



# Approach with confidence

## Ideal Portfolios

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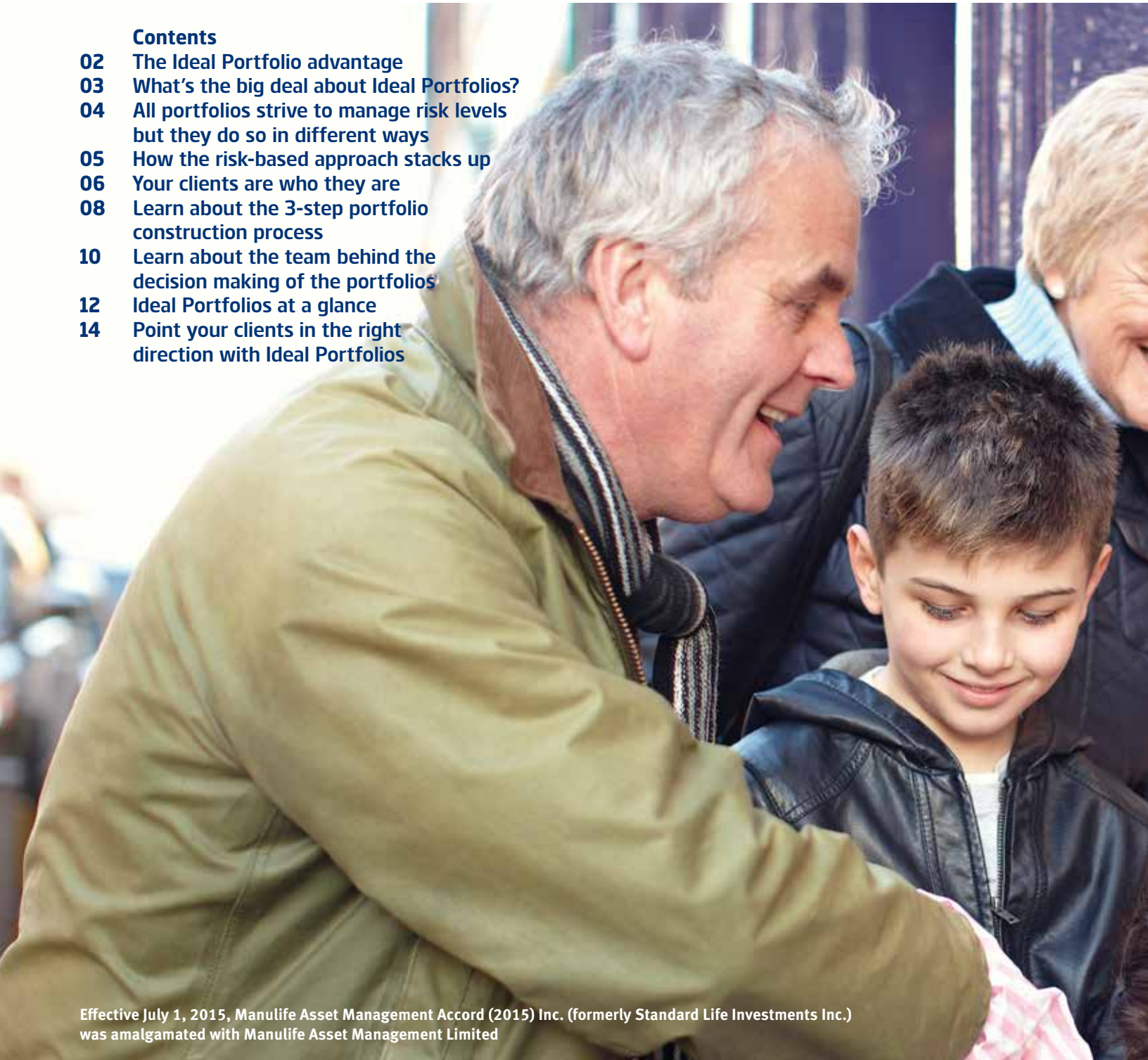
**Standard Life**

Under a Conveyance and Assumption Agreement, The Manufacturers Life Insurance Company assumed all of the liabilities of The Standard Life Assurance Company of Canada.

# Picture your clients in their investment comfort zone

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# Take steps to balance risk and reward with built-in guarantees offered by segregated funds



## **Volatility is the name of the game**

Market volatility can make your clients more focused on managing risk. Yes, they want returns, but the fallout from the financial crisis of 2008 means that many of your clients are focused on not losing money – they want to minimize their risks.

You can offer a solution: Tell them there's a product designed with attention to risk at the forefront with the addition of built-in guarantees. The team behind Ideal Portfolios, which are segregated funds, seeks to maximize potential returns, given targeted risk ranges for each portfolio.

# The Ideal Portfolio advantage

## Match clients to their comfort zone

### Built-in guarantees

- ▶ With additional segregated fund advantages

### Risk-based strategic asset allocation

- ▶ Designed around forecasted volatility ranges

### Tactical asset allocation

- ▶ Aimed to take advantage of short term opportunities

### Fund selection and due diligence process

- ▶ Sophisticated portfolio construction
- ▶ Robust investment process

### Active monitoring

- ▶ Manulife Asset Management Limited's Asset Mix Strategy Committee meets every 2 weeks
- ▶ Monitoring on an ongoing basis

## Ideal Portfolios are meant for today's risk-conscious clients. They are:

**Easy:** Pre-packaged portfolios that take into account clients' risk tolerance and investment objectives

**Smart:** The portfolio's approach seeks to maximize potential returns given forecasted risk ranges

**Thorough:** Manulife Asset Management Limited monitors and as required, rebalances the underlying funds according to a rigorous process

#### **Suitable:**

- ▶ Five risk profiles to choose from
- ▶ Built-in guarantees offered by segregated funds. Choose the level of protection that works best for your clients
- ▶ Other segregated fund benefits including probate bypass opportunities<sup>1</sup>, privacy and the potential for creditor protection<sup>2</sup>
- ▶ 5 load options:
  - Back-end load
  - Low-load
  - No-load
  - Platinum No-Load Option
  - F-Class<sup>3</sup>

<sup>1</sup> In Quebec, notarial wills don't need to be probated. Probate fees are minimal for both holograph wills and wills made in the presence of witnesses.

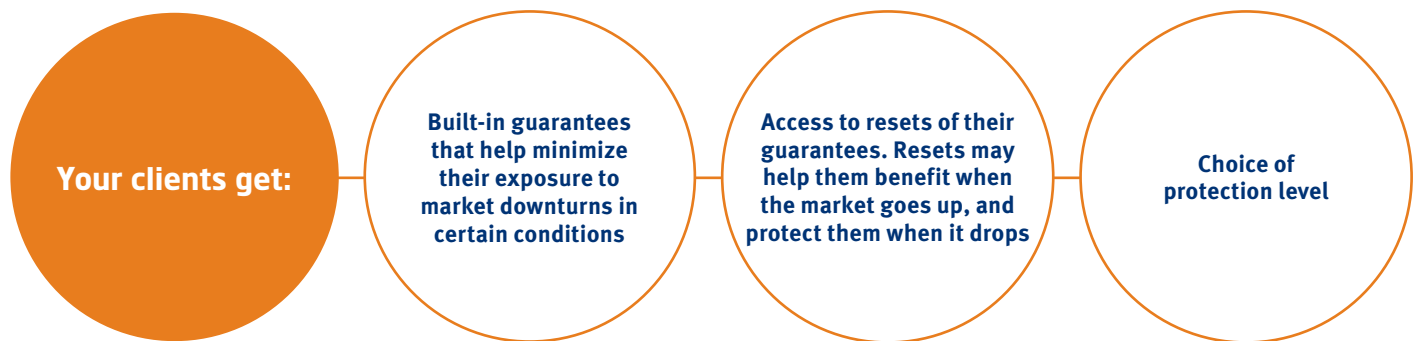
<sup>2</sup> Clients should consult a legal advisor if they are buying a segregated fund for this purpose since there are circumstances where the creditor protection may not apply.

<sup>3</sup> Only available for Ideal Conservative, Ideal Moderate and Ideal Growth Portfolios.

# What's the big deal about Ideal Portfolios?

## Ideal Portfolios are offered and managed by The Manufacturers Life Insurance Company through the Ideal Segregated Funds Signature 2.0 contract

They are segregated funds that invest in underlying mutual funds.<sup>4</sup> This means your clients can access the growth potential of mutual funds, plus built-in guarantees only available with segregated funds.



Following the amalgamation of Standard Life Mutual Funds Ltd. with Manulife Asset Management Limited, effective July 1, 2015, Manulife Asset Management Limited is now the investment fund manager of the Standard Life mutual funds.

<sup>4</sup> Mutual Funds are offered by Manulife Asset Management Limited.

<sup>5</sup> In Quebec, notarial wills don't need to be probated. Probate fees are minimal for both holograph wills and wills made in the presence of witnesses.

<sup>6</sup> In some provinces such as Saskatchewan, this may not apply as a result of disclosure requirements.

### Plus, your clients can benefit from:

#### Probate bypass opportunities<sup>5</sup>

Probate is a legal process that certifies a will and transfers assets to heirs. It can be time consuming and expensive, as most provincial governments charge probate fees.

- ▶ Since segregated funds are insurance contracts, if your clients have a designated beneficiary, the assets don't flow into the estate. This means they can bypass the probate process, and the money goes directly to beneficiaries, avoiding costly fees and delays
- ▶ This may also result in bypassing legal and accounting fees associated with probate, and keeping even more money for beneficiaries

#### Privacy<sup>6</sup>

Once a will is probated, it becomes a publicly available record in the province of residence.

- ▶ Segregated funds with a named beneficiary don't form part of an estate
- ▶ Beneficiaries can receive their inheritance quickly and privately

#### Potential for creditor protection

If your clients go bankrupt or are exposed to a lawsuit, having a preferred class beneficiary can protect the money held in a segregated fund from being seized.

- ▶ This protection often interests professionals and business owners
- ▶ Clients should consult a legal advisor if they are buying a segregated fund for this purpose, since there are circumstances where the creditor protection may not apply

# All portfolios strive to manage risk levels but they do so in different ways

With the guidance of the primary asset manager of most of the underlying funds, Manulife Asset Management Limited, we adopted the risk-allocation approach because we believe it is an improvement to the traditional asset allocation approach.

## Asset allocation approach

Traditional portfolios are generally built around two principles:

**1.**

**Allocate assets to maximize returns**

**2.**

**Diversify assets to minimize risk**

## Ideal Portfolios

Ideal Portfolios are built around the same two principles as the asset allocation approach, but strive to add even more attention to risk.

**1.**

**Allocate assets based on their expected risk contribution to the portfolio**

**2.**

**Once risk levels are taken into account, allocate assets to maximize returns**

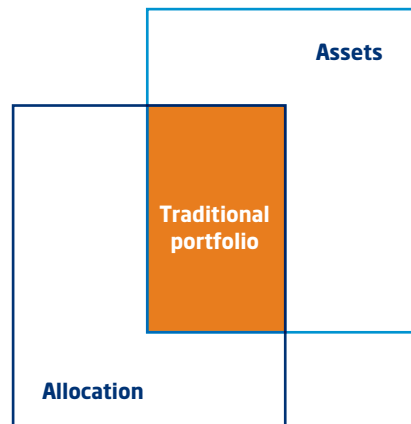
Our portfolios are designed to perform at specific risk levels.



**Match your clients to a level they are comfortable with.**

# How the risk-based approach stacks up

## Traditional asset allocation approach

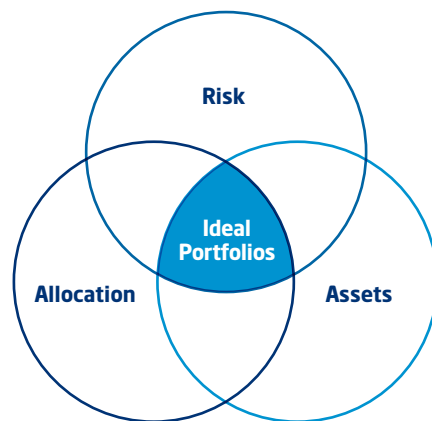


**Objective:** Allocate assets across different classes so that the portfolio targets a maximum expected return

**Method:** Select assets that aim to provide returns at target levels

- ▶ Manage risk by choosing the proportions of various assets
- ▶ The objective of the portfolio manager is to not underperform the benchmark

## Ideal Portfolios risk allocation approach



**Objective:** Allocate risk across asset classes so that each portfolio achieves the maximum expected return for the risk taken

**Method:** Select assets that are expected to provide maximum returns considering the risk levels set for each portfolio

- ▶ Manage risk by evaluating the volatility of the assets and how they work together, and then choosing the proportions
- ▶ The objective of this approach is to maximize potential returns given forecasted risk ranges

**Ideal Portfolios are designed to let you match clients to a portfolio with an overall risk level that reflects their investment comfort zone**

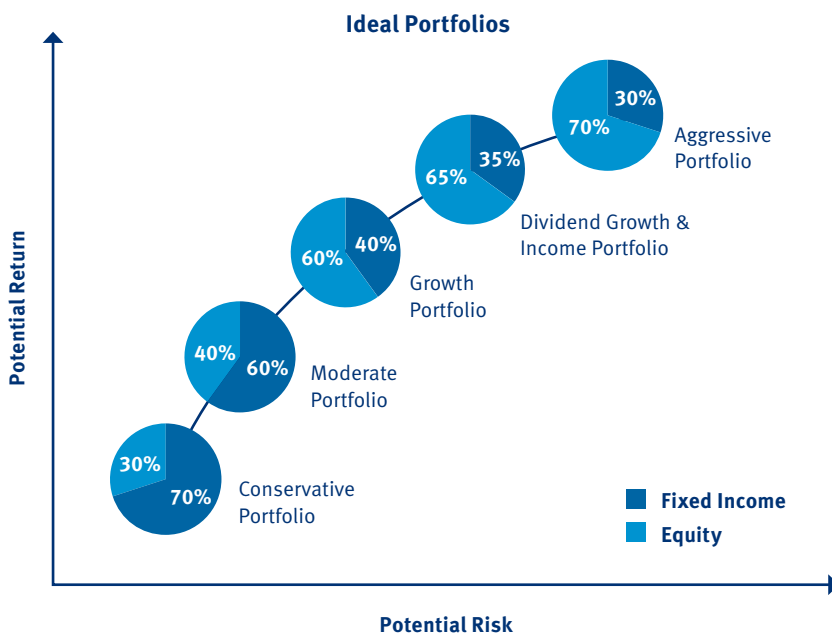
**Your clients are  
who they are**





## Match them to the right portfolio

Portfolio name	Client profile
<b>Conservative</b>	<p>For your most risk averse clients</p> <ul style="list-style-type: none"> <li>▶ Designed to be the most stable portfolio in the Ideal Portfolios family</li> <li>▶ Aims to generate income and preserve capital</li> </ul>
<b>Moderate</b>	<p>For clients who are interested in achieving relatively stable returns, but who are comfortable with a moderate amount of volatility</p> <ul style="list-style-type: none"> <li>▶ Designed to have a little more exposure to market ups and downs in return for the potential of higher returns</li> <li>▶ Aims to generate income and moderate long-term capital growth</li> </ul>
<b>Growth</b>	<p>For clients who are willing to tolerate more risk for potential higher returns over the long term</p> <ul style="list-style-type: none"> <li>▶ Designed to offer increased potential for capital growth</li> <li>▶ Aims to generate long-term capital growth and moderate income</li> </ul>
<b>Dividend Growth &amp; Income</b>	<p>For clients who are looking for growth and regular income</p> <ul style="list-style-type: none"> <li>▶ Focused on dividend growth and monthly income funds</li> <li>▶ Aims to achieve long-term capital growth</li> </ul>
<b>Aggressive</b>	<p>For clients who are willing to assume a higher degree of risk</p> <ul style="list-style-type: none"> <li>▶ Designed to offer global diversification with a focus on equity funds</li> <li>▶ Aims to achieve long-term capital growth</li> </ul>



The presented benchmark compositions are for illustration purposes only. Actual composition may vary. Benchmarks are based on the strategic asset mixes of each fund. Please refer to the Tactical Asset Allocation documents for Ideal Segregated Funds Signature 2.0 (7342) and for Ideal Segregated Funds (5651) for each fund's asset mix.



# Learn about the 3-step portfolio construction process

## 1. Strategic asset allocation

**Ideal Portfolios are a family of carefully constructed risk-based portfolios, all actively managed with the guidance of Manulife Asset Management Limited. They consist of five distinct portfolios based on the risk level desired by your client.**

**In order to build these portfolios, a 3-step process is used:**

Manulife Asset Management Limited conducts a detailed analysis of how different asset classes might behave in the portfolio and how they think the asset classes are likely to perform relative to each other over the long term. A strategic asset mix is then identified that aims to deliver the highest returns for the specified risk level.

- ▶ Assets are first allocated based on their risk contribution to the portfolio, and then on their expected return
- ▶ Asset mix is reviewed quarterly to ensure it continues to suit capital market assumptions and adjustments will be considered if forecasted volatility of the portfolio changes

## 2. Tactical asset allocation

Considering the forecasted risk level of each portfolio, Manulife Asset Management Limited aims to improve the performance of the portfolios through tactical asset allocation by taking advantage of shorter term investments and market opportunities.

- ▶ Manulife Asset Management Limited's Asset Mix Committee meets every two weeks to determine all tactical decisions and as required, suggests the changes that need to be carried out



### 3. Fund selection and due diligence

The underlying funds included in Ideal Portfolios are selected with the guidance of Manulife Asset Management Limited's Portfolio Analytics Team.

Every potential underlying fund is thoroughly analyzed on a continuous basis to ensure each portfolio is in line with its stated risk while aiming to maximize returns.

For each level of risk, the Portfolio Analytics Team aims to choose funds which they believe will perform well and complement each other in the portfolio using a rigorous process, based on in-depth quantitative and qualitative research.

#### Due diligence process:

- 1. Philosophy - What is the fund trying to achieve?**
- 2. Process - How does the fund intend to achieve those objectives?**
- 3. People - What are the strengths of the management team behind each fund?**
- 4. Performance - Has the fund achieved appropriate risk-adjusted return?**

Manulife Asset Management Limited would consider removing an underlying fund if there was any material change within these four components.

Ideal Portfolios may also include funds managed by Beutel, Goodman & Company Ltd. and Guardian Capital LP, to bring an added level of diversification through style.

#### Monitoring and rebalancing

Manulife Asset Management Limited has built ongoing rebalancing and monitoring into the governance framework of the Ideal Portfolios at all levels.

- ▶ Ensures each portfolio stays within its given risk level
- ▶ They regularly review the strategic asset allocation to optimize the expected return of the portfolio and review their expectations for the global economy
- ▶ Continuous monitoring of the tactical asset allocation overlay to take advantage of shorter term investment opportunities

The robust selection and monitoring process ensures all funds are analyzed exactly the same way and subject to thorough, ongoing research.

# Learn about the team behind the decision making of the portfolios

When your clients invest in Ideal Portfolios, they're getting the expertise of Manulife Asset Management Limited

## Asset Mix Strategy Committee - Manulife Asset Management Limited

The committee includes key investment professionals covering each asset category

This committee meets every two weeks to review the economy and financial markets

Broad economic, fundamental, technical, quantitative market and industry data are examined by the committee

The committee recommends an asset mix based on a 12 to 18 month outlook







# Ideal Portfolios at a glance

Ideal Portfolios<sup>7</sup> are available on the Ideal Segregated Funds Signature 2.0 contract under the Ideal 75/100 Series and Ideal 100/100 Series.

## Our advantage

- 1.** Payout Benefit Guarantee on registered retirement income plans protects the income over the lifetime of the series (provided the minimum period is met)
- 2.** Dollar-for-dollar reduction<sup>8</sup> of guarantees on registered retirement income plans could leave your clients or their beneficiaries with more money:
  - Death Benefit Guarantee
  - Payout Benefit Guarantee
- 3.** Maturity Benefit Guarantee:
  - 75% through Ideal 75/100 Series
  - 100% through Ideal 100/100 Series
- 4.** Series-based Maturity Benefit Guarantee means all your clients' premiums are eligible for the guarantee at the same time as the initial premium
- 5.** Increase your clients' guarantees with resets (refer to Information Folder for details)
- 6.** Your clients benefit from lower management fees through our Platinum Option (minimum investment of \$250,000)
- 7.** Sigma Assistel gives clients access to a 24/7 phone resource line for non-financial matters

<sup>7</sup> Most Ideal Portfolios are also available in the Ideal Segregated Funds Contract. Please refer to the Information Folder for more details.

<sup>8</sup> Note that for nominee contracts, if clients withdraw more than 20% of the series value as retirement income in a given year, the withdrawals in excess of 20% will reduce the Maturity Guarantee Value\* on a proportional basis. The maximum amount that can be withdrawn will be recalculated when additional premiums are made throughout the year. To maximize the value of this guarantee you should recommend that they take up to a maximum of 20% per year as income.

\* The Maturity Guarantee Value (MGV) is used to calculate the Maturity Benefit Guarantee (MBG) and the Payout Benefit Guarantee (PBG). The Death Guarantee Value (DGV) is used to calculate the Death Benefit Guarantee (DBG). Prior to any resets, the Maturity Guarantee Value and the Death Guarantee Value are equal to the sum of premiums paid less the sum of proportional reductions for prior withdrawals, for a particular series. If a reset has occurred, they are equal to the last reset value plus the sum of additional premiums paid less the sum of proportional reductions for prior withdrawals since the last reset, for a particular series.



## Estate preservation

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1. 100% Death Benefit Guarantee for full capital protection (75% if the person insured is age 80 and over at purchase)
2. Opportunities to bypass probate fees, executor fees and delays<sup>9</sup>

<sup>9</sup> In Quebec, notarial wills don't need to be probated. Probate fees are minimal for both holograph wills and wills made in the presence of witnesses.

## Additional segregated fund benefits

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1. Help protect your client's assets in the event of a bankruptcy (there are some situations where creditor protection doesn't apply – ask a legal advisor)
2. The Manufacturers Life Insurance Company is a member of Assuris



## Point your clients in the right direction with Ideal Portfolios

### Your clients get:

A portfolio designed to maximize potential returns within a forecasted range of risk

### You get:

A simple way to match clients with investments that reflect their attitude about risk - a way to match them to their risk comfort zone





**Professional fund selection by experts**

**A portfolio with built-in guarantees and other segregated fund benefits**

**Active portfolio monitoring and rebalancing**

**A portfolio with the ability to react quickly to market trends**

**A product that looks after your clients' investments on an ongoing basis with the added benefit of guarantees**

**Easy-to-use questionnaire (7584) to find the right portfolio for your customer**

## **Please contact your sales team**

Some portfolios may not be available on all load options. Ideal Portfolios are offered on The Manufacturers Life Insurance Company's (Manulife Financial) Ideal Segregated Funds Signature 2.0 Contract. Most Ideal Portfolios are also offered on the Ideal Segregated Funds Contract.

A description of the key features of Manulife Financial Ideal Portfolios is contained in the Information Folder and Contract. Please consult the Information Folder regarding all conditions relating to guarantees and the reset feature.

The information has been simplified for the purpose of this document, and if there are any inconsistencies between the information presented in this document and the Ideal Segregated Funds Signature 2.0 Information Folder and Contract, or the Ideal Segregated Funds Information Folder and Contract, the respective Information Folder and Contract will prevail. Subject to any applicable death and maturity guarantee, any part of the premium or other amount allocated to an Ideal Portfolio is invested at the risk of the contractholder and may increase or decrease in value according to fluctuations in the market value of the assets of the Ideal Portfolio.

Manulife Financial reserves the right to modify, without prior notice, the tactical asset mix, percentage range and choice of funds as long as the change respects the objectives of the portfolio.

**The Manufacturers Life Insurance Company**

[www.standardlife.ca](http://www.standardlife.ca)