

**Manulife Advanced Fund SPC (the “Company”)**  
P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

**This document is important and requires your immediate attention. If in doubt, you should seek independent legal, financial or other professional advice. The Directors of the Company accept full responsibility for the accuracy of the information contained in this Notice and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.**

**Words and phrases used in this Notice shall, unless otherwise provided, have the same meanings as ascribed to them in the Prospectus of the Company dated April 2017, as amended or supplemented from time to time (altogether the “Prospectus”).**

**Notice to Shareholders**

12 May 2017

Dear Shareholders,

We wish to advise you of the following updates to the offering documents of the Company with effect from the date of the Prospectus, unless otherwise specified.

**1. Introduction of flexibility for Asia Pacific Income and Growth Segregated Portfolio (“Asia Pacific Income and Growth Fund”) to invest directly in eligible A-Shares via the Shenzhen-Hong Kong Stock Connect and related enhanced disclosures**

Shareholders in the Asia Pacific Income and Growth Fund should note that the disclosure for such Segregated Portfolio has been updated to allow it to invest directly in eligible A-Shares via the Shenzhen-Hong Kong Stock Connect. The disclosure for such Segregated Portfolio has also been enhanced to better reflect its potential investment universe, and as required by the Guide, as defined and detailed in Part 2 below.

For the avoidance of doubt, the disclosure has been further clarified to state that the Asia Pacific Income and Growth Fund’s maximum aggregate direct exposure to A-Shares and/or B-Shares will not be more than 10% of its net asset value.

**2. Enhancements to align with the minimum disclosure requirements under the SFC’s Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds (the “Guide”) and for improved consistency across documents**

To better align the disclosures with relevant minimum disclosure requirements under the Guide, the existing investment objectives and strategies and relevant risk factors of the Segregated Portfolios of the Company (except for Asia-Pacific Equity Income Segregated Portfolio and Global RMB Income Strategy Segregated Portfolio) have been enhanced in the updated Prospectus and product key fact statements of the relevant Segregated Portfolios.

In particular, to further improve transparency and clarity and better align with the minimum disclosure requirements under the Guide, the investment objectives and strategies section of Asia Pacific Income and Growth Fund has been enhanced by adding the following paragraph immediately after the second paragraph of Section E3 of Part II of the Prospectus:

*“The Asia Pacific Income and Growth Fund may have an aggregate exposure of up to 45% of its NAV in the China market (onshore and offshore) via one or more of the following channels: (a) USD denominated debt securities that are issued or guaranteed by governments, agencies, supra-nationals and corporate issuers incorporated in Mainland China but which are issued and distributed outside Mainland China; (b) listed equity securities that are issued and distributed outside Mainland China by corporate issuers incorporated in Mainland China or which derive, or which are expected to derive, a significant proportion of their revenue from goods produced or sold, or investments made or services performed, in Mainland China; and/or (c)*

*A-Shares and/or B-Shares, subject to the aggregate limit of investing not more than 10% of its NAV in A-Shares and/or B-Shares.”*

Likewise, the following paragraph has been added at the end of Section E4 of Part II of the Prospectus:

*“Whilst the Asia Pacific Income and Growth Fund will invest in accordance with its investment objective and strategy, the Asia Pacific Income and Growth Fund is not subject to any limitation on the portion of its NAV that may be invested in any one country or sector.”*

Investors may refer to the relevant section in the Prospectus dealing with Mainland China Investment Risk, Mainland China Tax Risk and the enhanced Concentration Risk for the associated enhanced risk disclosure in relation to the China market (onshore and offshore).

Pursuant to the Guide, enhanced disclosure has also been included in the Prospectus and relevant product key facts statement on the percentage exposure to cash, cash equivalents or short-term money market instruments in times of extreme market volatility or during severe adverse market conditions for the relevant Segregated Portfolios as follows:

- a) Asia Pacific Income and Growth Fund: up to 40% of its net assets;
- b) Renminbi Bond Segregated Portfolio: up to 100% of its net assets; and
- c) China A Segregated Portfolio: up to 40% of its net assets.

Notwithstanding the above, and for the avoidance of doubt, there is no change in the existing practice and how any of the Segregated Portfolios, are being managed.

### **3. Updates to the investment restrictions, imposed by the CSRC and to be observed by the Investment Manager as the QFII holder for China A Segregated Portfolio and Renminbi Bond Segregated Portfolio**

The disclosures in respect of China A Segregated Portfolio and Renminbi Bond Segregated Portfolio have been updated to reflect the latest legal and/or regulatory requirements in Mainland China and investment restrictions imposed by the China Securities Regulatory Commission (“**CSRC**”) which need to be observed by the Investment Manager (as the QFII holder). In summary, these primarily deal with (a) investment restrictions; and (b) the frequency of remittances into and out of Mainland China, as applicable. Investors may refer to the Prospectus (Sections A4 and B4 of Part II of the Prospectus) for details.

### **4. General and Administrative Updates**

The Prospectus has also been updated to reflect general and administrative updates summarized as follows:

- (1) Amendments to the custodian agreements of the Company and the Segregated Portfolios to reflect regulatory requirements under the Guide (by means of an Amended and Restated Global Custodial Services Agreement dated 14 December 2016 and a Supplemental Agreement to the Amended and Restated Global Custodial Services Agreement dated 30 March 2017);
- (2) Amendments to Investment Management Agreements by means of a Supplemental Investment Management Agreement dated 14 November 2016 to reflect regulatory requirements under the Guide;
- (3) Updates to the disclosure in relation to the liabilities and general obligations for the Directors of the Company, the Custodian and the Investment Manager to reflect regulatory requirements under the Guide;
- (4) Clarificatory updates in relation to the redemption limits to address regulatory provisions in Hong Kong;
- (5) Clarificatory updates to the disclosure in relation to anti-money laundering requirements;
- (6) Enhancement of disclosures on Mainland China taxation and FATCA and CRS;
- (7) Enhancement of disclosures to reflect the implementation of Automatic Exchange of Financial Account Information in Hong Kong;
- (8) Enhancement of disclosures regarding fair valuation to address the regulatory requirement under the Guide;

- (9) Enhancement of disclosures regarding requests for information and handling of mail;
- (10) Update to the biographies of the directors of the Investment Manager;
- (11) Updates to the definition of “professional investor” under Securities and Futures (Professional Investor) Rules;
- (12) Updates to the definitions of “United States Person” and “United States Taxpayer” under Regulation S;
- (13) Clarificatory update to selling restrictions for Canadian investors; and
- (14) Removal of outdated disclosure and other miscellaneous formatting, administrative and/or clarificatory updates to address latest regulatory requirements and/or for better clarity.

## **5. Impact and/or Action required**

The updates described above will not: (a) result in any change in the way the relevant Segregated Portfolio is currently managed, its investment objective and policy, its overall risk profiles or the level of fees payable by the Scheme or affected Shareholders; or (b) materially prejudice the rights or interests of Shareholders.

The aforesaid updated Prospectus and the product key fact statements are available from the office of the Investment Manager and the Investment Manager’s website at [www.manulifefunds.com.hk](http://www.manulifefunds.com.hk)<sup>◊</sup>. Shareholders should refer to the full text of the updated Prospectus and product key fact statements for further details, if needed. For any enquiries, Shareholders may contact the person(s) noted below.

## **6. Enquiries**

Shareholders requiring further information about the matters set out in this Notice may contact the Sub-Administrator, Citibank Europe plc, Luxembourg Branch on telephone number (352) 45 14 14 258 or fax number (352) 45 14 14 332, or the General Adviser and Distributor, Manulife Asset Management (Hong Kong) Limited, on telephone number (852) 2108 1110 or fax number (852) 2810 9510 (relating to Class AA Shares), or telephone number (852) 2510 3055 or fax number (852) 2907 2076 (relating to Class C, Class D, Class I, Class P and Class T Shares) at any time during normal local business hours.

**Yours faithfully**

**For and on behalf of the Board  
Manulife Advanced Fund SPC**

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<sup>◊</sup> This website has not been reviewed by the SFC.