

# Annual Management Report of Fund Performance

December 31, 2024

## **Manulife Multifactor Canadian Large Cap Index 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](http://manulifeim.ca) or SEDAR+ at [sedarplus.ca](http://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

### **A Note about the Index**

Neither John Hancock Investment Management LLC (formerly John Hancock Advisers, LLC) nor Dimensional Fund Advisors LP guarantees the accuracy and/or the completeness of the Index or any data included therein, and neither John Hancock Investment Management LLC nor Dimensional Fund Advisors LP shall have any liability for any errors, omissions or interruptions therein. Neither John Hancock Investment Management LLC nor Dimensional Fund Advisors LP makes any warranty, express or implied, as to results to be obtained by the Fund, owners of the Units of the Fund or any other person or entity from the use of the Index, trading based on the Index, or any data included therein,

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.

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## 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 Multifactor Canadian Large Cap Index ETF (the "Fund"). Manulife IM Limited has retained the services of Dimensional Fund Advisors Canada ULC 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](http://manulifeim.ca).

### Investment Objectives and Strategies

The Fund seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Canadian Large Cap Equity Index (CAD) (the "Index").

The Fund invests directly or indirectly primarily in large capitalization Canadian equities.

The Index is designed to comprise a subset of equity securities in the Canadian universe issued by companies whose market capitalizations are generally larger than that of the 86th largest Canadian company, as at the time of rebalancing, with a greater emphasis on smaller capitalization companies, companies with lower relative prices and companies with higher profitability than their representation in the Canadian universe.

### 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 returned 21.4% for the calendar year ended December 31, 2024, versus a return of 21.9% for the Index. The difference in performance of the Fund and the Index is primarily due to the Fund's management fees.

As a result of the Fund's investment strategy, performance was determined principally by broad structural trends in the Canadian equity market rather than by the behavior of a limited number of stocks. The Index that the Fund tracks is designed to emphasize exposure to companies with smaller market capitalizations, lower relative price and higher profitability. The Index determines a company's size by using total market capitalization. In assessing relative price and profitability, the Index uses price-to-book ratio, and operating profits scaled by book metrics, respectively. In Canadian dollar terms, Canadian markets had positive performance for the period. The MSCI Canada Investable Market Index (gross dividends), a

cap-weighted benchmark the sub-advisor uses as a proxy for Canadian equity stock markets, returned 22.9% for the period.

The benchmark for the Fund is the S&P/TSX 60 Index (the "Benchmark"). The Fund outperformed the Benchmark by 0.4% (21.0% for the Benchmark vs. 21.4% for the Fund).

The Fund's emphasis on value stocks contributed to relative performance. The Fund's emphasis on stocks with higher profitability also contributed to relative performance. The Fund held approximately 81 securities at the end of the period. In general, cash exposure was low throughout the period with an average cash balance of less than 1% of the Fund's net asset value.

The Fund's net assets increased to \$335.2 million during the period from \$325.8 million at the end of December 2023. The increase in assets during the period can be primarily attributed to the Fund's positive performance.

### Recent Developments

There have been no material changes to the Fund's strategy and there have been no recent developments or events that are reasonably expected to materially affect the Fund's strategy. The sub-advisor does not seek to predict the future course of business conditions, market trends, or interest rates, and such developments would not generally be expected to result in a change to the Fund's investment strategies. The Fund will continue to seek to replicate, to the extent reasonably possible and before fees and expenses, the performance of the Index.

### 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, 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 \$1.3 million in management fees for the period. For more information about the calculation of management fees, please see the *Management Fees* section in this document.

### Related Party Investments and Trades

In reliance on a standing instruction issued by the Independent Review Committee (the “IRC”), the Fund bought, held and sold securities of Manulife Financial Corporation (“Manulife”) during the period. Manulife is the ultimate parent company of the Manager. At the time of each transaction, after reviewing various investment alternatives, the portfolio advisor and sub-advisor, if applicable, considered the acquisition, ownership and sale of the securities of Manulife to be in the best interests of the Fund. Conditions for reliance on the standing instruction included certification by the Manager that the transactions:

- were proposed by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager;
- represented the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund;
- were in compliance with the Manager’s written policies and procedures relating to the action; and
- achieved a fair and reasonable result for the Fund.

## 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 Multifactor Canadian Large Cap Index ETF

## The Fund's Net Assets Per Unit<sup>(1)</sup> (\$)

### Unhedged Units

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
<b>Net assets, beginning of year</b>	35.03	32.32	33.37	26.54	27.27
Increase (decrease) from operations:					
Total revenue	1.17	1.17	1.07	0.94	0.91
Total expenses	(0.15)	(0.14)	(0.13)	(0.13)	(0.10)
Realized gains (losses) for the year	2.27	1.17	2.38	1.53	(0.30)
Unrealized gains (losses) for the year	4.15	1.49	(3.02)	5.10	1.97
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	7.44	3.69	0.30	7.44	2.48
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	1.05	0.97	1.00	0.64	0.58
From capital gains	0.57	0.95	1.86	0.72	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	1.62	1.92	2.86	1.36	0.58
<b>Net assets, end of year</b>	41.38	35.03	32.32	33.37	26.54

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

<sup>(2)</sup> 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.

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

## 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) <sup>(1)</sup> (\$)	335,164	325,761	321,615	423,761	221,644
Number of units outstanding (000's) <sup>(1)</sup>	8,100	9,300	9,950	12,700	8,350
Management expense ratio <sup>(2)</sup> (%)	0.40	0.40	0.40	0.40	0.40
Management expense ratio before waivers or absorptions (%)	0.40	0.40	0.40	0.40	0.40
Trading expense ratio <sup>(3)</sup> (%)	0.01	0.01	0.01	0.01	0.02
Portfolio turnover rate <sup>(4)</sup> (%)	19.84	19.32	25.70	33.95	21.96
Net Asset Value per unit <sup>(1)</sup> (\$)	41.38	35.03	32.32	33.37	26.54
Closing market price <sup>(5)</sup> (\$)	41.39	35.00	32.49	33.40	26.87

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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, December 30, 2020 and December 30, 2019.

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	Management Fee (%)	Expenses Paid out of the Management Fee (%)	
		Dealer Compensation	Investment Management, Administration and Other
Unhedged Units	0.35	N/A	100.00

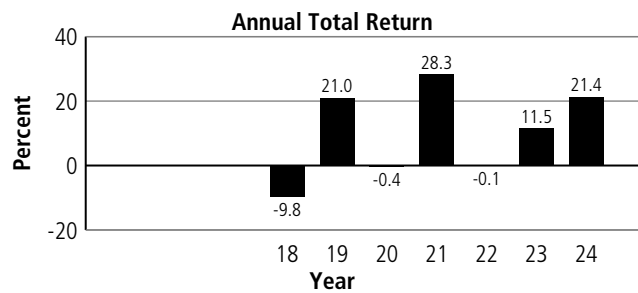
Past Performance

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 chart shows 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 chart shows, 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.

Unhedged Units



Annual Compound Returns

The table that follows shows the historical compound returns for securities of the Fund, the Index 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 Index is designed to comprise a subset of equity securities in the Canadian universe issued by companies whose market capitalizations are generally larger than that of the 86th largest Canadian company, as at the time of rebalancing.

The Benchmark is a market capitalization-weighted index. It consists of 60 of the largest and most liquid securities listed on the Toronto Stock Exchange.

Unhedged Units (%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 17, 2017)
Fund	21.4	10.6	11.5	9.5
Index	21.9	11.0	12.0	10.0
Benchmark	21.0	8.3	11.4	10.0

Comparison to the indices

A discussion of the performance of the Fund as compared to those of the indices can be found in *Results of Operations*.



## Summary of Investment Portfolio

### Asset Allocation (%)

Equities	99.6
Cash and Cash Equivalents	1.4
Other assets less liabilities	(1.0)
<b>Total</b>	<b>100.0</b>

### Sector Allocation (%)

Financials	34.2
Energy	18.6
Industrials	12.3
Materials	11.1
Information Technology	7.9
Consumer Staples	5.0
Consumer Discretionary	4.6
Utilities	3.5
Communication Services	1.4
Real Estate	1.0
Cash and Cash Equivalents	1.4
Other assets less liabilities	(1.0)
<b>Total</b>	<b>100.0</b>

### Geographic Allocation (%)

Canada	99.6
Cash and Cash Equivalents	1.4
Other assets less liabilities	(1.0)
<b>Total</b>	<b>100.0</b>

### Top 25 Holdings\*

Issuer	% of Net Asset Value
Royal Bank of Canada	4.5
The Toronto-Dominion Bank	3.6
Enbridge, Inc.	3.5
National Bank of Canada	3.5
Suncor Energy, Inc.	3.4
Brookfield Corp.	3.3
Shopify, Inc.	3.0
Sun Life Financial, Inc.	2.9
Bank of Montreal	2.9
Canadian Natural Resources Ltd.	2.8
Constellation Software, Inc.	2.7
The Bank of Nova Scotia	2.6
Canadian National Railway Co.	2.6
Canadian Imperial Bank of Commerce	2.4
Manulife Financial Corp.	2.3
Fairfax Financial Holdings Ltd.	2.0
TC Energy Corp.	1.9
Waste Connections, Inc.	1.9
Alimentation Couche-Tard, Inc.	1.7
Cenovus Energy, Inc.	1.7
Agnico Eagle Mines Ltd.	1.6
Tourmaline Oil Corp.	1.6
Canadian Pacific Kansas City Ltd.	1.6
CGI, Inc.	1.4
Magna International, Inc.	1.4
<b>Total</b>	<b>62.8</b>

\* 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](http://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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