



LifePoints Balanced Income Portfolio Fund (Russell)
Manulife Russell LifePoints® Balanced Income Portfolio Fund
Russell Investments Canada Limited

December 31, 2016

Lead manager(s): Greg Nott **Investment style:** Target Risk

Investment objective: To provide income with some long-term capital growth primarily through exposure to Canadian fixed income investments and, to a lesser extent, exposure to Canadian and foreign equity securities. To achieve its objective, the Fund will invest primarily in other mutual funds managed by Russell Investments.

Last meeting date: Q4 2016 **Next estimated meeting date:** Q2 2017

Current rating: IN GOOD STANDING

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
LifePoints Balanced Income Portfolio Fund (Russell)	8.43	8.18	8.93	5.17	5.22	7.17
LifePoints Balanced Income Portfolio Fund Benchmark (Russell)	6.77	7.08	9.77	4.97	4.57	6.62
Value added (+) / lost (-)	1.66	1.11	-0.84	0.20	0.64	0.57
Quartile ranking ⁽¹⁾	3rd	4th	4th	2nd	4th	4th
Benchmark:	10% FTSE TMX Canada Short Term Bond Index + 52% FTSE TMX Canada Universe Bond Index + 2.4% JP Morgan EMBI Global Diversified Index Hedged (CAD) + 3.6% BoA Merrill Lynch Global High Yield Index Hedged (CAD) + 9% S&P/TSX Capped Composite Index + 17% Russell Investments Developed Large Cap Index Net + 3% S&P Global Listed Infrastructure Index Net + 3% FTSE EPRA/NAREIT Developed Real Estate Index Net.					

Short-term performance analysis

- The Fund outperformed its benchmark in 2016 and ranked in the fourth quartile within the Canadian Balanced peer group.
- Allocations that benefitted the portfolio for much of the year include: Emerging Market securities, Listed Infrastructure, Real Estate, and Global High Yield. Overweight exposure to the Russell Investments Global High Income Bond Pool also benefitted the portfolio.
- In the fourth quarter, the Fund's shorter duration stance helped results as bond yields rose.
- The Fund's multi-manager, multi-style approach largely neutralizes style impact on returns.

Long-term performance analysis

- The Fund outperformed its benchmark in four of the past five calendar years and has added value on a five-year annualized basis. This long-term performance ranks in the fourth quartile within the Canadian Balanced peer group.
- The Fund's multi-manager, multi-style approach largely neutralizes style impact on returns over the longer term.

Significant corporate events

Corporate

- In June 2014, it was announced that London Stock Exchange Group (LSEG) had reached an agreement with Northwestern Mutual to purchase Russell Investments.
- In June 2016, it was announced that London Stock Exchange Group (LSEG) had completed the sale of Russell Investments to TA Associates and Reverence Capital Partners.

Fund specific

- There have been no significant fund specific events over the last three years.

IMS commentary

- The LifePoints Balanced Income Portfolio Fund (Russell) is a multi-asset class, multi-manager and multi-style (blend) fund that focuses on providing income with some long-term capital growth, and consistently outperforming its benchmark with less volatility.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- The Fund has generated competitive results over longer periods.
- IMS has been closely monitoring the ownership changes that have taken place at Russell Investments over the past few years. To date, there do not appear to have been any material changes to any investment teams or processes as a result of the changes in ownership. That said, IMS continues to monitor the firm closely through this transition period. There are no significant concerns at this time.

Conclusion:

- Due to the fact that the Fund offers an above average target risk option, that has provided strong longer-term results IMS continues to rate this Fund In Good Standing

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

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