



**Hedged US Equity Index Fund (SLI)**  
**Manulife Asset Management Hedged US Equity Index Fund**  
**Manulife Asset Management Ltd.**

**December 31, 2016**

<b>Lead manager(s):</b>	Brett Hryb	<b>Investment style:</b>	Index
<b>Investment objective:</b>	To provide returns that closely track the return of the S&P 500 Hedged Canadian Dollar Total Return Index by investing primarily in units of a U.S. equity index fund, and hedging the currency exposure by transacting in currency forwards and futures.		
<b>Last meeting date:</b>	Q4 2016	<b>Next estimated meeting date:</b>	Q4 2017
<b>Current rating:</b>	<b>IN GOOD STANDING</b>		

### Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
<b>Hedged US Equity Index Fund (SLI)</b>	15.87	33.07	14.38	0.31	11.44	14.54
S&P 500 TR (Can\$ - Hedged)*	15.53	32.26	13.50	0.91	11.57	14.32
Value added (+) / lost (-)	0.34	0.81	0.88	-0.60	-0.13	-0.22

\*The source of benchmark returns is utilizing the Bank of Canada end of day rate for currency exchange. This change may result in minor differences from otherwise listed benchmark returns.

### Short-term performance analysis

- The Fund respected its short-term tracking error expectations versus the S&P 500 Hedged Canadian Dollar Total Return Index, performing close to the index in 2016.

### Long-term performance analysis

- The Fund has largely performed in-line with the benchmark over the past five years versus the S&P 500 Hedged Canadian Dollar Total Return Index. There are no concerns with the Fund's long-term performance.

## 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 October 2015, as part of the integration process, head of MAM's passive equity team Brett Hryb was named lead manager for the former Standard Life Canadian and US Equity Index mandates. Mr. Hryb has been leading the Manulife Passive Equity team since June of 2014.

## IMS commentary

- The Standard Life Hedged US Equity Index Fund (SLI) invests in units of the underlying fund, which itself invests in all of the individual security issues included in the Standard & Poor's 500 Index. Because the underlying fund is exposed to U.S. dollar denominated investments, the currency-hedged fund will transact in forwards and futures contracts, as well as small amounts of cash, to convert the currency exposure to Canadian dollar.
- 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.

### Conclusion:

- Due to the fact that the Fund has provided returns that closely track the benchmark, IMS continues to rate this Fund In Good Standing.

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

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