

Where are credit spreads relative to history?

Another key factor we look at from a Canadian bond market and a global bond market perspective is credit spreads.

Where are credit spreads relative to history?

It provides us a guide to understand the richness and cheapness of a corporate bond market.

So where are we right now?

Are corporate bonds cheap, rich, or fairly valued? Relative to history, we believe credit spreads have cheapened.

There has only been three instances in the last twelve years where we could find credit spreads cheaper than present levels.

First being the Great Financial Crisis in 2009. The second being the 2015/2016 oil crisis. And third being the recent COVID crisis.

Currently, Canadian investment-grade credit spreads are yielding 170 basis points.

We believe, at these levels, there's value in buying Canadian corporate credit.

Add on top of that sovereign yields where yields are, you're getting an overall yield of, like I mentioned before, 4.5% for a corporate credit in Canada. So we believe that value is there in Canadian corporate credits.

Yes, volatility will be there in the short term. But when we look through the short term, there is absolute value in Canadian investment-grade credits.

Intended for Canadian Advisors and Accredited Investors

A widespread health crisis such as a global pandemic could cause substantial market volatility, exchange trading suspensions and closures, and affect fund performance. For example, the novel coronavirus disease (COVID-19) has resulted in significant disruptions to global business activity. The impact of a health crisis and other epidemics and pandemics that may arise in the future, could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect fund performance, resulting in losses to your investment.

Intended for Canadian Advisors and Accredited Investors. Manulife Private Wealth's services are limited to Canadian Accredited Investors. Information is as of May 25, 2022, unless otherwise noted. This video was prepared for

general information purposes only and should not be relied on for specific financial, legal or other advice and is not intended as an offer, or a solicitation of an offer, by Manulife Private Wealth to any person to buy or sell any investment or other specific product and is no indication of trading intent. Investing involves risks, including the potential loss of principal. Financial markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Neither Manulife Private Wealth nor any other companies in the Manulife Financial Corporation ("MFC") group are acting as an adviser or fiduciary to or for any recipient of this recording unless otherwise agreed in writing. Neither Manulife Private Wealth or its affiliates, nor any of their directors, officers or employees shall assume any liability or responsibility for any direct or indirect loss or damage or any other consequence of any person acting or not acting in reliance on the information contained herein. Nothing in this material constitutes investment, legal, accounting, tax or other advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Manulife Private Wealth does not provide legal or tax advice, and you are encouraged to consult your own lawyer, accountant, or other advisors before making any financial decision. Prospective investors should take appropriate professional advice before making any investment decisions. All opinions expressed were obtained from sources believed to be reliable and in good faith, no representation or warranty, expressed or implied, is made as to its accuracy or completeness.

The information in this video, including statements concerning financial market trends, future events, targets, management discipline or other expectations, are based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons. There is no assurance that such events will occur, and if they were to occur, the results may be significantly different than those shown here. This video may contain forward-looking statements about the markets, model portfolios and expected future performance. Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the individual portfolio components and general economic factors, so it is possible that expectations, forecasts, projections and other forward-looking statements will not be achieved. Manulife Private Wealth cautions you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those express or implied in any forward-looking statement made herein. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, and catastrophic events. Before

making any investment decisions, Manulife Private Wealth encourages you to consider these and other factors carefully. Should you have any questions, please contact or ask to speak to a member of Manulife Private Wealth.

Manulife Private Wealth is a division of Manulife Investment Management Limited and Manulife Investment Management Distributors Inc. Investment services are offered by Manulife Investment Management Limited and/or Manulife Investment Management Distributors Inc. Banking services and products are offered by Manulife Bank of Canada. Wealth & Estate Services are offered Manulife Investment Management Limited. Manulife, Manulife & Stylized M Design, Stylized M Design, and Manulife Private Wealth are trademarks of The Manufacturers Life Insurance Company and are used by it, and by its affiliates under license. This information does not replace or supersede KYC (know your client) suitability, needs analysis or any other regulatory requirements.