

PRODUCT KEY FACTS

Manulife Advanced Fund SPC - Asia Pacific Income and Growth 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

Investment Manager:	Manulife Investment Management (Hong Kong) Limited
Custodian and Paying Agent:	Citibank Europe plc, Luxembourg Branch
Dealing Frequency:	Daily (Please refer to the Prospectus for details)
Base Currency:	USD
Ongoing Charges over a Year**:	Class AA (USD) Inc: 1.85%¹ Class AA (AUD) Inc Hedged: 1.86%¹ Class AA (CAD) Inc Hedged: 1.86%¹ Class AA (HKD) Inc: 1.85%¹
Dividend Policy:	Currently on a monthly basis, subject to the Investment Manager’s discretion. The Fund may at its discretion pay dividend 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 dividend 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.
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.

Minimum Initial Investment:	<p>Class AA (USD) Inc: HKD20,000[#] (or the equivalent in any other Major Currencies^Δ)</p> <p>Class AA (AUD) Inc Hedged: AUD2,500[#] (or the equivalent in any other Major Currencies^Δ)</p> <p>Class AA (CAD) Inc Hedged: CAD2,500[#] (or the equivalent in any other Major Currencies^Δ)</p> <p>Class AA (HKD) Inc: HKD20,000[#] (or the equivalent in any other Major Currencies^Δ)</p>
Minimum Holding:	Same as above
Minimum Subsequent Investment:	<p>Class AA (USD) Inc: HKD1,000[#] (or the equivalent in any other Major Currencies^Δ)</p> <p>Class AA (AUD) Inc Hedged: AUD125[#] (or the equivalent in any other Major Currencies^Δ)</p> <p>Class AA (CAD) Inc Hedged: CAD125[#] (or the equivalent in any other Major Currencies^Δ)</p> <p>Class AA (HKD) Inc: HKD1,000[#] (or the equivalent in any other Major Currencies^Δ)</p>
Minimum Redemption Amount:	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

Objective

The investment objective of the Fund is to provide investors with income and capital appreciation over the medium to longer term by investing primarily in equity and fixed income-related securities in the Asia Pacific ex-Japan region (the "Region").

Strategy

The Fund targets an asset allocation of 60% in equity securities and 40% in fixed income securities in the Region. However the Fund may hold between 25% and 75% of either equity securities or fixed income securities in the Region in pursuance of its investment objective.

The 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.

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

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

The Fund uses an investment process based on the fundamental analysis of individual securities and their ability to generate sustainable income. The Investment Manager will vary asset allocations over time to reflect market conditions and opportunities utilizing top-down investment views while taking into consideration bottom-up fundamental analysis.

The Fund will invest directly in equities and equity-related securities such as preferred stock and convertible bonds of companies that offer sustainable and growing dividend yields, and are domiciled in, or derive a significant income from, or have significant operations in the Region. The Fund may also invest in real estate investment trusts.

The Fund will also directly invest in fixed income securities available in either the primary or secondary markets, issued by governments, agencies and corporate issuers in the Region which includes fixed income and fixed income related securities issued by companies listed on stock exchanges in the Region and fixed income securities issued by supra-nationals in the Region.

The Fund may invest up to 15% of its net assets in higher-yielding debt securities rated lower than investment grade, or if unrated, their equivalent. As such, an investment in this Fund is accompanied by a higher degree of credit risk. The balance of the Fund's asset allocation to fixed income securities will be investment grade.

The Fund may also hold (up to 30% of its net assets) in cash or cash equivalents, or short-term money market instruments in normal market conditions. In times of extreme market volatility or during severe adverse market conditions, the Investment Manager may temporarily hold a substantial portion (up to 40%) of the Fund's net 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 invest (up to 10% of its net assets) in fixed income and fixed income-related securities of other issuers outside of the Region if the Investment Manager considers that such securities will achieve the goal of maximizing capital appreciation and income generation.

The Fund will not invest more than 10% of its NAV in securities issued by or guaranteed by any single country with a credit rating below investment grade. For the avoidance of doubt a "single country" shall include a country, its government, a public or local authority or nationalized industry of that country.

The Fund may utilise exchange-traded and OTC financial derivatives instruments including foreign exchange contracts (FX options, swaps and forwards), interest rate options and swaps and futures contracts for hedging purposes only.

The Fund does not currently intend to engage in securities lending, repurchase or reverse repurchase transactions. Should this policy change (unless otherwise agreed with the SFC) prior SFC approval will be obtained and you will be given at least one month's prior notice.

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

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. Concentration Risk

- The Fund's investments are concentrated in the Region (which includes the China market (onshore and offshore)) and the Fund may have significant investment in a specific country or sector within the Region (including the China market (onshore and offshore)). 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 event affecting the respective country or sector within the Region (including the China market (onshore and offshore)).

3. 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.

4. 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.
- The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

5. Credit / Counterparty Risk

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

6. 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.

7. Volatility And Liquidity Risk

- The fixed income securities 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

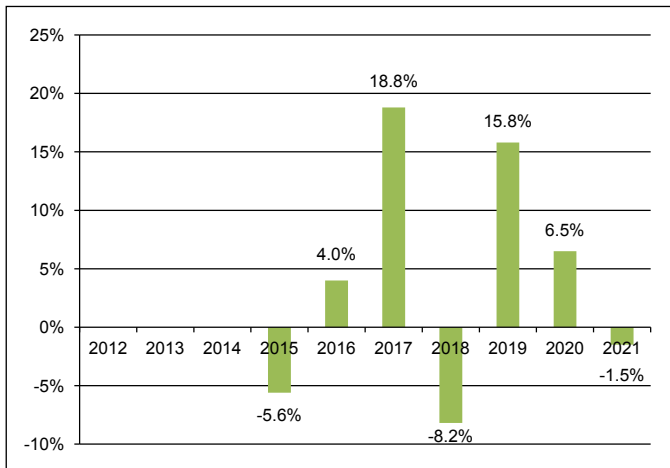
13. Risks Associated with Payment of Dividends, Fees And/or Expenses Out of Capital And/or Effectively Out of Capital

- The Fund may at its discretion pay dividend out of capital or gross income while charging / paying all or part of the Fund's fees and expenses out of the capital of the Fund, resulting in an increase in net distributable income for the payment of dividends by the Fund. Therefore, the Fund may effectively pay dividend 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.

14. Counterparty Risk

- The Fund will have credit exposure to counterparties by virtue of investment positions in exchange-traded and OTC financial derivatives instruments including foreign exchange contracts (FX options, swaps and forwards), interest rate options swaps and futures contracts 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[^] 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: 14 April 2014
- Class AA (USD) Inc[^] launch date: 14 April 2014

[^] 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. 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 (AUD) Inc Hedged, Class AA (CAD) Inc Hedged and Class AA (HKD) Inc Shares of the Fund. Only these Classes of the Fund will be offered to the retail investors in Hong Kong.

Fee	What you pay
Subscription fee (initial charge) ^{##}	Currently up to 5% of the NAV per Share. The Directors reserve the right to charge up to 6% of the NAV per Share
Switching charge	Up to 1% of the NAV of the Shares being switched
Redemption charge	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)
Management fee	Currently 1.50% ^{##*}
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 any of the Class AA (USD) Inc, Class AA (AUD) Inc Hedged, Class AA (CAD) Inc Hedged and Class AA (HKD) Inc 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 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 7 of Part I of the Prospectus.

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[◊].
- 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 (AUD) Inc Hedged, Class AA (CAD) Inc Hedged and Class AA (HKD) Inc Shares of the Fund are 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.