Manulife Advanced Fund SPC (the "Company")

P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

This document is important and requires your immediate attention. If in doubt, you should seek independent legal, financial or other professional advice. The Directors of the Company accept full responsibility for the accuracy of the information contained in this Notice and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Words and phrases used in this Notice shall, unless otherwise provided, have the same meanings as ascribed to them in the Prospectus of the Company dated September 2017, as amended or supplemented from time to time (altogether the "Prospectus").

Notice to Shareholders

15 June 2018

Dear Shareholder.

We write to advise you of the following updates to Manulife Advanced Fund SPC - Renminbi Bond Segregated Portfolio ("**Bond Fund**") and general updates:

Update to the Investment Objectives and Strategies of the Bond Fund - Investments via Bond Connect

According to the Bond Fund's existing investment objectives and strategies, it "will invest primarily (i.e. not less than 70% of its net assets) in RMB-denominated debt instruments, including convertible bonds that are listed or transferred on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or interbank bonds, and which are issued by the Mainland China Government as well as corporations in Mainland China ("Mainland China RMB Debt Instruments")."

With effect from the date of this Notice, the above investment objectives and strategies of the Bond Fund have been updated to provide additional flexibility for the Bond Fund to also invest not more than 30% of its net assets directly in the Mainland China interbank bond market ("China Interbank Bond Market") in Mainland China RMB Debt Instruments via Bond Connect and/or other means as may be permitted by the relevant regulations from time to time.

In addition, with effect from the date of this Notice, updates have been made to the investment objectives and strategies of the Bond Fund to define the investment grade credit rating for bonds which are rated by a PRC rating agency for clarity and to align with relevant Hong Kong disclosure requirements.

Bond Connect - overview

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit. Under the prevailing regulations in Mainland China, eligible foreign investors are allowed to invest in the bonds circulated in the China

Interbank Bond Market through the northbound trading of Bond Connect ("Northbound Trading Link"). There is no investment quota for Northbound Trading Link.

Please note that investments in Mainland China RMB Debt Instruments traded in the China Interbank Bond Market through Bond Connect are subject to risks such as liquidity, volatility, regulatory, PRC tax risk and risks associated with settlement procedures and default of counterparties.

Further, trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Bond Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected.

PRC tax in relation to investments via Bond Connect

With the introduction of the Bond Connect program, eligible foreign investors can trade in bonds available on the China Interbank Bond Market. However, since the State Administration of Taxation of Mainland China has not issued any specific tax regulations on Bond Connect, the current Mainland China tax regulations and market practice should be referenced. For interest from bonds, apart from withholding tax, value-added tax and surtaxes may also be imposed. It is possible that Mainland China withholding tax, value-added tax and surtaxes may also be imposed on gains derived from the disposal of bonds.

For the avoidance of doubt, the above is not meant to be tax advice and should not be treated by Shareholders as such.

Shareholder Impact

Since the above change is to provide flexibility to invest via Bond Connect and there is no increase in the Bond Fund's aggregate potential exposure to Mainland China RMB Debt Instruments, the Directors of the Company are of the view that (i) the updates to the investment objectives and strategies of the Bond Fund do not amount to a material change; (ii) there is no material change to, or increase in the overall risk profile of, the Bond Fund following the updates or any increase in fees or charges borne by the Bond Fund or investors; and (iii) the updates do not materially prejudice the rights or interests of investors in the Bond Fund.

The Prospectus and Product Key Facts Statement ("**KFS**") of the Bond Fund have been updated (i.e. via a Second Supplement to the Prospectus and a revised KFS) to reflect the above updates. Accordingly, for further information relating to Bond Connect, and the risks associated with investing in the China Interbank Bond Market, please refer to the Second Supplement and Bond Fund's updated KFS, available as noted below.

2. General Updates - Appointment and Resignation of Directors of the Company and Investment Manager

Separately, Shareholders may wish to note that the Prospectus has also been updated to reflect that (a) Leo Zerilli has been appointed as a Director of the Company with effect from 1 June 2018. Roger Renaud has resigned as a Director of the Company with effect from 31 May 2018; and (b) Vibha Coburn has been appointed as a Director of the Investment Manager with effect from 1 March 2018. Michael Huddart has resigned as a Director of the Investment Manager with effect from 1 March 2018.

Enquiries

The latest Prospectus (as amended by the Second Supplement) and updated KFS of the Bond Fund are available from the office of the Investment Manager and the Investment Manager's website at www.manulifefunds.com.hk^{\delta}.

Shareholders requiring further information about the matters set out in this Notice may contact the Sub-Administrator, Citibank Europe plc, Luxembourg Branch on telephone number (352) 45 14 14 258 or fax number (352) 45 14 14 332, or the General Adviser and Distributor, Manulife Asset Management (Hong Kong) Limited, on telephone number (852) 2108 1110 or fax number (852) 2810 9510 (relating to Class AA Shares), or telephone number (852) 2510 3055 or fax number (852) 2907 2076 (relating to Class C, Class D, Class I and Class P Shares) at any time during normal local business hours.

For and on behalf of the Board Manulife Advanced Fund SPC

 $^{^{\}scriptscriptstyle \Diamond}$ This website has not been reviewed by the SFC.