

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

December 10, 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 November 13, 2019 (the “**Shareholder Notice**”). The following changes will become effective on December 23, 2019 (the “**Effective Date**”), unless otherwise specified.

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		
Skyline	Allianz Global Investors Fund - Allianz Hong Kong Equity	Allianz Global Investors Fund – Allianz Hong Kong Equity	Class AT
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

1. Amendments to reflect requirements under the revised Code on Unit Trusts and Mutual Funds

Allianz Global Investors Fund (the Underlying Funds being sub-funds of which) and the Underlying Funds are authorised by the Securities and Futures Commission in Hong Kong (“**SFC**”) ¹ and hence are subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (the “**Code**”) issued by the SFC. The Code has been revised.

The following key changes will be made to the Hong Kong offering documents of the Underlying Funds (the “**HKOD**”) to reflect applicable requirements under the revised Code:

Enhancement of disclosures on net derivative exposure

The HKOD will be amended to include disclosures on the maximum net derivative exposure arising from derivative investments. The net derivative exposure of each Underlying Fund is calculated in accordance with the requirements and guidance issued by the SFC, which may be updated from time to time.

The net derivative exposure of each Underlying Fund may be up to 50% of the Underlying Fund’s net asset value (“**NAV**”).

Other amendments

Other amendments and enhancement of disclosures to reflect the requirements of the revised Code include the following:

- a) enhanced disclosures on the use of fair value adjustment;
- b) enhanced disclosures on temporary suspension of calculation of NAV;

¹SFC authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

- c) amendments to reflect the requirements under the revised Code on investments in underlying schemes;
- d) amendments to reflect the requirements under the revised Code on transactions with connected persons and soft commissions;
- e) enhanced disclosures on custodial risk; and
- f) enhanced disclosures on the use of liquidity risk management tools.

2. Amendments to the Hong Kong Restriction

The Hong Kong Restriction applies to the Underlying Funds authorised by the SFC (with appropriate modifications in respect of certain Underlying Funds (where applicable) as may be disclosed in the Hong Kong prospectus of the Underlying Funds (the “**HK Prospectus**”). To reflect the Underlying Funds’ net derivative exposure and investments in instruments with loss-absorption features, the Hong Kong Restriction will be amended with effect from the Effective Date. The new definition of Hong Kong Restriction will be as follows:

“means that – irrespective of a Sub-Fund’s specific Asset Class Principles, its individual investment objective and its individual restrictions which fully continue to apply -

(1) a Sub-Fund’s net derivative exposure may be up to 50% of its NAV; and (2) to the extent a Sub-Fund invests in Debt Securities, it may not invest more than 10% of its NAV in Debt Securities issued by or guaranteed by any single country with a credit rating below Investment Grade or unrated; and (3) to the extent a Sub-Fund is deemed to be a Bond Sub-Fund or a Multi-Asset Sub-Fund (as defined pursuant to Appendix 1, Part B of this HK Prospectus) it may invest less than 30% of its assets in instruments with loss-absorption features (including contingent convertible bonds, senior non-preferred Debt Securities, instruments issued under the resolution regime for financial institutions and other capital instruments issued by banks or other financial institutions), of which a maximum of 10% of the respective Sub-Fund’s assets may be invested in contingent convertible bonds.

A “single country” as referred to in sentence 1 Alternative 2 shall include a country, its government, a public or local authority or nationalized industry of that country.”

Please refer to the Shareholder Notice for the present definition of Hong Kong Restriction.

With effect from the Effective Date, the definition of “Debt Securities” in the HK Prospectus will be revised to include the reference to instruments with loss-absorption features, and the risk related to instruments with loss-absorption features will be inserted in the HK Prospectus.

3. Application of swing pricing mechanism

The investment manager of the Underlying Funds (the “**Investment Manager**”) may need to accommodate significant purchasing, selling and/or switching activity by investors which result in high transaction costs associated with an Underlying Fund’s portfolio trades and as a result, the Underlying Fund may suffer reduction of the NAV per share (“**dilution**”).

In order to reduce the dilution impact and to protect the interest of existing shareholders of the Underlying Funds, with effect from the Effective Date, a swing pricing mechanism (“**Swing Pricing Mechanism**”) may be adopted across all the Underlying Funds.

If on any valuation day, the aggregate net investor(s) transactions in shares of the affected Underlying Fund exceed a pre-determined threshold, as determined as (i) a percentage of that Underlying Fund’s net assets or as (ii) an absolute amount in that Underlying Fund’s base currency from time to time by the Allianz Global Investors Fund’s board of directors (the “**Board**”) based on objective criteria, the NAV per share may be adjusted upwards or downwards to reflect the costs attributable to net inflows and net outflows respectively (“**Adjustment**”) if the Board considers it is in the best interest of the investors. The net inflows and net outflows will be determined by the Allianz Global Investors Fund based on the latest available information at the time of calculation of the NAV.

The value of the Adjustment will be reset by Allianz Global Investors Fund on a periodic basis to reflect an approximation of current dealing costs. The estimation procedure for the value of the Adjustment captures the main factors causing dealing cost (e.g. bid/ask spreads, transaction related taxes or duties, brokerage fees etc.). Such Adjustment may vary from Underlying Fund to Underlying Fund and will not exceed 3% of the original NAV per share. The value of the Adjustment is determined by the management company of the Underlying Funds’ (the “**Management Company**”) valuation team and approved by an internal swing pricing committee. On a regular basis (minimally twice a year) the value of the Adjustment is reviewed by the Management Company’s valuation team and the review results are approved by the swing pricing committee.

The value of the pre-determined threshold, which triggers the application of the Adjustment and the value of the Adjustment are dependent on the prevailing market conditions as measured by several commonly used metrics (e.g. implied volatility, various indices etc.).

As a result of the above changes, the Underlying Funds to which swing pricing mechanism applies are subject to swing pricing risk. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying assets and the valuation method adopted to calculate the value of such underlying assets of the Underlying Fund. The value of Adjustment reflects the estimated dealing cost of an Underlying Fund. If the estimation of costs is not accurate, the application of the Swing Pricing Mechanism may not achieve the desired results.

4. Clarification of Investment Restrictions of Allianz Global Investors Fund – Allianz Income and Growth

With effect from the Effective Date, the investment restrictions of the Underlying Fund will be changed as follows:

Present Investment Restrictions	New Investment Restriction
Taiwan Restriction applies	Taiwan Restriction applies, except for the relevant restriction specified for High-Yield Investments Type 1/High-Yield Investment Type 2

Please refer to the section “II Definitions” of the HK Prospectus for details of the Taiwan Restriction.

5. Addition of disclosures on benchmark indices

The HKOD will be updated to align their wording to Regulation (EU) 2016/1011 of the European Parliament and of the Council of June 8, 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (as amended from time to time) and to bring their wording into conformity with the Questions and Answers on the Benchmarks Regulation (BMR) issued by the European Securities and Markets Authority last updated on July 11, 2019.

The HKOD will be revised to provide that certain Underlying Funds are managed in reference to a benchmark. Where the HKOD provides that an Underlying Fund is managed in reference to a benchmark (“**Benchmark Index**”), the Benchmark Index plays a role (i) as reference for formulating the Underlying Fund’s portfolio composition, and/or (ii) for measurement and comparison of the Underlying Fund’s performance. However, due to the active management approach adopted by the Investment Manager, the performance of the Underlying Fund and the performance of the Benchmark Index may differ. For the avoidance of doubt, there will be no change to the investment objectives, policies or processes as a result of the insertion of the Benchmark Index.

6. Change in risk management process of Allianz Global Investors Fund – Allianz Asian Multi Income Plus and Allianz Global Investors Fund – Allianz Income and Growth

With effect from November 29, 2019, the approach used in the risk management process of the following Underlying Funds will be changed as follows:

Name of the Underlying Fund	Present approach	New approach
Allianz Global Investors Fund – Allianz Asian Multi Income Plus	Relative Value-at-Risk	Commitment Approach
Allianz Global Investors Fund – Allianz Income and Growth	Relative Value-at-Risk	Absolute Value-at-Risk

Save as otherwise disclosed above, the changes above will not (i) result in any material change to the features and risks applicable to the Underlying Funds, (ii) result in other changes in the operation and/or manner in which the Underlying Funds are being managed. The changes above will not materially prejudice the rights or interests of the existing shareholders of the Underlying Funds. 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 above will be borne by the Management Company.

Please refer to the Shareholder Notice and latest 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

Manulife (International) Limited

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