Important Notes:
1. Manulife Global Fund – USD Income Fund ("Manulife USD Income Fund" the "Fund") invests primarily in fixed income securities and fixed income related securities denominated in U.S. Dollar of issuers globally. In meeting its investment objective, the Fund may invest more than 30% of its net assets in issuers located in the United States, which may involve credit rating and downgrading, credit, interest rate, sovereign debt, convertible securities, subordinated debt, collateralized/securities products, high-yield bonds, geographical concentration and currency risks and risks associated with investments in debt instruments with loss-absorption features (including contingent convertible bonds).
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 amount 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 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.
4. Investment involves risk. The Fund may expose its investors to capital loss. Investors should not base on this material alone to make investment decisions and should read the offering document for details, including the risk factors, charges and features of the Fund and its share classes.

Manulife USD Income Fund

Q&A with Fund Manager

March 2025

Jeffrey Given, CFA

US-based senior portfolio manager, and co-head of MIM's U.S. core and core-plus fixed-income team.

Prior to joining the portfolio management team, Jeffrey was focused on research and trading in mortgage-backed securities within Manulife fixed-income teams.

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[1] rallied in February, posting their best monthly return since July 2023. Bond yields declined across the board during the month amid signs of slowing economic growth, including weaker-than-expected job growth, a sharp decline in retail sales, and the lowest consumer sentiment reading in 15 months. In addition, concerns about potential U.S. tariffs contributed to the bond market rally as the focus shifted from inflationary impacts to implications for economic growth. The one offsetting factor was a larger-than-anticipated increase in the inflation rate, with the year-over-year inflation gauge rising to a seven-month high.

For the month, bond yields moved broadly lower, with intermediate- and long-term bond yields falling the most. The decline in short-term yields was more muted as the market grappled with how the U.S. Federal Reserve (Fed) will reconcile sticky inflation and softer economic data. On a sector basis, government agency residential mortgage-backed securities and U.S. Treasury securities generated the best returns, while high-yield corporate bonds and asset-backed securities lagged[1].

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

A: In February 2025, the Fund registered positive return[2] and security selection contributed to the portfolio's performance. The leading contributor for the month was the portfolio's US Treasury securities. Other contributors include security selection in preferred stock and commercial mortgage-backed securities (CMBS).

The leading detractor for the month was an overweight allocation and security selection in junior subordinated preferreds, which underperformed the market in February, after outperforming the market over the last year. Other detractors include security selection in high yield bonds and baby bonds.

Q: What is your investment outlook for the year?

A: Fixed-income yields remain historically high despite the Fed pivoting to an accommodative monetary policy. Though economic data-dependent, we believe the Fed should continue easing into 2025, which should cause cash and money market yields to continue declining. With yields at the high end of recent ranges and markets now pricing out many of the Fed rate cuts that were previously expected, we believe this could be an attractive entry point to add duration.

We remain focused on Agency MBS, which we believe could offer liquidity and attractive relative value compared to corporate credit. We emphasize intermediate maturities within corporate credit, focusing on financials and utilities over industrials. Utilities also appear attractive versus industrials and could present an opportunity with expected increased issuance in 2025. We maintain a neutral approach to duration as rate volatility could continue into 2025. Positioning for a steeper yield curve is expected to be more important than relative duration as a driver of outperformance.

1. Source: Bloomberg, as of February 28, 2025. U.S. bonds measured by Bloomberg US Agg Bond TR USD Index. Government agency residential mortgage-backed securities, U.S. Treasury securities, high-yield corporate bonds and asset-backed securities measured by ICE BofA Indices. Past performance is not indicative of further performance.
2. Source: Manulife Investment Management, as of February 28, 2025. The Fund's benchmark refers to Bloomberg US Agg Bond TR USD Index. Fund performance applies only to AA (USD) class. All the performance figures are on NAV to NAV basis, in base currency with dividend reinvested. Performance of AA (USD) class: 1.11% (1 month); 1.66% (year to date); 0.64% (3 months); 1.25% (6 months); 6.36% (1 yr), -0.44% (3 year annualized), -0.35% (5 year annualized), 1.32% (10 year annualized), 3.38% (since inception annualized). AA (USD) class performance information for past five calendar years: 3.96% (2024); 4.98% (2023); -14.49% (2022); -1.10% (2021) ; 7.84% (2020). Inception date: January 29, 2007. 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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