

Hancock Natural Resource Group, Inc.

197 Clarendon Street, C-08-99

Boston, MA 02116-5010

(617) 747-1600

www.hnrg.com

This Brochure provides information about the qualifications and business practices of Hancock Natural Resource Group, Inc. (“HNRG”). If you have any questions about the contents of this Brochure, please contact us at (617) 747-1600 or www.hnrg.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

HNRG is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you determine whether to hire or retain such adviser.

Additional information about HNRG also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 31, 2021

Item 2: Material Changes

This Brochure, also known as Form ADV, Part 2A, has been prepared according to SEC rules relating to information that must be disclosed to clients and prospective clients of certain investment advisers, which include HNRG. HNRG last updated its Form ADV, Part 2A on March 30, 2020. The following material changes have been made since the last Brochure update.

- Item 4 – Advisory Business – Includes, among other things, new references to “Plus” assets, cash management and hedging.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – Includes descriptions of “Plus” assets and associated risks of loss and conflicts of interest, as well as additional conflicts of interest associated with portfolio investments, and certain sustainability disclosure.
- Item 14 – Client Referrals and Other Compensation – includes, among other things, revisions to reflect a current placement agency agreement.

In addition, HNRG has substantially revised additional sections of this Brochure, although the information in those sections remains generally the same.

You may request a copy of the most recent version of this Brochure free of charge by contacting HNRG at (617) 747-1600. If you are a client of HNRG, you will receive an updated Brochure (or a summary of any material changes since the Brochure’s last annual update and information on how to request an updated brochure) within 120 days of the close of HNRG’s fiscal year which closes on December 31.

From time to time, we also may provide you with information that, as a client, could affect our advisory relationship with you. Any update of this Brochure or any information sent to you that could affect our advisory relationship with you will be sent without charge.

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Item 4: Advisory Business

HNRG was formed in 1995 as an independent, wholly owned subsidiary of John Hancock Life Insurance Company. In 2004, Manulife Financial Corporation acquired John Hancock Financial Services, Inc., making HNRG an indirect, wholly owned subsidiary of Manulife Financial Corporation. HNRG is organized as a corporation. John Hancock Subsidiaries LLC, an indirect wholly owned subsidiary of Manulife Financial Corporation, is the sole shareholder and a direct owner of 100% of HNRG's voting shares.

Hancock Timber Resource Group ("HTRG") and Hancock Agricultural Investment Group ("HAIG") are operating divisions of HNRG. HTRG was established in 1985. HAIG was established in 1990.

HNRG currently provides continuous and regular supervisory or management services with respect to real estate and real estate private equity portfolios. HNRG's real estate investments consist primarily of U.S., and non-U.S. farmland and timberland, as well as certain related investments, referred to as "Plus" assets. For purposes of this Brochure:

- "Farmland" generally means commercial farmland properties, both mature operations and developmental, and other rights and property that relate to or associated with commercial production and harvesting operations.
- "Timberland" generally means commercial timberland properties and other rights and property that relate to with commercial timberland operations.
- "Plus" assets generally mean real property or personal property that add value to or are used or to be used in the transformation of, crops or timber, such as through processing, storing, and/or packaging. They also include the transformational processing of biomass from crop or timber residue into a fuel product.

Client portfolios may pursue an investment strategy consisting of one or more of farmland, timberland and Plus assets, or one or more specific types of farmland and timberland investments, such a farmland consisting of row crops or nut trees, or timberland consisting of hard woods or soft woods. Client portfolios also may invest globally, or they may have a specific geographic focus, such as investments only located in the U.S. or Europe. Currently, however, HNRG does not manage any client account that invests primarily in Plus assets.

Portfolios are managed by HNRG either on a discretionary or non-discretionary basis. HNRG also provides cash management services to certain of its real estate portfolios, usually through an affiliate. There is no guarantee that HNRG will be able to achieve any specific investment objective.

HNRG offers additional investment management services, including management of portfolios that include real estate-related securities (e.g., interests in special purpose vehicles and other entities whose assets are direct or indirect interests in farmland, timberland and Plus assets). Such additional services may include managing client securities portfolios that receive continuous and regular supervisory or management services. HNRG's investment process utilizes research models to source, analyze, acquire and dispose of assets.

Affiliated and third-party property management firms are used to provide day-to-day property management services to client investments. HNRG's regional offices are used to oversee field operations to ensure that client objectives are carried out.

Approximately 65% of HNRG's total advisory revenues are derived from furnishing advice to clients on real estate-related investments, other than real estate-related securities. Advice as to real estate-related investments other than real estate-related securities includes direct fee or leasehold interests in real estate. Generally, these types of investments involve the acquisition of fee simple title to timber or agricultural real estate through a limited partnership, limited liability company, corporation or other form of entity organized for that purpose.

Approximately 35% of HNRG's total advisory revenues are derived from providing investment advice relating to real estate-related securities and cash management.

HNRG develops client portfolios with the knowledge of the circumstances, preferences and objectives of each specific client. HNRG will manage accounts in accordance with investment guidelines established by the client or established jointly by HNRG and the client.

As of December 31, 2020, HNRG managed approximately \$6,350,935,910.00 of client assets on a discretionary basis and \$7,901,383,858 on a non-discretionary basis.

Item 5: Fees and Compensation

Investment Management Fees

HNRG's compensation for managing a client's assets, as well as the specific manner in which a client pays management fees to HNRG, are subject to negotiation and memorialized in the client's written investment management agreement with HNRG. Generally, in accordance with the investment management agreement, HNRG is authorized to deduct fees from cash flow generated by a client's investments held in the HNRG-managed account. Such fees may include compensation for services, reimbursement of expenses and maintenance of working capital reserves. Fee rates, as well as the terms for fee payment (other than management fees, which are payable in arrears), are negotiated with each client, other than pooled investment funds sponsored and/or managed by HNRG.

Property Management Services

HNRG, itself through its divisions or affiliates or through third parties HNRG engages, provides local property management services with respect to its client's investments. If HNRG (either a division or an affiliate) is engaged to provide local property management services, the fees charged by it will be no less favorable to the client than those charged by unaffiliated property managers. Otherwise, the fees and expenses of the local property manager will be negotiated on an arms' length basis. All property management services are paid ultimately by the clients and are in addition to the fees and expenses payable to HNRG to serve as the investment manager to the client's HNRG-managed account.

Other Expenses a Client May Expect to Pay

HNRG may assess clients a portfolio development fee in connection with certain agricultural investments. The portfolio development fee is generally paid by the client at the closing and funding of each acquisition of an agricultural investment. Any portfolio development fee is in addition to the fees and expenses payable to HNRG to serve as the investment manager to the client's HNRG-managed account.

Certain securities and other HNRG client assets are held by custodial institutions that are not affiliated with HNRG. Clients are expected to negotiate with those institutions the terms of the custodial arrangement, including charges and fees for the custodial services. HNRG does not recommend custodians, and it does not participate in client negotiations with custodians. Fees paid by an HNRG client to any custodian are in addition to the fees and expenses payable to HNRG to serve as the investment manager to the client's HNRG-managed account.

Clients with separately managed accounts also may expect to pay account-specific expenses, such as the expenses of independent real estate appraisers that HNRG has engaged to determine the value of portfolio investments held in the client's account. Investors in any pooled investment fund sponsored and/or managed by HNRG also may expect to pay their proportionate shares of the expenses of the pooled investment fund.

Item 6: Performance-Based Fees and Side-By-Side Management

HNRG may enter into incentive fee arrangements with certain clients. Such fees are subject to negotiation with each client and agreed terms are reflected in a client's written agreement with HNRG.

HNRG only receives an incentive fee from a client if the client's portfolio's return exceeds a predetermined hurdle rate based on portfolio performance expectations. The incentive fee is intended to align the financial interests of the client and the investment adviser.

As HNRG has incentive-fee arrangements with some clients but not others, HNRG could be perceived as having a conflict of interest favoring its incentive-fee paying clients over the others. HNRG's allocation policy for investment and disposition opportunities is intended to mitigate the effects of any conflict of interest to ensure that all clients are treated fairly and equally. Under that policy, investment and disposition opportunities are allocated among HNRG's clients based on a process that does not consider the size or structure of client fees.

Item 7: Types of Clients

HNRG currently provides continuous and regular supervisory or management services to institutional investors, such as pension plans, corporations, insurance companies, foundations, endowments and family offices. HNRG does not have clients who are individuals. Each client must represent to HNRG that it meets the requirements of a “qualified purchaser,” that is, the client generally has assets of at least \$25,000,000 at the time its account with HNRG is opened.

HNRG generally requires a \$100,000,000.00 minimum account. However, minimum investment requirements may be lower for investments in pooled investment vehicles sponsored and/or managed by HNRG. HNRG reserves the right to reduce the minimum investment amount for any client.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

A. Investment Management

In managing a client portfolio or providing recommendations, HNRG begins by defining an investable universe based on its assessment of the risk-adjusted returns that it believes are available. It then excludes certain potential investments based on various factors, such as primary risks, proximity to established markets, or lack of professional management, or there are unacceptable title concerns or environmental liabilities. It also looks for associated investment opportunities, such as carbon offsets, mitigation banking, renewable energy generation, and recreation leases.

1. Acquisitions

The portfolio acquisition process involves four phases:

- Portfolio assessment, where HNRG determines the composition of the client's portfolio in the context of the client's investment guidelines and objectives,
- Investment sourcing, where HNRG focuses on opportunities where it feels it has a competitive advantage or is in a position to exploit market inefficiencies,
- Investment underwriting and valuation, where HNRG focuses on valuing each investment according to what it believes can reasonably be expected on the property, not market benchmarks and, for Plus assets, which are operating companies, financials, key customer and supplier contracts, employment contracts, and competitive positioning within the target company's marketplace, and
- Investment recommendation and approval, where HNRG considers the suitability of each opportunity in accordance with the client's investment guidelines and portfolio considerations.

Socially responsible investing (SRI) objectives are a critical component of HNRG's screening and underwriting process. Among other things, HNRG conducts comprehensive environmental, biological and social reviews on all target investments. Moreover, HNRG requires all reviews to highlight variance from U.S. standards, even when the relevant local standards are less stringent. HNRG's considerations in this regard include threatened and endangered species, water rights, land tenure, community relations, political sensitivity and workplace safety inspections, among others.

2. Monitoring Investments

Active portfolio management, inclusive of a robust hold/sell process, is a key tenet of HNRG's investment oversight. HNRG believes that optimizing investment performance on a risk-adjusted basis is critical.

HNRG regularly conducts a "hold/sell" analysis of each portfolio investment in the context of a client's investment strategy and in consultation with the broader HNRG organization, enhancing a holistic and informed approach.

3. Dispositions

HNRG also believes that dispositions of directly owned investment properties and securities are an important aspect of its investment strategy to optimize value for its clients. For some investments, a large portion of the return is realized at the time of disposition. HNRG's rationale for divestment decisions is dynamic and stems from its hold/sell process. HNRG may pursue sales of investment properties and securities (in their entirety or in a series of partial sales) primarily (i) to realize value at a time when performance is strong; (ii) to capitalize on unique market opportunities when they become available; (iii) in recognition of unfavorable expected go forward returns at the asset or entity level; or (iv) in consideration of the investment's fit within a broader portfolio and any need for rebalancing.

B. Cash Management

Cash held in a client account, usually as a result of an anticipated purchase of an investment for the client account or as a result of the sale of an investment in a client account, is invested in cash-equivalent investments, such as money market funds. HNRG also may engage in currency hedging transactions for anticipated purchases to be made in a foreign currency (i.e., a currency other than the base currency of the client account)

C. Property Management

HNRG believes that integrated property management provides better alignment of interest between investors and property management, better protection of assets, better information security, and value enhancement through monetization of carbon, management of water resources, production of biomass fuel products, and realization of conservation and higher and better use applications across multiple timberland and farmland resources. HNRG's guiding philosophy is that good stewardship is good business. To apply this type of management, the Investment Manager focuses on achieving client objectives, while continually balancing timberland and farmland property management, stewardship and sustainability practices, and risk reduction decisions.

HNRG's approach to timberland and farmland property management is based on (a) aligning property management interest with investors' objectives through integrated property management services, (b) protect and securing investor assets to minimize risk, (c) enhancing the value of investors' timberland and farmland assets through the appropriate application of silvicultural and agricultural technologies, (d) providing high quality property management, including quality of service, at a competitive cost; and annually benchmark property management costs and service quality against alternatives, and (d) providing a high level of environmental stewardship, seek and maintain third party certification on all timberland properties as part of a structured, disciplined environmental management system, and use practical metrics to track, improve, and report sustainability performance on timberland and farmland properties. For farmland and timberland investments, HNRG also integrates sustainable and responsible investing into property management through implementation of stewardship principles aligned with third-party certification standards in sustainable forestry and agriculture.

For Plus assets, among other things, HNRG also targets companies with superior management teams with clear domain expertise in the production, processing and marketing of the crops sold by the target operating company and retains those teams by offering equity or incentive programs designed for long-term retention.

D. Environmental, Social and Corporate Governance Practices

HNRG is committed to responsible investing and sustainable management of its clients' assets. HNRG defines sustainability as management of today's resources with full consideration and concern for the perpetual productivity and ecological health of natural resources and sustained yield into the future. HNRG is committed to managing its clients' timberland and farmland investments in a manner that recognizes the need to preserve and enhance the quality of the environment.

As a steward of major timberland and farmland holdings throughout the world, and an active member of the communities in which it operates, HNRG recognizes the importance of sustainable timberland and farmland management. HNRG believes stewardship of people and the environment is good business. This is developed in its SRI framework, a common commitment that spans across its diverse global portfolio of farms and forests. Rather than ideals, these are essential strategies to maximize value, and the HNRG embraces them as core guiding principles in its investment process and property management.

Consistent with HNRG's commitment to SRI, Manulife Investment Management, of which HNRG is a part, is a signatory to the United Nations-supported Principles for Responsible Investment. Manulife is also a member of CDP, formerly known as the Carbon Disclosure Project. In addition, HNRG complies with Manulife's Environmental Risk Policy, which includes environmental, safety, and greenhouse gas emissions reporting requirements, and adheres to the International Finance Corporation Equator Principles during due diligence for all potential acquisitions. All investments that fall within the scope of the Equator Principles procedures are categorized in accordance with environmental and social screening process as described in the Equator Principles based on the type, location, sensitivity, and scale of the project; and the nature and magnitude of the potential environmental and social impacts.

Risks of Loss

A. Risks Associated with Farmland, Timberland and Plus Assets

Discretionary investment management accounts managed by HNRG and investing in farmland, timberland and Plus assets generally are subject to the following risks: fluctuating commodity prices, competition in the commodity markets, bad weather and natural disasters, loss of water rights, adverse government regulation, changes in SRI standards, changes in environmental protection regulation, and liability associated with environmental clean-up and remediation.

Plus assets also are subject to the following additional risks: HNRG's limited experience investing in Plus assets, especially as a stand-alone or principal investment strategy, unexpected complications in implementing vertical integration of growing and processing operations, labor issues, regulations, food safety concerns, failure to maintain operating permits, competition, manufacturing disruptions, complications associated with the joint ownership.

B. Risks Associated with Non-U.S. Investments

Investments in non-U.S. farmland, timberland and Plus assets, especially those investments located in emerging market countries, generally are subject to the following additional risks: political and economic factors causing disruptions in local markets, restrictions on investments, currency controls, and repatriation of investment proceeds, currency fluctuations, lack of developed property rights, and adverse changes in tax laws to disfavor foreign investment.

* * *

Additional information concerning the HNRG's investment strategies and corresponding risks is available to clients and potential clients upon request.

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Investing in timberland, farmland and Plus assets involves the risk of loss. HNRG clients should be prepared to bear that risk.

Item 9: Disciplinary Information

HNRG is not, and has not been, subject to any legal or disciplinary event that is material to a client's or a potential client's evaluation of HNRG's investment management or other businesses or the integrity of its management, other than the following:

- Farmland Management Services Inc. ("FMS"), HNRG's wholly owned agricultural property manager, and a client investment vehicle, with the approval of the client, entered into a consent decree with the U.S. Department of Justice, which had sued FMS alleging that FMS and the client investment vehicle had violated provisions of the Clean Water Act (CWA) by discharging without authorization pollutants in waters of the U.S. The settlement reflected by the consent decree required FMS and the client to pay a civil penalty, preserve streams and wetlands, and perform mitigation to resolve violations of the CWA.

HNRG's response in this Item 9 is limited to HNRG, its subsidiaries and investment vehicles it manages. It does not include disciplinary information relating to HNRG's ultimate parent, Manulife Financial Corporation and its other subsidiaries. Manulife Financial Corporation is a public company, the shares of which are listed on the Toronto and New York Stock exchanges.

Item 10: Other Financial Industry Activities and Affiliations

HNRG has arrangements that are material to its advisory business or its clients with various affiliates and “related persons” (which term includes officers, directors, employees, and persons controlling, controlled by or under common control with HNRG), including broker-dealers, investment companies and other pooled investment vehicles, investment advisers and insurance companies. These affiliates are located both within and outside the United States.

Key affiliates are as follows:

John Hancock Life Insurance Company (U.S.A.)	US Insurance Company
The Manufacturers Life Insurance Company	Non-US Insurance Company
John Hancock Distributors LLC	US Broker-Dealer
John Hancock Investment Management Distributors LLC	US Broker-Dealer
Manulife Investment Management Distributors Inc.	Non-US Broker-Dealer
Manulife Investment Management Private Markets (US) LLC	US Investment Adviser
Manulife Investment Management (US) LLC	US Investment Adviser
Manulife Investment Management (North America) Limited	US Investment Adviser
Manulife Investment Management (Hong Kong) Limited	Non-US Investment Adviser
Manulife Investment Management (Europe) Limited	Non-US Investment Adviser
Manulife Investment Management (Japan) Limited	Non-US Investment Adviser
Manulife Investment Management (Singapore) Pte., Limited	Non-US Investment Adviser

The following describes relationships and arrangements between HNRG and one or more key affiliates are material to HNRG’s advisory business and/or to its clients:

- HNRG and each of John Hancock Distributors LLC (“JHD”) and John Hancock Investment Management Distributors LLC (“JHIMD”) have entered into a Placement Agency Agreement that provides that JHD or JHIMD will offer and sell for a fee interests in pooled investment funds managed by HNRG (“HNRG fund interests”). In addition, pursuant to these agreements, certain employees of HNRG, as well as certain employees of Manulife Investment Management (US) LLC, are registered representatives of JHD, JHIMD, or both, and in this capacity, they may receive transaction-based compensation relating to their sales of HNRG fund interests.
- HNRG has entered into an agreement with each of Manulife Investment Management (Hong Kong) Limited, Manulife Investment Management (Europe) Limited, Manulife Investment Management (Japan) Limited and Manulife Investment Management (Singapore) Pte., Limited to sell interests in pooled investment funds sponsored and/or managed by HNRG to institutional investors who reside outside the US.
- HNRG and certain affiliates serves as the general partner (or in a similar capacity) of certain pooled investment vehicles, and an affiliate of HNRG serves as the “alternative investment fund manager” of pooled investment vehicle offered to E.U. investors. To mitigate conflicts of interests, these pooled investment vehicles are treated as clients for purposes of HNRG’s policy on allocations of investment and disposition opportunities. HNRG does not solicit its separately managed account clients to invest in

in these pooled investment vehicles, nor does HNRG recommend that they invest in these vehicles, although from time to time, certain clients may do so on their own initiative.

- HNRG from time to time engages Manulife Investment Management (US) LLC (“MIMUS”) to provide cash management services to certain HNRG client portfolios. HNRG generally pays MIMUS a fee for providing those services, which HNRG pays from the fees it receives from its clients.
- HNRG manages fixed income assets owned by various other direct or indirect wholly owned subsidiaries of Manulife Financial Corporation, including John Hancock Life Insurance Company (U.S.A.) (general account and insurance separate accounts) and Manufacturers Life Insurance Company.
- Manufacturers Life Insurance Company and John Hancock Life Insurance Company (U.S.A.) currently are, and from time to time have been, significant investors in pooled investment funds managed by HNRG.

These arrangements create material conflicts of interests for HNRG with its clients, which includes the following and a description of how HNRG attempts to address the conflict:

All investment management arrangements with related persons are conducted on an arms-length basis so as to neither advantage nor disadvantage HNRG’s other clients or the above-mentioned related persons.

For contractual, regulatory and other business reasons, the Investment Division of Manulife Financial Corporation maintains an information barrier between Manulife Investment Management Public Markets and Manulife Investment Management Private Markets (including HNRG) and the General Account. The establishment and enforcement of these information barriers ensures that investment proxy voting and investment powers entrusted to one business unit are exercised without inappropriate influence, that sensitive information is not improperly transferred from one business unit to another in violation of a contractual or fiduciary duty, and that certain sensitive information in the possession of one business unit is not unnecessarily imputed to another business unit.

The HNRG Information Barrier Protocol (“Protocol”) was established to grant a limited communication exception between certain HNRG persons and certain MIM Public Markets persons, including compliance controls to ensure the overall integrity of the established information barrier.

HNRG and its affiliates may have common directors and common officers and may share certain administrative and/or back office functions.

Neither HNRG nor a related person has any arrangements where it is paid cash by or receives some economic benefit from a non-client in connection with giving advice to clients.

Item 11: Code of Ethics

HNRG has adopted the Manulife General Account and Global Wealth and Asset Management Code of Ethics ("Code"), which collectively address conflicts of interest that arise from personal trading by advisory personnel, as well as set forth standards of conduct expected of all Manulife General Account and Global Wealth and Asset Management advisory personnel, including all directors, officers and employees of HNRG. The Code is available to any client or prospective client upon request.

HNRG or a related person may buy or sell for client accounts securities or other investments in which HNRG or a related person has a financial interest. In addition, in satisfaction of client co-investment requirements or HNRG's or a related person's own corporate investment objectives, HNRG or a related person may buy or sell for itself or for affiliated-account investments that HNRG also recommends to its clients or purchases for client accounts.

Moreover, HNRG's allocation policy for new investment and disposition opportunities is intended to mitigate the effects of any conflict of interest HNRG may have with its clients to ensure that all clients are treated fairly and equally with HNRG-related persons with similar investment objectives. Under that policy, investment and disposition opportunities are allocated among HNRG's clients and HNRG-related persons based on a process that does not consider the relationship of the investor to HNRG.

HNRG or a related person also may serve as the general partner and/or the investment manager (or in a similar capacity) to a pooled investment fund that may be offered to current investors with separately managed accounts managed by HNRG. In that situation, HNRG has a conflict of interest with those investors. HNRG, however, does not provide investment advice or recommendation relating to investments in pooled investment funds sponsored or managed by HNRG or a related person. Moreover, investors are provided complete offering materials relating to the offer and sale of interests in any pooled investment fund sponsored or managed by HNRG or a related person, and those materials expressly disclaim that HNRG is providing advice or a recommendation relating to those interests.

Item 12: Brokerage Practices

The types of instruments recommended by HNRG to its clients are not purchased or sold through brokers or dealers.

Item 13: Review of Accounts

HNRG typically reviews each account at annual meetings with the client, its consultant, or both. Additional reviews may be conducted when requested by a client or when there is a change in economic outlook which warrants an interim review.

Internal reviews of particular accounts are performed by the division of HNRG responsible for managing particular client accounts. For each internal review, appropriate personnel of HNRG monitor or assess an account's various attributes, including its portfolio guidelines, asset values, performance, portfolio structure and holdings. Approximately 2 to 4 individuals participate in an account's review. Portfolio managers are generally responsible for accounts and are supported by analysts as appropriate.

Client meetings generally cover the same material as internal reviews. In addition, HNRG may provide supplementary information during a client meeting. This supplementary information may include such topics as relevant organizational or personnel changes concerning HNRG, information concerning aggregate assets under management of HNRG or HNRG investment strategies.

HNRG provides financial reports to clients generally on a quarterly and annual basis. In addition to traditional financial statements, the reports include financial highlights for the given period. Additional reports and materials may be provided depending on arrangements with each client.

Item 14: Client Referrals and Other Compensation

HNRG currently does not have any arrangement whereby it receives compensation or other economic benefit from another person (other than a client) for providing investment advice or other advisory services to its (HNRG's) client.

As described in Item 10, HNRG pays a portion of the fees it receives to manage certain pooled investment funds to placement agents to sell interests in such funds and investment advisers whose clients elect to invest in those funds.

Item 15: Custody

Investors in pooled investment vehicles managed by HNRG should receive at least annually copies of the funds' audited financial statements.

In the case of non-pooled investment vehicles that are managed by HNRG should receive, clients should receive at least quarterly, statements from the broker, bank or other qualified custodian that holds and maintains the client's investment assets. HNRG urges clients to review those statements carefully and compare them to the account statements that HNRG may provide. HNRG's statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies with respect to certain securities.

Item 16: Investment Discretion

When providing investment management services to a client, HNRG usually receives discretionary authority from the client at the outset of the advisory relationship. That authority typically authorizes HNRG to select the identity and amount of any particular investment to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and investment guidelines for that particular client account.

Notwithstanding that HNRG may have full investment discretion, under certain circumstances, it may refrain from exercising it. HNRG from time to time will limit or refrain from entering into certain transactions for some or all clients when it has a conflict of interest with those clients, or when legal, regulatory, administrative or other costs associated with entering into the transaction are deemed by HNRG to outweigh the expected benefits.

Further, certain regulatory and legal restrictions or limitations and internal HNRG and Manulife policies may restrict certain investment activities of HNRG on behalf of its clients. For example, HNRG's investment activities with respect to certain securities, issuers, regulated industries and non-U.S. markets may be restricted where applicable laws or regulations impose limits or burdens with respect to exceeding certain investment thresholds when aggregated with its affiliates or other advisory accounts. HNRG may also be precluded from pursuing transactions involving a public company if certain Manulife-affiliated entities are restricted in trading in that company's securities.

Additionally, HNRG adheres to Manulife's policies that would generally prohibit certain investments made in issuers which might be deemed to present undue environmental, social or governance risks that may otherwise meet a client's account investment criteria. When not prohibited under applicable law or not possible because of a portfolio co-investment requirement, a client may seek to direct HNRG to include in its account such investments that would otherwise be restricted under these policies.

Item 17: Voting Client Securities

The types of instruments recommended by HNRG to its clients typically do not provide their holders with voting rights. If and when HNRG does exercise voting rights, however, it will follow its proxy voting policy. Pursuant to that policy, for routine matters, HNRG would expect to vote in accordance with the position of the subject company's management. For all other matters, HNRG would decide how to vote on a case-by-case basis considering the relevant circumstances of the subject company.

Clients may obtain a copy of HNRG's complete proxy voting policies and procedures upon request. Clients may also obtain information from HNRG about how HNRG voted any proxies on behalf of their account(s).

Item 18: Financial Information

HNRG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.