



i-Watch Rating System:

Date August 30, 2024

Fund Manager CIBC Asset Management

i-Watch Status ● **In Good Standing**

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

Products affected

Manulife Canadian Universe Bond Fund (the “Fund”). This Fund, which is sub-advised by CIBC Asset Management (“CIBC”), is a component within Manulife Series 11 strategies.

Summary

- 1 The Fund’s rating was upgraded following an appropriate retirement succession plan for Senior Portfolio Manager (“PM”) Patrick O’Toole.
- 2 GMR rates the Fund In Good Standing.

Commentary

GMR placed the Fund on the Closely Monitored List, under an “Increased Scrutiny” rating in July 2023. Our decision followed the retirement of Senior PM Patrick O’Toole. Prior to retirement, O’Toole had been a longstanding leader within the CIBC Fixed Income team. That said, and in spite of the rating downgrade last year, GMR did not have significant concerns regarding O’Toole’s retirement. There were three points supporting GMR’s relatively sanguine view.

For one, the succession plan for O’Toole was well-telegraphed. Specifically, CIBC announced the upcoming retirement of O’Toole in 2022, a full year before it occurred. GMR also noted that, internally, the CIBC executive leadership team had developed a succession plan for O’Toole as early as 2020.

In addition, CIBC had a track record of successfully planning for, and navigating, the retirements of key Fixed Income personnel. Vice-Chairman of Global Fixed Income John Braive handed off his day-to-day duties in 2018 following a multi-decade run overseeing flagship CIBC strategies. Moreover, Amanda McPherson, the team’s Head of Credit Research, retired in 2021. There were no significant changes to the investment process or degradation to the performance profile of the Fund following these team departures.

Finally, GMR believed that Lead PM Adam Ditkofsky was a logical and capable successor to O’Toole. Dikofsky worked alongside O’Toole to manage this Fund over market cycles, first as

an Associate PM beginning in 2015, and then as a co-PM from 2018 to 2023.

Impact

Following a year of monitoring, GMR believes a rating upgrade for the Fund is warranted. Not only has O'Toole's retirement had a minimal impact on the Fund's day-to-day operations, but GMR's confidence in the strategy has improved.

CIBC continues to invest in its Fixed Income franchise. The team added Sandor Polgar, a veteran PM with expertise in duration and yield curve strategies, in 2023 to backfill for O'Toole's departure. The team also welcomed Diana Li as an Associate PM in 2024 to build their "next generation" of talent. Additionally, the team continued to upgrade their analytical tools, ESG framework, and reporting capabilities in an effort to improve the investment process.

Closing Remarks

GMR rates this Fund In Good Standing as of August 2024. The Fund is positioned in line with the PM team's longstanding philosophy. We have confidence that the Fund can continue to achieve its investment objectives over market cycles.



The Manufacturers Life Insurance Company (Manulife)

Group Retirement products and services are offered through The Manufacturers Life Insurance Company (Manulife). Manulife, Stylized M Design, and Manulife & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license. The i-Watch® Alert and i-Watch® Notice are Manulife Global Manager Research ('GMR') publications. The information contained herein is neither all-inclusive nor guaranteed by GMR and is subject to change as market and other conditions warrant.

© 2024 The Manufacturers Life Insurance Company. All rights reserved. Accessible formats and communication supports are available upon request. Visit [Manulife.ca/accessibility](https://www.manulife.ca/accessibility) for more information. Manulife, PO Box 396, Waterloo, ON N2J 4A9.