Manulife Mutual Funds

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3 MINUTES WITH ALAN WICKS TRANSCRIPT

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Alan Wicks

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Jeff Ray: How is the Manulife Monthly High Income Fund positioned from an asset allocation perspective?

Alan Wicks: Well, Jeff, we've done a number of things over the last year or so, and right now our fixed income component is about 35 per cent, but we have no government of Canada bonds in right now; they're all corporate bonds. We have about 6 per cent or 7 per cent cash at this point in time and the rest are equities. But one of the biggest changes we've done in equities is we have 12 per cent or 13 per cent in U.S. equities, where we're seeing a lot more opportunities at this point in time.

JR: The market has been quite volatile lately. How has the Fund done?

AW: The Fund's done reasonably well. And remember, the fund is not built for speed; it's built for durability, basically. So in terms of when the market gets volatile, that's when we look our best, actually, because names—some of our bigger names like Shoppers Drug Mart, Telus, BCE, TransCanada Pipeline continue to do reasonably well throughout this type of environment. They don't have the big up days when the market goes up a lot but they don't have the big down days when the market goes down a lot.

JR: How have commodities fared in the recent market volatility?

AW: Well, they've had a little bit of a down draft. Obviously with the expectations that the U.S. economy is slowing down a little bit along with Europe, we've had a pullback. Oil prices went up considerably earlier part of the year with the Middle East crisis in terms of Egypt and Tunisia, moving on to Libya, and now they've had a bit of a pullback, down below $100 a barrel in terms of oil. Some of the base metals have had a pullback as well as China has raised rates a couple of times in order to combat inflation.

Overall, our portfolio usually doesn't have an awful lot of exposure to that. So that's once again—while the market tends to go up and down a fair bit, our portfolio tends to be relatively stable.

JR: And what sectors are you seeing good opportunities in?

AW: Some of the best opportunities we're seeing, for example, are in consumer discretionary. With what's happened with the U.S. economy, again, with this little bit of a down draft, we've seen some good opportunities in the making in U.S. consumer discretionary as well as Canadian consumer discretionary. A name that we've been adding to the portfolio is Canadian Tire. Owns all their own real estate, trades just over book value, has one of the largest banks outside of the big Canadian banks. So we think that's a huge opportunity. So that and consumer staples. We're seeing some good opportunities there.

JR: What can we expect from the Fund over the next few years?

AW: Well, I think the same as what you've seen that—the last few years: Steady, stable, try to preserve the capital, provide that income, try not to give the huge volatility that the markets seem to bring to bear these days, and try to do do exactly what we've said from the beginning for this Fund.

JR: Thank you Alan.

AW Thank you very much, Jeff.

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