

**The notice contains important information that requires your immediate attention.  
Should you have any query about this notice, please seek independent professional advice.**

May 14, 2019

**To Policyowners of Manulife Investment Plus (“MI Plus”) / Manulife Investment Solutions (“MISo”) / Alpha / Alpha Regular Investor (“ARI”) / Matrix / Skyline (each a “Plan” and collectively, the “Plans”)**

### Various Changes of the Underlying Funds

We would like to notify you of the following changes with regard to the following underlying funds (each an “**Underlying Fund**” and collectively, the “**Underlying Funds**”) corresponding to the following investment choices under the Plans, following our receipt of the Shareholder Notice of the Underlying Funds dated April 26, 2019 (the “**Shareholder Notice**”).

Name of Plan	Name of Investment Choice	Name of Underlying Fund	Share Class of Underlying Fund
MI Plus and MISo	Manulife Inv Allianz Asian Multi Income Plus Fund	Allianz Global Investors Fund – Allianz Asian Multi Income Plus	Class AT
Alpha, ARI and Matrix	MIL Allianz Asian Multi Income Plus Fund		
MI Plus and MISo	Manulife Inv Allianz Dynamic Asian High Yield Bond Fund (dist)	Allianz Global Investors Fund – Allianz Dynamic Asian High Yield Bond	Class AMg (USD)
Alpha, ARI and Matrix	MIL Allianz Dynamic Asian High Yield Bond Fund		Class AT (USD)
MI Plus and MISo	Manulife Inv Allianz Euroland Equity Growth Fund	Allianz Global Investors Fund – Allianz Euroland Equity Growth	Class AT
Alpha, ARI and Matrix	MIL Allianz Euroland Equity Growth Fund		
MI Plus and MISo	Manulife Inv Allianz Income and Growth Fund	Allianz Global Investors Fund – Allianz Income and Growth	Class AT (USD) Acc
	Manulife Inv Allianz Income and Growth Fund (dist)		Class AM
Alpha, ARI and Matrix	MIL Allianz Income and Growth Fund		Class AT (USD) Acc
Skyline	Allianz Global Investors Fund – Allianz Hong Kong Equity	Allianz Global Investors Fund – Allianz Hong Kong Equity	Class AT

#### **1. Use of Securities Financing Transactions, Total Return Swaps and Contract for Differences**

Subject to an Underlying Fund’s asset class principle and its investment objective and investment restrictions, each Underlying Fund can currently invest up to 50% of its net asset value (“**NAV**”) in repurchase agreements, securities or commodities lending and/or securities or commodities borrowing agreements (“**Securities Financing Transactions**”) and total return swaps (“**TRS**”). With effect from June 10, 2019 (the “**Effective Date**”), the following changes will be made:

- a) In respect of all Underlying Funds, the maximum proportion and the expected proportion of the NAV of an Underlying Fund that can be subject to each of Securities Financing Transactions, TRS / contract for differences<sup>1</sup> (“**CFDs**”) will be set out individually to comply with the applicable legal and/or regulatory requirements. Please refer to Appendix I to the Shareholder Notice for the maximum proportion and the expected proportion to each of these transactions in respect of the Underlying Funds. The expected proportion in Appendix I to the Shareholder Notice is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions.
- b) In respect of the bond Underlying Fund, namely Allianz Global Investors Fund – Allianz Dynamic Asian High Yield Bond, and the multi-asset Underlying Funds, namely Allianz Global Investors Fund – Allianz Asian Multi Income Plus and Allianz Global Investors Fund – Allianz Income and Growth, , the aggregate maximum exposure of 50% of each Underlying Fund’s NAV to Securities Financing Transactions and TRS will no longer apply, and the aggregate maximum exposure to Securities Financing Transactions for these Underlying Funds will be increased in order to provide the management company of the Underlying Funds (“**Management Company**”) with increased flexibility of engaging in the Securities Financing Transactions. Please refer to the Appendix I to the Shareholder Notice for the maximum proportion to each of these transactions for these Underlying Funds.

<sup>1</sup> A contract for differences is a financial instrument with similar characteristics to a total return swap. Please refer to the prospectus of the Underlying Funds for details.

As a result of the above changes, the bond Underlying Fund and multi-asset Underlying Funds will be subject to a higher degree of the following risks:

- (i) Risks relating to securities lending transactions - Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.
  - (ii) Risks relating to repurchase agreements (repo) - In the event of the failure of the counterparty with which collateral has been placed, the Underlying Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.
  - (iii) Risks relating to reverse repurchase agreements (reverse repo) - In the event of the failure of the counterparty with which cash has been placed, the Underlying Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realizing collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.
- c) In respect of the equity Underlying Funds, namely Allianz Global Investors Fund – Allianz Euroland Equity Growth and Allianz Global Investors Fund – Allianz Hong Kong Equity, the aggregate maximum exposure of 50% of each Underlying Fund's NAV to Securities Financing Transactions and TRS will no longer apply, and these Underlying Funds will no longer be able to engage in Securities Financing Transactions as the Management Company does not intend to use these transactions for these Underlying Funds in future.

As a result of the above changes, the equity Underlying Funds will no longer be subject to any risks relating to securities lending transactions, repurchase agreements (repo) and reverse repurchase agreements (reverse repo).

For the avoidance of doubt, there is no change to the aggregate maximum exposure to TRS and CFDs in respect of all Underlying Funds as a result of the above changes.

The above changes will not materially prejudice the rights or interests of the existing shareholders of the Underlying Funds. Save and except the above changes, there is no other change in the operation and/or manner in which the Underlying Funds are being managed.

There will be no change in the fee structure and fee level of the Underlying Funds following the implementation of the above changes. The costs and/or expenses incurred in connection with the changes described above will be borne by the Management Company.

## **2. Change of Investment Restrictions of Allianz Global Investors Fund - Allianz Dynamic Asian High Yield Bond**

Currently, up to 30% of the assets of the Underlying Fund may be invested in convertible debt securities. With effect from the Effective Date, the maximum exposure to convertible debt securities of the Underlying Fund will be decreased to 10% of the Underlying Fund assets.

## **3. Change of Definition of Taiwan Restriction**

To reflect the applicable legal and regulatory requirements in Taiwan, with effect from April 27, 2019, the Taiwan Restriction applicable to the Underlying Funds (except Allianz Global Investors Fund – Allianz Asian Multi Income Plus) will be amended to provide that the total amount invested directly in China A-Shares and China Interbank Bond Markets shall not exceed 20% of an Underlying Fund's NAV (up from 10% of an Underlying Fund's NAV previously), or such other percentage as may be stipulated by the Taiwan Financial Supervisory Commission from time to time.

Please refer to the Shareholder Notice and the offering documents of the Underlying Funds for further information relating to the above changes.

If you have any enquiry, please do not hesitate to contact your Manulife Insurance Advisor or call our Customer Service Hotline at (852) 2108 1110 (in relation to MI Plus and MISo) and (852) 2510 3941 (in relation to ARI, Alpha and Matrix) and (852) 2108 1111 (in relation to Skyline) in Hong Kong or (853) 8398 0383 in Macau during office hours: 9:00am - 6:00pm, Monday to Friday.

Customer Services  
Individual Financial Products  
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