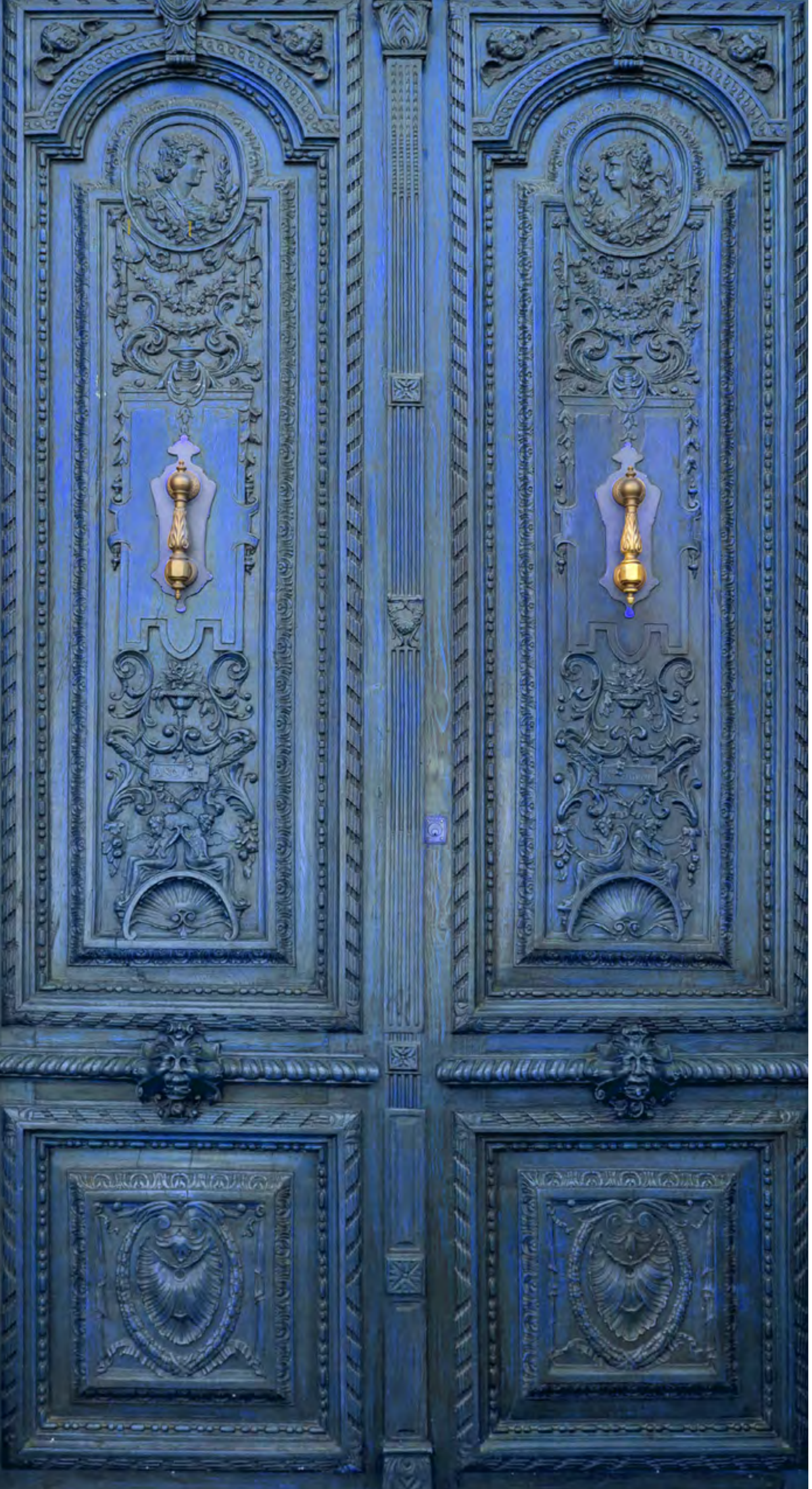

Manulife Investment Management

Capital Markets Strategy

Market *Intelligence*

Q1 2021

Insights from our strategy team

Market outlook as of December 31, 2020

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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

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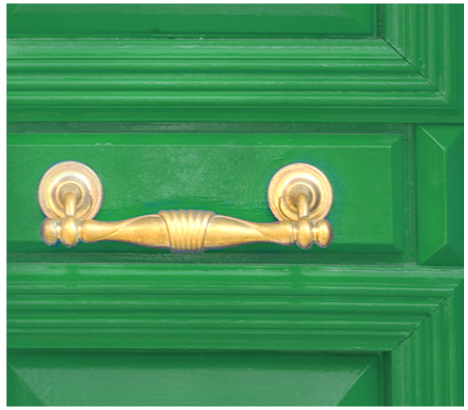
Senior Investment Strategist

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 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

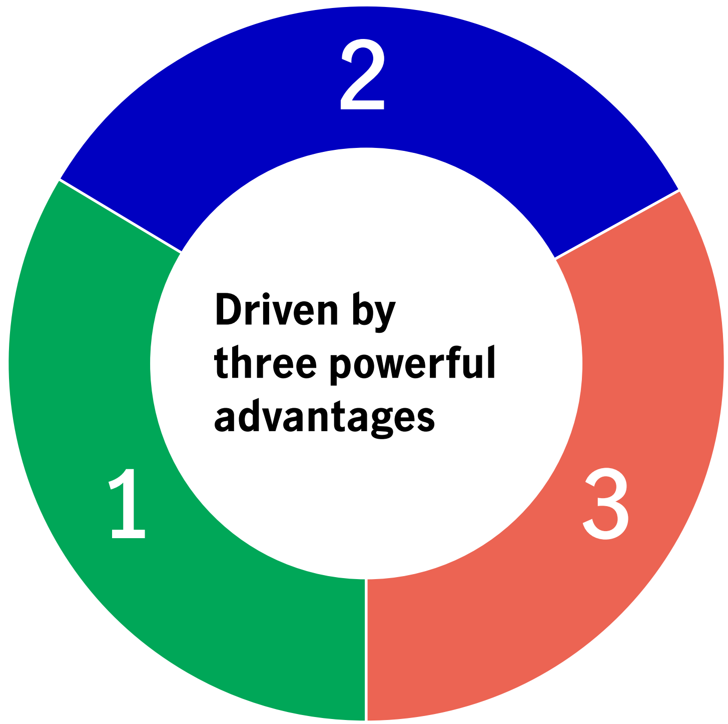
Quarterly Market Intelligence videos

Quarterly updates that measure key investment markets—including Canadian equities, U.S. equities, international equities, and fixed income—for Canadian investors.

A better way to invest: a three-pronged approach

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



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

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

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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, that 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

AberdeenStandard Investments

Aberdeen Standard Investments—Leading asset manager with an expanding global reach

- Investment capabilities span equities, bonds, real estate, private equity, multi-asset solutions, and absolute return strategies
- Active portfolio managers that place a significant emphasis on rigorous research and a strong collaborative ethos
- Backed by a Focus on Change investment philosophy, disciplined risk management, and shared commitment to a culture of investment excellence

1805 PICTET Asset Management

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

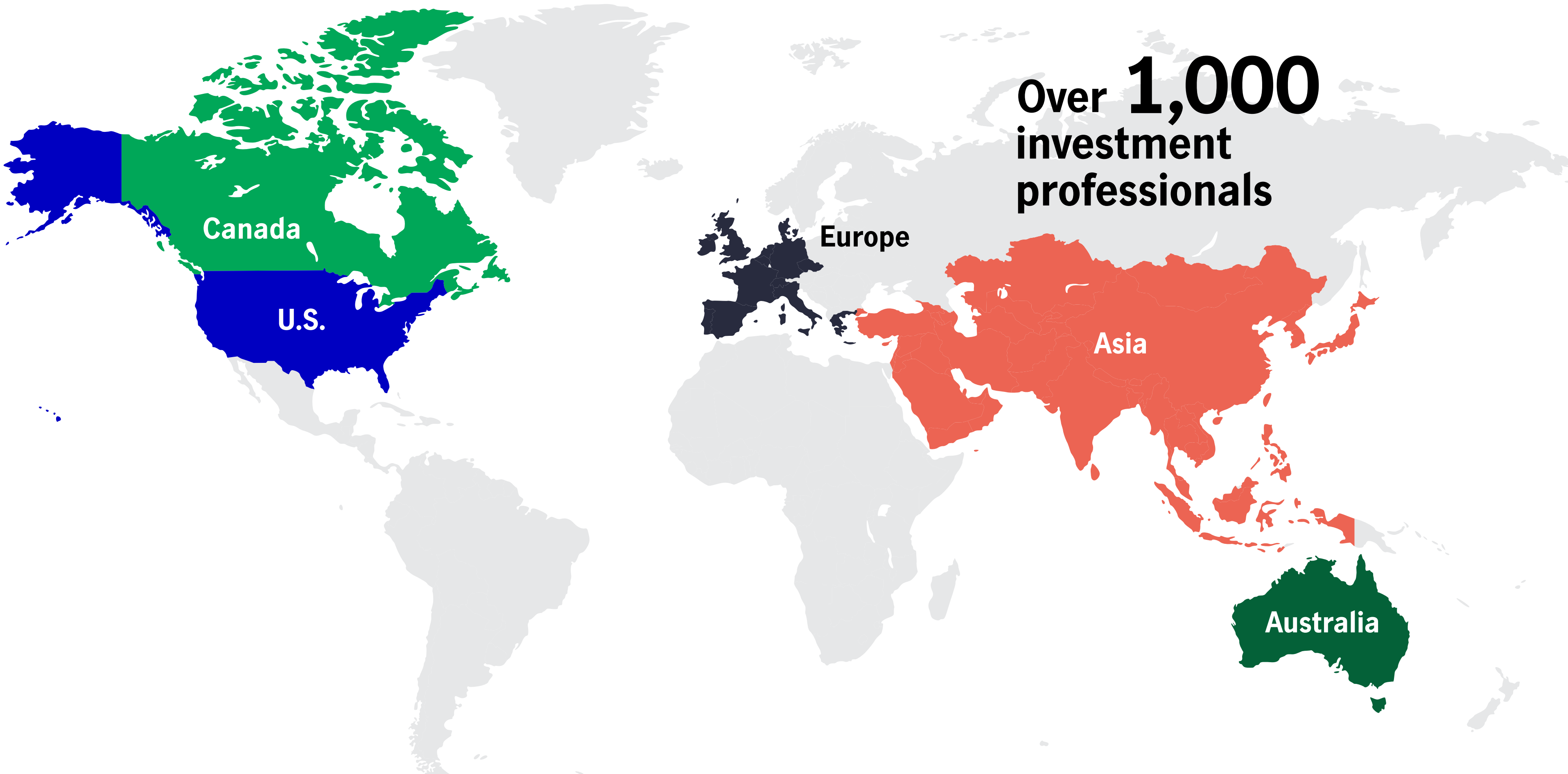
- Believes active manager skills leads to better long-term results
- Do not adhere to, or impose, a single investment approach on their investment managers, empowering each of their teams to be independent, innovative, and accountable
- Risk management is an integral part of the decision-making process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



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

Q4 2020 total return performance recap

Equity Returns

Index	Q4 2020	YTD	1 Year
S&P/TSX (CAD)	8.97%	5.60%	5.60%
S&P 500 (USD)	12.14%	18.39%	18.39%
S&P 500 (CAD)	7.57%	16.47%	16.47%
MSCI EAFE (USD)	16.09%	8.39%	8.39%
MSCI EAFE (CAD)	11.35%	6.63%	6.63%
MSCI Europe (USD)	15.62%	5.85%	5.85%
MSCI Europe (CAD)	10.90%	4.14%	4.14%
MSCI Emerging Markets (USD)	19.61%	18.50%	18.50%
MSCI Emerging Markets (CAD)	14.73%	16.58%	16.58%

Fixed Income Returns

Index	Q4 2020	YTD	1 Year
FTSE Canada All Government Bond (CAD)	0.21%	8.69%	8.69%
FTSE Canada Universe Bond (CAD)	0.63%	8.68%	8.68%
ICE BofA US corporate (USD)	2.99%	9.81%	9.81%
ICE BofA US corporate (CAD)	-1.77%	7.88%	7.88%
ICE BofA US High Yield Constrained (USD)	6.47%	6.07%	6.07%
ICE BofA US High Yield Constrained (CAD)	1.55%	4.21%	4.21%
Barclay's Global Aggregate Bond (USD)	3.28%	9.20%	9.20%
Barclay's Global Aggregate Bond (CAD)	0.81%	5.33%	5.33%

Market drivers looking back

Canadian Equities

In Canada, the S&P/TSX Composite Total Return Index wasn't immune to the effects of COVID-19. The index fell 37% over a four-week period during the first quarter yet was able to rebound to finish the year with a return of 5.6%. The year was anything but smooth as the Index dealt with economic shutdowns both domestically and globally, affecting the demand for commodities. Early in the second quarter, the price of oil, as measured by the West Texas Intermediate (WTI), fell into negative territory for the first time ever due to a nuance of the futures market. The subsequent rebound to US$48.52/bbl by year end helped support the rally in the Canadian equity market. Given the improved outlook for a global recovery in 2021, the improvements in energy, commodities, and financials, the three largest sectors in the Index, buoyed the Index through year end.

U.S. Equities

2020 will go down as one of the oddest years on record for U.S. financial markets. In the face of a global pandemic, not only did the S&P 500 Index have its fastest bear market in history, but also its fastest recovery. After falling nearly 34% from February 19 to March 23, it rallied over 67%, by year end, crossing its prior peak on August 18. The S&P 500, Dow Jones Industrial Average, and Nasdaq Composite indices all end the year in the black, posting returns of 18.4%, 9.7%, and 45.1%, including dividends, respectively. While one could argue that the equity market rally was concentrated in certain sectors, in the fourth quarter, we started to see some rotation to more economically sensitive type securities on the back of positive vaccine news.

International Equities

International equity markets suffered a similar fall and recovery as North American markets. The MSCI EAFE Index fell just over 34%, in U.S. dollar terms, during the first quarter of the year before rallying and ending 2020 with a return of 8.4%, in U.S. dollar terms, including dividends. Volatility picked up toward the end of the year as an increase in new COVID-19 cases and renewed fears surrounding the Brexit deal further hampered returns across Europe. Asian equities continue to be a bright spot as that region continues to post better than expected economic results during recovery from the impacts of the pandemic.

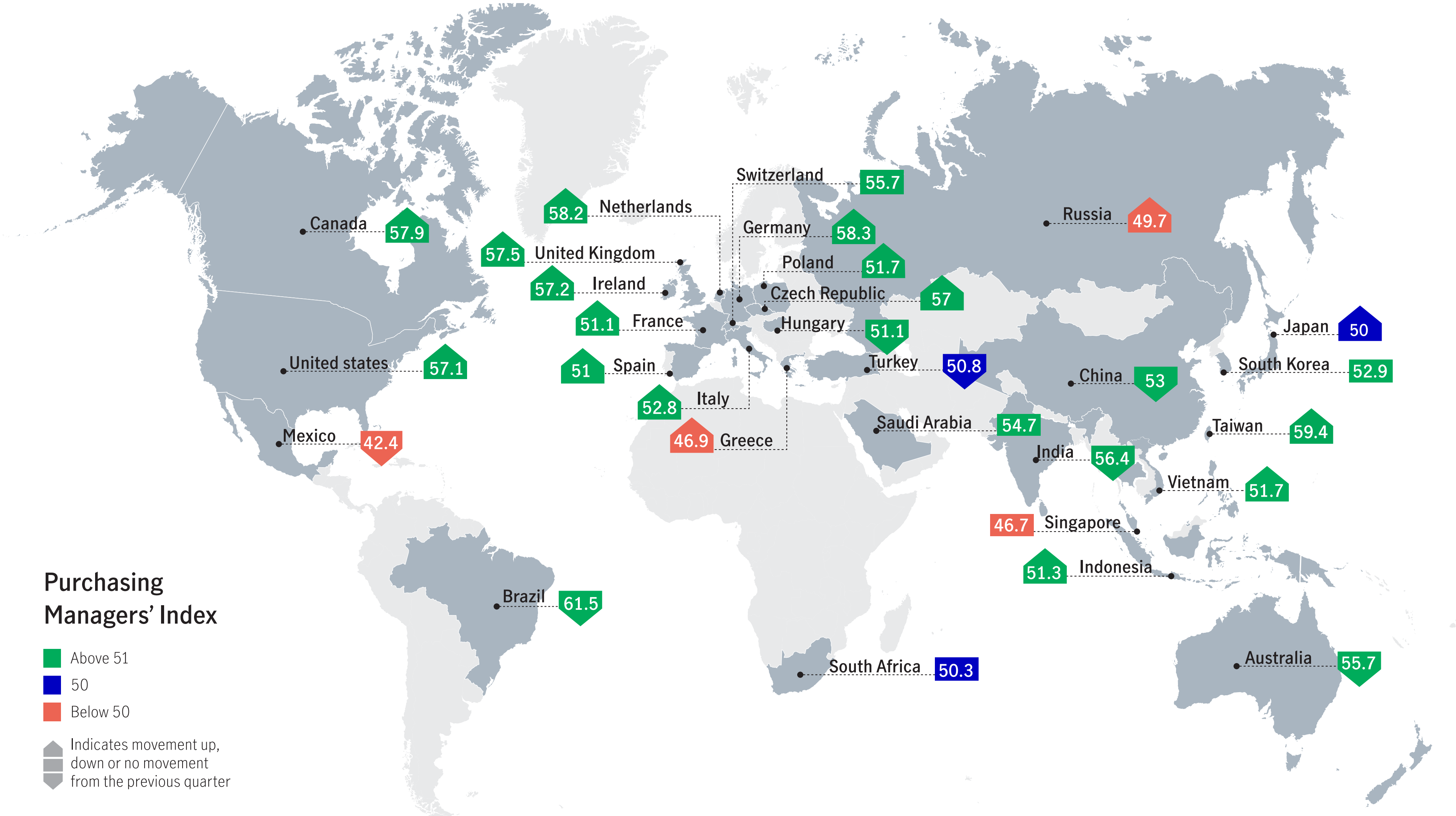
Fixed Income

Unprecedented levels of monetary and fiscal support to offset the economic impacts of global shutdowns resulted in flatter yield curves around the world. While longer-term, developed-market sovereign bonds lead the way early in the year, they gave way to credit and emerging market bonds during the recovery. The U.S. Federal Reserve maintained its commitment to low interest rates by pledging to keep interest rates near zero until 2023. 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 new approach to inflation is meant to support the labour market and broader economy by keeping interest rates lower for a longer period.

Source: Manulife Investment Management as of December 31, 2020. Performance histories are not indicative of future results.

Macro snapshot

Manulife Investment Management believes that manufacturing activity is indicating that the global economic recession is behind us.



The Markit PMI™ (Purchasing Managers' Index™) 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 December 31, 2020. 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 may result in stronger consumption in 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 positive yet 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 has improved. The demand for commodities, including oil, and their respective prices continues 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 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

Despite a second wave of COVID-19, the U.S. economy remains in recovery mode and we believe it's no longer in a recession. The markets have staged a very strong and impressive rally but may be prone to short-term volatility. The outlook remains positive, however, given the approval, manufacturing, and distribution of vaccines to a global population; potential policy implementation by the new administration; and continued gradual economic improvement through 2021. While not trying to be too optimistic, investors need to look past any potential near-term volatility, as we believe that stronger earnings growth is poised to take over from valuation as the driver of returns in 2021 and should lead the markets higher.

International Equities

Developed markets

Emerging markets

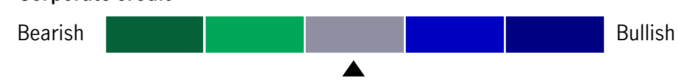
Emerging markets are likely to lead the way

While Europe is facing challenges with increased COVID-19 cases, new lockdowns and potential hangover effect from the Brexit deal, emerging markets (led by Asia) continue to improve. Economic growth and earnings momentum seem to be stronger in China, Korea, and Taiwan than elsewhere in the world. 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

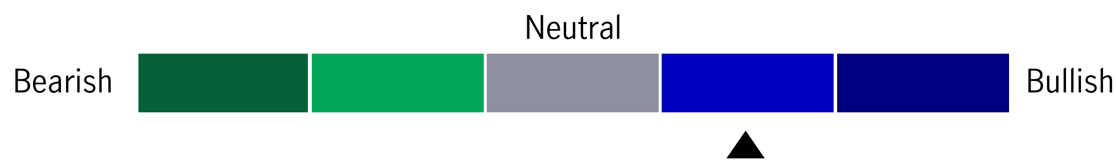
Exceptionally low interest rates are likely to remain around the world and across the curve spectrum in the near term. However, one of the consequences to the Fed's monetary inflation coupled with the trillions in fiscal stimulus by the U.S. federal government, will likely be an increase in inflation and 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. In this environment we believe credit does well and short-duration bonds outperform longer-duration. Investment grade and high yield bonds have enjoyed a strong rally supported by the Fed's actions. While spreads have narrowed, we believe there remains a cushion should the government curve steepen. We continue to favour high yield as an attractive income generator. Defaults will continue through the recovery as some companies will still fall victim to the COVID lock downs. In this regard, security selection, and careful credit analysis is of paramount importance.

Manulife Investment Management as of December 31, 2020. 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 year-over-year (YOY). We've seen a recovery in oil prices from US$37/bbl in April to US$48/bbl by the end of December. Using US$55/bbl as our target price for 2021, we believe the rapid reopening 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 and energy are two sectors that are trading at attractive valuations relative to the last 15 years. A rapid reopening and a steeper yield curve would benefit each of these sectors, while valuation would suggest the risks lean to the upside.

4

Dividend growers outperform.

Using Bloomberg, we 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 backtested 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 December 31, 2020. The commentary on this page is that of Manulife Investment Management.
Performance histories are not indicative of future results.
See pages 13-16 for complete information.

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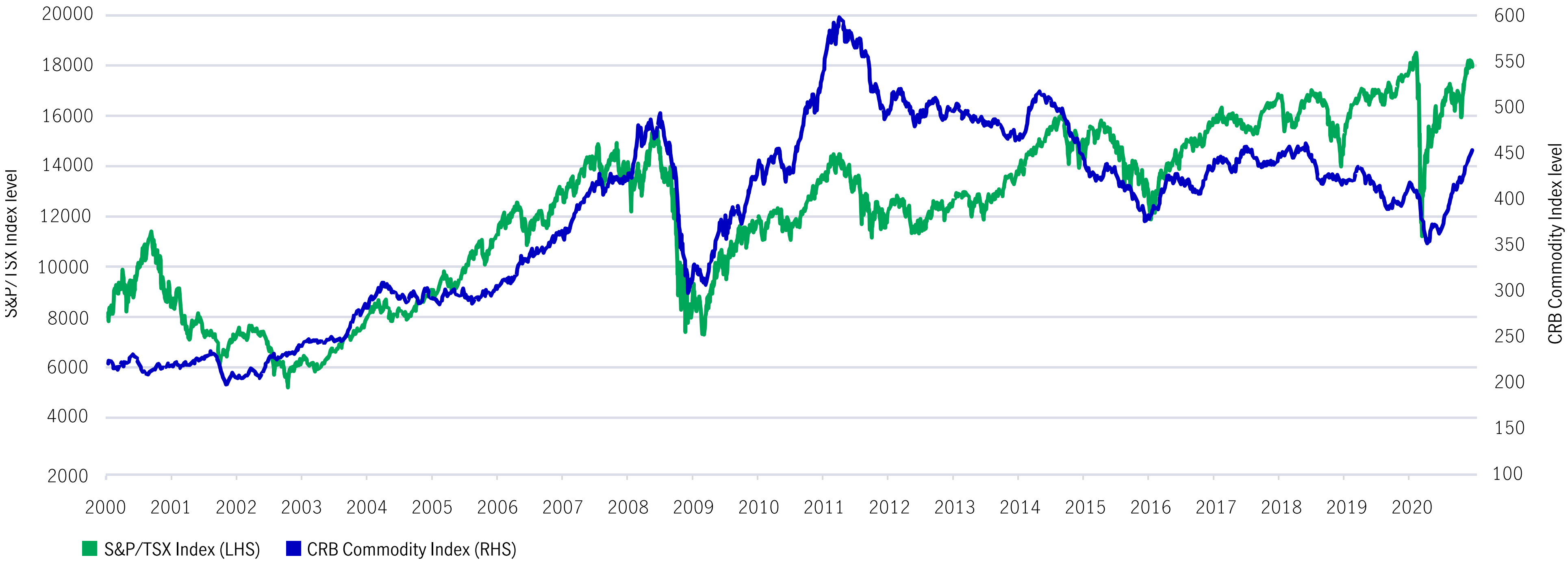
S&P/TSX Composite Index vs CRB Commodity Index

2000 – current



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

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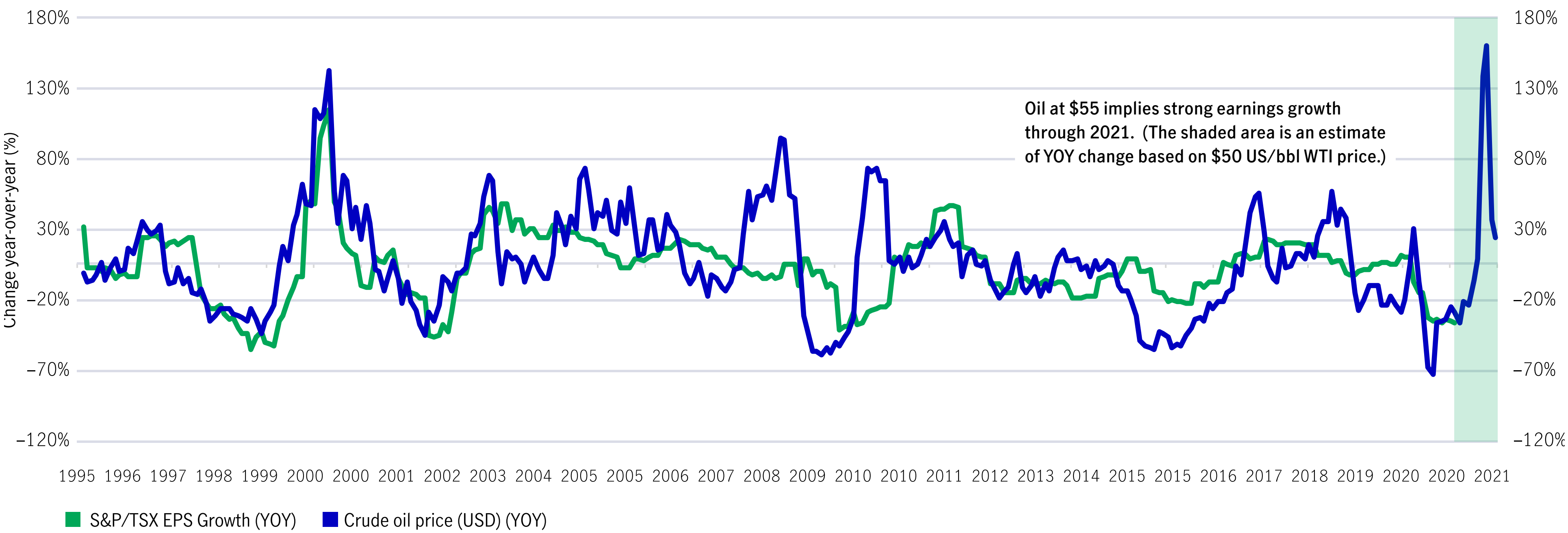
Change in oil price (YOY) vs Change in S&P/TSX earnings per share lagged 3 months (YOY)
1996 – current



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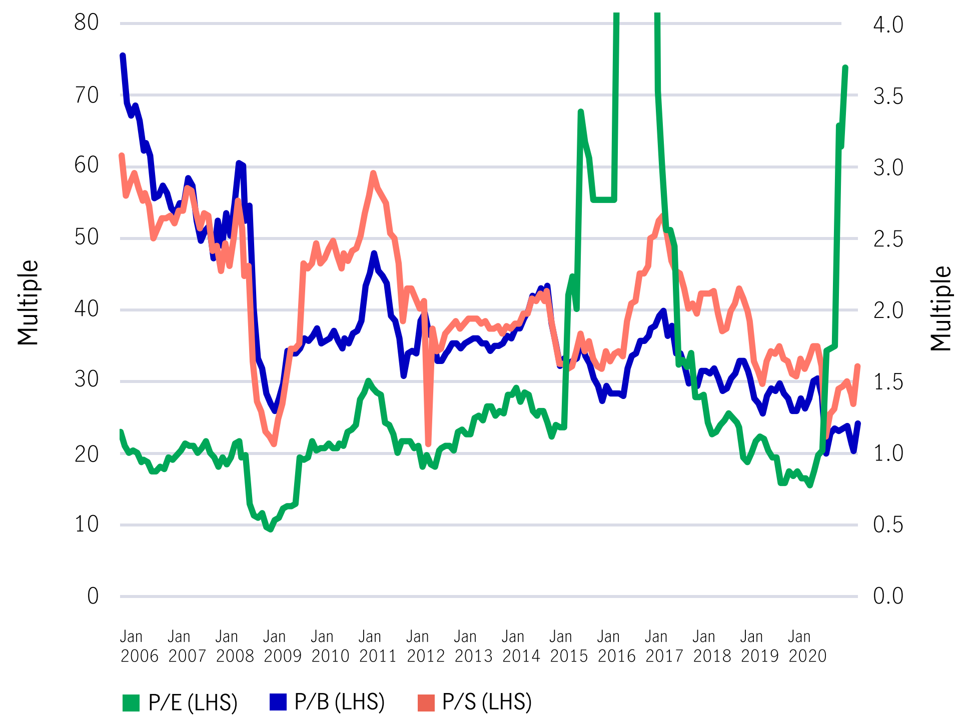
S&P/TSX financials sector – trailing multiples 2006 – 2020

S&P/TSX energy sector – trailing multiples 2006 – 2020



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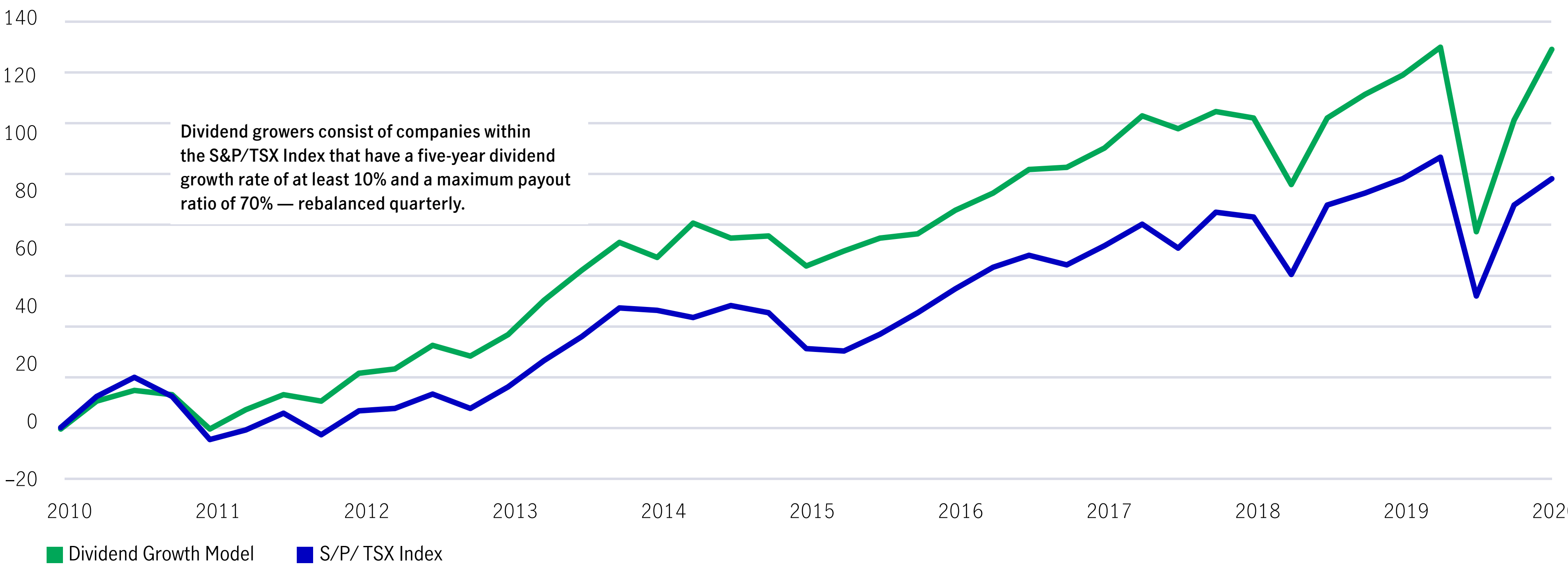
Capital Markets Strategy dividend growth model vs S&P /TSX Composite Index

Cumulative return (2010 – 2020)

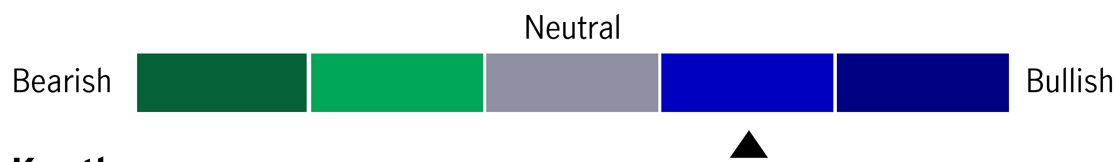


Source: Manulife Investment Management, Bloomberg, as of September 30, 2020.

U.S. Equities

Continuing the march forward

U.S. Equities



Key themes

1

S&P 500 may not be as expensive as you might think.

While the S&P 500 Index looks expensive on some metrics, such as price-to-earnings (P/E) ratio, it's not as expensive on others. One such metric is price-to-free-cash flow, which would suggest that it's in line with its longer-term average valuation. It's important to examine different valuation metrics to get a complete picture of the equity markets.

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

Returns will likely be driven by earnings.

Equity market returns are driven by three factors: dividend yield, earnings growth, and change in valuation (P/E ratio). In the year following strong rallies in the P/E ratio, valuation often gives way to earnings growth as the driver of returns.

Source: Manulife Investment Management as of December 31, 2020. The commentary is that of Manulife Investment Management. Performance histories are not indicative of future results. See pages 19–22 for complete information. For illustration purposes only.

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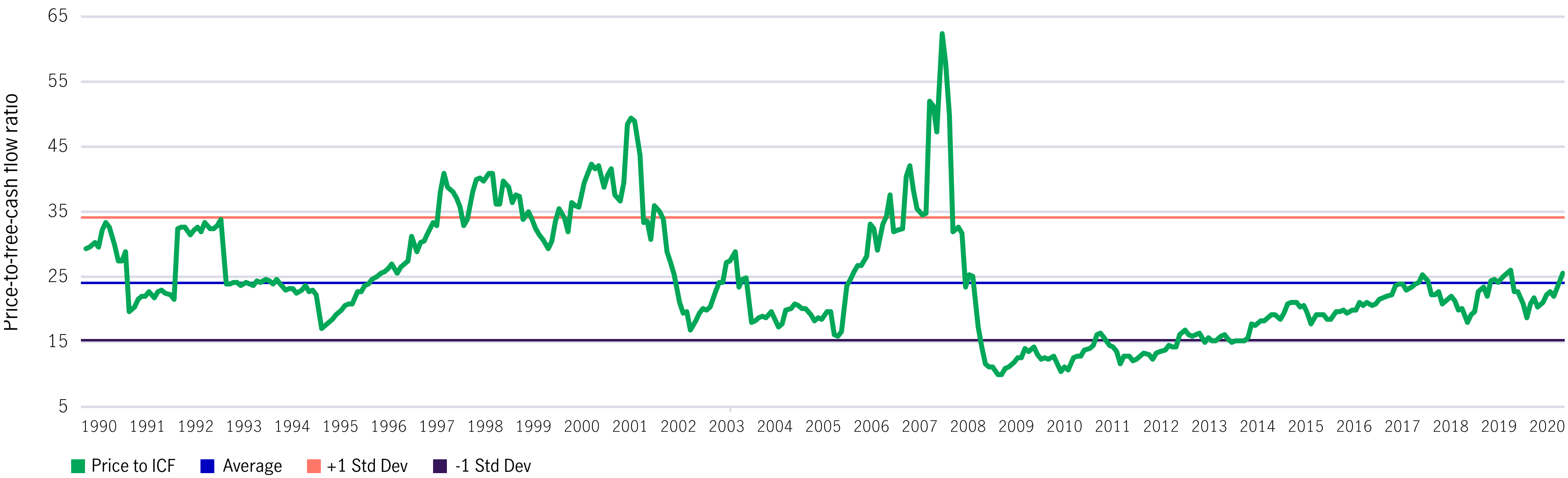
S&P 500 price-to free-cash flow

1990 – current



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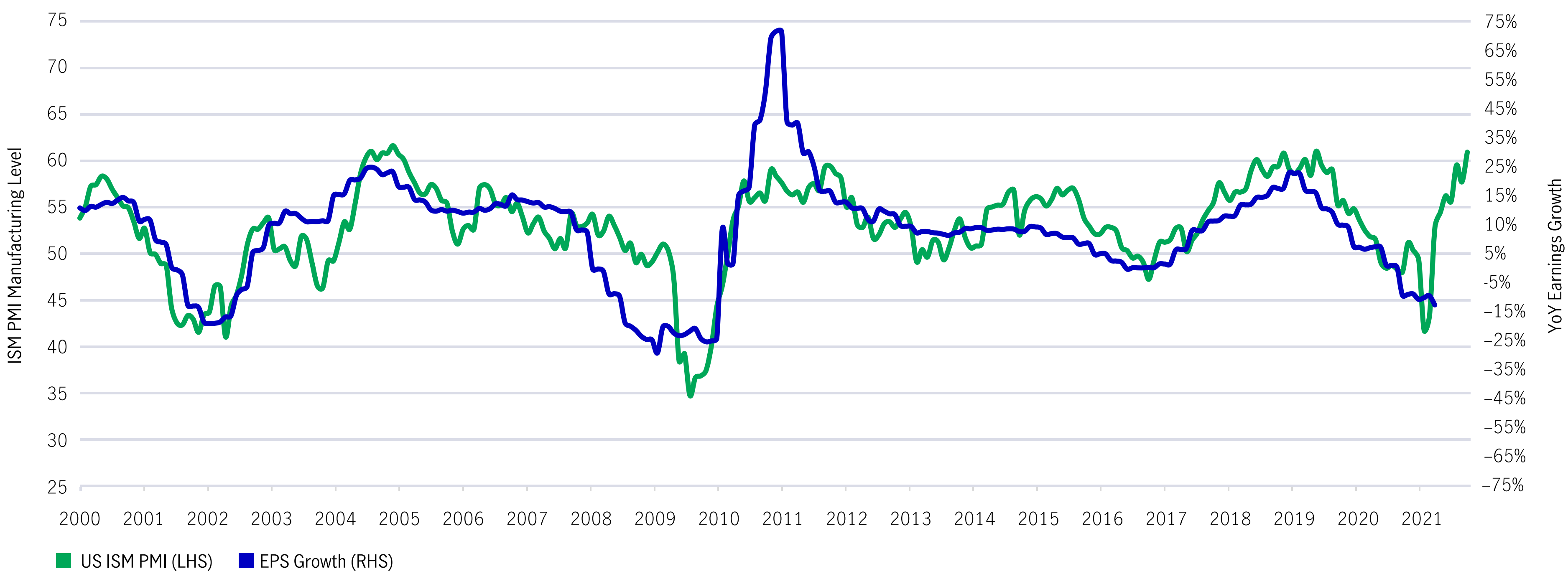
ISM PMI vs S&P 500 Index earnings growth YOY (advanced six months)

2000 – current



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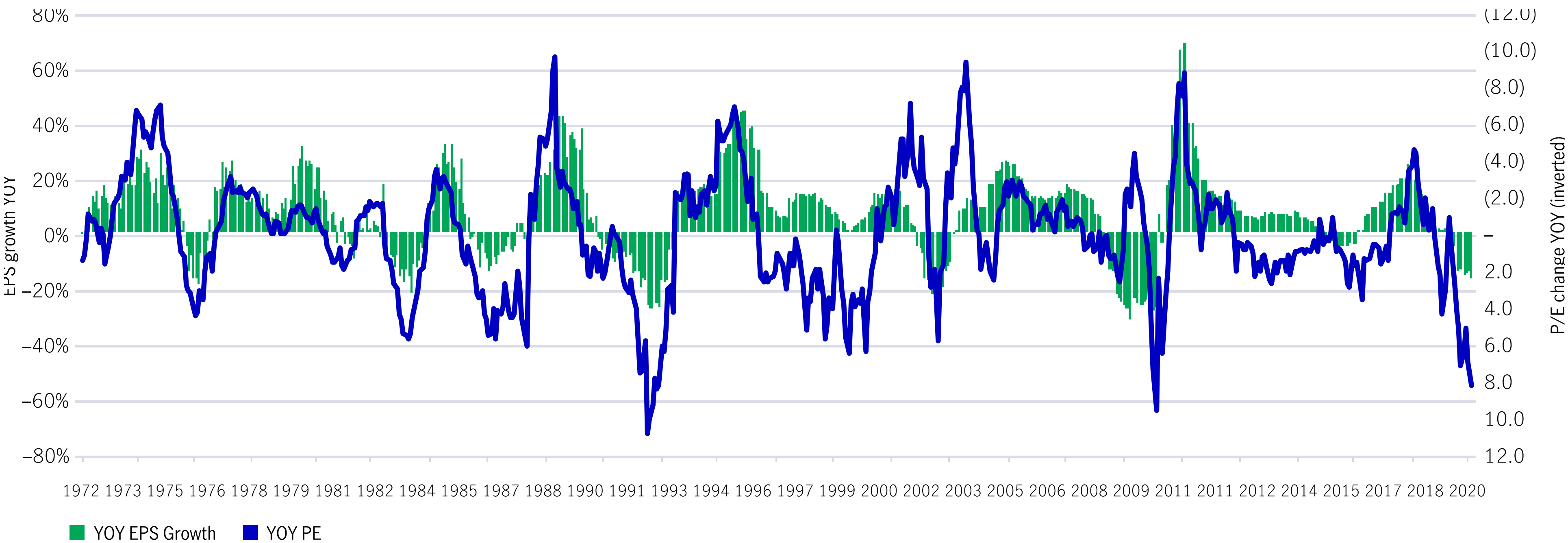
Year-over-year change in S&P 500 Index earnings per share vs Change in trailing P/E multiple

1972 - current

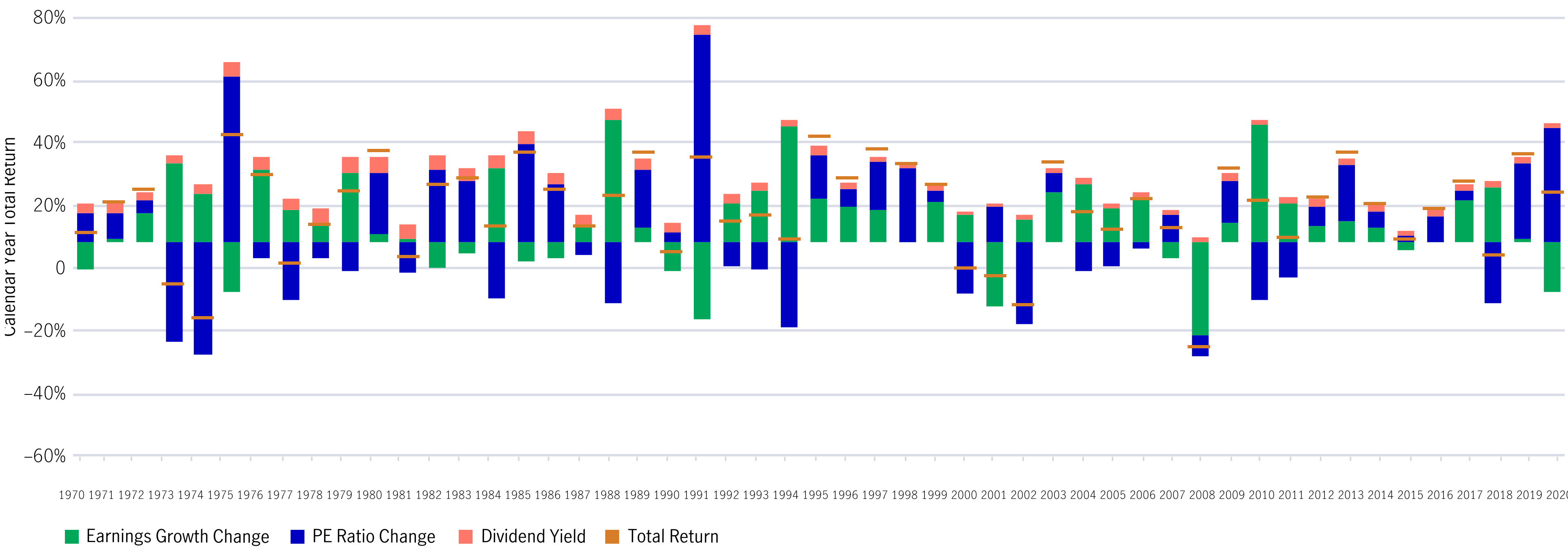


Source: Manulife Investment Management, Bloomberg, as of December 31, 2020.

Returns will likely be driven by earnings

Equity market returns are driven by three factors: dividend yield, earnings growth, and change in valuation (P/E ratio). In the year following strong rallies in the P/E ratio, valuation often gives way to earnings growth as the driver of returns.

Contribution to return by earnings growth, P/E ratio and dividends
1970 - 2020

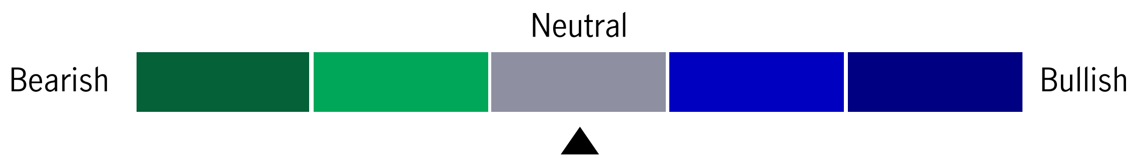


Source: Manulife Investment Management and Bloomberg, as of September 30, 2020.

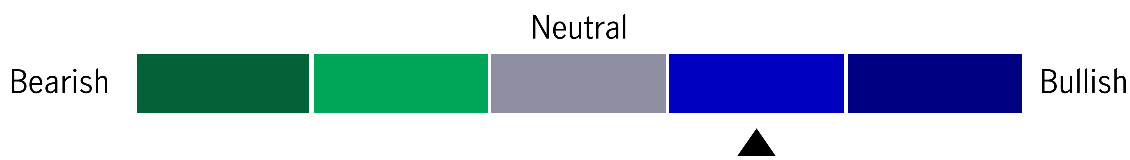
International Equities

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. There's renewed optimism towards global trade as we expect less disruption from tariffs/political posturing. 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 October 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. While the near-term economic downside could be worse, companies located in these growth regions should benefit from the strong economic rebound coming out of the various lockdowns.

3

Copper prices indicate 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. The recent increase in prices should indicate an improvement in economic growth in China and could also lead to a stronger global economy.

4

Emerging market equities look attractive heading into 2021.

Emerging market equities enjoy their best performance in an accelerating growth/inflation environment. Coupled with our view towards a weaker U.S. dollar through 2021, we believe emerging market equities have the potential to outperform developed market equities this year.

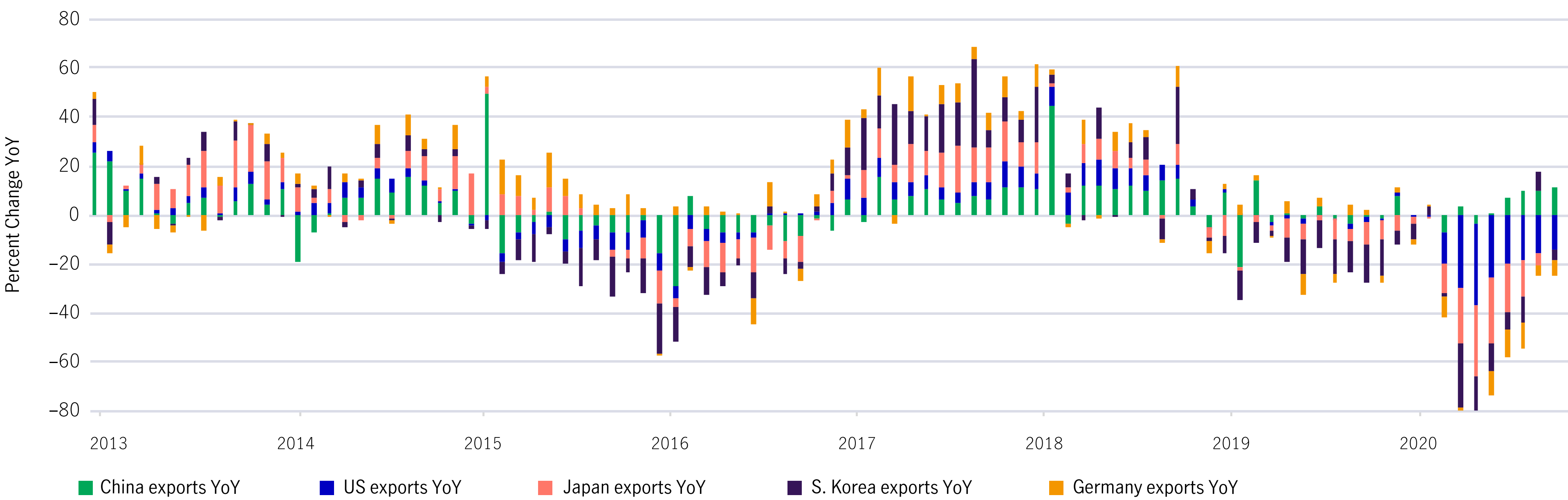
Sources: Manulife Investment Management, Bloomberg as of December 31, 2020. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results. See pages 25–28 for complete information. For illustration purposes only.

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. There's renewed optimism towards global trade as we expect less disruption from tariffs/political posturing. 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

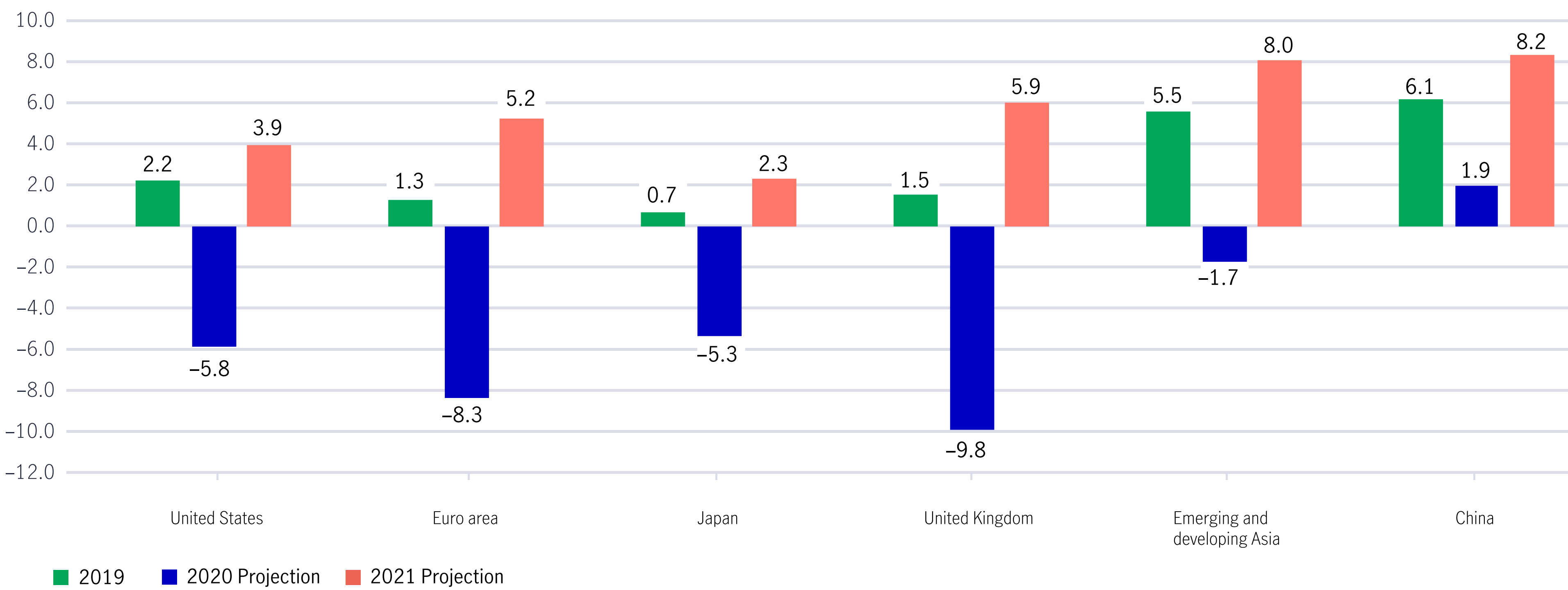


Data not available for China for January and February 2020, or for U.S. and Germany for November 2020.
Source: Manulife Investment Management, Bloomberg, as of November 30, 2020.

International equities may benefit from stronger economic growth

In their October 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. While the near-term economic downside could be worse, companies located in these growth regions should benefit from the strong economic rebound coming out of the various lockdowns.

Economic growth projections



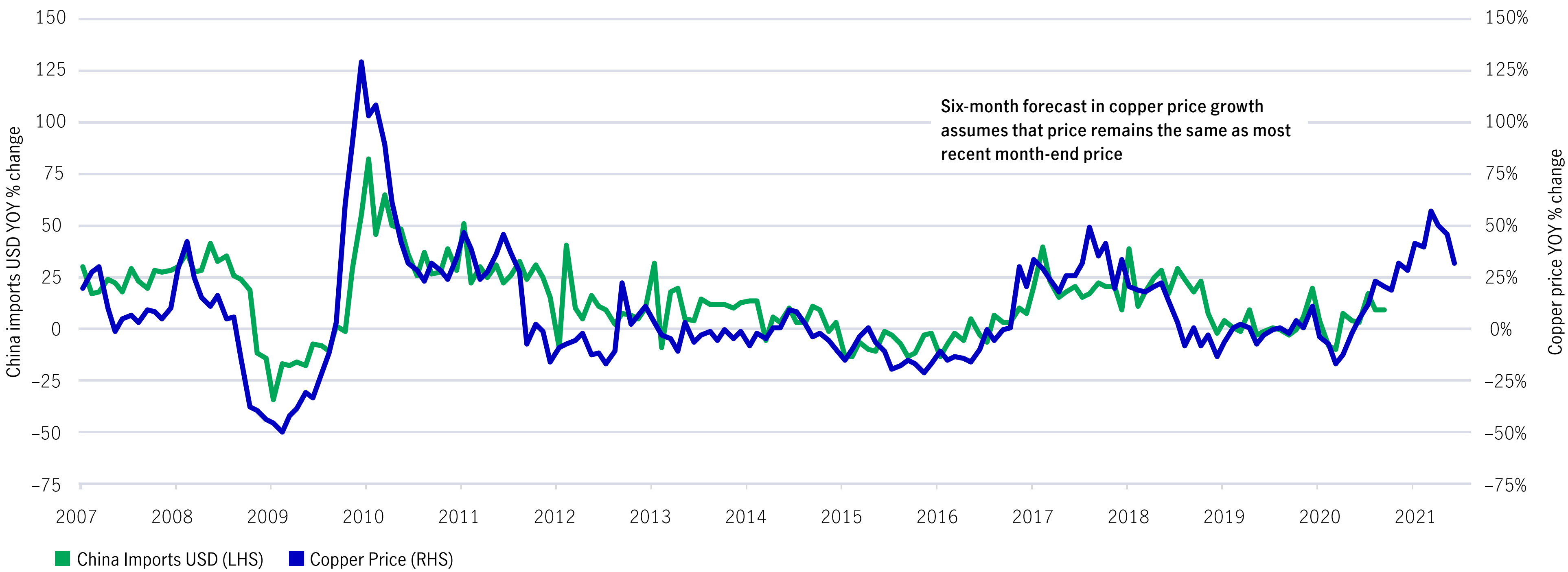
Source: Manulife Investment Management, Bloomberg, as of November 30, 2020.

Copper prices indicate 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. The recent increase in price should indicate an improvement in economic growth in China and could also lead to a stronger global economy.

Chinese imports vs Copper prices YOY change

2007 – current (with six-month forward forecast)



Source: Manulife Investment Management, Bloomberg, as of November 30, 2020.

Emerging market equities look attractive heading into 2021

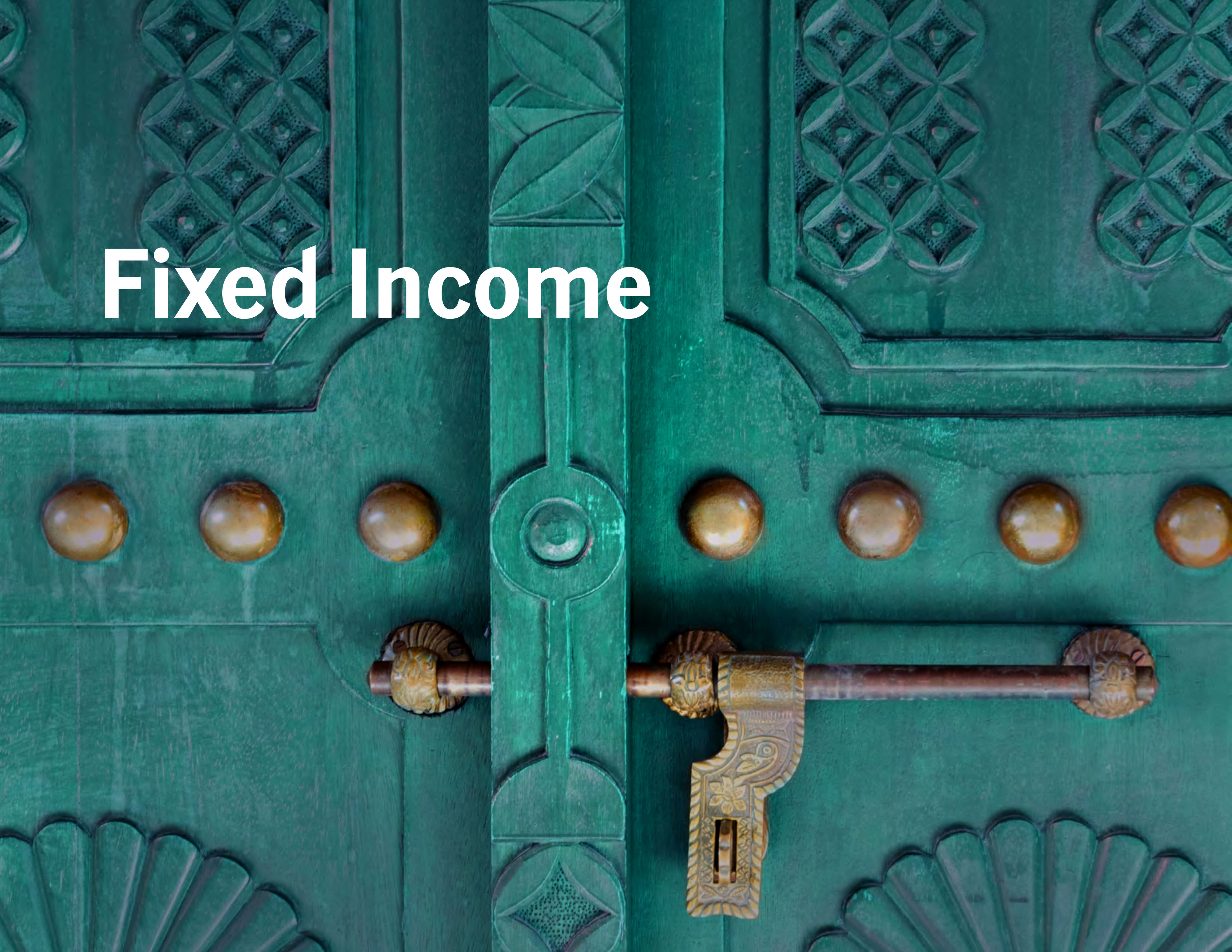
Emerging market equities enjoy their best performance in an accelerating growth/inflation environment. Coupled with our view towards a weaker U.S. dollar through 2021, we believe emerging market equities have the potential to outperform developed market equities this year.

MSCI Emerging Markets Index vs U.S. Dollar Index (DXY)

2000 – current

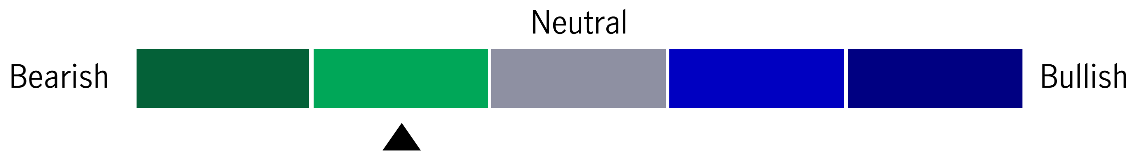
Source: Manulife Investment Management and Bloomberg, as of December 31, 2020.

Fixed Income

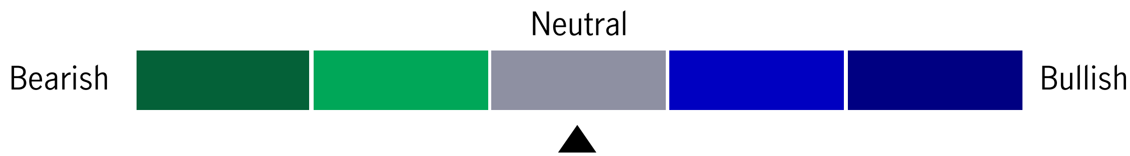


Flexibility is required

Developed Market Sovereigns



Corporate Credit



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 consensus 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.

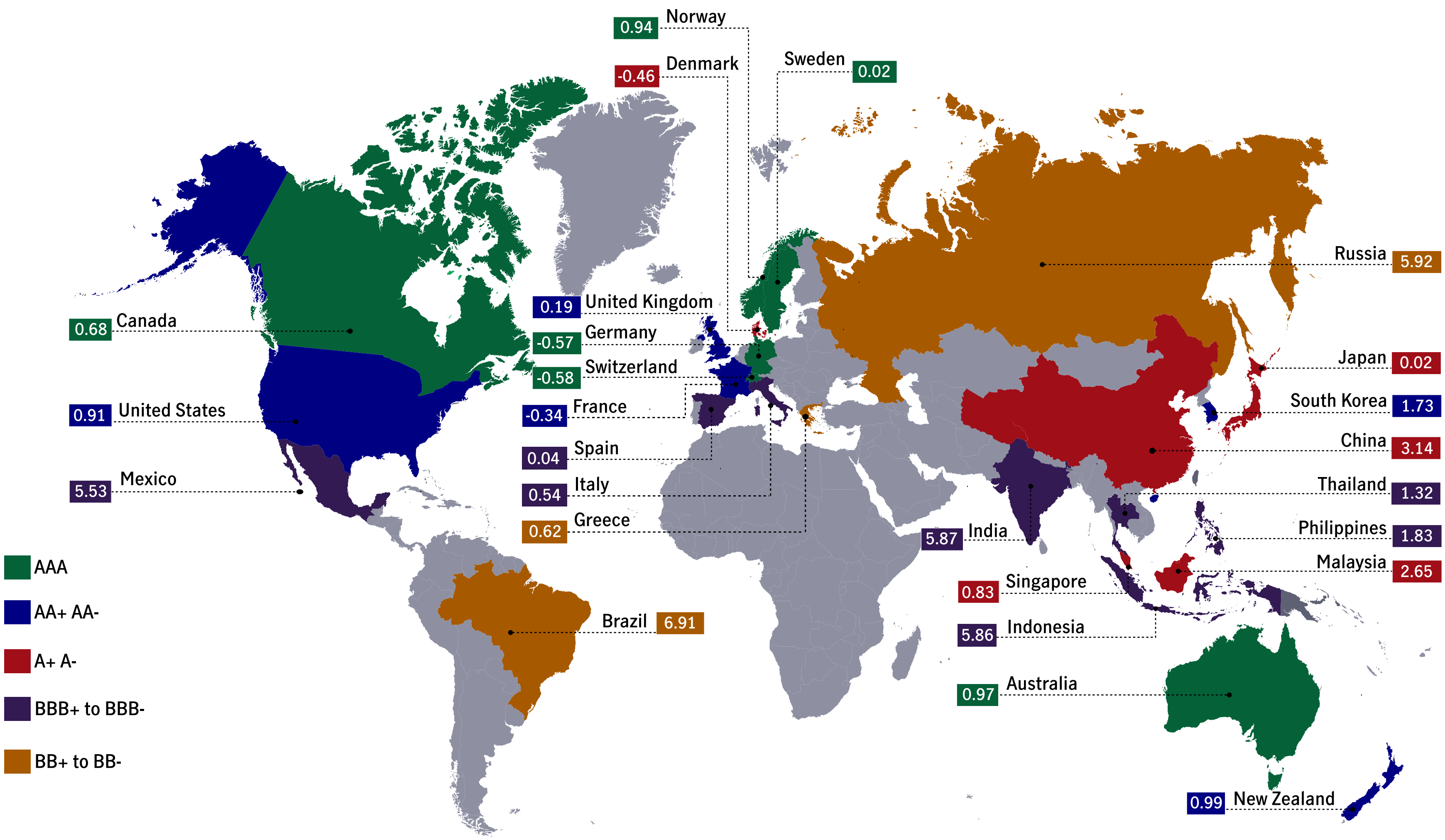
Recently, the loonie's relationship to interest rates has completely broken down and the shorter-term moves can be entirely attributed to the price of oil, specifically West Texas Intermediate (WTI). As oil prices have rallied more recently, so too has the Canadian dollar. Expect the Canadian dollar to continue its appreciation relative to the U.S. dollar. We believe it'll be between US$0.79–0.81, with risk to the upside over the next six to 12 months.

Source: Manulife Investment Management as of December 31, 2020. For illustration purposes only. The commentary on this page is that of Manulife Investment Management. Performance histories are not indicative of future results. See pages 31-34 for complete information.

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 December 31, 2020. 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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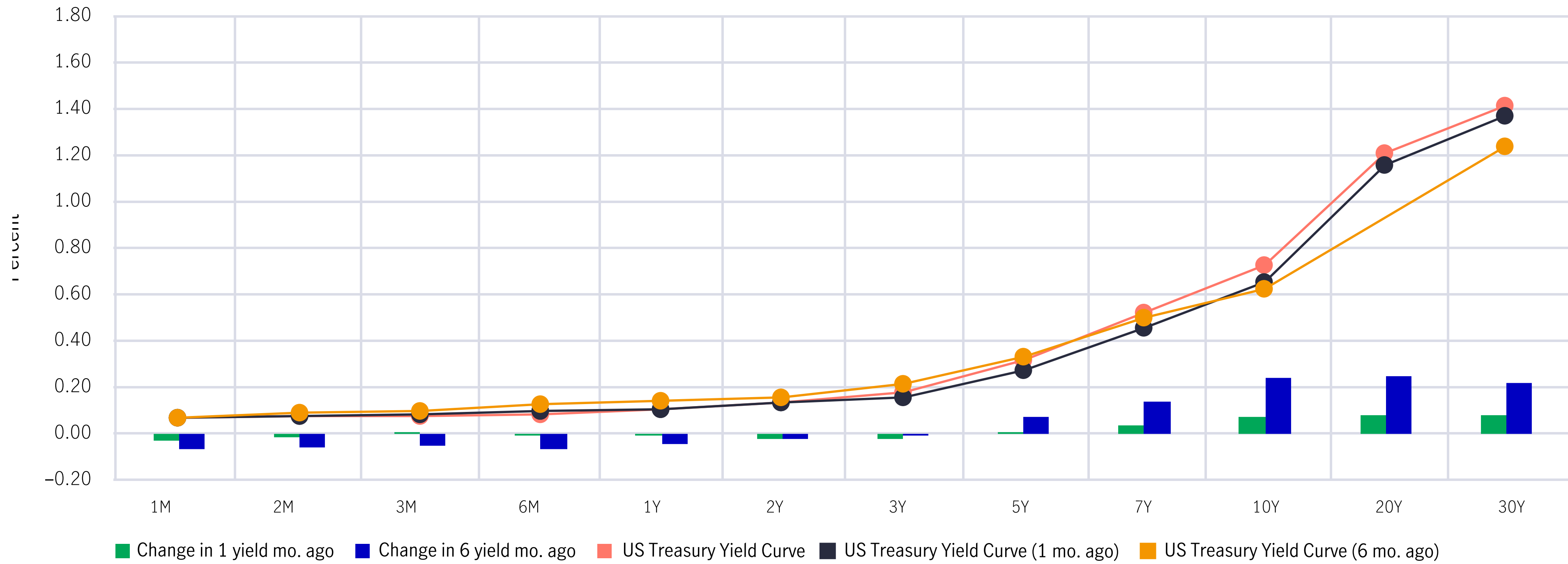
U.S. Treasury curve

December 31 vs one month and six months ago



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

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
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%
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%
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%
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%
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%
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%
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%
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%
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%
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%
3.1%	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%

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

Source: As of December 31, 2020. Floating rate (S&P/LSTA Leveraged Loan Index), Canada bond universe (DEX Universe Bond), Canada investment-grade 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), U.S. 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

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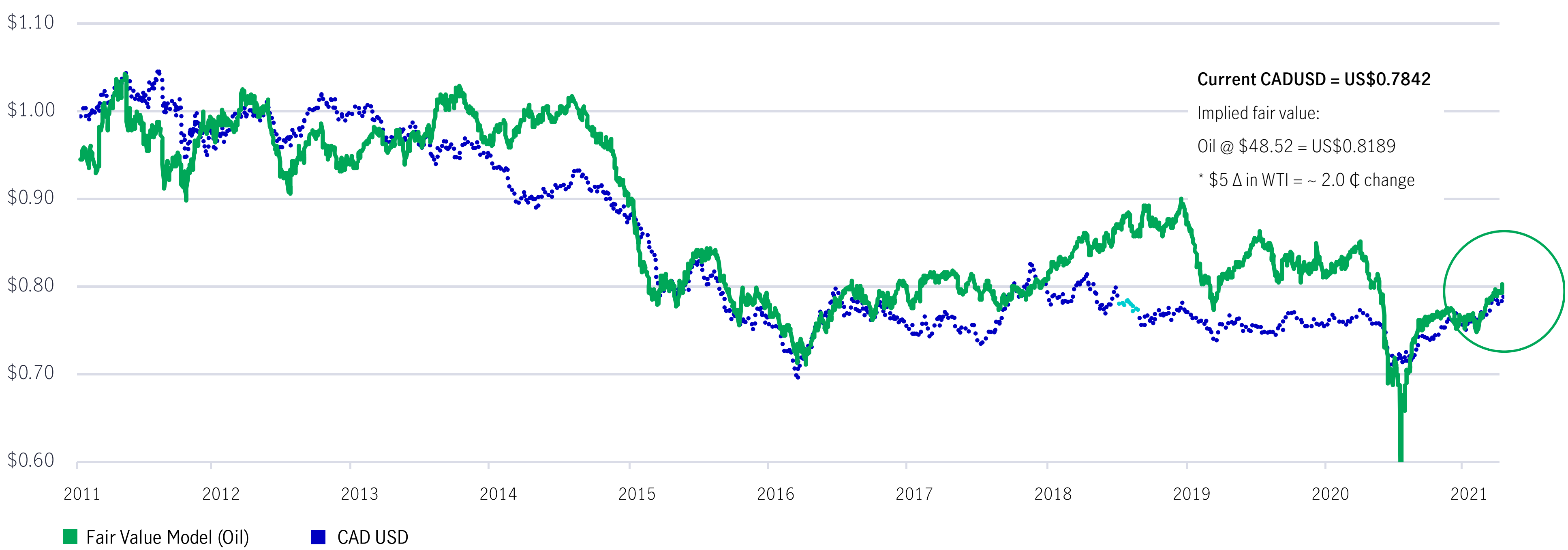
CADUSD vs Fair value model (oil)

Last 10 years



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

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 December 31, 2020. 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

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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.

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.

Portfolio managers

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

Private company advisory

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

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