

**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 preferred securities risk, 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. Certain investors may also be subject to the risk relating to RMB hedged share class.
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 leverage 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.

## Manulife Preferred Securities Income Fund

## Q&A with Fund Manager

March 2025



**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 February 2025?

A: U.S. bonds<sup>1</sup> experienced a rally in February, achieving their best monthly return since July 2023. Throughout the month, bond yields fell, influenced by slowing economic growth, including weaker-than-expected job growth, a significant drop in retail sales, and the lowest consumer sentiment reading in 15 months. Additionally, worries about potential U.S. tariffs fueled the bond market rally as attention shifted from inflationary pressures to concerns about economic growth. The only counteracting factor was an unexpected rise in the inflation rate, with the year-over-year inflation measure reaching a seven-month high.

For the month, bond yields generally trended lower, with intermediate- and long-term bond yields declining the most. Preferred securities advanced alongside the broader market in February, with retail par preferreds taking the lead and convertible preferreds lagging<sup>1</sup>.

### Q: What has been driving the Fund's performance in February 2025?

A: In February 2025, the Fund registered positive return<sup>2</sup>. The portfolio's performance was driven by its security selection in the technology sector. The portfolio also benefitted from security selection in the finance company and the consumer cyclical sectors. The portfolio's security selection in junior subordinated preferreds was the top asset class contributor.

However, the portfolio's security selection in the insurance sector was the leading detractor. Additional detractors include security selection in the communications sector and an overweight allocation in the natural gas sector. Lastly, the portfolio's security selection in preferred stock was the top asset class detractor.

### Q: What is your investment outlook?

A: The Federal Reserve (The Fed) continued to ease in December 2024 and signaled a more cautious approach for 2025. Recent strong economic data, sticky inflation, and potential government policy shifts around tariffs and deregulation have increased market uncertainty about the path for Fed monetary policy going forward.

As spreads are currently narrow across most fixed income, it is crucial to emphasize the importance of selecting appropriate securities within a capital structure to generate significant income and safeguard capital. This can be accomplished by holding preferred securities, typically lower in a capital structure, and usually offering greater spread. They also minimize permanent losses from defaults as they are issued by high-quality companies capable of withstanding challenging financial conditions. Additionally, the flexibility of the preferred security universe allows for allocation across various fixed income sectors and credit levels, making it easier to navigate softer economic environments.

1. Source: Bloomberg, as of February 28, 2025. U.S. bonds measured by Bloomberg US Agg Bond TR USD Index. Preferred securities measured by ICE BofA US All Capital Securities Index. Retail par preferreds measured by preferred ICE BofA US Core Plus Fixed Rate Preferred 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 February 28, 2025. 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: 0.46% (1 month); 0.99% (year to date); -0.01% (3 months); 2.61% (6 months); 8.54% (1 yr); 2.45% (3 year annualized), 2.53% (5 year annualized), 3.49% (since inception annualized). AA (USD) MDIST (G) class performance information for past five calendar years: 10.10% (2024); 7.62% (2023); -14.98% (2022); 4.79% (2021) ; 3.55% (2020). 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 February 28, 2025. 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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