

PRODUCT KEY FACTS

Manulife Hong Kong Series (the “Series”) – Manulife Capital Conservative Fund (the “Fund”)

Manager: Manulife Investment Management (Hong Kong) Limited

April 2022

- *This statement provides you with key information about the Fund.*
- *This statement forms part of the offering document and must be read in conjunction with the Prospectus of the Series, as amended and supplemented from time to time.*
- *You should not invest in this product based on this statement alone.*

Quick facts

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| Manager: | Manulife Investment Management (Hong Kong) Limited |
| Trustee: | BOCI-Prudential Trustee Limited |
| Dealing frequency: | Daily |
| Base Currency: | USD |
| Distribution policy: | <p><u>Class AA (USD) Acc / Class AA (HKD) Acc / Class AA (RMB) Acc / Class AA (RMB) Acc Hedged</u> No distribution will be paid.</p> <p><u>Class AA (USD) Inc / Class AA (HKD) Inc / Class AA (RMB) Inc / Class AA (RMB) Inc Hedged</u> Currently on a monthly basis, subject to the Manager’s discretion. Distributions may be paid out of the capital or effectively paid out of capital of the Fund. Any such distributions may result in an immediate reduction of the net asset value (“NAV”) per unit of the Fund.</p> |
| Ongoing charges over a year**: | <p>Class AA (USD) Inc: 1.58%¹ Class AA (HKD) Inc: 1.58%¹ Class AA (RMB) Inc: 1.58%² Class AA (RMB) Inc Hedged: 1.58%² Class AA (USD) Acc: 1.58%¹ Class AA (HKD) Acc: 1.58%³ Class AA (RMB) Acc: 1.58%³ Class AA (RMB) Acc Hedged: 1.58%³</p> |
| Financial year end of the Fund: | 30 June |

** 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.

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

² 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 (USD) Inc Shares of the Sub-Fund.

³ 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 (USD) Acc Shares of the Sub-Fund.

| | |
|--|--|
| Minimum Initial Subscription^{#▲}: | Class AA (USD) Inc: US\$2,500 Class AA (HKD) Inc: HK\$20,000 Class AA (RMB) Inc: RMB20,000 Class AA (RMB) Inc Hedged: RMB20,000 Class AA (USD) Acc: US\$2,500 Class AA (HKD) Acc: HK\$20,000 Class AA (RMB) Acc: RMB20,000 Class AA (RMB) Acc Hedged: RMB20,000 |
| Minimum Holding^{#▲}: | Same as above under Minimum Initial Subscription |
| Minimum Subsequent Subscription^{#▲}: | Class AA (USD) Inc: US\$125 Class AA (HKD) Inc: HK\$1,000 Class AA (RMB) Inc: RMB1,000 Class AA (RMB) Inc Hedged: RMB1,000 Class AA (USD) Acc: US\$125 Class AA (HKD) Acc: HK\$1,000 Class AA (RMB) Acc: RMB1,000 Class AA (RMB) Acc Hedged: RMB1,000 |
| Minimum Redemption^{#▲}: | Same as above under Minimum Subsequent Subscription |

What is this product?

- The Fund is a sub-fund of Manulife Hong Kong Series which is an open-ended umbrella unit trust established under the laws of Hong Kong by a trust deed dated 3 July 2015.

Investment Objective and Policies

Objective

The investment objective of the Fund is to achieve a stable level of long term capital growth.

Policies

The Fund aims to meet its objective by investing primarily in a portfolio of equities, debt securities, exchange traded funds (“**ETFs**”) and/or collective investment schemes (other than ETFs) managed by the Manager and/or its affiliates (“**CIS**”).

The Fund may invest directly in equities and equity-related securities including (but not limited to) publicly traded common and preferred stocks, American depository receipts, global depository receipts, rights issues and private placements, provided that not more than 15% of the Fund’s NAV may consist of securities of any company neither listed, quoted nor dealt in on a securities market. Selection of such equities and equity-related securities will be undertaken on the basis of economic outlook and thorough fundamental company analysis. The investment will be unrestricted in the choice of equities and equity-related securities by market capitalisation, industry, sector or geographical region.

[#] or such other amount as may be determined by the Manager at its sole discretion

[▲] or the equivalent in any other Major Currency being USD, Pound Sterling, Swiss Francs, Euro, Japanese Yen, HKD, Canadian Dollars, Australian Dollars or Singapore Dollars

The Fund may invest directly in debt securities of investment grade as assigned by one of the three international credit rating agencies, Moody's Investors Service, Standard & Poor's or Fitch as well as debt securities which may not be of investment grade or are not rated by the aforementioned international credit rating agencies. The Fund may invest up to 10% of its NAV in such debt securities which are not of investment grade or are not rated. For the purposes herein, "**investment grade**" means rating with Baa3 or above by Moody's Investors Service or BBB- or above by Standard & Poor's or Fitch. Issuer rating may be applied in case issue specific rating is not available. It may also invest directly in debt securities including (but not limited to) long term bonds, medium term notes, bills, convertible bonds, subordinated debt, certificate of deposits and commercial papers. Debt securities may be issued or guaranteed by government, government agencies, quasi-government organisations, financial institutions, investment trust and property trust, multi-national organisations and other corporations.

The Fund aims to invest across multiple asset classes and allocate investments in accordance with the Manager's ongoing assessment of factors that may include, but not be limited to, economic outlook, valuations of asset classes, market sentiment and asset price trends. The Fund has no prescribed geographical or industry sector limit, with no particular focus on any geographical region or industry sector.

The Fund also has no particular focus in terms of the currency of denomination of the underlying investments, except that the Fund may invest up to 50% of its NAV in RMB-denominated underlying investments. The Fund's exposure to RMB-denominated underlying investments may be achieved by investing:

- (a) up to 20% of its NAV in (i) securities traded in interbank bond markets in Mainland China, indirectly through investment in ETFs and/or SFC authorised CIS (i.e. CIS managed by the Manager and/or its affiliates around the world), and (ii) securities listed on the exchanges in Mainland China, directly through the Stock Connect and/or indirectly through investment in ETFs and/or SFC authorised CIS (i.e. CIS managed by the Manager and/or its affiliates around the world); and
- (b) up to 50% of its NAV in other RMB-denominated debt securities issued outside Mainland China and/or RMB-denominated SFC authorised CIS (i.e. CIS managed by the Manager and/or its affiliates around the world).

The Fund may also invest up to 30% of its NAV in cash and cash equivalents for risk control purposes, or for settlement of investment transactions and to meet redemption requests. The amount of cash held depends on the Fund's liquidity and investment needs. The allocation mix of asset classes may vary from time to time according to the Manager's discretion and prevailing market conditions.

The Fund will not invest more than 10% of its NAV in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade. The Fund will have no direct investments in asset backed securities (including mortgage backed securities and asset backed commercial papers). The underlying investments in which the Fund invests may have exposure to asset backed securities which the Manager does not intend to be material.

The Fund may employ financial derivative instruments, such as futures and forwards, for hedging purposes only and will not directly invest in financial derivative instruments for investment purposes. The Fund will not invest directly in any structured deposits or structured products. The underlying CIS in which the Fund invests may have exposure to derivative instruments, structured deposits or structured products in accordance with the limits under the Code on Unit Trusts and Mutual Funds.

Indicative asset allocation

The following is an indicative asset allocation of the Fund based on asset class.

| <u>Asset class</u> | <u>Indicative percentage of the Fund's NAV</u> |
|---|--|
| Equities (including ETFs and CIS [%] which invest primarily in equities) | 0-35% |
| Debt securities and money market instruments (including ETFs and CIS [%] which invest primarily in debt securities and money market instruments) | 65-100% |
| Cash and cash equivalents ^Δ | 0-30% |

Use of derivatives / investment in derivatives

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

What are the key risks?

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

1. Investment risk

- The Fund is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal. The instruments invested by the Fund may fall in value and therefore your investment in the Fund may suffer losses.

2. Risks relating to asset allocation strategy

- The Fund aims to achieve its investment objective by investing in multiple asset classes and the allocation mix of asset classes may vary from time to time according to the Manager's discretion and prevailing market conditions. There is no assurance that the investment process can control the portfolio of the Fund to achieve its investment objective. The investments of the Fund may be periodically rebalanced. If market risk levels change substantially over short periods, changes to the mix of underlying investments may become more frequent, resulting in increased operating expenses payable by the Fund. Therefore, the Fund may incur greater transaction costs than a fund with static allocation strategy and the NAV of the Fund may be adversely affected.

3. Risks relating to debt securities

• Credit risk

The Fund is exposed to the credit/insolvency risk of issuers of the debt securities that the Fund may invest in.

• Credit ratings 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.

[%] Up to 50% of the NAV of the Fund may be invested in SFC authorised CIS in total. The Fund will not invest more than 30% of its NAV in each of the CIS. Selection of the CIS is based on the asset allocation of asset classes by the Manager as described above, where available under the management of the Manager and/or its affiliates. Investments in the CIS will provide the Fund with the additional benefit of being able to leverage on the expertise and investment capabilities of the Manager and/or its affiliates around the world. Management fees will not be charged at the underlying CIS level and will only be charged at the Fund level. The initial charges on the CIS in which the Fund invests will be waived.

^Δ It should be noted that the Manager may adjust the allocation to cash and cash equivalents to beyond 30% (and up to 100%) of the Fund's NAV should, in its opinion, extreme market conditions such as significant economic downturn or political turmoil or changes in applicable legal or regulatory requirements or policies may warrant such temporary adjustment.

- *Credit rating downgrading risk*

Investment grade debt securities may be subject to the risk of being downgraded to below investment grade debt securities. Similarly, an issuer having an investment grade rating may be downgraded. Generally, in the event of downgrading in the credit ratings of a security or an issuer relating to a debt security, the Fund's investment value in such debt security may be adversely affected. The Manager may or may not dispose of the debt securities that are being downgraded.

- *Interest rates risk*

Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. If the debt securities held by the Fund fall in value, the Fund's value will also be adversely affected.

- *Valuation risk*

Valuation of the Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the NAV of the Fund may be adversely affected.

- *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.

4. Risks relating to equities

- *Market risks*

The value of investments may be affected by uncertainties such as investment sentiment, international, political and economic developments or changes in government policies. In falling equity markets, there may be increased volatility. Market prices in such circumstances may be unpredictable and as a result, may have adverse impact to the NAV of the Fund and its investors may suffer substantial losses.

5. Risks of investing in other funds

- There are additional fees involved when the Fund invests into the underlying funds, including fees and expenses charged by service providers of these underlying funds as well as fees payable by the Fund during its redemption from these underlying funds. There can be no assurance that 1) the liquidity of the underlying funds will always be sufficient to meet redemption request as and when made; and 2) investment objective and strategy will be successfully achieved despite the due diligence procedures undertaken by the Manager and the selection and monitoring of the underlying funds. These factors may have adverse impact on the Fund and its investors.

6. Liquidity risk

- Some of the markets in which the Fund invests may be less liquid and more volatile. Certain securities may be difficult or impossible to sell, and this would affect the Fund's ability to acquire or dispose of such securities at their intrinsic value. As a result, this may have adverse impact on the Fund and its investors.

7. Currency and foreign exchange risk

- The Fund may issue classes denominated in a currency other than the base currency of the Fund. Also, the Fund may be invested in part in assets quoted in currencies other than its base currency or the relevant currency of denomination of a class. The NAV of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and by changes in exchange rate controls.

8. Risks associated with exposure to RMB

- *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 investor's 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.

Under exceptional circumstances, payment of redemption requests and/or distributions in RMB (if any) from the RMB class(es) may be delayed due to the exchange controls and restrictions applicable to RMB.

- *"Dim Sum" bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks*

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the NAV of the Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

- *Concentration risk*

The Fund may invest up to 50% of its NAV in RMB-denominated underlying investments and thus are concentrated in such investments. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

9. RMB class(es) related risk

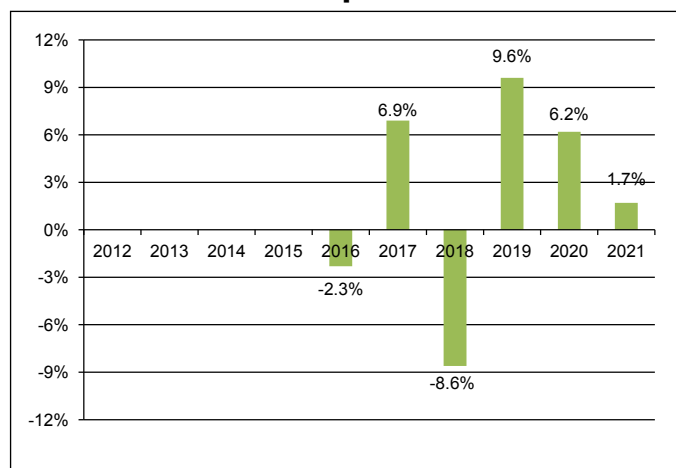
- When calculating the value of the RMB denominated class(es), CNH will be used. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation.
- Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).
- For unhedged RMB denominated class(es), since the unit prices are denominated in RMB, but the Fund will not be fully invested in RMB-denominated underlying investments and its base currency is USD, so even if the prices of underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the base currency more than the increase in the value of the underlying investments and/or the base currency.

- For hedged RMB denominated class(es), investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB denominated class(es) may be exposed to RMB currency exchange risk on an unhedged basis and in which case investors may be subject to the risks of investing in RMB denominated class(es) on an unhedged basis as outlined in the paragraph above. There is no guarantee that the hedging strategy will be effective. Also, hedging will limit the hedged RMB denominated class(es) from benefiting from any potential gain resulting from the appreciation of the base currency against RMB.
- Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the base currency of the Fund (i.e. USD), and the value of the underlying investments decreased, the value of investors' investments in (any hedged or unhedged) RMB denominated class(es) may suffer additional losses.

10. Distribution risk

- In respect of the Class AA (USD) Inc, Class AA (HKD) Inc, Class AA (RMB) Inc and Class AA (RMB) Inc Hedged Units, investors should note that the payment of distributions out of capital and/or effectively of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that original investments. Distributions will result in an immediate decrease in the NAV of the relevant units.
- The distribution amount and NAV of the Class AA (RMB) Inc Hedged Units may be adversely affected by differences in the interest rates of the currency of denomination of Class AA (RMB) Inc Hedged Units 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 unit classes.

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 distributions reinvested.
- These figures show by how much the Class AA (USD) Inc[^] 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: 12 September 2016
- Class AA (USD) Inc[^] launch date: 12 September 2016

[^] This class has been designated, for the purposes of this statement, as the representative class of the Fund as USD is the base currency of the Fund. For further information on the performance of other 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 units of the Fund.

| Fee | What you pay |
|---|--------------|
| Initial charge (% of initial offer price or NAV per unit) | Up to 5%* |
| Switching fee (% of NAV per unit of units switched) | Up to 1% |
| Redemption charge (% of NAV per unit) | Nil |

* You should note that such fees may be increased up to a specified permitted maximum by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Fees and Expenses" and Appendix B of the Prospectus.

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%* |
| Trustee fee | Up to 0.50%, subject to a monthly minimum fee of HKD40,000 per fund (to be waived for the first year of launch of the Fund) |
| Custodian fee | Up to 0.08% ⁺ |
| Performance fee | N/A |
| Administration fee | N/A |

Other fees

You may have to pay other fees when dealing in any of the units of the Fund.

Additional information

- In respect of Class AA (USD) Inc / Class AA (HKD) Inc / Class AA (RMB) Inc / Class AA (RMB) Inc Hedged, the composition of the distributions (i.e. the percentages of distribution being made out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website <http://www.manulifefunds.com.hk>.
- You generally buy and redeem units offered at the Fund's next-determined NAV after the Manager or the distributor receives your request before 4:00 p.m. (Hong Kong time, for investors in Hong Kong) on the relevant dealing day, which is generally every business day.
- Orders placed through intermediaries may be subject to different procedures from those described above. Investors should consult their intermediaries before placing any orders.
- The NAV per unit for each Class AA unit of the Fund is calculated on each dealing day and published on each dealing day on the Manager's website <http://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.

* You should note that such fees may be increased up to a specified permitted maximum by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Fees and Expenses" and Appendix B of the Prospectus.

⁺ The Custodian shall charge the Fund transaction and safe-keeping fees at different rates, depending on the markets where assets of the Fund are held.