



i-Watch rating system:

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

Date 3/1/2024

Fund manager Manulife Investment Management

i-Watch status ● **Downgrade from In Good Standing to Increased Scrutiny**

Product(s) affected

Manulife Canadian Large Cap Growth Fund (7121)
Manulife MMF Growth Opportunities Fund (7122)
Manulife Multi-Manager Canadian Large Cap Growth Fund (7012)

Summary

- 1 Organizational changes announced by Manulife Investment Management has led to the departure of portfolio manager (PM) Luciano Orengo and equity analyst Ian Scott.
- 2 The Canadian Growth team has been merged into the Capital Appreciation team as part of the same set of changes. The new team structure and departure of two team members amounts to a notable change.
- 3 The funds have been downgraded from In Good Standing to Increased Scrutiny.

Commentary

In November 2023, Manulife Investment Management (MIM) announced changes which impacted several areas across the firm. MIM announced that PM, Luciano Orengo, and equity analyst Ian Scott would be departing the firm, and the remaining members of the Canadian Growth team would merge into the Capital Appreciation team led by Sue Curry. The original i-Watch notice explaining the full slate of changes announced by MIM was published in December 2023.

The Multi-Manager Canadian Large Cap Growth Fund is also impacted by these changes due to the Manulife Canadian Large Cap Growth Fund being one of the fund's three equal weight component funds.

Impact

The Canadian Growth team lost two members in the changes announced by MIM, reducing the team's overall size to three people. Mr. Orengo and Mr. Scott were each responsible for researching Canadian small and mid-cap securities for the Growth Opportunities Fund, while Mr. Orengo also served as the fund's lead PM. Noman Ali has assumed portfolio management responsibilities for the Growth Opportunities Fund. He will be supported by the two remaining analysts from the Canadian Growth team and the broader Capital Appreciation team. The

team moved quickly to pick up the coverage previously provided by the departed members.

Mr. Ali continues to be the lead PM on the Canadian Large Cap Growth Fund. While the fund did not experience a change at the PM level, the departure of Mr. Orengo and Mr. Scott does have an impact on the team's overall research capabilities. In the short term, it's reasonable to assume that this will limit the team's ability to manage the fund as the team adjusts to its new research coverage structure.

The Multi-Manager Canadian Large Cap Growth Fund is a multi-manager product comprised of three sub-funds, one of which is the MIM Canadian Large Cap Growth Fund. The impacts of the changes are discussed above. However, the effects are mitigated in this case given that the impacted fund holds only a 33.3% weight in the Multi-Manager Fund.

Closing remarks

Global Manager Research (GMR) believes that these funds must be closely monitored given the extent of the changes to the team structure surrounding these strategies. No changes to the team's existing investment process or philosophy are expected, however it will be crucial to monitor how the members of the Canadian Growth team adapt to working within the Capital Appreciation team and what kind of research support they receive. GMR will be keeping a close eye on the positioning of the Growth Opportunities Fund and whether it can meet its performance expectations under Mr. Ali's stewardship. When GMR is satisfied that all concerns are alleviated for the Canadian Growth strategies, the Multi-Manager fund will be upgraded in tandem. As GMR assesses these changes, these fund's ratings have been downgraded to under Increased Scrutiny.



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