

Manulife Strategic Income Fund (Share Class A)

Investment Objective

To seek a high level of current income by investing all or substantially all its assets into share class I of the underlying fund, Manulife Global Fund – Strategic Income Fund, a sub-fund of Manulife Global Fund (“MGF”) which invests primarily in the following types of securities:

- foreign government and corporate debt securities from developed and emerging markets;
- U.S. government and agency securities; and
- U.S. high yield bonds.

Manulife Global Fund – Strategic Income Fund may also invest in preferred stock and other types of debt securities.

Fund Information

ISIN Code: SG9999007272

Bloomberg Code: MANSTIA SP

Launch Date: 21 February 2011

Fund Currency: SGD

NAV Price: SGD 0.998

AUM: SGD 0.258 million

Subscription Mode: Cash
SRS

Subscription Fee: Up to 5%

Management Fee: 1% p.a.
(inclusive of management fee charged by the underlying fund)

Minimum Initial Subscription: S\$1,000

Minimum Subsequent Subscription: S\$100

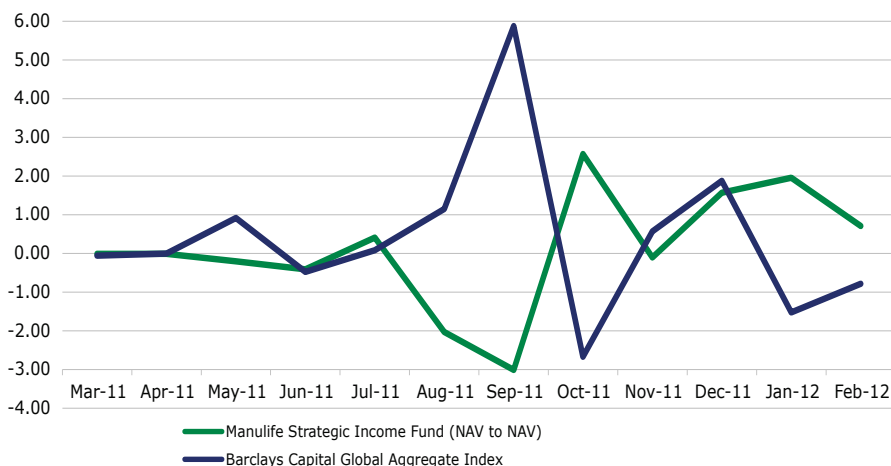
Dealing Frequency:
Every business day on forward pricing basis up till 4pm Singapore time

Underlying Fund Manager:
Manulife Asset Management (US) LLC

Benchmark:
Barclays Capital Global Aggregate Index

Managed by
Manulife Asset Management (Singapore) Pte.Ltd.
Company Registration No. 200709952G
<http://www.ManulifeAM.com>

Fund Performance [†]



Investment Returns ^{**}

	1 Month	3 Months	6 Months	1 Year	3 Years	Since Inception
Fund (NAV to NAV)	0.71%	4.28%	3.63%	0.20%	n/a	-0.20%
Fund (Offer to bid)*	-4.33%	-0.93%	-1.55%	-5.19%	n/a	-5.09%
Benchmark	-0.78%	-0.45%	3.19%	4.51%	n/a	5.48%

[†] Annualised for periods over one year with net income & dividends reinvested

^{*} Taking into account front-end load

Portfolio Characteristics [^]

Allocation	%
Fixed Income	99.71
Cash/Others	0.29
Total	100.00

Top 10 holdings	%
Government Of Norway 5.0% 15-May-2015	1.70
Province Of Ontario 6.25% 16-Jun-2015	1.68
Government Of South Korea 5.75% 10-Sep-2018	1.64
Government Of The Philippines 8.125% 16-Dec-2035	1.61
GE Capital Corp. 7.625% 10-Dec-2014	1.50
New South Wales Treasury Corp. 6.0% 01-May-2020	1.34
USB Capital lx 3.5% 15-Apr-2042	1.22
Government Of New Zealand 6.0% 15-Dec-2017	1.13
Queensland Treasury Corp. 6.0% 21-Oct-2015	1.03
Government Of Canada 3.0% 01-Dec-2015	0.99

[†] Source: Manulife Asset Management (Singapore) Pte.Ltd., Bloomberg and Morningstar

[^] Source: Manulife Asset Management (Hong Kong) Limited

% of portfolio weight is apportioned based on the fund's share of investment in the underlying fund

Portfolio Manager's Commentary

Market Review

Risk assets rallied broadly over the month, driven globally by further progress in the resolution of the Greek sovereign debt crisis and liquidity injected into the markets by central banks. In Europe, a second bailout package for Greece valued at 130 billion euro was agreed upon, as were details of the private sector involvement in the debt restructuring which included a larger haircut on bond values than previously considered. The ECB (European Central Bank) also completed another round of its long term refinancing operation, injecting further liquidity into the market with some 800 banks absorbing nearly 530 billion euro worth of the three year low-cost funding. In the US, economic data continues to paint a picture of steady improvement, with Q4 GDP growth revised higher to 3%. Employment data also showed strength, with better than expected payrolls and unemployment numbers, as well as a continuation of the positive downward trend in jobless claims.

Outlook

We believe that US high yield corporate bonds will continue to offer attractive returns in the coming months as corporate balance sheets are strong. We also continue to believe that emerging markets, particularly those in Asia, will offer attractive returns as those economies outperform global averages. Within the euro zone, there is still the possibility of further sovereign troubles. As such, we do not believe that bonds within the peripheral nations offer an attractive risk/return profile at the present time, but they may do so in the coming year as the region continues on a path to a solution of their sovereign debt concerns. With regards to currency, we believe that non-Japan Asia offers the most attractive opportunity set. The commodity block of currencies, which includes the dollars of Australia, New Zealand, and Canada, will offer tactical opportunities and we will manage our exposures there as such. Lastly, we believe developed currencies such as the British pound, euro, and Japanese yen will underperform.

Contributors

Contributing most to outperformance was the portfolio's overweight exposure to US high yield corporate bonds. Also contributing to outperformance was the portfolio's overweight positioning in emerging market debt, in particular Philippines government bonds, which rallied on expectations of a rate cut by the central bank. Positioning within foreign currencies also contributed to outperformance, as most rallied against the US dollar on improving risk sentiment. Tactically hedging bond positions by using cross currency pairs worked to the portfolio's advantage, for example partially hedging Canadian dollar exposure with yen benefitted the fund as yen was the worst performing major currency during the period on the back of the actions taken by the Bank of Japan. Also benefiting performance was the portfolio's underweight in both duration and exposure to US treasuries, which sold off as investors left safe haven assets during the month.

Detractors

Detracting from performance was the portfolio's overweight position in New Zealand government bonds, which lost ground on better than expected local economic data including unemployment and retail sales, leading to increasing expectations of interest rate hikes.

Manulife Asset Management

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