

**Fund Manager**      Manulife Asset Management

**Date**    December 2015

## Notice

Manulife Asset Management ('MAM') has announced that changes will be made to the MAM Liability Driven Investment Funds' benchmarks. Effective January 15, 2016, the Custom Benchmarks will be updated to reflect the use of the new mortality table (CPM2014), promulgated by the Actuarial Standards Board for the Canadian Institute of Actuaries ('CIA') which will result in an increase to the duration of the funds benchmarks.

## Products Affected

MAM Short-Term Liability Government Bond Fund (GBRS)  
MAM Mid-Term Liability Government Bond Fund (GBRS)  
MAM Long-Term Liability Government Bond Fund (GBRS)

## Impact

## Benchmark Changes

The Custom Benchmarks of the Funds are designed using proprietary methodologies which take into account underlying demographic profiles, mortality rates and target cash-flow structures. The change in the mortality input data (lengthening of life expectancy) has resulted in changes to the Custom Benchmarks and their duration profiles. As a consequence, the duration of each fund will increase by approximately 0.5 years based on the Quantitative Management Teams' evaluation to match the increase in duration of each fund's respective benchmark.

## Investment Process and Philosophy

The funds' investment policies and investment process remains the same. The Quantitative Management Team's methodologies are also unchanged and the funds will continue to be managed to match as closely as possible the characteristics of the fund benchmarks.

## Closing Remarks

There are no concerns with the upcoming changes to the Liability Investment Funds' Custom Benchmarks. As it is expected that the new mortality table will also be applied to the valuation of the plan's liabilities resulting in a similar lengthening in duration, there should be no need for reallocations of plan assets between funds as a result of these changes. IMS will continue to monitor the benchmark changes in the coming months to assess that the investment objectives of the funds are continuing to be met.

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