Manulife 宏利

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

January 4, 2020

To Policyowners of Manulife Investment Plus ("MI Plus") / Manulife Investment Solutions ("MISo") / Alpha / Alpha Regular Investor ("ARI") / Matrix (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 respective notices of the Underlying Funds.

Name of Plan	Name of Investment Choice	Name of Underlying Fund		Share Class of Underlying Fund
MI Plus and MISo	Manulife Inv AllianceBernstein American Income Fund (dist)	AB FCP I – American Income Portfolio (the "**AB Underlying Fund**")		Class AA
Alpha, ARI and Matrix	MIL AllianceBernstein American Income Fund			Class A2
MI Plus and MISo	Manulife Inv BNP Paribas Emerging Bond Opportunities Fund (dist)	BNP Paribas Funds Emerging Bond Opportunities	Collectively, the "**BNP Underlying Funds**"	Classic MD
Alpha, ARI and Matrix	MIL BNP Paribas Emerging Bond Opportunities Fund			Classic Capitalisation
MI Plus and MISo	Manulife Inv BNP Paribas Asia ex-Japan Bond Fund	BNP Paribas Funds Asia ex-Japan Bond		Classic Capitalisation
Alpha, ARI and Matrix	MIL BNP Paribas Asia ex-Japan Bond Fund			
MI Plus and MISo	Manulife Inv Value Partners Greater China High Yield Income Fund (dist)	Value Partners Greater China High Yield Income Fund (the "**VP Underlying Fund**")		Class P USD MDis Shares
Alpha, ARI and Matrix	MIL Value Partners Greater China High Yield Income Fund			Class P USD Acc Shares

1. **Enhancement of disclosures on investments in debt instruments with loss-absorption features of the AB Underlying Fund**

   According to the shareholder notice of the AB Underlying Fund dated December 13, 2019, subject to the primary investment strategy of the AB Underlying Fund, the disclosures on the investment policies of the AB Underlying Fund have been updated to reflect that the AB Underlying Fund may invest less than 30% of its net assets in debt instruments with loss-absorption features as defined by the Securities and Futures Commission in Hong Kong ("**SFC**"), including, but not limited to, contingent convertible securities. Save for the changes mentioned above, the investment objective, investment strategy, and risk profile of the AB Underlying Fund will not change and there will be no change to the operation and/or manner in which the AB Underlying Fund are being managed. There will be no change to the risks applicable to the AB Underlying Fund. Further, there will be no change to the fee level / cost in managing the AB Underlying Fund and the changes will not prejudice the rights or interests of the AB Underlying Fund's existing shareholders.

2. **Updates on Fee Structure of the BNP Underlying Funds**

   According to the shareholder notice of the BNP Underlying Funds dated December 6, 2019, it is currently disclosed in their Hong Kong Offering Document that the BNP Underlying Funds would not incur any management fee when the BNP Underlying Funds invest in units or shares of connected underlying investment schemes which are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding (the "**Connected Schemes**").

   With effect from January 6, 2020, the BNP Underlying Funds would start to incur such indirect management fee of the Connected Schemes managed by the same management company or its affiliates and shareholders may therefore be exposed to fee doubling. The ongoing charges of the BNP Underlying Funds may be increased but the impact would not be material. The BNP Underlying Funds would continue not to incur any subscription or redemption fees for the units or shares of the Connected Schemes. Nevertheless, the BNP Underlying Funds may not invest in any underlying schemes which have a management fee exceeding 3% per annum.

   There would be no change in other fees level or costs in managing the BNP Underlying Funds. In addition, the management company of the BNP Underlying Funds would bear the costs or expenses incurred in connection with the change. The change would not materially change the features and overall risk profile of the BNP Underlying Fund. There would be no change in the investment objective or policies of the BNP Underlying Funds as a result of the change. Further, the change would not materially prejudice the rights or interest of the existing investors of the BNP Underlying Funds.

3. Changes to the VP Underlying Fund

According to the shareholder notice of the VP Underlying Fund dated November 29, 2019, the following changes will take effect from January 1, 2020 (the "**Effective Date**").

a) Changes pursuant to the Revised Code on Unit Trusts and Mutual Funds (the "**Code**")

The Code issued by the SFC has been revised. The following key changes will be made to the articles of association and/or the Explanatory Memorandum of the VP Underlying Fund (where applicable) to reflect the requirements and/or flexibility accorded under the revised Code:

(i) Custodian and Manager - additional obligations of the custodian and the manager of the VP Underlying Fund under Chapters 4 and 5 respectively of the revised Code.

(ii) Investment Restrictions: Core Requirements - amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the revised Code, including but not limited to amendments in relation to the following: spread of investments, restriction on investment in commodities, restrictions on making loans, limitations on borrowing, financial derivative instruments, securities financing transactions and collateral etc. A summary of the key revised investment restrictions/requirements pursuant to the revised Code are set out in Annexure A enclosed with the said shareholder notice.

b) Amendments to the Investment Policies of the VP Underlying Fund

The following amendments / enhanced disclosures will be made to the investment policies of the VP Underlying Fund to reflect the changes in the investment restrictions under the revised Code and/or the SFC disclosure requirements:

(i) Currently, the VP Underlying Fund may invest in commodities. Under the revised Code, the VP Underlying Fund may not invest in physical commodities unless otherwise approved by the SFC. Consequently, the investment policy of the VP Underlying Fund will be amended for compliance with the revised Code, such that with effect from the Effective Date, the VP Underlying Fund will no longer invest in physical commodities (unless otherwise approved by the SFC). For the avoidance of doubt, the VP Underlying Fund however, may invest in commodity-based investments.

(ii) Currently, the debt securities in which the VP Underlying Fund may invest are across all ratings and thus, such debt securities may be rated or unrated or rated below investment grade credit rating, such as below Moody's "Baa3" or below Standard & Poor's "BBB-". With effect from the Effective Date, the debt securities (or the issuers of such debt securities) in which the VP Underlying Fund may invest are across all ratings and thus, such debt securities (or the issuers of such debt securities) may be rated or unrated or rated below investment grade credit rating, such as below Moody's "Baa3" or below Standard & Poor's "BBB-".

(iii) Enhanced disclosures that the VP Underlying Fund may invest less than 30% of its net asset value in instruments with loss-absorption features ("**LAPs**") such as contingent convertible bonds issued by financial institutions, non-preferred senior debt instruments, certain Additional Tier 1 and Tier 2 capital instruments, and external loss-absorbing capacity ("**LAC**") debt instruments. Additional disclosures are also made on the risks associated with investments in LAPs. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). Additional disclosures are also made on the risks associated with investments in LAPs.

(iv) The VP Underlying Fund currently does not intend to use financial derivative instruments extensively for hedging or investment purposes. The VP Underlying Fund may invest in index and currency swaps and currency forwards (which are normally traded over-the-counter) for hedging purposes only. Further, the VP Underlying Fund may also, invest in, commodities, futures contracts, options, depository receipts, warrants, units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme (including those managed by the manager of the VP Underlying Fund or its connected persons), currencies and interest rates and may hold cash, short-term deposits, and other money instruments (as considered appropriate by the manager of the VP Underlying Fund). Currently, the VP Underlying Fund does not intend to invest more than 10% of its latest net asset value in such instruments. With effect from the Effective Date, the investment policies of the VP Underlying Fund will be amended to provide that the VP Underlying Fund may use financial derivative instruments (such as futures contracts, options and warrants) for hedging and investment purposes. Consequently, futures contracts, options and warrants will be removed from the aforesaid 10% limit. Enhanced disclosures will be made to provide that the VP Underlying Fund's net derivative exposure may be up to 50% of the VP Underlying Fund's net asset value.

Save as disclosed above, the changes set out above will not result in any material change to the investment objective and risk profile of the VP Underlying Fund. There will be no increase in the fees payable out of the assets of the VP Underlying Fund as a result of these changes. These changes will also not result in a change in the manner in which the VP Underlying Fund currently operates or is being managed.

Please refer to the respective notices and latest offering documents of the Underlying Funds for further information relating to the above and other 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) 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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