

High-yield bonds and floating-rate loans – video transcript

Narrator: Jonathan Crescenzi

[A MALE WEARING A BLAZER AND OPEN NECK SHIRT APPEARS ON SCREEN AND BEGINS TO TALK]

Hi, my name is Jonathan Crescenzi, and I specialize in high-yield bonds and floating-rate loans for the Manulife Canadian Fixed Income Team. [THE SPEAKERS NAME AND COMPANY APPEAR IN THE BOTTOM RIGHT OF THE SCREEN]

[ONSREEN TRANSITION FROM IMAGE OF SPEAKER TO ANIMATED ICONS THAT SUPPORT THE SPEAKERS COMMENTS IN VOICEOVER FORMAT]

Those two asset classes are really the foundation of the Manulife Yield Opportunities Fund. High-yield bonds typically account for a significant portion of total assets because they help us meet our income objectives. They offer higher yields because the issuer has a lower credit rating.

That's why we spend a lot of time and energy assessing the fundamental quality of the issuing company. Is the management capable? Is the company deleveraging? How is cash flow being used?

We use floating-rate securities to provide diversification and stability. The yield floats up and down in line with an underlying money market reference rate, helping to reduce risk in a rising-rate environment. In addition, the floating-rate market is senior-secured, and we focus on a subset of the market where high-yield bonds lie beneath loans in the capital structure, which increases the asset class's stability.

The weighting of each asset class in the fund will depend on our outlook for markets and the economy. When the outlook is optimistic, we'll increase exposure to high yield, to optimize income.

[ONSREEN TRANSITION FROM IMAGES OF ANIMATED ICONS BACK TO LIVE ACTION OF THE SPEAKER IN FRONT OF THE CAMERA]

If the economic outlook is pessimistic or if interest rates are expected to rise, we'll move up the capital structure into loans or investment-grade credit.

[NEW FRAME: THE WORDS "TO LEARN MORE, CONTACT YOUR MANULIFE INVESTMENT MANAGEMENT SALES REPRESENTATIVE" APPEAR ON SCREEN]

[NEW FRAME: THE WORDS "INVESTING. DO IT DIFFERENT." WITH LEGAL DISCLOSURE BENEATH THEM. THE LEGAL DISCLOSURE READS AS FOLLOWS:
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[NEW FRAME: THE MANULIFE INVESTMENT MANAGEMENT LOGO APPEARS ON SCREEN]

[THE VIDEO ENDS]

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