

Important Notes :

1. **Manulife Global Fund – Preferred Securities Income Fund** (Manulife Preferred Securities Income Fund or the “Fund”) invests primarily in preferred securities listed or traded on any regulated market in the world, including preferred stocks (including convertible preferred stocks) and subordinated debt securities, which exposes investors to fixed income and equity market risk, volatility and liquidity risk and currency risk. As the Fund may carry significant exposure to US-related issuers it may expose investors to geographical concentration risk.
2. The relevant distributing class of the Fund does not guarantee distribution of dividends, the frequency of distribution and the amount/rate of dividends. Dividends may be paid out of income, realized capital gains and/or out of capital of the Fund in respect of Inc share class(es). Dividends may be paid out of realized capital gains, capital and/or gross income while charging all or part of their fees and expenses to capital (i.e. payment of fees and expenses out of capital) in respect of MDIST (G) and R MDIST (G) share class(es). Dividends paid out of capital of the Fund amounts to a return or withdrawal of part of the amount of an investor’s original investment or from any capital gains attributable to that original investment and may result in an immediate decrease in the net asset value per share in respect of such class(es) of the Fund.
3. The Fund’s investment in fixed income and cash and cash equivalents is subject to credit risk, interest rate risk, credit rating and downgrading risk and high-yield bonds risk.
4. The Fund intends to use financial derivative instruments (“FDIs”) for investment, efficient portfolio management and/or hedging purposes. The use of FDIs exposes the Fund to additional risks, including volatility risk, management risk, market risk, credit risk and liquidity risk.
5. Investment involves risk. The Fund may expose its investors to capital loss. Investors should not make decisions based on this material alone and should read the offering document for details, including the risk factors, charges and features of the Fund and its share classes.
6. Given RMB is currently not a freely convertible currency, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. As offshore RMB (CNH) will be used for the valuation of RMB denominated Class(es), CNH rate may be at a premium or discount to the exchange rate for onshore RMB (CNY) and there may be significant bid and offer spreads and thus the value of the RMB denominated Class(es) will be subject to fluctuation. Any devaluation of RMB could adversely affect the value of investors’ investments in the RMB denominated Class(es) of the Fund.

Manulife Preferred Securities Income Fund

Q&A with Fund Manager

July 2024



Joseph Bozoyan

US-based portfolio manager on the Global Credit Team at Manulife Investment Management

Previously a managing director and senior investment analyst on Manulife’s Intrinsic Value Team

Q: How did the preferred securities market perform in June 2024?

A: The U.S. bond market’s performance¹ in June 2024 was significantly influenced by several key factors. These included weaker-than-anticipated economic data, a rise in the unemployment rate to 4% (its highest level over two years), a downward revision of consumer spending, and an unexpected decline in the year-over-year inflation rate. These factors led to expectations that the U.S. Federal Reserve (Fed) could initiate a sooner-than-expected reduction in short-term interest rates.

The result was a decline in U.S. bond yields across the board during the month, leading to higher bond prices. Against this backdrop, preferred securities registered a 0.63% total return in June, with institutional preferreds taking the lead and convertible preferreds being the laggard¹.

Q: What has been driving the Fund’s performance in June 2024?

A: The Fund posted a positive return² in June 2024. The portfolio’s performance was driven by its security selection in the banking sector, which was the leading contributor. The portfolio also benefited from security selection in the energy and natural gas sectors. The portfolio’s security selection in junior subordinated preferreds was the top asset class contributor.

However, the portfolio’s security selection in the electric utility sector was the leading detractor. Additional detractors include security selection in the consumer cyclical and communication sectors. Lastly, the portfolio’s mandatory convertible preferreds underperformed the preferred market.

Q: What is your investment outlook for the Fed’s policy this year?

A: The Federal Reserve desires to implement a more accommodative policy in 2024. However, the central bank still seeks the desired economic data to support a pivot. While markets quickly reversed their initial expectations for aggressive cuts in 2024, we still see the potential for fewer cuts than expected this year. We do expect that they will look to begin implementing cuts in 2024.

The US economy continues to show resiliency in the face of higher rates after showing some signs of weakness at the end of last year. While markets seem to be digesting the possibility of a soft or no landing scenario, we still feel a high degree of uncertainty. Against this backdrop, we believe preferred offers relatively attractive yield with less credit risk as an investment-grade asset class and the defensive positioning of the Fund should be able to help navigate the economic cycles.

1. Source: Bloomberg, as of June 30, 2024. U.S. bonds measured by Bloomberg US Agg Bond TR USD Index. Preferred securities measured by ICE BofA US All Capital Securities Index. Institutional preferreds measured by ICE BofA US Capital Securities Index. Convertible preferreds measured by ICE BofA US Convertible Preferred Index. Past performance is not indicative of further performance.
 2. Source: Manulife Investment Management, as of June 30, 2024. Fund performance applies only to AA (USD) MDIST (G) class. All the performance figures are on NAV to NAV basis, in base currency with dividend reinvested. Performance of AA (USD) MDIST (G) class: 0.71% (1 month); 0.90% (3 months); 5.30% (6 months); 5.30% (year to date); 11.37% (1 yr), -0.99% (3 year annualized), 2.25% (5 year annualized), 2.93% (since inception annualized). AA (USD) MDIST (G) class performance information for past five calendar years: 7.62% (2023); -14.98% (2022); 4.79% (2021) ; 3.55% (2020) ; 21.07% (2019). Inception date: September 11, 2018. Investment involves risk. Past Performance is not indicative of future performance.

Unless otherwise stated, all information sources are from Bloomberg, Manulife Investment Management, as of June 30, 2024. The information in this material may contain projections or other forward-looking statements regarding future events, targets, management discipline or other expectations, and is only as current as of the date indicated. There is no assurance that such events will occur, and may be significantly different than that shown here.

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