

Investment Management Services



Notice

Fund Manager Manulife Asset Management (MAM)

Date September 2016

Notice

Manulife Asset Management has made changes to the International equity allocation in the Manulife Diversified and Manulife Diversified Tri-Plan Funds, replacing the Standard Life International Equity Fund with the MAM International Value Equity Fund in each Fund.

Products Affected

Manulife Diversified (GRS)
Manulife Diversified Tri-Plan (GRS)

Impact

Organization & People

In September 2014, Manulife Financial Corp. announced the acquisition of Standard Life PLC's Canadian operations. This transaction closed on January 30, 2015 and MAM assumed management of both the Diversified Fund and Diversified Tri-Plan Funds following the acquisition.

In May 2015, as part of the planned integration process, Manulife Asset Management (MAM) implemented changes to these Funds. Neil Matheson, who was handling the asset mix implementation of all balanced and diversified portfolios at Standard Life, announced his retirement and departure from MAM in the second half of the year. The Canadian Asset Mix Committee continued to establish the asset mix strategy for both Funds, now being chaired by Monika Skiba, the head of the MAM Canadian Fundamental Equity team.

The investment strategy of the Canadian equity, Canadian fixed income, and US equity allocations of both Funds remain the same. The present changes will result in the International equity allocation, which had been allocated to the Standard Life International Equity Fund being transferred to the MAM International Value Equity Fund.

Both funds will continue to be managed under the same objectives and guidelines, and the overall investment strategy and asset allocation process will remain.

Investment Teams

The Standard Life International Equity Fund is managed by the Standard Life global equity team in Edinburgh, with the Fund lead managed by Kevin Troup. IMS had placed the Standard Life International Equity Fund under Increased Scrutiny as at Q2 2016 due to concerns in regards to recent performance issues.

The MAM International Value Equity Fund is lead managed by Wendell Perkins, based out of Chicago, Illinois. Perkins leads a team of seven that was lifted out of Optique Capital to MAM in 2011. The team remains deep and has been incredibly stable, with no changes to the team composition in over a decade.

The team has utilized the same process since inception, a very conservative value process with a strong focus on low volatility and downside protection. The Fund has historically performed very strongly in down markets and given its approach, may be expected to underperform in strong up markets.

Closing Remarks

IMS has met several times with the MAM International Value Equity team and has no concerns with their appointment to the Manulife Diversified and Manulife Diversified Tri-Plan Funds. IMS rates the team highly as it has remained stable, backed by a unique, consistently applied process that has shown the ability to add value over the long-term. The Standard Life International Equity Fund remains under Increased Scrutiny and IMS is closely monitoring the Fund's positioning and process to fully evaluate its past and future performance track record.

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