

Investment Management Services



Notice

Fund Manager Manulife

Date October 2016

Notice

On October 25, 2016, a change to the composition of the Manulife Multi-Manager Canadian Small Cap Fund was implemented. The allocation to the Montrusco Bolton Small Cap Equity Fund has been replaced with the BMO Asset Management Small Cap Fund as a result of a continued reassessment of the Multi-Manager product suite, three years after the inception of the mandates.

Products Affected

Manulife Multi-Manager Canadian Small Cap (GRS)

Impact

Asset Mix

Three years following the inception of the Manulife Multi-Manager Funds, IMS has worked with GRS to reassess all available options and ensure that the Multi-Manager Funds remain allocated to the best available options on the i-Watch® platform.

The Montrusco Bolton Canadian Small Cap Fund had accounted for one-third of the allocation to the Manulife Multi-Manager Canadian Small Cap Fund. There are no significant concerns with the Fund. Fund management has been diligent in maintaining its unique growth process throughout and the Fund has acted as a diversifying presence for the Multi-Manager mandate. The Fund's replacement with the BMO Small Cap Fund is solely a result of the strong conviction IMS has for the BMO mandate, and the desire to ensure the strongest available options remain present in the Multi-Manager funds.

The BMO mandate was not present on the i-Watch platform at the time of the Multi-Manager Fund's inception. IMS was pleased to gain access to the mandate on the platform following the integration of the i-Watch platform with the Standard Life Quality & Choice platform of funds.

The BMO Small Cap Fund has performed strongly relative to the S&P TSX Small Cap Index over long-term trailing periods and offers a distinct approach to quality growth investing. This process is backed by a stable team led by Tyler Hewlett. IMS maintains confidence in the BMO team's ability to consistently implement its process throughout the entire market cycle and the Fund's style acts as a strong complement for the two remaining allocations in the Multi-Manager Fund, the value strategy utilized by the FGP Small Cap Canadian Equity Fund and the GARP approach of the Franklin Bissett Small Cap Fund.

Closing Remarks

The Multi-Manager Funds were constructed to provide investors access to best-in-class portfolio managers that offer meaningful diversification benefits when used in an equal-weighted tandem. The BMO Small Cap, FGP Small Cap Canadian Equity, and Franklin Bissett Small Cap combination that will make up the Manulife Multi-Manager Canadian Small Cap Fund going forward upholds those ideals by providing investors access to three strong investment managers, utilizing differing but complementary approaches, that together will provide a high conviction exposure to Canadian Small Cap equity investing.

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