



Balanced Index Portfolio Fund (Standard Life)
Manulife Balanced Index Portfolio Fund
Portfolio of Funds

December 31, 2016

Lead manager(s):	Claude Turcot	Investment style:	Target Risk
Investment objective:	To provide investors with competitive returns over the long term, commensurate with a moderate degree of risk, by primarily investing in units of a selection of Manulife Asset Management's pooled index funds.		
Last meeting date:	Q4 2015	Next estimated meeting date:	Q1 2017
Current rating:	IN GOOD STANDING		

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
Balanced Index Portfolio Fund (Standard Life)	7.74	13.29	10.73	4.51	7.70	8.75
Std Life Balanced Index Port benchmark	8.02	13.55	10.87	4.57	7.89	8.94
Value added (+) / lost (-)	-0.28	-0.26	-0.14	-0.06	-0.19	-0.20
Quartile ranking ⁽¹⁾	4th	4th	3rd	2nd	3rd	4th
Benchmark:	40% FTSE TMX Universe Bond Index + 30% S&P/TSX Capped Composite Index 15% S&P 500 Index CAD + 15% MSCI EAFE Index Net CAD					

Short-term performance analysis

- The Fund continued to generally perform in line with its benchmark in 2016 and ranks in the third quartile within the Canadian Balanced peer group.
- Each of the Canadian Fixed Income, Canadian Equity, US Equity, and International Equity index sub-portfolios performed in line with expectations and the Fund's tracking error expectations.
- Fund management in each of the sub-portfolios has maintained their respective approaches to passively managing their asset class exposure consistently and there are no concerns.

Long-term performance analysis

- The Fund has performed largely in line with its benchmark and in line with expectations across each of the last five years as well as on a five-year annualized trailing period.
- Each of the Canadian Fixed Income, Canadian Equity, US Equity, and International Equity index sub-portfolios performed in line with expectations and the Fund's tracking error expectations.
- Fund management in each of the sub-portfolios has maintained their respective approaches to passively managing their asset class exposure consistently and there are no concerns over the long term.

Significant corporate events

Corporate

- In September 2014, Manulife Financial Corp. announced the acquisition of Standard Life PLC's Canadian operations. This transaction was closed on January 30, 2015, and the company is now part of Manulife.

Fund specific

- In September 2015, as a continuation of the planned integration process, following the acquisition of Standard Life's Canadian operations, Manulife Asset Management (MAM) announced that the Standard Life Canadian and US Equity Index mandates will be managed by Brett Hryb, Senior Portfolio Manager and head of the six member passive equity team at MAM.

IMS commentary

- The Manulife Balanced Index Portfolio Fund carries an investment mandate where the underlying funds asset allocation is passively managed. The fund adopts a "moderate" capital growth-oriented investment mix that aims to provide investors with competitive returns over the longer term, commensurate with a moderate degree of risk, by primarily investing in units of a selection of Manulife Asset Management's pooled index funds.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- IMS has met with the Manulife Asset Management team that has assumed portfolio management responsibilities for the Canadian and US Equity Index funds at Manulife and has no significant concerns. The team has a long-term history in successfully managing index funds within those asset classes and IMS is confident that the changes will not have a negative impact on the portfolio.
- The underlying index funds have all met their respective short and long term tracking error expectations.
- IMS is confident that the corporate event will not have a negative impact on the day-to-day management of the Fund.

Conclusion:

- Due to the fact that the Fund has been meeting its objective of providing an index portfolio with a passive, predetermined asset allocation, IMS continues to rate this Fund In Good Standing.

⁽¹⁾ Quartile rankings are based on the underlying fund's returns.

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