

# Manulife Leaders Balanced Income Portfolio

MARCH 31, 2012

## WHY LEADERS?

- Active management to ensure each portfolio is well positioned throughout a market cycle
- Diversification that includes exposure to asset classes such as real estate and infrastructure
- Flexibility to use Exchange Traded Funds (ETFs) to exploit market opportunities and facilitate the active management process

## PORTFOLIO FACTS

Date of Inception: May 2008

AUM: \$16.6 million

MER: 2.43%

Sub-advisor:

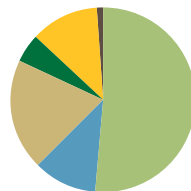
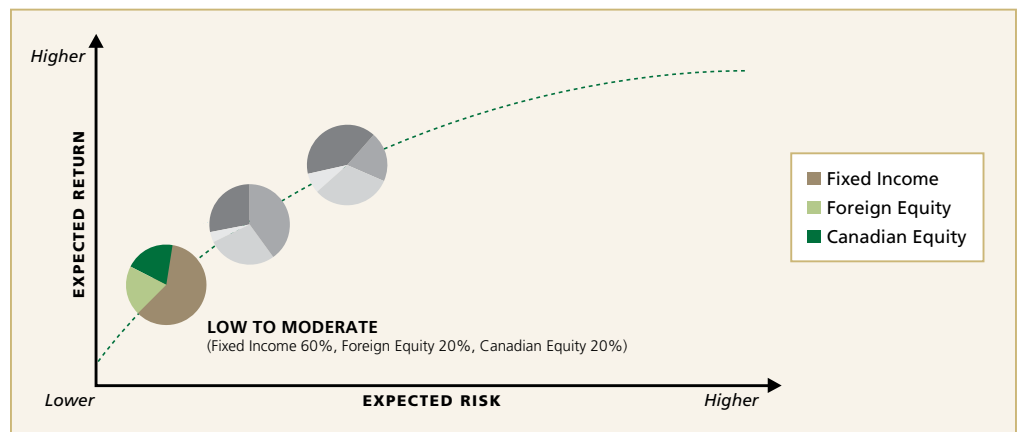
Manulife Asset Management (Canada)

Portfolio Manager:

Damian Fernandes

## FUND CODES

Advisor – Front End	MMF4565
– Low Load	MMF4765
– DSC	MMF4465
Series F	MMF4665
Elite Series	MMF4865



## DIVERSIFIED BY:

### ASSET CLASS (%)

- 51.4 Fixed Income
- 11.1 Canadian Equities
- 19.6 U.S. Equities
- 5.0 Foreign Equities
- 11.9 Cash and cash equivalents
- 1.0 Other

### REGION (%)

- 42.1 Canada
- 31.2 United States
- 9.6 Europe
- 14.9 Greater Asia
- 2.3 Other

### EQUITY STYLE (%)

- 38.0 Value
- 30.0 Growth
- 32.0 Core

### FIXED INCOME STYLE (%)

- 28.1 Short (1-5 Years Maturity)
- 49.9 Intermediate (5 to 10 Years Maturity)
- 22.0 Long (10+ Years Maturity)

## FUND / MANAGER (%)

- Manulife Asset Management**
  - 21.7 Manulife Corporate Bond Fund
  - 2.6 Manulife Canadian Equity Fund
  - 1.1 Manulife Growth Opportunities Fund
  - 2.2 Manulife U.S. Opportunities Fund
  - 0.5 Manulife Global Opportunities Class
  - 16.2 Manulife Strategic Income Fund
  - 3.6 Manulife Canadian Value Fund
  - 2.1 Manulife U.S. All Cap Eq Fund
- Brookfield Asset Management**
  - 3.5 Manulife Global Infrastructure Fund
- Mawer Investment Management Ltd.**
  - 5.2 Manulife Canadian Investment Class
  - 1.5 Manulife World Investment Class
- Third Avenue Management Ltd.**
  - 2.0 Manulife Global Focused Fund
  - 0.9 Manulife Global Real Estate Fund
- 16.7 Active Tilt: ETFs and Cash & Cash Equivalents

## PERFORMANCE<sup>1</sup>

	RATE OF RETURN (%)							Inception Date	
	YTD	6 mo	1 yr	3 yr	5 yr	10 yr	Since Inception		
<b>LEADERS BALANCED INCOME PORTFOLIO</b>	4.5	9.6	1.6	10.3	-	-	10.0	May 2008	
Blended Benchmark <sup>2</sup>	3.3	4.4	6.8	4.9	-	-	-	-	
<b>UNDERLYING FUNDS</b>									
<b>Fixed Income</b>									
Manulife Strategic Income Fund	Manulife AM	3.67	7.53	5.45	9.43	-	-	12.49	Nov 2005
Manulife Bond Fund	Manulife AM	0.56	2.18	8.60	-	-	-	6.75	July 1999
Manulife Corporate Bond	Manulife AM	3.22	6.05	7.13	14.17	-	-	9.60	Aug 2003
Manulife Floating Rate Fund	Manulife AM	5.90	9.37	4.10	-	-	-	7.25	Aug 2010
<b>Canadian Equities</b>									
Manulife Canadian Equity Fund	Manulife AM	5.80	9.52	-9.93	13.08	-	-	-2.72	Aug 2005
Manulife Canadian Investment Class	Mawer	5.43	12.66	-0.44	19.78	-	-	6.33	July 2008
Manulife Growth Opportunities Fund	Manulife AM	7.38	15.78	-9.91	25.38	-	-	5.22	Aug 2004
Manulife Canadian Value Fund	Manulife AM	7.60	12.74	-9.66	15.51	0.48	7.10	6.93	Aug 2001
<b>U.S. Equities</b>									
Manulife U.S. Opportunities Fund	Manulife AM	16.11	27.60	5.81	-	-	-	15.78	June 2010
Manulife US All Cap Equity	Manulife AM	12.70	22.95	-	-	-	-	45.55	Aug 2011
<b>Foreign Equities</b>									
Manulife Global Focused Fund	Third Avenue	11.06	14.87	-9.14	-	-	-	8.88	June 2010
Manulife Global Opportunities Class	Manulife AM	19.37	19.47	-14.69	-	-	-	11.44	July 2009
Manulife Global Real Estate Fund	Manulife AM	15.12	21.91	3.13	-	-	-	13.04	June 2010
Manulife Global Infrastructure Fund	Brookfield	5.33	11.18	13.66	-	-	-	16.39	June 2010
Manulife World Investment Class	Mawer	10.85	16.79	1.29	16.12	-	-	3.99	Aug 2008
S&P/TSX Total Return Index		4.39	8.14	-9.76	15.59	1.65	7.22	-	-
DEX Universe Bond Index		-0.21	1.88	9.74	6.65	6.13	6.58	-	-
DEX Corporate Bond		1.42	3.06	9.42	9.80	6.70	6.96	-	-
BarCap Multiverse (\$Cdn)		-0.78	-2.65	8.16	0.00	3.43	-	-	-
MSCI World (\$ Cdn)		9.65	15.42	3.92	11.97	-2.96	0.44	-	-
MSCI EAFE (\$ Cdn)		8.93	10.04	-2.71	8.99	-5.78	1.27	-	-
S&P 500 Total Return (\$ Cdn)		10.51	20.74	11.52	14.30	-0.87	-0.64	-	-
BMO NB Small Cap Index		7.55	12.90	-11.19	30.14	2.79	9.37	-	-

<sup>1</sup>Series X fund performance is shown for all underlying funds. <sup>2</sup>Blended Benchmark: 40% MSCI World, 60% Barclays Cap Multiverse.

## PORTFOLIO MANAGEMENT COMMENTARY

Equity markets had a golden first quarter in 2012, on the back of an improving economic outlook and a diminishing risk environment.

Going into the second quarter, the cyclical outlook remains unchanged from Q1. The global economy has been gaining momentum since September 2011 and continues to accelerate. The most visible improvement has been robust North American payroll gains. Non-farm payrolls in the United States have averaged above 200,000 since the beginning of the year while Canada posted job gains of 82,300 in March. Given the consistency across economic data, the acceleration in the business cycle should continue through the end of 2012.

From a tactical perspective, the extraordinary gains in equities over the last two quarters should be viewed with a degree of caution. As the S&P 500 (C\$) has risen 20.91% since the end of September without a correction

of size, some chips should be taken off the table in anticipation of a pullback. The need for prudence is also being corroborated by tactical measures indicating high investor complacency, overbought conditions across equity markets and increasing sovereign stress in Europe.

From the third quarter of last year, the Fund had been positioned with a high allocation to risk assets as fundamentals dictated an improving economic environment. As the equity rally materialized in the fourth quarter and progressed through to 2012, profits were crystalized incrementally. Going into the second quarter, the Fund is being managed more conservatively due to a more cautious tactical outlook. Nevertheless, the Fund will remain broadly overweight equities versus the policy mix; albeit the degree of exposure will vary as the tactical environment changes.

Commentary source: Manulife Asset Management. Data source: Morningstar Direct

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