

PRODUCT KEY FACTS

Manulife Advanced Fund SPC - Renminbi Bond Segregated Portfolio (the “Fund”)

Investment Manager:
Manulife Investment Management (Hong Kong) Limited

September 2022

- *This statement provides you with key information about the Fund.*
 - *This statement is a part of the Prospectus and must be read in conjunction with the Prospectus of the Fund, as amended and supplemented from time to time.*
 - *You should not invest in this product based on this statement alone.*
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- ***The Fund uses the QFII regime, the Bond Connect and/or the Foreign Access Regime to invest primarily in debt instruments issued in Mainland China.***
 - ***The Fund will remit USD into Mainland China and then convert into Renminbi (“RMB”) to invest.***
 - ***The Fund therefore is not denominated in RMB. All subscriptions and redemptions are in Hong Kong Dollars (“HKD”) or other Major Currencies^Δ. The Fund involves multi-currency conversions and is therefore subject to higher costs and multi-currency conversion risk.***

Quick facts

Investment Manager / QFII Holder:	Manulife Investment Management (Hong Kong) Limited
Custodian and Paying Agent:	Citibank Europe plc, Luxembourg Branch
QFII Local Custodian:	Industrial and Commercial Bank of China Limited
Dealing Frequency:	Daily (Please refer to the Prospectus for details)
Base Currency:	USD
Ongoing Charges over a Year^{**}:	Class AA Shares: 1.29%¹
Dividend Policy:	Currently no intention to distribute
Financial Year End of the Fund:	30 June
Minimum Initial Investment:	HKD20,000[#] (or the equivalent in any other Major Currencies^Δ) for Class AA Shares
Minimum Holding:	Same as above
Minimum Subsequent Investment:	HKD1,000[#] (or the equivalent in any other Major Currencies^Δ) for Class AA Shares
Minimum Redemption Amount:	HKD1,000[#] (or the equivalent in any other Major Currencies^Δ) for Class AA Shares

^Δ “Major Currencies” means any of USD, Pound Sterling, Swiss Francs, Euro, Japanese Yen, HKD and Canadian Dollars.

^{**} The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the share class for the corresponding period as described below. This figure may vary from year to year.

¹ The management fee applicable to Class AA Shares changed from 1.25% to 1% per annum of the net asset value of the share class on 1 September 2022. This figure is an estimate based on expenses for the period from 1 July 2021 to 30 June 2022, as adjusted for the revised management fee as from 1 September 2022. The actual figure may differ and may vary from year to year.

[#] Or such other minimum amount as may be determined by the Directors at their sole discretion.

What is this product?

- The Fund is constituted as a segregated portfolio of the Manulife Advanced Fund SPC, which is a mutual fund incorporated as an exempted segregated portfolio company with limited liability in the Cayman Islands.
- The Fund is denominated in USD and not RMB.

Objective and Investment Strategy

Objective

To provide capital appreciation and income generation by investing primarily in RMB-denominated debt instruments issued and listed in Mainland China or traded in the Mainland China interbank bond market ("China Interbank Bond Market"), in accordance with the applicable regulations.

Strategy

The Fund will invest primarily (i.e. not less than 70% and up to 100% of its net assets) in RMB-denominated debt instruments, including convertible bonds that are listed or transferred on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or interbank bonds traded in the China Interbank Bond Market, and which are issued by Mainland China Government as well as corporations in Mainland China ("**Mainland China RMB Debt Instruments**") via the QFII regime under the name of the QFII holder for the account of the Fund, the Bond Connect, the Foreign Access Regime and/or other means as may be permitted by the relevant regulations from time to time.

The Fund may invest up to 30% of its net assets in debt instruments which are not Mainland China RMB Debt Instruments. These may include: (i) debt instruments issued or listed outside Mainland China; and (ii) money market instruments, deposits, short-term paper and other fixed income instruments.

At least 85% of the bond holdings in the Fund must consist of bonds issued by Mainland China Government or by international or Mainland China corporations and such issue shall carry a rating of at least BBB- / Baa3 assigned by one of the three international rating agencies, Moody's Investors Service, Standard & Poor's or Fitch, or above BB+ assigned by a PRC credit rating agency. Issuer rating may be applied in case issue specific rating is not available.

The Fund may also invest up to 15% of net assets in debt instruments which may not be of investment grade or are not rated. Issuer rating may be applied in case issue specific rating is not available. The Fund may not invest more than 10% of its net assets in urban investments bonds (城投債), and not more than 10% of its net assets in asset backed securities (including asset backed commercial papers).

The Fund may invest up to 20% of its net assets in debt instruments with loss-absorption features, including, but not limited to, total loss-absorbing capacity eligible instruments, contingent convertible debt securities, certain types of senior non-preferred debt and other similar instruments with write-down or bail-in features related to the issuers' regulatory capital ratio. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

In times of extreme market volatility or during severe adverse market conditions, the Investment Manager may temporarily hold a substantial portion (up to 100%) of the Fund's assets in cash or cash equivalents, or invest in short-term money market instruments to preserve the value of the assets in the investment portfolio of the Fund.

The Fund may use financial derivative instruments, such as futures and forwards for hedging and investment purposes. Until and unless otherwise permitted under applicable PRC regulations, any hedging performed by the Fund is expected to take place primarily in Hong Kong.

Use of derivatives / investment in derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's latest available net asset value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. Investment Risk

- The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. The Fund is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal.

2. China Market Risk / Single Country Risk

- The Fund's investments are concentrated in Mainland China RMB Debt Instruments. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- By investing in the China market (both onshore and offshore), the value of the Fund may be more susceptible to the risks of investing in emerging markets generally and the risks specific to the China market and special considerations not typically associated with investment in more developed countries or markets, such as adverse economic, political, policy, foreign exchange, volatility, liquidity, tax, legal or regulatory events affecting the China market.

3. Credit / Counterparty Risk

- The Fund is exposed to the credit / default risk of issuers of debt instruments, fixed income instruments and deposits that the Fund may invest in.

4. Interest Rate Risk

- Investment in the Fund is subject to interest rate risk. In general, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

5. Volatility And Liquidity Risk

- The debt instruments in China markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.
- The debt instruments in which the Fund invests may not be listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange or a securities market where trading is conducted on a regular basis. Further, there may not be a liquid or active market for the trading of RMB denominated bonds in the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the interbank bond market. Therefore, the Fund may be subject to the risk of not being able to sell its bonds in a timely basis, or will have to sell at a deep discount to their face values. The Fund's value and liquidity will be adversely affected.

6. Downgrade Risk

- The credit rating of an issuer or a debt instrument may subsequently be downgraded or even fall below investment grade due to changes in the financial strength of an issuer or changes in the credit rating of a debt instrument. In the event of such downgrading, the value of the Fund may be adversely affected. The Investment Manager may or may not be able to dispose of the debt instruments that are being downgraded.

7. Sovereign Debt Risk

- The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.

8. Valuation Risk

- Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Fund.

9. Credit Rating Risk

- Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

10. Credit Rating Agency Risk

- The credit appraisal system in the Mainland China and the rating methodologies employed in the Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

11. RMB Currency and Conversion Risks

- Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. The NAV of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

12. Multi-Currency Conversion Risk

- Subscriptions and redemptions in Hong Kong are normally paid in HKD or USD and will not be conducted in RMB. The Fund will convert subscription proceeds to USD (where subscriptions are made in HKD) and then to RMB in order to invest. To meet redemption requests, the Fund will convert the RMB sale proceeds to USD and then to HKD (where redemption proceeds are paid in HKD). Investors may be subject to risks of exchange rate fluctuations as a result of such currency conversion transactions. The Fund may incur higher costs as a result of the multiple conversions between RMB, USD and HKD upon:
 - the conversion of HKD subscription monies to USD (where necessary), followed by the conversion of USD into RMB for the Fund to acquire RMB-denominated instruments; and
 - the conversion of RMB sale proceeds from the selling of RMB-denominated instruments to USD, followed by the conversion of USD into HKD (where necessary), to meet redemption requests.

13. Risks Associated With Investment Made Through QFII Regime

- The Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the Mainland China, which are subject to change and such change may have potential retrospective effect.
- The Fund may suffer substantial losses if the approval of the QFII status is being revoked / terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including Local Custodian / Mainland China broker(s)) is bankrupt / in default and/or is disqualified from performing its obligations (including execution or settlement or any transaction or transfer of monies or securities).

14. Risks Associated With China Interbank Bond Market

- Investing in the China Interbank Bond Market via the Bond Connect and/or the Foreign Access Regime is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China Interbank Bond Market via the Bond Connect and/or the Foreign Access Regime are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the China Interbank Bond Market, the Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Fund's ability to achieve its investment objective will be negatively affected.

15. Counterparty and Settlement Risks

- For exchange traded debt securities, as securities transactions are not settled on a delivery versus payment basis, the Fund may have exposure to the insolvency of the China Securities Depository and Clearing Corporation Limited. On the other hand, the degree of counterparty risk may be higher in the interbank bond market (a quote-driven over-the-counter (OTC) market), where deals are negotiated between two counterparties through a trading system.
- The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

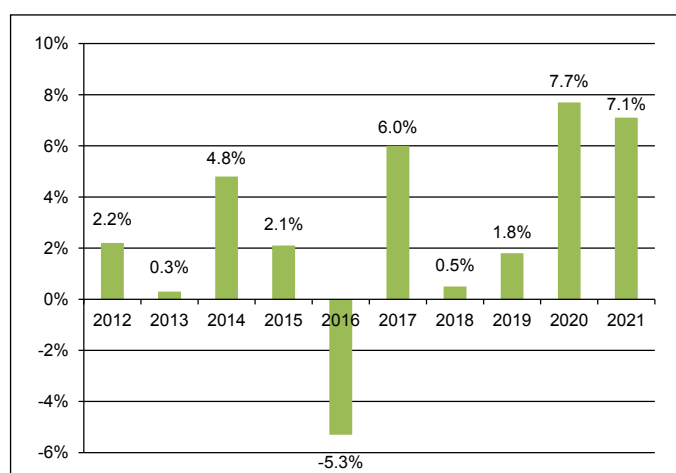
16. Mainland China Tax Risk

- There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realised via QFII status, the Bond Connect or the Foreign Access Regime on the Fund's investments in the Mainland China (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.
- Based on professional and independent tax advice, the Investment Manager currently makes a 10% withholding tax provision for the account of the Fund in respect of any gross realised and unrealised capital gains arising on disposal of bonds and other fixed income securities.
- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Fund's assets, will adversely affect the Fund's NAV. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

17. Risk of investing in Convertible Bonds

- Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class AA Shares increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Fund launch date: 22 November 2010
- Class AA Shares launch date: 22 November 2010

For further information on the performance of other share classes, please refer to www.manulifefunds.com.hk. The website has not been reviewed by the SFC.

Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?**Charges which may be payable by you**

You may have to pay the following fees when dealing in the Class AA Shares of the Fund.

Fee	What you pay
Subscription fee (initial charge)	Up to 5% ^{##} of the NAV
Switching charge	No switching is allowed
Redemption charge	0.30%* of redemption proceeds

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % p.a. of the NAV)
Management fee	1.00% ^{##} for Class AA Shares
Custodian, Paying Agent, Sub-Administrator, Registrar and Transfer Agent fee	Up to 0.50% (excluding transaction fees and related servicing and processing fees attributable to the Fund)
Performance fee	None
Administrator fee	Annual fee of 0.004% (subject to an annual minimum fee of USD8,000)

Other fees

You may have to pay other fees when dealing in the Class AA shares of the Fund.

^{##} A portion (or all in the case of the initial charge) may be paid to the General Adviser and Distributor for its services.

* You should note that such fees and charges may be increased, up to a specified permitted maximum, by giving affected shareholders at least one month's prior notice. For details please refer to Section 6.6 and Section 7 of Part I of the Prospectus.

Additional information

- Only Class AA Shares will be available to retail investors in Hong Kong.
- Applications for subscription and redemption must be received by either Manulife Investment Management (Hong Kong) Limited on or before 4:00 p.m. (Hong Kong time) or by Citibank Europe plc, Luxembourg Branch on or before 1:00 p.m. (Luxembourg time) on each dealing day. Applications received after the relevant cut-off times will be processed on the next dealing day.
- Orders placed through distributors may be subject to different procedures from those described above. Investors should consult their distributors before placing any orders.
- The NAV is calculated and published daily at www.manulifefunds.com.hk[◇].

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

[◇] This website has not been reviewed by the SFC.