



i-Watch Rating System:

Date August 31, 2023

Fund Manager Manulife Investment Management

i-Watch Status ● **Increased Scrutiny**

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

Product(s) Impacted:

Manulife Emerging Markets Equity Fund

Summary

- The Manulife Emerging Markets Equity Fund has underperformed the MSCI Emerging Markets Index by -5.9% annualized over the past 2.5 years, primarily due to weak stock selection despite style headwinds.
- While there is no immediate impact on the investment team or process, recent appointments of three analysts as portfolio managers require monitoring to ensure successful skill development and succession planning.
- Global Manager Research recommends placing the Fund under Increased Scrutiny due to ongoing performance challenges and the need to track team transition progress.

Commentary

Performance of the Manulife Emerging Markets Equity Fund (the Fund) over the last 2.5 years has been inconsistent with expectations. Although style headwinds have been challenging for the growth philosophy of the Fund, stock selection was the primary detractor from performance. As of June 30, 2023, the Fund had underperformed the MSCI Emerging Markets Index by -5.9% annualized over the previous 2.5 years.

Impact

There is no direct impact on the investment team or process.

Additional remarks

It is worth noting that recently a further 3 analysts on the team were appointed as portfolio managers (PMs) bringing the total number of PMs to 6 including lead PM Kathryn Langridge. The former analysts retain their sector coverage post their appointment as PMs. The appointments are a welcome development to the succession plan for this strategy; However, the development of their portfolio management and decision-making skills needs to be developed over the next few years in order for a successful transition. We will continue to monitor this progression alongside performance.

Closing Remarks

Global Manager Research completed the annual due diligence on the Fund in June 2023, and it is recommended that this Fund is placed on increased scrutiny given the recent performance challenges.



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