



Performax Gold®

The Performax Gold Investment Fund

2021 Annual Report

The Manufacturers Life Insurance Company



The Gold Fund advantage

- Backed by Manulife's 130+ years of demonstrated financial strength, integrity, and prudent investment management
- Benefits from the size and scale of one of the largest life insurance companies in the world – diversified operating platform and ample resources to fund growth opportunities
- Equity portfolio managed by the Manulife Asset Management team, a global asset manager with expertise across a full range of asset classes and in providing investment management solutions for financial institutions, pension plans, and other institutional clients
- Access to both Manulife's superior quality commercial real estate portfolio and diversified alternative long-duration assets portfolio

Put your trust in Manulife

For more than 130 years, Canadians have turned to Manulife for their biggest financial decisions. Today, we provide financial products and services to *one in every five Canadians*.

You should know

In today's changing economic climate, liquidity is critical to any financial institution. Manulife is fully self-funded – meaning our businesses generate enough cash flow to sustain our operations without being dependent on the commercial paper markets or other short-term funding arrangements. Manulife held C\$268.4 billion in cash & cash equivalents, comprised of cash on deposit, Canadian and U.S. Treasury Bills and high quality short-term investments, and marketable assets as at December 31, 2021².

¹ Source: P&I/Towers Watson, year-end 2021.

² Source: Manulife 2021 Financial Strength Fact Sheet as of December 31, 2021.

³ Source: Manulife Global Company Fact Sheet as of December 31, 2021

With Manulife, you can feel *confident* that your trust is well placed



Ranked in the top 10% of the world's 500 largest asset managers¹



C\$46.8 billion market capitalization²



Over \$1.4 trillion in assets under management and administration³



Serving more than 33 million customers worldwide³

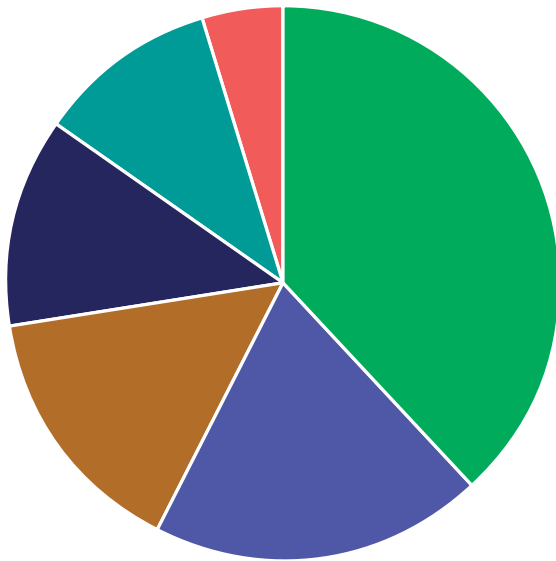


Over \$31 billion paid to customers in benefits and claims in 12 months³

The Gold Fund investment philosophy

The Gold Fund's asset mix has been developed to match the long term needs of our policy owners. The stable nature of the cash flows associated with whole life insurance products permits asset investment in longer term holdings. The Fund targets an allocation of approximately 60% of fixed income assets, and 40% of non-fixed income assets. We believe that this balanced approach is optimal to drive attractive returns and reduce risk for our policy owners, and we manage the Fund in adherence to prudent investment guidelines.

Asset mix as at December 31, 2021



Public bonds



37.0%

Mortgages



19.3%

Public Equity



17.0%

Real estate



10.8%

Private Equity



11.0%

Private placement and debt



5.0%

Fund facts

➤ Launched:
November 2007

➤ Total Cash Values** as at
December 31, 2021: **\$2.26 billion**

➤ Investment expenses* for 2021:
13 basis points

➤ Number of inforce policies** as at
December 31, 2021: **30,753**

* Investment expenses may vary from year to year due to the number and nature of transactions required to maintain the target asset mix

** Performax Gold policies only. Does not include Manulife UL policies



Public bonds

This segment represents **37.0%** of the total assets of the Gold Investment Fund, as at December 31, 2021.

This high quality bond portfolio is managed to ensure diversification by industry sector and geography.

As at December 31, 2021

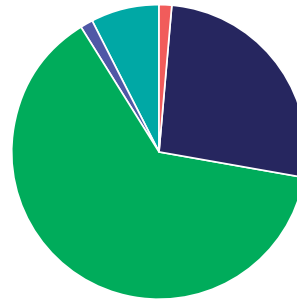
Public bonds quality grade	(%)
AAA	4.8
AA	16.7
A	40.7
BBB and lower	28.2
Other	9.6
Total	100.0

Public bond term to maturity	(%)
Less than five years	38.6
Five years and over	61.4
Total	100.0

Major public bond holdings as at December 31, 2021

Public bond holdings	(%)
Province of Newfoundland	6.6%
Province of Ontario	5.7%
Province of Quebec	4.9%
EPCOR Utilities	4.5%
Intact Financial	4.4%
Telus Corp	4.2%
Province of British Columbia	3.7%
Caisse Desjardins	3.2%
Keyera corp	2.6%
Vancouver Airport	2.5%
Total	42.4%

Public bonds sector mix



	%
Federal	1.4%
Provincial	26.5%
Corporate/Municipal	63.4%
Asset/mortgage back securities	1.2%
Liquidity Pool CDs	7.5%



Private placement and debt

This segment represents **5.0%** of the total assets of the Gold Investment Fund as at December 31, 2021.

Including private placement debt in the Gold Investment Fund portfolio helps further diversify the fixed income portfolio by name and by industry as it provides opportunities not available in the public markets. Private placements also benefit from covenants and collateral which typically provide better credit protection and higher potential recoveries.

As at December 31, 2021

Private bonds quality grade	(%)
AAA	0.0
AA	7.4
A	21.1
BBB and lower	71.5
Total	100.0





Mortgages

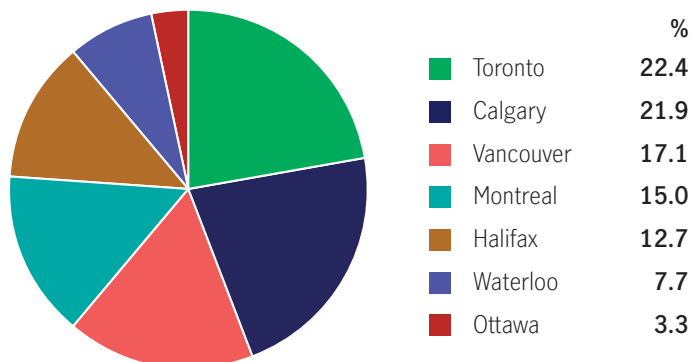
This segment represents **19.3%** of the total assets of the Gold Investment Fund as at December 31, 2021.

Mortgages are diversified by location and property type. They consist of first commercial mortgages that have been conservatively underwritten and continue to have a low loan-to-value and high debt-service-coverage ratios.

As at December 31, 2021

Years to maturity	(%)
Less than five years	27.4
Five years and over	72.6
Total	100.0

Investments by location as at December 31, 2021



Public equity

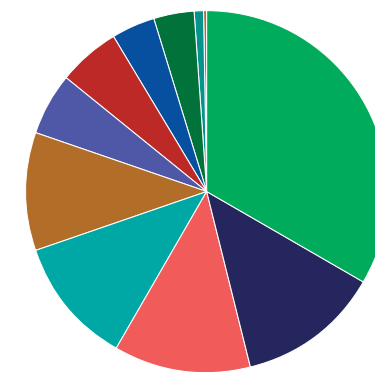
This segment represents **17.0%** of the total assets of the Gold Investment Fund as at December 31, 2021.

The objective of the public equity portion of the Performax Gold Investment Fund is to mimic the S&P/TSX 60 Index and the public equity portion is rebalanced as required. The S&P/TSX 60 Index includes 60 of the largest (by market capitalization) and most liquid securities listed on the TSX.

Major public equity holdings as at December 31, 2021

Common stock holdings	(%)
Shopify Inc.	8.1
Royal Bank of Canada	7.8
Toronto-Dominion Bank	7.2
Canadian National Railway Co.	4.5
Bank of Nova Scotia	4.4
Enbridge Inc.	4.1
Brookfield Asset Management	3.8
Bank of Montreal	3.6
Canadian Pacific Railway Ltd.	3.4
Barrick Gold Corporation	2.8
Total	50.0

Investments by sector as at December 31, 2021



Sector	%
Financials	34.3
Energy	15.8
Information Technology	11.6
Materials	9.8
Industrials	9.7
Consumer Discretionary	7.3
Telecommunication Services	5.0
Consumer Staples	3.3
Utilities	2.1
Health Care	0.8
Other	0.5

Private equity

This segment represents **11%** of the total assets of the Gold Investment Fund as at December 31, 2021.

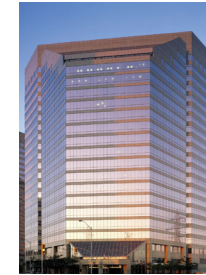
The Gold Fund may include some of Manulife's private equity, as they offer an alternative source of asset supply to long term Corporate bonds, and constitute a good match for long duration liabilities. The majority of these exclusive assets are managed in-house and represent diverse sectors of the economy such as, but not limited to, timber, farmland, infrastructures and oil and gas. Not all sectors are necessarily represented in the Gold Fund.

Real estate

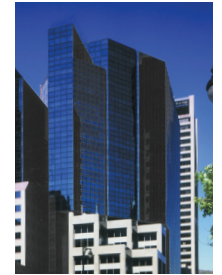
This segment represents **10.8%** of the total assets of the Gold Investment Fund as at December 31, 2021.

Real estate assets are managed by Manulife Real Estate, the global real estate arm of Manulife. The Performax Gold Investment Fund participates in a diversified pool of properties that focuses on top quality buildings located in premium urban locations and large suburban markets usually across Canada. The portfolio is diversified by location and property type, and the real estate operation tracks the total yield of all real estate and then allocates the yields to Manulife's different asset segments. This results in more stability in returns since specific buildings are not allocated to specific investment accounts.

Manulife Real Estate



North American Centre
Toronto



Centre Manuvie
Montreal



Manulife Place
Edmonton



Manulife Place
Ottawa



Manulife Place
Vancouver

Understanding the performance of the Gold Investment Fund

A smoothed approach

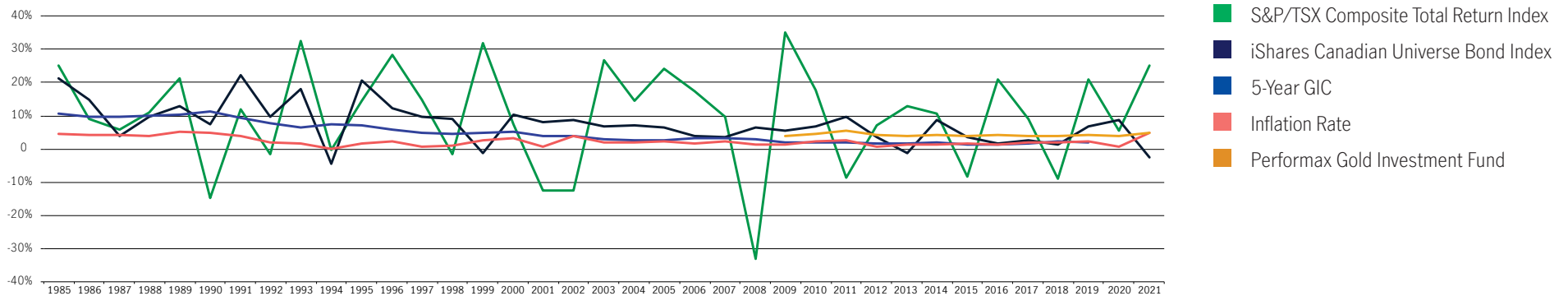
The investment performance of the Performax Gold Investment Fund will ultimately affect policy values. Manulife smooths the yield of the Performax Gold Investment Fund to reduce volatility which, over time, helps reduce the volatility of the policy values.

Performance over time

To illustrate the effect of smoothing, the following chart and table show the historical performance of the Manulife Participating Account and the Performax Gold Investment Fund relative to other economic indicators. The 5-year GIC rate provides an indication of the investment returns that are available for the current period for new fixed interest investments and how these rates have changed over time. The S&P/TSX Composite Index returns show how equity performance has varied over the same period. By comparing these lines, you can see how the Performax Gold Investment Fund's yield are influenced by the investment returns.



Historical Performance



The above chart demonstrates only annualized rates of return and is not investment advice. It is not a complete comparison of the TSX Composite Index, 5-Year GIC and the Performax Gold Investment Fund as not all the features of these investments have been analyzed. Past results are not indicative of future performance. Actual investment returns may be higher or lower than past investment returns.

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Performax Gold Investment Fund smoothed yield (%)	4.79	4.07	4.37	3.94	4.00	4.21	3.87	4.08	3.91	4.11	5.50	4.50	4.00

Average annualized returns

The values in this table are as at December 31, 2021.

Average	Gold Fund Yield (%)	S&P/TSX Composite Total Return Index ¹ (%)	iShares Canadian Universe Bond Index ² (%)	5-Year GIC ³ (%)	Consumer Price Index ³ (%)
1 year	4.8	25.1	-2.5	1.8	4.8
3 year	4.4	16.9	4.2	1.5	2.6
5 year	4.2	9.7	3.3	1.7	2.3
10 year	4.1	9.0	3.3	1.7	1.8
25 year	-	7.8	5.3	2.7	1.9
Standard Deviation (10 years for the Gold Fund and 25 years for others)	0.3	16.2	3.7	1.2	1.0

¹ Source: S&P Dow Jones indices.

² Source: BlackRock. Source: Bank of Canada.

³ Source: Bank of Canada.

You should know

It's important to remember that the *Gold Fund* is in its early years and in a young fund, smoothing doesn't necessarily provide the same results as it does for a steady state fund that has been in existence for several years. It may take a few years for the smoothing mechanism to start functioning in a manner that reduces volatility to a level consistent with older whole life funds.





If you would like more information on Manulife's strength and stability and investment performance, please visit **Advisor Portal**.

The Manufacturers Life Insurance Company

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