



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: September 4, 2024
Re: Global Fixed Income Manager - Presentation by Manulife
Report: ONE JIB 2024-049

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

2. SUMMARY

Manulife Investment Management is the external manager for the ONE Global Bond Fund. The manager will make a presentation to ONE JIB describing the basic features of the fund and providing detail on the fund's positioning, performance, and outlook.

3. BACKGROUND

Manulife has been managing the Global Fixed Income exposure for the Prudent Investment Program since its inception on July 2, 2020

The ONE Global Bond Fund holds units of the Manulife Investment Management Strategic Income Pooled Fund to gain exposure to a diversified portfolio of global bonds. The fund invests in both emerging and developed fixed-income markets. The fund's objective is to generate competitive, consistent risk-adjusted performance by investing across global fixed-income markets while adding value primarily through sector rotation, security selection, and opportunistic currency investments.

The mandate uses an unconstrained investment approach

The ONE Global Bond Fund uses an unconstrained fixed income approach that differs from the way traditional bond funds are managed. Unconstrained fixed income strategies have greater flexibility in selecting and allocating securities, sectors, and countries, and the manager tends to be less concerned about fund positioning relative to its benchmark. The current positioning of investments demonstrates how the positioning deviates from the benchmarks, as the fund has an average bond duration of 4.6 years versus 6.4 years for the benchmark, and high-yield bonds represent about 15% of the fund, significantly more

than in its benchmark. Additionally, the fund is about 80% hedged to the Canadian dollar, while the underlying pooled fund benchmark is unhedged, which demonstrates the manager's willingness to position the fund differently than the benchmark.

4. CONCLUSION

The manager will provide a presentation to ONE JIB to describe the fund's strategy, Manulife's process, philosophy, and approach, and summarize recent activity in the fund. Manulife's staff will be available to address any questions after their presentation.

Drafted by: Keith Taylor, Chief Investment Officer

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment