

# Annual Management Report of Fund Performance

December 31, 2024

## **Manulife Climate Action Fund**

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 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 Simplified 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 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 Climate Action Fund (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 provide long-term capital growth by investing primarily in a diversified portfolio of global equity securities of issuers who are also leaders in making positive contributions to climate change mitigation.

The portfolio advisor focuses on creating a portfolio with a strategy that seeks to support investors that want to align with the Paris Agreement which climate target is notably to hold the global average temperature increase below 2°C. The sub-advisors intend to avoid investments in issuers that generate an important portion of their revenue from fossil fuel generation, alcohol, tobacco or conventional weapons.

The portfolio advisor utilizes a fundamental, bottom-up investment approach to select securities, focusing on performance drivers such as competitive advantage and earnings.

### 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 Simplified Prospectus.

### Results of Operations

The Fund’s Advisor Series units returned 24.8% for the year ended December 31, 2024, versus a return of 29.4% for the Fund’s benchmark, the MSCI World Net Return Index (CAD) (the “Benchmark”). Unlike the Benchmark, the Fund’s return is after the deduction of its fees and expenses. The performance of units of other series of the Fund is substantially similar to that of the Advisor Series units except that performance will vary by series largely due to the extent that fees and expenses may differ between series or as a result of varying inception dates. Please see *Past Performance* for the performance data of the other series.

Global equities registered gains in 2024, reflecting the highly supportive environment for risk assets. Stocks were propelled by a wide range of favorable developments, including positive global growth, falling inflation, and interest-rate cuts by major central banks. Together, these factors outweighed the effect of ongoing geopolitical tensions and a record number of elections

worldwide. Strength in foreign currencies against the Canadian dollar added to returns for Canada-based investors.

U.S. stocks continued to be the most important driver of global market performance, with mega-cap technology companies—particularly those related to the artificial intelligence theme—remaining the primary source of the country’s relative strength. The November victory of U.S. President-elect Donald Trump further boosted U.S. stocks but hurt some trading partners amid concerns about higher tariffs. Canada was another top performer despite a sell-off in December, due in part to the Bank of Canada’s aggressive interest-rate cuts. Developed-market Asia outpaced Europe, as the latter came under pressure late in the year from worries about weaker-than-expected growth and the potential impact of shifting U.S. trade policy. The emerging markets, despite surging in September on news of economic stimulus by the Chinese government, finished 2024 behind their developed-market peers.

Relative returns for the Fund alternated during the period, outperforming the benchmark during the first and second quarters only to trail in its last two. While returns were strong, the Fund lagged the benchmark by a small margin during the period owing to stock selections made within the consumer discretionary, information technology and financials sectors, with overweights in health care and industrials also detracting on a relative basis.

In consumer discretionary, Aptiv PLC was the largest detractor both overall and within the sector as the company faced a number of ongoing macro challenges (higher interest rates, labour challenges, EV sales deceleration, trade logistics) which negatively impacted the short-term outlook, with the company cutting its guidance for 2024. The advisor took advantage of the short-term volatility to increase its weighting within the stock as, while revenues and operating income are expected to soften, cash flows are expected to remain healthy and benefit to the upside as some of the macro headwinds begin to fade. NIKE Inc. was another detractor from performance late in the period after the company provided significantly reduced revenue guidance for its coming fiscal year as they focus on repositioning product portfolio, innovation, and speed to market, this on the heels of recent softer sales figures from China.

In financials, while returns were strong on an absolute basis, they lagged the benchmark by a small margin during the period given the flat returns generated by S&P Global Inc. as compared to the high-single-digit positive returns generated within the capital markets industry. Conversely, holdings which performed very well included Brown & Brown Inc., Visa Inc. and London Stock Exchange Group plc. Previously held inside the fund, the portfolio advisor purchased LSE early period given its attractive valuation and growth outlook, which includes and extends beyond its partnership with Microsoft. In addition, from a sustainability vantage, LSE adds a great deal to the portfolio, both as an early adopter of SBT targets, developer of sustainable investment vehicles and markets, and finally as

having one of the highest scores in its industry in terms of corporate governance and behaviour.

In information technology, while the fund lagged the benchmark's sector performance, it was only by a small margin as holdings NVIDIA Corporation and Microsoft Corporation made substantive contributions to returns. Microsoft was a top contributor given its larger weighting, delivering solid results in its most recent quarter, with balanced upside to revenue and margins. While it's difficult to qualify the most recent quarter as the breakout software investors were hoping for, AI momentum continues to build, highlighted by a step function in AI contribution within the Azure platform, impressive GitHub Copilot metrics, and signs of early traction with its M365 Copilot. Management also raised its guidance for fiscal 2024 in terms of operating margin, showcasing further commitment to protecting the bottom-line entering what is likely to be a multi-year investment cycle. But eclipsing Microsoft's returns – and market cap – were those generated by NVIDIA Corporation as Artificial Intelligence (AI) enthusiasm was a strong theme during most of the period, with NVIDIA surpassing Microsoft as the world's most valuable company.

Contributing to relative returns was a structural underweight in materials and energy, with stock selection in consumer staples, health care and industrials aiding on an absolute and relative basis.

Slumping oil prices during the latter half of the period served as a drag for energy as the price for West Texas Intermediate crude dropped amid expectations for higher global oil production and softened demand in the months ahead. A zero weight in materials also contributed on a relative basis as a number of the more cyclical areas of the metals & mining industry experienced declines as base metals such as copper, iron ore & others experienced declines given expectations of slowed demand from China and elsewhere.

In industrials, a number of the Fund's holdings experienced strong returns during the period, with Johnson Controls International plc, RELX PLC, Intertek Group plc, Schneider Electric SE and Rentokil Initial plc making up the largest contributors for the period. Johnson Controls's share price rose more than 50% from a February low as a somewhat more positive outlook for the Chinese and global economy mid period helped valuations improve, outperforming peers after the stock was trading at the lower end of its typical valuation. Downgraded early in 2024, share performance for Schneider was also strong, in part due to positive sentiment around datacentres (close to 20% of group sales). While the company is not a pure-play on any one market and has more moving parts to its equity story, the portfolio advisor does expect it to participate in a recovery in the industrial automation end market in 2024 and do not see the current softer backdrop as structural.

In health care, investments in McKesson Corporation and EssilorLuxottica SA made substantial contributions to the Fund's returns. McKesson made outsized contributions during the period, with the share price steadily rising higher while

reporting a strong recent quarter, beating consensus with respect to earnings while raising its earnings guidance for the year. The company continues with its success in transforming itself from a pharma distributor with ancillary businesses to an enterprise healthcare services entity, grounded in the pharma and non-acute care medical supply chain. With EssilorLuxottica, the company is executing fairly well in a challenging macroeconomic environment. Innovation should support revenue growth in 2025 and 2026 which is incremental to their revenue target, however this is largely reflected in consensus expectations.

New stocks introduced to the portfolio during the period included London Stock Exchange Group plc, Rentokil initial plc, Alphabet Inc., Amadeus IT Group SA, Broadcom Inc. and NVIDIA Corporation. Rentokil Initial plc was purchased in early 2024 when the valuation had become compelling after the stock fell on worries due to slower growth. The pest control business is an attractive non-cyclical business with scale and technological investments leading to high margins and good returns. Rentokil is the second largest competitor in the space and the portfolio advisor believes they should be able to improve operationally over time as the capture synergies from their Terminix acquisition.

Amadeus is one of the leading suppliers of IT solutions to the airline industry, providing airlines with access to one of the world's largest global distribution systems and offering a range of software solutions through its Altéa and New Skies platforms. While Amadeus's GDS business is mature, the company enjoys a long runway for growth within its airline IT business through up-selling existing customers on its Altéa and New Skies platforms and acquiring new airline customers.

Broadcom is a diversified provider of both semiconductor and software solutions across various end markets. The business has many characteristics the portfolio advisor finds attractive including high CFROIC, a strong competitive position in each of the markets in which it plays, a high level of free cash generation, and a history of strong capital allocation. As a leading supplier of custom AI chips to customers such as Google, there is also upside potential from further adoption of these solutions that is not necessarily reflected in what is already a compelling valuation for the base business today. Trading at relative discounted valuations to other dominant tech names, Alphabet Inc. (GOOGL) is a high quality, dominant business and is well positioned to take advantage of LT and AI trends where the company is already experiencing better synergies and revenues in its advertising mediums using the technology.

Holdings sold during the period included McKesson Corporation, Merck KGaA, Wolters Kluwer N.V., Advanced Micro Devices Inc., Danaher Corporation, S&P Global Inc. and Advanced Drainage Systems Inc. Wolters Kluwer was sold as a source of funds for purchases elsewhere in the portfolio. The Fund exited Danaher on valuation concerns and redeployed capital to ideas the portfolio advisor viewed as more attractive. While the portfolio advisor maintains a favorable view of

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Danaher's business longer-term, the risk/reward was deemed less attractive compared to other opportunities available. S&P Global Inc. was used as a source of funds for the purchase of London Stock Exchange Group plc late in the period.

From a sustainability measurement perspective, the Fund was able to achieve a number of portfolio milestones during the Period, with greenhouse gas (GHG) intensity (tonnes GHG/\$1 million revenues) ending at less than a third that of the benchmark (approximately 31.8 vs. 103.8) when including scope 1 and 2 emissions and less than half that of the benchmark when measured including scope 1, 2 and 3 upstream emissions (97.2 for the fund vs. 202.2 for the index). In addition, approximately 89% of the portfolio was invested in companies that had committed to a Science Based Target aimed at reducing their carbon footprint, increasing its overall weighting from the beginning of the Period and providing a clearly defined path to reduce emissions in line with the Paris Agreement goals.

With respect to engagements specific to the environment for securities held within the portfolio, the portfolio advisor had nine notable engagements occur during the Period, with companies Canadian Pacific Kansas City Limited, Advanced Drainage Systems Inc., Accenture Plc, EssilorLuxottica SA, Intertek Group plc, McDonald's Corporation, UnitedHealth Group Incorporated, WSP Global Inc., and Watts Water Technologies Inc.

The portfolio advisor met with management of Accenture plc. to engage on a number of topics, including providing evidence with respect to the company's advances in reducing their carbon footprint and related environmental goals. The company confirmed that they have achieved a few important milestones, including achieving its goal of 100% renewable electricity by the end of 2023, a trend they intend to continue going forward. In addition, they received approval from the Science Based Targets Institute (SBTi) for their new near-term emissions target aligned to the year 2030 whereby the new targets reduce absolute scope 1 & 2 emissions by 80% from a 2019 base year.

With Canadian Pacific Kansas City Limited, the advisor asked management for their view on the SBT commitment withdrawal of some companies, if Artificial Intelligence (AI) is at all being utilized in their decarbonization strategy, as well as how they are tackling increasing emissions from recent operations. With Intertek Group plc, the advisor performed a more in-depth analysis of the make up of the company's clean technology revenues and its constituents.

With McDonald's Corporation, the portfolio advisor had a number of discussion points they engaged on, including requesting greater CDP disclosure, urging the company to include interim climate & emissions targets, as well as asking for an estimate of the company's physical climate and transition risks. With Intertek Group plc, the advisor performed a more in-depth analysis of the make up of the company's clean technology revenues and its constituents. The advisor also reached out to Advanced Drainage Systems Inc. to inquire as to

their reasoning for placing less importance on the impact of effluents and waste and asked management to provide further insight as to why they believe this to be the case.

The portfolio advisor also engaged with management of EssilorLuxottica SA with respect to the adoption of a Science-Based Target (SBT) for emissions reductions which the company announced it would adopt, asking for an update on the company's Scope 3 emission reduction targets. The portfolio advisor also followed up with WSP Global Inc. regarding their high CVAR risk rating on third party provider databases and to push for more disclosure around the make up of the company's green revenue mix.

Finally, Watts Water Technologies Inc. was approached on a number of subject items, including a discussion pertaining greater CDP disclosure within financial reports, encouraging their commitment to adopting a Science Based Target (SBT) on emissions reduction, and provide example of physical risks the company may be facing in terms of climate.

Of note, not all engagement activity will focus on the environment as the portfolio advisor's investment process also takes into consideration other social and governance factors when performing its fundamental analysis and research. In addition, not all engagement activity takes place with the stocks of companies held in the portfolio – engagement activity and security analysis will also occur on holdings being considered for the fund. Hence, not all engagement activity performed by the portfolio advisor is fully captured within this report.

The Fund's net assets increased to \$215.8 million during the period from \$104.6 million at the end of December 2023. The increase in assets during the period can be primarily attributed to positive net sales.

### Recent Developments

With inflationary pressures receding, central banks have begun to cut interest rates in an attempt to engineer a soft economic landing – a feat which, thus far, appears to have materialized. While the pace of the cuts will be data dependent, easing cycles typically last around one year and rates get cut by 150-200 basis points on average. Easing cycles have historically been a strong catalyst for North American and global stocks, where underlying performance is more broad-based and quality companies with prudent capital management and consistent free cash flow generation have outperformed.

Entering 2024, the portfolio advisor was concerned about elevated equity valuations, high corporate and consumer debt, fewer interest rate cuts by central banks than what was being priced in, and a more notable economic slowdown than forecast. In the third quarter, some of those risks impacted the market as investor sentiment turned defensive, equities sold off, and bond yields declined. Although the quarter was volatile, equity markets were driven higher in September as the U.S. Federal Reserve cut interest rates by 0.50% and data indicated that economic growth remained resilient.



The portfolio advisor remains generally constructive on the broad economy as central banks have clearly entered the loosening phase of the monetary cycle, inflation appears under control and, though slowing, economic growth remains positive as consumers and corporations have proven resilient to what has been a higher interest rate environment. The labour market continues to be fairly tight and workers are benefiting from real wage gains resulting in resilient consumer spending. On the corporate fundamentals side, while top-line growth has moderated, profitability remains high as corporate margins, though beginning to roll over under increasing cost pressures, have remained strong. The portfolio advisor is also encouraged by the recently improved breadth of returns in US markets and by healthy US productivity data pointing to sustainable improvement in the underlying economy.

But while the longer-term outlook remains constructive, valuations still appear fair to fully valued as the market has perhaps been somewhat overzealous in its discounting of an economic acceleration and further rate cuts for this year. Although the US Federal Reserve and other major central banks may indeed continue to drop interest rates in 2025, the amount and its impact priced in by the market may have been somewhat exaggerated as we believe long term inflation pressures, mainly deglobalization and demographics, are underestimated, where overall valuations in equity markets at present remain high. An important variable in the coming year will be the return of President Trump following his recent win in the White House (and Republican majority in the Senate) and the potential ramifications of a more protectionist US government through tariffs and policies that are likely to lead to greater de-globalization. While most are expected to focus on trade with China, other countries (including Canada) & industries may be directly and indirectly impacted under a Presidency that has been known to execute on policy changes quickly, where it will be both give and take for equity markets: greater deregulation and lower tax rates largely providing support, with the likely rollback of Inflation Reduction Act spending, withdrawal (again) from the Paris Agreement, tariffs on Chinese/foreign imports and other policies standing to contribute to greater volatility in certain markets where the fund will look to take advantage of discounts on those companies with more stable cash flows and better fundamentals positioned to outperform over the long-term.

#### 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

### The Manufacturers Life Insurance Company ("MLI")

As of December 31, 2024, MLI owned more than 10% of the outstanding securities of the Fund. Manulife IM Limited is an indirect wholly-owned subsidiary of MLI.

### Trustee

Manulife IM Limited 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.

The Fund paid approximately \$717,000 in management fees for the period. For more information about the calculation of management fees, please see the *Management Fees* section in this document.

### Fixed Administration Fee

Manulife IM Limited pays the operating expenses of the Fund, other than Certain Fund Costs (as defined below), in exchange for the payment by the Fund of a fixed rate administration fee in respect of each series. The fixed rate administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund. The Fund paid approximately \$161,000 in fixed rate administration fees for the period.

Operating expenses payable by Manulife IM Limited in exchange for the administration fees include, but are not limited to, the costs related to registrar, transfer agency and pricing, accounting and bookkeeping fees, audit and legal fees and expenses, safekeeping and custodial fees, administration costs and trustee services relating to registered tax plans, the costs of prospectuses, fund facts, financial reporting, and other types of communications that the Manager is required to prepare for the Fund so that the Fund complies with all applicable laws and regulatory filing requirements.

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Certain Fund Costs include borrowing and interest costs, investor meeting costs (as permitted by Canadian securities regulation), the cost of compliance with any new governmental and regulatory requirements imposed on or after July 27, 2016 (including relating to operating expenses) or with any material change to existing governmental and regulatory requirements imposed on or after July 27, 2016 (including extraordinary increases to regulatory filing fees), any new types of costs, expenses or fees not incurred prior to July 27, 2016, including arising from new government or regulatory requirements relating to the operating expenses or related to those external services that were not commonly charged in the Canadian mutual fund industry as of July 27, 2016 and operating expenses that would have been outside the normal course of business of the Fund after July 27, 2016.

Certain Fund Costs are allocated proportionately among the relevant series. Certain Fund Costs that are specific to a series are allocated to such series. Further details about the fixed rate administration fee and the Certain Fund Costs can be found in the Fund's most recent Simplified Prospectus.

### Participating Dealers

Manulife Investment Management Distributors Inc. and Manulife Wealth Inc., each a subsidiary of MLI, which is an indirect parent company of Manulife IM Limited, may sell securities of the Fund in the normal course of business. As such, they receive applicable sales commissions and trailing commissions paid by the Manager on the sale of securities of the Fund as outlined in the Simplified Prospectus for the Fund.

### Transfer Agent

Manulife IM Limited is the transfer agent of the Fund. The transfer agent maintains the register of unitholders of the Fund. Manulife IM Limited was not reimbursed by the Fund for the period for the operating costs incurred in providing such services as these are covered by the Fixed Administration Fee.

## 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.

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

## Advisor Series

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	11.84	10.09	11.77	10.00
Increase (decrease) from operations:				
Total revenue	0.19	0.18	0.13	0.08
Total expenses	(0.34)	(0.27)	(0.25)	(0.20)
Realized gains (losses) for the year	1.65	0.38	(0.32)	0.21
Unrealized gains (losses) for the year	1.33	1.42	(0.80)	2.01
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	2.83	1.71	(1.24)	2.10
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.06	-	-	-
From capital gains	0.79	-	-	-
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	0.85	-	-	-
<b>Net assets, end of year</b>	13.93	11.84	10.09	11.77

## Series F

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	12.14	10.24	11.81	10.00
Increase (decrease) from operations:				
Total revenue	0.19	0.18	0.14	0.07
Total expenses	(0.19)	(0.15)	(0.14)	(0.12)
Realized gains (losses) for the year	1.72	0.35	(0.31)	0.21
Unrealized gains (losses) for the year	1.23	1.52	(0.94)	1.95
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	2.95	1.90	(1.25)	2.11
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.08	-	-	-
From capital gains	0.99	-	-	0.04
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	1.07	-	-	0.04
<b>Net assets, end of year</b>	14.28	12.14	10.24	11.81



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## Series FT

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	15.49	13.80	17.12	15.00
Increase (decrease) from operations:				
Total revenue	0.25	0.19	0.19	0.13
Total expenses	(0.24)	(0.19)	(0.20)	(0.18)
Realized gains (losses) for the year	2.12	0.50	(0.45)	0.26
Unrealized gains (losses) for the year	1.45	2.77	(1.34)	3.18
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	3.58	3.27	(1.80)	3.39
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.09	0.03	-	-
From capital gains	1.19	-	-	0.06
Return of capital	0.85	0.79	1.03	0.54
<b>Total annual distributions<sup>(3)</sup></b>	2.13	0.82	1.03	0.60
<b>Net assets, end of year</b>	17.36	15.49	13.80	17.12

## Series G

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	12.12	10.22	11.76	10.00
Increase (decrease) from operations:				
Total revenue	0.19	0.18	0.14	0.07
Total expenses	(0.04)	(0.03)	(0.03)	(0.04)
Realized gains (losses) for the year	1.71	0.39	(0.30)	0.23
Unrealized gains (losses) for the year	1.37	1.48	(1.07)	1.88
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	3.23	2.02	(1.26)	2.14
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.09	0.14	0.09	0.01
From capital gains	1.15	-	-	0.16
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	1.24	0.14	0.09	0.17
<b>Net assets, end of year</b>	14.25	12.12	10.22	11.76

**Series O**

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	12.15	10.23	11.77	10.00
Increase (decrease) from operations:				
Total revenue	0.19	0.18	0.14	0.09
Total expenses	(0.05)	(0.03)	(0.05)	(0.05)
Realized gains (losses) for the year	1.71	0.40	(0.25)	0.16
Unrealized gains (losses) for the year	1.50	1.48	(2.77)	1.73
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	3.35	2.03	(2.93)	1.93
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.09	0.12	0.07	0.01
From capital gains	1.13	-	-	0.15
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	1.22	0.12	0.07	0.16
<b>Net assets, end of year</b>	14.29	12.15	10.23	11.77

**Series T**

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	15.04	13.56	17.01	15.00
Increase (decrease) from operations:				
Total revenue	0.23	0.24	0.18	0.07
Total expenses	(0.43)	(0.36)	(0.32)	(0.28)
Realized gains (losses) for the year	2.05	0.54	(0.46)	0.29
Unrealized gains (losses) for the year	1.58	1.81	1.34	4.05
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	3.43	2.23	0.74	4.13
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.07	-	-	-
From capital gains	0.96	-	-	-
Return of capital	0.83	0.82	1.02	0.60
<b>Total annual distributions<sup>(3)</sup></b>	1.86	0.82	1.02	0.60
<b>Net assets, end of year</b>	16.86	15.04	13.56	17.01

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## Series X

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets, beginning of year</b>	12.12	10.22	11.76	10.00
Increase (decrease) from operations:				
Total revenue	0.19	0.18	0.14	0.07
Total expenses	(0.04)	(0.03)	(0.03)	(0.04)
Realized gains (losses) for the year	1.72	0.40	(0.32)	0.21
Unrealized gains (losses) for the year	1.16	1.50	(0.83)	1.96
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	3.03	2.05	(1.04)	2.20
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	0.09	0.14	0.09	0.01
From capital gains	1.15	-	-	0.16
Return of capital	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	1.24	0.14	0.09	0.17
<b>Net assets, end of year</b>	14.24	12.12	10.22	11.76

<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

## Advisor Series

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	27,718	16,238	10,868	8,306
Number of units outstanding (000's) <sup>(1)</sup>	1,990	1,372	1,077	706
Management expense ratio <sup>(2)</sup> (%)	2.22	2.22	2.21	2.21
Management expense ratio before waivers or absorptions (%)	2.22	2.23	2.21	2.21
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	13.93	11.84	10.09	11.77

## Series F

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	47,368	19,794	7,664	5,725
Number of units outstanding (000's) <sup>(1)</sup>	3,317	1,630	749	485
Management expense ratio <sup>(2)</sup> (%)	1.09	1.09	1.09	1.09
Management expense ratio before waivers or absorptions (%)	1.09	1.09	1.09	1.10
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	14.28	12.14	10.24	11.81

## Series FT

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	239	136	24	24
Number of units outstanding (000's) <sup>(1)</sup>	14	9	2	1
Management expense ratio <sup>(2)</sup> (%)	1.11	1.11	1.11	1.11
Management expense ratio before waivers or absorptions (%)	1.11	1.11	1.11	1.12
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	17.36	15.49	13.80	17.12

## Series G

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	84,632	46,995	32,264	27,497
Number of units outstanding (000's) <sup>(1)</sup>	5,941	3,877	3,156	2,338
Management expense ratio <sup>(2)</sup> (%)	-	-	-	-
Management expense ratio before waivers or absorptions (%)	-	-	-	-
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	14.25	12.12	10.22	11.76

# Manulife Climate Action Fund

## Series O

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	-	-	-	2,205
Number of units outstanding (000's) <sup>(1)</sup>	-	-	-	187
Management expense ratio <sup>(2)</sup> (%)	0.14	0.14	0.15	0.14
Management expense ratio before waivers or absorptions (%)	0.14	4.21	0.15	0.15
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	14.29	12.15	10.23	11.77

## Series T

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	337	205	213	7
Number of units outstanding (000's) <sup>(1)</sup>	20	14	16	-
Management expense ratio <sup>(2)</sup> (%)	2.24	2.24	2.19	2.19
Management expense ratio before waivers or absorptions (%)	2.24	2.24	2.19	2.19
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	16.86	15.04	13.56	17.01

## Series X

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (000's) <sup>(1)</sup> (\$)	55,550	21,266	14,937	10,383
Number of units outstanding (000's) <sup>(1)</sup>	3,900	1,755	1,461	883
Management expense ratio <sup>(2)</sup> (%)	-	-	-	-
Management expense ratio before waivers or absorptions (%)	-	-	-	-
Trading expense ratio <sup>(3)</sup> (%)	0.15	0.09	0.11	0.41
Portfolio turnover rate <sup>(4)</sup> (%)	78.73	62.01	74.93	52.29
Net Asset Value per unit <sup>(1)</sup> (\$)	14.24	12.12	10.22	11.76

<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.

## 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, 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 Fund does not pay a management fee to the Manager for its Series G, Series O and Series X units. Series G and Series O unitholders of the Fund pay a negotiated management fee directly to the Manager. Series X unitholders of the Fund do not pay a management fee since these units are bought by Manulife mutual funds and it would result in a duplication of management fees.

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

Units	Expenses Paid out of the Management Fee (%)		
	Management Fee (%)	Dealer Compensation <sup>(1)</sup>	Investment Management, Administration and Other
Advisor Series	1.72	57.71	42.29
Series F	0.72	N/A	100.00
Series FT	0.72	N/A	100.00
Series T	1.72	57.95	42.05

<sup>(1)</sup> Dealer compensation represents cash commissions paid by the Manager to registered dealers during the period. This amount may, in certain circumstances, exceed 100% of the fees earned by the Manager during the period. For new funds or series, the amount presented may not be indicative of longer term operating periods.

## 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. For Series G and Series O units, the past performance information also does not take into account the negotiated management fee that is paid by investors directly to the Manager. 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.

Advisor Series



Series F





Manulife Climate Action Fund

Series FT



Series G



Series O



Series T



Series X



## 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 tracks equity securities in developed markets around the world. The Benchmark is tracked in U.S. dollars and was converted from U.S. dollars to Canadian dollars using historical exchange rates.

### Advisor Series

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	24.8	7.9	N/A	11.2
The Benchmark	29.4	11.0	N/A	12.6

### Series F

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	26.3	9.1	N/A	12.5
The Benchmark	29.4	11.0	N/A	12.6

### Series FT

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	26.2	9.1	N/A	12.4
The Benchmark	29.4	11.0	N/A	12.6

### Series G

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	27.7	10.3	N/A	13.7
The Benchmark	29.4	11.0	N/A	12.6

### Series O

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	27.6	10.3	N/A	13.6
The Benchmark	29.4	11.0	N/A	12.6

### Series T

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	24.8	7.9	N/A	11.2
The Benchmark	29.4	11.0	N/A	12.6

## Manulife Climate Action Fund

### Series X

(%)	Past 1 Year	Past 3 Years	Past 5 Years	Since Inception (April 30, 2021)
Fund	27.7	10.3	N/A	13.7
The Benchmark	29.4	11.0	N/A	12.6

### 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	99.1
Cash and Cash Equivalents	1.1
Other assets less liabilities	(0.2)
<b>Total</b>	<b>100.0</b>

### Sector Allocation (%)

Information Technology	26.2
Industrials	20.5
Financials	16.1
Health Care	15.5
Consumer Discretionary	11.1
Consumer Staples	5.7
Communication Services	4.0
Cash and Cash Equivalents	1.1
Other assets less liabilities	(0.2)
<b>Total</b>	<b>100.0</b>

### Geographic Allocation (%)

United States	57.1
Great Britain	12.4
Ireland	7.6
Germany	4.5
France	4.2
Canada	3.7
Netherlands	3.4
Spain	2.8
Jersey	1.8
Switzerland	1.6
Cash and Cash Equivalents	1.1
Other assets less liabilities	(0.2)
<b>Total</b>	<b>100.0</b>

### Top 25 Holdings\*

Issuer	% of Net Asset Value
Microsoft Corp.	7.4
Visa, Inc.	4.7
London Stock Exchange Group PLC	3.8
Canadian Pacific Kansas City Ltd.	3.7
Elevance Health, Inc.	3.6
NVIDIA Corp.	3.5
Salesforce, Inc.	3.2
Accenture PLC	3.2
Intertek Group PLC	3.2
Lowe's Cos., Inc.	3.0
Sysco Corp.	2.9
Marsh & McLennan Cos., Inc.	2.8
Amadeus IT Group SA	2.8
Koninklijke Ahold Delhaize NV	2.8
Abbott Laboratories	2.7
Alphabet, Inc.	2.4
Brown & Brown, Inc.	2.4
Deutsche Boerse AG	2.4
Johnson Controls International PLC	2.4
Cisco Systems, Inc.	2.3
AmerisourceBergen Corp.	2.2
Siemens AG	2.1
Becton Dickinson and Co.	2.0
ICON PLC	2.0
Rentokil Initial PLC	1.9
<b>Total</b>	<b>75.4</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 fund 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 Funds 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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