

2026 Mid-Year Outlook Series: GEDI

Important Notes:

1. Manulife Global Fund – Global Equity Diversified Income Fund (the “Fund”) is primarily designed to provide income with the secondary goal of medium to long term capital growth by investing at least 70% of its net assets in a portfolio of equity and equity related securities of companies listed globally (including in emerging markets from time to time). Equity and equity related securities may include common stocks, preferred stocks, depositary receipts and real estate investment trusts, which may involve investment, equity market, small-cap/mid-cap risk, geographical concentration and currency risks. 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), R MDIST (G) and F 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. Fixed yield share classes pay out a pre-determined annualized fixed percentage of their NAV, which can be adjusted by the Directors with at least one month’s prior notice, do not entirely reflect the actual or expected income or performance of the Fund. These distributions may exceed the actual income, leading to capital erosion, especially during negative returns or losses, and may reduce future capital growth. A positive distribution yield does not guarantee a positive return, and the absolute distributions vary with the NAV, resulting in fluctuating monthly payouts for investors.
3. The Fund intends to use financial derivative instruments (“FDIs”) for efficient portfolio management and/or investment purposes. The use of FDIs exposes the Fund to additional risks, including counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The Fund may adopt options overlay strategy such as covered calls and/or collateralised puts to generate additional income. The outcome of such strategy depends on market conditions and the Investment Manager’s ability to anticipate price movements, which cannot be guaranteed. The Fund may sustain a loss in excess of the fixed premium received from writing an option. The Fund’s strategy of generating extra income from options overlay strategy may reduce the potential capital growth and future income of the Fund.
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.

Against a highly uncertain backdrop in the first half of 2026, Manulife’s Global Equity Diversified Income (GEDI) Fund (‘the Fund’) posted¹ resilient performance with relatively lower volatility. This result was driven by the Fund’s four investment pillars, which favour an income-centric approach, coupled with global diversification across growth, value, and income equities. In this 2026 Mid-Year Outlook, Paul Kalogirou, Head of Client Portfolio Management, Asia & Global Multi-Asset Solutions, explains how the Fund’s unique structure allows for consistent income generation and potential upside across the market cycle, while also identifying key opportunities and risks for the second half of the year.

GEDI: Consistent income generation in volatile markets

Global markets experienced significant volatility over the first half of the year, punctuated by a stalemated conflict in the Middle East that sent oil prices sharply higher and rekindled inflationary pressures.

Despite these notable challenges, the Fund, which was launched in early February 2026, posted resilient performance. Perhaps more importantly, it accomplished this while meeting its income-generation goal with relatively lower volatility compared to similar strategies (See Chart 1).

Chart 1: Resilient performance with lower volatility²

Global Equity Income (Global Equity Income funds invest principally in Global equities that pay out above-market yields. Funds in this category can invest in companies of any size, though many exhibit a large-cap bias),

¹ The Fund was launched on 5 February 2026, with performance covered through 30 May 2026.

² Source: Manulife Investment Management, Fund performance applies only to AA USD Acc class, as of 31 March 2026. All the performance figures are on a NAV-to-NAV basis, in base currency with dividend reinvested. Inception date 5 February 2026. Morningstar peer category:

The Fund's NAV performance since inception



The Fund's performance is a direct result of its unique structure, which provides consistent, reliable income while offering potential upside through equities. Indeed, as different asset classes outperform at different points in the market cycle, a multi-pillar approach can serve as a source of strength in volatile markets (see Chart 2).

Chart 2: Multi-pillar approach serves as a source of strength across market cycles³

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10 Yr annualized	'1Q2026
Value Equities 13.3%	Growth Equities 30.0%	Income Securities 0.2%	Growth Equities 33.7%	Growth Equities 33.8%	Value Equities 22.8%	Income Securities -0.8%	Growth Equities 33.2%	Growth Equities 24.2%	Growth Equities 22.4%	Growth Equities 30.7%	Income Securities 5.9%
Income Securities 11.5%	MSCI World High Div 19.2%	Global Bonds 1.2%	MSCI World High Div 24.4%	Global Bonds 2.5%	Put Writing -3.8%	MSCI World High Div -3.8%	Put Writing 16.2%	Call Writing 17.8%	Value Equities 9.7%	Value Equities 10.7%	MSCI World High Div 4.2%
MSCI World High Div 10.2%	Value Equities 18.0%	Call Writing -4.8%	Value Equities 22.8%	Put Writing 2.7%	Call Writing 20.0%	Value Equities -5.8%	Value Equities -2.4%	Put Writing 17.8%	MSCI World High Div 12.7%	MSCI World High Div 8.8%	Value Equities 1.2%
Put Writing 7.8%	Call Writing 12.0%	Income Securities 22.1%	MSCI World High Div 1.0%	Growth Equities 17.7%	Put Writing -7.7%	Call Writing 11.8%	Income Securities 18.4%	Income Securities 9.7%	Put Writing 8.0%	Call Writing -5.5%	Call Writing -1.1%
Call Writing 7.1%	Put Writing 10.8%	MSCI World High Div -6.7%	Call Writing 15.7%	Value Equities -0.3%	MSCI World High Div 16.9%	Call Writing -11.4%	Value Equities 10.2%	Put Writing 9.2%	Call Writing 7.2%	Global Bonds -1.1%	Global Bonds -1.1%
Growth Equities 3.2%	Income Securities 9.8%	Growth Equities 10.3%	Put Writing 13.5%	Call Writing 2.8%	Income Securities 14.8%	Global Bonds -6.7%	Global Bonds 2.7%	MSCI World High Div 8.9%	Call Writing 8.9%	Income Securities 7.2%	Put Writing -1.1%
Global Bonds 2.1%	Global Bonds 7.4%	Value Equities 10.3%	Global Bonds 8.4%	Income Securities 14.8%	Global Bonds -4.7%	Growth Equities 28.4%	Income Securities 14.8%	Global Bonds -1.7%	Global Bonds 8.2%	Global Bonds 1.0%	Growth Equities 7.2%

Due to the Fund's relatively short history, let's look at the Fund's four unique pillars, their characteristics, and where we view opportunities.

I. Growth Equities

Growth equities play an important role in the portfolio as one of the main sources of potential upside and capital growth.

We focus on high-quality global leaders with strong long-term growth potential.

³ Source: Manulife Investment Management, Bloomberg, as of 31 March 2026. 10 Year annualized measured as of 31 December 2025. Past performance does not guarantee future results; indices are for illustrative purposes only and cannot be invested in directly. Growth Equities represented MSCI ACWI Growth Index. Value Equities represented by MSCI World Value Index. Income Securities represented by John Hancock Tax-Advantaged Dividend Income Fund (unlevered); Call

Global leaders are selected via a screening process looking for:

- High levels of profitability;
- A strong brand;
- A sound balance sheet and financials, emphasising strong revenue, margins, cash flow, and capital profiles.

Currently, we hold a highly diversified mix of long-duration growth investments, including consumer-scale, innovative healthcare, financial infrastructure, and industrial leaders.

Growth Equities within GEDI continued to add value, aided by underweights in utilities and, more recently, energy and materials. Stock selection in the US and owning some semiconductor names detracted from relative returns. However, more recently, strong stock performance from South Korea and select artificial intelligence (AI) ecosystem names amid surging memory demand, combined with some strong earnings releases, contributed positively.

Recent activity included the sale of an e-commerce company, a paint and coatings business, and a benchmark data analytics company. Conversely, purchases included a financial exchange operator, a Taiwanese power electronics and automation solutions provider, and a Japanese in-vehicle control and car information semiconductor company.

II. Value Equities

Value equities play a dual role in the portfolio by managing risk and capturing opportunities. This pillar mainly invests in value leaders in the financials, healthcare, industrials and consumer staples sectors.

Some of the investment criteria used to establish a leader in value include:

- Dominant market share;
- High organic growth;
- Solid management and a proven track record of capital allocation.

Writing represented by CBOE S&P 500 Buywrite Index (BXMU). Put Writing represented by CBOE S&P 500 Putwrite Index (PUT); Global Bonds represented by Bloomberg Global Aggregate Index. Diversification does not guarantee a profit or ensure against a loss.

In this segment, the team progressively increased allocations to healthcare and industrials during the first half of the year due to attractive valuations. Allocations in financial services were reduced due to potential issues stemming from exposure to private credit.

More recently, the team has added to a Japanese communications services company, a UK healthcare company and a German consumer staples company.

The Value Equities within GEDI have captured strong performance from technology and technology services names in South Korea and Taiwan, whilst it has seen detractors (versus the broad MSCI World High Dividend reference index) among names not held in the portfolio, and challenges from a consumer staples holding. The Value Equities are yielding approximately 3%, which aligns with GEDI's income profile.

III. Income Equities

Income equities offer mid-to-high single-digit yields and are critically important in a fund dedicated to a consistent income payout. Indeed, we seek to identify high-quality companies that offer diversification benefits while providing a steady income stream.

The portfolio boasts a broad mix of common equities across energy, utilities and telecoms. As well as preferred/convertible preferred equity.

We have recently added underperforming retail preferreds at discounted valuations, where we see significant value and attractive yields, as well as positions that benefit from higher oil prices. The portfolio has also benefited from the recent utility merger between Dominion and NextEra. Furthermore, data centre demand is accelerating a new power-sector investment cycle and may lead to more mergers and acquisitions activity. Recently, the team added two new-issue investment-grade quality bank preferred equities.

IV. Options Writing and Volatility Harvesting

Finally, the Fund also features an options pillar as a key source of income generation and protection against downside risk. The index-level option-writing

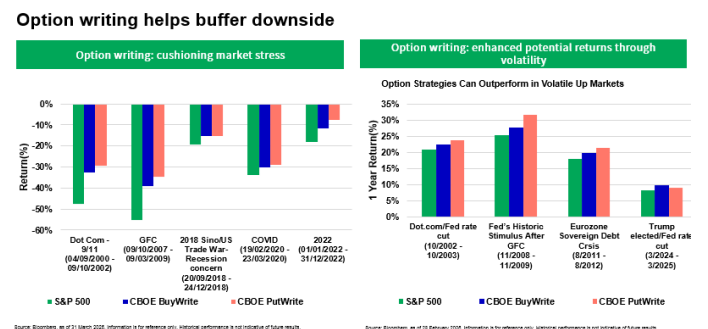
implementation is significant for capturing option premium and enhancing overall portfolio yield – this can often mean GEDI may not always capture the same equity upside as a pure equity, uncapped portfolio. However, GEDI generates significant yield without overly relying on equity upside to make the distribution payout. Additionally, the option-writing component adds a further layer of risk mitigation, as evidenced by the portfolio's relatively low (vs other Equity peers) volatility profile.

We focus on two strategies: selling index-level covered calls and index-level collateralised puts. For these two instruments, we primarily sell calls (approximately 30%) and puts (approximately 20%) on regional and country indices.

Due to in-house expertise and experience, we also have the flexibility to adjust strike prices based on our conviction, allowing us to be more or less aggressive. For example, selling more calls in a perceived richly valued market, or reducing the call writing post a market sell-off in anticipation of a strong market recovery (allowing for more equity participation in GEDI), or similarly writing more puts in the latter instance.

During both up and down markets, and especially in the volatile markets of the first half of 2026, this allowed GEDI to generate income by harvesting premiums and monetising volatility. The option pillar has also offered historical downside protection to investors (See Chart 3).

Chart 3: Option writing helps to buffer downside⁴



Moving forward, we continue to see opportunities in the US, as well as Europe, Australasia, and the Far East (EAFE) at the index level. The team continues to write out-of-the-money (OTM) calls and at-the-money (ATM) puts, persistently harvesting volatility to generate premium income and enhance the

⁴ Source: Bloomberg, as of March 31, 2026. Information is for reference only. Historical performance is not indicative of future results.

strategy's overall yield. The portfolio has more recently sold index-level calls on Asian indices in South Korea, Taiwan and Hong Kong, whilst it could evolve in the future to writing options on global sectors, if appropriate.

Risks in the second half of 2026

We believe there are currently four main risks, some of which are currently underappreciated in the market.

- **Energy and oil supply shock**

The energy and oil conundrum remains the most immediate macro risk. A failure to resolve flows through the Strait of Hormuz could result in a sudden tightening of physical oil and petrochemical supply, particularly as floating inventories begin to decline. In such a scenario, oil prices would likely experience sharp upside pressure, feeding directly into headline inflation and transportation costs.

- **Private credit stress and financial transmission**

Private credit is a risk to monitor, with refinancing pressure, covenant stress, and opaque valuations posing increasing vulnerabilities.

While spreads in the public fixed-income market remain contained, stress could transmit unevenly to listed financials – particularly those with private-lending exposure. We view the risk as selective rather than systemic, favouring well-capitalised institutions with conservative underwriting. Any dislocations may offer entry points in financials with stable dividends and low balance-sheet leverage.

- **Structural artificial intelligence (AI)-driven labour disruption, earnings and valuations**

Over the longer term, the structural impact of AI on labour markets remains a slow-burn risk. While productivity gains support margins, the displacement of certain job categories risks exacerbating inequality, political pressure, and consumption volatility. For income-focused portfolios, this places a premium on business models with pricing power, recurring cash flows, and defensible market positions. Furthermore, continued earnings growth across the AI ecosystem may not be sustainable in

the near term and could cause markets to pause over the coming months.

- **Resurgence of inflation**

Finally, inflation remains an under-appreciated variable. Energy-driven price shocks, should they materialise, could complicate the US Federal Reserve's easing trajectory and delay the rate-cut cycle that markets have largely priced in. This reinforces the value of equity income streams as a real-return anchor, particularly relative to duration-sensitive assets.

Collectively, we believe these risks are not fully reflected in current asset prices, especially with both global equities and credit once again approaching all-time highs.

Conclusion:

Amid elevated market uncertainty, GEDI has posted resilient performance since its inception. The Fund's unique four-pillar structure offers investors consistent income generation with the potential for equity upside. Moving forward, we continue to anticipate ample return and income opportunities in the second half of 2026, whilst the GEDI portfolio's construction and design flexibility should help mitigate drawdowns (relative to pure equity peers), offering a shallow investor drawdown experience should the market see volatility.

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