



Canadian Equity Fund (CC&L)

Manulife CC&L Group Fundamental Canadian Equity Fund

Connor, Clark & Lunn Investment Management Ltd.

December 31, 2016

Lead manager(s):	CC&L Fundamental Equity Team; Gary Baker (Team Lead)	Investment style:	Core
Investment objective:	Maximize long-term total return while protecting the capital value of the fund from major market fluctuations through prudent selection of investments.		
Last meeting date:	Q3 2016	Next estimated meeting date:	Q3 2017
Current rating:	IN GOOD STANDING		

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
Canadian Equity Fund (CC&L)	N/A	22.61	14.20	-4.55	20.03	N/A
S&P/TSX Composite Index	N/A	12.99	10.55	-8.31	21.08	N/A
Value added (+) / lost (-)	N/A	9.62	3.64	3.76	-1.05	N/A
Quartile ranking ⁽¹⁾	N/A	1st	1st	2nd	2nd	N/A

Short-term performance analysis

- The Fund underperformed its benchmark in 2016 and ranks in the second quartile relative to its peers.
- While sector allocation decisions contributed positively over the course of the year, they were more than offset by security selection which negatively impacted relative results.
- Security selection within the Industrials, Financials, and Materials sectors accounted for much of the performance differential between the Fund and its benchmark.
- Based on S&P/TSX style indices, value stocks outperformed, on average, in 2016. Given the Fund's core investment stance, its style did not have a meaningful impact on short-term performance.

Long-term performance analysis

- The Fund does not have a long-term track record of performance on the platform to assess. There are no concerns with the performance of the Fund since its inception.
- Fund management has largely maintained its sector neutral approach to investing over longer periods, providing investors a core exposure to Canadian equities.

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

- CC&L's core approach seeks to exploit the opportunities that arise when its fundamental expectations vary significantly from consensus expectations. Macroeconomic analysis is used to influence sector and capitalization positioning, combined with detailed bottom-up fundamental analysis. The investment approach is designed to add value across all market conditions.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- The Fund has added relative value over the medium-term, and ranks in the higher quartiles of its peer group. Outperformance has been chiefly due to positive security selection, the manager's stated primary source of added value.
- The quantitative process employed by the team remains well-resourced and has been consistently applied.

Conclusion:

- Given that 1) the Fund has outperformed its benchmark over the medium-term while remaining within its stated investment philosophy and style, 2) the Fund ranks in the higher quartiles relative to its peers and 3) the Fund is backed by a strong investment firm and experienced team following a sensible process with dynamic risk controls, IMS continues to rate this Fund In Good Standing.

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

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