Manulife Mutual Funds
For your future™

3 MINUTES WITH JIM HALL TRANSCRIPT

June 2011

Jim Hall
Chairman & Portfolio Manager
Mawer Investment Management Ltd.

Jeff Ray: Mawer is based out of Calgary. How do you cover the globe from there?

Jim Hall: They all have access to information really the world over. Our business is very transportable. We can get our sources of information anywhere, anytime from around the world. It's also very easy for us to travel and we do a heck of a lot of that. So I myself just came back from a trip to Southeast Asia. I was in Singapore. One of my colleagues is still in Asia. He went from Singapore to Hong Kong. He's in China now. Another colleague just got back from South America. So it's very easy for us to not only get information in Calgary but also to go out into the world and find that information.

JR: What did you find in Singapore?

JH: Well, we see great growth there and great opportunities for companies to grow their top line. Most of that good news is already discounted in the stock prices; in other words, they're very expensive. So we didn't find a lot of opportunities there. We found some but it wasn't a wholesale sort of smorgasbord of great companies at great prices.

JR: So where are you seeing opportunities for the Manulife World Investment Class?

JH: The opportunities that we are seeing are companies that aren't actually trading in Southeast Asia but they have exposure there. So we're finding some nice opportunities in Europe, for example; companies that have global businesses that often have 30 per cent or 40 per cent or 50 per cent of their business in Asia but they happen to be headquartered in Europe. Those companies are also growing their top lines but they're trading at much cheaper multiples than the companies that are trading in, let's say, Singapore or China or in India.

To the extent that we are investing in emerging markets, we're finding more opportunities in more of the periphery. So in South America, Brazil is a place we just visited, and not a lot of opportunities there. However, in Colombia—a lot less traveled by North American money managers or European money managers—a lot more opportunities there. So that's sort of where we're starting to see some opportunities in some of those more peripheral countries rather than in the heart of the BRIC countries.

JR: How is the make-up of the fund different than competitors' of the index?

JH: I think the most notable is—from the index, at least—is we're underweight in Japan. So we, you know, have about 4 per cent of our portfolio in Japan versus 20 per cent in the index. So that's a pretty notable underweight. That isn't because we have anything against Japan or because we predicted a tsunami there; it's just that we're not finding the kind of businesses at the kind of prices that we like there. So we are underweight Japan.

Another noticeable difference in our fund is that we're overweight in smaller companies. So we tend to look off the beaten path for opportunities. We find that they're often mispriced, and so our fund tends to have, I think, a smaller cap bias, if you will, to companies that, you know, many people have never heard of, that may not have analyst coverage. So you see a lot more of that in our portfolio than I think you would in a mainstream fund or in the index.

JR: Thank you, Jim.

JH: My pleasure. Thank you.

FOR MORE INFORMATION, PLEASE CONTACT YOUR ADVISOR OR VISIT MANULIFEMUTUALFUNDS.CA