

Annual Management Report of Fund Performance

December 31, 2024

Manulife Smart U.S. Dividend ETF

This Annual Management Report of Fund Performance contains financial highlights but does not contain complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1 888 588 7999, by writing to us at Manulife Investment Management Limited, 200 Bloor Street East, North Tower, Toronto, Ontario M4W 1E5 or by visiting our website at manulifeim.ca or SEDAR+ at sedarplus.ca. You may also contact us using one of the above methods to request a copy of the Fund's interim financial statements, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

A Note about Forward Looking Statements

This Management Report of Fund Performance includes certain statements that are “forward looking statements”. All statements, other than statements of historical fact, included in this Management Report of Fund Performance that address activities, events or developments that the portfolio advisor or sub-advisor, as applicable, expects or anticipates will or may occur in the future, including such things as anticipated financial performance, are forward looking statements. The words “may”, “could”, “would”, “should”, “believe”, “plan”, “anticipate”, “expect”, “intend”, “forecast”, “objective” and similar expressions are intended to identify forward looking statements. These forward looking statements are subject to various risks and uncertainties, including the risks described in the Prospectus of the Fund, which could cause actual

financial performance and expectations to differ materially from the anticipated performance or other expectations expressed. Readers are cautioned not to place undue reliance on these forward looking statements. All opinions contained in forward looking statements are subject to change without notice and are provided in good faith but without legal responsibility. The portfolio advisor or sub-advisor, as applicable, has no specific intention of updating any forward looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

Management Discussion of Fund Performance

Manulife Investment Management Limited (“Manulife IM Limited” or the “Manager”) is the portfolio advisor (the “portfolio advisor”) for the Manulife Smart U.S. Dividend ETF (the “Fund”). Manulife IM Limited has retained the services of Manulife Investment Management (US) LLC to act as the portfolio sub-advisor (the “sub-advisor”) for the Fund.

The views of the portfolio advisor contained in this report are as of December 31, 2024 and this report is not intended to provide legal, accounting, tax or specific investment advice. Views, portfolio holdings, and allocations may have changed subsequent to this date. For current fund information, please call 1 888 588 7999, or visit manulifeim.ca.

Investment Objectives and Strategies

The Fund seeks to provide a combination of income and long-term capital appreciation. The Fund will invest primarily in a diversified portfolio of U.S. dividend paying securities.

Any exposure that the portion of the Fund attributable to the Unhedged Units may have to foreign currencies will not be hedged back to the Canadian dollar. The exposure that the portion of the Fund attributable to the Hedged Units may have to foreign currencies will be hedged back to the Canadian dollar.

Risks

There were no significant changes to the Fund that materially affected the Fund’s overall level of risk during the period. The risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Prospectus.

Results of Operations

The Fund’s Unhedged Units returned 20.0% for the year ended December 31, 2024, versus a return of 36.4% for the benchmark, the S&P 500 Total Return Index (CAD) (the “Benchmark”). The Fund’s Hedged Units returned 10.0% for the period versus a return of 23.9% for the benchmark, the S&P 500 Total Return Hedged to CAD Index (the “CAD Hedged benchmark”). The Fund’s USD Units returned 10.6% for the period versus a return of 25.0% for the benchmark, the S&P 500 Total Return Index (USD) (the “USD benchmark”). The difference in performance of the Unhedged Units, Hedged Units and USD Units relative to their respective benchmarks is due to the Fund’s management fees and other miscellaneous factors.

The U.S. stock market delivered a second consecutive year of strong performance and hit new highs in 2024. Investor enthusiasm for artificial intelligence and easing inflation that led the U.S. Federal Reserve to begin cutting its target interest rate for the first time in three and a half years helped propel the market’s gains. The economy’s resilience, strong consumer spending, election clarity and additional interest rate cuts further aided returns, while improved prospects for deregulation and tax reductions under the new presidential

administration encouraged investors. These tailwinds outweighed concerns related to stronger-than-expected economic growth, stubborn inflation and the Fed’s outlook for only two rate cuts in 2025 instead of the four investors had expected. The market’s advance outweighed late-year profit-taking, geopolitical challenges, including the wars in the Middle East and Ukraine, and worries about the impact of potential new immigration restrictions and import tariffs on corporate profits.

Within the broad-based S&P 500 Index, the communication services and information technology sectors led the way, with notable gains also coming from the financials and consumer discretionary sectors. Conversely, the materials, health care, real estate and energy sectors were relatively weak performers.

The Fund underperformed the benchmark during the period. Both asset allocation and the stock selection effect were negative overall for the year.

The largest sources of underperformance from an asset allocation perspective were overweight positions in the Energy and Materials sectors, only partially mitigated by positive effects stemming from an underweight to the Healthcare sector and Consumer Discretionary sector.

From a stock selection perspective, the largest detractors were LyondellBasell Industries NV and Crown Castle Inc., both of which were overweight positions. An underweight position in Microsoft and not owning Intel Corporation were the two largest contributors to relative performance.

In 2025, global economic growth is projected to remain below trend across most major economies, driven by pressured consumers and high borrowing costs. Financial conditions are expected to remain balanced, avoiding extremes that could either slow down the economy or reignite inflation. Key central banks are anticipated to continue easing monetary policy, though the pace and extent will vary by region.

These conditions are likely to be favorable for risk assets like equities as 2025 begins, although investors should prepare for turbulence due to government policy uncertainties. U.S. equities are poised to lead, supported by favorable monetary policy, a robust labor market, and stable inflation within a resilient economic framework. While valuations are elevated, they find support in comparatively strong earnings growth and promising investment prospects.

Additionally, U.S. markets may benefit from pro-growth economic policies, such as corporate tax cuts and deregulation. Although broad-based tariffs present a potential risk, a more targeted and strategic approach to trade negotiations is anticipated. Furthermore, continued positive economic growth and broader earnings strength could open diverse market opportunities beyond the equities that led in 2023 and 2024. Undervalued cyclical sectors and small-cap stocks present potentially attractive investment options.

Within fixed income, the sub-advisor favors lower duration assets, while historically tight spreads limit the attractiveness of both high yield and investment grade credit. Emerging

market bonds remain a favored asset class supported by strong fundamentals and attractive yields. Alternatives also remain a valuable third lever in portfolio construction to help navigate uncertain equity and bond markets. The sub-advisor remains focused on navigating these conditions with a strategic emphasis on quality and resilience across portfolios.

This Fund participates in ongoing reviews of ESG risk factors and incorporates ESG integration where applicable within the mandate.

The Fund's net assets decreased to \$216.5 million during the period from \$231.2 million at the end of December 2023. The decrease in assets during the period can be primarily attributed to net redemptions. The sub-advisor does not believe that redemptions had a material impact on the management of the Fund, since every effort is made to fund redemptions in a manner that optimizes the Fund's composition and positions it for the future.

Recent Developments

There are no anticipated changes to the strategy of the Fund. The sub-advisor continues to be optimistic about the prospects of income-oriented products and international equities in the medium and long-term. While remaining optimistic in the long-run benefits of all the factors that this strategy tilts towards, any factor can underperform, particularly in the short-run.

Changes to Composition of Independent Review Committee Members

Mrs. Renée Piette was appointed to the Fund's Independent Review Committee ("IRC") as a member effective March 20, 2024. Effective April 30, 2024, Robert Robson's term of office as a member of the IRC expired. The change in composition of the IRC did not have any material impact on the Fund or its securityholders.

Related Party Transactions

Trustee

Manulife IM Limited, an indirect wholly-owned subsidiary of The Manufacturers Life Insurance Company ("MLI"), is the trustee of the Fund. The trustee holds the assets of the Fund in trust on behalf of unitholders. No fees are paid to the Manager to act as the trustee for the Fund.

Manager and Portfolio Advisor

Manulife IM Limited is the Manager of the Fund. Manulife IM Limited performs the managerial functions and is responsible for the overall operations of the Fund and provides administrative services to the Fund including, but not limited to, reporting the net asset value of the Fund and its units, preparing all offering documents for the Fund, and providing all services relating to issuing and redeeming units of the Fund. From time to time, Manulife IM Limited may, on behalf of the Fund, enter into transactions or arrangements with or involving

other members of the Manulife group of companies, or certain other persons or companies that are related or connected to the Fund.

The portfolio advisor is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments including all necessary brokerage arrangements. Fees for providing these investment management services are included in the management fee. At its discretion, the portfolio advisor has engaged the sub-advisor to perform certain portfolio management functions and a portion of the management fee has been paid to the sub-advisor.

The Fund paid approximately \$759,000 in management fees for the period. For more information about the calculation of management fees, please see the *Management Fees* section in this document.

Portfolio Sub-advisor

Manulife Investment Management (US) LLC, an indirect wholly-owned subsidiary of MLI, has been retained as the sub-advisor of the Fund. The sub-advisor provides investment advice to the portfolio advisor. Manulife IM Limited paid approximately \$115,000 (excluding HST) to the sub-advisor for services rendered for the period.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period and for each of the past four years or, if shorter, the periods since the inception of the Fund. The information in the tables below is for the period from January 1 to December 31 of each year or the inception date to December 31 in the inception period, unless otherwise indicated.

Manulife Smart U.S. Dividend ETF

The Fund's Net Assets Per Unit⁽¹⁾ (\$)

Unhedged Units

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Net assets, beginning of year	12.52	12.57	12.50	10.12	10.00
Increase (decrease) from operations:					
Total revenue	0.46	0.50	0.51	0.39	0.08
Total expenses	(0.11)	(0.12)	(0.11)	(0.10)	(0.01)
Realized gains (losses) for the year	1.05	(0.33)	0.02	0.61	(0.03)
Unrealized gains (losses) for the year	1.11	0.32	0.31	2.09	0.10
Total increase (decrease) from operations⁽²⁾	2.51	0.37	0.73	2.99	0.14
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.36	0.38	0.29	0.21	0.01
From capital gains	-	-	-	0.26	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	0.36	0.38	0.29	0.47	0.01
Net assets, end of year	14.66	12.52	12.57	12.50	10.12

Hedged Units

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Net assets, beginning of year	12.23	12.15	12.91	10.39	10.00
Increase (decrease) from operations:					
Total revenue	0.43	0.47	0.50	0.43	0.07
Total expenses	(0.11)	(0.12)	(0.12)	(0.11)	(0.01)
Realized gains (losses) for the year	1.00	(0.39)	(0.93)	0.68	(0.03)
Unrealized gains (losses) for the year	(0.07)	0.12	0.95	0.95	0.38
Total increase (decrease) from operations⁽²⁾	1.25	0.08	0.40	1.95	0.41
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.34	0.36	0.26	0.23	0.01
From capital gains	-	-	-	0.24	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	0.34	0.36	0.26	0.47	0.01
Net assets, end of year	13.11	12.23	12.15	12.91	10.39

USD Units

	December 31, 2024	December 31, 2023	December 31, 2022
Net assets, beginning of year	14.00	14.04	13.79
Increase (decrease) from operations:			
Total revenue	0.52	0.54	0.11
Total expenses	(0.12)	(0.12)	(0.02)
Realized gains (losses) for the year	1.40	(0.07)	-
Unrealized gains (losses) for the year	1.12	(0.18)	0.19
Total increase (decrease) from operations⁽²⁾	2.92	0.17	0.28
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	0.39	0.42	0.02
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions⁽³⁾	0.39	0.42	0.02
Net assets, end of year	16.38 ⁽⁴⁾	14.00 ⁽⁴⁾	14.04 ⁽⁴⁾

⁽¹⁾ This information is derived from the Fund's audited annual financial statements.

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on weighted average numbers of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash/reinvested in additional units of the Fund, or both.

⁽⁴⁾ The ending net assets per unit for the USD Units was \$11.40, \$10.56 and \$10.37 in U.S. dollars as at December 31, 2024, December 31, 2023 and December 31, 2022, respectively.

Manulife Smart U.S. Dividend ETF

Ratios and Supplemental Data

Unhedged Units

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Total net asset value (000's) ⁽¹⁾ (\$)	112,478	113,318	57,205	6,250	1,265
Number of units outstanding (000's) ⁽¹⁾	7,675	9,050	4,550	500	125
Management expense ratio ⁽²⁾ (%)	0.32	0.31	0.32	0.31	0.31
Management expense ratio before waivers or absorptions (%)	0.32	0.31	0.32	0.32	0.42
Trading expense ratio ⁽³⁾ (%)	0.03	0.06	0.06	0.09	-
Portfolio turnover rate ⁽⁴⁾ (%)	73.05	98.07	48.54	112.49	-
Net Asset Value per unit ⁽¹⁾ (\$)	14.66	12.52	12.57	12.50	10.12
Closing market price ⁽⁵⁾ (\$)	14.65	12.51	12.53	12.50	10.26

Hedged Units

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Total net asset value (000's) ⁽¹⁾ (\$)	99,934	116,155	129,107	20,984	1,299
Number of units outstanding (000's) ⁽¹⁾	7,625	9,500	10,625	1,625	125
Management expense ratio ⁽²⁾ (%)	0.37	0.37	0.36	0.37	0.37
Management expense ratio before waivers or absorptions (%)	0.37	0.37	0.37	0.37	0.48
Trading expense ratio ⁽³⁾ (%)	0.03	0.06	0.06	0.09	-
Portfolio turnover rate ⁽⁴⁾ (%)	73.05	98.07	48.54	112.49	-
Net Asset Value per unit ⁽¹⁾ (\$)	13.11	12.23	12.15	12.91	10.39
Closing market price ⁽⁵⁾ (\$)	13.10	12.22	12.15	12.97	10.09

USD Units

	December 31, 2024	December 31, 2023	December 31, 2022
Total net asset value (000's) ⁽¹⁾ (\$)	4,096	1,749	3,511
Number of units outstanding (000's) ⁽¹⁾	250	125	250
Management expense ratio ⁽²⁾ (%)	0.31	0.31	0.32
Management expense ratio before waivers or absorptions (%)	0.31	0.31	0.32
Trading expense ratio ⁽³⁾ (%)	0.03	0.06	0.06
Portfolio turnover rate ⁽⁴⁾ (%)	73.05	98.07	48.54
Net Asset Value per unit ⁽¹⁾ (\$)	16.38 ⁽⁶⁾	14.00 ⁽⁶⁾	14.04 ⁽⁶⁾
Closing market price (In USD) ⁽⁵⁾ (\$)	11.56	10.67	10.35

⁽¹⁾ This information is provided as at December 31 of the year shown, unless otherwise noted.

⁽²⁾ Management expense ratio (MER) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Fund calculates its MER in accordance with regulatory requirements. The MER excludes any operating expenses waived or absorbed by the Manager, which may be discontinued at any time by the Manager at its discretion without notice.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transactions costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in the period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

⁽⁵⁾ Closing market prices for the Unhedged Units were taken from last trade on December 31, 2024, December 29, 2023, December 30, 2022, December 31, 2021 and December 29, 2020. Closing market prices for the Hedged Units were taken from last trade on December 31, 2024, December 29, 2023, December 30, 2022, December 30, 2021 and December 30, 2020. Closing market prices for the USD Units were taken from last trade on December 27, 2024, December 28, 2023 and December 30, 2022.

⁽⁶⁾ The ending net assets per unit for the USD Units was \$11.40, \$10.56 and \$10.37 in U.S. dollars as at December 31, 2024, December 31, 2023 and December 31, 2022, respectively.

Management Fees

The Manager is responsible for the day-to-day management and administration of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the portfolio advisor and sub-advisor, as applicable, commissions to registered dealers and arranges for the other administrative services required to support the Fund. Other administrative services include: marketing,

advertising, product development, information technology, and general business services. As compensation for its services, the Manager is entitled to receive a management fee, which is calculated daily based on the net asset value of a series of the Fund from the previous trading day and payable monthly.

The following table shows the expenses paid out of the management fee expressed as a percentage of the management fee for the units of the Fund.

Units	Expenses Paid out of the Management Fee (%)		
	Management Fee (%)	Dealer Compensation	Investment Management, Administration and Other
Unhedged Units	0.28	N/A	100.00
Hedged Units	0.33	N/A	100.00
USD Units	0.28	N/A	100.00

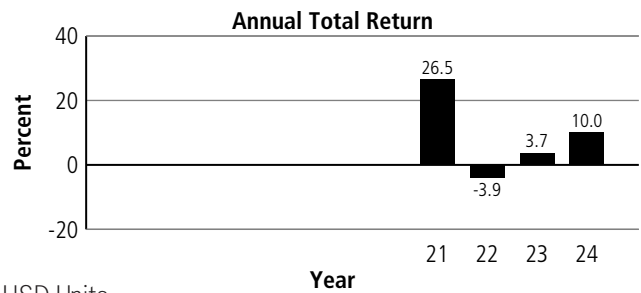
Past Performance

The performance information shown in the *Year-by-Year Returns* and *Annual Compound Returns* assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The past performance information does not take into account sales, redemption, distribution or other optional charges or income taxes payable by the unitholders that would have reduced returns or performance. How the Fund performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The charts show you the Fund's annual historical return and how it changes each year. Annual return is the percentage change in the value of an investment from January 1 to December 31, unless otherwise noted. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

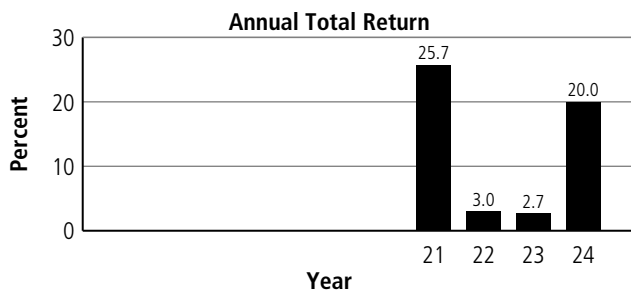
Hedged Units



USD Units



Unhedged Units



Annual Compound Returns

The tables that follow show the historical compound returns for securities of the Fund and the Benchmark for the periods shown. Annual compound return is the percentage change in value for the period shown, ending on December 31, 2024, assuming all earnings are reinvested each year.

The Benchmark is the Canadian dollar version of the S&P 500 Total Return Index which tracks the total return of the market capitalization of 500 large companies. The CAD Hedged

Benchmark has the same composition of securities as the Benchmark, hedged its U.S. dollar currency exposure to the Canadian dollar. The USD Benchmark tracks the total return of the market capitalization of 500 large companies.

Unhedged Units

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (November 25, 2020)
Fund	20.0	8.3	N/A	11.7
Benchmark	36.4	13.8	N/A	16.9

Hedged Units

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (November 25, 2020)
Fund	10.0	3.1	N/A	8.4
CAD Hedged Benchmark	23.9	7.7	N/A	13.1

USD Units

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (November 09, 2022)
Fund	10.6	N/A	N/A	7.8
USD Benchmark	25.0	N/A	N/A	24.1

Comparison to the Benchmark

Performance will vary by series largely due to the extent that fees and expenses may differ between series. Since the Fund does not necessarily invest in the same securities as the Benchmark or in the same proportion, the performance of the Fund is not expected to equal that of its benchmark. A more in depth discussion of the performance of the Fund as compared to that of the Benchmark can be found in *Results of Operations*.

Summary of Investment Portfolio

Asset Allocation (%)

Equities	102.1
Derivative Liabilities	(3.0)
Cash and Cash Equivalents	1.3
Other assets less liabilities	(0.4)
Total	100.0

Sector Allocation (%)

Information Technology	29.3
Industrials	13.8
Consumer Discretionary	9.9
Financials	8.6
Energy	8.4
Consumer Staples	7.3
Health Care	7.1
Materials	6.3
Communication Services	6.1
Real Estate	3.5
Utilities	1.8
Derivative Liabilities	(3.0)
Cash and Cash Equivalents	1.3
Other assets less liabilities	(0.4)
Total	100.0

Geographic Allocation (%)

United States	96.1
Netherlands	4.1
Ireland	1.3
Canada	0.3
Switzerland	0.3
Derivative Liabilities	(3.0)
Cash and Cash Equivalents	1.3
Other assets less liabilities	(0.4)
Total	100.0

Top 25 Holdings*

Issuer	% of Net Asset Value
Broadcom, Inc.	5.3
Verizon Communications, Inc.	3.7
NetApp, Inc.	3.7
Ford Motor Co.	3.7
Cisco Systems, Inc.	3.5
HP, Inc.	3.4
VICI Properties, Inc.	3.1
LyondellBasell Industries NV	3.0
Conagra Brands, Inc.	3.0
Skyworks Solutions, Inc.	2.7
Exxon Mobil Corp.	2.5
Lockheed Martin Corp.	2.4
CME Group, Inc.	1.9
Johnson & Johnson	1.7
Lam Research Corp.	1.7
Franklin Resources, Inc.	1.4
Chevron Corp.	1.4
Cash and Cash Equivalents	1.3
Coterra Energy, Inc.	1.3
Best Buy Co., Inc.	1.3
Applied Materials, Inc.	1.1
United Parcel Service, Inc., Class B	1.0
Paychex, Inc.	1.0
Packaging Corp. of America	0.9
Snap-on, Inc.	0.9
Total	56.9

* All holdings are as at report date December 31, 2024. Actual holdings may differ following this date. Where a Fund holds less than 25 holdings, all holdings have been disclosed.

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Current quarterly updates are available by calling 1 888 588 7999 or online at manulifeim.ca.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the ETF facts as well as the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Manulife ETFs are managed by Manulife Investment Management Limited. Manulife Investment Management is a trade name of Manulife Investment Management Limited. Manulife, Manulife Investment Management, the Stylized M Design, and Manulife Investment Management & Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license.

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