



**Income Index Portfolio Fund (Standard Life)**  
**Manulife Income Index Portfolio Fund**  
**Portfolio of Funds**

**December 31, 2016**

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

**Annual fund performance (%)**

	2012	2013	2014	2015	2016	5 yrs
<b>Income Index Portfolio Fund (Standard Life)</b>	5.79	7.51	9.12	2.55	6.41	6.25
Std Life Income Index Port benchmark	5.95	7.64	9.22	2.57	6.51	6.35
Value added (+) / lost (-)	-0.16	-0.13	-0.10	-0.02	-0.10	-0.11
Quartile ranking <sup>(1)</sup>	4th	4th	4th	3rd	4th	4th
Benchmark:	50% FTSE TMX Universe Bond Index + 25% S&P/TSX Capped Composite Index + 10% FTSE TMX Canada 91-Day T-Bill Index + 7.5% S&P 500 Index CAD + 7.5% MSCI EAFE Index Net CAD					

**Short-term performance analysis**

- The Fund continued to perform in line with its benchmark in 2016 and ranks in the fourth quartile within the Canadian Balanced peer group. Fund performance is better judged by low tracking error relative to its benchmark rather than performance relative to its peer group.
- Each of the Canadian Fixed Income, Canadian Equity, US Equity, and International Equity index sub-portfolios performed in line with expectations and Fund 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 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 Income Index Portfolio Fund carries an investment mandate where the underlying funds asset allocations are passively managed. The Fund adopts a "conservative" investment mix emphasizing capital protection and aims to provide investors with relatively stable returns over the longer term, commensurate with a lower degree of risk, by primarily investing in units of a selection of Manulife Asset Management's pooled index and money market 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.

<sup>(1)</sup> Quartile rankings are based on the underlying fund's returns.

This report card is provided by Manulife as a tool to assist you in the governance of your retirement plan.

Manulife makes no representation or warranty, express or implied, as to the accuracy or completeness of the information provided. Though Manulife has taken all reasonable measures to provide you with relevant information and professional opinions, based on reliable sources\*, it reserves the right to correct any error or omission.

The opinion of Manulife expressed in this report card shall not be the only factor to consider for decisions related to your plan's portfolio. Manulife is not responsible for the outcome of decisions made based on the information and opinion provided in the report card.

\* Sources may include, but are not limited to, Mercer MPA, Morningstar, Principia and Thomson Baseline

All rights reserved © 2016 The Manufacturers Life Insurance Company

The Manufacturers Life Insurance Company