



International Equity Fund (Invesco)
Manulife Invesco International Equity Fund
Invesco Canada Limited

December 31, 2016

Lead manager(s):	Clas Olsson	Investment style:	Growth
Investment objective:	The Fund seeks to provide long-term capital growth by primarily investing in mid- and large-cap stocks of companies located outside of Canada and the United States. The Fund will generally not invest in more than 10% of its total assets in Canadian and U.S. companies.		
Last meeting date:	Q4 2016	Next estimated meeting date:	Q4 2017
Current rating:	IN GOOD STANDING		

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
International Equity Fund (Invesco)	15.67	31.17	10.69	18.55	-3.64	13.92
MSCI EAFE Index (Can\$)*	15.33	31.81	4.18	18.84	-1.53	13.13
Value added (+) / lost (-)	0.33	-0.63	6.51	-0.28	-2.11	0.79
Quartile ranking ⁽¹⁾	3rd	2nd	1st	3rd	4th	2nd

*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 underperformed its benchmark and ranks in the fourth quartile relative to its peers in 2016.
- The largest detractors of value were due to poor selection within Consumer Discretionary, Health Care and Materials. Performance was helped by positive selection within the Consumer Staples and Financials sectors.
- Sector allocation had a minimal effect to the Fund's overall performance.
- The Fund's growth approach maintains an overweight exposure to companies within the Consumer Discretionary and Information Technology sectors. The Fund remains underweight to the Telecom, Utilities and Materials sectors.
- Over the last one-year period, the value style significantly outperformed the growth style in international equities which was negative to this Fund's performance given its growth style approach.

Long-term performance analysis

- The Fund outperformed its benchmark in two of the past five years and has added value on a five-year annualized basis. This long-term performance ranks it in the second quartile when compared to its peers.
- Security selection within the Industrials, Information Technology and an underweight exposure to Materials added significant value on a five-year basis. A combination of stock selection and an underweight exposure to Financials as well as holding cash were the top detractors in the Fund.
- The Fund has consistently maintained its EQV investment approach (Earnings, Quality and Valuation), with fund management expressing the desire to invest in "high quality" growth companies.
- Based on MSCI EAFE style indices, growth stocks and value stocks have performed similarly over the last five-year annualized period which have had a neutral impact on this Fund given its investment style.

Significant corporate events

Corporate

- There were no significant corporate events over the past three years.

Fund specific

- There were no significant fund specific events over the past three years.

IMS commentary

- The International Equity Fund (Invesco) employs a bottom-up, growth oriented investment approach based upon the belief that earnings drive stock prices in the long run and that companies that generate sustainable, above average earnings growth provide better opportunities for long-term capital growth.
- Based on our due diligence, we are confident that the Manager has remained within the stated investment philosophy and style.
- The Fund has outperformed over the long-term and ranks in the higher quartiles. Outperformance has been in part due to positive security selection, the Manager's stated primary source of added value. There are no significant concerns in regards to 2016 underperformance, the Fund's growth approach which has added value over the long term was out of favor within the market over the past year.

Conclusion:

- Due to the fact that 1) the Fund has outperformed its benchmark over the long term, all the while remaining within its stated investment philosophy and style and 2) outperformance has been in part a factor of positive stock selection, IMS continues to rate this Fund In Good Standing.

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

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

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