

Dear Investor:

I am very pleased to provide you with the annual report of the Independent Review Committee (the “IRC” or the “Committee”) of the publicly offered investment funds managed by Manulife Investment Management Limited, (the “Manager”) with a financial year-end as at December 31, 2019 (the “Funds”).

Each year, the IRC is required to report to investors on its activities.

The activities of the IRC are undertaken within the framework established by National Instrument 81-107 – Independent Review Committee for Investment Funds (“NI 81-107”) that has been adopted in each Canadian jurisdiction.

Briefly, the IRC reviews **conflict of interest matters** that have been identified and referred to the IRC by the Manager. Within the framework established by NI 81-107, the Committee may approve the way in which the Manager proposes to handle a conflict of interest matter or it may provide the Manager with recommendations as to how a conflict of interest matter should be dealt with.

A conflict of interest matter is a situation where a reasonable person would consider the Manager (or an entity related to it), to have an interest that may conflict with the ability of the Manager to act in good faith and in the best interests of the Funds it manages. The IRC’s focus in addressing each conflict situation is to determine whether the Manager’s proposed action achieves a fair and reasonable result for the applicable Fund or Funds.

Throughout the financial year ended December 31, 2019, the IRC addressed **conflict of interest matters** and provided value to the Funds and their investors in other ways including:

- Reviewing the Manager’s policies covering situations where **conflict of interest matters** could arise. Reviewing and assessing the Standing Instructions provided to the Manager in order to give directions on how to address such matters
- Making recommendations to the Manager to achieve increased efficiencies in how the Committee carries out its mandate
- Providing input to the Manager in an effort to manage more effectively the risks associated with the Funds
- Working with the Manager to enhance the governance framework for the Funds; and
- Providing approvals and/or recommendations (depending on the circumstances) in considering several changes and initiatives proposed by the Manager for the Funds.

In these uncertain times affecting financial markets and the day to day lives of most of the people on the planet, the other IRC members and I remain dedicated to work with a view to the best interests of the Funds.

March 17, 2020

“Robert Warren Law”

Robert Warren Law
Chair of the IRC

MANULIFE INVESTMENT MANAGEMENT LIMITED

Independent Review Committee for the

Manulife Closed-End Funds, Manulife Exchange-Traded Funds, and the Manulife Mutual Funds and
Manulife Private Investment Pools (excluding the Manulife Corporate Classes)

Report to Securityholders for the period ended December 31, 2019

MANULIFE INVESTMENT MANAGEMENT LIMITED

REPORT OF THE INDEPENDENT REVIEW COMMITTEE TO SECURITYHOLDERS OF THE MANULIFE CLOSED-END FUNDS, THE MANULIFE EXCHANGE-TRADED FUNDS, AND THE MANULIFE MUTUAL FUNDS AND MANULIFE PRIVATE INVESTMENT POOLS (EXCLUDING THE MANULIFE CORPORATE CLASSES)

FOR THE YEAR ENDED DECEMBER 31, 2019

In this document:

- **Fund or Funds** refers to one or more Manulife Mutual Funds, Manulife Private Investment Pools, Manulife Closed-End Funds or Manulife Exchange-Traded Funds having a financial year-end as at December 31, 2019 (including funds terminated during the calendar year ending on December 31, 2019), and listed on the final pages of this report
- A **conflict of interest matter** is a situation where a reasonable person would consider the Manager (or an entity related to it), to have an interest that may conflict with the ability of the Manager to act in good faith and in the best interests of the Funds
- **IRC** refers to the Independent Review Committee of the Funds established pursuant to NI 81-107
- **The Manager** refers to Manulife Investment Management Limited (an indirect wholly-owned subsidiary of Manulife)
- **Manulife** refers to Manulife Financial Corporation, a TSX-listed holding company
- **NI 81-107** refers to National Instrument 81-107 - Independent Review Committee for Investment Funds

Unless otherwise indicated, the information set out in this report covers the period beginning January 1, 2019 and ending December 31, 2019, the financial year-end for the Funds (inclusively, the “Period”).

Members of the IRC

The table below lists the current members of the IRC for the Funds and each member’s length of service on the IRC.

Name	Residence	Member of IRC Since
R. Warren Law (Chair)	Toronto, Ontario	May 1, 2007 ¹
Robert S. Robson	Toronto, Ontario	May 1, 2007
Joanne Vézina	Montreal, Quebec	May 1, 2015 ²

¹ Warren Law also sits on the independent review committees of the Horizons Exchange Traded Funds managed by Alphapro Management Inc., Horizons Investment Management Inc. and Horizons ETFs Investment Management (Canada) Inc. and of the imaxxFunds managed by Aegon Funds Management Inc. These families of investment funds are unrelated to the Manager or Manulife.

² Joanne Vézina is also the chair of the independent review committee of the Empire Life Funds managed by Empire Life Investments Inc. This family of investment funds is unrelated to the Manager or Manulife.

The members of the IRC also act as the independent review committee for other private funds (that are offered under available prospectus exemptions) and publicly offered mutual funds (with a financial year-end as at April 30th) and which are managed by the Manager and/or affiliates of the Manager. Each member of the IRC receives separate compensation from such other funds and the Manager and/or affiliates of the Manager.

The members of the IRC are not associates or employees of Manulife, the Manager, or any other entity related to the Manager and are independent of all such companies and entities. According to NI 81-107, a member of an independent review committee is considered to be independent “if the member has no material relationship with the manager, the investment fund, or an entity related to the manager,” where a material relationship means “a relationship which could reasonably be perceived to interfere with the member’s judgment regarding a conflict of interest matter.”

MANULIFE INVESTMENT MANAGEMENT LIMITED

REPORT OF THE INDEPENDENT REVIEW COMMITTEE TO SECURITYHOLDERS OF THE MANULIFE CLOSED-END FUNDS, THE MANULIFE EXCHANGE-TRADED FUNDS, AND THE MANULIFE MUTUAL FUNDS AND MANULIFE PRIVATE INVESTMENT POOLS (EXCLUDING THE MANULIFE CORPORATE CLASSES)

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In accordance with NI 81-107, the IRC considers and provides approvals or recommendations to the Manager of the Funds on **conflict of interest matters** referred to the IRC by the Manager. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Funds and refer such matters to the IRC for consideration.

The IRC provides its approvals or recommendations to the Manager in relation to the Manager's **conflict of interest matters** relevant to the Funds with a view to the best interests of the Funds.

Compensation of the IRC

For the year ended December 31, 2019, the aggregate compensation paid to the IRC by all the Manulife investment funds which are subject to NI 81-107, including the Funds, was \$102,620 excluding applicable taxes. The aggregate compensation paid to the IRC by the Funds covered in this report for the year ended December 31, 2019 was \$78,240 excluding applicable taxes. Effective January 1, 2017, the Manager agreed to reimburse the fees and expenses payable by the Funds in connection with the IRC. As a result of this decision, the Manager reimbursed the Funds for IRC fees and expenses incurred during the Period. Such reimbursement may be ceased by the Manager in its sole discretion at any time without notice to, or consent of, the unitholders of the Funds. In the event the reimbursement ceases, the Funds will bear their proportionate share of the costs and expenses of the IRC, as described herein by allocating them equally among all the Manulife investment funds subject to NI 81-107, including the Funds. Each series of securities of each Fund will bear its fair share of the allocated fees and expenses on the basis of assets under management. The Manulife Dollar-Cost Averaging Fund's share of the IRC fees and expenses will continue to be borne by the Manager in accordance with the Simplified Prospectus of that fund.

As at the date of this report, each member of the IRC receives an annual retainer of \$20,000 (\$25,000 for the Chair) and \$1,750 (\$2,250 for the Chair) for each meeting of the IRC that the member attends plus any expenses for each meeting. These compensation rates remain unchanged since 2010.

No indemnities were paid to members of the IRC by the Funds during the Period.

During the Period, the IRC reviewed its compensation. In determining the appropriate level of compensation and reimbursement of expenses for its members, the IRC can consider the following factors:

1. the number, nature and complexity of the Funds;
2. the nature and extent of the workload of each member of the IRC, including the frequency of meetings required and the commitment of time and energy that is expected from each member;
3. the responsibilities of, and the potential liabilities faced by, the members of the IRC;
4. the best interests of the Funds;
5. the compensation paid to IRC members of other similar investment fund families in Canada;
6. the results of its annual assessment of compensation and effectiveness; and
7. the recommendations of the Manager.

Holdings of Securities

a. The Funds

As at December 31, 2019, the percentage of securities of each Fund or series of securities of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10%.

b. The Manager

As at December 31, 2019, no member of the IRC beneficially owned, directly or indirectly, any series or class of voting or equity securities of the Manager.

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FOR THE YEAR ENDED DECEMBER 31, 2019

c. **Service Providers**

As at December 31, 2019, the percentage of securities of each class of voting or equity securities of Manulife or of any other company or entity providing services to the Manager or the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was, in each case, less than 0.01%.

Conflict of interest matters

The Manager has identified and brought to the attention of the IRC for its review and recommendation or approval, as applicable, the **conflict of interest matters** listed in the paragraphs below. As a result of its review and consideration, the IRC issued standing instructions with respect to certain **conflict of interest matters**.

a. **Mergers**

On January 8, 2019, the Manager sought and received the positive recommendation of the IRC to proceed with the merger of Manulife International Value Equity Fund into Manulife EAFE Equity Fund. The merger also received the required regulatory approval, and securityholder approval at a special meeting held on March 14, 2019.

b. **Other Conflict of interest matters**

During the Period, the Manager relied on the following IRC approvals and recommendations, as applicable, obtained in the form of standing instructions. The standing instructions require the Manager to comply with its policies and procedures and to report on a periodic basis to the IRC.

Approvals (in the form of Standing Instructions)

- **Related Issuer Transactions** - It may be a potential conflict of interest matter where the Funds invest in a related issuer to the Manager or the Funds. The standing instructions allow the Funds to purchase, hold or sell securities issued by Manulife and its subsidiaries, each of which is a related issuer to the Manager and the Funds.
- **Cross Trades and Transfers-in-Kind** – A Cross Trade, also known as an inter-fund trade, commonly means the purchase or sale of portfolio securities by one fund to or from another fund or managed account for cash, when Manulife Investment Management Limited is the portfolio manager to both portfolios. A transfer-in-kind, also known as an in specie transaction, is generally when one portfolio either purchases or redeems securities of another portfolio, and where the purchase or redemption, as applicable, is made by the delivery of securities rather than cash, and Manulife Investment Management Limited is the portfolio manager to both portfolios. It may be a potential conflict of interest where the securities transferred might not be suitable for the receiving portfolio or that the securities are being transferred in order to favor one portfolio over the other. The transparency relating to those transactions may also not be sufficient for the securityholders or the marketplace. The standing instructions allow such transactions by Manulife Investment Management Limited when performed in accordance with applicable securities laws and/or regulatory relief.

Recommendations (in the form of Standing Instructions)

With the exception of Deposit Notes issued by Manulife Trust Company and Deposits with Manulife Bank of Canada, during the Period, the Manager relied on positive recommendations in the form of standing instructions of the IRC with respect to the **conflict of interest matters** addressed by the following policies and procedures. Although standing instructions for Deposit Notes issued by Manulife Trust Company and Deposits with Manulife Bank of Canada were in place, there were no transactions on which the Manager required application of these standing instructions during the Period. In each case, the standing instructions require the Manager to comply with its policies and procedures and to report on a periodic basis to the IRC.

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- **Deposit Notes issued by Manulife Trust Company** – It may be a potential conflict of interest matter where the Funds invest in a related party to the Manager or the Funds. The standing instructions allow the Funds to purchase, hold, or sell deposit instruments issued by Manulife Trust Company, which is a wholly-owned subsidiary of Manulife, a related party to the Manager and the Funds.
- **Deposits in Manulife Bank of Canada** – It may be a potential conflict of interest matter where the Funds deposit moneys with a related party to the Manager or the Funds. The standing instruction allows the Funds to deposit cash with Manulife Bank of Canada which is a wholly-owned subsidiary of Manulife, a related party to the Manager and the Funds.
- **Proxy Voting** - Voting securities may create a potential conflict of interest when the interest of the portfolio advisor may conflict with the best interests of a Fund. Policies and Procedures of the Manager have been implemented to ensure the voting rights in respect of the securities held by the Funds are voted, or abstained or withdrawn, in the best interests of the Funds.
- **Trade Allocation** - Trade allocation may create a potential conflict of interest where the Manager could allocate trades in a manner that benefits itself instead of a Fund or in a manner that benefits one particular client to the detriment of others.
- **Allocation of Fund Expenses** - There may be a potential conflict of interest in allocating fund expenses because the Manager may benefit one Fund over another or allocate expenses to Funds that the Manager should rather absorb.
- **Soft Dollar Arrangements** - The use of soft dollars may create a potential conflict of interest where the acceptance of services by the Manager from brokers to execute portfolio transactions for the Funds may benefit the Manager.
- **Code of Ethics** – There may be a potential conflict of interest, whether actual or perceived, when the Manager’s decision may conflict with the interests of the Funds.
- **Fundamental Changes Policy** – There may be a potential conflict of interest where some fundamental changes affecting the Funds may benefit the Manager instead of the Funds.
- **Fair Valuation Policy** – Valuing assets of a Fund where no active market quote exists for the securities may create a potential conflict of interest. For example, this may result in the net asset value of the Fund being overstated, which may result in increased management fees paid to the Manager. Also, overstating the net asset value of a Fund could cause the Fund's performance to appear better than it otherwise would have, which could potentially increase sales.
- **NAV Errors Policy** – There may be a potential conflict of interest when correcting net asset value (NAV) errors in the Funds which may benefit the Manager.
- **Frequent Trading Policy** – There may be a potential conflict of interest where short term trading or excessive trading activity of an investor may affect the remaining securityholders of the Funds.
- **Portfolio Holdings Disclosure Policy** - The Manager must only disclose non-public portfolio holdings information in a manner that is consistent with the best interests of the Funds.
- **Execution of Trade Orders by Brokers or Dealers (Best Execution)** – The portfolio manager must execute securities transactions for clients in such a manner that the clients’ total costs or proceeds are the most favourable under the circumstances of the trade within the context of the marketplace.

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- **Trading, Portfolio Management and Portfolio Administration Error Correction Policy** – There may be a potential conflict of interest when correcting errors that have occurred during the trading process, the portfolio management process, or the portfolio administration process which may benefit the Manager.

The IRC is not aware of any instance where the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation or its approval.

The IRC is also not aware of any instance where the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation, approval or standing instruction.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of the policies and procedures of the Manager and the related standing instructions of the IRC relating to **conflict of interest matters** relevant to the Funds. The next review is expected to take place in or before November 2020.

The Funds covered in this report include:

MANULIFE MUTUAL FUNDS

EQUITY FUNDS

Canadian Equity

Manulife Canadian Dividend Growth Fund

Manulife Canadian Investment Fund

Manulife Dividend Income Fund

Manulife Dividend Income Plus Fund

Manulife Fundamental Dividend Fund

Manulife Fundamental Equity Fund

Manulife Growth Opportunities Fund

U.S. Equity

Manulife Covered Call U.S. Equity Fund

Manulife U.S. All Cap Equity Fund

Manulife U.S. Dividend Income Fund

Manulife U.S. Dollar U.S. All Cap Equity Fund

Manulife U.S. Equity Fund

Manulife U.S. Opportunities Fund

Global & International Equity

Manulife EAFE Equity Fund (formerly
Manulife International Focused Fund)

Manulife Emerging Markets Fund

Manulife Global All Cap Focused Fund

Manulife Global Dividend Fund

Manulife Global Dividend Growth Fund

Manulife Global Franchise Fund (formerly
Manulife Global Equity Unconstrained Fund)

Manulife Global Small Cap Fund

Manulife Global Thematic Opportunities
Fund

Manulife Tax-Managed Growth Fund

Manulife World Investment Fund

Specialty Equity

Manulife Global Listed Infrastructure Fund
(formerly Manulife Global Infrastructure
Fund)

Manulife Global Real Estate Unconstrained
Fund

BALANCED FUNDS

Canadian Balanced

Manulife Canadian Balanced Fund

Manulife Fundamental Income Fund

Manulife Monthly High Income Fund

Manulife Simplicity Conservative Portfolio

Manulife Simplicity Moderate Portfolio

Manulife Tactical Income Fund

U.S. Balanced

Manulife Strategic Balanced Yield Fund

Manulife U.S. Dollar Strategic Balanced
Yield Fund

Manulife U.S. Monthly High Income Fund

Global Balanced

Manulife Diversified Investment Fund

Manulife Global Balanced Fund

Manulife Global Small Cap Balanced Fund

Manulife Global Strategic Balanced Yield
Fund

Manulife Simplicity Balanced Portfolio

Manulife Simplicity Global Balanced
Portfolio

Manulife Simplicity Growth Portfolio

Manulife Global Managed Volatility Portfolio

Manulife Strategic Dividend Bundle

Manulife Value Balanced Fund

Manulife Yield Opportunities Fund

FIXED INCOME FUNDS

Money Market Fixed Income

Manulife Dollar-Cost Averaging Fund

Manulife Money Market Fund

Canadian Fixed Income

Manulife Bond Fund

Manulife Canadian Bond Fund

Manulife Canadian Unconstrained Bond Fund

Manulife Canadian Universe Bond Fund

U.S. Fixed Income

Manulife Floating Rate Income Fund

Manulife U.S. Unconstrained Bond Fund

North American Fixed Income

Manulife Corporate Bond Fund

Global & International Fixed Income

Manulife Global Core Plus Bond Fund

Manulife Global Unconstrained Bond Fund

Manulife Strategic Income Fund

Manulife Strategic Investment Grade Global Bond Fund

Manulife U.S. Dollar Strategic Income Fund

SOLUTIONS

Manulife Conservative Portfolio

Manulife Moderate Portfolio

Manulife Balanced Portfolio

Manulife Growth Portfolio

GOALS BASED INVESTING SOLUTION

Manulife Quantitative Fixed Income Fund 2022

Manulife Quantitative Fixed Income Fund 2027

Manulife Quantitative Fixed Income Fund 2032

Manulife Quantitative Fixed Income Fund 2037

Manulife Quantitative Fixed Income Fund 2042

Manulife Diversified Alpha Portfolio

Manulife Income Fund 2022

Manulife Income Fund 2027

Manulife Income Fund 2032

Manulife Income Fund 2037

Manulife Income Fund 2042

Manulife Income Fund 2047

Manulife Income Fund 2052

Manulife Income Fund 2057

Manulife Income Fund 2062

Manulife Income Fund 2067

MANULIFE PRIVATE INVESTMENT POOLS

Equity Private Pools

Manulife International Equity Private Trust

Balanced Private Pools

Manulife Balanced Income Private Trust

Manulife Canadian Growth and Income Private Trust

Manulife Global Balanced Private Trust

Manulife U.S. Balanced Private Trust

Manulife U.S. Balanced Value Private Trust

Fixed Income Private Pools

Manulife Corporate Fixed Income Private Trust

Manulife Global Fixed Income Private Trust

MANULIFE CLOSED-END FUNDS

Manulife U.S. Regional Bank Trust

Manulife Floating Rate Senior Loan Fund

MANULIFE EXCHANGE-TRADED FUNDS

Manulife Multifactor Canadian Large Cap Index ETF

Manulife Multifactor U.S. Large Cap Index ETF

Manulife Multifactor U.S. Mid Cap Index ETF

Manulife Multifactor Developed International Index

Manulife Multifactor Canadian SMID Cap Index ETF

Manulife Multifactor U.S. Small Cap Index ETF

Manulife Multifactor Emerging Markets Index ETF

TERMINATED FUNDS

The following Fund was terminated as of the date listed below:

April 5, 2019

Manulife International Value Equity Fund