

i-Watch Rating System:

Date March 19, 2026
Fund Manager Manulife (Multi-Manager)
i-Watch Status ● **In Good Standing**

- 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 Multi-Manager Balanced Fund (5012)
Manulife Multi-Manager Canadian Large Cap Core Fund (7013)
Manulife Canadian Equity Fund (7011)
Manulife Multi-Manager U.S. Equity Fund (8013)

Summary

- Effective March 24, 2026, Manulife is replacing component funds in two Multi-Manager portfolios.
- The changes are as follows:
 - I. Multi-Manager Canadian Large Cap Core: Fidelity Canadian Focused Equity will be replaced by Manulife MIM Canadian Equity
 - II. Multi-Manager US Equity: Mawer U.S. Equity will be replaced by Wellington U.S. Quality Growth.

Commentary

Following a review of the underlying component funds, Global Manager Research (GMR) assessed the existing structures of the Canadian Large Cap Core and U.S. Equity Multi-Manager mandates and evaluated replacement candidates available on the Canada Retirement i-Watch platform that met the required style criteria. The Multi-Manager portfolios are designed to maintain intended style balance across managers, so the review focused not only on standalone manager quality and performance, but also on how each component contributes to the overall portfolio's intended style exposure and risk-adjusted outcome.

Impact

For the Canadian Large Cap Core mandate, GMR is recommending the replacement of Fidelity Canadian Focused Equity with Manulife MIM Canadian Equity. From a quantitative perspective, MIM compares favorably to Fidelity over medium- and long-term trailing periods, with particularly strong excess returns over five years, while also exhibiting milder drawdowns, stronger risk-adjusted results, and more consistent core style exposure. Rolling period analysis further supports the change, as MIM's three-year rolling returns and Sharpe ratio have generally

been in line with or better than Fidelity over time. In addition, model backtesting suggests that introducing MIM into the broader Multi-Manager structure improves performance outcomes and downside capture, while only modestly increasing volatility and improving the portfolio on a risk-adjusted basis. Qualitatively, GMR has conviction in the MIM strategy due to its experienced and collaborative team structure, repeatable fundamental process, disciplined portfolio construction, and strong long-term record of delivering core Canadian equity exposure with attractive risk-adjusted returns.

For the U.S. Equity mandate, GMR is recommending the replacement of Mawer U.S. Equity with Wellington U.S. Quality Growth. A key reason for the change is that Mawer's recent exposure has been more core-like than growth-oriented, which is misaligned with the intended role of the mandate within the Multi-Manager structure. In addition, the fund has struggled over recent trailing periods, underperforming the benchmark over the 1-, 3-, and 5-year periods, while also delivering only average risk-adjusted results and experiencing notable team turnover that has increased key person risk. By comparison, Wellington has outperformed Mawer across key trailing periods and has also compared well over rolling periods, with stronger risk-adjusted performance despite somewhat higher volatility. Model backtesting also indicates that replacing Mawer with Wellington would improve long-term outcomes for the overall portfolio and better align the portfolio's aggregate style exposure with its intended design. GMR's qualitative conviction in Wellington is supported by the strategy's seasoned leadership, proven and repeatable quality-growth process, team-based research model, and strong long-term performance record

Closing Remarks

Overall, the proposed changes reflect GMR's view that both replacement funds offer stronger alignment with the mandates' intended portfolio roles and improve the likelihood of better client outcomes through a combination of stronger manager fit, improved risk-adjusted performance potential, and more appropriate style implementation at the total portfolio level.



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