

# Manulife Fundamental Income Class<sup>1</sup>

Advisor Series • Performance as at March 31, 2024 • Holdings as at March 31, 2024

## Overview

### Overall Morningstar Rating<sup>2</sup>



### Key Facts

**Management Team:** Fundamental Equity Team

**Inception date:** January 11, 2010

**AUM<sup>3</sup>:** \$37.93M

**CIFSC category:** Canadian Neutral Balanced

**Investment style:** Blend

**Distribution frequency<sup>4</sup>:** Annual

**Positions:** 363

**Management fee:** 1.90

**MER:** 2.31% (as at 2023-04-30, includes HST)

**Min. investment:** \$500 initial; \$25 PAC

**Fund Status:** Open

**Risk:** Low to Medium

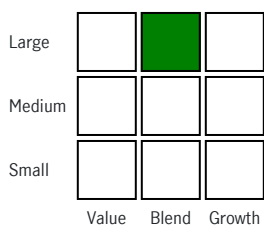


### Fixed Income Characteristics

|                                     |       |                    |          |
|-------------------------------------|-------|--------------------|----------|
| Average Credit Quality <sup>5</sup> | A/A-  | P/E Ratio          | 20.81    |
| Current Yield                       | 4.73% | P/B Ratio          | 2.86     |
| Maturity (Years)                    | 11.13 | P/CF Ratio         | 13.78    |
| Effective Duration                  | 7.20  | ROE                | 20.60%   |
| Modified Duration                   | 7.33  | Average Market Cap | \$66.87B |
| Yield to Maturity                   | 5.30% | Dividend Yield     | 2.36%    |
| Yield to Worst                      | 5.11% |                    |          |

### Equity Characteristics

### Equity Style Box<sup>6</sup>



The fund's portfolio is biased toward large-cap blend stocks.

### Fund Codes (MMF)

| Series        | FE    | LL2   | LL3   | DSC   | NL    |
|---------------|-------|-------|-------|-------|-------|
| Advisor       | 3546  | 3670  | 3746  | 3446  | —     |
| Advisor - DCA | 23546 | 23670 | 23746 | 23446 | —     |
| F             | —     | —     | —     | —     | 3646  |
| F - DCA       | —     | —     | —     | —     | 23646 |
| FT6           | —     | —     | —     | —     | 3946  |
| T6            | 3567  | 3671  | 3767  | 3467  | —     |

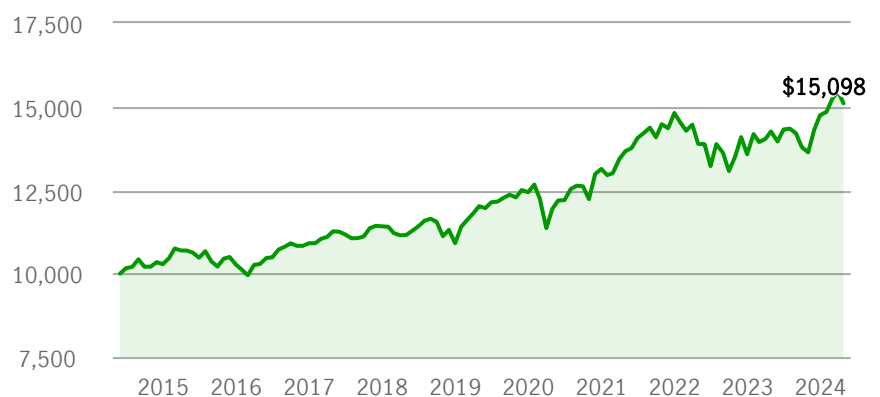
DSC/LL2/LL3 load options are available for switches only and are not available for new purchases.

## Why invest?

- Managed by the Fundamental Equity Team
- Aims to deliver a combination of attractive tax efficient monthly income, capital preservation and growth through exposure to the Canadian equity and fixed income space.
- The fund is built based on bottom up company fundamentals favoring companies exhibiting sustainable business models, predictable cash flows and growing dividends that can be returned to investors.

## Performance

### Growth of \$10,000 since inception<sup>7</sup>



### Calendar Returns (%)

| 2014 | 2015  | 2016 | 2017 | 2018  | 2019  | 2020 | 2021  | 2022  | 2023 |
|------|-------|------|------|-------|-------|------|-------|-------|------|
| 8.35 | -0.10 | 6.20 | 4.63 | -4.43 | 13.99 | 5.62 | 12.75 | -8.34 | 8.59 |

### Compound Returns (%)

| 1 Mth | 3 Mth | 6 Mth | YTD  | 1 Yr  | 3 Yrs | 5 Yrs | 10 Yrs | 15 Yrs | 20 Yrs | Inception |
|-------|-------|-------|------|-------|-------|-------|--------|--------|--------|-----------|
| 1.41  | 4.85  | 12.08 | 4.85 | 10.15 | 4.79  | 5.54  | 4.66   | —      | —      | 5.42      |

| Risk Measures (5 yr.)  | Standard Deviation (%) | Sortino Ratio | Sharpe Ratio | Alpha | Beta | R-Squared (%) |
|------------------------|------------------------|---------------|--------------|-------|------|---------------|
| Fund                   | 9.17                   | 0.94          | 0.24         | 0.56  | 0.94 | 90.02         |
| Benchmark <sup>8</sup> | 9.69                   | 0.81          | 0.19         | —     | —    | —             |

## Management

### Portfolio advisor:

Fundamental Equity Team



Steve Belisle



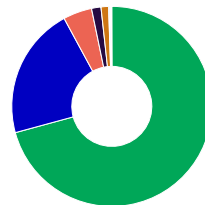
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## Top 10 Holdings (%)<sup>10</sup>

|   |      |
|---|------|
| 1. Canadian Pacific Kansas City Limited Com | 2.77 |
| 2. TMX Group Limited Com                    | 2.22 |
| 3. Toronto-Dominion Bank Com New            | 2.12 |
| 4. Microsoft Corp. Com                      | 2.08 |
| 5. Royal Bank of Canada Com                 | 1.97 |
| 6. Intact Financial Corporation Com         | 1.89 |
| 7. Constellation Software Inc. Com          | 1.87 |
| 8. Brown & Brown Inc. Com                   | 1.81 |
| 9. Canadian National Railway Company Com    | 1.76 |
| 10. Elevance Health Inc. Com                | 1.70 |

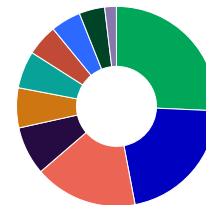
## Portfolio Allocation

### Geographic Allocation (%)



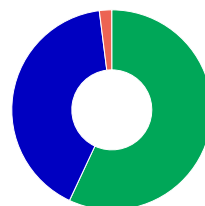
|       |                |
|-------|----------------|
| 70.77 | Canada         |
| 21.33 | United States  |
| 4.65  | United Kingdom |
| 1.53  | France         |
| 1.21  | Ireland        |
| 0.16  | Japan          |
| 0.14  | Luxembourg     |
| 0.12  | Mexico         |
| 0.05  | Netherlands    |
| 0.04  | Other          |

### Sector Allocation (Equities) (%)



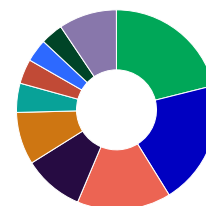
|       |                        |
|-------|------------------------|
| 25.72 | Financials             |
| 21.30 | Industrials            |
| 16.66 | Information Technology |
| 7.85  | Health Care            |
| 6.46  | Consumer Discretionary |
| 6.02  | Consumer Staples       |
| 5.09  | Energy                 |
| 4.86  | Communication Services |
| 4.14  | Materials              |
| 1.90  | Other                  |

### Asset Allocation (%)



|       |                      |
|-------|----------------------|
| 56.96 | Equities             |
| 41.05 | Fixed Income         |
| 1.99  | Cash and Equivalents |

### Fixed Income Allocation (%)



|       |                                 |
|-------|---------------------------------|
| 21.10 | Floating Rate Bank Loans        |
| 20.09 | Canadian Provincial Bonds       |
| 15.15 | Canadian Investment Grade Bonds |
| 9.76  | Canadian Government Bonds       |
| 8.48  | Canadian Corporate Bonds        |
| 4.72  | U.S. Investment Grade Bonds     |
| 3.97  | U.S. High Yield Bonds           |
| 3.70  | Canadian Municipal Bonds        |
| 3.63  | Canadian High Yield Bonds       |
| 9.39  | Other                           |

## Annual Distributions<sup>4</sup>

|      | Income | Dividends | Capital Gains | Return of Capital | Total  |
|------|--------|-----------|---------------|-------------------|--------|
| 2022 | —      | \$0.18    | \$0.77        | —                 | \$0.95 |
| 2021 | —      | \$0.16    | \$0.21        | —                 | \$0.37 |
| 2020 | —      | \$0.27    | \$0.96        | —                 | \$1.22 |
| 2019 | —      | \$0.20    | —             | —                 | \$0.20 |
| 2018 | —      | \$0.08    | \$0.17        | —                 | \$0.25 |
| 2017 | —      | \$0.11    | —             | —                 | \$0.11 |
| 2016 | —      | \$0.08    | —             | —                 | \$0.08 |

## Management Fee Reduction Rates<sup>9</sup>

| Account/Household Value Tiers | All Qualifying Investments |
|-------------------------------|----------------------------|
| \$250K+ to \$499K             | 2.50 basis points          |
| \$500K+ to \$999K             | 5.00 basis points          |
| \$1M+ to \$4.9M               | 7.50 basis points          |
| \$5M+ to \$9.9M               | 10.00 basis points         |
| \$10M+                        | 12.50 basis points         |

**For more information please contact your advisor or visit [manulifeim.ca](http://manulifeim.ca)**

1. On April 20, 2018, the Manulife Canadian Opportunities Balanced Class merged into the Manulife Fundamental Income Class.
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The Morningstar Rating, commonly referred to as the Star Rating, relates how a fund has performed on a risk-adjusted basis against its Morningstar category peers and is subject to change every month. Calculations are based on the funds in each Morningstar category to better measure fund manager skill. The Star Ratings as of March 31, 2024 for the Funds shown and the number of funds within their categories for each period are:  
Manulife Fundamental Income Class within the Canada Fund Canadian Neutral Balanced category: 1 year period, n/a stars & 383 funds, 3 year period, 4 stars & 345 funds, 5 year period, 4 stars & 324 funds, 10 year period, 3 stars & 254 funds. Funds are ranked by their Morningstar Risk-Adjusted Return scores with the top 10% of funds in a category receiving 5 stars, the top 22.5% receiving 4 stars; a fund in the middle 35% receiving 3 stars; a fund in the next 22.5% receiving 2 stars and a fund in the bottom 10% receiving 1 star. The Overall Star Rating for a fund is a weighted combination of its 3, 5 and 10 year ratings. Overall ratings are adjusted where a fund has less than 5 or 10 years of history. Please refer to [www.morningstar.ca](http://www.morningstar.ca) for greater detail on the calculation of the Star Ratings.
3. All classes/series combined. Assets as at March 28, 2024.
4. The payment of distributions is not guaranteed and may fluctuate. If distributions paid by the fund are greater than the performance of the fund, then your original investment will shrink. Distributions should not be confused with a fund's performance, rate of return, or yield. You may also receive return of capital distributions from a fund. Please consult with your tax advisor regarding the tax implications of receiving distributions. See the fund facts as well as the prospectus for more information on a fund's distributions policy.
5. The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The fund's underlying investments (except for unrated assets) are rated by designated rating organizations. The ratings generally range from AAA (highest) to D (lowest). Unrated bonds, cash and equivalents are not assigned ratings, and are not included in the ACQ. ACQ does not necessarily reflect the credit and default risks of individual holdings and its potential impact on an overall portfolio. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.
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7. The "Growth of \$10,000 invested" chart shows the final value of a hypothetical \$10,000 investment in securities in this class/series of the fund without any withdrawal as at the end of the investment period indicated. This compound growth chart is for illustrative purposes only and is not intended to reflect future values or returns on investment in such securities.
8. The benchmark for this fund is comprised of the 50% S&P/TSX Composite Total Return Index (the "S&P/TSX Index") and 50% FTSE Canada Universe Bond Total Return Index (the "FTSE Index")
9. Investors with a minimum investment in Manulife mutual funds, Manulife Private Mutual Funds and Manulife Private Investment Pools ("Qualifying Investments") of \$250,000, either in a single account or in the aggregate based on the total assets of a financial group, are entitled to receive a reduction in the management fees that apply to their Funds. Such reductions are paid in the form of a distribution to investors (first out of net income and net realized capital gains of the Fund and, thereafter, as a return of capital) and in the form of a rebate to Manulife Corporate Class investors. In both cases, the reductions are automatically reinvested in additional securities of the relevant series. The amount of the distribution or rebate, as applicable, is based on the aggregate amount invested in the Qualifying Investments and begins on the first dollar invested. A financial group includes all accounts belonging to a single investor, their spouse, their respective family members residing at the same address and corporate accounts for which the investor and other members of the financial group beneficially own more than 50% of the corporation's voting equity. Rates that are listed do not include applicable (HST). A basis point (BPS) is a unit that is equal to 1/100th of 1 per cent.
10. Holdings are subject to change. They are not recommendations to buy or sell any security.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund facts as well as the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Manulife Funds are managed by Manulife Investment Management Limited (formerly named Manulife Asset Management Limited). Manulife Investment Management is a trade name of Manulife Investment Management Limited. Manulife, Manulife Investment Management, the Stylized M Design, and Manulife Investment Management & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

Source for all Data: Data Front, as at March 28, 2024.