

# PRODUCT KEY FACTS

## Manulife Advanced Fund SPC - Greater Bay Area Growth and Income Segregated Portfolio (the “Fund”)

**Investment Manager:**  
**Manulife Investment Management (Hong Kong) Limited**

**April 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.*

### Quick facts

<b>Investment Manager:</b>	<b>Manulife Investment Management (Hong Kong) Limited</b>
<b>Custodian and Paying Agent:</b>	<b>Citibank Europe plc, Luxembourg Branch</b>
<b>Dealing Frequency:</b>	<b>Daily</b>
<b>Base Currency:</b>	<b>USD</b>
<b>Ongoing Charges over a Year**:</b>	<b>Class AA (USD) Inc: 1.86%<sup>1</sup> Class AA (HKD) Inc: 1.87%<sup>1</sup> Class AA (AUD) Inc Hedged: 1.87%<sup>1</sup> Class AA: 1.88%<sup>1</sup> Class AA (HKD): 1.88%<sup>2</sup> Class AA (AUD) Hedged: 1.88%<sup>3</sup></b>
<b>Dividend Policy:</b>	<b>Except for Class AA, Class AA (HKD) and Class AA (AUD) Hedged (which are accumulation classes and have no intention to distribute), currently on a monthly basis, subject to the Investment Manager’s discretion. The Fund may at its discretion pay dividends out of capital or gross income of the relevant Class of the Fund while charging/paying all or part of the relevant Class’ fees and expenses to/out of the capital of the relevant Class of the Fund, effectively resulting in an increase in net distributable income for the payment of dividends by the Fund. In such cases, the Fund effectively pays dividends out of capital. Any such distributions out of capital and/or effectively out of capital may result in an immediate reduction of the NAV per Share of the relevant Class after the distribution date.</b>
<b>Financial Year End of the Fund:</b>	<b>30 June</b>

\*\* The ongoing charge 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.

<sup>1</sup> This figure is based on the expenses for the period from 1 January 2021 to 31 December 2021.

<sup>2</sup> As the share class has been launched for less than a year as of 31 December 2021, this figure is estimated on the basis of the expenses of Class AA Shares of the Fund.

<sup>3</sup> As the first issue of Shares of the share class has not yet occurred at the time of publication of this statement, this figure is estimated on the basis of the expenses of Class AA Shares of the Fund.

<b>Minimum Initial Investment:</b>	<p>Class AA (USD) Inc: HKD20,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (HKD) Inc: HKD20,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (AUD) Inc Hedged: AUD2,500<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (AUD) Hedged: AUD2,500<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (HKD): HKD20,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA: HKD20,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p>
<b>Minimum Holding:</b>	Same as above
<b>Minimum Subsequent Investment:</b>	<p>Class AA (USD) Inc: HKD1,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (HKD) Inc: HKD1,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (AUD) Inc Hedged: AUD125<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (AUD) Hedged: AUD125<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA (HKD): HKD1,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p> <p>Class AA: HKD1,000<sup>#</sup> (or the equivalent in any other Major Currencies<sup>Δ</sup>)</p>
<b>Minimum Redemption Amount:</b>	Same as above

## 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.

## Objective and Investment Strategy

The investment objective of the Fund is to achieve capital growth and income generation by investing primarily in a diversified portfolio of equity and equity-related securities and fixed income securities of issuers which are connected to the region comprising Hong Kong, Macau and the Guangdong Province of China (“**Greater Bay Area**”).

To meet its objective the Fund will invest at least 70% of its net assets in equity and equity-related securities (which are listed on any stock exchange) and fixed income securities of governments or corporate issuers established and/or with substantial business interests in the Greater Bay Area. Equity and equity-related securities include common stocks, preferred stocks, depositary receipts and real estate investment trusts (“**REITs**”).

<sup>#</sup> Or such other minimum amount as may be determined by the Directors at their sole discretion.

<sup>Δ</sup> Major Currencies means any of USD, Pound Sterling, Swiss Francs, Euro, Japanese Yen, HKD and Canadian Dollars.

The Fund may invest up to 30% of its net assets directly in certain A-Shares listed on the Shanghai Stock Exchange ("**SSE**") and/or the Shenzhen Stock Exchange ("**SZSE**") via the Shanghai-Hong Kong Stock Connect programme or the Shenzhen-Hong Kong Stock Connect programme respectively (collectively "**Connect Schemes**"). The Fund may also invest up to 30% of its net assets in RMB-denominated debt securities issued or distributed in Mainland China by governments or corporate issuers via investing in PRC interbank bond markets ("**China Interbank Bond Market**") under the foreign access regime, pursuant to which foreign institutional investors can invest in the China Interbank Bond Market ("**Foreign Access Regime**") and/or Bond Connect and/or other means as may be permitted by the relevant regulations from time to time.

The Fund may, if the Investment Manager considers appropriate, seek exposure of less than 30% of its net assets to other asset classes ("**Other Asset Classes**") including but not limited to non-Greater Bay Area related securities (including equity and equity-related securities and fixed income securities) and REITs, as well as commodities (including energy, metals and agricultural commodities) indirectly through investment funds and/or exchange traded funds ("**ETFs**").

The Fund will actively allocate investment between equities and equity-related securities, fixed income securities, Other Asset Classes and cash and/or cash equivalents to achieve its objective. The asset allocation of the Fund will change according to the Investment Manager's views of fundamental economic and market conditions and investment trends across the world, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market. The Fund's expected asset allocation ranges for each asset class is expected to be as follows:

Greater Bay Area related equities and equity-related securities: 50-90%

Greater Bay Area related fixed income securities: 10-50%

Other Asset Classes: Less than 30%

Cash and/or cash equivalents: 0-30%

In addition to the Investment Manager's active asset allocation strategy, the Fund will also perform active security selection for its investments in equities and equity-related securities and fixed income securities. For the equities/equity-related securities portfolio, the Fund intends to focus on companies that are able to generate capital growth over the medium to long term. For the fixed income securities portfolio, the Fund intends to complement the equity selection to enhance income generation as well as to moderate the volatility of the Fund.

The Fund's investment in debt securities rated below investment grade (i.e. below Baa3 by Moody's or BBB- by Standard & Poor's or Fitch or BB+ or below by a PRC credit rating agency) or unrated debt securities will account for less than 30% of its net assets. For these purposes, an unrated debt security means a debt security in respect of which neither the debt security itself nor its issuer has a credit rating.

The Fund may engage in exchange-traded or OTC financial derivatives instruments which may include, but are not limited to, currency forwards, non-deliverable forwards, currency options, currency swaps, interest rate options, interest rate swaps, and interest rate futures for hedging purposes only.

In times of extreme market volatility or during severe adverse market conditions, the Investment Manager may temporarily hold a substantial portion (up to 30%) 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 Investment Manager does not currently intend to enter into any short selling, securities lending, repurchase or reverse repurchase transactions in respect of the Fund. Should this policy change, (unless otherwise agreed with the SFC) the SFC's prior approval will be obtained and you will be given at least one month's prior notice.

While the Fund will invest in accordance with the above investment objective and strategies, the Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

## 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. Risk relating to asset allocation strategy

- The investments of the Fund may be periodically rebalanced and therefore the Fund may incur greater transaction costs than a fund with static allocation strategy. The asset allocation strategy may not achieve desired results under all circumstances and market conditions.

### 3. Concentration Risk

- The Fund's investments are concentrated in securities of companies which are connected to the Greater Bay Area (which includes the China market (onshore and offshore)) and the Fund may have significant investment exposure to a specific territory or sector within the Greater Bay Area. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the Greater Bay Area markets or affecting the respective territory or sector within the Greater Bay Area (including the China market (onshore and offshore)). This can adversely affect the overall portfolio performance of the Fund in any given period.

### 4. Emerging Markets Risk

- The Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as likelihood of a higher degree of volatility, lower liquidity of investments, political and economic uncertainties, legal and taxation risks, settlement risk, custody risks and currency risks/control.

### 5. Equity Market Risk

- The Fund's investment in equity securities and equity-related securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- High market volatility and potential settlement difficulties in the A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.
- Securities exchanges in the Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

## **6. Risks associated with the Connect Schemes**

- The relevant rules and regulations on Connect Schemes are subject to change which may have potential retrospective effect. The Connect Schemes are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in A-Shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

## **7. Credit Risk**

- The Fund is exposed to the credit/default risk of issuers of the fixed income securities that the Fund may invest in.

## **8. Interest Rate Risk**

Investment in the Fund is subject to interest rate risk. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.

## **9. Volatility And Liquidity Risk**

- Investment in the fixed income securities of issuers connected to or established and/or with substantial business interests in the Greater Bay Area markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets 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.

## **10. 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.

## **11. 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.

## **12. 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.

## **13. 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.

## **14. 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.

**15. Risks associated with China Interbank Bond Market**

- Investing in the China Interbank Bond Market via Foreign Access Regime and/or Bond Connect 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 Foreign Access Regime and/or Bond Connect 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.

**16. Risks relating to REITs**

- Although the Fund will not invest in real property directly, the Fund may be subject to risks similar to those associated with the direct ownership of real property through its investment in REITs. The prices of REITs are affected by changes in the value of the underlying property owned by the REITs. Further, REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. The REITs invested in by the Fund may not necessarily be authorized by the SFC and the distribution policy of the Fund may not reflect the dividend policy of the underlying REITs.

**17. Currency Risk**

- Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, a Class of Shares may be designated in a currency 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.

**18. RMB Currency and Conversion Risks**

- 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.

**19. 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.

**20. 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 Connect Schemes 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 will make 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 fixed income securities but will not make any provision for withholding tax in respect of any gross realised and unrealised capital gains arising on disposal of A-Shares.
- 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).

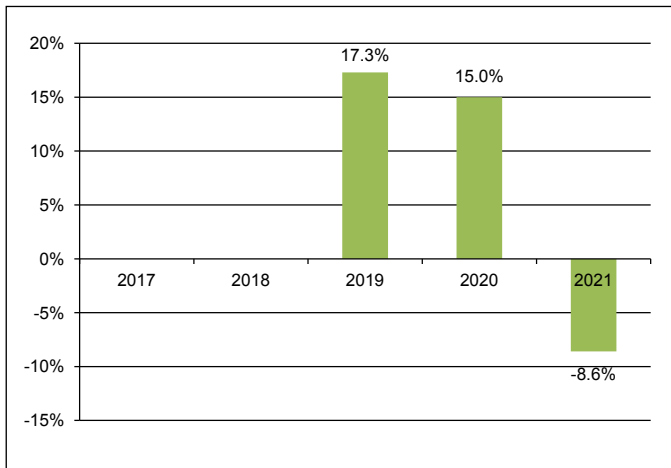
**21. Risks Associated With Payment of Dividends, Fees And/or Expenses Out Of Capital and/or Effectively Out of Capital**

- Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the NAV per Share in respect of the relevant Class after the distribution date.
- **The distribution amount and NAV of the relevant hedged Class may be adversely affected by differences in the interest rates of the reference currency of the relevant hedged Class and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Classes.**

**22. Counterparty Risk**

- The Fund will have credit exposure to counterparties by virtue of exposure to exchange-traded and OTC financial derivatives instruments including currency forwards, non-deliverable forwards, currency options, currency swaps, interest rate options, interest rate swaps, and interest rate futures that may be held by the Fund for hedging purposes. To the extent that a counterparty defaults on its obligation(s), the Fund may experience a decline in the value of its position, lose income and incur additional costs.

## 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 (USD) Inc<sup>^</sup> 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.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 11 June 2018
- Class AA (USD) Inc<sup>^</sup> launch date: 11 June 2018

<sup>^</sup> This share class has been designated, for the purposes of this statement, as the representative share class of the Fund as USD is the base currency of the Fund. For further information on the performance of other share classes, please refer to [www.manulifefunds.com.hk](http://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 Class AA (USD) Inc, Class AA (HKD) Inc, Class AA (AUD) Inc Hedged, Class AA (AUD) Hedged, Class AA (HKD) and Class AA Shares of the Fund. Only these Classes of the Fund will be offered to the retail investors in Hong Kong.

Fee	What you pay
<b>Subscription fee (initial charge) <sup>##</sup></b>	Currently up to 5% of the NAV per Share.
<b>Switching charge</b>	Up to 1% of the NAV of the Shares being switched
<b>Redemption charge</b>	There is currently no redemption charge

### 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)
<b>Management fee</b>	Currently 1.50% <sup>##*</sup>
<b>Custodian, Paying Agent, Sub-Administrator, Registrar and Transfer Agent fee</b>	Up to 0.50% (excluding transaction fees and related servicing and processing fees attributable to the Fund)
<b>Performance fee</b>	None
<b>Administrator fee</b>	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 any of the Class AA (USD) Inc, Class AA (HKD) Inc, Class AA (AUD) Inc Hedged, Class AA (AUD) Hedged, Class AA (HKD) and Class AA Shares of the Fund.

<sup>##</sup> A portion (or all in the case of the initial charge) may be paid to the General Adviser and Distributor for its services.

<sup>\*</sup> You should note that such fees may be increased up to a specified permitted maximum by giving affected shareholders at least one month's prior notice.

## Additional information

- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months (“Dividend Composition Information”) are available from the General Adviser and Distributor, Manulife Investment Management (Hong Kong) Limited, on request and at [www.manulifefunds.com.hk](http://www.manulifefunds.com.hk)<sup>◊</sup>.
- Applications for subscription and redemption must be received by either Manulife Investment Management (Hong Kong) Ltd 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 of Class AA (USD) Inc, Class AA (HKD) Inc, Class AA (AUD) Inc Hedged, Class AA (AUD) Hedged, Class AA (HKD) and Class AA Shares of the Fund are calculated and published daily at [www.manulifefunds.com.hk](http://www.manulifefunds.com.hk)<sup>◊</sup>.

## 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.

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