Core Fixed Income Strategy

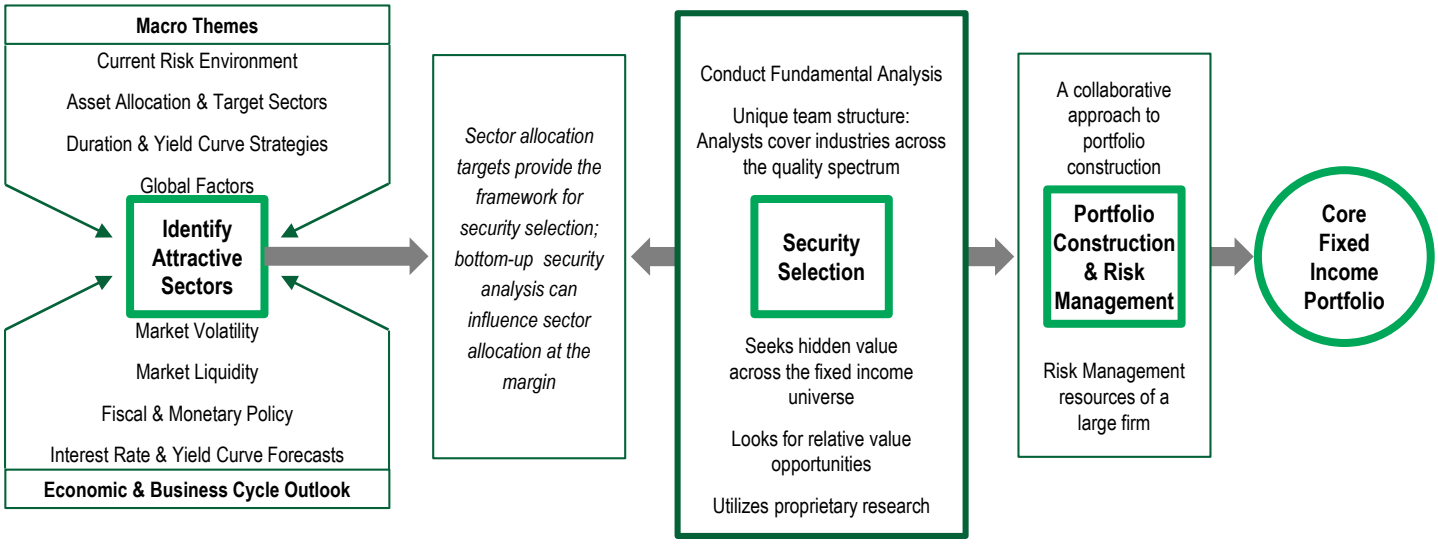
Investment Philosophy[1]

We believe strong relative performance can be generated through bottom-up active management of sector allocation and issue selection, combined with yield curve positioning. Our disciplined investment process seeks to add value by:

- Following a relative value approach to sector allocation and issue selection
- Engaging in intensive fundamental credit research
- Identifying points on the yield curve with the greatest return potential

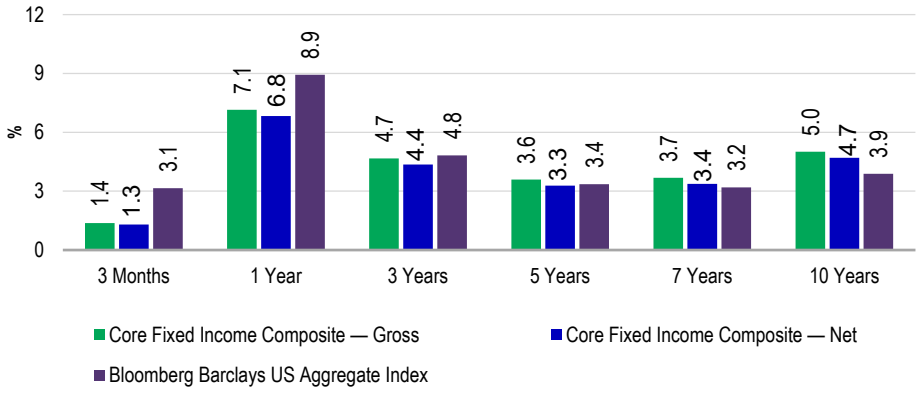
Style:	Core
Strategy Inception:	January 1996
Benchmark:	Bloomberg Barclays US Aggregate Bond Index

Investment Process[2]: A disciplined, fundamental bottom-up approach



Composite Performance*

Returns as of March 31, 2020



Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013
Core Fixed Income Composite — Gross[3]	9.15	0.40	4.55	3.60	1.03	7.04	-0.09
Core Fixed Income Composite — Net[3]	8.82	0.10	4.24	3.29	0.73	6.72	-0.39
Bloomberg Barclays US Aggregate Index	8.72	0.01	3.54	2.65	0.55	5.97	-2.03

Strategy Highlights

Consistent Long-term Track Record

- Lead portfolio managers have managed the strategy together for 17+ years
- Top quartile performance over 7 and 10 years
- Annualized excess returns of 0.87% since inception of the strategy**

Sector Allocation & Bottom-Up Security Selection

- True drivers of portfolio performance
- Repeatable process
- Not dependent on predicting the timing of macro and market events

Collaborative Team Approach

- Effective, constant communication among team

Physical Bond Portfolio Implementation

- Allows targeted, precise sector & security selection
- Permits yield curve implementation and key rate duration management
- Provides transparency

Consistent, Competitive Historical Returns with Efficient Use of Risk

- Top quartile Sharpe ratio over 7 and 10 years
- 5-year Up Market Capture of 103.33%, Down Market Capture of 98.29%

Investment Team	Years of Experience
Howard C. Greene, CFA	37
Jeffrey N. Given, CFA	27

*Past performance is not indicative of future results. Performance shown is the Manulife Investment Management (US) Core Fixed Income Composite as of March 31, 2020 in USD. Returns greater than one year are annualized.
**Composite Inception date, January 1996
The Bloomberg Barclays US Aggregate Bond Index represents securities that are US domestic, taxable, dollar-denominated. The index covers the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. It is not possible to invest directly in an index.

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Portfolio Characteristics[4]

	Core Fixed Income Strategy	Bloomberg Barclays US Aggregate Bond Index
Average Rating	AA3	AA2
Average Coupon (%)	3.43	3.14
Average Life (Years)	7.72	7.69
Yield to Maturity (%)	2.77	1.59
Yield to Worst (%)	2.76	1.59
Effective Duration (Years)	5.97	5.69

Quality[4]

	Core Fixed Income Strategy	Bloomberg Barclays US Aggregate Bond Index
Aaa/AAA	57.20	73.12
Aa/AA	2.12	3.31
A	10.81	11.23
Baa/BBB	26.65	12.34
Ba/BB	0.84	0.00
B	0.00	0.00
Caa/CCC and Below	0.00	0.00
Not Rated	0.92	0.00

Sector Allocation (%)[4]

	Core Fixed Income Strategy	Bloomberg Barclays US Aggregate Bond Index
US Government	**13.82**	**42.87**
US Treasuries	13.15	40.90
US Agency	0.00	1.31
Municipal	0.67	0.65
Credit	**35.04**	**23.78**
IG Corporates	34.04	23.78
HY Corporates	0.90	0.00
Bank Loans	0.00	0.00
Convertibles	0.10	0.00
Equities	0.00	0.00
Securitized	**48.08**	**29.16**
Agency MBS	31.71	26.61
Non-Agency MBS	1.14	0.00
ABS	7.08	0.44
CMBS	8.15	2.10
Foreign Developed	**0.19**	**2.67**
Govt & Agency	0.19	1.27
Supranationals	0.00	1.40
Emerging Markets	**1.42**	**1.52**
Emerging Markets — USD	1.42	1.52
Emerging Markets — Non-USD	0.00	0.00

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3 Gross performance results do not reflect the deduction of investment management fees which when deducted will reduce returns and are net of commissions and foreign withholding tax. Net performance results reflect the application of the highest incremental rate of the standard investment management fee schedule to gross performance results. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Investment management fees are available upon request.

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