

Investment Policy Statement

Manulife Climate Action Balanced Segregated Fund

Investment Objective

Unless otherwise noted, the investment objective of the underlying fund is the same or substantially similar as the segregated fund objective.

This Fund aims to achieve long-term capital appreciation. The Portfolio seeks to accomplish its objective by primarily investing in securities of Underlying Funds and/or ETFs. These Underlying Funds and/or ETFs generally invest in domestic and global equity securities and/or domestic and global fixed income securities.

Investment Strategy

This Fund will invest in units of the Manulife Climate Action Balanced Fund, a mutual fund trust, or a substantially similar fund (the “Underlying Fund”).

The investment strategy for the equity component of the Underlying Fund relies on the portfolio advisor investing in equity securities through investments in the Manulife Climate Action Fund. Where the portfolio advisor invests in Manulife Climate Action Fund, rather than investing directly in equity securities, the ESG investment approach (including the exclusionary screen, the positive screen, and the ESG integration strategy) will be applied by the portfolio manager of Manulife Climate Action Fund.

Manulife Climate Action Fund utilizes a fundamental, bottom-up investment approach to select securities. Proprietary analysis is used to construct and analyze the historical economic earnings of a company in order to gain an understanding of the business being studied. Factors such as the magnitude and volatility of a company’s earnings, competitive advantages, products and other performance drivers are also considered in selecting securities for the Underlying Fund.

The investment strategy for the fixed income component of the Underlying Fund relies on the portfolio advisor investing in fixed income securities through investments in the Manulife Climate Action Bond Fund. Where the portfolio advisor invests in Manulife Climate Action Bond Fund, rather than investing directly in fixed income securities, the ESG investment approach (including the exclusionary screen, the positive screen, and the ESG integration strategy) will be applied by the portfolio manager of Manulife Climate Action Bond Fund.

Manulife Climate Action Bond Fund invests in a diversified portfolio of global fixed income securities of varying maturities. In normal circumstances, investments of the Underlying Fund may include, but are not limited to (i) investment grade corporate bonds, (ii) government bonds (iii) high yield fixed income securities, (iv) bank loans and floating rate instruments, (v) preferred shares, (vi) asset-backed securities, and (vii) convertible, and (viii) hybrid securities. The Underlying Fund may also invest in green or sustainable bonds whose use-of-proceeds are used to finance climate-related projects.

Allocations to fixed income securities rated below investment grade such as high yield corporate bonds and certain emerging market sovereign bonds will typically range between 10% and 30%.

The portfolio sub-advisors of Manulife Climate Action Bond Fund aim to maintain a portfolio with greenhouse gas (“GHG”) intensity (based on scope 1, 2 and 3 upstream—see “Glossary” in the Prospectus of the Underlying Fund for more details) at least 50% below the benchmark. For more information about Manulife Climate Action Bond Fund’s benchmark, see “Reference Index for Each Fund” in the Prospectus of the Underlying Fund. In calculating the intensity of the portfolio, the portfolio sub-advisors of Manulife Climate Action Bond Fund will weight the assets in the portfolio and exclude any issuers that don’t report any such metrics and the GHG emissions from the issuers relating to the “green bonds” held by Manulife Climate Action Bond Fund.

In order to achieve this goal, the Underlying Fund through its investments in the equity and fixed income components will reflect the exclusionary and positive screens applied by the portfolio sub-advisors of those funds, as well as any other ESG criteria applied by those portfolio sub-advisors.

Trades are monitored by the compliance team to ensure ESG eligibility using watch lists, which are updated monthly. Over time, an issuer’s eligibility status may change and an issuer who was eligible when purchased by the Underlying Fund may become ineligible. When this occurs, the portfolio advisor is notified and has 90 days in which to sell the ineligible holding. During this time, if the eligibility issue is resolved, the security may become re-eligible.

In addition to the specific climate related strategies described above, please refer to “Sustainability Integration” in the Prospectus of the Underlying Fund for more information on the ESG approach of the portfolio sub-advisors of the underlying funds.

The portfolio advisor has target weightings for the underlying funds. These weightings are listed below:

Weight	Target (%)	Minimum (%)	Maximum (%)
Manulife Climate Action Fund	60	57.5	62.5
Manulife Climate Action Bond Fund	40	37.5	42.5

The percentages listed above are approximate due to continuous market fluctuations and administrative efficiencies. As a result, the actual percentages invested in the underlying funds on any given day may not exactly conform to the percentages set forth above. Rebalancing will be done at the discretion of the portfolio advisor.

The underlying funds may be changed without notice from time to time as well as the percentage holding in each underlying fund.

See “Investment Objective” and “Investment Strategies” in the Prospectus of the underlying funds for more details. Also, see “Investments in Underlying Funds” in the Prospectus of the Underlying Fund for details on how the Underlying Fund invests in other mutual funds.

The Underlying Fund may deviate from its investment objectives by temporarily investing most or all of its assets in cash, cash equivalents, or short-term money market instruments during periods of market downturn or for other reasons.

The Underlying Fund may also invest up to 100% of its assets in other investment funds, including Underlying Funds and ETFs, that may or may not be managed by the Manager (or one of its affiliates or associates), in order to gain indirect exposure to appropriate markets, sectors or asset classes. The Underlying Fund may invest in investment funds managed by unaffiliated investment managers if there are no suitable investment opportunities in affiliated funds. Underlying funds will be selected with consideration for the Underlying Fund's investment objective and strategies, past performance and volatility, among other factors. Please see "Investments in Underlying Funds" in the Prospectus of the Underlying Fund for more details.

The Underlying Fund may invest in or use derivatives for hedging and non-hedging purposes in a manner consistent with the investment objective of the Underlying Fund and as permitted by applicable securities legislation or by the exemption described under "Derivatives Relief" in the Prospectus of the Underlying Fund. Derivatives may be used for hedging purposes in the event of significant cash flows into or out of the Underlying Fund and to

provide protection for the Underlying Fund. Derivatives may be used for hedging purposes in the event of significant cash flows into or out of the Underlying Fund and to provide protection for the Underlying Fund. Derivatives may be used for non-hedging purposes in order to invest indirectly in securities or financial markets and to gain exposure to other currencies. You will find more information about derivatives, including the types of derivatives expected to be used by the Underlying Fund, under "Derivative Risk" in the Prospectus of the Underlying Fund.

The Underlying Fund may also enter into securities lending, repurchase and reverse repurchase transactions to generate additional income and/or as a short-term cash management tool. See "Securities Lending, Repurchase and Reverse Repurchase Transaction Risk" in the Prospectus of the Underlying Fund for further information.

Risks

Where a segregated fund invests in units of an underlying fund, the segregated fund may be exposed to the risks associated with the underlying fund. Below is a list of principal risks for the underlying mutual fund(s) in which the Segregated Fund invests. For complete definitions of each principal risk, refer to the general section of the mutual fund Prospectus.

- Capital Depletion Risk
- Concentration Risk
- Counterparty Risk
- Credit Risk
- Currency Risk
- Default Risk
- Derivative Risk
- Emerging Markets Risk
- Equity Risk
- ETF Risk
- Floating Rate Loan Liquidity Risk
- Foreign Investment Risk
- Interest Rate Risk
- Multiple Series Risk
- Prepayment Risk
- Securities Lending, Repurchase and Reverse Repurchase Transaction Risk
- Substantial Securityholder Risk
- Sustainability (ESG) Policy Risk
- Tax Risk
- Underlying Fund Risk

For more information on the strategies, as well as objectives and risks of the Underlying fund(s) in which the Segregated Fund invests, please refer to the Prospectus of the Underlying Fund(s) or contact us for a printed copy.

Where can I get more information or help?

For more information, please read the Information Folder and Contract, or you may contact us at:

Manulife
500 King St. N
Waterloo, ON N2J 4C6

www.manulifeim.ca

Canada, Outside of Quebec
1-888-790-4387

Quebec & French Business
1-800-355-6776

For information about handling issues you are unable to resolve with us, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the web at www.olhi.ca.

For information about additional protection that is available for all life insurance contractholders, contact Assuris, a company established by the Canadian life insurance industry. See www.assuris.ca for details.

For information regarding how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at www.ccir-ccrra.org.

Manulife Investment Management

Manulife Investment Management is a trade name of The Manufacturers Life Insurance Company. The Manufacturers Life Insurance Company (Manulife) is the issuer of insurance contracts containing Manulife segregated funds and the guarantor of any guarantee provisions therein.

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