

# **Manulife Investment Management Timberland and Agriculture Inc**

**197 Clarendon Street, C-08-99**

**Boston, MA 02116-5010**

**(617) 747-1600**

**[www.manulifeim.com/timberland-agriculture/global/en](http://www.manulifeim.com/timberland-agriculture/global/en)**

This Brochure provides information about the qualifications and business practices of Manulife Investment Management Timberland and Agriculture Inc ("MIMTA"). If you have any questions about the contents of this Brochure, please contact MIMTA's Chief Compliance Officer at (617) 747-1600. 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.

MIMTA is registered with the SEC as an 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 may determine whether to hire or retain such adviser.

Additional information about MIMTA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**March 31, 2023**

## **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 MIMTA. MIMTA last updated its Form ADV, Part 2A on March 31, 2022.

Set out below are changes that MIMTA believes reflect material changes since the last annual Brochure update on March 31, 2022.

- Item 1 - Includes updated contact information.
- Item 4 - Includes revisions to the description of MIMTA, as well as revisions to the descriptions of MIMTA's investment strategies, including the descriptions of timberland, farmland and "Plus" investments.
- Item 6 - Includes revised descriptions of performance-based fees, including fees in the form of carried interest, and a description of certain conflicts relating to side-by-side management.
- Item 8 - Includes updated risk disclosure, including additional risk disclosure relating to carbon credits.
- Item 9 – Deletes certain information no longer deemed responsive.
- Item 10 - Includes updated descriptions of principal conflicts of interest.
- Item 11 - Includes a description of MIMTA's standards of business conduct, including fiduciary duties applicable to MIMTA's supervised persons.
- Item 12 - Includes a description of MIMTA's brokerage practices in the event it manages client cash in connection with its management of timberland, farmland, "Plus" and other assets. It also includes a revised section on MIMTA's participation and/or interest in client transactions and related conflicts of interest.

In addition, please be reminded, effective November 15, 2021, MIMTA, then known as Hancock Natural Resource Group, Inc., adopted the Manulife Investment Management brand, which is the unified global brand for Manulife Financial Corporation's global wealth and asset management business, by changing its name to its current name Manulife Investment Management Timberland and Agriculture Inc.

You may request a copy of the most recent version of this Brochure free of charge by contacting MIMTA's Chief Compliance Officer at (617) 747-1600. If you are a client of MIMTA, 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 a copy of an updated brochure) within 120 days of the close of MIMTA'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

### A. The Company

Manulife Investment Management Timberland and Agriculture Inc (“MIMTA”) is a direct, wholly owned subsidiary of John Hancock Subsidiaries, LLC, and an indirect, wholly owned subsidiary of Manulife Financial Corporation (“Manulife”). Manulife is a Canadian-based global financial services group and publicly held corporation that trades under the symbol ‘MFC’ on the Toronto Stock Exchange, the New York Stock Exchange, and Philippine Stock Exchange, and under ‘945’ on the Stock Exchange of Hong Kong. Manulife Investment Management is the unified global brand for Manulife’s global wealth and asset management business. Manulife Investment Management’s timberland and farmland investment advisory services are principally offered to third parties through MIMTA.

MIMTA was formed as a Delaware corporation on December 15, 1994, and it was registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended, on October 23, 2000. MIMTA initially was organized as an independent, wholly owned subsidiary of John Hancock Life Insurance Company (“JHLICO”), and it was the product of a combination of two then-operating divisions of JHLICO: the timberland operating division Hancock Timber Resource Group, established in 1985 and currently referred to as Manulife Investment Management Timberland (“MIM T”); and the farmland operating division Hancock Agricultural Investment Group, established in 1990 and currently referred to as Manulife Investment Management Agriculture (“MIM AG”). In 2004, Manulife acquired John Hancock Financial Services, Inc., the parent company of JHLICO, at which point MIMTA became an indirect, wholly owned subsidiary of Manulife. In 2009, JHLICO merged into John Hancock Life Insurance Company (U.S.A.) (“JHUSA”), also a wholly owned subsidiary of Manulife. Prior to November 15, 2021, MIMTA was known as Hancock Natural Resource Group, Inc.

Today, MIMTA’s advisory services are provided through its two core business units, MIM T, which develops and manages timberland investments, and MIM AG, which develops and manages farmland investments.

### B. Advisory Services

MIMTA currently provides continuous and regular supervisory or management services with respect to real estate and real estate private equity portfolios. MIMTA’s 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 are associated with commercial production and harvesting operations.
- “Timberland” generally means commercial timberland properties or other rights and property that relate to commercial timber operations, but also may include greenfield properties suitable for reforestation or afforestation [in which carbon sequestration and the development of forestry carbon projects for the generation of carbon credits are prioritized over timber production].
- “Plus” generally means assets or investments (including investments in operating companies) that add value to, or are used in connection with, the production (including indoor growth

spaces), processing, storage, packing, distribution and marketing of timber products or crops. They also include investments in timberland or agricultural production assets and operations and businesses providing services to timberland and farmland operations as well as assets and investments related to the generation, collection, storage, sale or distribution of alternative or renewable energy, including, without limitation, solar energy and wind energy on or from timberland and farmland.

Client portfolios may be managed using an investment strategy consisting of one or more of Farmland, Timberland and Plus investments, or one or more specific types of Farmland and Timberland investments, such as Farmland consisting of row crops or nut trees, or Timberland consisting of hard woods or soft woods, or select greenfield afforestation or reforestation investments that provide significant carbon credit generation and value creation opportunities. Client portfolios also may also be invested globally, or they may have a specific geographic focus, such as investments only located in the U.S. or Europe. Currently, however, MIMTA does not manage any client account that invests primarily in Plus assets.

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

MIMTA 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. MIMTA's investment process utilizes research models to source, analyze, acquire and dispose of assets.

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

Approximately 39% of MIMTA's total advisory revenues are derived from providing investment advice relating to real estate-related securities and cash management.

The balance, approximately 61% of MIMTA'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.

### C. Meeting Investment Objectives

MIMTA tailors its advisory services to the individual needs of each client, based on its understanding of the circumstances, preferences and objectives of the client. A client may impose reasonable restrictions on the management of its separate account, including by restricting particular securities or types of investments, subject to MIMTA's consent. Any such restrictions will be reflected in the investment guidelines or other documentation applicable to the client's account.

D. Client Assets

As of December 31, 2022, MIMTA managed approximately \$6,157,624,747.00 of client assets on a discretionary basis and \$9,095,583,743.00 on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### *Investment Management Fees*

MIMTA's compensation for managing a client's assets, as well as the specific manner in which a client pays management fees to MIMTA, are subject to negotiation and memorialized in the client's written agreement with MIMTA. Generally, in accordance with such agreement, MIMTA is authorized to deduct fees from cash flow generated by a client's investments held in the MIMTA-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 any pooled investment vehicle, joint venture or similar entity sponsored and/or managed by MIMTA (each, a "MIMTA Pooled Vehicle").

### *Property Management Services*

MIMTA, itself through its divisions or affiliates or through third parties engaged by it, provides local property management services with respect to its client's investments. If MIMTA (through 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 fees 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 clients and are in addition to the fees and expenses payable to MIMTA to serve as the investment manager to the client's MIMTA-managed account.

### *Other Expenses a Client May Expect to Pay*

MIMTA 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 MIMTA to serve as the investment manager to the client's MIMTA-managed account.

Certain securities and other MIMTA client assets are held by custodial institutions that are not affiliated with MIMTA. Clients are expected to negotiate with those institutions the terms of the custodial arrangement, including charges and fees for the custodial services. MIMTA does not recommend custodians, and it does not participate in client negotiations with custodians. Fees paid by a MIMTA client to any custodian are in addition to the fees and expenses payable to MIMTA to serve as the investment manager or adviser to the client's MIMTA-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 MIMTA has engaged to determine the value of portfolio investments held in the client's account. Investors in any MIMTA Pooled Vehicle also may expect to pay their proportionate shares of the expenses of the MIMTA Pooled Vehicle, such as the costs of preparing and having audited annual financial statements.

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

### *A. Performance-Based Fees*

MIMTA may from time to time enter into performance-based fee arrangements with certain clients, generally in combination with asset-based fees. Performance-based fees are fees based on a share of the capital gains on, or capital appreciation of, the client's assets managed by MIMTA. Performance-based fees may be in the form of, among other arrangements, carried interest distributions paid by MIMTA Pooled Vehicles, an allocation of a portion of the increase in the capital account balances of investors in a MIMTA Pooled Vehicle, or fees applied to periodic increases in an account's value (sometimes in excess of a hurdle rate). All performance-based fees are subject to negotiation with each client, and agreed terms are reflected in a client's written agreement with MIMTA. In a MIMTA Pooled Vehicle, performance-based compensation also may vary by individual investor, and such accommodations may increase or decrease any such investor's returns relative to the overall returns of the MIMTA Pooled Vehicle return.

Performance-based fee arrangements create an incentive for MIMTA to recommend investments that may be riskier or more speculative than those investments that MIMTA would recommend under a different fee arrangement. To mitigate that incentive, MIMTA follows processes that ensure oversight of investments for such clients. In addition, Manulife and its affiliates co-invest from time to time beside certain clients, with the intent to align MIMTA's interests with the interests of those clients.

### *B. Side-By-Side Management*

MIMTA may manage concurrently accounts of different clients that invest in the same Timberland, Farmland and/or Plus investments, including clients that are charged management and/or performance-based fees calculated using different rates, as well as clients that are charged only asset-based fees, and other clients that are charged asset- and performance-based fees. In the event that some client accounts are charged performance-based fees but not others or at different rates, a conflict of interest may arise where MIMTA has an incentive to treat preferentially client accounts charged performance-based fees and those charged higher rates. That conflict also could arise because MIMTA or one of its portfolio managers or affiliates has an interest in the client account, such as an interest in the general partner or manager of a MIMTA Pooled Vehicle that receives the performance-based fee. In addition, although MIMTA will generally be investing or divesting for a single client with a particular strategy at any given time, there may be times where several MIMTA clients pursue overlapping strategies and/or have overlapping investment or divestment periods. MIMTA has adopted policies to allocate investment opportunities to its clients on a fair and equitable basis, notwithstanding any variation in compensation structure or the fact that MIMTA or its managers or affiliates may have a proprietary interest in a client account. Finally, as with all actual or potential conflicts, MIMTA's behavior is governed by its fiduciary duty to its clients as expressed in its Code of Ethics and described further in Item 11 of this Brochure.

If multiple clients invest in a single Timberland, Farmland or Plus investment, MIMTA may create a special purpose vehicle through which it will combine those client investments. Those clients, however, may be entitled to different information and/or liquidation rights, or may invest at different times based on changes in the values of the underlying investments, among other things. In addition, a default of one client's commitment to the special purpose vehicle may cause the special purposes vehicle to default on its obligations to third parties, causing a loss for all clients participating in that investment.



## **Item 7: Types of Clients**

MIMTA currently provides continuous and regular supervisory or management services to U.S. and non-U.S. institutional investors, such as pension plans, corporations, insurance companies, foundations, endowments and family offices, generally through separately managed accounts, as well as MIMTA Pooled Vehicles. MIMTA does not have, and does not expect to have, clients who are individuals. Each U.S. client must represent to MIMTA, among other things, that it meets the requirements of a “qualified purchaser,” as defined by Section 2(a)(51) of the Investment Company Act of 1940, at the time its account with MIMTA is opened. Other than “know-your-customer,” anti-money laundering, and other regulatory requirements, MIMTA does not have any other specific requirements for opening and maintaining an advisory account. For purposes of this Brochure, investors in most MIMTA Pooled Vehicles are not considered MIMTA’s clients. Instead, MIMTA considers each such MIMTA Pooled Vehicle to be its client.

MIMTA generally requires a client to contribute or commit to contributing at least \$150,000,000.00 to open a separately managed account. MIMTA reserves the right to reduce the minimum account-opening amount for any client. Capital contribution and commitment amounts to invest in a MIMTA Pooled Vehicle may be lower.

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

### ***Methods of Analysis and Investment Strategies***

In managing a client's investment portfolio, MIMTA identifies, reviews, analyzes, undertakes and supervises due diligence, recommends and negotiates opportunities for the client, taking into account the client's investment criteria and guidelines. MIMTA arranges debt financing, to the extent employed by a client (and generally, only when the client is a MIMTA Pooled Vehicle), and recommends, negotiates and supervises dispositions by of client investments. MIMTA also evaluates the feasibility of acquiring Timberland and Farmland investments and making Plus investments. In addition, MIMTA integrates sustainability and non-financial environmental, social and governance ("ESG") objectives into its investment process. While every investment is different, sustainability and responsible investing are central to MIMTA's investment process, from idea generation to transaction close. At the individual property level, MIMTA may hire property managers and provide budgeting operations.

MIMTA actively seeks acquisition opportunities for Timberland and Farmland investments in core investment regions, which currently include the U.S., Australia, New Zealand, Brazil, Chile, Uruguay, Canada and Europe. Regions may be considered non-core due to land ownership difficulties, such as lack of privatized land or predominance of small landholdings; tenure issues surrounding ownership; instability of legal systems and governments; or high Timberland/Farmland property values. Plus investments provide additional acquisition opportunities outside the Timberland and Farmland gate.

MIMTA determines with a client the client's investable universe for Timberland, Farmland and Plus, and makes its recommendations based on an assessment of the risk-adjusted returns that it believes are available in various countries where farm and forest investments are available. Within the core region, specific properties may be avoided when primary risks stem from sources other than growing and marketing crops. Properties not proximate to established markets, not subject to professional management, exposed to excess country risk, or having unacceptable property title concerns or environmental liabilities typify those properties that MIMTA attempts to avoid. In general, Timberland, Farmland and Plus investments outside the U.S. involve higher risk than similar U.S.-situated investments but offer compensatory increases in expected returns. Timberland and Farmland returns in different regions historically have been imperfectly correlated, making it more likely that a global portfolio will deliver targeted returns at lower risk.

Associated investment opportunities for a client may include value added and ecosystem services, such as carbon projects, mitigation banking, renewable energy generation, and recreation leases. Forest and farmland assets are thematic investments on an impact investment spectrum, meaning these assets directly contribute to global sustainability and responsible investment and ESG objectives. MIMTA also recognizes that the land can produce value beyond the food and fiber sold, and it actively identifies ways to enhance its client's investments in the land.

#### **A. Acquisitions**

MIMTA's process for making acquisitions on behalf of a client generally involves four phases: (a) portfolio assessment; (b) investment sourcing; (c) investment underwriting and valuation; and (d) investment recommendation and approval.

- *Portfolio Assessment* - The process begins with an assessment by the MIMTA portfolio management team assigned to the client (the "Portfolio Management Team"), of the portfolio's

current composition in the context of the client's investment guidelines and objectives. The Portfolio Management Team, in regular dialogue with the Timberland, Farmland and Plus investment acquisition teams and additional MIMTA investment team members, communicates regarding the client's preferred investment regions, investment types and characteristics, providing the acquisition teams with guidance on where to focus sourcing efforts.

- *Investment Sourcing* - In its investment sourcing efforts, MIMTA draws on internal expertise and support, including that of its integrated property management staff. MIMTA works directly with a number of strategic partners in key agricultural and timber industries to source investments.

MIMTA seeks to focus on opportunities where it feels it has a competitive advantage or is in a position to exploit market inefficiencies. MIMTA's competitive advantages include its considerable acquisition experience, global footprint with acquisition and operating teams in key regions of focus, and longstanding relationships with sellers, investment bankers, and diligence vendors. MIMTA also has a reputation for being able to close complex transactions, such as those related to water sources, taxes, land use or investment structure. Sellers of properties with complex issues often seek to engage with MIMTA in advance of notifying other potential transaction partners, giving MIMTA and its clients an opportunity to consider more, and typically better, investment opportunities than they otherwise would.

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

Potential acquisitions that meet investment and SRI screening criteria generally proceed to underwriting and valuation.

- *Investment Underwriting and Valuation* - MIMTA's underwriting and valuation processes are multifaceted and encompass input from the MIMTA acquisitions, property management, research, resource planning, legal, and the Portfolio Management Team and external legal and tax advisors, as appropriate. Once the acquisition team identifies a potential investment, field inspections of each prospective property are conducted by acquisition, property management and/or portfolio management personnel. MIMTA underwrites each potential investment based on experience in the area, knowledge of the commodity grown on the property and knowledge of the market. MIMTA focuses on valuing each investment according to what it believes can reasonably be expected on the property, not market benchmarks. MIMTA takes into consideration not only historical operating patterns and production, but also what its on-the-ground expertise can produce on the property. In the valuation process, capital expenditure plans are assessed and incorporated in the valuation. If a property is determined to provide a viable investment opportunity that meets MIMTA's requirements, the transaction proceeds through the investment recommendation and approval process.

For Plus investments that are operating companies, in addition to the asset-focused process described above, the team will focus on detailed review of target company financials, key customer and supplier contracts, employment contracts, and competitive positioning within the target company's marketplace, in order to appropriately develop longer-term projections based on the fundamentals of

the business. From time to time, third-party valuation resources will be engaged to assist, as well as a full legal and commercial due diligence process that includes quality of earnings, facilities/asset inspections, and buyer/supplier diligence. For supply chain assets, similar to the Farmland or Timberland valuation process mentioned above, asset inspections are conducted by acquisition, property management and/portfolio management personnel. At times, where necessary, industry experts are retained to assist in the inspection and analysis of the facilities. Supply chain assets are valued based on their facility age, underlying fundamentals such as storage capacity, utilization rates, contract status of suppliers and buyers, overall market saturation or competition, and replacement cost. MIMTA will also consider capital expenditures such as equipment replacement due to age or technological obsolescence and facility reconstruction or expansion needs.

To value potential acquisitions, MIMTA uses a variety of tools to develop cash flow models with consideration of a broad array of input factors appropriate for the specific crop and Timberland types being assessed. Examples include growth and yield, harvest scheduling, product pricing, management regime, silviculture, expected capital expenditures, planned redevelopment, and any expected miscellaneous revenues, such as those from hunting and recreation leases or higher and better use land sales. Models are built and maintained by MIMTA's analysts and reviewed by a wide range of MIMTA employees from acquisitions and economics employees to risk management and property management employees. MIMTA builds in appropriate environmental and social management regimes, constraints and encumbrances into its modeling to account for adherence to operating best practices and MIMTA's strong SRI ethic; examples include budgets for community relations and threatened and endangered species management. With this approach, MIMTA assures acquisitions are already or can be brought up to standard and achieve third party certification as appropriate.

The Portfolio Management Team works with the acquisition team to determine that an acquisition's capital and tax structure, risk-adjusted required return, investment terms and projected cash flow profile are developed consistent with the objectives of the client's portfolio.

Risk assessment is an important part of MIMTA's underwriting process, and a key component of the risk assessment is the determination of an appropriate risk-adjusted required return. MIMTA, through the collaboration of its economic research team, the Portfolio Management Team, MIMTA's resource planning and analysis team, and, from time to time, investment banks and/or third-party valuation resources, develops comprehensive views on these rates separate from specific acquisitions processes. These assessments are both quantitative and qualitative in nature. Some of the factors assessed are: (a) historical analysis of Timberland and Farmland investment return variance, and relationship with the broader financial markets; (b) country risk assessment, with respect to currency, inflation, political stability, government regulation complexity and business environment, among others; (c) reviews of internal market-based data, including product prices; (d) detailed cash flow analysis of a model farm to determine the reliability and sustainability of rental values and terms in comparison to current, historical and projected crop prices and input costs as they relate to operating margins; and (e) for operating companies, depth and experience of management teams are considered in establishing the required return. In addition, operating factors such as reliance on contracted or spot market supply relationships, are considered, along with buyer contract status, and reliance on export markets versus domestic market customers, as well as historical revenue and profitability growth.

A generic, regional risk-adjusted required return is established and then viewed in light of the specific risk parameters of the investment, to determine if a unique factor adjustment is warranted.

*Investment Recommendation and Approval Process* - The Portfolio Management Team considers the appropriate suitability of each opportunity in accordance with the client's investment guidelines and portfolio considerations. The Portfolio Management Team recommends investment opportunities for approval by the management committee created by MIMTA to review the Portfolio Management Team's recommendations (the "Management Committee"). The Portfolio Management Team's recommendations take into consideration the prior review and recommendations of the MIMTA Timberland or Farmland investment committee, as applicable. Plus investments follow the same process, with either Timberland investment committee or Farmland investment committee approval being necessary, depending on whether the opportunity is a Timberland or Farmland opportunity. Transactions are ultimately approved by MIMTA's Natural Resource Investment Committee (the "NRIC"). If a client has retained investment discretion, the client or its authorized representative must also consent to a transaction prior to its completion. Final investment allocations are made in accordance with MIMTA's capital allocation policies.

Prospective investments exceeding \$10,000,000 typically are reviewed and approved by the NRIC, which is composed of current and former investment professionals with expertise and experience in Farmland and Timberland investments. Approval of investments of \$10,000,000 or less are delegated by the NRIC to the Management Committee. The NRIC, however, retains oversight over all client investments and investments of \$10,000,000 and less, and all such investments are reported to the NRIC, after having been approved by the Management Committee. If a client has retained investment discretion, the client or its authorized representative must also consent to a transaction prior to its completion. After the closing of a transaction, the MIMTA acquisition team provides full acquisition data files to MIMTA's operations and property management teams for continued implementation of SRI priorities.

#### B. Hold/Sell/Dispositions

Active portfolio management, inclusive of a robust hold/sell process, is a key tenet of MIMTA's investment oversight. Optimizing investment performance on a risk-adjusted basis is critical. The Portfolio Management Team regularly conducts a "hold/sell" analysis of each investment of a client in the context of the client's investment strategy and in consultation with the broader organization, enhancing a holistic and informed approach.

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

In addition to dispositions originating with MIMTA's hold/sell process, the following are some alternative disposition strategies which may be employed with directly owned investment properties:

- *Sales of non-strategic parcels.* This analysis begins during the acquisition process but is specifically addressed in the operating plan for an investment shortly after acquisition. Parcels with unfavorable access, site quality or terrain may be sample candidates.
- *Sales of higher and better use ("HBU") parcels.* To the extent possible, HBU parcels are identified in the acquisition and operating plan stages. While HBU parcels may be appropriate for commercial real estate, more typically, the parcels are utilized for recreation, rural homes or mineral development.
- *Sales of environmentally sensitive parcels.* Identifying these parcels often involves leveraging relationships MIMTA has developed over time with conservation-based organizations and working proactively and cooperatively with these parties.
- *Opportunistic sales.* MIMTA is able to respond to unsolicited offers. Well-developed information systems, valuation discipline and seasoned experience enhances MIMTA's ability to determine a parcel's timber or agriculture production value and act quickly.

The Portfolio Management Team works closely with the operations and dispositions teams, among others, to enhance its hold/sell process and identify disposition opportunities. This comprehensive approach helps enhance consideration of a broader set of potential opportunities.

The Portfolio Management Team recommends dispositions to the Management Committee for approval. Prospective dispositions exceeding \$10,000,000 are reviewed and approved by the NRIC. Additionally, if a client has retained investment discretion that includes discretion on dispositions, the client or its authorized representative must also consent to the transaction prior to its completion.

### C. Plus Investments

MIMTA manages Plus investments to the same standards outlined above for Timberland and Farmland investments. For Plus investments that involve operating company investments, MIMTA also targets companies with superior management teams with clear domain expertise in the production, processing and marketing of the timber or crops sold by the target operating company, and it seeks to retain those teams by offering equity or incentive programs designed for long-term retention. MIMTA maintains an active board presence, utilizing its global experience in timberland and agricultural production, investment strategy and operations in order to assist its clients' portfolio companies to achieve their long-term objectives. From time to time, for vertically integrated operating companies with timberland or farmland operations, MIMTA may provide (through a MIMTA subsidiary) at the property level timberland or farmland management if MIMTA believes its scale and expertise can improve production outcome, measured by increased productivity, increased quality, or lower operating costs. In addition, for key supply chain investments, MIMTA focuses on acquiring or hiring the specialized talent necessary for managing the investment and maintaining oversight, either through MIMTA's property management function or active board representation.

#### D. Carbon-Focused Strategy

MIMTA, when pursuing a strategy focused primarily on generating carbon credits, typically will target improved forest management carbon projects on existing Timberland which have the ability to generate significant volumes of carbon credits. All forests, whether managed solely for traditional timber value or for carbon value, sequester carbon via biological forest processes including growth and long-term storage in harvested wood products. However, while traditional timber-only carbon sequestration can be recognized for greenhouse gas (“GHG”) accounting purposes, the associated carbon sequestration generally is not considered additional (i.e., beyond business as usual) and thus, is typically not recognized by current carbon markets as eligible to generate registrable carbon credits.

In pursuing its strategy, MIMTA intends to leverage its existing network of third-party carbon project developers, which have extensive project design and execution experience across voluntary and compliance forest-carbon protocols. These developers generally will analyze for MIMTA the suitability of, and then design, carbon projects. MIMTA expects (but it cannot guarantee) that all of its carbon projects will be verified and validated by an independent registry body and its accredited service providers, and then registered with leading compliance registries (e.g., the California Air Resources Board, the Australia Emissions Reduction Fund, the New Zealand Emissions Trading Scheme) or voluntary carbon registries (e.g., American Carbon Registry, Climate Action Reserve, Gold Standard, Verified Carbon Standard). While MIMTA may seek to register carbon credits for the compliance markets, its primary focus is the voluntary carbon markets.<sup>1</sup>

In pursuing its carbon strategy, MIMTA intends to:

- Use established carbon project protocols, including improved forest management, which involve changing management practices to sequester additional carbon above a business-as-usual baseline scenario, and afforestation or reforestation, which involves greenfield planting of new forests;
- Use leading and reputable carbon project intermediaries, including carbon project developers and independent validation and verification service providers approved by relevant carbon registries;
- Pursue carbon project activities according to best practices to generate real, additional and verifiable carbon sequestration that results in high-quality carbon credits for clients. All of MIMTA’s carbon projects are expected to be implemented and managed according to MIMTA’s “Carbon Principles,” which include policies addressing conservative baseline calculations, restrictions on intentional reversals and carbon credit buyer/carbon inset investor screening;
- Incorporate co-benefits, or additional social and ecological benefits, in all carbon projects where feasible, to support a range of stakeholders and the environment and to further increase carbon credit quality and investor return;
- Provide clients with the option to realize carbon value via market credit sales or direct in-kind carbon credit distributions; and

<sup>1</sup> The difference between a compliance and a voluntary market is that carbon credits in a voluntary market are typically generated outside of a regulatory context or framework. Carbon credits generated in the voluntary market usually cannot be used to fulfill obligations under an emissions reduction compliance regime.

- Pair carbon projects with conservation easements to ensure long-term Timberland protection and ecosystem conservation.

MIMTA's carbon projects will be based on established forest-carbon protocols, such as improved forest management and afforestation and reforestation. Improved forest management projects are intended to promote sustainably stocked forests. They often include older and more mature trees and may maintain high growth rates. Carbon value for improved forest management projects is generated through a change in management practices, such as extending harvest cycles or reducing harvest volumes. These management practices are expected to result in additional carbon sequestered or emissions avoided above a pre-defined baseline or business-as-usual scenario. Afforestation and reforestation projects are expected to generate carbon value through the planting of new trees on land that was either once forested or has not previously been forested. Afforestation and reforestation projects may generate significant carbon value for investors over time, as young trees typically sequester more CO<sub>2</sub> from the atmosphere than mature trees.

Accurately documenting the amount of carbon sequestered by a forest is a critical component of MIMTA's understanding the impact of improved forest management practices on a forest and realizing on the opportunity for a forest to combat climate change and generate carbon credits. The amount of carbon a forest stores generally is directly proportional to the volume of timber in that forest. Since 2008, MIMTA has tracked and quantified the carbon its forests sequester and store from the atmosphere on an annual basis using species, age, and regional biomass expansion factors (as developed by the U.S. Environmental Protection Agency and others) applied to standing timber inventory estimates.

#### E. Property Management

MIMTA believes integrated property management provides better alignment of interest between clients 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. MIMTA's guiding philosophy is that good stewardship is good business. To apply this type of management, MIMTA focuses on achieving client objectives, while continually balancing Timberland and Farmland property management, stewardship and sustainability practices, and risk reduction decisions.

MIMTA's approach to Timberland and Farmland property management is based on the following objectives: (a) align the property management interest with client's objectives through integrated property management services; (b) seek to protect and secure investor assets to minimize risk; (c) enhance the value of a client's Timberland and/or Farmland assets through the appropriate application of silvicultural and agricultural technologies; (d) provide high quality property management, including quality of service, at a competitive cost and annually benchmark property management costs and service quality against alternatives; and (e) provide 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.

From time to time, for vertically integrated operating companies with Timberland or Farmland operations, MIMTA may provide (through a MIMTA subsidiary) Timberland or Farmland property management if MIMTA believes its scale and expertise can improve production outcome, measured by increased



productivity, increased quality, or lower operating costs. In addition, for key supply chain investments, MIMTA focuses on acquiring or hiring the specialized talent necessary for managing the investment and maintaining oversight, either through MIMTA's property management function or active board representation.

MIMTA forest and farmland managers integrate sustainable and responsible investing into property management through implementation of stewardship principles aligned with third-party certification standards in sustainable forestry and agriculture. In North America, MIMTA manages forests according to the Sustainable Forestry Initiative® ("SFI"); in Australia, New Zealand and Chile, all qualifying investments are Forest Stewardship Council® ("FSC") certified and many are dual certified where standards endorsed by the Programme for the Endorsement of Forest Certification ("PEFC") schemes exist (e.g., Australia, New Zealand). MIMTA is committed to certifying all eligible farmland to the Leading Harvest Farmland Management Standard and, to date, all U.S. managed farmland properties have achieved this certification.

Specifically, MIMTA manages its clients' properties according to the following priorities: long-term sustainable harvest; forest and soil health and productivity; protection and maintenance of water resources; conservation of biodiversity; energy efficiency, reduced emissions, and good air quality; protection of special sites; management of visual quality and recreational benefits; efficient production, waste prevention, and waste management; employee empowerment; contribution and outreach to local communities; legal and regulatory compliance; and continual improvement.

In 2016, MIMTA celebrated the planting of its one-billionth tree. MIMTA strives to practice a land stewardship ethic that integrates the growing, managing, and harvesting of trees and crops with the conservation of soil, air, water quality, biological diversity, wildlife habitat, aquatic habitat, recreation, and aesthetics. MIMTA also actively engages in conservation transactions for clients to protect sensitive lands through direct sale or conservation easements. These stewardship practices enable MIMTA to actively manage and protect its clients' investments in a way that maintains and enhances economic, community, and natural resource values.

#### F. Environmental, Social, and Corporate Governance Practices

MIMTA is committed to responsible investing and sustainable management of its clients' assets. MIMTA 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. MIMTA 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. All investments are made in a manner consistent with the United Nations Principles of Responsible Investing, to the extent applicable.

As a steward of major Timberland and Farmland holdings throughout the world, and an active member of the communities in which it operates, MIMTA recognizes the importance of sustainable Timberland and Farmland management. MIMTA 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. The SRI strategy has five priorities or "pillars": Ecosystem Resiliency; Watershed Protection; Climate Stability; People Empowerment; and Community Prosperity. Rather than ideals, these are essential strategies to maximize value, and MIMTA embraces them as core guiding principles in its investment process and property management.

## G. 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. MIMTA 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).

### *Risks of Loss*

Investing in Timberland, Farmland and Plus investments involves the risk of loss. MIMTA's clients should be prepared to bear that risk.

#### A. Risks Related to Timberland Investments, Farmland Investments and Certain Plus Investments

*Forest Products Prices.* Prices of traditional forest products can be expected to fluctuate. The demand for one or more commodities is affected by numerous factors, including weather conditions, quality of commodity, supply and demand for such commodity in the U.S., changes in global demand resulting from population growth and changes in standards of living in one or more international markets, and relative strength of local currency.

*Crop Prices.* Prices of crops and commodities can be expected to fluctuate. The demand for one or more commodities is affected by numerous factors, including weather conditions, quality of commodity, supply and demand for such commodity in the U.S. and in one or more international markets, relative strength of local currency, government farm programs and policies, demand from the biofuels industry, price volatility as a result of increased participation by non-commercial market participants in commodity markets and changes in global demand resulting from population growth and changes in standards of living. In addition, an increase in raw material prices, such as fertilizer, may have an adverse effect on the operations of the tenants of a client's investments and their ability to pay rent to the client.

*Competition in Timber and Farmland Products Markets.* The markets for timber and the farmland products produced and grown by MIMTA clients are predominantly global in nature and very competitive. The competition is based on both price and quality differentials as compared to other producers and growers, both in the U.S. and internationally.

*Weather; Natural Disasters.* Timberland and Farmland investments, as well as certain Plus investments, are subject to damage from fire, flood, frost, drought, insects, disease, storms and/or poor pollination. Productivity may be lost as a result of adverse weather conditions such as drought or excessive heat or cold. Consistent with local timberland industry practice, a client may or may not maintain insurance against such risks. Consistent with local farmland industry practice, tenants may not be required to carry crop insurance, and MIMTA will determine if insurance on directly operated crops is warranted. When authorized by a client, MIMTA attempts to manage these risks through the geographic dispersion of the Timberland and Farmland in which MIMTA invests that client's assets and the diversity, in the case of Timberland, of age class and tree species raised, and in the case of Farmland, of the types of annual and perennial crops raised.

*Access to Water.* Water is of primary importance to sustainable farmland production. However, in many jurisdictions access to water is increasingly scarce, is regulated or is required to be acquired separately from an investment in farmland. For example, in certain states the supply of irrigation water is regulated

by a governmental authority which limits access to natural water resources by licensing farms to use a prescribed volume of water. As part of its acquisition diligence, MIMTA seeks to ensure that the proposed investment has adequate rights, based on the type of investment, to quality and dependable water supplies. MIMTA also implements water planning processes with respect to a client's investments, if applicable, and assesses opportunities for and invests in water conservation technology and infrastructure as appropriate. There is no assurance, however, that a client's investments will be successful in maintaining adequate water supplies or water supplies at an economic cost. A lack of rain, increases in water prices and the loss or reduction in access to irrigation water or the availability of water rights can have an adverse effect on the cost and quantity of production on, and may limit the types of crops that can be grown on, a Farmland Investment.

*Government Regulation.* Farmland production is significantly affected by government policies and regulations. Governmental policies affecting the farmland industry, such as taxes, tariffs, duties, subsidies and import and export restrictions on farmland commodities and commodity products, as well as current or potential climate change regulations, can influence industry profitability, the planting of certain crops versus other uses of farmland resources, the location and size of crop production, whether unprocessed or processed commodity products are traded and the volume and types of imports and exports. In addition, international trade disputes can adversely affect farmland commodity trade flows by limiting or disrupting trade between countries or regions. Future government policies may adversely affect the supply, demand for and prices of crops and commodities, may restrict the ability of the tenants of a client's Farmland to do business in their respective target markets and could cause the client's account to suffer financially.

*Environmental Protection.* In managing client assets, MIMTA implements a variety of sustainable management practices designed to conserve resources and avoid environmental damage. MIMTA's management of all Timberland investments and Farmland investments generally meets or exceeds all relevant regulations related to protection of the environment. In addition, MIMTA manages all eligible Timberland in a manner which will permit independent certification of conformity with credible forest certification standards, which may include SFI, FSC, Australian Forestry Standard, and other standards endorsed by PEFC schemes. MIMTA uses practical metrics to track, improve, and report sustainability performance of Farmland investments. With respect to sustainable management of both investment types, regulations and standards may change, which may require additional capital expenditure or increased operating expenses.

*Potential Environmental Liability.* In addition to laws that regulate forestry and farmland operations as well as environmental protection, owners and operators of real estate may have liability for the clean-up and remediation of contaminated land and waters (including groundwater) found to pose a threat to human health or the environment. MIMTA seeks to understand and quantify the risk of such potential liability through environmental site assessments (including Phase I and, if necessary, Phase II), but there is no assurance that MIMTA has been or will, in the future, be successful in assessing and avoiding any such liability.

*Risks of Leverage.* Certain clients may borrow a portion of their investment proceeds in order to acquire specific Timberland, Farmland or Plus investments, which may be secured by all or some of the client's assets in its MIMTA account. The use of leverage involves a high degree of financial risk and may increase the exposure of the client or its investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties or assets underlying such investments. Principal and interest payments on any indebtedness of a client must be made when they become due

and payable, regardless of whether sufficient cash is available. If a client defaults in paying such principal and interest, the lender may foreclose on the client's assets securing such debt, possibly resulting in the complete loss of the client's capital invested in the particular investment (or portfolio if the debt is secured by more than one investment) and recourse by the lender to the client's other assets.

*Non-Controlled Investments.* Some of MIMTA's clients may be commingled vehicles formed for the purpose of investing in Timberland, Farmland or Plus investments. MIMTA or its affiliates may not own a controlling interest in some of these investments. Those investments may involve risks that are not present in other types of investments, such as the possibility that the commingled vehicle or other investors in the commingled vehicle have economic or business interests or goals inconsistent with those of MIMTA. Actions taken by those persons may subject the investment to liabilities in excess of, or other than, those contemplated by MIMTA. It may also be more difficult for MIMTA to sell its interest in those investments. In situations of shared control over an investment, deadlocks could result that could adversely affect the investment's return or value.

*Minority Investments.* If a client holds a minority investment, MIMTA may seek to secure adequate minority protection rights in the portfolio company's constitutional documents and shareholders' agreement commensurate with the size of the client's contemplated ownership stake, including, without limitation, board representation, preemptive rights in respect of new issuances, tag-along rights on sales by the majority owners, liquidity rights, veto or similar consent rights in respect of self-dealing by the majority owners and, where appropriate, consultation and/or consent rights over other significant company actions. MIMTA may also seek additional negative controls such as the ability to approve budgets and to block or limit acquisitions or divestitures, increases in debt, management changes or management compensation.

However, there can be no assurance that these measures will be agreed to or, if agreed to, will give the client the influence it would need to protect its investment. As a result, the client will be subject to the risk that a portfolio company that it does not control, or in which it does not have a majority ownership position, can make business decisions with which it disagrees, and the equity holders and management of such portfolio company might take risks or otherwise act in ways that are adverse to the client's interests. Moreover, now or in the future, the legal systems in certain countries in which the client may invest may provide inadequate legal remedies for breaches of contract, which could adversely affect the client's minority investments and rights under shareholder agreements.

*Uncertainty of Projections.* MIMTA's determination to make a particular investment will be based on a variety of projections, including projections regarding future growth rates and tenant demand in the applicable market, construction costs, rental and lease-up rates, and disposition timing and proceeds, all of which are inherently uncertain. To the extent that the actual outcome of any of such matters (as well as any matter relevant to such determination by MIMTA) differs from that assumed by MIMTA, actual returns to investors could be materially affected and could be materially lower than those projected by MIMTA.

*Possibility of Litigation.* In the ordinary course of its business, a client's assets managed by MIMTA may be subject to litigation from time to time. The outcome of such proceedings may adversely affect the value of the client's assets and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of MIMTA's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Lack of Liquidity.* Investments in Timberland, Farmland and Plus investments or interests therein are highly illiquid and subject to economic cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors (whether to finance or refinance its investments or for potential purchasers of such investments). Accordingly, there can be no assurance that MIMTA will be able to vary a client's portfolio promptly in response to changes in economic or other conditions.

*Valuation Risk.* MIMTA has adopted a valuation policy with the purpose of obtaining consistent, reliable estimates of the fair value of its clients' properties and portfolios. MIMTA's valuation policy provides MIMTA with discretion as to certain matters related to the valuation of a client's assets, which may present a potential conflict of interest, since the estimates of value directly impact the determination of the values of the client's asset, the reported performance of the client's account, and the investment management fees and/or performance-based fees due to MIMTA or its affiliates. Valuing investments and related assets is subject to uncertainties and there is no guarantee that values determined by MIMTA will represent the value that could be obtained for an asset if it were then disposed of in a market sale or when it is ultimately disposed.

A major component of MIMTA's valuation policies are its policies and procedures for the appraisal of Timberland investments by independent third-party timberland appraisal firms. Valuing properties held primarily for the generation of carbon credits is relatively new. Property appraisers will typically use both comparable sale and discounted cash flow techniques to determine asset valuation estimates. Comparable sales of Timberland investments held primarily for the generation of carbon credits may not be available, and the use of sales of Timberland investments held primarily for commercial timberland production as comparable sales may not accurately reflect the current value of such Timberland investment. Timberland appraisers may not be as familiar with the value of carbon projects on a property and the value of the carbon credits expected to be generated by such carbon project and the discount rates applied by appraisers in the valuation of Timberland investments held primarily for carbon sequestration may be higher than rates applied to discount rates to Timberland investments held primarily for commercial timberland production. As a result, the actual market value of the Timberland investments may be less or greater than the appraised values and the difference may be material.

MIMTA has also developed a carbon credit valuation policy for the valuation of carbon credits generated on client properties. Given the limited price transparency of the carbon markets, particularly the voluntary markets, the value of a carbon credit held for sale or distributed in kind before it is sold (or is subject to a binding contract for sale) must be determined based on available information, some of which may not be available as of the date the value is to be determined, such as a comparable sales or the receipt of an independent assessment of value or extrapolations from publicly available carbon indices. While MIMTA believes its carbon credit valuation policy provides a reliable basis for the valuation of carbon credits held by its clients for sale or distributed to investors, such estimates may be more or less than the sale price that could be obtained if such carbon credit were sold or offered for sale as of the date of such determination.

## B. Risks Specific to Non-U.S. Investments

MIMTA acquires Timberland investments, Farmland investments and Plus investments where the real property or assets are located outside of the U.S. These investments are subject to the following additional principal risks:

- *Political and Economic Factors.* The economies of particular foreign countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments in certain of the foreign countries in which MIMTA may invest client assets participate to a significant degree, through ownership interests or regulation, in their respective economies. Action by these governments or political instability in a country could have a significant effect on market prices of Timberland investments, Farmland investments or Plus investments in such countries. With respect to certain foreign countries, there is the possibility of nationalization, expropriation, confiscatory taxation, political changes, government regulation, social instability or diplomatic developments that could affect adversely the economy of such country or the Timberland investments, Farmland investments or Plus investments in such country.
- *Investment and Repatriation Restrictions.* Investment in real estate or assets located in countries outside the U.S. is restricted or controlled in varying degrees. These restrictions may limit and at times preclude investment in these foreign countries and may increase the costs and expenses of a client. In addition, the repatriation of both investment income and capital from certain foreign countries is restricted and controlled under certain regulations, requiring in some cases the need for governmental consents.
- *Currency Fluctuations.* For purposes of managing and evaluating potential and existing client Timberland investments, Farmland investments and Plus investments, MIMTA values those investments in U.S. dollars. To the extent unhedged, the U.S. dollar value of a client's non-U.S. dollar investments will fluctuate with U.S. dollar exchange rates as well as the asset value changes of such non-U.S. dollar investments in local markets. Thus, an increase in the value of the U.S. dollar compared to the currencies of other countries in which MIMTA has made client investments will reduce the effect of increases, and magnify the U.S. dollar equivalent of the effect of decreases, in the values of the investments in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on MIMTA's non-U.S. dollar investments.
- *Other Risks of Foreign Investment.* MIMTA's Timberland investments, Farmland investments and Plus investments outside the U.S. may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign investments and possible adoption of governmental restrictions which might adversely affect the distributions to investors located outside the country of the Timberland investment, Farmland investment or Plus investment, whether from currency blockage or otherwise. Income received by a client from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a client will reduce its net income or return on Timberland investments, Farmland investments or Plus investments in such countries, and may not be creditable on a client's U.S. tax returns. Additionally, it is possible that one or more foreign jurisdictions could impose income tax withholding obligations on a client or its Timberland

investments, Farmland investment or Plus investments because the client is directly or indirectly invested in a real property holding company in such jurisdiction.

### C. Risks Specific to Plus Investments

*Plus Investment Initiative.* MIMTA may from time to time have authority from a client to strategically pursue opportunistic Plus investments, which may be related to, or independent and separate from, Timberland and/or Farmland investments owned by the client, when market conditions warrant. MIMTA believes that these types of investments, representing in some instances, a trend toward vertical integration of real estate and processing operations relating to the products of such real estate, will add value and provide broader access to investment opportunities to, and augment diversification of, a client's investment portfolio. This strategy may include investments in operating companies that process, store or market crops or timber products, and is a deviation from the historical investment focus of most MIMTA-managed investment vehicles in Farmland and Timberland. MIMTA may not be successful in anticipating the demand for these products and services, in establishing the requisite infrastructure to meet customer demands or the provision of these value-added services. There can be no assurance that MIMTA will be able to successfully pursue Plus investments in accordance with its expectations and may be unsuccessful in carrying out its acquisition strategy. As with any investment, MIMTA's acquisitions may not perform in accordance with expectations.

*Limited History.* Although MIMTA has made and operates various operating company investments on behalf of clients, investing in Plus investments is a more recent trend and therefore, MIMTA has a more limited history making Plus investments. This may cause MIMTA to incur unforeseen or increased costs in pursuing and consummating these investments and may result in an adverse effect on the performance of a client account, and it may be more difficult to make accurate predictions and forecasts with respect to these types of investments. It may also require MIMTA to hire employees or engage advisers with particular expertise and operating experience. These persons may not be available at the time needed by MIMTA, which may result in an adverse effect on the performance of a client account.

*Integration.* The integration of Plus investments that are included as Timberland investments and Farmland investments into a client's investment strategy may not result in any or all of the benefits anticipated by MIMTA, including cost synergies. MIMTA may not be able to accomplish the integration process smoothly or successfully. The necessity of coordinating geographically separated organizations, systems and facilities and addressing possible differences in business backgrounds, corporate cultures and management philosophies may increase the difficulties of integration. Failure to effectively integrate these investments could adversely impact the expected benefits of the acquisitions, including cost synergies arising from supply chain efficiencies, merchandising activities and overlapping general and administrative functions. Furthermore, during the integration planning process, MIMTA may encounter additional challenges and difficulties, including those related to managing a larger combined company; streamlining supply chains, consolidating corporate and administrative infrastructures and eliminating overlapping operations; retaining existing vendors and customers; unanticipated issues in integrating information technology, communications and other systems; and unforeseen and unexpected liabilities related to acquisitions. Delays encountered in the integration could adversely impact the business, financial condition and operations of assets held in a client account.

*Labor.* The operation of Plus investments, which includes certain types of distribution operations, may depend on the availability and relative costs of labor and maintaining good relations with employees and labor unions. If MIMTA fails to maintain good relations with employees or labor unions, the operation of

these investments may suffer from labor strikes or work stoppages, which could adversely affect the performance of a client's account.

*Regulation.* Plus investments may be subject to extensive government regulation, including regulation of the manufacturing, transportation, processing, product quality, packaging, storage, import, export, distribution and labeling of products. There may be changes in the legal and regulatory environment, and governmental entities or agencies in jurisdictions where a client maintains Plus investments may impose new manufacturing, transportation, processing, packaging, storage, import, export, distribution, labeling or other restrictions, any of which could increase the costs and affect its profitability of a client's account.

*Food Safety.* Plus investments that manufacture or process food products will be required to comply with requirements for certain certifications for food safety from the Food and Drug Administration, the U.S. Department of Agriculture and other national, state and local authorities and third-party organizations. Food manufacturing facilities and products are also subject to periodic inspection by federal, state and local authorities, and state regulations are not always consistent with federal regulations or other state regulations. Any changes in laws and regulations applicable to food products could increase the cost of developing and distributing products and otherwise increase the cost of conducting businesses owned by a client, any of which could materially adversely affect the performance of a client's account. In addition, if MIMTA or one of its Plus investments fails to comply with applicable laws and regulations the client and/or the investment may be subject to civil liability, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, any of which could have a material adverse effect on the investment's business, financial condition, results of operations or liquidity. Regardless of whether such claims against a client or an investment are valid, they may be expensive to defend and may generate negative publicity, both of which could materially adversely affect the performance of the client's account.

*Permits.* MIMTA's investments in Plus investments that are operating companies may be subject to various national, regional or state and local laws and regulations that require the client or its investment to obtain licenses relating to customs, health and safety, building and land use and environmental protection. The client and/or the investment may also be subject to environmental regulations governing the discharge into the air, and the generation, handling, storage, transportation, treatment and disposal of waste materials as well as regulations relating to noise and odor. New or amended statutes and regulations, increased production at a client's existing facilities and expansion into new operations and jurisdictions may require new or additional licenses and permits, could require MIMTA to change its methods of operations, and could require MIMTA to implement remediation plans, any of which could be costly. Failure to comply with applicable laws and regulations could subject a client or the client investment to civil remedies, including fines, injunctions, recalls or seizures, as well as possible criminal sanctions, all of which could have an adverse effect on the performance of the client's account.

*Competition.* The consolidation of manufacturing or processing operations that are acquired by MIMTA as Plus investments may reduce the number of operators of such manufacturing or processing operations, which may in turn reduce competition, increase transportation costs, or adversely affect the price of products that are manufactured or processed by such operations.

*Manufacturing Disruption.* Any of the processing or manufacturing facilities managed by MIMTA for its clients, or any machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including: unscheduled maintenance outages; prolonged power failures; equipment failure; chemical spill or release; explosion of a boiler; fires, floods, windstorms, earthquakes, hurricanes or other severe weather conditions or catastrophes, affecting the production of goods or the



supply of raw materials; the effect of drought or reduced rainfall on water supply; labor difficulties; pandemics; disruptions in transportation or transportation infrastructure, including roads, bridges, rail, tunnels, shipping and port facilities; terrorism or threats of terrorism; cyber-attack; and other operational problems. MIMTA cannot predict the duration of any such downtime or extent of facility damage. If a facility or machine related to one of MIMTA's Plus investments were to incur significant downtime, the ability of such operation to meet its production targets and satisfy customer demand could be impaired, resulting in lower sales and income. Additionally, those machines or facilities may require significant unplanned capital expenditures.

*Joint Ventures.* Some pooled investment vehicles in which clients may invest may be structured as joint ventures. In a joint venture, the client would share ownership and, to the extent it has a majority ownership stake, management of an investment entity with one or more parties who may or may not have the same goals, strategies, priorities or resources as it. Operating as a joint venture often requires additional organizational formalities as well as potentially time-consuming procedures for sharing information and making decisions. In a joint venture, the client's relationship with its co-owners may significantly impact the operation of the joint venture and any change in the ownership of the joint venture may adversely affect the client's interest in the joint venture. In situations of shared control over a joint venture, deadlocks could result that could adversely affect such investment's return or value or a forced sale of the underlying investment.

#### D. Risks Specific to Carbon Credits

*Volatility of Voluntary Carbon Markets.* MIMTA expects to predominately register its carbon credits for use in the voluntary carbon markets. Carbon markets, particularly voluntary carbon markets, are still evolving and volatile in pricing. There are no assurances that MIMTA will be able to timely sell the volume of carbon credits that it has elected to sell or the prices at which such carbon credits can be sold. The price at which the carbon credits may be sold will be influenced by a number of factors beyond MIMTA's control, including the demand for carbon credits on the voluntary carbon markets, which are global in nature. The demand and pricing for carbon credits will also be affected by the market's perception as to the quality of the carbon credits. Generally high-quality carbon credits must be (a) additional, (b) not overestimated, (c) permanent, (d) exclusively claimed (no double counting) and (e) not associated with significant social or environmental harm.

*Reduced Demand for Carbon Credits.* The demand for carbon credits on the carbon markets is driven by political and social commitments to the goal of reducing GHG emissions. Without such a commitment, the carbon markets could cease to exist or the price of carbon credits could fall to an unsustainable level. The demand for, and the market price of, carbon credits can also be adversely affected by any number of other factors, including the implementation of lower emission infrastructure, an increase in the number of projects generating carbon credits, invention of new technology that assists in the avoidance, reduction or sequestration of emissions on a more economic basis, increased use of alternative fuels, a decrease in the price of conventional fossil fuels, increased use of renewable energy, the implementation and operation of carbon pricing initiatives such as carbon taxes, the market's view of the quality of the carbon credits and public perception that the acquisition of carbon credits generally merely enables a company to continue polluting rather than taking the necessary steps to actually reduce their carbon footprint. Ultimately, if the cost of a carbon credit exceeds the cost of alternative methods of reducing GHG emissions, that can diminish or eliminate the need for carbon markets. There can be no assurance that compliance or voluntary carbon markets will continue to exist.

*Uncertainty of Carbon Credit Regulations and Taxation.* Carbon credits are an emerging and evolving asset class, and thus the regulatory and taxation rules that apply to them are also emerging and evolving. Currently, there is only limited regulatory and tax guidance on how to treat carbon credits and various transactions in respect of the same. Potential investors should consult with their own regulatory and taxation advisors with regard to these matters.

*Availability of Carbon Credits.* MIMTA cannot make any assurances as to whether it will be successful in implementing carbon projects on its Timberland and Farmland investments or in generating carbon credits for sale or distribution to investors. The generation and registration of carbon credits can be a lengthy one (typically, one to five years) and is a rigorous and complex process that first requires the validation of the proposed carbon project as meeting the approved standards and methodologies specific to the type of project and carbon registry on which the carbon credits from the project are proposed to be registered and then verification on a periodic basis of the project's GHG emissions capture or reductions based on those standards by a third-party standards organization. Carbon credits are generally issued by a carbon registry only upon its approval of the verification report issued for the applicable verification period. There is no assurance that any of the carbon projects ultimately proposed or developed by MIMTA will be able to meet the applicable standards for the issuance of carbon credits on a desired carbon registry or that the generation and registration of MIMTA's carbon credits will not take longer than expected. Any change to validation or verification standards could adversely affect MIMTA's ability to generate and register carbon credits. The inability to meet those standards or the delay in the development, validation or verification of MIMTA's carbon projects will have a material adverse effect on MIMTA's ability to allocate carbon credits to its clients and meet the clients' investment objectives.

Even if MIMTA is able to generate carbon credits from carbon projects on its Timberland investments, the ability of MIMTA to distribute them to clients in kind may be limited. Once issued, a carbon credit may be transferred only in compliance with the requirements of the applicable carbon registry, which will likely include that the transferee have an account on such registry. The ability of a client to meet the requirements for holding an account on any specific carbon registry is difficult to predict and may depend on the domicile of client, whether the credits are being registered for the compliance market or the voluntary market or other criteria beyond a client's or MIMTA's control. The distribution and/or sale of carbon credits may also be subject to limitations based on the local laws applicable to such carbon project, including limits on the transfer or cross-border transfer of carbon credits. The inability of MIMTA to distribute carbon credits in kind, transfer carbon credits cross-border or to sell carbon credits in any particular market, will have a material adverse effect on a client account's ability to meet its investment objectives.

*Risk of Encumbrances.* At the direction of a client, MIMTA expects to engage in value-added strategies through the sale of conservation easements. The potential land value of affected Timberland and Farmland investments may be impaired by conservation easement and carbon project restrictions on land use. Depending on the specific terms of each agreement, conservation easements may encumber future landowners from engaging in certain activities including sub-dividing parcels, restricting public access, changing land use or harvesting certain amounts of timber. Carbon projects typically require a permanence period of at least 40 years whereby a minimum timber and carbon stocking is required to maintain the carbon sequestration associated with previously issued carbon credits. Future landowners may be limited in the amount of timber harvests they may pursue on properties with carbon projects. MIMTA expects the value generated by conservation easement sales and carbon credit generation to compensate for the potential value impairment associated with such activities. MIMTA also expects conservation easement and carbon project harvest limitations to result in increased timber inventories at

the time of disposition that could further provide value enhancement, however, there is no guarantee that this will be the case. In addition, MIMTA will target conservation and impact-oriented buyers such as conservation non-profits, land trusts and government entities that may fully value portfolio properties and their associated ecological and societal benefits.

*Existing Carbon Trading Markets May Become Obsolete.* Carbon trading is regulated in certain jurisdictions or can be voluntary. When regulated (e.g., in the European Union and in the Western Climate Initiative jurisdictions), governments compel parties to meet predetermined regulatory targets through technological improvements or through the purchase of carbon credits. The global voluntary and compliance carbon markets, however, are continuing to evolve in terms of regulation and standards. Most countries, including the U.S., have yet to implement Article 6 of the Paris Agreement and as a result the impact of Article 6 on the carbon markets or a client's investment strategy or ability to meet its investment objectives remains unknown. Any adverse new or changes to the laws, policies or regulations with respect to the carbon markets, whether by the applicable carbon registries or governmental entities (including changes to the regulation of a country's carbon markets, the imposition of mandatory carbon credit levies, taxes or mandatory "contributions," imposition of limits on international trading of carbon credits generated in-country or the nationalization of the carbon registries on which in-country carbon credits are traded), could render existing carbon market trading systems, or MIMTA's expertise in carbon trading, obsolete or limit MIMTA's access to the carbon trading markets, any of which could cause MIMTA not to be able to implement its investment strategy or achieve its clients' investment objectives.

#### E. Other Investment Considerations

Certain conflicts of interest with respect to MIMTA's clients may arise from time to time with respect to client investments in Timberland investments, Farmland investments and/or Plus investments. For further information relating to conflicts of interest, see Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," below.

**Item 9: Disciplinary Information**

MIMTA 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 MIMTA's investment management or other businesses or the integrity of its management.

MIMTA's response in this Item 9 is limited to MIMTA, its subsidiaries and the investment vehicles it manages. It does not include disciplinary information relating to MIMTA's ultimate parent, Manulife, or Manulife's other subsidiaries.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Broker-Dealer Registrations

At least one of MIMTA's management persons is a registered representative of a broker-dealer. That person is registered with John Hancock Investment Management Distributors LLC, which is an affiliate of MIMTA.

### B. Commodity and Futures Regulatory Registrations

Neither MIMTA nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

### C. Material Relationships

As noted in Item 4 "Advisory Business," above, MIMTA is an indirect, wholly owned subsidiary of Manulife. Manulife also is the indirect parent company of the following related persons, each of which has a relationship that is material to MIMTA's advisory business or its clients. These affiliates are located both within and outside the United States.

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 (Ireland) 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 MIMTA and one or more key affiliates that are material to MIMTA's advisory business and/or to its clients:

- MIMTA 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 interest in MIMTA Pooled Vehicles ("MIMTA fund interests"). In addition, pursuant to this agreement, certain employees of MIMTA, as well as certain employees of Manulife Investment Management (US) LLC, are registered representatives of JHD, JHIMD and, in this capacity, they may receive transaction-based compensation relating to their sales of MIMTA fund interests. MIMTA does not believe such relationships or sales activity by the affiliated personnel create a material conflict of interest between MIMTA and its clients.
- MIMTA 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 MIMTA fund interests to institutional investors who reside outside the US. MIMTA does not believe such relationships create a material conflict of interest between MIMTA and its clients.

- MIMTA and certain affiliates serve as the general partner (or in a similar capacity) of certain MIMTA Pooled Vehicles. Manulife Investment Management (Ireland) Limited serves as the “alternative investment fund manager” of certain E.U.-organized MIMTA Pooled Vehicles offered primarily to E.U. investors pursuant to pan-E.U. marketing passport available pursuant to the E.U.’s Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (“AIFMD”). To mitigate conflicts of interests, these MIMTA Pooled Vehicles are treated as clients for purposes of MIMTA’s policy on allocations of investment and disposition opportunities.
- MIMTA may solicit separately managed account clients to invest in MIMTA Pooled Vehicles. These recommendations can create conflicts of interest between MIMTA and those solicited clients. For information on how MIMTA mitigates such conflicts of interest, see “*Conflicts with Respect to the Offer and Sale of Interests in MIMTA Pooled Vehicles to Separately Managed Account Clients*” in Item 11 below.
- MIMTA, from time to time, may engage an affiliate to provide cash management services to certain MIMTA client portfolios. MIMTA generally pays the affiliate a fee for providing those services, which MIMTA pays from the fees it receives from its clients. Accordingly, MIMTA does not believe such relationships create a material conflict of interest between MIMTA and its clients.
- MIMTA manages fixed income assets owned by various other direct or indirect wholly owned Manulife subsidiaries, including JHUSA (general account and insurance separate accounts) and Manufacturers Life Insurance Company.
- Certain Manulife subsidiaries currently are, and from time to time have been, significant investors in MIMTA Pooled Vehicles. These arrangements create a conflict of interest between MIMTA and its clients because MIMTA may be incentivized to provide more favorable investment opportunities to the MIMTA Pooled Vehicles in which its affiliates invest. However, this conflict of interest is mitigated by the use of MIMTA’s allocation policy for new investment and disposition opportunities. For more information on MIMTA’s allocation and disposition policy, please see Item 11 “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading,” below.

Except as otherwise noted, MIMTA does not believe such relationships create a material conflict of interest between MIMTA and its clients. However, a potential conflict of interest may arise with respect to the accurate allocation of reimbursable expenses between MIMTA and such affiliate(s). This conflict of interest is mitigated by MIMTA’s procedures and controls designed to ensure reimbursements are processed in accordance with the specific agreements between MIMTA and such affiliate(s). For additional information, please see Item 11.B.2. “Certain Expense and Acquisition Allocation Policies,” below.

For contractual, regulatory and other business reasons, the Investment Division of Manulife Financial Corporation maintains an information barrier between Manulife Investment Management Public Markets (“MIM Public Markets”), Manulife Investment Management Private Markets (including MIMTA) 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 Manulife Investment Division Information Barrier Protocol was established to grant a limited communication exception between certain MIMTA persons and certain MIM Public Markets persons, including compliance controls to ensure the overall integrity of the established information barrier.

D. Other Investment Advisers

If permitted under MIMTA's investment management agreement with a client, MIMTA could select other affiliated and non-affiliated investment managers to provide certain investment management services to that client. Additionally, and as described in Item 10.C., Manulife Investment Management (Ireland) Limited delegates certain portfolio management duties to MIMTA related to a MIMTA Pooled Vehicle relying on an AIFMD pan-E.U. marketing passport.

All investment management arrangements with affiliates are conducted on what are believed to be an arm's-length basis so as to neither advantage nor disadvantage MIMTA's other clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

MIMTA has adopted the Manulife General Account and Global Wealth and Asset Management Code of Ethics ("Code"), which sets forth standards of integrity and ethical business conduct expected of all Manulife General Account and Global Wealth and Asset Management advisory personnel, including all directors, officers and employees of MIMTA. The Code includes provisions relating to general fiduciary principles and business conduct, a prohibition on insider trading, and personal securities trading procedures, among other things. The Code is designed to ensure that personal securities transactions and outside activities of officers of MIMTA will not interfere with making decisions in the best interest of clients. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that they would not materially interfere with the best interests of MIMTA's clients. In addition, the Code requires pre-clearance of most transactions and restricts trading in certain securities within seven calendar days before or after client trades for certain designated access persons. Access persons are any of MIMTA's supervised persons who have access to non-public information regarding any client's securities holdings or purchase or sale of securities, or any person who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. MIMTA is permitted to develop (and has implemented) certain de minimis and other exemptions from the requirements of the Code for those situations that appear to involve no material opportunity for abuse and where the exemption would be otherwise permitted by applicable law. All supervised persons at MIMTA must acknowledge that they have read and agree to abide by the Code at least annually and sanctions can be imposed for non-compliance with the Code. The Code is available to any client or prospective client upon request.

### **B. Conflicts of Interest**

Conflicts of interest with respect to MIMTA's advisory clients arise from time to time. MIMTA's principal conflicts of interests with respect to its advisory clients, unless described elsewhere in this Brochure, are described below. The conflicts of interest set forth in this Brochure are not, and are not intended to be, all inclusive.

#### **1. *Generally***

*Conflicts of Interest of MIMTA Officers and Employees.* MIMTA officers and employees are required to devote only so much of their time to the business of any one MIMTA client, which generally will be the amount the officers and employees determine to be reasonably required by the client and its MIMTA account. For example, MIMTA officers and employees that manage the assets of a client also may perform services on behalf of other MIMTA clients, perform duties for MIMTA other than manage client assets, and manage their own assets. MIMTA officers and employees will have a conflict of interest when allocating their time, services and functions between or among multiple clients and/or their other duties.

*Conflicts of Interest Regarding Retention of MIMTA Affiliates for Property Management and Other Services.* In addition to investment management services, MIMTA generally is authorized under its client agreements to engage certain MIMTA affiliates to perform for those clients for compensation property management and other non-investment management, operational services. The compensation normally paid to such affiliates for such non-investment management services would be in addition to the fees paid to MIMTA for providing investment management services. No client is expected to receive the benefit of



any fees received by MIMTA or its affiliates in connection with the provision of such non-investment management services. MIMTA's selection of its affiliates for the provision of these services raises potential conflicts of interest, especially when MIMTA is authorized to determine (a) whether the services are or are not investment management services and/or (b) how much the client will pay a MIMTA affiliate for those services. Generally, in these situations, MIMTA seeks agreement terms, including fee calculations, that are no more favorable to MIMTA or such affiliate as could be obtained by the client in an arm's length transaction with an unrelated third party. While the fees charged for property management services by affiliates of MIMTA will be market checked pursuant to MIMTA's then current policy for confirmation of affiliate management fees, MIMTA may, but is not required to, perform benchmarking studies or other market checks in connection with its determination with respect to the fees for other services, and given the nature of the applicable service, reliable data for market rates may not be available. There may also be an incentive for MIMTA to favor itself or affiliates over more qualified third-party service providers.

*Conflicts with Respect to the Offer and Sale of Interests in MIMTA Pooled Vehicles to Separately Managed Account Clients.* MIMTA or a related person may serve as the general partner and/or the investment manager (or in a similar capacity) to a MIMTA Pooled Vehicle that may be offered to current clients with separately managed accounts managed by MIMTA. In that situation, MIMTA has a conflict of interest with those clients. MIMTA, however, does not provide investment advice or recommendations to clients relating to investments in MIMTA Pooled Vehicles. Moreover, investors are provided complete offering materials relating to the offer and sale of interests in any MIMTA Pooled Vehicle, and those materials expressly disclaim that MIMTA is providing advice or a recommendation relating to those interests.

*Conflicts of Interest Regarding Securities Transactions Among More than One Clients; Between Clients and MIMTA Affiliates.* MIMTA may from time to time cause a client to engage in "cross" transactions with other clients or "principal" transactions with affiliates of MIMTA. These transactions may involve the acquisition, disposition or the leasing or use of Timberland investments or other assets from or to another client or an affiliate of MIMTA. From time to time these transactions may also involve the provision of services or products by a portfolio company of another client. In certain cases these transactions may occur on a "first offer" basis or in a private market transaction. Such transactions involve conflicts of interest in connection with the negotiation of the compensation for and terms of these transactions and may result in a party not receiving the best price or terms otherwise possible if the transaction were with a third party. This may occur even if the transaction is conducted through a market sale process if third party participation in the sale process is chilled by the participation of MIMTA or an affiliate. These conflicts are further exacerbated if MIMTA or a MIMTA affiliate is concurrently representing the client or another client or such affiliate. MIMTA may, and except to the extent otherwise required by applicable law, is not required, to present these transactions to the affected clients for approval. MIMTA has adopted policies and procedures that it believes are appropriate to assist it in resolving or mitigating such conflicts and ensuring that such a transaction is fair and equitable to each client and otherwise in the best interest of the client. With respect to certain types of transactions, MIMTA has developed (and may in the future develop) specific policies. For example, MIMTA has an investment allocation policy (which covers the allocation investment opportunities, including opportunities arising from the decision of another client to sell a Timberland or Farmland investment). It also has an equipment sharing policy, under which a client may acquire a large piece of equipment with the expectation that the cost of the acquisition and ownership of such equipment will be partially offset through a use and cost sharing arrangements with one or more other MIMTA clients. In such circumstances, MIMTA must allocate costs charged by the MIMTA client owner in a fair and equitable manner. MIMTA also is in the process of developing a "water sharing policy" where existing clients of MIMTA may be given a right of first offer on sales of water or

water rights by a MIMTA client subject to an agreed to process for benchmarking the market price of such water or water rights.

*Conflicts of Interest with Respect to Clients Operating in the Same Markets.* Multiple MIMTA clients may compete with each other when attempting to purchase or sell Timberland, Farmland and Plus investments and other products and services at the same time, in the same markets and/or to or from the same counterparty, especially given the sometimes limited number of interested and readily available institutional purchasers and sellers of Timberland, Farmland or Plus investments. As a result, MIMTA will have a conflict when acquiring for, or marketing to prospective buyers and sellers of Timberland, Farmland and Plus investments and other products and services, especially when the number of prospective buyers and sellers is limited.

*Conflicts of Interest Among Clients with Different Tax and Other Attributes.* Advisory clients may have conflicting investment, tax and other interests with respect to their investments. In certain pooled investment vehicles, affiliates or employees of MIMTA, directly or indirectly, are expected to invest alongside advisory clients. The conflicting interests of individual advisory clients may relate to or arise from, among other things, the jurisdiction of organization of such Limited Partner, the nature of investments made by the Fund, the structuring of the acquisition of investments, the relationship of the advisory clients in pooled investment vehicles to the manager of such pooled investment vehicles, and the timing and disposition of investments. In voting on matters related to pooled investment vehicles, each advisory client, including affiliates and employees of MIMTA and its affiliates, will be permitted to consider their own interests. The structuring of investments may result in different returns being realized by different persons. As a consequence, conflicts of interest may arise in connection with decisions to be made by the MIMTA and its affiliates, including with respect to the nature or structuring of investments, that may be more beneficial for one advisory client than for another, especially with respect to advisory clients' individual tax situations. In selecting and structuring investments appropriate for any such pooled investment vehicle, MIMTA and its affiliates are under no obligation to consider the investment, tax or other objectives of any advisory client individually.

*Conflicts of Interest Regarding Co-Investments.* MIMTA from time to time may provide co-investment opportunities in certain Timberland, Farmland and/or Plus investments concurrently being acquired by a MIMTA Pooled Vehicle (a "Co-Investment Opportunity"), to one or more limited partners of such MIMTA Pooled Vehicle and/or other persons, including affiliates of MIMTA (including MIMTA employees) or other clients (each, a "Co-Investor"). MIMTA generally structures Co-Investment Opportunities as, or makes direct or indirect investments in, Timberland, Farmland or Plus investments through, entities that are formed for the purpose of acquiring one or more Co-Investment Opportunities ("Co-Investment Vehicle"). The investment of a Co-Investor in a Co-Investment Opportunity (including a Co-Investment Vehicle) presents a number of conflicts or potential conflicts of interest by MIMTA or its affiliates. For example, MIMTA or any of its affiliates are likely to be entitled to receive management fees, performance-based fees and/or other compensation attributable to a Co-Investor in connection with the Co-Investor's investment in a specific Co-Investment Opportunity based on rates that are less than the rates used to determine fees and other compensation that would otherwise be paid by the Co-Investor if it were to make the same Timberland, Farmland or Plus investment through a separately managed account or MIMTA Pooled Vehicle. Moreover, the management fees and performance-based fees paid by a Co-Investor to MIMTA and its affiliates with respect to a specific Co-Investment Opportunity are likely to be insufficient to offset the amount of fees that would otherwise be payable to MIMTA and its affiliates by another client investing a comparable amount in the same investment through a separately managed account or MIMTA Pooled Vehicle. Thus, MIMTA has the same conflict of interest with Co-Investors and

other clients that it has in the context of side-by-side management. See Item 6 “Performance-Based Fees and Side-by-Side Management,” above.

*Conflicts of Interest Regarding Other Interests and Activities of MIMTA and its Affiliates.* MIMTA, its affiliates, or any officer, director or employee of any of the foregoing may conduct any activity or perform any services on its own account or for other clients, including (a) providing discretionary or nondiscretionary advisory services or property management services with respect to or purchasing, selling or trading in Timberland, Farmland and Plus investments and other real estate or investment property related thereto, (b) acting as a director, officer, employee, trustee, manager, general partner or similar of any other person engaged in business involving Timberland, Farmland and/or Plus investments or (c) receiving compensation for services to, or participating in profits derived from, the investments of any such other person), in each case, regardless of whether such activities are competitive with a client. Depending upon investment objectives, policies and guidelines, cash availability and other factors, MIMTA, its affiliates, or such officers, directors or employees may render advice or take action on their own behalf or with respect to other clients that is similar to or differs from the advice rendered to a client, or the timing or nature of the action taken on behalf of the client or its Timberland, Farmland and Plus investments, and accordingly, transactions taken for its own account or for other clients may or may not be consistent with transactions with respect to the client or its Timberland, Farmland and Plus investments. Further MIMTA, its stockholders, officers, directors, affiliates, agents, representatives and employees, and other clients may have, acquire, increase, decrease or dispose of positions in investments, including Timberland, Farmland and Plus investments and other real estate or investment property related thereto (including co-investments or in a Co-Investment Vehicle with a client), at or about the time that MIMTA is acquiring or disposing of positions in the same or similar investments on behalf of a client and have no obligation to offer any such opportunities to the client. In addition, officers, principals, employees and other related persons of MIMTA may have direct or indirect capital investments in an investment or in or alongside other clients and therefore have additional conflicting interests in connection with investments by the client or such other clients.

*Conflicts of Interest Relating to Certain Regulatory Restrictions.* From time to time, MIMTA might not be able to make an investment on behalf of an advisory client as a result of a regulatory restriction. For example, MIMTA or an advisory client might not have the appropriate regulatory license in a particular jurisdiction to participate in the transaction or own the investment. Such restrictions could have resulted from actions (or lack of action) by MIMTA or its affiliate or due to lengthy, complicated registration process and waiting periods for applications to be reviewed. As a result of this, the advisory client who would otherwise have the ability to invest in such investment might not be able to make such investment.

*Conflicts of Interest Relating to the Sale of Carbon Credits to Advisory Clients.* Advisory clients may participate in any sale process for the sale of carbon credits held for sale by another client. Further, MIMTA or its affiliates may, but are not obligated to, provide certain advisory clients a right of first offer for the carbon credits being sold. In determining which offers to accept, MIMTA or its affiliates may, but are not required to, give preference to an offer from an advisory client that it determines in good faith to be on an overall basis as beneficial to its other clients as any third party offer then received. If MIMTA or its affiliates elect to provide advisory clients with a right of first offer with respect to carbon credits being sold, such right will be made available to all advisory clients invested in the same projects generating such carbon credits (other than advisory clients defaulting under their advisory or other agreements with MIMTA) on such terms and conditions (including a right to withdraw such right) as MIMTA or its affiliates determines in their sole discretion.

*Conflicts of Interests Relating to Multiple Client Concurrent Purchases and Sales with the Same Counterparty.* Conflicts could arise when two or more MIMTA-advised client accounts are simultaneously engaging in purchase and sale transactions with the same counterparty. For example, a MIMTA-advised client may sell a Timberland investment to an unrelated counterparty at the same time that another MIMTA-advised client purchases a different Timberland investment from the same counterparty. In such circumstances, MIMTA will make full and fair disclosure to each client as to MIMTA's role in or representation of the client in each transaction. Additionally, MIMTA will impose an information barrier in order to maintain confidentiality between the two negotiations and transaction terms.

*Conflicts of Interests Relating to Liquidation.* Conflicts of interest could arise with respect to a pooled investment vehicle client at the time of liquidation of the vehicle. At the end of a pooled investment vehicle's life, it might be in the best interests of the vehicle to sell the remaining securities or investments to MIMTA or its related persons in order to avoid in-kind distributions to the vehicle's investors. However, MIMTA is not obligated to purchase a client's assets even if doing so would be beneficial to the client.

## *2. Certain Expense and Acquisition Allocation Policies*

*Conflicts of Interest Regarding Allocation of Expenses.* From time to time, MIMTA will be required to decide whether certain fees, costs and expenses should be borne by a client on the one hand, or MIMTA, other clients or other parties, on the other hand, or allocated between or among a client, MIMTA, other clients or such other parties. In exercising its discretion to allocate expenses, MIMTA is faced with a variety of potential conflicts of interest. The appropriate allocation of expenses, including the allocation of MIMTA's internal costs will be determined by MIMTA in its good faith discretion, consistent with any applicable agreements governing such allocations or to the extent not addressed in any client such agreements, in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. In accordance with and subject to limitations in certain client agreements, MIMTA or such affiliate may be entitled to reimbursement from a client for the compensation and overhead expenses attributable to employees of MIMTA and its affiliates who are providing certain services to the client. Generally, the compensation and overhead attributable to employees of MIMTA and its affiliates providing legal, compliance, tax, accounting and similar professional services will be client expenses. The determination as to whether such an expense is a client expense and whether the expense for the services of such employee is no greater than market rates that MIMTA believes would be paid to an unaffiliated third-party for substantially similar services will be made by MIMTA in its good faith discretion notwithstanding its interest in such determination. In allocating the expenses attributable to its or its affiliates' employees, MIMTA may, but is not required to, perform benchmarking studies or other market checks in connection with its determination as to whether the allocated expense is lower than markets rates charged by third parties performing the applicable services and given the nature of the service, reliable data for market rates may not be available. MIMTA will make any corrective allocations of any fees, cost or expenses allocated to the client and take any mitigating steps if it determines such corrections are necessary or advisable.

*Conflicts of Interest Regarding Allocation of Acquisition Opportunities.* Typically, more than one MIMTA client have similar investment objectives, strategies and criteria. As a result, more than one such client may have funds available for investment at the same time, placing those clients in competition for new investments generally or with respect to a particular investment opportunity. MIMTA may have an incentive to allocate investment opportunities to one client rather than another based on the fees, compensation or other benefits to MIMTA or its affiliates or related persons from such investment by that client. MIMTA allocates investments in accordance with its investment allocation policy, which MIMTA

believes mitigates this potential conflict in a fair and equitable manner, but there can be no assurance that its application of its investment allocation policy will prevent all potential conflicts of interest regarding the allocation of investment opportunities. To the extent MIMTA allocates investment opportunities among clients in accordance with its investment allocation policy as then in effect, MIMTA will not be in breach of its client agreements or any of its duties thereunder. No client will have any priority with respect to investment opportunities that become available to other clients except as may occur as a result of the application of MIMTA's investment allocation policy.

*Conflicts of Interest Arising from Sharing Certain Product Organizational and Development Costs.* For certain potential clients with unique or complex regulatory or tax issues, MIMTA might ask a potential client to share in certain organizational or development costs. Any such costs would be negotiated and agreed to between MIMTA and the potential client in advance. The benefits of these organizational and development activities (including knowledge gained) could be used in the future for the benefit of other potential clients in similar circumstances without any reimbursement to the initial client who bore the development costs.

### 3. *Personal Trading*

MIMTA's officers and supervised persons may, under certain circumstances, purchase and sell securities for their own accounts, including securities which might be purchased or sold for client accounts. MIMTA's Code imposes various trading restrictions and reporting requirements on certain personal securities transactions in order to monitor for and avoid conflicts of interest with client account activity. Most proposed personal securities trades (including all private placement investments) for such officers and certain supervised persons (including certain household family members) must be approved by MIMTA's Compliance Office before the trade may be executed. Also, certain personal securities trades and holdings, direct or indirect by officers and supervised persons involved in investment advisory securities activities, must be reported to MIMTA's Compliance Office.

**Item 12: Brokerage Practices**

The types of instruments recommended by MIMTA to its clients are not purchased or sold through securities brokers or dealers, other than certain securities purchased, held or sold for cash management purposes. In the event MIMTA is expected to execute a purchase or sale securities transaction for a client through a securities broker or dealer, MIMTA will generally consider qualitative factors in selecting the executing broker or dealer, including the broker's or dealer's reliability and execution capabilities for that type of transaction, the proposed commissions or spreads to be charged by the broker or dealer, and the broker's or dealer's reputation and responsiveness to requests for trade data and other financial information. MIMTA does not have the opportunity to aggregate client purchases or sales of securities because of the types of securities and the infrequency of such transactions.

### **Item 13: Review of Accounts**

MIMTA typically reviews each client's 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 MIMTA (i.e., MIM T or MIM AG) responsible for managing particular client accounts. For each internal review, appropriate personnel of MIMTA monitor or assess an account's various attributes, including its portfolio guidelines, asset values, performance, portfolio structure and holdings. Approximately two to four 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, MIMTA may provide supplementary information during a client meeting. This supplementary information may include such topics as relevant organizational or personnel changes concerning MIMTA, information concerning aggregate assets under management of MIMTA or MIMTA investment strategies.

MIMTA provides written 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**

Neither MIMTA nor a related person has 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 (MIMTA's) client.

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



### **Item 15: Custody**

MIMTA would generally be considered to have custody of client assets when it or any of its affiliates has the authority to obtain possession of those assets. In this regard:

- MIMTA would generally have custody of assets of a MIMTA Pooled Vehicle by virtue of its status, or the status of an affiliate, as the manager, general partner or comparable position of a MIMTA Pooled Vehicle. When MIMTA is considered to have custody of assets of a MIMTA Pooled Vehicle, investors in the MIMTA Pooled Vehicle will receive copies at least annually of the MIMTA Pooled Vehicle's audited financial statements.
- Generally, MIMTA would not have custody of assets held in a client's separately managed account. However, when MIMTA is considered to have custody of assets held in a client's separately managed account, the client should receive at least quarterly, statements from the broker-dealer, bank or other financial institution that, as custodian, holds and maintains the client's investment assets. In this case, MIMTA urges clients to review those statements carefully and compare them to the account statements that MIMTA may provide. MIMTA'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, MIMTA usually accepts discretionary authority from the client at the outset of the advisory relationship. That authority typically authorizes MIMTA to select the identity and amount of any particular investment to be bought or sold on the client's behalf, and each client generally provides MIMTA with a power of attorney to act on the client's behalf. In all cases, however, MIMTA exercises its discretion in a manner it believes is consistent with the stated investment objectives and investment guidelines for that particular client account.

Notwithstanding that MIMTA may have full investment discretion, under certain circumstances, MIMTA may refrain from exercising it. For example, MIMTA from time to time may 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 MIMTA to outweigh the expected benefits.

Further, certain regulatory and legal restrictions or limitations and internal MIMTA and Manulife Investment Management policies may restrict certain investment activities of MIMTA on behalf of its clients. For example, MIMTA'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. MIMTA may also be precluded from pursuing transactions involving a public company if certain affiliated entities of Manulife Investment Management are restricted in trading in that company's securities.

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

MIMTA may abstain from voting a proxy if MIMTA concludes that the effect on the account holder's economic interests or the value of the portfolio holding is insignificant. MIMTA also may abstain from voting a proxy for cost reasons (e.g., costs associated with voting proxies of non-U.S. securities). In accordance with any applicable fiduciary duties, MIMTA would weigh the costs and benefits of voting proxy proposals relating to non-U.S. securities and make an informed decision with respect to whether voting a given proxy proposal is prudent. MIMTA's decision would consider the expected effect that such vote, either by itself or together with other votes, would have on the value of the account holder's investment and whether this expected effect would outweigh the cost of voting. MIMTA recognizes that the potential for conflicts of interest could arise in situations where MIMTA officers or related persons have material business relationships or material personal/family relationships with the subject company (or with a potential acquiring or target company in the case of a takeover proxy vote). To address these potential conflicts, MIMTA will follow its proxy voting policy.

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

**Item 18: Financial Information**

MIMTA is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.