

# Global Search For Yield



**Daniel S Janis, III**  
Managing Director and Senior Portfolio Manager  
Head of Global Multi-Sector Fixed Income Team  
Manulife Asset Management



# Award Winning Portfolio Management Team

## Daniel Janis – Lead Portfolio Manager



- 28 years experience, 12 at Manulife Asset Management
- Managed forwards desk at Morgan Stanley from 1991-1997
- Previously VP and proprietary risk manager at BankBoston
- Significant expertise in foreign exchange, derivatives and global economics

## Thomas Goggins – Senior Portfolio Manager



- 25 years experience, including 16 years at Manulife Asset Management
- Previously Director of Research at Fontana Capital
- Deep experience and expertise in credit and portfolio management

## John Iles, CPA – Senior Portfolio Manager



- 28 years experience, including 12 years at Manulife Asset Management
- Former head of high yield and emerging market trading for Manulife Asset Management
- Expert in high yield bonds

## Kisoo Park – Portfolio Manager



- 26 years experience
- Previously a founding member and COO of a Hedge Fund Firm based in Hong Kong
- Provides a local Asian perspective

**On average 27 years investment experience**

\*As of March 31, 2013.

# Manulife Asset Management

## Global Multi-Sector Fixed Income Team



### Portfolio Management Team

**Daniel S. Janis, III**  
Senior Portfolio Manager  
29 Years Experience  
Boston

**Thomas C. Goggins**  
26 Years Experience  
Boston

**John F. Iles, CPA**  
29 Years Experience  
Boston

**Kisoo Park**  
27 Years Experience  
Hong Kong

### Credit Research

**Robert F. Rock, CFA, CMA**  
Head of Credit Research & Strategy  
31 Years Experience

**Brent Bottamini**  
15 Years Experience

**Alexander Patrick, CFA**  
20 Years Experience

**Crystal Lin, CFA, CPA**  
12 Years Experience

**Caryn E. Rothman, CFA**  
17 Years Experience

**Bradley Lutz, CFA**  
21 Years Experience

**Johnny Sze**  
5 Years Experience

**Darcy Morris**  
9 Years Experience

**Donald M. Tucker, CFA**  
18 Years Experience

### Securitized Asset Research

**David A. Bees**  
13 Years Experience

**Joshua Kuhnert, CFA**  
11 Years Experience

**Connor Minnaar, CFA**  
11 Years Experience

**Brad Murphy**  
10 Years Experience

**William Paolino**  
13 Years Experience

**Stephen LaPlante**  
9 Years Experience

### Asia Team

48 Investment Professionals  
in 10 Countries

China  
Hong Kong  
Indonesia  
Japan  
Malaysia  
Philippines  
Taiwan  
Thailand  
Vietnam  
Singapore

### Traders

**Frederic D. Callahan**  
38 Years Experience  
**Jennifer Bowers, CFA**  
20 Years Experience  
**Christopher Chapman, CFA**  
14 Years Experience  
**Christopher Coccoluto**  
5 Years Experience  
**Michael Lorizio, CFA**  
15 Years Experience  
**Joseph E. Rizzo**  
19 Years Experience  
**Joseph Rothwell**  
5 Years Experience  
**Evita M. Stoltzmann**  
10 Years Experience

### Quantitative Research

**David Rickards, CFA**  
17 Years Experience

**Daniel Cook**  
5 Years Experience

### Additional Resources

**High Yield Portfolio Managers**  
Average Experience: 22 Years

**Core Plus Portfolio Managers**  
Average Experience: 24 Years

**Tax Free Bond Portfolio Managers**  
Average Experience: 30 Years

**Equity Teams**  
Average Experience: 22 Years

As of March 31, 2013



strong reliable trustworthy forward-thinking

For your future™

# Global Search For Yield

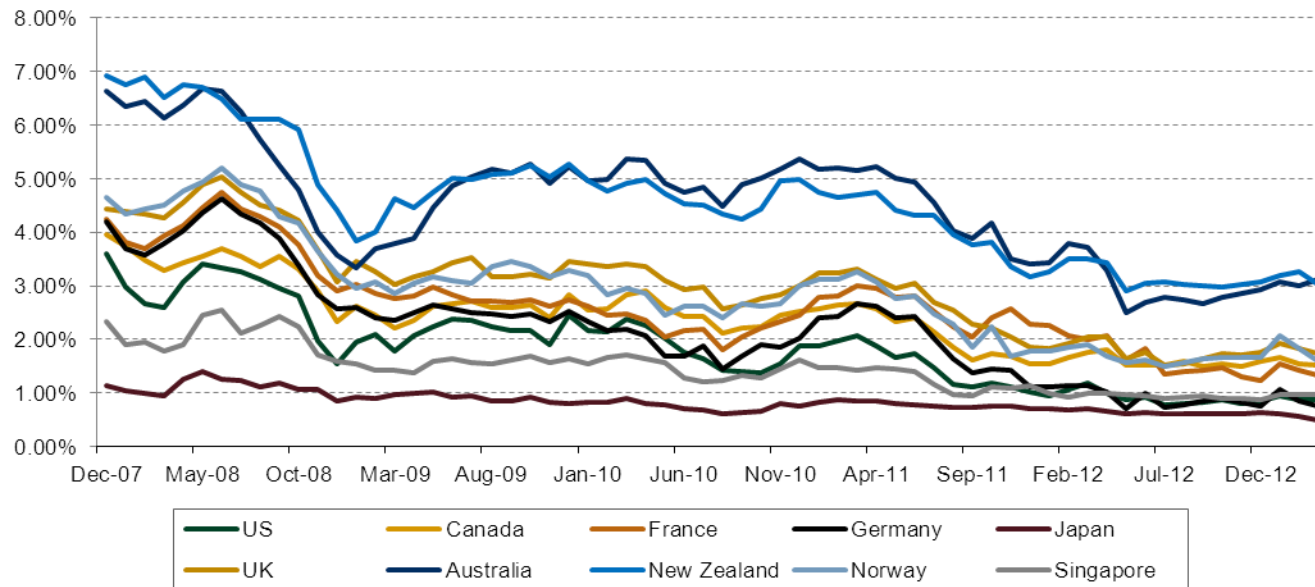


# The Global Search for Yield

## Low Yield Environment is Concerning

- A demographic wave of aging and risk-averse investors grows ever hungrier for income
  - Yet the mainstream bond markets offer the most miserly of yields

Barclays Capital Developed Market Global Treasury Indices  
Yield to Worst



As of March 31, 2013

Source: Barclays Capital

# Global Fixed Income Investing

*“The World is Our Oyster”*

By expanding the opportunity set,  
we increase our potential to add value while helping to reduce risk

## The Opportunity Set

- A global fixed income manager will assess the best investment prospects around the globe, across the credit-risk spectrum and up and down the capital structure

## Key Benefits of Global Fixed Income Investing

- Increased yield and total return opportunities
- Increased diversification benefits versus other fixed income strategies and broader asset classes
- Currency diversification
- Potential shield against rising interest rates
- Expanded opportunity set enables managers the flexibility to avoid the riskier parts of the fixed income markets

## Global Fixed Income Yields

	Yield
EMD – High Yield (US\$)	6.36%
US High Yield	5.67%
EM Local Currency Govt	4.87%
EMD – Inv Grade (US\$)	3.34%
US Inv Grade Corporate	2.76%
Global Inv Grade Corporate	2.59%
US MBS	2.52%
US Aggregate Bond	1.86%
US CMBS	1.83%
Global Treasury	1.31%
US ABS	0.96%
US Treasury	0.89%

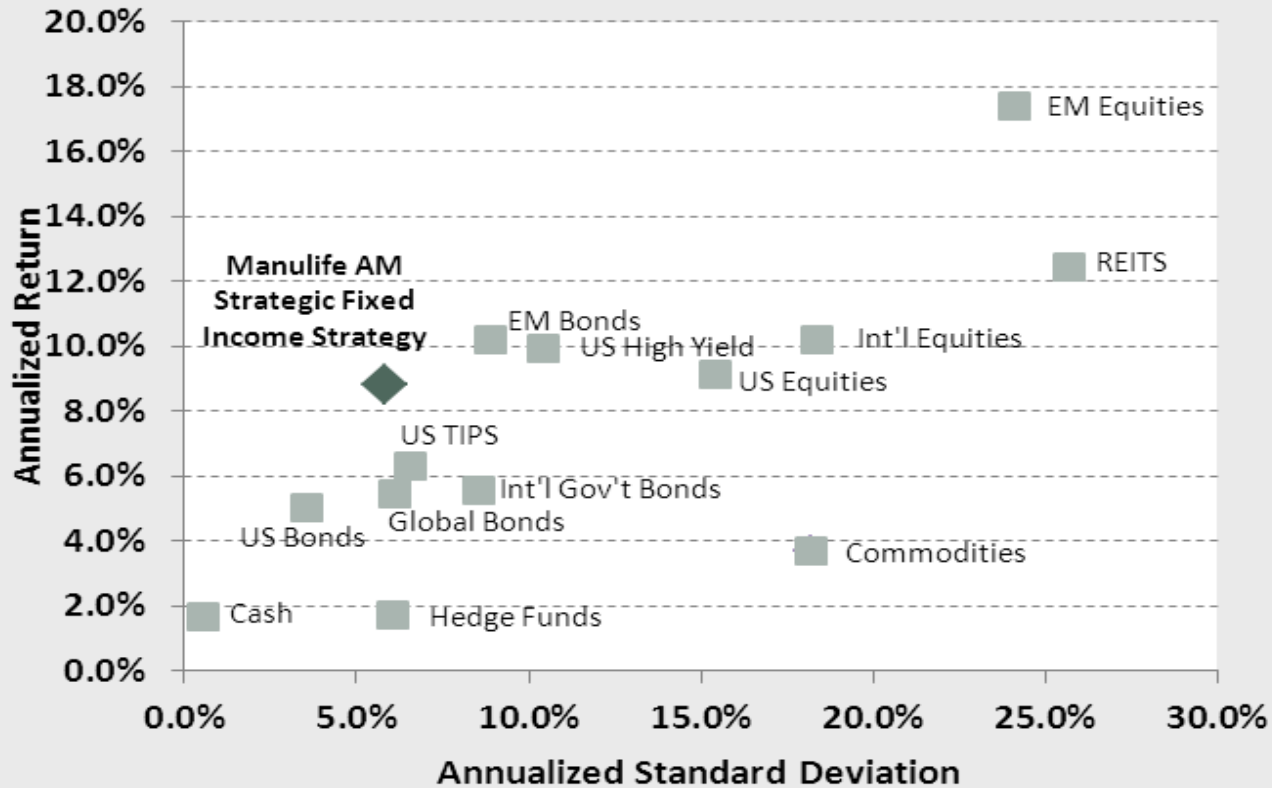
As of March 31, 2013

Source: Barclays Capital

# Global Multi-Sector Fixed Income

## Attractive Risk/Return Profile Versus Broader Asset Classes

10 Year Risk/Return Profile (March 2013)



As of March 31, 2013

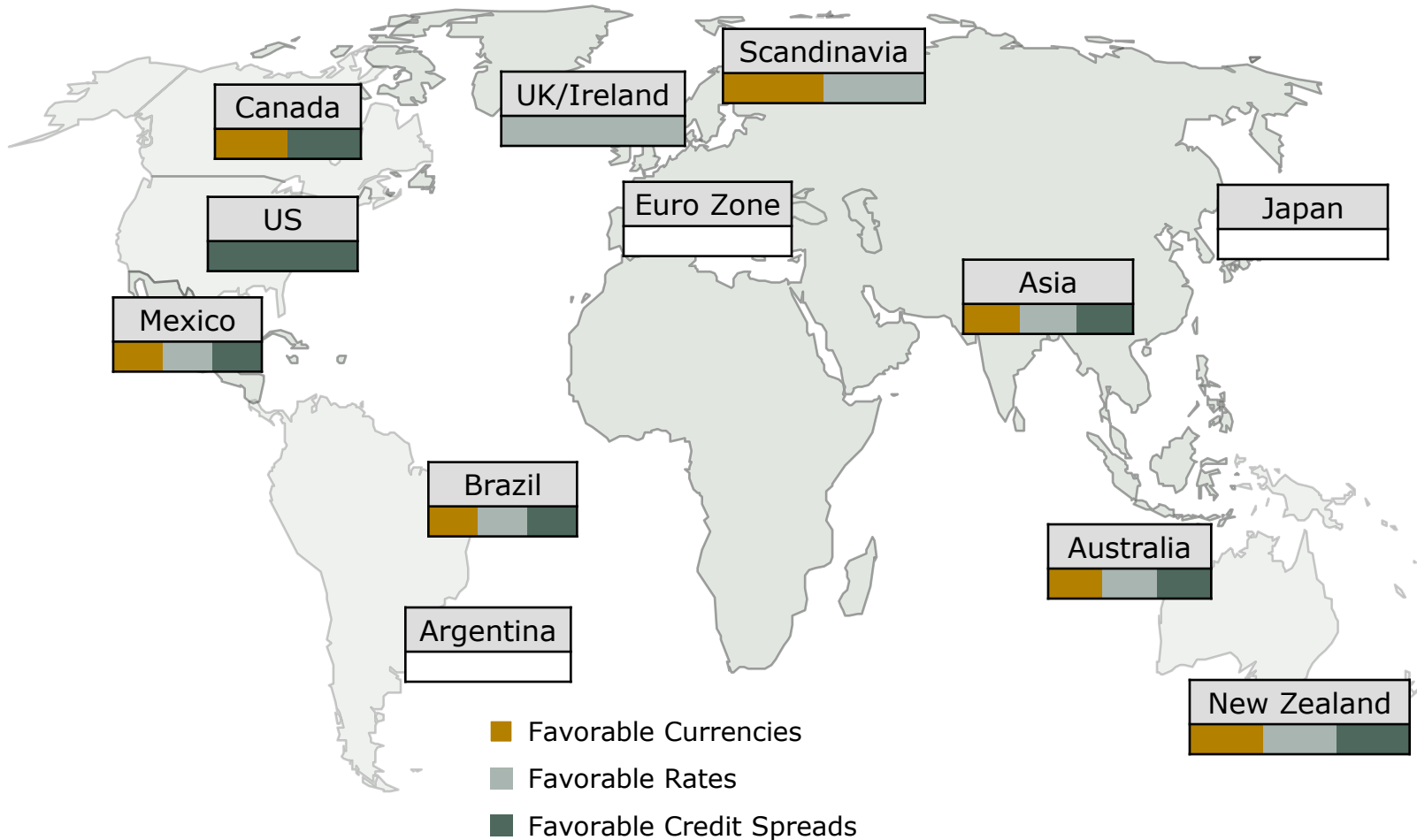
Analysis is based on a Manulife Strategic Fixed Income Strategy representative account.

Source: Zephyr StyleAdvisor

US Bonds = Barclays Capital US Aggregate Bond Index; US High Yield = BoA ML US High Yield Master II Index; EM Bonds = JP Morgan EMBI Global Diversified Index; Global Bonds = Barclays Capital Global Aggregate Bond Index; Int'l Bonds = Citigroup WGBI; US TIPS = Barclays Capital US TIPS Index; US Equities = Russell 3000 Index; EM Equities = MSCI EM Index; Int'l Equities = MSCI EAFE Index; Commodities = Dow UBS Commodity Index; REITS = FTSE NAREIT Equity-REITs Index; Hedge Funds = HFRX Global Hedge Fund Index; Cash = Citigroup 3-Month Treasury Bill Index

# Global Outlook

## View as of March 31, 2013



Source: Manulife Asset Management as March 31, 2013.



**With the income component of fixed income investing reduced by tighter spreads – approaching long-term averages – there will be a renewed focus on total return opportunities described below:**

- **EM Asia**
  - We are witnessing upgrades (Indonesia, Korea... and Philippines is on watch for an upgrade) which will act as a tailwind for the coming years
- **EM Credit**
  - EM credit markets, particularly in Asia, are developing rapidly and will create opportunities for yield, local currency exposure and diversification
- **Europe**
  - The programs being implemented to stabilize the region will create investment opportunities – but investors must seek opportunities where the risk/reward ratio is favorable
- **Currency**
  - We believe there are ample opportunities for significant moves in Asian and commodity bloc currencies over the coming years
- **Securitized Markets**
  - Non-agency and commercial mortgage-backed securities, that in small sizes, could have a meaningful impact on total returns
- **Leverage Loans**
  - Offer the opportunity to move up the capital structure and provide some protection vs rising rates, both while maintaining an attractive yield profile

# Manulife Strategic Income Fund



# True Diversification

## Manulife Strategic Income Fund

Asset Class	3-yr Correlation
S&P/TSX Total Return	0.66
S&P 500 Total Return (\$C)	0.52
MSCI EAFE (\$C)	0.77
DEX Universe Total Return	-0.22
Canadian Neutral Balanced Category Average	0.77

**Low correlation with major equity and fixed income indices**

Source: Morningstar Direct as at March 31, 2013

## Process

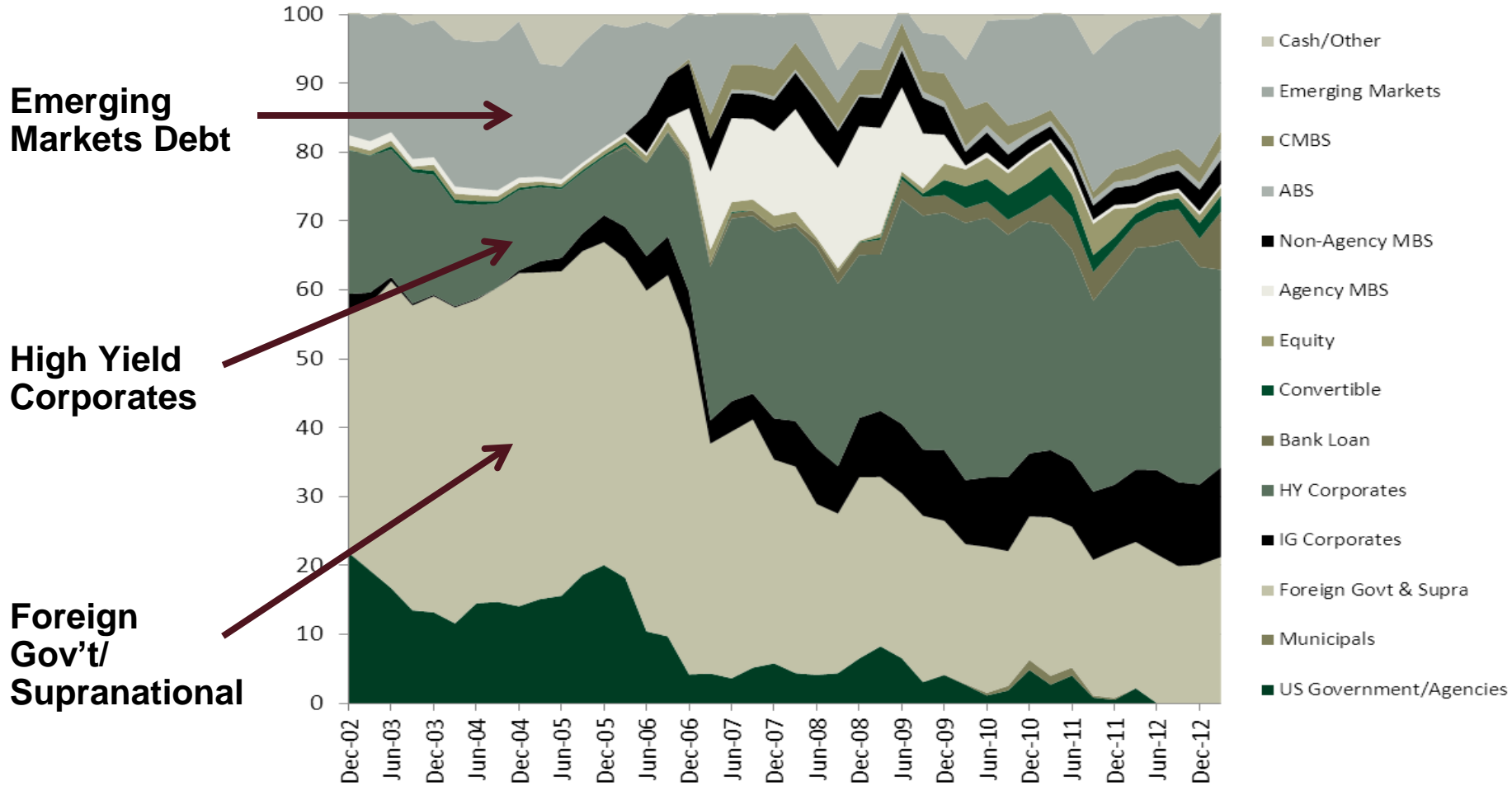
Consistent adherence to disciplined investment style and process which utilizes diverse sources of alpha



## Using a comprehensive investment process, we seek to:

- Invest in attractive sectors based on our top-down view of macro economic conditions
- Engage in an intensive bottom-up research process to identify relative value opportunities within those sectors
- Make opportunistic currency investments to add value and further diversify our portfolio position

# Dynamic Sector Allocation

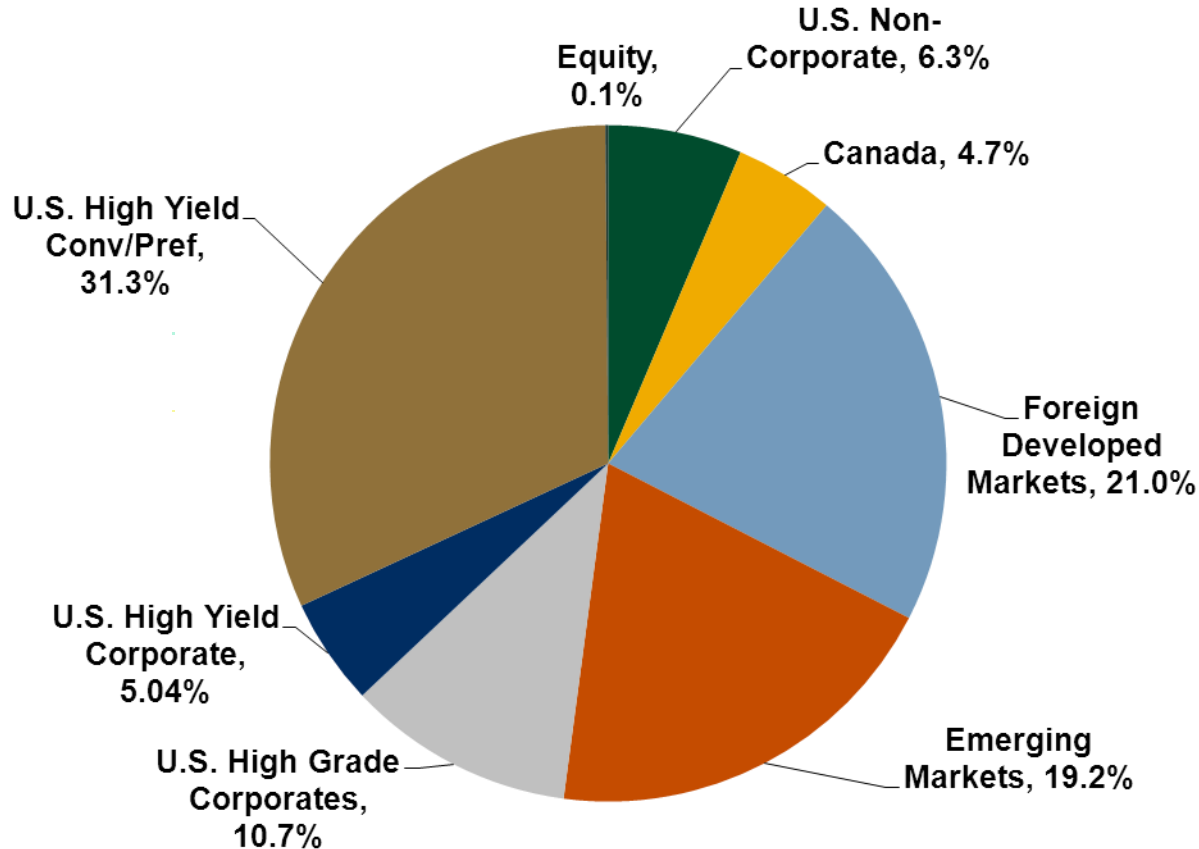


Source: Manulife Asset Management as of March 31, 2013

# Manulife Strategic Income Fund Portfolio Characteristics

 Manulife Asset Management.

## Asset Allocation



Source: Manulife Asset Management as of March 31, 2013

# Portfolio Characteristics

Portfolio Characteristics	
Coupon Rate (%)	5.2
Current Yield (%)	5.1
Average Life (years)	6.6
Yield to Maturity (%)	3.9
Effective Duration	4.1

Top Ten Issuers	% of Portfolio
Government of Ireland, 5.40%, 03/13/25	1.9
Government of New Zealand, 6.00%, 12/15/17	1.4
Government of Sweden, 3.75%, 08/12/17	1.1
New South Wales Treasury Corp., 6.00%, 05/01/20	0.9
Republic of Philippines, 5.88%, 03/01/32	0.9
Korea Treasury, 3.25%, 06/10/15	0.9
Government of Sweden, 4.50%, 08/12/15	0.8
Government of New Zealand, 6.00%, 05/15/21	0.8
Queensland Treasury Corp., 6.00%, 10/21/15	0.8
Government of Singapore, 2.38%, 04/01/17	0.8
<b>Total</b>	<b>10.3</b>

Credit Quality Breakdown	
S&P Rating	Portfolio Weight (%)
AAA	24.5
AA	9.4
A	6.1
BBB	15.7
BB	16.9
B	20.3
CCC & Below	7.1

Source: Manulife Asset Management and Globe and Mail Inc., as of March 31, 2013.

# Manulife Strategic Income Fund Investment Results

 Manulife Asset Management.

## Annualized Returns (%)

	1 year	3 years	5 years	Since Inception
Manulife Strategic Income Fund (net)	8.75%	6.98%	8.90%	7.30%
Barclays Capital Multiverse Index	3.37%	4.81%	3.70%	-
Difference	5.38%	2.17%	5.20%	-

## Calendar Year Returns

	2012	2011	2010	2009	2008	2007
Manulife Strategic Income Fund (net)	9.1%	2.0%	8.6%	8.8%	21.1%	-2.5%

Source: Manulife Asset Management (UNITY CF159E) March 31, 2013. \* Date of inception: November 30, 2005 Preliminary results.

 Manulife Mutual Funds

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# Biographies - Investment Team

**Daniel S. Janis, III**, is Head of Global Fixed Income at Manulife Asset Management. He is the lead portfolio manager for the Strategic Fixed Income Strategy and the International Fixed Income strategy in both the U.S. and Canada. His areas of expertise include foreign exchange, derivatives, and global economics. Prior to joining the firm, Dan was a vice president and proprietary risk manager for BankBoston. He also had been a vice president for Morgan Stanley in the foreign exchange department and managed their forward desk from 1991 to 1997. He holds certification from the Association of International Bond Dealers.

**Education:** Harvard University, A.B. in Economics, 1983

**Joined Firm:** 1999

**Began Career:** 1984

# Important Notes

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share/unit value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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# Thank you

 Manulife Asset Management.



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