

# Manulife asset allocation portfolios

**March 31, 2026**



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## **Market review**

World equity markets moved slightly lower in the first quarter. The year began on a positive note, with stocks rallying steadily through January and February on continued optimism about the outlook for economic growth and interest rates. This favorable backdrop quickly deteriorated in early March due to the outbreak of conflict in the Middle East. Oil rose sharply following the start of the conflict, fueling fears of higher inflation and a slowdown in the global economy. A sharp rise in bond yields further weighed on stock prices. Not least, shifting day-to-day headlines compounded the uncertainty and dampened investors' appetite for risk. These developments caused major global indexes to surrender all their previous gains and finish in the red, breaking a streak of nine consecutive quarters with positive returns.

Canada's stock market posted a small gain and comfortably outpaced its developed-market peers in the first quarter, building on its long stretch of outperformance. Canadian equities followed a similar path as other global markets, with gains in January and February offset by a March downturn sparked by the conflict in the Middle East. Still, Canada held up better in relative terms due to its high representation of energy stocks. The sector experienced a strong rally and far outpaced the broader market behind the spike in crude oil prices that followed the outbreak of the conflict. However, most other segments of Canada's market finished in the red on worries about the potential for the war to lead to higher inflation and slower growth.

Global bond markets generally declined in a volatile first quarter. Bonds rallied during the first two months of the quarter as economic data continued to paint a mixed picture of economic health in most regions of the globe, while geopolitical uncertainty led to a widespread shift toward risk aversion. In March, however, bond yields soared and prices fell in response to escalating conflict in the Middle East. Prices for energy and other commodities spiked higher, stoking concerns about rising inflation. Although most of the world's central banks held short-term interest rates steady in March, the geopolitical developments led several central banks to raise their inflation forecasts and lower their economic growth projections. For the quarter, global bond yields moved higher across the board, reflecting the increased inflationary concerns. Regionally, North American bond markets held up the best, while bond markets in Europe declined the most. On a sector basis, sovereign government bonds outperformed corporate securities for the quarter.

Canadian bonds edged modestly higher in a volatile first quarter. Bonds rallied during the first two months of the quarter amid mixed economic data and a widespread shift toward risk aversion. Most notably, the Canadian economy contracted in the fourth quarter of 2025, resulting in the weakest calendar-year economic growth rate since 2020. In March, however, bonds gave back most of their gains as bond yields soared in response to escalating conflict in the Middle East. Prices for energy and other commodities spiked higher, stoking concerns about rising inflation. Although the Bank of Canada held short-term interest rates steady throughout the quarter, the geopolitical uncertainty led to wide fluctuations in expectations for the bank's interest-rate policy going forward.

## Portfolio review

During the first quarter of 2026, all portfolios posted positive absolute returns. All trailed their respective benchmarks aside from the Conservative portfolio, which outperformed. From a peer-relative perspective, all portfolios posted 3rd quartile results.

Asset allocation attribution was positive across all portfolios, with an overweight to global-listed infrastructure the largest contributor, the portfolios further supported by an overweight to Canadian small- and mid-cap equities and emerging markets equities, compensating for the negative attribution stemming from an overweight to U.S. equities.

Manager selection was mixed, with the Conservative and Moderate portfolios posting negative results, stemming from weaker results from top fixed-income holdings Manulife Strategic Income Fund and the Manulife Global Unconstrained Bond Fund as well as active Canadian equity managers. Mitigating losses were strong results from the Manulife Global Dividend Fund, and the Manulife IM Emerging Markets Corporate Debt Fund. The opportunistic sleeve was a significant contributor over the period, with holdings in the Canadian energy sector, gold, and Mexican equities all contributing.

## Outlook

As we move through the second quarter of 2026, the global investment environment remains constructive but more complex. Early-year optimism has been tempered by a resurgence in geopolitical risk, most notably in the Middle East, which has driven energy price volatility and renewed inflation sensitivity. Even so, underlying growth and earnings trends remain resilient, and the investment team believes that disciplined diversification and valuation awareness can help portfolios navigate a wider range of potential outcomes.

Macroeconomic conditions continue to diverge across regions. The United States is benefiting from steady growth and sustained investment in productivity enhancing technologies such as artificial intelligence, though elevated valuations argue for balance rather than concentration. In our view, prospects appear more compelling outside the United States. Japan's cyclical momentum and structural reforms support a more favorable outlook, while emerging markets and parts of Asia Pacific stand to benefit from improving trade dynamics, AI-linked supply chains, and relatively attractive valuations. Europe's recovery continues, though geopolitical and energy risks warrant selectivity.

Equity markets remain supported by robust earnings and secular investment themes, but leadership has become narrower and more valuation sensitive. The AI investment cycle is shifting from narrative to build out, favoring enablers such as semiconductors, power infrastructure, and cooling, while reinforcing the importance of earnings delivery and capital discipline. The investment team increasingly favors diversified equity exposure across styles, sectors, and regions. Within Canada, the equity outlook remains constructive, supported by favorable commodity tailwinds and a market composition tilted toward value and cyclical sectors such as materials and industrials. The Bank of Canada is expected to remain on hold through much of 2026, as policymakers balance easing inflation pressures against subdued growth, providing a stable policy backdrop for risk assets. While tariff related risks and trade uncertainty could contribute to near term volatility, the combination of supportive fundamentals, attractive valuations relative to the United States and steady monetary policy leaves the overall outlook favorable.

In fixed income, persistent inflation risks and rising fiscal pressures limit the defensive reliability of duration. A selective approach emphasizing shorter maturities, differentiated credit exposure, and nontraditional diversifiers is essential. Commodities, particularly base metals and gold, continue to offer valuable diversification benefits, while infrastructure and real asset exposures provide income and inflation resilience as correlations between stocks and bonds remain unstable.

Overall, while uncertainty has increased, the outlook for the remainder of 2026 remains cautiously optimistic. A broader diversification toolkit, active asset allocation, and disciplined risk management remain key as investors adapt to a shifting global landscape.

## Opportunistic positions (%)

As of March 31, 2026

Opportunistic positions	Manulife Conservative Portfolio	Manulife Moderate Portfolio	Manulife Balanced Portfolio	Manulife Growth Portfolio
ISHARES S&P/TSX CAPPED ENERGY INDEX ETF	0.25	0.35	0.41	0.56
ISHARES BIOTECHNOLOGY ETF	0.25	0.49	0.50	0.77
Vanguard Communication Services ETF	0.24	0.57	0.97	1.42
Vanguard Information Technology ETF	0.24	0.48	0.48	0.76
iShares MSCI China ETF	0.25	0.25	0.50	0.51
iShares MSCI Mexico ETF	0.50	0.74	1.28	1.57
Vanguard Extended Market ETF	0.25	0.49	0.75	1.02
SPDR Gold Shares	0.25	0.49	0.50	0.51
iShares 1-5 Year Laddered Corporate Bond Index ETF	5.53	4.55	3.55	2.29
Vanguard Canadian Aggregate Bond Index ETF	2.26	1.56	1.11	0.88

Source: Manulife Investments.

## Performance for Manulife asset allocation portfolios vs. benchmarks (%)

As of March 31, 2026

Manulife Asset Allocation Portfolios*	Portfolio manager	3 months	YTD	1 year	3 years	5 years	Since inception	Inception date
Manulife Conservative Portfolio	James Robertson, Manulife Investment Management's Multi-Asset Solutions Team	0.67	0.67	5.01	6.88	3.91	4.00	May 5, 2017
Conservative Portfolio Benchmark		0.60	0.60	5.55	6.85	3.45	—	
Manulife Moderate Portfolio		0.91	0.91	6.99	8.13	4.80	4.97	
Moderate Portfolio Benchmark		0.46	0.46	8.26	9.12	5.36	—	
Manulife Balanced Portfolio		1.11	1.11	9.79	10.48	6.55	6.51	
Balanced Portfolio Benchmark		0.31	0.31	12.11	12.21	7.93	—	
Manulife Growth Portfolio		1.37	1.37	12.51	12.25	7.80	7.66	
Growth Portfolio Benchmark		0.19	0.19	15.10	14.56	9.87	—	

Source: Manulife Investments as of March 31, 2026. Performance histories are not indicative of future performance.

\*Since inception, May 5, 2017, Series F is generally designed for investors who have a fee-based or wrap account with their dealer. Series F performance is net of fees and expenses. Advisor Series is also available and includes a 1.00% trailing commission. Conservative Portfolio Benchmark consists of 40% FTSE Canada Universe Bond Index, 40% Bloomberg Barclays Multiverse Bond Index, 10% S&P/TSX Composite TR Index, 10% MSCI World NR Index. Moderate Portfolio Benchmark consists of 30% FTSE Canada Universe Bond Index, 35% Bloomberg Barclays Multiverse Bond Index, 13% S&P/TSX Composite TR Index, 22% MSCI World NR Index. Balanced Portfolio Benchmark consists of 20% FTSE Canada Universe Bond Index, 25% Bloomberg Barclays Multiverse Bond Index, 18% S&P/TSX Composite TR Index, 37% MSCI World NR Index. Growth Portfolio Benchmark consists of 15% FTSE Canada Universe Bond Index, 15% Bloomberg Barclays Multiverse Bond Index, 22% S&P/TSX Composite TR Index, 48% MSCI World NR Index. The indices cited are widely accepted benchmarks for investment performance within their relevant regions, sectors or asset classes, and represent non-managed investment portfolios. Although these indices are similar to the fund's objectives, there may be material differences including permitted holdings or investment strategies, which may impact returns. Please refer to the Fund Facts of the fund for more information."

We believe applying active asset allocation successfully takes a proven team. Manulife Investment Management's Multi-Asset Solutions Team has built its reputation and global wealth management credentials on its asset allocation expertise.

## Manulife Asset Allocation Portfolios (%)

Manulife asset allocation portfolios' asset mix*	Underlying portfolio manager	Manulife Conservative Portfolio	Manulife Moderate Portfolio	Manulife Balanced Portfolio	Manulife Growth Portfolio
<b>Canadian equity</b>		<b>11.21</b>	<b>14.49</b>	<b>21.08</b>	<b>24.90</b>
<u>Manulife Dividend Income Fund</u>	Conrad Dabiet, Manulife Investment Management Ltd.	1.78	2.64	4.91	5.50
<u>Manulife Fundamental Equity Fund<sup>2</sup></u>	Patrick Blais, Manulife Investment Management Ltd.	2.66	4.40	6.24	6.87
<u>Manulife Multifactor Canadian Large Cap Index ETF</u>	Dimensional Fund Advisors Canada ULC	4.54	5.28	6.78	7.00
<u>Manulife Growth Opportunities Fund</u>	Noman Ali, Manulife Investment Management Ltd.	2.23	2.17	3.15	5.53
<b>U.S. equity</b>		<b>1.79</b>	<b>4.67</b>	<b>10.84</b>	<b>12.41</b>
<u>Manulife U.S. All Cap Equity Fund</u>	Jonathan T. White, Manulife Investment Management (US) LLC	—	1.97	5.35	6.41
<u>Manulife Covered Call U.S. Equity Class</u>	Michael J. Scanlon, Manulife Investment Management Ltd.	1.79	2.70	2.28	1.84
<u>Manulife Multifactor US Large Cap Index ETF</u>	Dimensional Fund Advisors Canada ULC	—	—	3.22	4.15
<b>International equity</b>		<b>—</b>	<b>5.13</b>	<b>8.73</b>	<b>10.63</b>
<u>Manulife World Investment Fund</u>	Mawer Investment Management Ltd.	—	3.12	4.04	4.58
<u>Manulife Multifactor Developed International Index ETF</u>	Dimensional Fund Advisors Canada ULC	—	2.01	2.64	3.41
<u>Manulife Smart International Dividend ETF</u>	Geoffrey Kelley, Manulife Investment Management Ltd.	—	—	2.04	2.63
<b>Emerging-market equity</b>		<b>—</b>	<b>3.44</b>	<b>4.27</b>	<b>6.21</b>
<u>Manulife Emerging Markets Fund</u>	Kathryn Langridge, Manulife Investment Management (Europe) Ltd.	—	1.53	1.92	2.79
<u>Manulife Multifactor Emerging Markets Index ETF</u>	Dimensional Fund Advisors Canada ULC	—	1.91	2.36	3.42
<b>Global equity</b>		<b>7.56</b>	<b>2.42</b>	<b>4.50</b>	<b>12.37</b>
<u>Manulife Global Dividend Fund</u>	Paul Boyne, Manulife Investment Management (US) LLC	4.04	2.42	4.50	5.95
<u>Manulife Global Equity Class</u>	Mawer Investment Management Ltd.	3.53	—	—	—
<u>Manulife Investment Management Global Small Cap Equity Pooled Fund</u>	Ed Ritchie and Bill Talbot, Manulife Investment Management Ltd.	—	—	—	6.41
<b>Alternatives</b>		<b>3.60</b>	<b>3.19</b>	<b>2.77</b>	<b>1.88</b>
<u>Manulife Global Listed Infrastructure Fund</u>	Brookfield Public Securities Group LLC	3.60	3.19	2.77	1.88
<b>Total equity</b>		<b>24.17</b>	<b>33.34</b>	<b>52.19</b>	<b>68.38</b>
<b>Canadian fixed income</b>		<b>31.58</b>	<b>28.63</b>	<b>16.38</b>	<b>9.49</b>
<u>Manulife Bond Fund</u>	Roshan Thiru, Manulife Investment Management Ltd.	22.54	20.42	12.29	5.91
<u>Manulife Core Plus Bond Fund<sup>2</sup></u>	Roshan Thiru, Manulife Investment Management Ltd.	4.51	3.63	2.73	2.27
<u>Manulife Smart Short-Term Bond ETF</u>	Jean-Francois Giroux, Manulife Investment Management LP	4.53	4.58	1.35	1.31
<b>North American fixed income</b>		<b>1.80</b>	<b>—</b>	<b>—</b>	<b>—</b>
<u>Manulife Corporate Bond Fund</u>	Roshan Thiru, Manulife Investment Management Ltd.	1.80	—	—	—
<b>U.S. fixed income</b>		<b>2.48</b>	<b>2.03</b>	<b>1.81</b>	<b>1.81</b>
<u>Manulife U.S. Unconstrained Bond Fund</u>	Caryn Rothman, Manulife Investment Management (US) LLC	2.48	2.03	1.81	1.81
<b>Emerging-market fixed income</b>		<b>4.51</b>	<b>3.63</b>	<b>3.66</b>	<b>3.00</b>
<u>Manulife Investment Management Emerging Markets Corporate Debt Pooled Fund</u>	R. Sanchez-Dahl, Manulife Investment Management Ltd.	4.51	3.63	3.66	3.00
<b>Global multi-sector fixed income</b>		<b>25.47</b>	<b>22.40</b>	<b>15.91</b>	<b>7.04</b>
<u>Manulife Strategic Income Fund</u>	Chris Chapman, Manulife Investment Management (US) LLC	19.84	17.89	13.20	5.23
<u>Manulife Global Unconstrained Bond Fund</u>	Caryn Rothman, Manulife Investment Management (US) LLC	5.63	4.51	2.71	1.81
<b>Total fixed income</b>		<b>65.84</b>	<b>56.69</b>	<b>37.75</b>	<b>21.34</b>
<b>Opportunistic positions</b>		<b>10.00</b>	<b>9.97</b>	<b>10.06</b>	<b>10.28</b>
<b>Total</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\* For illustration purposes only. Breakdowns shown the allocation weights as of March 31, 2026 and subject to change based on market cycle and opportunities for investment. Please consult the Simplified Prospectus for more information.

**1** Formerly Manulife Canadian Stock Fund. On May 25, 2018 the Manulife Canadian Opportunities Fund merged into the Manulife Fundamental Equity Fund. **2** Formerly Manulife Canadian Bond Plus Fund. On May 25, 2018, Manulife Canadian Corporate Bond Fund merged into the Manulife Canadian Unconstrained Bond Fund. On August 1, 2024 Manulife Canadian Unconstrained Bond Fund was renamed Manulife Core Plus Bond Fund **3** Formerly Manulife U.S. Tactical Credit Fund. On May 25, 2018, Manulife High Yield Bond Fund merged into Manulife U.S. Unconstrained Bond Fund. **4** On June 28, 2013 the Manulife Strategic Income Opportunities Fund was converted from a closed-end fund and renamed the Manulife Global Tactical Credit Fund. On April 6, 2018 the Manulife Global Tactical Credit Fund was renamed the Manulife Global Unconstrained Bond Fund. On April 20, 2018, the Manulife Asia Total Return Bond Fund merged into the Manulife Global Unconstrained Bond Fund.

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