

Investment Management Services



Alert

Date June 2012

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Manager Change: The Manulife Canadian Equity Fund (Multi-Manager) has added two new investment portfolios to the existing three portfolios in the Fund. The new Canadian equity portfolios will be managed by Mawer Investment Management Ltd. and Connor, Clark & Lunn (CC&L) Investment Management Ltd. The existing portfolios managed by Genus Capital, Greystone Managed Investments and Montrusco Bolton Investments Inc. remain in the Fund with different allocations. The new portfolios will be funded initially in late June with final target allocations achieved later this year.

Products Affected

MLI Canadian Equity (Multi-Manager) (GRS)
Manulife Growth (Multi-Manager) (IWM GIF)
Venture Growth (IIC)

Impact

People: Investment Management Services (IMS) will continue to be responsible for oversight of the investment managers in the Fund and for monitoring the risk characteristics of the Fund and the individual components.

Investment Process and Philosophy: There is no change to the investment objective of the Fund; it invests in a broadly diversified portfolio of Canadian equities managed by a team of investment professionals who combine multiple investment approaches.

The core component remains at approximately 60% of the Fund, now shared between the Genus large cap portfolio and the CC&L Q Core mandate. The remaining 40% of the Fund is split between the Greystone relative growth mandate (20%), the Mawer Canadian equity portfolio (10%) and the Montrusco Bolton Canadian Small Cap portfolio (10%). A comparison of the portfolio weights before and after the addition of the new portfolios is shown in the following table:

	Actual weights May 31, 2012	Final Target Allocations
Genus	58%	40%
Greystone	34%	20%
Montrusco Bolton	8%	10%
CC&L Q Core	0%	20%
Mawer	0%	10%



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Risk Characteristics: The risk characteristics of the individual portfolios and the aggregate Fund will continue to be monitored at least monthly to ensure there is no material style exposure at the aggregate level with respect to the characteristics of the benchmark S&P/TSX Composite index.

Performance: It is believed the addition of two new portfolios will help to lessen the variability in active performance that the Fund has exhibited in recent years. The new portfolios are expected to serve as additional sources of alpha with low correlations to the active return of the existing portfolios in the Fund.

Closing Remarks

IMS conducted a review of the Fund earlier this year due to concerns about relative performance. While many active managers have found the current market challenging, some are particularly sensitive to the pattern of increased volatility that has developed over the past few years. The changes outlined here, which increase the diversification within the Fund by adding new managers, were recommended as a result of the Fund review.

The transition of the assets to the final target allocations will be handled over time in order to ensure the least disruption to the investment strategy of the underlying portfolios. IMS will continue to monitor the Fund and its risk characteristics actively throughout the transition and on an ongoing basis.

Should you have any questions or concerns, please contact a member of the Investment Management Services team.



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