

Notice of Special Meeting and
Management Information
Circular for the
Securityholders of

Manulife Floating Rate Income Fund

To be held virtually on:
Thursday, October 1, 2020
commencing
at 10:00 a.m. (Toronto time)

September 8, 2020

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Notice of special meeting of the Securityholders of Manulife Floating Rate Income Fund

This is notice that a special meeting of the securityholders of Manulife Floating Rate Income Fund (the “**Fund**”) will be held solely as a virtual meeting on Thursday, October 1, 2020 (the “**Meeting**”). The Meeting will be held at 10:00 a.m. (Toronto time) and securityholders may attend by visiting www.virtualshareholdermeeting.com/MANFRIF2020 and logging in using the 16-digit control number included on the proxy form. The meeting will begin promptly at 10:00 a.m. (Toronto time) and online check-in will begin starting 15 minutes prior.

If the Meeting is adjourned, this notice shall constitute notice of the adjourned Meeting, which will be held virtually on Thursday, October 8, 2020 at 10:00 a.m. (Toronto time). Securityholders may attend the virtual adjourned meeting utilizing the website address noted above.

The purpose of the Meeting is to consider and, if advisable, for securityholders of the Fund:

1. to approve the merger of the Fund into Manulife U.S. Unconstrained Bond Fund (the “**Merger**”) on the basis as described in the accompanying Management Information Circular (the “**Information Circular**”); and
2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

We have provided a description of the matters to be considered at the Meeting in the accompanying Information Circular. The text of the resolution authorizing the matters referred to above is set out in Schedule “A” to the Information Circular. Securityholders of record of the Fund as at the close of business on August 21, 2020 will be entitled to vote at the Meeting.

In light of the COVID-19 global pandemic and the current restrictions on public gatherings, securityholders will not be able to attend the Meeting physically and the Meeting will solely be held virtually. Securityholders and duly appointed proxyholders will have an equal opportunity to participate at the Meeting virtually as they would at a physical meeting, provided they remain connected to the internet at all times during the Meeting. If securityholders encounter any difficulties accessing the virtual Meeting during the check-in or Meeting time, a technical support number will be posted on the virtual Meeting log-in page. Notably, securityholders will be able to listen to the Meeting and to submit questions in real time while the Meeting is being held, and to submit their votes during the Meeting. Securityholders are, however, strongly encouraged to submit their votes or proxy forms ahead of the Meeting. It is securityholders’ responsibility to ensure connectivity for the duration of the Meeting. For any questions regarding securityholders’ ability to participate or vote at the Meeting, please contact Broadridge Financial Solutions at proxy.request@broadridge.com.

We ask securityholders who are unable to attend the virtual Meeting to exercise their right to vote by completing, dating, signing, and returning the enclosed form of proxy in the envelope provided to Broadridge Financial Solutions, Inc. c/o Data Processing Centre, P.O. Box 3700 Stn. Industrial Park, Markham, Ontario L3R 9Z9. In lieu of delivery by mail or courier, a completed form of proxy may be faxed to 905-507-5352 or 514-281-8911. In the alternative, securityholders may enter voting instructions by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French) or via the internet at www.proxyvote.com by using the 16-digit control number located across from the name of the Fund in the enclosed form of proxy.

In order to be valid and acted upon at the Meeting, a properly completed form of proxy or your voting instructions, if provided by mail, fax or telephonically, must be received by 10:00 a.m. (Toronto time) on September 30, 2020. If the Meeting is adjourned or postponed, a properly completed form of proxy or your voting instructions, if provided by mail, fax or telephonically, must be received not later than 24 hours (excluding Saturdays, Sundays, and holidays) prior to the commencement of the adjourned or postponed Meeting.

Securityholders are encouraged to vote in advance of the Meeting at www.proxyvote.com. Even if you currently plan to participate in the virtual Meeting, you should consider voting your units by proxy in advance so that your vote will be counted if you later decide not to virtually attend the Meeting or in the event that you are unable to access the Meeting for any reason.

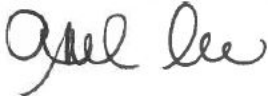
Securityholders or their duly appointed proxy will also be authorized to vote electronically during the Meeting by going to www.proxyvote.com and by following the instructions to vote by internet.

The Manager of the Funds recommends that securityholders vote for the Merger.

The Independent Review Committee of the Fund has reviewed the potential conflict of interest matters related to the Merger and has provided a favourable recommendation having determined that the Merger, if implemented, achieves a fair and reasonable result for the Manulife Floating Rate Income Fund and Manulife U.S. Unconstrained Bond Fund.

DATED at Toronto, Ontario this 8th day of September 2020.

By order of the Board of Directors of Manulife Investment Management Limited (as trustee and as manager of the Fund)



Anick Morin
General Counsel and Secretary

Management information circular

Manulife Floating Rate Income Fund (the “Fund” or the “Terminating Fund”)

September 8, 2020

Solicitation of proxies

The information contained in this Management Information Circular (“**Information Circular**”) is provided by Manulife Investment Management Limited (the “**Manager**”), in connection with the solicitation of proxies on behalf of the Manager of the Funds, to be used at the special meeting (the “**Meeting**”) of the securityholders of the Fund.

The Meeting will be held solely as a virtual meeting on Thursday, October 1, 2020. The Meeting will be held at 10:00 a.m. (Toronto time) and securityholders may attend by visiting www.virtualshareholdermeeting.com/MANFRIF2020 and logging in using the 16-digit control number included on the proxy form. The meeting will begin promptly at 10:00 a.m. (Toronto time) and online check-in will begin starting 15 minutes prior.

In light of the COVID-19 global pandemic and the current restrictions on public gatherings, securityholders will not be able to attend the Meeting physically and the Meeting will solely be held virtually. Securityholders and duly appointed proxyholders will have an equal opportunity to participate at the Meeting virtually as they would at a physical meeting, provided they remain connected to the internet at all times during the Meeting. If securityholders encounter any difficulties accessing the virtual Meeting during the check-in or Meeting time, a technical support number will be posted on the virtual Meeting log-in page. Notably, securityholders will be able to listen to the Meeting and to submit questions in real time while the Meeting is being held, and to submit their votes during the Meeting. Securityholders are, however, strongly encouraged to submit their votes or proxy forms ahead of the Meeting. It is securityholders’ responsibility to ensure connectivity for the duration of the Meeting. For any questions regarding securityholders’ ability to participate or vote at the Meeting, please contact Broadridge Financial Solutions at proxy.request@broadridge.com.

We ask securityholders who are unable to attend the virtual Meeting to exercise their right to vote by completing, dating, signing and returning the enclosed form of proxy in the envelope provided to Broadridge Financial Solutions, Inc. c/o Data Processing Centre, P.O. Box 3700 Stn. Industrial Park, Markham, Ontario L3R 9Z9. In lieu of delivery by mail or courier, a completed form of proxy may be faxed to 905-507-5352 or 514-281-8911. In the alternative, securityholders may enter voting instructions by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French) or via the internet at www.proxyvote.com by using the 16-digit control number located across from the name of the Fund in the enclosed form of proxy.

In order to be valid and acted upon at the Meeting, a properly completed form of proxy or your voting instructions, if provided by mail, fax or telephonically, must be received by 10:00 a.m. (Toronto time) on September 30, 2020. If the Meeting is adjourned or postponed, a properly completed form of proxy or your voting instructions, if provided by mail, fax or telephonically, must be received not later than 24 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjourned or postponed Meeting.

Securityholders are encouraged to vote in advance of the Meeting at www.proxyvote.com. Even if you currently plan to participate in the virtual Meeting, you should consider voting your units by proxy in advance so that your vote will be counted if you later decide not to virtually attend the Meeting or in the event that you are unable to access the Meeting for any reason.

Securityholders or their duly appointed proxy will also be authorized to vote electronically during the Meeting by going to www.proxyvote.com and by following the instructions to vote by internet.

If the Meeting is adjourned, this notice shall constitute notice of the adjourned Meeting, which will also be held virtually on Thursday, October 8, 2020 at 10:00 a.m. (Toronto time). Securityholders may attend the virtual adjourned meeting utilizing the website address noted above. If the Meeting is adjourned, a mailed notice may not be provided in respect of the reconvening of the adjourned Meeting. However, the Manager may issue a press release announcing the reconvening of the adjourned Meeting.

Quorum for the Meeting, or an adjourned meeting, is two or more securityholders present virtually (i.e. attending via internet) or represented by proxy. We anticipate that the solicitation of proxies will principally be done through the internet and by telephone.

The Manager will bear all costs of the Meeting, including the solicitation of proxies for the Meeting. Except as otherwise stated, the information contained in this Information Circular is given as of August 21, 2020.

The Manager is sending proxy-related materials directly to non-objecting beneficial owners of the Fund. An intermediary has been retained and will be paid to send the proxy-related materials to objecting beneficial owners.

Securityholders of the Fund can obtain the simplified prospectus and annual information form for Manulife U.S. Unconstrained Bond Fund (the “**Continuing Fund**” and together with the Terminating Fund, the “**Funds**”), at no cost, by calling the Manager toll-free at 1-888-588-7999, or by visiting manulifeim.ca or at www.sedar.com. A French version of this Information Circular can be obtained at no cost by visiting sedar.com or by contacting the Manager. In addition to this Information Circular, Securityholders of the Terminating Fund are also being provided with, where applicable, the appropriate Fund Facts for the Continuing Fund.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements included in this Information Circular may constitute “forward-looking statements”. All statements, other than statements of historical fact, included in this Information Circular that address future activities, events, developments, or financial performance, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future”, or “continue” or the negatives thereof or similar variations. These forward-looking statements are based on certain assumptions and analyses made by the Manager and its management in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. Securityholders are cautioned not to put undue reliance on such forward-looking statements, which reflect the analysis of management of the Manager only as of the date of this Information Circular and are not a guarantee of performance. Such forward-looking statements are subject to a number of uncertainties, assumptions and other factors, many of which are outside the control of the Manager that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. The Manager undertakes no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Purpose of the meeting

The purpose of the Meeting is to consider and, if advisable for securityholders of the Fund:

1. to approve the merger of the Fund into the Continuing Fund on the basis as described in this Information Circular (the “**Merger**”); and
2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Proposal

Proposed Merger

Pursuant to the requirements of applicable legislation, the Manager is seeking the approval for the Merger from securityholders of the Fund. The full text of the resolution relating to the Merger to be considered at the Meeting is set out at Schedule “A” to this Information Circular.

Provided all requisite approvals are obtained, including regulatory approval, the Merger will become effective after the close of business on October 23, 2020 (the “**Effective Date**”). The Manager may postpone implementing the Merger until a later date (which shall be no later than December 31, 2020) and, notwithstanding the receipt of all required approvals, may elect not to proceed with the Merger for any reason, including if it considers such decision to be in the best interests of the securityholders of the Fund.

A comparison of the similarities and material differences between the Funds are set out under the heading “**Merger Details**” below. The implications of the Merger, including the tax consequences, are also described herein.

Reasons for the proposed fund merger

The Manager believes that the Merger is in the best interests of the securityholders of the Fund for the following reasons:

Allows non-registered securityholders of the Terminating Fund to trigger accrued losses on their units

The Terminating Fund is in a net capital loss position (realized and unrealized). In most cases, securityholders will also have accrued losses on their units, therefore it can be more advantageous for securityholders to trigger the losses and use them against capital gains from other sources. As of April 22, 2020, 98% of the non-registered securityholders had unrealized losses accrued on their units. Due to the nature of its investment portfolio, the Terminating Fund is not expected to generate sufficient capital gains to offset all such capital losses in the short term.

Same or Lower Fees

In some cases, and depending on the series of the Terminating Fund held, securityholders of the Terminating Fund will benefit from a decrease in management fees. More specifically, Advisor and T Series securityholders will receive a fee reduction of 13 bps and 10 bps respectively while Series D, Series F and Series FT securityholders will receive a fee reduction of 1 bps. None of the securityholders of the Terminating Fund will be subject to a higher management fee in the Continuing Fund. It is also anticipated that the default management fees of Series I units of the Continuing Fund will be reduced by 0.03% on the Effective Date. The fixed administration fee for each series of the Continuing Fund is also the same as the corresponding series of the Terminating Fund, other than the fixed administration fee of Series M of the Continuing Fund which is 1 bps lower than the fixed administration fee of the corresponding series of the Terminating Fund.

Eliminating Redundancy

In the opinion of the Manager, the Terminating Fund would generally attract the same type of investor as the Continuing Fund. As a result, the Merger is expected to contribute towards reducing duplication and redundancy across the Manulife fund line-up and may potentially reduce the administrative and regulatory operating costs and expenses associated with the Funds.

Liquidity Risk Profile

In the opinion of the Manager, the Terminating Fund has shown an increase liquidity risk profile for its fixed income portfolio. The Merger would result in a reduction of the liquidity risk for Terminating Fund securityholders while allowing an exposure to floating rate loans and other floating rated debt securities in a diversified fixed income portfolio.

Creating Critical Mass and Profile

If the Merger occurs, the Continuing Fund will have an asset base of greater size, thereby allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions. The ability to increase diversification may lead to increased returns and a reduction of risk, while at the same time creating a higher profile that should attract more investors—an important factor in helping to create critical mass.

Merger details

Comparison of Material Attributes of the Funds

Fund	Manulife Floating Rate Income Fund (the Terminating Fund)	Manulife U.S Unconstrained Bond Fund (the Continuing Fund)
Manager	Manulife Investment Management Limited	Manulife Investment Management Limited
Type of Fund	Floating Rate Debt	U.S. Fixed Income
Fundamental Investment Objective	Income Generation: The Fund will invest primarily in a combination of income-producing floating rate loans and other floating rate debt securities of domestic and foreign issuers. The Fund may also purchase fixed income debt instruments and money market securities of domestic and foreign issuers.	The fundamental investment objective of the Fund is to seek to provide long-term total return consisting of income and the potential for capital appreciation by investing primarily in a portfolio of U.S. investment grade and high yield debt securities.
Fund Risk Classification	Low to Medium	Low to Medium
Eligible Registered Plans	Securities are qualified investments for Registered Plans.	Securities are qualified investments for Registered Plans.
Portfolio Advisor	Manulife Investment Management Limited	Manulife Investment Management Limited
Sub-Advisor	Manulife Investment Management (US) LLC	Manulife Investment Management (US) LLC
Net Asset Value	\$109,420,347.94	\$181,218,760.12
Annual Management Fees	Advisor Series securities: 1.38% Series F securities: 0.71% Series FT securities: 0.71% Series T securities: 1.35% Series D securities: 0.89% Series I securities: 0.72% Series G securities: 0.00% Series M securities: 0.00%	Advisor Series securities: 1.25% Series F securities: 0.70% Series FT securities: 0.70% Series T securities: 1.25% Series D securities: 0.88% Series I securities: 0.75% ¹ Series G securities: 0.00% Series M securities: 0.00%
Fixed Administration Fee	0.18% (other than Series I, Series G and Series M) Series I: 0.13% Series G: 0.00% Series M: 0.05%	0.18% (other than Series I, Series G and Series M) Series I: 0.13% Series G: 0.00% Series M: 0.04%
Management Expense Ratio ("MER") as at the Fund's Interim period end ²	Advisor Series securities: 1.73% Series F securities: 0.99% Series FT securities: 0.99% Series T securities: 1.73% Series D securities: 1.20% Series I securities: 0.14% Series G securities: 0.00% Series M securities: 0.06%	Advisor Series securities: 1.59% Series F securities: 0.98% Series FT securities: 1.00% Series T securities: 1.55% Series D securities: 1.18% Series I securities: 0.14% Series G securities: 0.00% Series M securities: 0.05%

¹ The default annual management fees of Series I securities of the Continuing Fund will be lowered to 0.72% upon completion of the Merger.

² The Fund's interim period end is June 30, 2020.

Fund	Manulife Floating Rate Income Fund (the Terminating Fund)	Manulife U.S Unconstrained Bond Fund (the Continuing Fund)
MER without expense absorption by MI as at Fund's interim period end	Advisor Series securities: 1.73% Series F securities: 0.99% Series FT securities: 0.99% Series T securities: 1.73% Series D securities: 1.20% Series I securities: 0.14% Series G securities: 0.00% Series M securities: 0.06%	Advisor Series securities: 1.59% Series F securities: 0.99% Series FT securities: 1.00% Series T securities: 1.55% Series D securities: 1.18% Series I securities: 0.14% Series G securities: 0.00% Series M securities: 0.05%

	Annual Return	1 year	3 years	5 years	Since Inception	Annual Return	1 year	3 years	5 years	Since Inception
Advisor series		5.9%	2.5%	2.6%	3.5%	Advisor series	11.3%	4.3%	5.6%	5.3%
Series F		6.7%	3.3%	3.4%	4.2%	Series F	12.0%	5.1%	6.5%	6.2%
Series FT		6.7%	3.3%	3.4%	3.8%	Series FT	11.9%	5.5%	6.7%	6.5%
Series T		5.9%	2.5%	2.6%	3.1%	Series T	11.4%	4.4%	5.6%	5.3%
Series D		7.2%	3.8%	3.6%	3.1%	Series D	11.8%	5.4%	6.6%	6.1%
Series I		7.6%	4.2%	4.3%	5.1%	Series I	13.0%	6.0%	7.4%	7.2%
Series G		7.8%	4.3%	4.4%	5.2%	Series G	13.1%	6.2%	7.6%	7.4%
Series M		7.7%	4.2%	4.3%	3.9%	Series M	13.1%	N/A	N/A	5.8%

Valuation Procedures	The assets and liabilities of the Funds are determined using the same valuation procedures.
Distribution Policies	The Funds have similar distribution policies. For all series, except Series FT securities and Series T securities, income is distributed monthly, if any, and capital gains, if any, are distributed annually in December. For Series FT and Series T securities, income and/or return of capital is distributed monthly, and capital gains, if any, are distributed annually in December. Monthly distributions are made based on a target distribution rate of 6% per annum of the net asset value per security of the Terminating Fund (or Continuing Fund, as applicable) determined at December 31 of the prior year.
Fees Payable Directly by Investors	Manulife U.S. Unconstrained Bond Fund has the same policy as Manulife Floating Rate Income Fund with respect to fees payable by securityholders. In particular, securities of Manulife U.S. Unconstrained Bond Fund acquired by securityholders upon the proposed Merger will be subject to the same redemption fees to which their securities of Manulife Floating Rate Income Fund were subject prior to the Merger.

Procedures for the merger

If approvals not obtained

If the Merger does not receive the required securityholder and regulatory approvals, the Manager will consider other options for the Terminating Fund, including, but not limited to, continuing, winding-up or terminating the Terminating Fund.

Costs of the merger

Neither the Terminating Fund, nor the Continuing Fund, will bear any of the costs and expenses associated with the Merger. Such costs will be borne by the Manager. These costs may include legal and accounting fees, brokerage costs, proxy solicitation, printing and mailing costs, regulatory fees and back-office system conversion costs.

Specific procedures to implement merger

The Merger is a trust to trust, taxable, merger and will be structured substantially as follows:

- i. Securityholders of the Terminating Fund will be asked at the Meeting to approve the Merger and such other matters as are set forth in the resolution in respect of the Merger attached as Schedule "A" to this Information Circular.
- ii. The Declaration of Trust governing the Terminating Fund will be amended, as required, so as to permit such actions as are necessary to complete the Merger.
- iii. The Terminating Fund will transfer all its assets and liabilities to the Continuing Fund for an amount equal to the net value of assets transferred, which amount will be satisfied as described in (v) below.
- iv. As required, the Terminating Fund will declare, pay and automatically reinvest a distribution to its unitholders of net income, if any, to ensure that it will not be subject to tax for its current tax year.
- v. The Continuing Fund will issue securities (as described in (vii) below) to the Terminating Fund having a net asset value equal to the net value of assets transferred by the Terminating Fund to the Continuing Fund.
- vi. The Terminating Fund will redeem its outstanding securities and pay the redemption price for these securities by distributing securities of the Continuing Fund to the Terminating Fund's securityholders.
- vii. Securityholders of the Terminating Fund will receive securities of the Continuing Fund as follows:

Manulife Floating Rate Income Fund	into	Manulife U.S. Unconstrained Bond Fund
Advisor Series securities	into	Advisor Series securities
Series F securities	into	Series F securities
Series FT securities	into	Series FT securities
Series T securities	into	Series T securities
Series D securities	into	Series D securities
Series G securities	into	Series G securities
Series I securities	into	Series I securities
Series M securities	into	Series M securities

- viii. Securities of the Continuing Fund received by the securityholders of the Terminating Fund will have an aggregate net asset value equal to the aggregate net asset value of the securities of the Terminating Fund which are being redeemed.

Notwithstanding the receipt of all required approvals, the Manager may in its discretion, decide not to proceed with, or may delay, the Merger for any reason.

Should all requisite securityholder and regulatory approvals be received, the Merger is expected to be effective on the Effective Date. The Fund will be capped to switches and transfers out over Fundserv after 4:00 p.m. (Toronto time) on October 22, 2020. Securityholders will have the right to redeem the securities of the Fund up to 4:00 p.m. (Toronto time) on the Effective Date for direct orders and as of 4:00 p.m. (Toronto time) on October 21, 2020 for wire orders over Fundserv. Following the Merger, pre-authorized chequing plans, systematic withdrawal plans and other active optional services which had been established with respect to the Fund, will be re-established with respect to the Continuing Fund unless securityholders or their advisor advise the Manager otherwise.

Required approvals for the merger

To give effect to the Merger, approval must be given by the affirmative vote of at least a majority of the votes cast at the Meeting by or on behalf of securityholders of the Fund by voting in favour of the resolution as set forth in Schedule "A" to this Information Circular.

The Manager will make such changes to the Fund prior to the Merger as may be necessary to fulfill regulatory and other requirements, including realigning the investments within the Fund to conform with the Continuing Fund. The Fund and the Continuing Fund may, if necessary to be fair to all securityholders, distribute before the Merger, income and/or net realized capital gains for the period from the beginning of their taxation year to the Effective Date of the Merger.

Applicable securities legislation also requires that approval of the Merger be granted by the Canadian securities regulatory authorities because: (i) the fundamental investment objective of the Continuing Fund may not be considered to be "substantially similar" by a reasonable person to the investment objective of the Terminating Fund (as per section 5.6(1)(a) of National Instrument 81-102 - Investment Funds ("NI 81-102")); and (ii) the Merger is being conducted on a taxable basis (as per section 5.6(1)(b) of NI 81-102). On August 6, 2020, the Manager applied to the Canadian securities regulatory authorities for such regulatory approval of the Merger.

Canadian federal income tax considerations for the proposed fund merger

General

The following is a general summary of the principal Canadian federal income tax consequences of the proposed Merger relevant to a securityholder of the Fund who, for purposes of the *Income Tax Act* (the "**Tax Act**"), at all relevant times, is an individual (other than a trust) resident in Canada who holds securities of the Funds as capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Tax Regulations**"), all specific proposals to amend the Tax Act and the Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and current publicly available administrative practices and assessing policies published by the Canada Revenue Agency. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative action or decision, or changes in the administrative practices of the Canada Revenue Agency, nor does it consider other federal, provincial, territorial or foreign income tax consequences.

This summary is of a general nature only and is not intended to be, nor should it be treated as, legal or tax advice to any particular securityholder. It is not exhaustive of all possible tax consequences. Securityholders should consult their own tax advisors for advice about their specific circumstances.

In this summary, a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account or deferred profit sharing plan, all as defined in the Tax Act, are collectively referred to as “**Registered Plans**” and individually referred to as a “**Registered Plan**.”

Redemption before merger

A securityholder who redeems securities of the Fund before the Merger will realize a capital gain (or capital loss) in the amount by which the proceeds of redemption of the securities exceed (or are exceeded by) the aggregate of the securityholder’s adjusted cost base of those securities and any reasonable costs of disposition. A securityholder who holds securities directly, rather than in a Registered Plan, must include one-half of any capital gain so realized in income and may deduct one-half of any capital loss (allowable capital loss) so realized against taxable capital gains of the securityholder in accordance with detailed rules in the Tax Act. Allowable capital losses in excess of taxable capital gains realized in any year may, subject to certain limitations under the Tax Act, be carried back three years or forward indefinitely for deduction against taxable capital gains realized in those years. If securities are held by a Registered Plan, capital gains realized on a redemption of securities will be exempt from tax. Withdrawals from the Registered Plan, other than withdrawals from a tax-free savings account and certain permitted withdrawals from a registered education savings plan or a registered disability savings plan, are generally fully taxable.

Tax consequences to Manulife Floating Rate Income Fund

The Merger will occur on a taxable basis and, as such, the Fund will realize any remaining accrued capital gains or accrued capital losses in its assets as a result of the transfer of its net assets to the Continuing Fund. The Fund will be terminated as soon as reasonably practical after the distribution of securities of the Continuing Fund by the Fund, in any event, by no later than December 31, 2020. To the extent necessary, the Fund will distribute to its securityholders a sufficient amount of the Fund’s income for its final taxation year to ensure that the Fund will not be required to pay any income tax. The Fund does not expect to have any net realized capital gains in its final taxation year.

The Fund does not expect to use all of its losses, including any accrued losses realized as described above, with the result that such losses cannot be used to shelter income or gains arising after the Merger and will therefore expire. Consequently, securityholders of the Fund who do not hold securities in a Registered Plan may receive a taxable distribution earlier (from the Continuing Fund) than they would otherwise have received (from the Fund) had the Fund not merged. However, as the Merger is being proposed to be completed on a taxable basis, tax losses of the Continuing Fund will be available to be used after the Merger.

Tax consequences to securityholders of Manulife Floating Rate Income Fund

Securityholders of the Fund will be subject to the same tax consequences on distributions for the current taxation year as on regular year-end distributions made by the Fund. Unless their securities are held in a Registered Plan, securityholders of Manulife Floating Rate Income Fund will receive a statement for tax purposes identifying their share of such distributions, if any.

Securityholders of the Fund will be considered to dispose of their securities in the Fund in exchange for securities of the Continuing Fund. Securityholders of the Fund will realize any capital gain or loss for tax purposes as a result of the exchange of securities in the amount by which the fair market value of the securities of the Continuing Fund received on the redemption exceeds (or is exceeded by) the aggregate of the securityholder’s adjusted cost base of his or her securities of the Fund. The fair market value on the date of the Merger of a securityholder’s securities of the Continuing Fund received on the Merger will become the aggregate adjusted cost base to the securityholder of the securities of the Fund received on the Merger. A securityholder’s adjusted cost base of new securities of the Continuing Fund acquired on the Merger will be

averaged with the adjusted cost base of other securities of the Continuing Fund already owned by the securityholder. A securityholder who holds securities of the Fund directly, rather than in a Registered Plan, must include one-half of the capital gain in income and may deduct one-half of the capital loss against taxable capital gains of the securityholder subject to and in accordance with detailed rules in the Tax Act.

The chart below provides additional information on potential tax implications to non-registered securityholders of the Fund in an unrealized gain position as of April 22, 2020.

Number of Securityholders	Number of Non-Registered Securityholders	Non-Registered Securityholders with unrealized Capital Gain	Average of potential Capital Gain per Securityholder (\$)	Potential Capital Gain as a % of the Net Asset Value of the Securityholders' Units
4498	1233	29	398	3.8%

Eligibility for registered plans

Securities of both Funds are qualified investments for Registered Plans.

Harmonized sales tax (HST)

As a result of the Merger, HST charged to a series of the Continuing Fund on fees and other expenses may be greater or less than the HST that would otherwise be charged to the Continuing Fund or the Terminating Fund had the Merger not occurred, depending on the proportion of the total value of the series attributable to each of the Funds immediately after the Merger and the residential information used to calculate the HST for the Terminating Fund's or the Continuing Fund's series immediately prior to the Merger.

Management of the fund

Pursuant to the terms of the master management agreement, as amended from time to time, between the Manager and the trustee on behalf of the Fund (the "**Management Agreement**"), the Manager provides the Fund with management and administrative services and facilities described in the Management Agreement in return for a management fee. The Manager pays a portion of these fees to the portfolio advisor of the Fund. The portfolio advisor is an affiliate of the Manager. The Management Agreement will continue in force until terminated by either party to the agreement upon 90 days' prior written notice of termination.

The Manager is an indirect wholly-owned subsidiary of The Manufacturers Life Insurance Company ("**MLI**") which, in turn, is a wholly-owned subsidiary of Manulife Financial Corporation, a Toronto Stock Exchange-listed holding company.

The management fees paid by the Fund to the Manager during the year ended December 31, 2019, and from January 1, 2020 up to and including August 21, 2020, were as follows:

Fund	Management Fees Paid for most recent year end	Management Fees Paid from most recent year end up to and including August 21, 2020
Manulife Floating Rate Income Fund	\$1,464,160	\$609,446

As of August 21, 2020, the name, municipality of residence, and position held with the Manager of each of the directors and executive officers of the Manager are as follows:

Name and municipality of residence	Position with the Manager
Stephanie Fadous Scarborough, Ontario	Director

Name and municipality of residence	Position with the Manager
J. Roy Firth Toronto, Ontario	Director, Chairman and Audit Committee Member
Bruce Gordon, Waterloo, Ontario	Director, Audit Committee Member
Trevor Kreel Toronto, Ontario	Director, Senior Vice President
Bernard Letendre Toronto, Ontario	Director, President, Chief Executive Officer and Ultimate Designated Person
Susan Reibel Waterloo, Ontario	Director
Yanic Chagnon Boucherville, Quebec	Head of Investment Product, Canada
Lori Howse-McNab Ariss, Ontario	Chief Financial Officer
Anick Morin Montreal, Quebec	General Counsel and Secretary
Elizabeth Saati Toronto, Ontario	Assistant Secretary
Christopher Walker Stirling, Ontario	Chief Compliance Officer

None of the directors or executive officers of the Manager is paid or otherwise compensated or reimbursed for expenses by the Fund. Other than ownership of securities of the Fund, none of the above individuals was indebted to or had any transaction or arrangement with the Fund during the last fiscal year of the Fund. The Fund has not paid, and is not obligated to pay, any remuneration to the directors and officers of the Manager.

Voting procedures and proxies

Appointment and revocation of proxies

The persons named in the form of proxy sent to you are representatives of the Manager. You have the right to appoint some other person (who need not be a securityholder of the Fund) to attend or act on your behalf at the Meeting by striking out the printed names and inserting the name of such other person in the blank space provided in the form of proxy, or by completing another proxy in the proper form.

In order to appoint some other person to attend or act on your behalf at the Meeting, you will need to create and provide a unique eight character appointee identification number for your appointee to access the Meeting in the space provided on the proxy or online at www.proxyvote.com. You must then provide your appointee with such identification number and the exact name you entered on the proxy or at www.proxyvote.com.

To be valid, proxies must be delivered or mailed to Broadridge Financial Solutions, Inc., c/o Data Processing Centre, P.O. Box 3700 Stn. Industrial Park, Markham, Ontario L3R 9Z9. In lieu of delivery by mail or courier, a completed form of proxy may be faxed to 905-507-5352 or 514-281-8911. In the alternative, investors may enter voting instructions by telephone at 1-800-474-7493 (English) or 1-800-474-7501 (French). You may also appoint yourself or such other person (other than the named proxyholders) online at www.proxyvote.com as this will reduce the risk of any mail disruptions in the current environment and will allow you to share the appointee information you have created with any other person you have appointed to represent you at the Meeting more easily.

If you do not designate the appointee information when completing your form of proxy or if you do not supply the exact appointee identification number and appointee name to any other person (other than the named proxyholders) who has been appointed to access and vote at the Meeting on your behalf, that other person will not be able to access the Meeting and vote on your behalf. You must provide your appointee the EXACT NAME and EIGHT CHARACTER APPOINTEE IDENTIFICATION NUMBER to access the Meeting. Appointees can only be validated at the Meeting using the exact name and eight character appointee identification number you enter. If you do not create an eight character appointee identification number, your appointee will not be able to access the virtual Meeting.

In order to be valid and acted upon at the Meeting, a properly completed form of proxy or your voting instructions, if provided by mail, fax or telephonically, must be received by 10:00 a.m. (Toronto time) on September 30, 2020. You may also vote by internet during the Meeting by visiting www.proxyvote.com. You will need your 16-digit control number listed on the form of proxy. If the Meeting is adjourned or postponed, a properly completed form of proxy or your voting instructions, if provided by mail, fax or telephonically, must be received not later than 24 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any adjourned or postponed Meeting.

If you give a proxy, you may revoke it in relation to any matter, provided a vote has not already been taken on that matter. You can revoke your proxy by:

- completing and signing a proxy bearing a later date and depositing it as described above;
- depositing a written revocation executed by you, or by your attorney who you have authorized in writing to act on your behalf, at the above address at any time up to and including the last business day preceding the day of the Meeting, or any postponement(s), adjournment(s) or continuance(s), at which the proxy is to be used; or
- any other manner permitted by law.

Exercise of discretion by proxies

The management representatives designated in the enclosed form of proxy will vote the securities for which they are appointed proxy in accordance with your instructions as indicated on the form of proxy.

In the absence of such direction, such securities will be voted by the management representatives FOR the resolution set out in Schedule “A” to this Information Circular.

The form of proxy sent to you confers discretionary authority on the designated management representatives or any other proxy you may have designated, relating to amendments to, or variations of, matters identified in this Information Circular and relating to other matters which may properly come before the Meeting. As at the date of this Information Circular, the Manager does not know of any such amendments, variations, or other matters.

Voting securities and principal holders thereof

August 21, 2020 has been established as the record date for the determination of securityholders of the Fund entitled to receive notice of the Meeting. Only securityholders of record on such record date are entitled to vote at the Meeting except to the extent that any such securityholder has transferred any of his or her Securities after such record date and the new holder of those Securities establishes to the satisfaction of the Manager that such transferee owns the Securities and makes arrangements with the Manager to have his or

her name included on the Fund's register of securityholders before the commencement of the Meeting, in which case that person will be entitled to vote at such Meeting. As at the close of business on August 21, 2020, the Fund had the approximate numbers of issued and outstanding securities as set out in the table below:

Fund	Number of Issued and Outstanding Securities
Manulife Floating Rate Income Fund	11,186,228.94

As at August 21, 2020, the directors and executive officers of the Manager as a group beneficially owned, directly or indirectly, less than 10% of the securities of any series of the Fund. To the knowledge of the directors and executive officers of the Manager, as of the close of business on August 21, 2020, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting rights attached to the securities of a series of the Fund entitled to be voted at the Meeting, except as set forth in the following table:

Name of Beneficial Holder	Number of Securities Held	Percentage of Securities Held
Manulife Floating Rate Income Fund (Segregated Fund)	1,173,969.891	10.49%

Securities of the Fund that are held by mutual funds managed by the Manager or by an affiliate of the Manager will not be voted at the Meeting. The Manager, or an affiliate of the Manager, may however also directly own securities of the Fund which may be used for quorum purposes, if required, and, if so, also voted by the Manager in favour of the proposal. The Manager further understands that affiliates that own securities directly will also be voting in favour of the proposal.

As of the close of business on August 21, 2020, MLI, an affiliate of the Manager, and the Manager owned securities of the Fund, as set forth in the following table:

Series	Name of Beneficial Holder	Number of Securities Held	Percentage of Securities Held ³
D	The Manufacturers Life Insurance Company	13.06	2.27%
M	The Manufacturers Life Insurance Company	14.12	0.00%
F	The Manufacturers Life Insurance Company	11.61	0.00%
G	The Manufacturers Life Insurance Company	17.59	0.00%
I	The Manufacturers Life Insurance Company	11.89	0.00%
FT	The Manufacturers Life Insurance Company	13.03	0.02%

³ For figures shown as 0.00%, the percentage is less than 0.01%.

Series	Name of Beneficial Holder	Number of Securities Held	Percentage of Securities Held ³
T	The Manufacturers Life Insurance Company	13.57	0.01%
I	Manulife Investment Management Limited	11.11	0.00%

MLI is an insurance company and holds securities of the Fund as principal and in connection with its obligations towards its policyholders, the nature of which is determined by reference to the Fund. The securities of the Fund that are held by MLI will be used for quorum purposes if required. If used for quorum purposes, the Manager understands that these securities will also be voted by MLI in favour of a proposal.

Auditor

The auditor of the Funds is Ernst & Young, LLP, 100 Adelaide Street West, Toronto, Ontario, M5H 1S3.

Additional information

Additional information about the Funds is available in their Simplified Prospectus, Annual Information Form, Fund Facts, Management Report of Fund Performance and Financial Statements. You can get a copy of these documents upon request and at no cost, by calling the Manager toll-free at 1 888 588 7999 or by e-mail at manulifemutualfunds@manulife.com. These documents and other information about the Funds are also available on the Funds' website www.manulifeim.ca or at www.sedar.com.

Recommendations

Management Recommendation

For the reasons set out in this Information Circular, the board of directors of the Manager recommends that securityholders of the Fund vote in favour of the resolution set out in the attached Schedule "A" to this Information Circular.

Independent Review Committee

National Instrument 81-107 Independent Review Committee for Investment Funds ("NI 81-107") requires managers of mutual funds, including the Manager, to bring "conflict of interest" matters as described in NI 81-107 to the Independent Review Committee for its review and recommendations to the manager or, in certain circumstances, approval of the matter. The Merger may give rise to a "conflict of interest" matter as described in NI 81-107. However, NI 81-107 recognizes that even though a manager has the potential for a conflict of interest, a proposal to securityholders may still be fair and reasonable to investors. Further information about the composition and duties of the Independent Review Committee is contained in the Funds' prospectus.

In accordance with the provisions of NI 81-107, the Manager has referred matters relating to the Merger to the Independent Review Committee for its review. The Manager has provided a variety of information to the Independent Review Committee in connection with its review, including the following: (a) an identification of the Manager's conflict of interest in connection with the Merger; and (b) a basis for the Independent Review Committee to conclude that the Merger achieves a fair and reasonable result for the Funds.

Based on the foregoing, the Independent Review Committee has advised the Manager that, after reasonable inquiry, it concluded that the Merger, if implemented, will achieve a fair and reasonable result for the Funds. While the Independent Review Committee has considered the proposed Merger from a "conflict of interest" perspective, it is not the role of the Independent Review Committee to recommend that securityholders vote in favour of the Merger.

Securityholders should review the proposed Merger, as described herein, and make their own decisions.

General

The contents of this Information Circular and its distribution have been approved by the Board of Directors of Manulife Investment Management Limited, as trustee of the Fund.

Dated at Toronto, Ontario, this 8th day of September 2020.

By order of the Board of Directors of Manulife Investment Management Limited (as trustee and as manager of the Fund)



Anick Morin
General Counsel and Secretary

Schedule “A”

Merger resolution

Resolution of securityholders of Manulife Floating Rate Income Fund (the “**Fund**”)

WHEREAS it is in the best interests of the Fund and its securityholders to complete the merger of the Fund into Manulife U.S. Unconstrained Bond Fund (the “**Merger**”) as hereinafter provided and as more particularly described in the management information circular dated September 8, 2020 (the “**Information Circular**”);

AND WHEREAS Manulife Investment Management Limited (the “**Manager**”) is the investment fund manager of the Fund;

Be it resolved that:

1. the Merger and all matters relating to the Merger, as more particularly described in the Information Circular, be and the same are hereby authorized and approved;
2. the Declaration of Trust and/or Regulation governing the Fund be amended as may be required to implement or give effect to the Merger;
3. all amendments to any agreements to which the Fund or the Manager, on behalf of the Fund, is a party that are required to give effect to the matters approved in this resolution be and are hereby authorized and approved;
4. the Manager shall have the discretion to postpone implementing the Merger until a later date (which shall be no later than December 31, 2020) if it considers such postponement to be in the best interests of the of the Fund and its securityholders;
5. the Manager is hereby authorized to revoke this resolution for any reason whatsoever in its sole and absolute discretion, without further approval of the securityholders of the Fund, at any time prior to the implementation of the changes described above, if it is considered to be in the best interests of the Fund and its securityholders; and
6. any one officer or director of the Manager is authorized and directed to execute or cause to be executed and to deliver, file and issue or cause to be delivered, filed and issued, all such documents, agreements, and other instruments and to do or cause to be done all such other acts and things as such officers or directors shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, including any amendments to the material agreements of the Fund, such determination to be conclusively evidenced by his or her execution and delivery of such document, agreement, or other instrument or their doing of any such act or thing.