserved more than 37,000 acres and generated roughly $91 million in additional value through conservation-oriented transactions, showing how active stewardship can create environmental and financial value at once.



Agriculture

Recent headline returns have cooled interest in farmland, but they mark a valuation reset and a strong entry point, not a broken thesis. Structural shifts in trade, water, diet, and land ownership are building momentum into 2027.

OUTLOOK

Signs of stabilization are emerging

Agriculture sits at the intersection of three enduring themes: food security, the scarcity of productive natural resources, and inflation-linked real-asset returns. A rare valuation reset, driven by shifts in production economics, water, trade, diet, and monetary policy, now lets investors access those themes at entry points not seen in years. The reset, however, is milder than the headlines suggest. As measured by the NCREIF Total Farmland Index, farmland posted its first negative year on record in 2024 and was roughly flat in 2025, yet income stayed positive throughout, rising 3.05% in 2025, while appraisals reflected crop-specific dynamics. Weakness centered on permanent-crop valuations while the broader asset class held up, and by the second quarter of 2026, the index had turned positive again.

The longer-term case is intact and, in places, strengthening. Rising incomes across emerging markets and a dietary shift toward protein, fiber, and nutrient-dense foods, potentially reinforced by GLP-1 adoption, favor fruits, nuts, and produce, while global food trade, which grew roughly fivefold from 2000 to 2024, has proven resilient, with demand rerouting when trade lanes are disrupted. Ultimately, the opportunity lies in skilled management converting agriculture's complexity, scarcity, and value-chain optionality into resilient long-term returns across cycles.

TOP IDEAS FOR 2027

Where the growth is

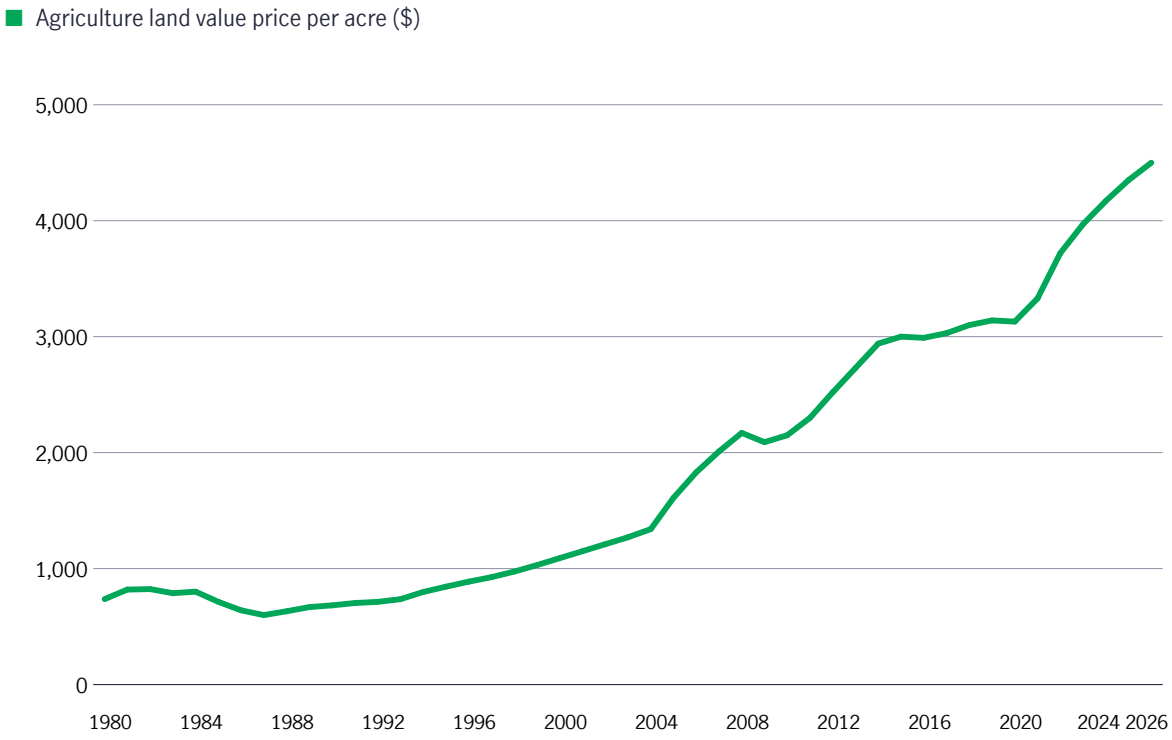
Value chain integration. Moving beyond the farmgate can add another source of growth to a farmland portfolio. By consolidating mid- and downstream operations across processing, packing, cold storage, and marketing, our strategies establish a natural hedge for the underlying agricultural operations and can capture margin and pricing power that pure land ownership cannot.

Our investment in an apple-packing operation in Washington State is a case in point: it continues to run at full capacity, executing growth strategies and expanding margins while delivering strong distributions to investors – even as most orchards across the state operate below break-even, squeezed by low apple prices and rising input costs.

High-quality row crops. High-quality row-crop assets remain the durable foundation of the portfolio, combining stable lease income with long-term appreciation potential. Strong tenant pools, productive soils, market access, and a superior water profile are central to underwriting and provide ballast alongside higher-growth opportunities. Row-crop farmland continues to appreciate through the recent reset, providing investors with a reliable capital-preservation avenue.



Decades of steady appreciation



Source: USDA National Agricultural Statistics Service, as of July 31, 2026.

The almond recovery. Several years of market adjustment under policy shifts, coupled with weather and climate-related events have pushed water-stressed acreage out of production, resetting the sector's supply base. Market valuation adjustments create entry points for disciplined buyers to acquire water-secure orchards, ideally with dual water sources, at a basis set by the downturn. Notably, this valuation entry point coincides with almond prices climbing on a better supply-demand balance, presenting patient investors with long-term return prospects.

High-end wine grapes. Premium wine grapes remain a value-preserving allocation. Demand at the top of the market has held up even as lower tiers correct, and high-quality vineyards with stable yields and solid offtake contracts continue to command durable pricing. An aging grower population is driving succession and liquidity events, creating selective access to marquee assets for reputable, long-term buyers.

"Modern production agriculture, grounded in safe, sustainable, and profitable practices, can help address the global need for secure supplies of food, fiber, and energy."

— **Brent McGowan**, Global Head of Agriculture

OUR APPROACH

Operating the land, not just owning it

Vertical integration. With more than 270 professionals, including over 195 in farm management, we operate the assets we own, directly and through strategic partnerships, giving us proprietary sourcing, hands-on execution, and a direct line from macro themes to local production plans. Water-right seniority, input efficiency, and 100% Leading Harvest certification are underwritten from the ground up. We deliver these capabilities through flexible structures, from separate accounts and evergreen funds to pooled vehicles designed for larger mandates.

Underwriting a volatile input environment. Fertilizer, fuel, and freight costs, pushed higher by the 2026 Middle East conflict and the risk of El Niño weather persisting into early 2027, now sit near the center of crop selection. We stress-test margins under elevated input costs and manage each operation across the trade-offs of cost, yield, and quality.

OUR APPROACH IN PRACTICE

The opportunity. In California's Central Valley, the repricing of water and several years of margin pressure pushed valuations for even high-quality almond orchards below their long-run basis. The reset was uneven, rewarding buyers who could distinguish water-secure assets from water-stressed ones, and operate them well.

The Manulife Investment Management edge. Our team acquired a water-secure almond farm in Stanislaus County, California, during the downturn, when producer fatigue and the repricing of water had pushed valuations down. Our integrated farm-management team has worked to improve orchard quality, productivity, and operating consistency, supporting returns beyond price recovery alone. Almond prices have risen more than 100% since 2023, a reminder that disciplined entry at the bottom of a commodity cycle can be a durable source of value.



Closing: private markets in 2027

Higher-for-longer interest rates and an uncertain geopolitical environment will continue reshaping private markets in 2027. For investors with capital to deploy, these conditions present opportunities, as tighter financing conditions and slower exits have contributed to more attractive pricing and terms on new investments.

Together with several structural trends, these dynamics are creating opportunities across asset classes. Rising power demand is driving investment in grid infrastructure and energy storage, while also reshaping demand for logistics and industrial real estate. A refinancing cycle is expanding opportunities in private credit and real estate lending, while slower exits are giving private equity buyers greater scope to be selective. Elsewhere, long-term demand for housing and food underpins opportunities in timberland and agriculture, where biological growth and operational improvements can contribute to value creation over time.

Identifying these opportunities is only part of the equation. Disciplined sourcing, rigorous underwriting, and hands-on management will be critical to turning opportunity into outcomes.

As a long-term partner in the middle market, we look forward to continuing to help clients navigate uncertainty across market cycles, evaluate emerging opportunities, and build private markets allocations aligned with their objectives and investment horizons.

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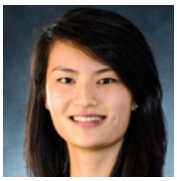
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Manulife Investment Management

Important disclosures

Private Asset Investment Risks and Considerations

Investments in the strategies described herein (including infrastructure, real estate, private equity, and credit) include several risks and limitations, including but not limited to the risk of loss. Each of these investment strategies involves significant risks, any one of which could cause investors to lose all or part of the value of their investment. The following is a short summary of some but not all of the potential risks.

An investment in infrastructure and power assets is subject to certain risks associated with the ownership of infrastructure and power assets in general, including the burdens of ownership of infrastructure, local, national and international economic conditions, the supply and demand for services from, and access to, infrastructure and power assets, the financial condition of users and suppliers of infrastructure and power assets, changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of infrastructure and power assets difficult or impracticable, changes in environmental laws and regulations, and planning laws and other governmental rules, environmental claims arising in respect of assets acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established, changes in energy prices, changes in fiscal and monetary policies, negative developments in the economy that depress travel, uninsured casualties, acts of force majeure, terrorist events, under-insured or uninsurable losses, and other factors which are beyond the reasonable control of the investor or its investment manager.

Investors in private equity funds generally do not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the investments to be made by a fund sponsor and, accordingly, will be dependent upon the judgment and ability of the sponsor to source, evaluate, monitor, and exit investments. An investor in fund-of-funds will pay, in effect, two sets of management fees and carried interest fee: one directly at the fund level and one indirectly through the funds at the underlying fund level. These fees reduce the actual returns to investors both in the underlying fund and in the fund-of-funds.

Equity securities purchased in connection with the private equity co-investment program are typically subordinated to large amounts of senior and junior credit securities debt and are typically unsecured. This means that distributions to equity holders are available only after satisfaction of claims of senior and junior credit creditors and any senior classes of equity. Therefore, if a portfolio company does not generate adequate cash flow to service its debt Investments in equity securities of companies with substantial amounts of indebtedness involve a high degree of risk.

General investment risks related to the ownership of real property include, among others, declines in the value of real estate, negative changes in the climate for real estate, risks related to general and local economic conditions, decreases in property revenues (including financial failure of tenants), increases in prevailing interest rates, property taxes and operating expenses, decreases in property revenue, changes in zoning laws and costs resulting from the cleanup of environmental problems. The value of real estate is typically dependent upon the ability or the potential for the applicable property to produce cash flow.

The basic risks of lending and direct ownership of commercial real estate mortgages include but are not limited to borrower default on the loan and declines in the value of the real estate collateral. Defaults can be complicated by borrower bankruptcy and other litigation including the costs and expenses associated with foreclosure which can decrease an investor's return.

Investments in debt instruments, whether senior or subordinated debt, public or private, secured or unsecured, or investment-grade or below investment-grade, include liquidity risk, interest rate/market value risk, credit risk/market risk, prepayment risk, ratings risk, exchange rate risk, and risk of bankruptcy. Investing in leveraged senior loans also involves additional risk that the collateral securing a loan decreases in value, is difficult to sell in a timely manner, is difficult to appraise and fluctuations in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Investments in subordinated debt/loans involve additional risks and can be highly speculative, involving a high degree of risk of credit loss.

Investing in timberland, farmland and Plus assets involves the risk of loss. Discretionary investment management accounts investing in farmland, timberland and Plus assets generally are subject to the following risks: fluctuating commodity prices, competition in the commodity markets, bad weather and natural disasters, loss of water rights, adverse government regulation, changes in SRI standards, changes in environmental protection regulation, and liability associated with environmental clean-up and remediation.

Investments in non-U.S. farmland, timberland and Plus assets, especially those investments located in emerging market countries, generally are subject to the following additional risks: political and economic factors causing disruptions in local markets, restrictions on investments, currency controls, and repatriation of investment proceeds, currency fluctuations, lack of developed property rights, and adverse changes in tax laws to disfavor foreign investment.

Plus assets also are subject to the following additional risks: limited experience investing in Plus assets, especially as a stand-alone or principal investment strategy, unexpected complications in implementing vertical integration of growing and processing operations, labor issues, regulations, food safety concerns, failure to maintain operating permits, competition, manufacturing disruptions, complications associated with the joint ownership

Thought Leadership Disclosure

Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. These risks are magnified for investments made in emerging markets. Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a portfolio's investments.

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