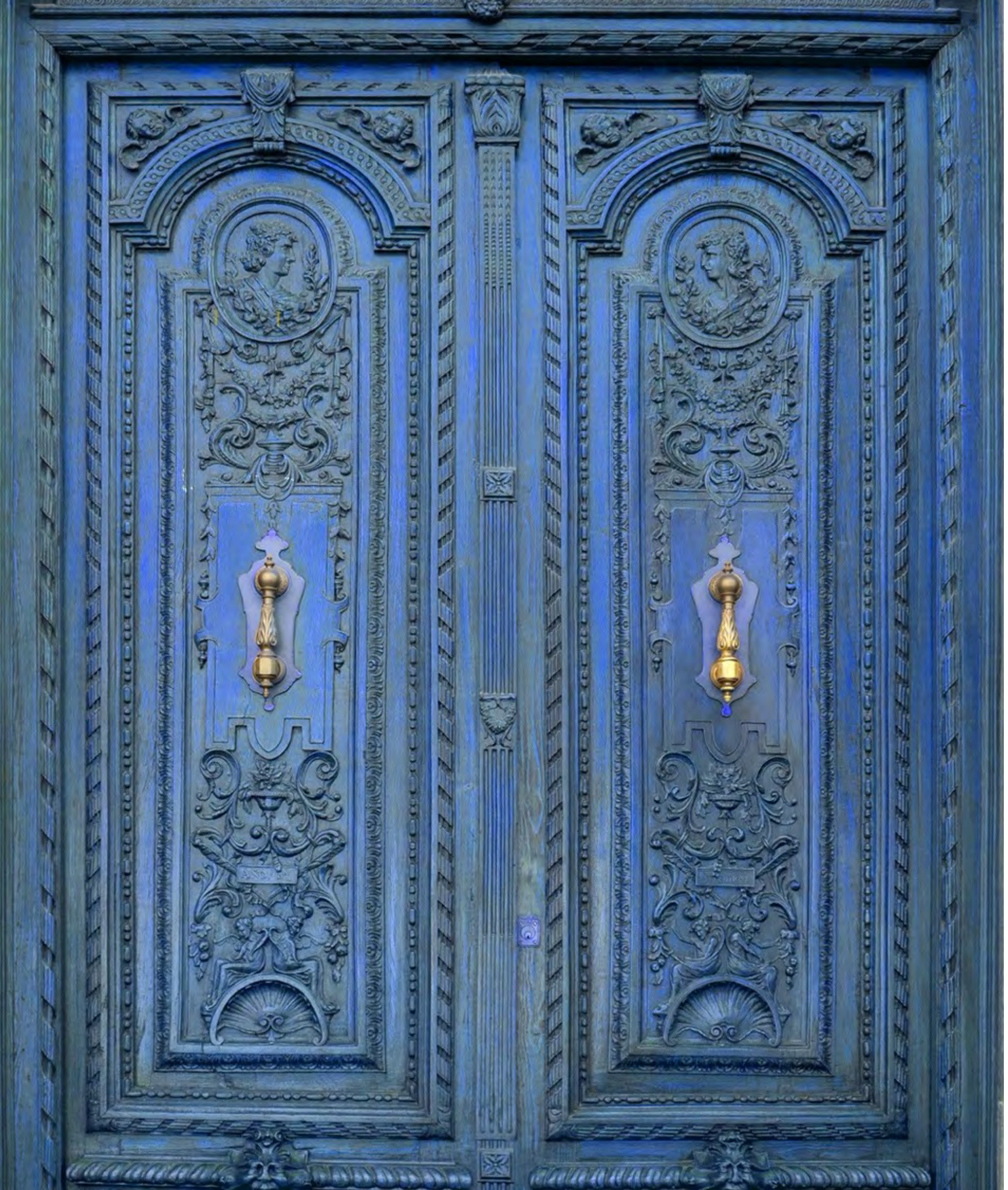


Manulife Investment Management

Capital Markets Strategy

Market Intelligence

Q3 2021
Insights from our strategy team

Market outlook as of June 30, 2021

Table of contents

Capital Markets Strategy

The Capital Markets Strategy team has a range of responsibilities, from market and economic analysis to investor education. The team analyzes and interprets the economy and markets on behalf of Manulife Investment Management. They work with the portfolio management teams to provide clients and investment intermediaries with commentary on strategies and asset allocation weightings. Their expertise spans across multiple asset classes and geographic regions.

www.manulifeim.ca/cms

Philip Petursson, CIM
Chief Investment Strategist and Head of Capital Markets Research

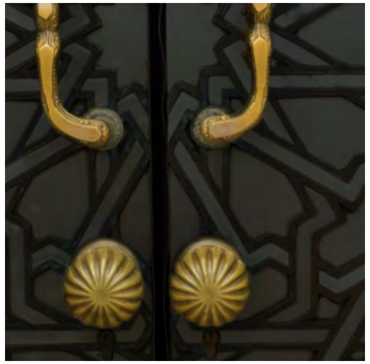
Macan Nia, CFA
Senior Investment Strategist

Kevin Headland, CIM
Senior Investment Strategist

How we stay in touch

Chartbook

A handy guide that's updated each quarter to illustrate the trends and opportunities in the markets—for advisor use only.



Capital Markets monthly email

A monthly newsletter that includes headlines that capture the Capital Markets Strategy team's attention, and their perspective on how these headlines will affect the three markets —for advisor use only.

Investments Unplugged podcast

An insightful and lively podcast, hosted by Philip Petursson, that gives you access to ideas and insight from a range of market experts—for advisor use only.

Link to the podcast

Investment Notes

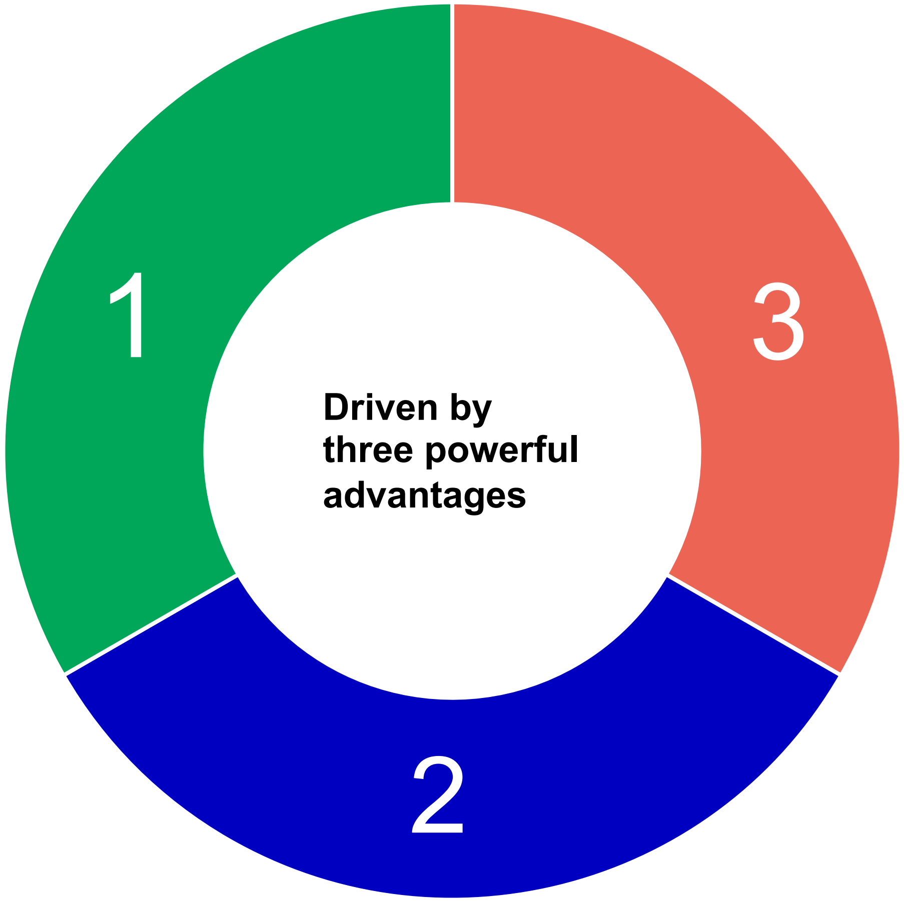
Our commentary offers a regular analysis of key market events and examines the implications for investors—for advisor use only.

Investment Notes

A better way to invest: a three-pronged approach

Rigorous risk management

- With a view to investor-driven performance expectations
- Close monitoring of behavioural risk
- Deep analysis to identify the right risks with the goal of long-term stability
- Built on more than 130 years of Manulife Investment Management's wealth and investment expertise



Experienced specialized teams

- Harnessing strength and depth of expertise across multiple asset classes and geographies
- Tenacious approach to talent: if new capabilities are needed, conduct global searches to find the right team
- Access to differentiated philosophies, strategies, and respected expertise
- Strategic sub-advisor partnerships

Global momentum

- Asset managers and teams **on the ground** in international locations
- Network of investment offices in North America, Asia Pacific, and Europe with capabilities across a full range of asset classes
- More than 1,000 investment professionals in approximately 20 countries and territories

Our seasoned asset management teams help inform our views.

Manulife Investment Management

Boutique investment teams, global resources

- Boutique environment: specialized team manages its own investment process, from research through portfolio construction
- Global footprint: entrepreneurial teams strengthened by global resources
- Extensive investment capabilities: diverse range of investment strategies across asset classes, regions, and the risk spectrum

MAWER
Be Boring. Make Money.™

Mawer Investment Management Ltd.
—Independently owned Canadian investment manager that follows the mantra, "Be Boring. Make Money.™"

- Investment philosophy of buying wealth-creating companies, with excellent management teams, hat are trading at a discount to their intrinsic value
- Prudent investment approach rooted in risk management that has delivered superior risk-adjusted, long-term results
- Firm's "boring" investment approach has helped investors safely and profitably navigate the investing landscape over many different economic cycles.

Brookfield

Brookfield Investment Management
—Experts in alternative strategies

- Specialized investment manager focused on listed real asset investment strategies within both equity and debt
- Investment philosophy driven by fundamental, bottom-up analysis combined with broad operational and market insights
- Part of Brookfield Asset Management, a global alternative asset manager with over 100 years of experience in the ownership and operation of real assets

1805 PICTET
Asset Management

Pictet Asset Management
—Focused multi-boutique asset manager with strategic focus on global and international markets

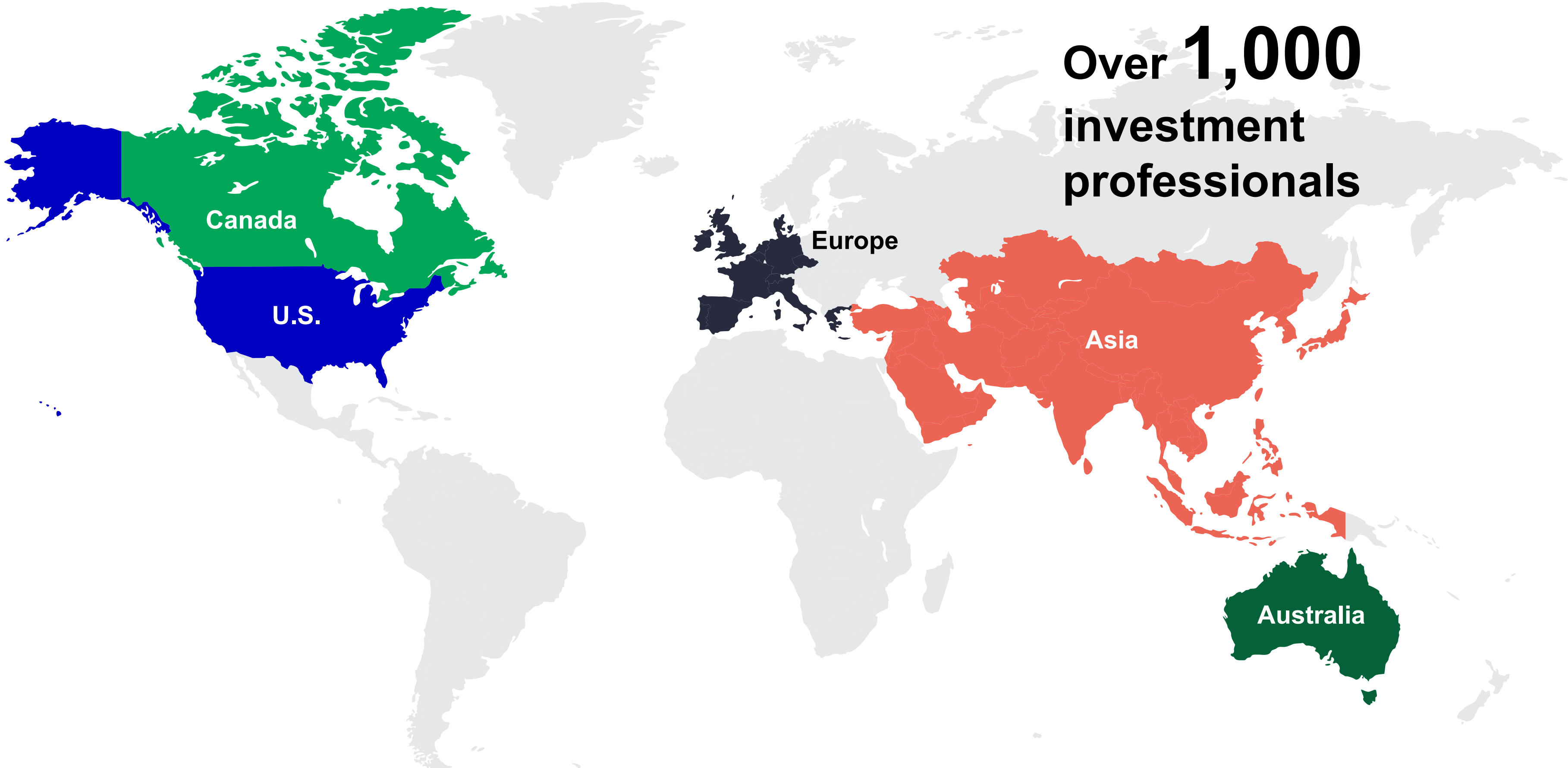
- Believes active manager skills leads to better long-term results
- Do not adhere to, or impose, a single investment approach on their investment managers, empowering each of their teams to be independent, innovative, and accountable
- Risk management is an integral part of the decision-making process and risk monitoring is an independent function.

Dimensional

Dimensional Fund Advisors Canada ULC
—a leader in multifactor investing

- Dimensional's systematic approach to investing is backed by insight gained from decades of academic research and experience implementing rules-based strategies in competitive markets.
- A multifactor approach focuses on stocks characterized by smaller capitalizations, lower relative valuations and higher profitability
- Subadvisors for Manulife Investment Management exchange traded funds

Global reach



Over **1,000** investment professionals

Manulife Investment Management: More than 475 investment professionals

Mawer Investment Management Ltd.: 33 investment professionals

Pictet Asset Management: More than 300 investment professionals

Aberdeen Standard Investments: 635 investment professionals

Brookfield Investment Management: 33 investment professionals

The diagram represents the geographic location of investment professionals and the number of investment professionals by sub-advisor: Manulife Asset Management, Mawer Investment Management Ltd., Brookfield Investment Management, Aberdeen Standard Investments, and Pictet Asset Management, as of December 31, 2020.

Index Returns

Q3 2021 total return performance recap

Equity Returns

Index	Q2 2021	YTD	1 Year
S&P/TSX (CAD)	8.55%	17.30%	33.87%
S&P 500 (USD)	8.55%	15.24%	40.77%
S&P 500 (CAD)	7.12%	11.99%	28.28%
MSCI EAFE (USD)	5.35%	9.21%	33.04%
MSCI EAFE (CAD)	3.97%	6.13%	21.23%
MSCI Europe (USD)	7.64%	12.26%	35.56%
MSCI Europe (CAD)	6.23%	9.09%	23.54%
MSCI Emerging Markets (USD)	5.08%	7.43%	41.29%
MSCI Emerging Markets (CAD)	3.70%	4.40%	28.75%

Fixed Income Returns

Index	Q2 2021	YTD	1 Year
FTSE Canada All Government Bond (CAD)	1.80%	-3.90%	-3.59%
FTSE Canada Universe Bond (CAD)	1.66%	-3.46%	-2.43%
ICE BofA US corporate (USD)	3.60%	-1.06%	3.63%
ICE BofA US corporate (CAD)	2.07%	-3.83%	-5.79%
ICE BofA US High Yield Constrained (USD)	2.77%	3.70%	15.60%
ICE BofA US High Yield Constrained (CAD)	1.25%	0.80%	5.10%
Barclay's Global Aggregate Bond (USD)	1.31%	-3.21%	2.63%
Barclay's Global Aggregate Bond (CAD)	0.97%	-1.53%	-0.03%

Market drivers, looking back

Canadian Equities

Canadian equities were one of the best performers through the second quarter as the S&P/TSX Composite Index gained 8.6%, including dividends. In our 2021 outlook, we highlighted the financials and energy sectors as two sources of potential, given an expected rebound in oil prices (energy) alongside a steeper yield curve (financials). The improving economic outlook drove the price of oil, as measured by the West Texas Intermediate (WTI), up 24%, finishing the quarter near its 5-year high at US $73.47/bbl. Energy and Financials were the second and fifth-best performing sectors over the quarter, gaining 13.9% and 8.3% respectively. Information Technology was the best performing sector, jumping 23%.

U.S. Equities

U.S. equity markets performed well through the second quarter, extending the gains made since the market lows of March last year. The S&P 500 Index gained 8.6% in U.S. dollar terms (7.1% CAD), including dividends, while the Dow Jones Industrial Average, and Nasdaq Composite indices were up 5.1% in U.S. dollar terms (3.7% CAD) and 9.7% in U.S. dollar terms (8.2% CAD), respectively. The second quarter saw technology return as leaders of the pack.

International Equities

International equity markets lagged their North American peers, likely as a result of continued struggles with COVID-19, but they were still able to finish the quarter up 5.4% in U.S. dollar terms (4.0% CAD), as measured by the MSCI EAFE Index. Asian equities kept pace with their developed market peers after some first quarter struggles. The MSCI Emerging Markets Index returning 5.1% (USD, (3.7% CAD), including dividends.

Fixed Income

The U.S. 10-year Treasury yield fell back down after an incredibly strong first quarter. It started the quarter at a one-year high of 1.74% but dropped down to 1.47% by the end of the quarter as the US Federal Reserve maintained the narrative that higher inflation would be transitory. The Fed expects to maintain an accommodative stance of monetary policy until inflation averages 2% over time and will allow inflation to run “moderately” above its long running 2% goal. The central bank’s approach to inflation is meant to support the labour market and broader economy by keeping interest rates lower for a longer period.

Macro snapshot

Manulife Investment Management believes that manufacturing activity is indicating a global economic recession.

The Markit PMI™ (Purchasing Managers' IndexTM) series are monthly economic surveys of carefully selected companies compiled by Markit. They provide advance insight into the private-sector economy by tracking variables such as output, new orders, employment, and prices across key sectors. Economic analysts, business decision-makers, forecasters, and policy-makers leverage the PMI surveys to better understand business conditions in any given economy. Central banks in many countries use the data to help make interest rate decisions, and analysts in the financial markets use PMI data to forecast official economic data.

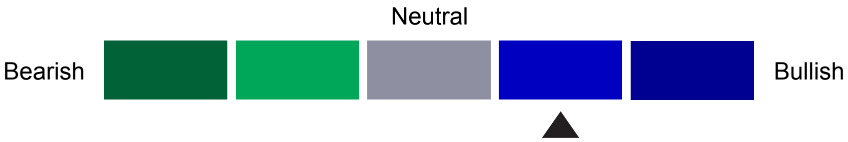
Source: Markit and Manulife Investment Management as of June 30, 2021. Performance histories are not indicative of future results.

Manulife Investment Management's outlook snapshot

Overview

The US economy and others around the world continue to recover at a gradual pace, supported by economic reopening and distribution of the COVID-19 vaccine. Excess savings and pent-up demand are expected to result in stronger consumption through 2021. We believe the bifurcation of the recovery ends as the services sector catches up to the manufacturing (equity-centric) recovery. In this environment, we should expect market returns to be average to below average over the next couple of years, with risk to the upside.

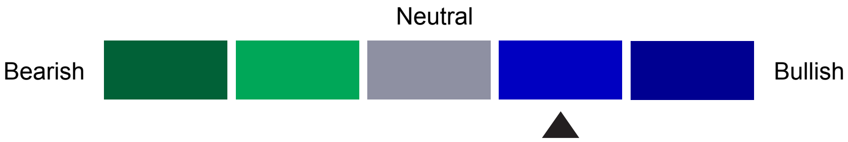
Canadian Equities



The future is looking brighter.

Our outlook for the S&P/TSX Composite Index remains positive. The demand for commodities, including oil, and their respective prices will likely remain near current levels with the potential to continue to increase as the global economic recovery takes hold. While not perfect, the year over year change in the price of oil correlates to the year over year change in S&P/TSX earnings and, therefore, offers insight into what forward returns may look like. In addition, a steeper yield curve and reduction in loan losses should benefit the financials sector. However, selectivity remains the key to successful investing in Canada.

U.S. Equities



Continuing the march forward

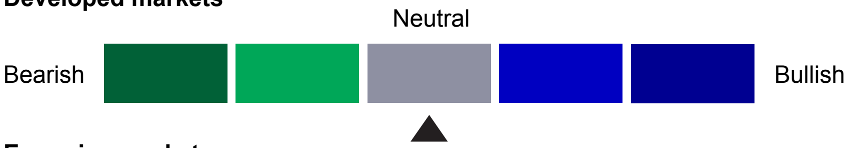
The US economy is on the path to recovery and will be led by pent-up demand and elevated levels of savings. The markets have staged a very strong and impressive rally driven mainly by valuation or price/earnings ratio expansion. This is typical of an equity market recovery following a recessionary bear market. The next phase of equity market performance is typically driven by a recovery in earnings growth. While not trying to be too optimistic, investors need to look past any potential near term volatility, as we believe that stronger earnings growth should lead the higher markets in 2021.

Manulife Investment Management as of June 30, 2021. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results. For illustration purposes only.

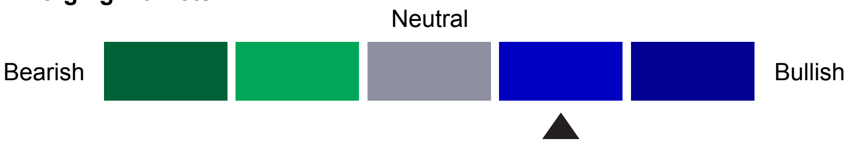
Manulife Investment Management’s outlook snapshot

International Equities

Developed markets



Emerging markets

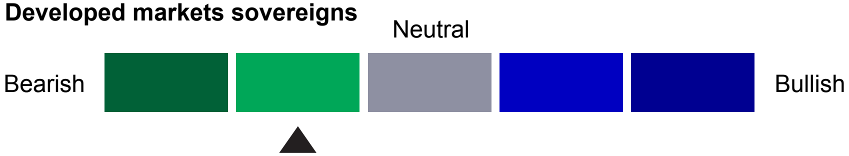


Emerging markets are likely to lead the way.

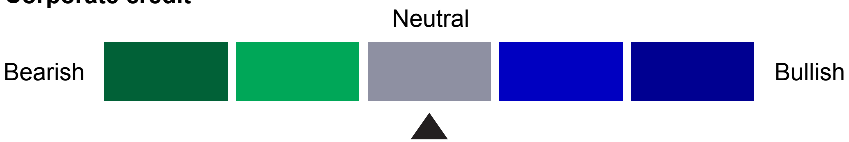
While Europe continues to face challenges with increased COVID-19 cases, as a result of the Delta variant, and potential hangover effect from the Brexit deal, emerging markets (led by Asia) should continue to improve. Regardless of the short-term market reaction, pockets of opportunity remain, and we believe the longer-term focused investor stands to benefit.

Fixed Income

Developed markets sovereigns



Corporate credit



Flexibility is required.

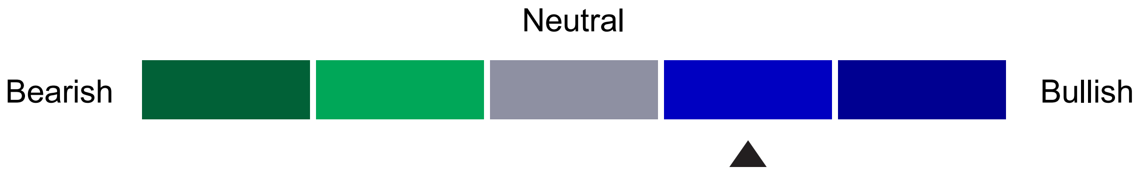
Exceptionally low interest rates are likely to remain around the world and across the curve spectrum in the near term. However, the Fed’s monetary inflation coupled with the trillions in fiscal stimulus by the U.S. federal government, has resulted in a steeper yield curve. With the Fed’s implied commitment to keep short rates at 0% until 2023, the longer end of the yield curve will be subject to market driven forces, absent any Fed intervention. It is normal following a recession that the longer end of the yield curve steepens out and we believe it will continue to steepen through 2021 as inflation and economic growth increase. In this environment, we believe credit does well and short duration bonds outperform longer duration. Credit defaults will continue through the recovery as some companies will still fall victim to the impact of the COVID-19 lock downs. In this regard, security selection and careful credit analysis is of paramount importance.

Manulife Investment Management as of June 30, 2021. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results. For illustration purposes only.

Canadian Equities

The future is looking brighter.

Canadian Equities



Key themes

1

Where commodities go, the S&P/TSX usually follows.

The S&P/TSX Composite Index has often been referred to as a commodity-linked index given that two of its largest sectors are commodities and energy. As the global economy continues to recover from COVID-19 and government-forced lockdowns, the demand for commodities is expected to continue increasing. The increased demand should bode well for S&P/TSX returns.

2

Improving oil prices should lead to a better earnings environment.

Historically, earnings for the TSX has correlated with the change in the price of crude YOY. We've seen a recovery in oil prices from US$37/bbl in April 2020 to US$73bbl by the end of June 2021. Using US$55/bbl as a conservative average target price for 2021, we believe the global economic recovery will lead to higher crude demand and prices, contributing to higher S&P/TSX earnings growth.

3

Canadian equity valuation is attractive in key sectors.

Financials is one of the sectors that is trading at attractive valuations relative to the last 15 years. A rapid reopening and a steeper yield curve would benefit earnings in this sector, while valuation would suggest the risks lean to the upside.

4

Dividend growers outperform.

Using Bloomberg, our team screened the S&P/TSX Composite Index for companies with a five-year dividend growth rate of at least 10% and a payout ratio of no more than 70%. This screen was back tested and rebalanced on a quarterly basis, going back 10 years, to September 30, 2020. The model has a 10-year annualized performance of 7.65%, while the S&P/TSX Composite Index returned 4.92% over the same period. These results assume all dividends are paid out and not reinvested.

For illustration purposes only. Source: Manulife Investment Management as of June 30, 2021. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results.
See pages 14-17 for complete information.

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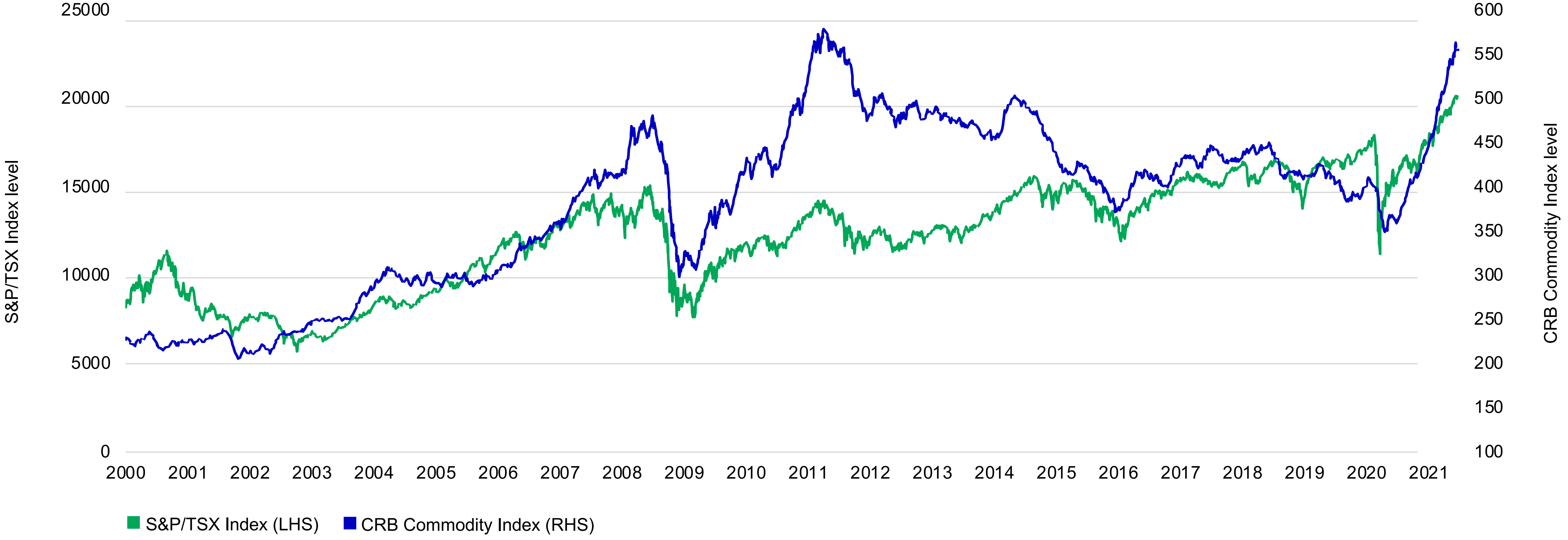
S&P/TSX Composite Index vs CRB Commodity Index
2000 – current



Source: Manulife Investment Management, Bloomberg, as of June 30, 2021.

Higher oil prices are likely to lead to stronger S&P/TSX earnings.

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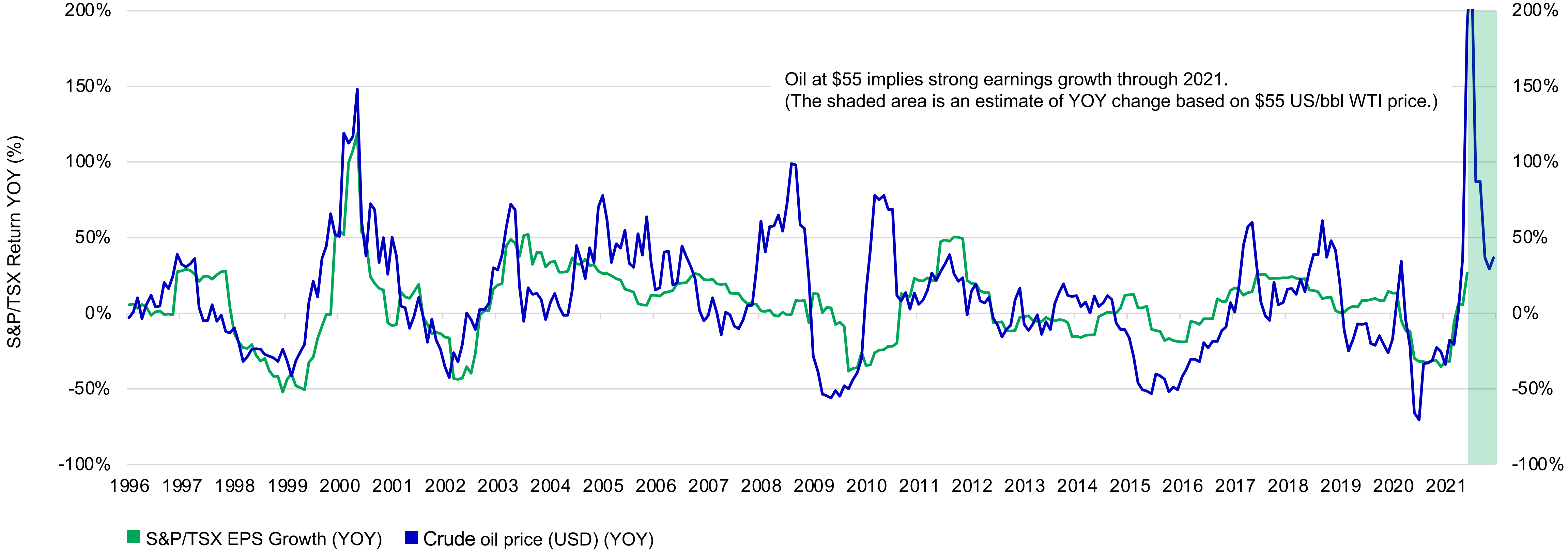
Change in oil price (YOY) vs Change in S&P/TSX earnings per share lagged 3 months (YOY)
1996–December 2021



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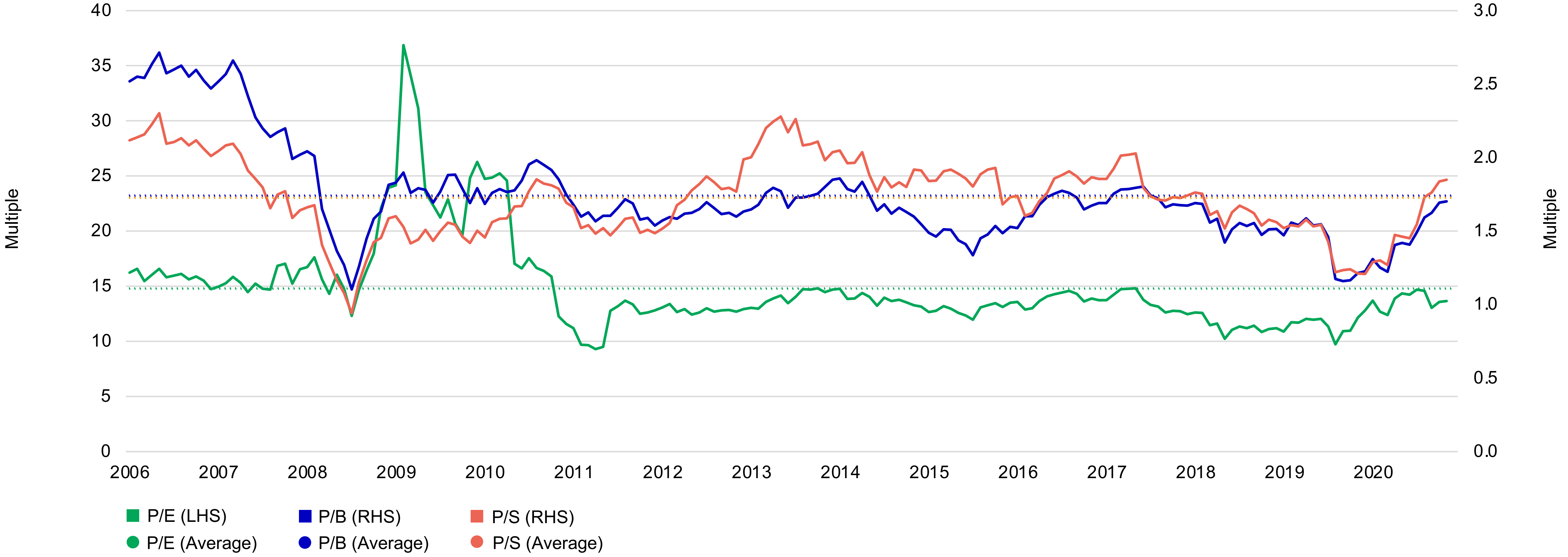
S&P/TSX Financials Sector - Trailing Multiples
2006–current



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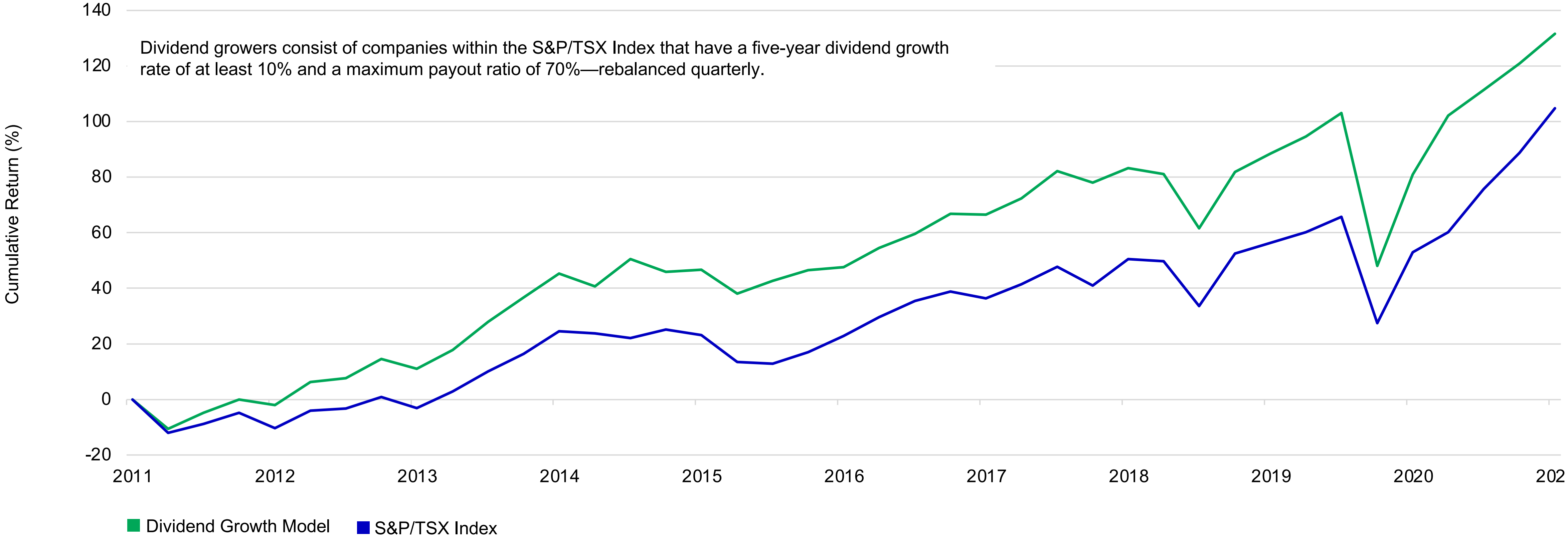
Capital Markets Strategy dividend growth model vs S&P /TSX Composite Index
Cumulative return (Last 10 years)

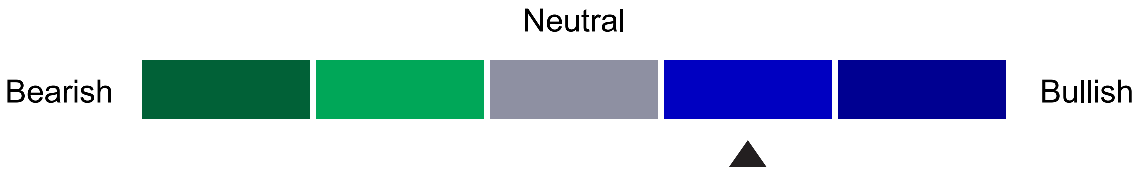


Source: Manulife Investment Management, Bloomberg, as of June 30, 2021.

U.S. Equities

Continuing the march forward

U.S. Equities



Key themes

1

Corrections are normal.

Stock market corrections are very common and very difficult to predict. Since 1980, the S&P 500 index has fallen an average of 14.3% in any given calendar year but is positive 78% of the time with an average return of 10.3%

2

The earnings outlook is improving.

As we look forward, we're starting to see signs that the global economy may have bottomed and has shifted from contraction to recovery. Since the month of August, the U.S. ISM purchasing managers' index (PMI) shows that manufacturing activity has increased materially on a month-over-month basis. Historically, the ISM PMI leads S&P 500 Index earnings growth by six months. We believe economic momentum will keep earnings growth strong on a YOY basis through 2021.

3

Earnings growth is likely to ease any valuation pressure.

Macro indicators would suggest 2021 will see a strong earnings growth environment that may include not only a recovery back to 2019 levels, but even stronger growth given the release of pent-up demand and excess personal savings. During periods when earnings growth is greater than 30% on a year-over-year basis (as we believe it will be in 2021), the average P/E contraction is 4.1 multiple points. When earnings growth is greater than 30% YOY, the average and median 12-month returns for the S&P 500 Index are 10.2% and 12.4% respectively.

4

Momentum begets momentum.

Equity markets often follow Newton's First Law of Motion; "an object in motion, remains in motion". Historically, when the S&P 500 Index is up over 20% in a six-month period, there is a 48.6% chance that it will be up more than 10% in the following six months. This is a 10% higher probability than the chance it will be up over 10% in any six-month period.

Source: Manulife Investment Management as of June 30, 2021. The commentary is that of Manulife Investment Management. Performance histories are not indicative of future results. See pages 20–23 for complete information. For illustration purposes only.

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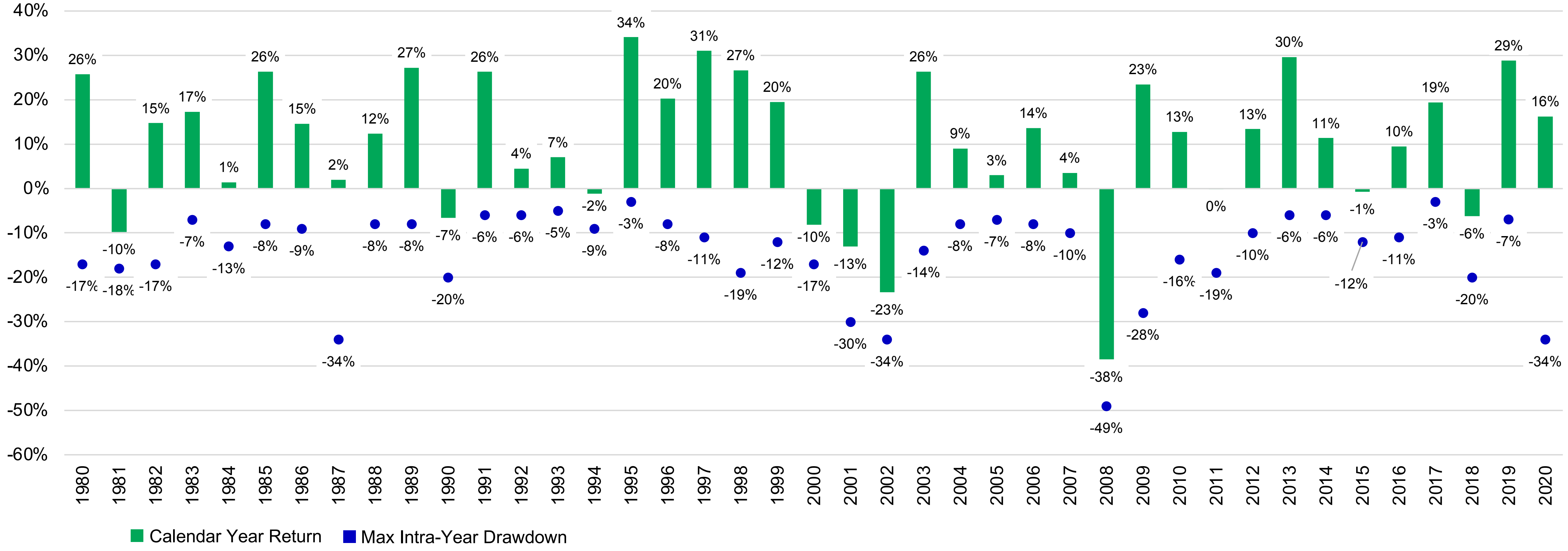
S&P 500—Calendar Year and Max Intra Year Returns
(1980–current)



Source: Manulife Investment Management, Bloomberg, as of December 31, 2020.

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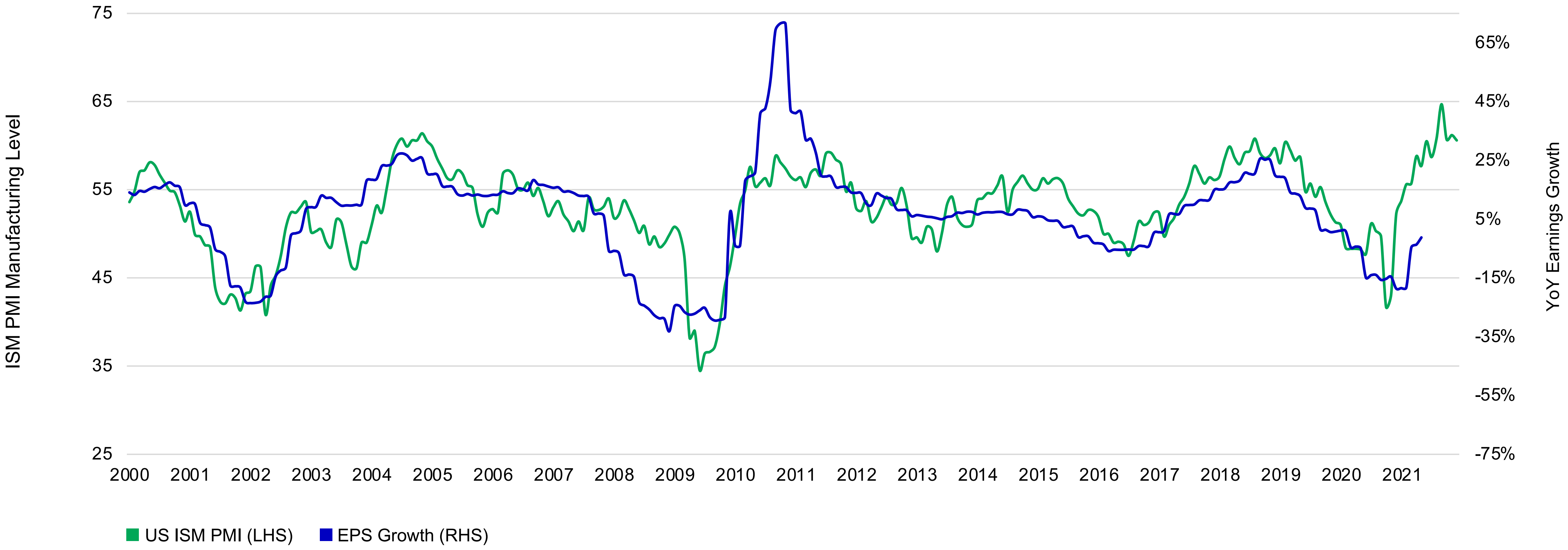
ISM Manufacturing PMI vs. S&P 500 Index Earnings Growth YoY (advanced 6 months)
2000–Current



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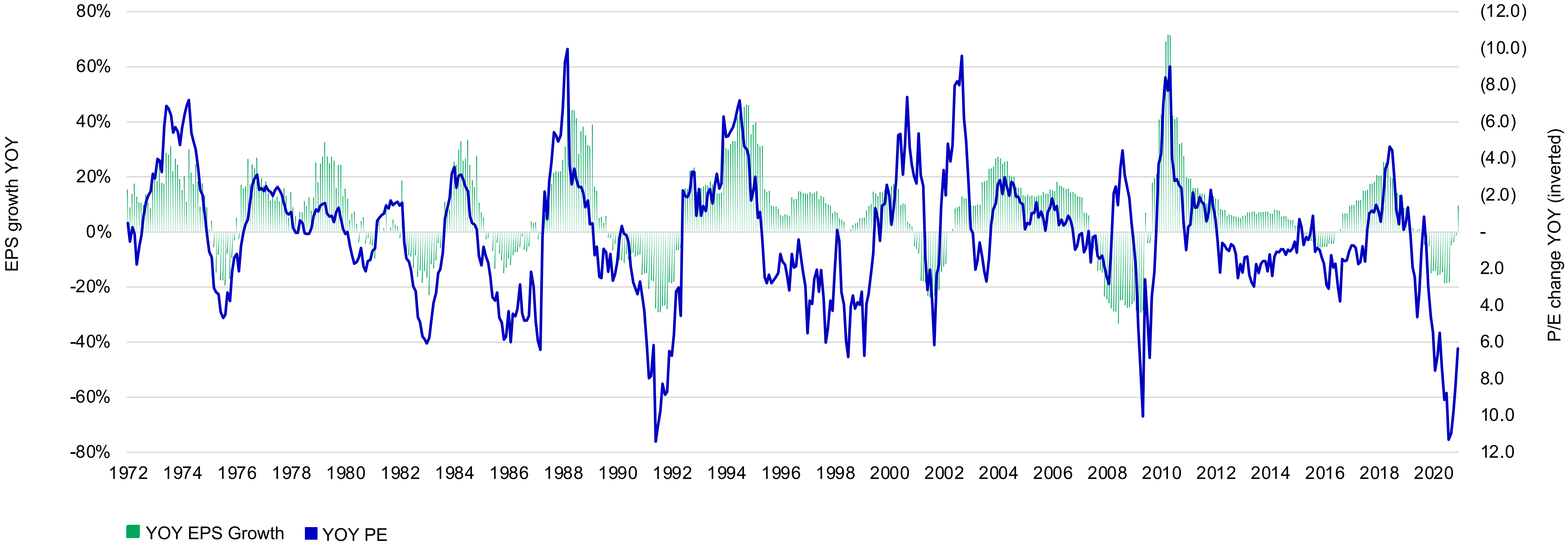
Year-over-year change in S&P 500 Index earnings per share vs Change in trailing P/E multiple
1972–current



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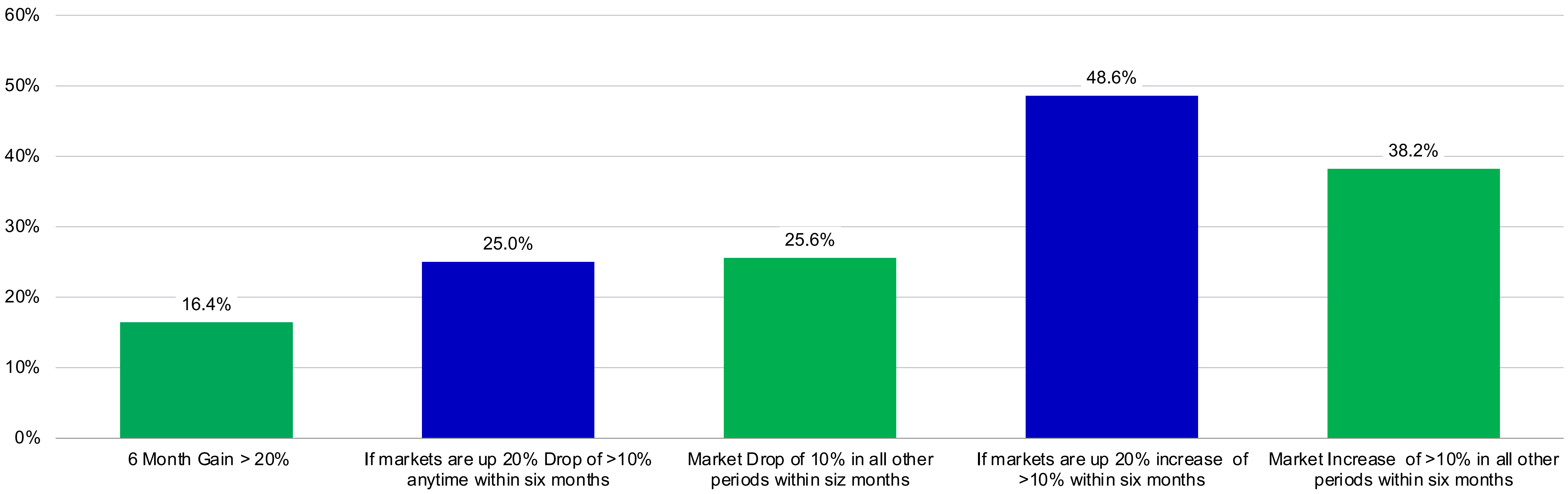
Historical Occurrence of Market Events
S&P 500 Index Following a Gain of > 20% Within 6-months
1927–2020

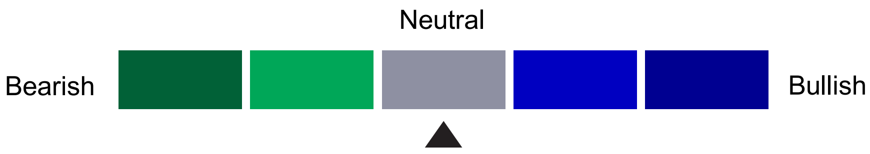


Source: Manulife Investment Management and Bloomberg, as of December 31, 2020

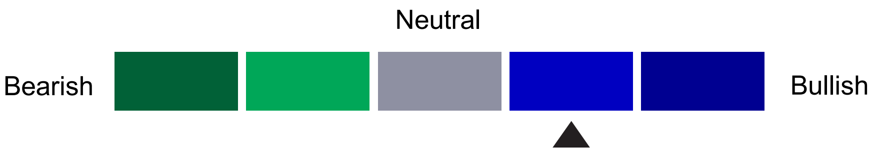
International Equities

Emerging markets are likely to lead the way.

Developed Markets



Emerging Markets



Key themes

1

China is leading the way in the global trade recovery.

On a year-over-year basis, global exports for the five largest exporters in the world look to be improving, with China leading the way. The global trade outlook for 2021 is the strongest in two years. Improved YOY export growth in China and South Korea should be shared by the United States, Japan, and Germany through 2021.

2

Asia equities may benefit from stronger economic growth.

In their April World Economic Outlook, the International Monetary Fund projects that many regions around the world, especially emerging and developing Asia, could grow faster than the U.S. in 2021 and 2022. The improving economic outlook should benefit all regions lead by the emerging markets.

3

Copper prices are supportive of an accelerating Chinese economy.

As China is the largest importer of copper, an increase in the price of copper is usually tied to an increase in demand from China. Due to its broad use throughout various industries, the price of copper is often seen as good indicator for the health of the Chinese economy. Despite the recent slow down in year over year growth in the price of copper, the current level remains supportive of economic growth in China.

4

Emerging market equities look attractive in 2021.

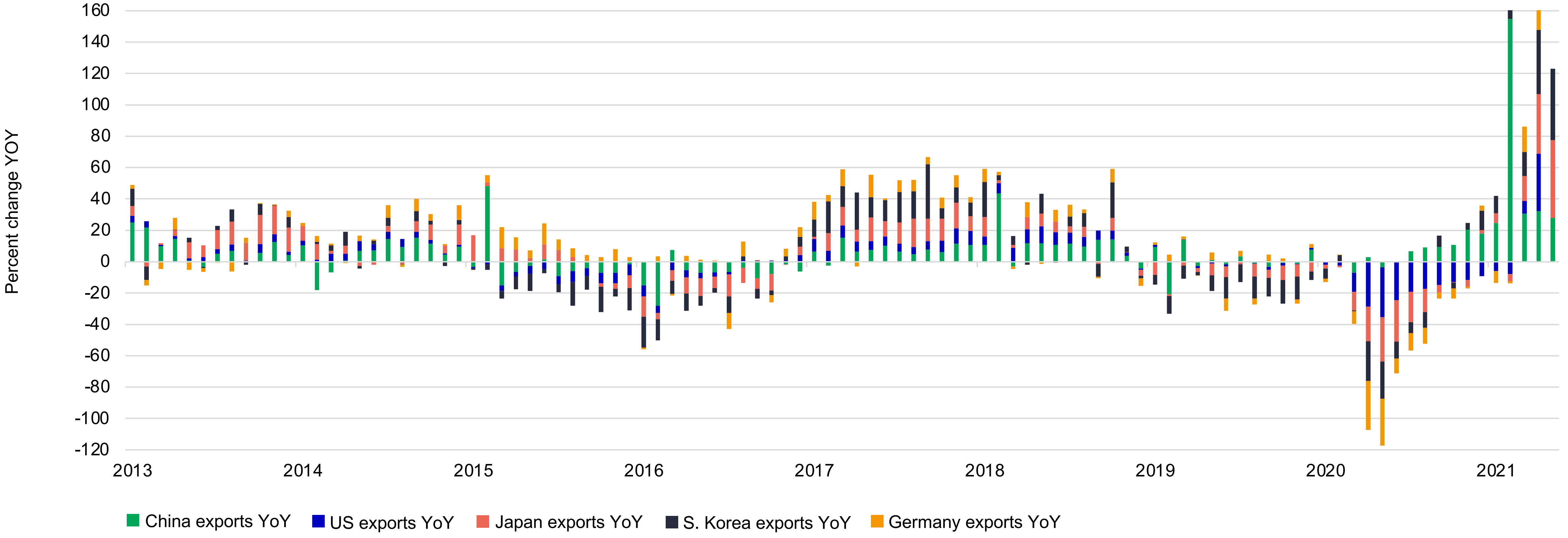
Emerging market equities enjoy their best performance in an accelerating growth and inflation environment. While lagging their developed market peers, we believe emerging market equities have the potential to outperform into 2022.

Sources: Manulife Investment Management, Bloomberg as of June 30, 2021. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results. See pages 26–29 for complete information. For illustration purposes only.

China is leading the way in the global trade recovery.

On a year-over-year basis, global exports for the five largest exporters in the world look to be improving, with China leading the way. The global trade outlook for 2021 is the strongest in two years. Improved YOY export growth in China and South Korea should be shared by the United States, Japan, and Germany through 2021.

Year-over-year export growth by country
2013–current

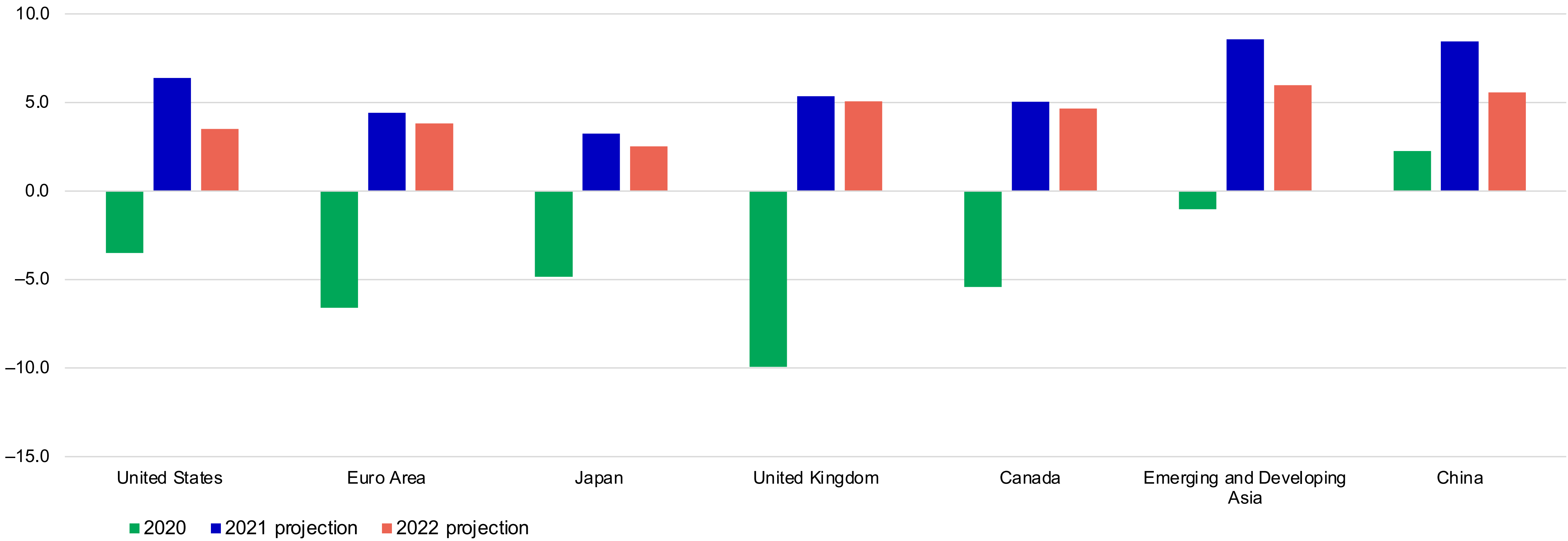


Source: Manulife Investment Management, Bloomberg, as of March 31, 2021.

Asia equities may benefit from stronger economic growth.

In their April World Economic Outlook, the International Monetary Fund projects that many regions around the world, especially emerging and developing Asia, could grow faster than the U.S. in 2021 and 2022. The improving economic outlook should benefit all regions lead by the emerging markets.

Economic Growth Projections

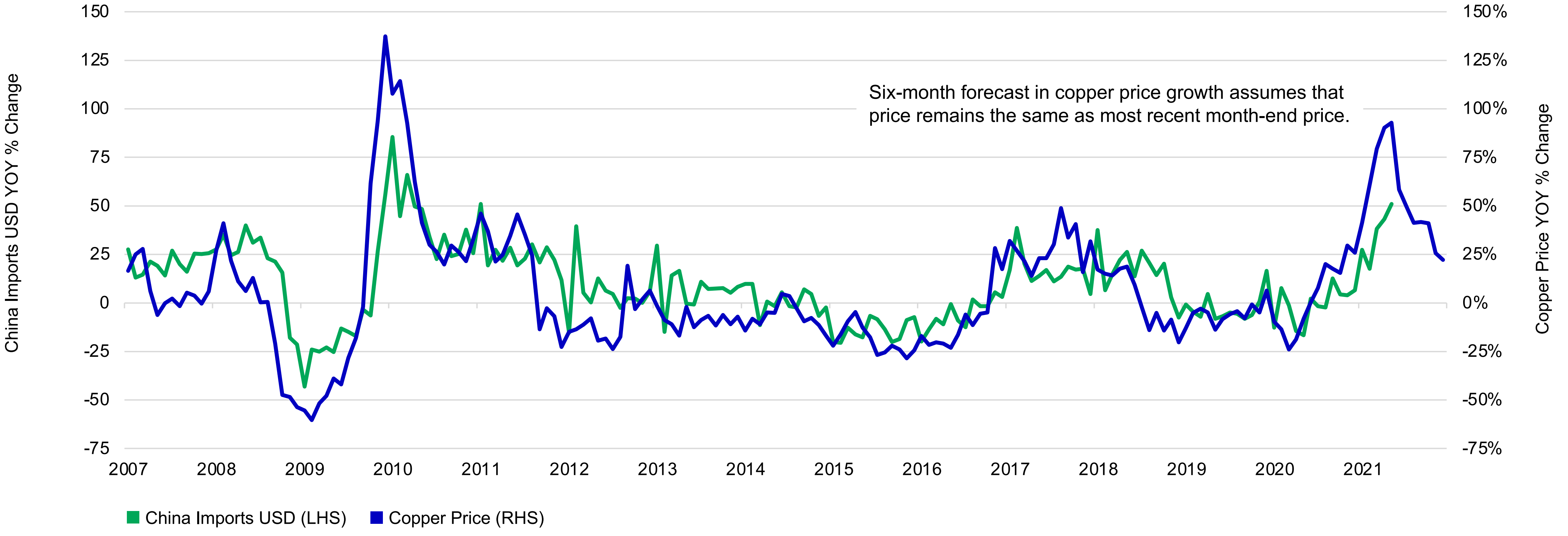


Source: Manulife Investment Management, International Monetary Fund, as of March 23, 2021.

Copper prices are supportive of an accelerating Chinese economy.

As China is the largest importer of copper, an increase in the price of copper is usually tied to an increase in demand from China. Due to its broad use throughout various industries, the price of copper is often seen as good indicator for the health of the Chinese economy. Despite the recent slow down in year over year growth in the price of copper, the current level remains supportive of economic growth in China.

Chinese Imports vs Copper Prices YOY Change
2006–Current (with six-month forward forecast)

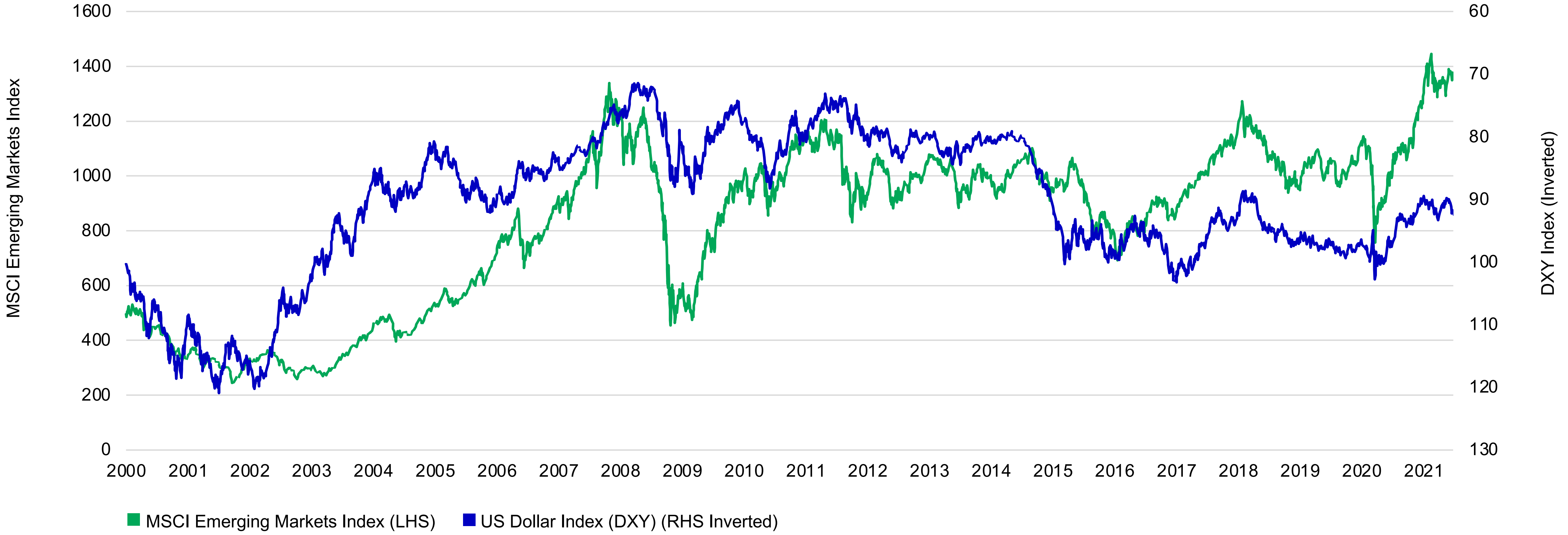


Source: Manulife Investment Management, Bloomberg, as of May 31, 2021.

Emerging market equities look attractive in 2021.

Emerging market equities enjoy their best performance in an accelerating growth and inflation environment. While lagging their developed market peers, we believe emerging market equities have the potential to outperform into 2022.

MSCI Emerging Markets Index vs. DXY Index
2000–Current



Source: Manulife Investment Management and Bloomberg, as of June 30, 2021.

Fixed Income

Flexibility is required.

Developed Market Sovereigns

Neutral

Bearish Bullish

Corporate Credit

Neutral

Bearish Bullish

Key themes

1

An increase in yields around the world won't help income-focused investors.

Although global sovereign bond yields may have bottomed and have started to increase in some areas, they won't be going back to their long-term averages in the near term. In addition, approximately $18 trillion USD of global bonds have a negative yield.

2

The yield curve will likely continue to steepen in a rapid reopen.

The view is for the U.S. Treasury yield curve to continue steepening as longer-term interest rates rise. We believe that the 2021 environment will be one of accelerating growth/inflation, in which we've historically seen an average increase in the 10-year yield of 50 bps, with a standard deviation of 100 bps.

3

Move to the better relative opportunity.

In an environment of improving global economic growth, yield curves are likely to steepen. Typically, when this happens, credit outperforms government bonds and lower duration outperforms longer duration. In fixed-income, it's important to understand the landscape going forward and be able to move to the better relative opportunity.

4

The Canadian dollar remains tied to oil prices.

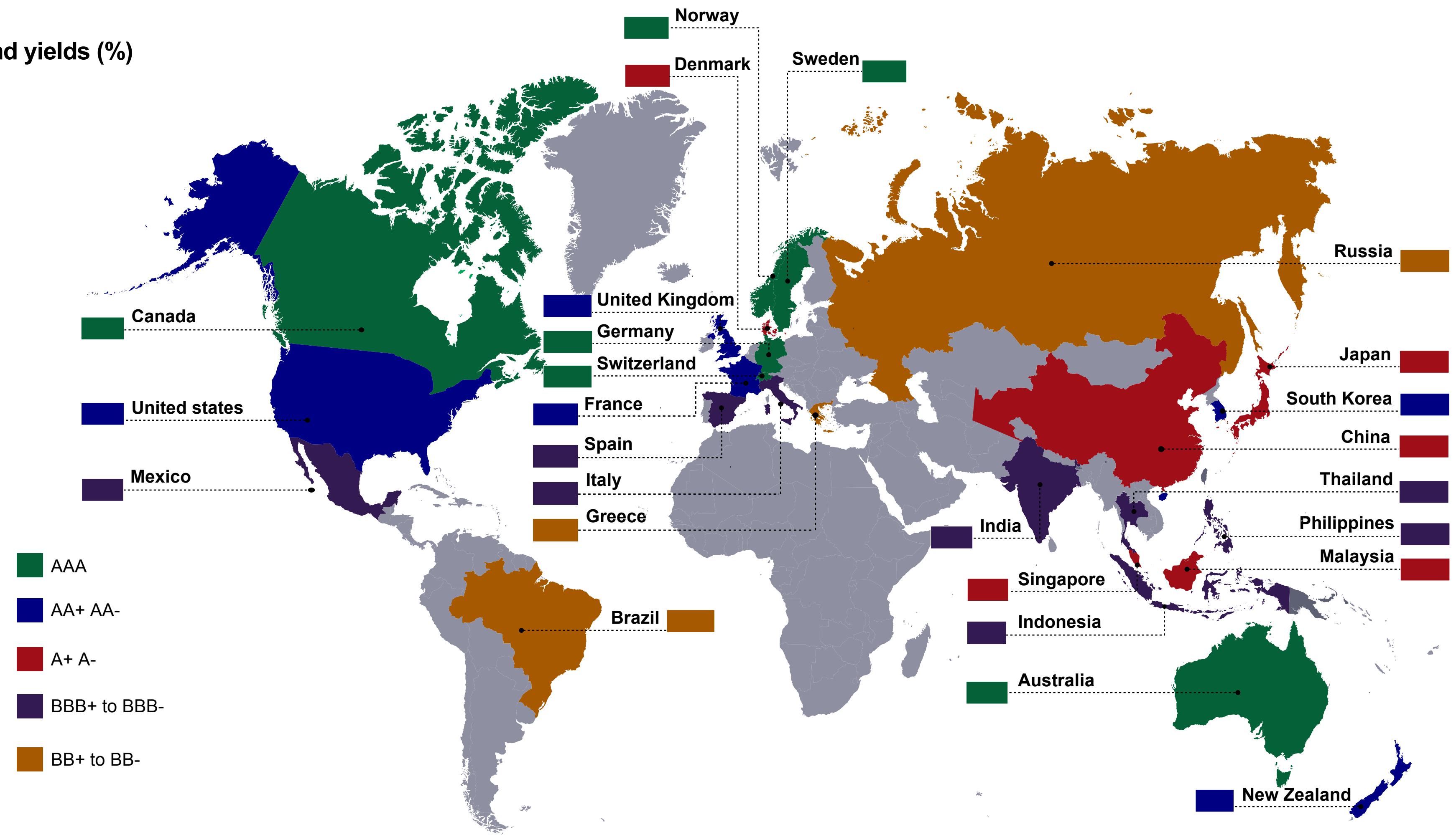
Recently, the loonie's relationship to oil and interest rates has completely broken down. We believe the recent move lower coincides with the broader risk-off market sentiment. Through the remainder of the year however, we expect the Canadian dollar to continue its appreciation relative to the U.S. dollar. We believe the range will be between US $0.83 –0.85, with risk to the upside over the next six to 12 months.

Sources: Manulife Investment Management, Bloomberg as of June 30, 2021. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results. See pages 32–35 for complete information. For illustration purposes only.

Lower yields around the world create issues for income focused investors

Although global sovereign bond yields may have bottomed and have started to increase in some areas, they won't be going back to their long-term averages in the near term. In addition, approximately $18 trillion USD of global bonds have a negative yield.

10-year government bond yields (%)



Source: Bloomberg as of June 30, 2021. Ratings are from Standard & Poor's and are subject to change. Foreign investing, especially in emerging markets, has additional risks, such as currency and market volatility and political and social instability. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results.

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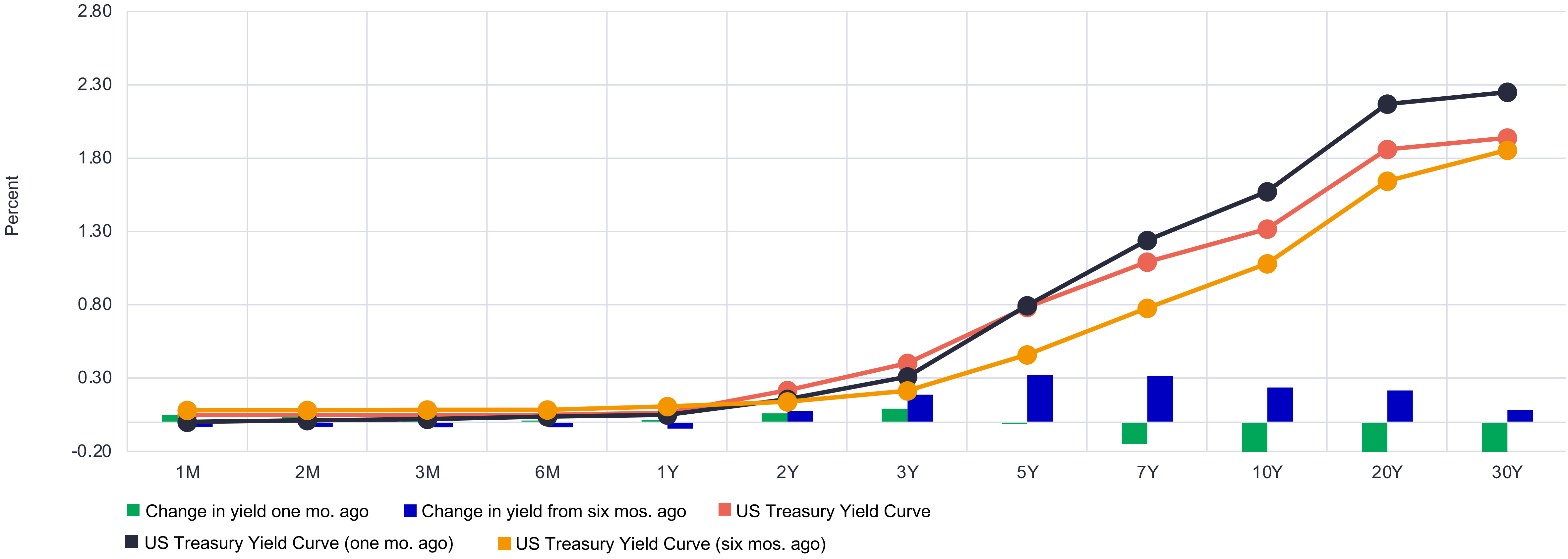
The view is for the U.S. Treasury yield curve to continue steepening as longer-term interest rates rise. We believe that the 2021 environment will be one of accelerating growth or inflation, in which we've historically seen an average increase in the 10-year yield of 50 bps, with a standard deviation of 100 bps.

US Treasury Curve
June 30 vs One Month & Six Months Prior



Manulife Investment Management

Source: Manulife Investment Management, Bloomberg, as of June 30, 2021.

Move to the better relative opportunity.

In an environment of improving global economic growth, yield curves are likely to steepen. Typically, when this happens, credit outperforms government bonds and lower duration outperforms longer duration. In fixed-income, it's important to understand the landscape going forward and be able to move to the better relative opportunity.

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ytd
11.8%	9.5%	13.7%	57.5%	15.2%	9.8%	18.5%	7.4%	8.8%	3.7%	17.5%	9.3%	2.4%	14.4%	9.4%	3.7%
9.9%	9.0%	11.5%	51.6%	12.0%	9.7%	15.6%	5.3%	7.6%	3.5%	10.2%	7.5%	1.9%	14.4%	9.2%	3.3%
6.7%	7.0%	8.6%	28.2%	10.1%	8.5%	9.7%	1.7%	7.5%	2.7%	10.2%	7.4%	1.4%	13.8%	8.7%	-0.5%
6.6%	6.3%	6.4%	16.3%	8.5%	8.4%	9.4%	0.8%	6.9%	2.6%	5.6%	6.2%	1.1%	8.7%	8.7%	-1.0%
4.4%	5.1%	5.2%	16.0%	7.3%	8.4%	6.2%	-1.2%	6.0%	1.2%	3.7%	4.1%	0.9%	8.6%	8.0%	-1.3%
4.3%	4.6%	4.8%	6.9%	6.7%	8.2%	4.3%	-1.5%	5.5%	0.8%	2.6%	3.5%	0.4%	8.1%	7.5%	-1.6%
4.3%	4.1%	0.2%	5.9%	6.5%	7.8%	4.2%	-2.0%	5.1%	0.5%	2.1%	3.4%	0.0%	6.9%	7.3%	-2.3%
4.1%	3.7%	-3.1%	5.4%	5.9%	5.6%	3.6%	-2.0%	3.1%	-0.7%	1.7%	2.5%	-1.2%	6.9%	6.2%	-2.6%
4.0%	2.2%	-10.9%	4.5%	5.5%	4.7%	2.1%	-2.6%	2.5%	-0.8%	1.0%	2.3%	-2.1%	6.8%	5.9%	-2.9%
3.6%	2.1%	-26.4%	-0.2%	5.4%	4.4%	2.0%	-2.7%	1.6%	-3.2%	1.0%	0.1%	-2.3%	3.7%	5.3%	-3.2%
3.1%	1.8%	-29.1%	-3.6%	3.6%	1.5%	2.0%	-6.6%	0.6%	-4.6%	0.0%	0.1%	-4.6%	3.1%	3.1%	-3.5%

Fixed Income Asset Classes

- Global Bonds
- US Aggregate
- US Treasury
- US Credit
- US High Yield Bonds
- US Floating Rate
- Canadian Bond Universe
- Canadian Government Bonds
- Canadian Corporate Bond
- Canadian Short Term Bonds
- Emerging Market Debt

As of June 30, 2021. Floating Rate (S&P/LSTA Leveraged Loan Index), Canada Bond Universe (DEX Universe Bond), Canada Inv. Corporate Bonds (DEX Corporate Bond), Canadian Government Bond (DEX Federal Universe Bond), Canadian Short Term Bonds (DEX Short Term Bond), Global Blonds (Barclays Global Aggregate), US High Yield (BofA ML US High Yield Master II Unconstrained), Emerging Market Debt (JPM EMBI Global Diversified Index).

Canadian dollar remains tied to oil prices.

Recently, the loonie's relationship to oil and interest rates has completely broken down. We believe the recent move lower coincides with the broader risk-off market sentiment. Through the remainder of the year however, we expect the Canadian dollar to continue its appreciation relative to the U.S. dollar. We believe the range will be between US$0.83–0.85, with risk to the upside over the next six to 12 months.

CADUSD vs Fair Value Model (CADUSD) to Oil
Last 10 Years

Source: Manulife Investment Management, Bloomberg, as of June 30, 2021.

Manulife Investment Management's sample strategy

15%	25%	15%	10%	35%

Canadian Equities

- Favour a selective approach to Canadian equities.
- Consider diversifying business risks, not just sectors.

U.S. Equities

- Look for opportunities to take advantage of market dislocations.
- Consider dollar-cost averaging into equities.

International developed market equities

- Consider less constrained strategies that can seek out opportunities wherever they may present themselves.

Emerging Market equities

- Opportunities may exist within the emerging markets, specifically in the Asia ex-Japan region.

Fixed income

- Favour flexible strategies that can seize opportunities wherever they may be.
- Consider using different types of bonds for different objectives, whether it is downside protection or enhanced yield.
- Be mindful of the potential currency impact on global allocations.

Source: Manulife Investment Management as of June 30, 2021. For illustration purposes only. Performance histories are not indicative of future returns. The information in this document does not replace or supersede KYC (know your client) suitability, needs analysis, or any other regulatory requirements. Clients should seek the advice of professionals before making any investment decisions.

Access our Manulife Investment Management experts.

It starts with our investment sales team.

Among Canada's most reputable sales forces, over 100+ professionals strong. Your contact in the centre of the wheel to connect you with the strategies, services and experts that Manulife Investment Management has to offer.

Portfolio managers

Access to the professionals managing the money, to gain from their market insight and further understand portfolio construction and resulting positioning

Capital markets and strategy

Market and economic analysis leading to guidance and commentary on strategies, asset allocation weightings, and specific portfolio recommendations with the goal of helping advisors manage their clients' portfolio objectives, regardless of the market environment

Private company advisory

Creating shareholder value for business owners by advising on mergers, acquisitions, and corporate finance transactions

Tax, retirement, and estate planning specialists

A team of legal, accounting, and industry-leading experts focused on identifying advisor opportunities within changing regulatory market environments

The opinions expressed are those of the contributors as of June 30, 2021, and are subject to change. A rise in interest rates typically causes bond prices to fall. The longer the average maturity of the bonds held by a fund, the more sensitive a fund is likely to be to interest-rate changes. The yield earned by a fund will vary with changes in interest rates.

Currency risk is the risk that fluctuations in exchange rates may adversely affect the value of a fund's investments.

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