

Total Return Bond Strategy

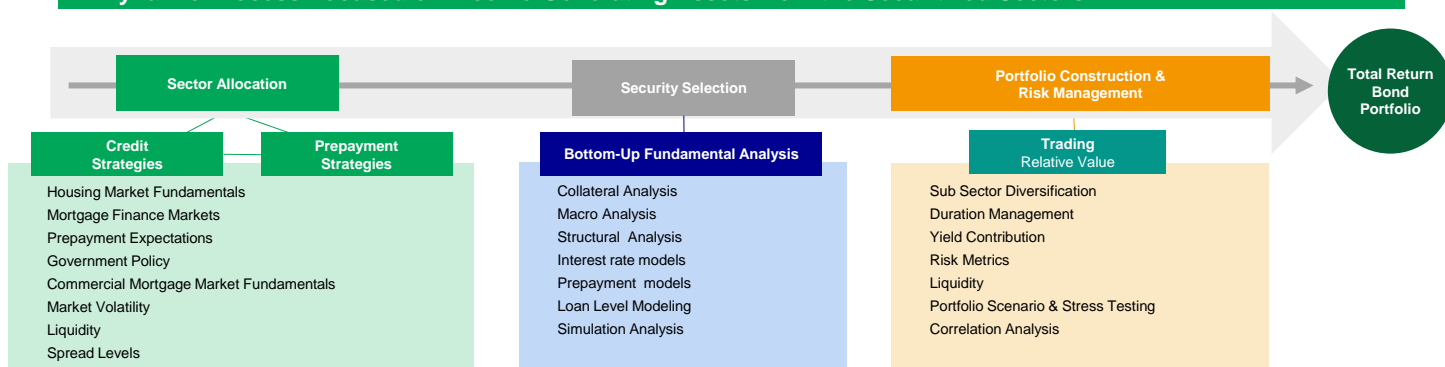
Investment Philosophy¹

We believe securitized assets offer interesting sourcing opportunities due to information barriers and limited competition in a large, inefficient marketplace. The portfolio is managed with a value orientation and focused on diversification among securitized asset classes, income generation as a consistent component of total return and maximizing risk efficiency.

Strategy Inception:	February 2011
Target Return:	6–10%
Credit Profile:	Moderate
Duration:	0–5 years

Investment Process²

A Dynamic Process Focused on Income-Generating Assets from the Securitized Sectors



Composite Performance*

Total Returns as of September 30, 2022 (%)

	QTD	YTD	1 yr	3 yrs	5 yrs	7 yrs	Since Inception
Total Return Bond — Gross ³	-1.53	-6.95	-7.14	0.65	2.61	3.16	4.82
Total Return Bond — Net ³	-1.68	-7.37	-7.70	0.05	1.99	2.55	4.19
Bloomberg US Aggregate Bond Index	-4.75	-14.61	-14.60	-3.26	-0.27	0.54	1.75
Bloomberg High Yield Bond Index	-0.65	-14.74	-14.14	-0.45	1.57	4.13	4.63
S&P/LSTA Leveraged Loan Index	1.38	-3.23	-2.49	2.22	2.98	3.66	3.68

Past performance is not indicative of future results. Performance is shown in USD. Gross performance results do not include advisory fees and other expenses an investor may incur, which when deducted will reduce returns. Net performance results reflect the application of the highest incremental rate of the standard investment advisory fee schedule to gross performance results. Changes in exchange rates may have an adverse effect.

Since Inception Risk Data (%)

	Standard Deviation	Sharpe Ratio**
Total Return Bond	4.07	0.89
Bloomberg US Aggregate Bond Index	3.78	0.31
Bloomberg High Yield Bond Index	7.42	0.55
S&P/LSTA Leveraged Loan Index	5.25	0.59

The benchmark for the Total Return Bond Composite is the Bloomberg US Aggregate Bond Index. Other indexes are provided for additional comparison only.

*Past performance is not indicative of future results. Returns greater than one year are annualized. Performance shown is the Manulife Investment Management (US) Total Return Bond composite as of September 30, 2022 in USD. Composite Inception date, February 2011.

**Source: eVestment, December 2021. Calculation based on gross returns.

¹ This material contains information regarding the investment approach described and is not a complete description of the investment objectives, risks, policies, guidelines, or portfolio management and research that supports this investment approach. There is no guarantee that investment objectives will be met. The investment process may change over time.

² No investment strategy or risk management techniques can guarantee returns or eliminate risk in any market environment.

Strategy Highlights

Invests in Full Range of Securitized Markets

- Investment team is grounded by deep research capabilities and expertise in CMBS, CLO assets and other niche sectors as well as Agency MBS and Non Agency RMBS
- Creates improved diversification; strategy not dependent on one or two sectors

Strategy is Focused on Income Generation

- Less dependent on potential spread tightening as a source of return
- Income can provide a cushion against price volatility

Risk Management is a Hallmark

- Extensive modeling capabilities and resources utilized for stress testing and scenario analysis
- Focus on Sharpe ratio, volatility management and other risk efficiency characteristics

Size Allows Impactful Access

- Ability to participate in smaller deals
- Large enough to gain solid market coverage

Investment Team	Years of Experience
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Peter Farley, CFA	27
Jeffrey Given, CFA	29
David A. Bees, CFA	22

Portfolio Summary ⁴	Representative portfolio
Yield to Worst (%)	7.47
Average Credit Quality	Baa1
Duration (Years)	2.66
Weighted Average Life (Years)	5.44

Correlation Summary ⁴	Total Return Bond Strategy	Bloomberg HY Bond Index	S&P/LSTA Leveraged Loan Index	Bloomberg US Aggregate Index
Total Return Bond	1.00			
Bloomberg HY Bond	0.65	1.00		
S&P/LSTA Leveraged Loan	0.73	0.81	1.00	
Bloomberg US Aggregate	0.51	0.39	0.11	1.00

Quality Breakdown ⁴	Total Return Bond Strategy
Aaa/AAA	31.90
Aa/AA	5.70
A	12.80
Baa/BBB	26.10
Ba/BB & Below	23.60

Sector Allocation (%) ⁴	Representative portfolio	Bloomberg US Aggregate Index
ABS	9.97	0.39
CLO	5.69	0.00
CMBS – Conduit & Large Loan	16.09	1.89
CMBS – Interest Only	11.57	0.00
Agency MBS	15.27	27.61
Agency CMO, IO/IO	5.34	0.00
Non-Agency MBS – Agency Credit	10.65	0.00
Non-Agency MBS – Non-QM	3.34	0.00
Non-Agency MBS – SFR	6.64	0.00
Non-Agency MBS – Legacy	4.95	0.00
IG Corporates	5.78	23.56
HY Corporates	0.00	0.00
US Treasuries	4.71	40.96
US Agency	0.00	1.27
Municipal & Local Authorities	0.00	0.63
Bank Loans	0.00	0.00
Foreign Developed & Supranational	0.00	2.45
Emerging Markets	0.00	1.24
Total	100	100

⁴ Portfolio characteristics—Holdings, sector weightings, market capitalization, and portfolio characteristics are subject to change at any time and are based on a representative portfolio. Holdings, sector weightings, market capitalization, and portfolio characteristics of individual client portfolios in the strategy may differ, sometimes significantly, from those shown. Top ten holdings information shown combines share listings from the same issuer, and related depository receipts, into a singular holding to accurately present aggregate economic interest in the referenced company.

About Manulife Investment Management

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. We draw on more than a century of financial stewardship to partner with clients across our institutional, retail, and retirement businesses globally. Our specialist approach to money management includes the highly differentiated strategies of our fixed-income, specialized equity, multi-asset solutions, and private markets teams—along with access to specialized, unaffiliated asset managers from around the world through our multimanager model.

The Total Return Bond strategy's investment objective is to generate a 6%-10% net annualized total return over the market cycle. The strategy's goal is "risk efficiency" as defined by the ratio of total return per unit of volatility or standard deviation. As a secondary goal, the strategy seeks to provide diversification versus high yield bond, bank loan and pure credit strategies.

The Bloomberg US Aggregate Bond Index represents securities that are US domestic, taxable, dollar-denominated. The index covers the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

The Bloomberg US High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind EMGs are also included

The indexes referenced are broad-based securities market indexes and are used for illustrative purposes only. The indexes cited are widely accepted benchmarks for investment performance within their relevant regions, sectors, or asset classes, and represent unmanaged investment portfolios

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