



John, before we get started, I want to congratulate you on winning the 5-year Lipper award for the high-yield category, in particular for the Manulife Global Unconstrained Bond Fund. If you would, why don't you talk to us about some of these successes that have led to this award?

Well, thanks. First off, it's a great honour. I think these type of awards are important for everybody within the organization, those who touch the product, but those who are in any way affiliated with it. The product itself is a pretty neat product and it really does two critical things in my mind. It really provides an opportunity for investors to get a global exposure to credit risk. Second point, though, is just as important: it leverages Manulife's global capabilities. So, we have resources. Both fixed income and equity on the investment side across the globe provides us idea generation all of those local regions, which is really important from a fundamental standpoint. We want to be as close as we can to the investment opportunities.

And that speaks in particular to the unconstrained nature of this fund, the flexibility that you have within the fund to move across areas of the market. So, speak to what you can do as a portfolio manager with respect to this portfolio itself.

Sure, I would characterize it really in three different pools of opportunity. First, it's a quality opportunity; we can go up and down the quality spectrum from investment grade all the way down to high-yield. From a regional perspective, as I mentioned, we can go anywhere in the world. And that's both on an emerging-market, as well as a developed-market basis. And then the last piece, which I think is a true differentiator, is the idea that we can move across the entire capital structure for investment opportunities. We can be in senior secured loans, as an example, we can be in unsecured bonds, we can even move down into convertibles and preferreds, and it's our way of finding the best risk-adjusted return based on the fundamental work that our analysts are doing.

John, you are the Chief Investment Officer for Global Fixed Income for Manulife Asset Management, so you oversee all the fixed income portfolio managers and analysts around the world. What does that mean in terms of your role?

I really think of my role as one that's quite simple, when I really look at it, and it's to leverage the capabilities that we have as an organization. I reference the idea of investment resources in Asia, Japan, Canada, the U.S. and Europe. My goal, really, is to drive collaboration across those teams. What we want to see are people willing to communicate their views and not expect anything in return. They can invest their portfolios and we have a boutique organization where we effectively empower portfolio managers to make independent decisions.

And that really focuses them on their products, their opportunity set and where they're adding value for their investor base. The next step, though, is really to drive a dialogue across teams and really leverage the capabilities we have as an organization to get them to share their ideas with their colleagues.

In my mind, that's the best way to enhance the value proposition of the firm, because these are internal resources, all appropriately aligned with an interest in helping others within the organization drive returns. So, the focus isn't just on best ideas, but it's best ideas within a broad portfolio that achieves that target return profile of our clients.

Do you agree that the worst is behind us in bond yields?

I do believe the worst is behind us. Certainly, as we reference the idea that economic growth is still positive and generally trending in the right direction, spreads have widened, which makes the value proposition more compelling, and rates have increased. But we also think, given the favourable

backdrop, things are pricing in a lot more downside than we expect. Therefore, we would expect, given the valuation proposition in credit, for things to be fairly compelling for 2019. Credit risk in today's world, again with that favorable backdrop, is very positive and we're being very well compensated. How close are we to the end of the rising rate cycle? I would say we're very close, unless we get unexpected inflationary pressure, which we think is a very low risk, or extraordinary growth, whether it's coordinated globally or just in specific regions of the world. Again, in today's market, the idea that the Fed is focused on, in my mind, is normalizing rates so they're better prepared for the next economic downturn.

So, when we look ahead to 2019, what are some of the challenges, or opportunities rather, that you see in front of us?

I think that one of the most important challenges is that the general backdrop is more volatile, certainly with potential trade issues, as far as geopolitics are driving uncertainty in the capital markets.

That is a risk, but it's also an opportunity. We think as fundamental investors we can always identify opportunities at the company level, where we can find differentiated performance. Those tend to be uncorrelated with some of the more macro phenomena going on in the world. That creates an opportunity for investors. Let's go back in the history of John Addeo.

What prompted you to become a portfolio manager? It's a great question.

It was a long time ago when I had that first thought. I would tell you it was probably during my junior year of college. I was actually a computer science major in college. That point my junior year, I had to decide whether I wanted to take a science-oriented approach or business-oriented approach.

One of my roommates at the time was a business major. And every day he would pick up the Wall Street Journal, and he'd have his coffee in our apartment, and we'd talk a little bit about the markets, and I was much more intrigued with that than I was with physics and engineering and computer science. So, that's where I got the bug. I would tell you this guy is now a senior analyst at one of the rating agencies in New York City, and he and I still connect occasionally on what we're doing with our careers and what's going on in the world. And the best part about the role of a portfolio manager is the idea that the world changes every day, and you have to react and respond to them. And so, it never gets old.

SEE THE [FUND PROFILE](#) FOR MORE DETAILS ON THE FUND.

Manulife Global Unconstrained Bond Fund was awarded the 2018 Lipper Fund Award in the High Yield Fixed Income category for the 5 year period out of a total of 48 funds ending July 31, 2018.

Performance for the fund for the period ended January 31, 2019 is 1.24% (1 year), 5.82% (3 years), 5.41% (5 years) and 6.58% (since inception on June 16, 2011). The corresponding Lipper Leader ratings of the fund for the same period are as follows: N/A (1 year), 3 (3 years) [487 funds], 5 (5 years) [330 funds].

The Lipper Fund Awards, granted annually, are part of the Thomson Reuters Awards for Excellence awarded by Lipper, Inc. and highlight funds that have excelled in delivering consistently strong risk adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Ratings for Consistent Return, which is a risk-adjusted performance measure calculated over 36, 60 and 120 month periods. The highest 20% of funds in each category are named Lipper Leaders for Consistent Return and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1. The highest Lipper Leader for Consistent Return in each category wins the Lipper Fund Award. Lipper Leader Ratings change monthly. For more information, see www.lipperweb.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

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