



**Canadian Core Plus Bond Fund (AllianceBernstein)
Manulife Fixed Income Plus Fund (AllianceBernstein)
AllianceBernstein LP**

December 31, 2016

Lead manager(s):	Scott Dimaggio	Investment style:	Active
Investment objective:	To achieve a total return superior to the Index principally through investment in fixed-income securities of established Canadian companies and government entities.		
Last meeting date:	August 2016	Next estimated meeting date:	Q3 2017
Current rating:	IN GOOD STANDING		

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
Manulife Fixed Income Plus Fund (AllianceBernstein)	5.28	-1.34	8.90	3.36	2.85	3.76
FTSE Universe Overall Bond TR	3.60	-1.19	8.79	3.52	1.66	3.23
Value added (+) / lost (-)	1.68	-0.15	0.11	-0.16	1.19	0.53
Quartile ranking ⁽¹⁾	1st	4th	2nd	3rd	1st	1st

Short-term performance analysis

- In the last 12 months, the Fund significantly outperformed its benchmark and ranks in the first quartile relative to its peers.
- Over the most recent one-year period, value added was derived from multiple sources: security selection, sector allocation and country/yield-curve exposure. Specifically, security selection within US investment-grade corporate holdings across all industries added the most value while emerging-market selection further lifted performance. This outperformance was tempered by weaker selection within Provincials securities. Exposure to US investment-grade corporate bonds, high-yield bonds and agency credit risk-sharing transactions and an underweight to Canadas were material contributors to value in 2016 as well.

Long-term performance analysis

- The Fund outperformed its benchmark in three of the past five years. The Fund added value on a five-year annualized basis and ranks in the first quartile when compared to its peers.
- Over the last five-year annualized period, a combination of strong sector allocation and security selection added the most value to the fund. Country/yield curve positioning was flat over the same period while currency positioning further contributed to performance.

Significant corporate events

Corporate

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

Fund specific

- There were no significant Fund specific events over the last three years.

IMS commentary

- In order to attempt to capture the return potential and diversification benefits of the Canadian bond market, the Fund will concentrate its investments in a broadly diversified array of Canadian debt instruments. The Fund will also invest in those fixed-income sectors and securities of issuers throughout the world that the investment manager believes are likely to perform best on a risk-adjusted basis. In order to control portfolio risk, under normal market conditions the Fund will use a minimal level of interest-rate forecasting. The Fund may invest in futures and other derivatives both as a means to manage interest rate risk and to enhance returns, and may include taking long and/or short positions in futures. The Fund may also invest in currencies and currency forwards to manage non-Canadian currency risk, and to enhance returns.
- 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 long term. Outperformance can be attributed to multiple sources, including non-Canadian exposures and active currency positioning, which is in line with the Fund's Core Plus investment style. Fund management has been proactive in managing this foreign exposure, changing the allocation depending on the prevailing market environment. In 2016, this allocation was utilized to add value in a year where absolute returns within the Canadian fixed income market were more muted.

Conclusion:

- Due to the fact that 1) the Fund has outperformed over the long term, all the while remaining within the stated investment philosophy and style, and 2) the Fund ranks in the higher quartiles when compared to its peers, IMS continues to rate this Fund In Good Standing.

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

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