

Manulife Asset Management Canadian Bond Index Fund Canadian Bond Index (SLI)

December 31, 2016

Lead manager(s):	Nicholas Scipio del Campo, Jean-François Giroux	Investment style:	Passive
Investment objective:	To provide returns that closely track the total return of the FTSE TMX Universe Bond Index by investing primarily in fixed income securities.		
Last meeting date:	Q1 2016	Next estimated meeting date:	Q1 2017
Current rating:	IN GOOD STANDING		

Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
Manulife Asset Management Canadian Bond Index Fund	3.61	-1.19	8.82	3.49	1.73	3.24
FTSE Universe Overall Bond TR	3.60	-1.19	8.79	3.52	1.66	3.22
Value added (+) / lost (-)	0.01	0.00	0.03	-0.03	0.07	0.02

Short-term performance analysis

- The Fund's performance was generally in-line with its broad based Canadian fixed income benchmark in 2016.

Long-term performance analysis

- The Fund has successfully met its objective of closely tracking the total return of the FTSE TMX Universe Bond Index over the long term. There are no concerns with Fund returns or tracking error.

Significant corporate events

Corporate

- In September of 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

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

IMS commentary

- The Manulife Asset Management Canadian Bond Index Fund is a passive fixed income mandate designed to match the performance of the FTSE TMX Universe Bond Index. Rather than invest in every bond within the Index, it uses a stratified sampling approach which involves selecting bonds that grant representative exposure rather than full replication. This allows the Fund to match the duration, convexity and sector exposure characteristics of the FTSE TMX Universe Bond Index. The portfolio is constantly monitored and rebalanced to account for new entrants to and deletions from the Index, as well as for net cash flows.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- Fund performance and tracking error have been in-line with expectations. There are no concerns.

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

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- Fund management was not impacted by the Standard Life integration. The Fund remains managed by the same team, utilizing the same process.

Conclusion:

- Due to the fact that the Fund has respected its long term tracking error objective, IMS continues to rate this Fund In Good Standing.

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