

Total Return Bond Strategy

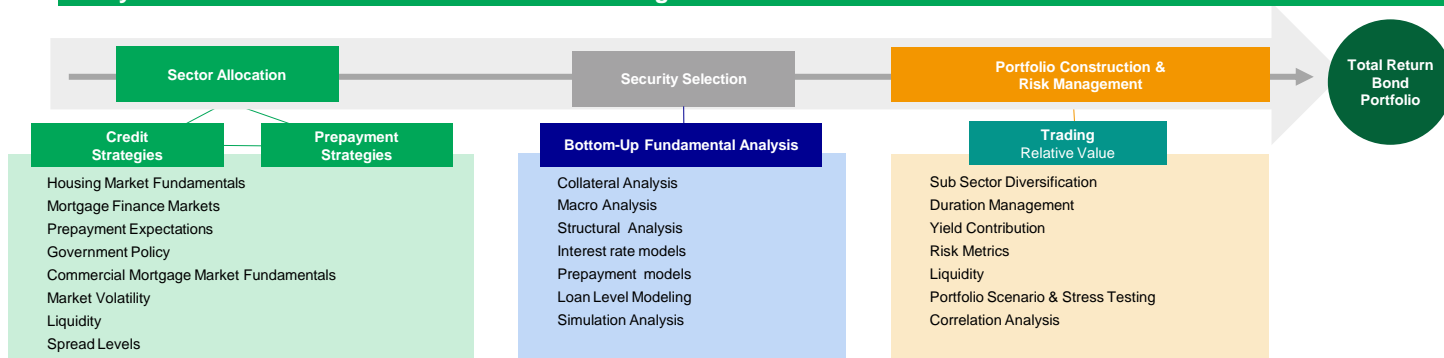
Investment Philosophy¹

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% net
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 December 31, 2023 (%)

	QTD	YTD	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	Since Inception
Total Return Bond Composite (Gross)	5.68	6.57	6.57	0.81	3.18	3.60	3.94	4.89
Total Return Bond Composite (Net)	5.52	5.93	5.93	0.21	2.57	2.98	3.32	4.27
Bloomberg US Aggregate Index	6.82	5.53	5.53	-3.31	1.10	1.29	1.81	2.15
Bloomberg US High Yield Index	7.17	13.45	13.45	1.98	5.37	4.57	4.60	5.53
Morningstar US Leveraged Loan Index	2.87	13.32	13.32	5.76	5.80	4.77	4.42	4.52

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	4.20	0.78
Bloomberg US Aggregate Bond Index	4.39	0.26
Bloomberg High Yield Bond Index	7.38	0.62
Morningstar US Leveraged Loan Index	5.11	0.69

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 December 31, 2023 in USD. Composite inception date, February 2011. **Source: eVestment. Calculation based on net 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
David A. Bees, CFA	24
Jeffrey Given, CFA	31
Connor Minnaar	22

Portfolio Summary⁴

	Representative portfolio
Yield to Worst (%)	7.03
Average Credit Quality	A3
Duration (Years)	4.74
Weighted Average Life (Years)	8.64

Correlation Summary⁴

	Total Return Bond Strategy	Bloomberg HY Bond Index	Morningstar Lev Loan Index	Bloomberg US Aggregate Index
Total Return Bond	1.00			
Bloomberg HY Bond	0.67	1.00		
Morningstar Lev Loan Index	0.70	0.80	1.00	
Bloomberg US Aggregate	0.58	0.45	0.13	1.00

Quality Breakdown⁴

	Total Return Bond Strategy
Aaa/AAA	32.07
Aa/AA	6.50
A	15.43
Baa/BBB	26.16
Ba/BB & Below	19.85

Credit ratings sourced from Moody's, S&P, Fitch and DBRS.

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.

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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 bonds are also included.

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

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Sector Allocation (%) ⁴

	Representative portfolio	Bloomberg US Aggregate Index
ABS	12.15	0.48
CLO	7.12	0.00
CMBS – Conduit	0.94	1.63
CMBS – Large Loan	3.83	0.00
CMBS – Interest Only	6.81	0.00
CMBS – Other	2.70	0.00
Agency MBS	30.13	26.62
Agency CMO, IO/IO	4.96	0.00
Non-Agency MBS – Agency Credit	12.62	0.00
Non-Agency MBS – Non-QM	2.96	0.00
Non-Agency MBS – SFR	6.41	0.00
Non-Agency MBS – Legacy	2.23	0.00
Corporate Bonds	5.20	24.56
US Treasuries	1.95	41.64
US Agency	0.00	0.93
Municipal & Local Authorities	0.00	0.60
Bank Loans	0.00	0.00
Foreign Developed & Supranational	0.00	2.27
Emerging Markets	0.00	1.27
Total	100	100

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3 Gross performance results do not reflect the deduction of investment management fees which when deducted will reduce returns and are net of commissions and foreign withholding tax. Net performance results reflect the application of the highest incremental rate of the standard investment management fee schedule to gross performance results. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Investment management fees are available upon request.

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.

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