

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

September 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 market perform in August 2024?

A: U.S. bonds¹ posted positive returns for the fourth consecutive month in August. An unexpectedly weak employment report, including the highest unemployment rate since October 2021, and a continued deceleration in the 12-month inflation rate increased expectations that the U.S. Federal Reserve (Fed) will cut short-term interest rates at its next policy meeting in September. Fed Chairman Powell affirmed this view late in the month, suggesting a rate cut was imminent. Not all the economic news was negative—consumer spending exceeded expectations, and second-quarter economic growth was revised up to a 3.0% annualized rate.

U.S. bond yields fell across the board for the month, with shorter-term yields declining the most in anticipation of a September Fed rate cut. During the month, preferred securities outperformed major U.S. fixed income assets with retail preferreds taking the lead¹.

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

A: The Fund posted a positive return² in August 2024. The portfolio’s performance was driven by its security selection in the natural gas sector, which was the leading contributor. The portfolio also benefited from security selection in the brokerage asset managers and communications sectors. The top asset class contributor was the portfolio’s security selection in subordinated notes.

However, the portfolio’s security selection in the insurance sector was the leading detractor. Additional detractors include security selection in the banking and electric utility sectors. Lastly, the portfolio’s preferred stock underperformed the preferred market.

Q: What is your investment outlook for the rest of 2024?

A: Although the Fed has removed some uncertainty regarding an impending first interest rate cut, future Fed moves will depend on economic data. In recent months, economic results have been mixed, with softness in some segments, such as the labor market, and strength elsewhere. We continue to position the strategy defensively in electric utilities, though with an eye toward relative value opportunities at the individual security level. The strategy also remains materially overweight in junior subordinated preferred securities, offering attractive values while adding preferred stock to increase the fund’s duration.

1. Source: Bloomberg, as of August 31, 2024. U.S. bonds measured by Bloomberg US Agg Bond TR USD Index. Preferred securities measured by ICE BofA US All Capital Securities Index. Retail preferreds measured by ICE BofA Core Plus Fixed Rate Preferred Securities Index. Past performance is not indicative of further performance.
2. Source: Manulife Investment Management, as of August 31, 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: 1.66% (1 month); 3.63% (3 months); 5.78% (6 months); 8.36% (year to date); 13.08% (1 yr), -0.26% (3 year annualized), 2.23% (5 year annualized), 3.34% (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 August 31, 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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