

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

December 24, 2020

**To Policyowners of Manulife Investment Plus (“MI Plus”) / Manulife Investment Solutions (“MISo”) /  
Manulife Wealth Creator (“MWC”) / Alpha / Alpha Regular Investor (“ARI”) / Matrix /  
ManuSelect Investment Protector (“MIP”) / Flexible Investment Protector (“FIP”)  
(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 30, 2020 (the “**Shareholder Notice**”).

<b>Name of Plan</b>	<b>Name of Investment Choice</b>	<b>Name of Underlying Fund</b>	<b>Share Class of Underlying Fund</b>
MI Plus, MISo and MWC	Manulife Inv Amundi Asia Equity Concentrated Fund	Amundi Funds - Asia Equity Concentrated	Class 12 USD (C)
Alpha, ARI and Matrix	MIL Amundi Asia Equity Concentrated Fund		
MIP	ManuSelect Amundi Asia Equity Concentrated Fund		
FIP	Asia Equity Concentrated Fund		
MI Plus and MISo	Manulife Inv Amundi Emerging Markets Equity Focus Fund	Amundi Funds – Emerging Markets Equity Focus	Class A2 USD (C)
Alpha, ARI and Matrix	MIL Amundi Emerging Markets Equity Focus Fund		
MI Plus, MISo and MWC	Manulife Inv Middle East and North Africa Equity Fund	Amundi Funds –Equity MENA	Class A2 USD (C)
Alpha, ARI and Matrix	MIL Middle East and North Africa Fund		
MI Plus, MISo and MWC	Manulife Inv Amundi Cash Fund	Amundi Funds – Cash USD	Class A2 USD (C)
Alpha, ARI and Matrix	MIL Amundi Cash Fund		
MIP and FIP	Cash Fund		

**1. Environmental, Social and Governance Policy on Amundi Funds – Cash USD\***

Since its creation, Amundi has put responsible investment and corporate responsibility as one of its founding pillars, based on the conviction that economic and financial actors have a greater responsibility towards sustainable society and that Environmental, Social and Governance (“**ESG**”) is a long-term driver of financial performance.

Amundi considers that, in addition to economic and financial aspects, the integration of ESG dimensions within the investment decision process allows a more comprehensive assessment of investment risks and opportunities.

In addition to ESG integration, Amundi applies targeted exclusion policies to all of Amundi’s active investing strategies by excluding companies in contradiction with the ESG policy, such as those, which do not respect international conventions, internationally recognised frameworks or national regulations.

Amundi has developed its own in-house ESG rating process based on the “Best-in-Class” approach. Ratings adapted to each sector of activity aim to assess the dynamics in which companies operate.

ESG rating and analysis is performed within the ESG analysis team of Amundi, which is also used as an independent and complementary input into the decision process.

The Amundi ESG rating is an ESG quantitative score translated into seven grades. They range from A (the best scores) to G (the worst), with securities belonging to the exclusion list corresponding to a G rating.

The Amundi ESG rating aims to measure the ESG performance of an issuer, e.g. its ability to anticipate and manage Environmental, Social and Governance risks and opportunities inherent to an issuer's industry and individual circumstances.

#### ESG Investment Objectives

Amundi Funds – Cash USD integrates ESG factors in its investment process and also aim to achieve a portfolio ESG score above the ESG score of its benchmark or investment universe (where there is no benchmark). The portfolio ESG score is the AUM-weighted average of the issuers' ESG score based on Amundi ESG scoring model. Furthermore, unless otherwise specified in the investment policy of an Underlying Fund, all Underlying Funds exclude all issuers specified in the exclusion list of the Amundi ESG Policy.

With effect from January 1, 2021, the investment policy of Amundi Funds – Cash USD will be amended to include a complementary objective that aims to achieve a portfolio ESG score above the ESG score of its benchmark.

\* This is not a money market fund in Hong Kong. This is a standard variable net asset value money market fund under European Money Market Fund Regulation (EU) 2017/1131.

## **2. Benchmark disclosures**

Following recent regulatory guidance regarding the disclosure of information relating to the use of benchmarks by the Underlying Funds, Amundi will make a number of adjustments to the prospectus of the Underlying Funds to improve disclosure related to the Underlying Funds' use of benchmarks. The aim of this improved disclosure is to assist investors' understanding of the relationship of benchmarks and their Underlying Funds. The Underlying Funds may have portfolios that are more or less different to the composition of a benchmark, or may have objectives or measures, which are actively managed or compared by reference to a benchmark.

## **3. Change in the investment objective and policy involving a change in the benchmark of Amundi Funds – Cash USD**

Currently, the investment objective of the Underlying Fund is “to offer returns in line with money markets rates while seeking to achieve a stable performance in line with the USD Libor 3-month rate”. In anticipation of the phasing out of the USD Libor 3-month rate by the end of 2021, with effect from March 1, 2021, the investment objective of the Underlying Fund will be changed to “to offer returns in line with money markets rates”. Its benchmark will be changed from the USD Libor 3-month rate to the Compounded Effective Federal Funds Rate (which is also in respect of USD) (the “**New Benchmark**”), and the use of the New Benchmark will be disclosed under its investment policy instead. The Underlying Fund will still be actively managed and will still seek to achieve a stable performance in line with the New Benchmark. The New Benchmark will be used a posteriori (i.e. as an indicator for assessing the Underlying Fund's performance). There are no constraints relative to the New Benchmark restraining portfolio construction of the Underlying Fund. The New Benchmark is not used for the purpose of portfolio construction of the Underlying Fund and the investment exposures, performance and returns of the Underlying Fund may differ significantly from the New Benchmark.

The Effective Federal Funds Rate is a public benchmark, the official provider for which is the US Federal Reserve. The Effective Federal Funds Rate is calculated under the authority of the Board of Governors of the Federal Reserve System of the USA, using data on overnight federal funds transactions provided by domestic banks and US branches and agencies of foreign banks. The New Benchmark is a compounded version of the Effective Federal Funds Rate calculated by Amundi internally, which also factors in the impact of the reinvestment of interest on a daily basis using the Overnight Indexed Swap method. For details of the calculation and compounding methodology of the New Benchmark, please refer to the Shareholder Notice.

#### Reasons for choosing the New Benchmark as a replacement of USD Libor 3-month rate for the Underlying Fund

The New Benchmark is selected as the substitute benchmark of the Underlying Fund for the following reasons:

- 1) Comparing with the currently available benchmarks, the New Benchmark is the most in line with the underlying investments of the Underlying Fund because (1) the New Benchmark better reflects the use of hedging swaps based on the Overnight Indexed Swap method by the Underlying Fund; and (2) the current possible benchmark alternatives are secured benchmarks, whereas the Underlying Fund invests mainly in unsecured assets (which is in line with the New Benchmark).
- 2) The New Benchmark is compliant with the 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.
- 3) The New Benchmark is more consistent with the philosophy of the Underlying Fund, which is designed to be similar to an overnight deposit. It is more logical to choose a compounded benchmark which capitalises the interests on a daily basis.

#### The USD Libor 3-month rate and the New Benchmark

Although the Underlying Fund will still be actively managed and will still seek to achieve a stable performance in line with the New Benchmark, investors of the Underlying Fund should take note that the existing benchmark and the proposed New Benchmark are calculated based on different methodology and accordingly the benchmark figures on a given date for a given period will be different.

On November 13, 2020, the figure of USD Libor 3-month rate is 0.222% while the figure of the New Benchmark is 0.09%.

Following the implementation of this change, the Underlying Fund will be managed by reference to the New Benchmark in the manner as described above. For the avoidance of doubt, there will be no change in the investment policy of the Underlying Fund except as mentioned above.

As a result of the changes mentioned in this section and section 1 and 2 above, the investment objective and policy of the Underlying Fund will be amended. For details, please refer to the Shareholder Notice.

#### **4. Change of investment policy of Amundi Funds – Asia Equity Concentrated**

With effect from January 1, 2021, the investment policy of the Underlying Fund will be amended to enable investments in China A Shares via the status of a Renminbi Qualified Foreign Institutional Investor.

As a result of the changes mentioned in this section and section 2 above, the investment objective and policy of the Underlying Fund will be amended. For details, please refer to the Shareholder Notice.

#### **5. Clarification on swing pricing**

In general, when the net balance of subscriptions and redemptions for the Underlying Fund is greater than a predetermined threshold percentage (will be determined and reviewed by the board of directors of the Underlying Funds (the “**Board**”) on a quarterly basis) of the Underlying Fund’s assets on any valuation day, the net asset value will be adjusted upward or downward by not more than 2% of the original net asset value. The Board will periodically review this adjustment limit and may decide to increase this adjustment limit if it considers necessary to protect existing shareholders of the Underlying Funds’ interests.

Save as otherwise provided in this notice, the changes to the Underlying Funds as mentioned above will not have any material impact on the investment objectives and policies of the Underlying Funds, portfolios of the Underlying Funds, as well as, the overall risk profiles of the Underlying Funds. There will be no change in the fee structure and fee level of the Underlying Funds and cost in managing the Underlying Funds following the implementation of the changes. It is not expected that the changes will materially prejudice the rights and interests of shareholders of the Underlying Funds. Except for the changes as mentioned above, there is no other change in the operation and/or manner in which the Underlying Funds are being managed.

Any costs and expenses associated with the changes to the Underlying Funds as mentioned above will be borne by the management company of the Underlying Funds.

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, MISo and MWC) and (852) 2510 3941 (in relation to ARI, Alpha, Matrix, MIP and FIP) 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**

*Incorporated in Bermuda with limited liability*