

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

April 21, 2022

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”)

Transformation of the Underlying Fund

We would like to notify you of the following changes with regard to the following underlying fund (the “**Underlying Fund**”) corresponding to the following investment choices under the Plans, following our receipt of the shareholder notice of the Underlying Fund dated April 4, 2022 (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 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		

According to the Shareholder Notice, **BNP Paribas Funds Asia ex-Japan Bond** will be transformed and renamed as **BNP Paribas Funds Sustainable Asian Cities Bond** (the “**Transformation**”), and will be incorporated in the next version of the Hong Kong offering document of the Underlying Fund. **The Transformation will be effective on May 6, 2022 (the “Effective Date”).**

1. Background to and rationale for the Transformation

- Performances of the Underlying Fund do not meet expectation as the Underlying Fund has underperformed its benchmark 50% JPM Asia Credit Index + 50% Markit iBoxx Asia Local Bond Index over the short- and longer-term.
- There is an increasing demand for sustainable fund strategy for prospective growth.
- The transformation into the new strategy of “Sustainable Asian Cities Bond” aims to deliver better long-term value-add by:
 1. adopting a thematic approach of capitalising on the positive long-term structural trend for sustainable investing in Asia due to underpinned by regulatory shifts as well as increasing awareness among investors and capital raisers; and
 2. compare to the blend strategy of the existing “Asia ex-Japan Bond” strategy, the new strategy of “Sustainable Asian Cities Bond” focuses predominantly on hard currency bonds
- The strategy of the Underlying Fund after the Transformation will aim to maximize total returns while exhibiting a strong Environmental, Social and Governance (“**ESG**”) profile.
- The investment manager of the Underlying Fund (the “**Investment Manager**”) will apply BNP PARIBAS ASSET MANAGEMENT’s Sustainable Investment Policy as defined in the prospectus of the Underlying Fund, which takes into account ESG standards and integration in the investment process of the Underlying Fund.

2. The changes of the Underlying Fund

The key changes of the Underlying Fund are the following:

Features	BNP Paribas Funds Asia ex-Japan Bond	BNP Paribas Funds Sustainable Asian Cities Bond
Investment Objective	Increase the value of its assets over the medium term by investing primarily in Asian (excluding Japan) bonds.	Increase the value of its assets over the medium term by investing primarily in debt securities issued by Asian issuers supporting the development of Sustainable Asian Cities while integrating ESG criteria all along the investment process.

<p>Summary of differences for:</p> <ul style="list-style-type: none"> Investment policies Investment strategies Asset allocation Universe 	<p><u>Investment Policy and Strategy</u></p> <ul style="list-style-type: none"> While both strategies seek to increase the value of assets by investing in a common geographic area of focus (Asia ex-Japan), the Sustainable Asian Cities Bond strategy has a deeper level of ESG-integration. It adopts a thematic approach, focusing on sustainable-labelled bonds and bonds aligned with the “sustainable Asian cities” concept, rather than the more broad-based approach of the Asia ex-Japan Bond. <p><u>Asset Allocation</u></p> <ul style="list-style-type: none"> The Asia ex-Japan Bond strategy invests at least 2/3 of its assets in bonds or other similar securities, denominated in various currencies, of issuers that have their registered offices in or conduct the majority of their business activity in Asia (excluding Japan). The Sustainable Asian Cities Bond strategy invests at least 75% of its total assets in debt securities issued by Asian entities supporting the development of Sustainable Asian Cities. The Sustainable Asian Cities Bond strategy, also invests at least 60% in investment grade bonds while the Asia ex-Japan Bond does not have this criteria. <p><u>Universe</u></p> <ul style="list-style-type: none"> Both strategies have a similar geographic area of focus, which is Asia ex-Japan. However, in terms of the investment approach, there are differences. 	
<p>Ongoing charges ratio for the Underlying Fund</p>	<p>1.63%</p>	<p>1.28% (estimated)</p>
<p>Management Fees Ceiling for the Underlying Fund</p>	<p>Up to 1.25%</p>	<p>Up to 0.90%</p>

For full disclosure of the current and new investment policy of the Underlying Fund, please refer to section 2 of the Shareholder Notice.

Operating parties, dividend and distribution policy, order trade date, net asset value calculation and publication date, orders settlement date, risk management process (commitment approach), use of derivatives, specific market risks, accounting currency, and any other characteristic not included in section 2 of the Shareholder Notice are the same in both strategies.

As a result of the Transformation, “Environmental, Social and Governance Risk” (as below) will be considered as a relevant risk to the Underlying Fund.

Environmental, Social and Governance Risk

- The use of ESG standards and analysis may affect the Underlying Fund’s investment performance and, as such, the Underlying Fund may perform differently including underperforming compared to similar funds that do not use such standards.
- The use of ESG criteria may also result in the Underlying Fund being concentrated in companies with ESG focus and its value maybe more volatile than that of fund having a more diverse portfolio of investments.
- ESG-based exclusionary standards used by the Underlying Fund may result in the Underlying Fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.
- In evaluating a security based on ESG standard, the Investment Manager may use information and data from third party providers, which may be incomplete, inaccurate or unavailable.
- Investment selection of the Underlying Fund is based on subjective judgement from the Investment Manager. The Investment Manager may incorrectly assess the ESG characteristics of a security and may wrongly exclude eligible security.

- Due to the lack of standardized taxonomy, the Investment Manager may not apply the relevant ESG standards correctly or that the Underlying Fund could have indirect exposure to security which do not meet the relevant ESG standards used by the Underlying Fund.
- ESG standard and expectation are evolving. There is a risk of style drift within the investment limits of the Underlying Fund.

3. Change of name and management fee / investment management fee of the corresponding investment choices

In view of the above, with effect from the Effective Date, the name of the investment choices corresponding to the Underlying Fund (each an “**Investment Choice**” and collectively, the “**Investment Choices**”) will be changed as follows:

Underlying Fund		Investment Choice	
Current	New	Current	New
BNP Paribas Funds Asia ex-Japan Bond	BNP Paribas Funds Sustainable Asian Cities Bond	Manulife Inv BNP Paribas Asia ex-Japan Bond Fund	Manulife Inv BNP Paribas Sustainable Asian Cities Bond Fund
		MIL BNP Paribas Asia ex-Japan Bond Fund	MIL BNP Paribas Sustainable Asian Cities Bond Fund

Further, the management fee / investment management fee per annum of the net asset value of the Investment Choices **will be reduced from 1.70% to 1.35%** with effect from the Effective Date.

For avoidance of doubt, there will be no changes in the risk level of the Investment Choices after the Transformation of the Underlying Fund.

4. Portfolio rebalancing of the Underlying Fund

To facilitate the Transformation, the portfolio of the Underlying Fund will be rebalanced by selling at least 75% of the existing holding where possible ahead of the Transformation during the rebalancing period from April 29, 2022 to May 5, 2022. As a result, it is intended that the portfolio of the Underlying Fund will be aligned with the new investment objective and policy by May 6, 2022.

The Underlying Fund will bear the transaction costs (brokerage fees, stamp duties, taxes, custodian commission and charges paid to stock exchanges) associated with rebalancing the portfolio during the rebalancing period. When these transaction costs are incurred, **shareholders of the Underlying Fund who remain in the Underlying Fund during the rebalancing period will bear such costs.** Such transaction costs are not expected to be significant and are estimated to be 0.37% of the net asset value of the Underlying Fund (i.e. estimated to be USD 137,000).

5. Other information

The changes would not materially change the overall risk profile of the Underlying Fund. There would be no change in the operations or the manner in which the Underlying Fund is being managed. Further, the change would not materially prejudice the rights or interest of the existing investors of the Underlying Fund.

The management company of the Underlying Fund will bear all costs and expenses (except transactions costs for portfolio rebalancing) associated with the preparation and completion of the Transformation. There are no unamortised preliminary expenses outstanding in respect of the Underlying Fund.

Please refer to the Shareholder Notice and latest offering documents of the Underlying Fund 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) in Hong Kong or (853) 8398 0383 in Macau during office hours: 9:00am - 6:00pm, Monday to Friday.