

**DECLARATION OF TRUST**

**MANULIFE ASIA DYNAMIC BOND FEEDER FUND  
A Multi-Class Distributing Unit Investment Trust Fund**

**KNOW ALL MEN BY THESE PRESENTS:**

This Declaration of Trust is executed by **MANULIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION (“MANULIFE INVESTMENT MANAGEMENT”)**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at the NEX Tower, 6786 Ayala Avenue, Makati City, with authority to perform trust and other fiduciary functions, herein referred to as the “Trustee”;

**WITNESSETH:**

**ARTICLE I  
CREATION OF THE TRUST**

That for the purpose of providing investment opportunities to its trust clients pursuant to investment objectives and policies herein stipulated, the Trustee hereby establishes and declares itself as Trustee of a multi-Class distributing unit investment trust fund (UITF) for the collective investment of funds held by it in the capacity of Trustee under the terms and conditions herein below set forth.

**ARTICLE II  
NATURE AND INVESTMENT OBJECTIVES**

Sec. 1 Title of the Fund – The pooled fund shall be known as the MANULIFE ASIA DYNAMIC BOND FEEDER FUND (herein referred to as the “Fund”).

Sec. 2 Nature of the Fund – The Fund is a distributing fixed income UITF structured as a multi-class feeder fund and established in accordance with and shall be operated subject to the stipulations of this declaration and as the same may be amended from time to time in accordance with the regulations issued by the Bangko Sentral ng Pilipinas (the “BSP”) and to existing laws.

As a feeder fund, the Fund shall invest at least 90% of its assets in a Target Fund. Further, the investments in the Target Fund shall not exceed 10% of the total net asset value of all share classes of the Target Fund. The investment objective of the Target Fund shall be similar to that of the Fund.

To promote operational efficiency and to eliminate the need to create separate UITFs with different fee structures but with the same objectives and strategies, the Fund offers investors access to the multi-class UITF. Each class may be subject to different conditions including, but not limited to, trustee fees and expenses, amount of minimum subscription, the minimum holding period, charges and target participants. The details of the different share classes of the Fund are specified in Appendix I.

The Fund shall be treated as an entity separate and distinct from its constituent assets and from the contributions of the participations thereto and from other trust accounts administered by the Trustee.

Title to Assets of the Fund - All assets of the Fund shall, at all times, be considered as assets held by the Trustee vested solely in the Trustee.

Nature of Participant's Interest in the Fund – No Participant shall have or be deemed to have any ownership or interest in any particular account, investment or asset of the Fund but shall have only its proportionate and undivided beneficial interest in the Fund as a whole.

Relationship of Trustee with the Fund – The Trustee shall not have any other relationship with the Fund except in its capacity as Trustee thereof. Provided, however, that the Trustee which simultaneously administers the trust, fiduciary, or investment management funds may invest such funds in the Fund, if allowed under a policy approved by its Board of Directors.

Description of the Fund – The features of the Fund shall be described in **Appendix I** which is attached hereto and made an integral part hereof.

Sec. 3 Investment Objectives and Policy – The assets of the Fund shall be invested in the Target Fund and in other investment outlets described/specified in **Appendix I** hereof and shall be held and disposed of in accordance with such investment objectives and policies as likewise specified in **Appendix I**.

The Trustee shall make available to all Participants a list of prospective and outstanding investment outlets which shall be updated at least quarterly. Such disclosure shall be in the form prescribed under Appendix Q-33 of Section 414-Q of the Manual of Regulations for Non-Bank Financial Institutions (the Key Information and Investment Disclosure Statement or KIIDS). The Trustee shall also make available to all Participants all relevant information about the Target Fund.

### **ARTICLE III PARTICIPATION: ADMISSION & REDEMPTION**

Sec. 1 Qualified Participant (Requirements and Restrictions) – Prior to acceptance of the initial participation in the Fund, the Trustee or its duly authorized representative shall perform a Client Suitability Assessment (CSA) for the purpose of profiling the risk return orientation and suitability of the client to the Fund. The Fund is suitable for investors with aggressive risk profile.

Participation in the Fund shall be open to Participants with legal capacity to contract and subject to the other conditions, rules or procedures stipulated in **Appendix I** hereto and those stipulated by the Trustee which it deems to be advantageous or to the best interest of the Fund.

Sec. 2 Participation Units – Participation in the Fund shall always be through participation in units of the Fund and each unit shall have uniform rights and privileges as any other unit. In the case of multi-class fund, units shall be issued as units in a class of fund. The beneficial interest of each participation unit shall be determined under the unitized net asset value per unit (NAVPU) valuation methodology defined herein and no participation shall be admitted to, or redeemed from, the Fund or class of a Fund, except on the basis of such valuation and in such frequency as indicated in **Appendix I** hereto.

### **ARTICLE IV MANNER OF OPERATION**

Sec. 1 Pooled Fund Accounting – The total assets and accountabilities of the Fund shall be accounted for as a single account referred to as pooled-fund accounting method. The investments of a multi-class fund shall remain as one pool and are not separately allocated to classes.

Sec. 2 Distribution Channel – The Fund shall be distributed exclusively in distribution channels duly authorized by the Trustee and allowed under existing regulations.

Sec. 3 Expansion and Contraction of Fund – Admissions of participations in the Fund shall serve to expand the Fund's total outstanding units. Conversely redemption of participation/s from the Fund shall serve to contract the Fund's outstanding units.

Every participation in the Fund shall be evidenced by a subscription of units arrived at by dividing the amount of investment by the applicable NAVpu. On the other hand, every redemption of participation/s from the Fund shall be evidenced by a redemption of units arrived at by dividing the amount of redemption by the applicable NAVpu.

Sec. 4 Allocation and Distribution of Income – The market value of the Fund's investments, net of taxes, fees and expenses which are chargeable against the Fund shall be reflected in every net asset value (NAV) computation. The income of the Fund, therefore, shall be allocated to the Participants on a pro rata and pari-passu basis depending on the number of units held by each Participant in the Fund. The unrealized income/loss of each Participant in the Fund shall be the difference between the prevailing NAVPu over the acquisition cost of the Participant's units, multiplied by the number of units held by the Participant. The actual distribution or realization of income shall take place every time redemption of units from the Fund is made, to the extent of the number of units redeemed.

In line with the income distribution feature of the Fund, the Trustee may distribute to qualified participants the collected income of the Fund from interest income and cash dividends received less applicable taxes, fees and expenses. The details of the income distribution policy are specified in **Appendix I**. The guidelines on the distribution of unit income will be in accordance with the Trustee's Operational Guidelines on the Distribution of Unit Income.<sup>1</sup>

## **ARTICLE V VALUATION OF THE FUND AND PARTICIPATION UNITS**

Sec. 1 Valuation of the Fund – The Trustee's Fund Administrator (the "Fund Administrator") shall compute the NAV of the Fund daily subject to the following rules:

- (a) On "Valuation Day" which shall mean a trading day where the Fund is made available for admission or redemption, the Trustee shall determine the NAV of the Fund.
- (b) The NAV shall be the summation of the market value of each investment of the Fund less fees, applicable taxes, and other qualified expense as defined herein. The determination of market value of the investments of the Fund shall be in accordance with existing BSP rules and regulations on marking to market valuation of investment instruments more specifically described in **Appendix I** hereof.

Sec. 2 Valuation of Participation in Units – The valuation of participation in units shall be subject to the following rules:

- (a) The NAVPu shall be determined daily by dividing the NAV of the Fund by the total number of units outstanding as of Valuation Date.
- (b) The Trustee shall cause the publication of the NAVpu of all the unit classes of the Fund at least weekly in one or more newspaper of national circulation. The daily NAVPu, as well as the historical NAVPus, shall be available in the Trustee's website.

<sup>1</sup> A copy of the Trustee's Operational Guidelines on the Distribution of Unit Income is available in the Trustee's website ([www.manulifeim.com.ph](http://www.manulifeim.com.ph))

**Sec. 3 Fees and Expenses of the Fund –**

- (a) **Trustee's Fees** – The Trustee shall charge against the Fund regular trust fees in the percentage indicated in **Appendix I** hereto on a per annum basis based on the NAV of the Fund as its compensation for the administration and management of the Fund. These fees shall accrue and shall be collectible from the Fund, as and when the same becomes due, at such times as indicated in **Appendix I**. The trust fees shall be uniformly applied to all Participants of the following share classes of the Fund: the USD Share Class A, the PHP-Hedged Share Class A, and the PHP-Unhedged Share Class A. Said fee may be increased or decreased in the future as may be warranted by circumstances then existing, subject to the requirements under the Plan rules Section of Section 414-Q of the Manual of Regulations for Non-Bank Financial Institutions. In the event the trust fees are changed, such change shall be charged prospectively. The USD Share Class I and PHP-Unhedged Share Class I are zero fee share classes. The trust fee for Participants in the USD Share Class I and PHP-Unhedged Share Class I are charged at the bespoke (segregated) account level based on their respective Trust Agreement and/or Investment Management Agreement with the Trustee or at the Investor Fund level in case of UITFs offered by the Trustee.
- (b) **Special Expenses** – The Trustee may charge the Fund for special expenses if the same is necessary to preserve or enhance the value of the Fund. Such special expenses shall be payable to pertinent third party or parties covered by separate contract/s, and disclosed to the Participants in Key Information and Investment Disclosure Statement (KIIDS).

**ARTICLE VI  
TRUSTEE POWERS & LIABILITIES**

**Sec. 1 Management of the Fund** – The Trustee shall have the exclusive management, administration, operation and control of the Fund, and the sole right at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund taking into consideration the investment objective and investment policy of the Fund.

However, if the Trustee deems it proper and beneficial for the Fund, the Trustee may engage the services of third party/ies as investment advisor or manager of the Fund; provided that, it is disclosed to the Participants and the BSP is duly notified thereof with the pertinent documents on the hiring of third party/ies submitted thereto. The Trustee shall periodically review on an ongoing basis the performance by such third party/ies.

**Sec. 2 Powers of the Trustee** – In addition to powers stipulated in **Appendix I**, the Trustee shall have the following powers:

- a. To hold legal title over the assets comprising the Fund for the benefit of the Participants;
- b. To have exclusive management and control of the Fund, full discretion in respect of investments, and the sole right, at any time to sell, convert, reinvest, exchange, transfer or otherwise change or dispose of the assets comprising the Fund taking into consideration the investment objective and investment policy of the Fund;
- c. To hold, place, invest and reinvest the Fund with full discretionary powers, and without distinction, as to the principal and income in investments stipulated in Article II, Section 3 hereto and in such investments it may deem sound and appropriate, subject only to the limitations of the investment objectives and policies of the Fund stated in Article II, Section 3 hereof;
- d. To select the Target Fund and switch target funds as circumstances warrant in accordance with the provisions of Article IX;
- e. To deposit in any bank or financial institution, such portion of the Fund as allowed under this Declaration of Trust, subject to the requirements under the Exposure limits section of Section 414-Q of the Manual of Regulations for Non-Bank Financial Institutions;

- f. To register or cause to be registered any securities of the Fund in nominee or bearer form;
- g. To appoint and retain the services of qualified and reputable local or foreign investment advisor and/or fund manager/s; provided, however, that the Trustee shall retain ownership and control of the Fund, and provided further, that the investment advisor/s and/or fund manager/s shall work within the investment parameters or guidelines set by the Trustee from time to time and shall directly be responsible to the Trustee for any investment actions and decisions undertaken for the Fund;
- h. To hire and compensate legal counsel/s, certified public accountant/s and other specialist/s in connection with administration and management of the Fund and the protection or advancement of its legal and other interests;
- i. To make, execute, acknowledge and deliver any or all securities, agreements, contracts, deeds, documents and instruments necessary in the management and reinvestment of the Fund, or in connection with the exercise of the powers herein conferred or the performance of acts herein authorized;
- j. To collect, receive and receipt for income, dividends, interest, profits, increments and such other sums accruing or due to the Fund;
- k. To reject any invalid or improper application of fund switching in whole or in part (including any applications which the Trustee knows to be or has reasons to believe to be related to market timing or from Participants whom it considers to be excessive traders).
- l. To pay out of the Fund all costs, expenses, and proper charges incurred in connection with the administration, preservation, maintenance and protection of the Fund;
- m. To distribute income as specified in Appendix I;
- n. To hold cash in excess of the 10 percent (10%) regulatory limit while in the process of switching of target fund and investing of additional subscriptions into the target fund; and
- o. To perform such acts which are necessary or desirable for the proper administration and management of the Fund.

Sec. 3 **Liability of the Trustee** – Save that attributable to the Trustee’s fraud, willful default, bad faith or gross negligence, the Trustee shall not be liable for any loss or depreciation in the value of the Fund or in the value of the Participant’s participation in the Fund. The Trustee shall not be liable for any act or omission where such action or inaction, in the good faith judgment of the Trustee, was then necessary, reasonable or appropriate for the proper and advantageous administration and management of the Fund.

Sec. 4 **Non-Coverage by PDIC** – Participation in this Fund creates a trust arrangement and is not a deposit account. As such, the participation in the Fund is not covered by the Philippine Deposit Insurance Corporation (PDIC). Any income or loss of the Fund (whether realized or unrealized) will impact the NAVPu and shall be for the account and risk of the Participant.

## **ARTICLE VII RIGHTS OF PARTICIPANTS**

Sec. 1 **Right to Inspect Declaration** – A copy of this Declaration of Trust shall be available at the principal office of the Trustee for inspection by any person having an interest in the Fund or by his authorized representative. Upon request, a copy of the Declaration of Trust shall be furnished such interested person.

Sec. 2 **Disclosure of Investments** – A list of existing and prospective investments of the Fund shall be made available to Participants. Such disclosure shall be substantially in the form provided under Appendix Q-33 of Section 414-Q of the Manual of Regulations for Non-Bank Financial Institutions. Notwithstanding the disclosure requirement in the form prescribed under Appendix Q-33 mentioned above, upon request, Participants in the Fund shall be furnished a quarterly list of investments held by the Fund.

Sec. 3 Disclosure of Risks – Participants shall be informed of the risks attendant to this type of Fund through a “Risk Disclosure Statement”.

Sec. 4 Redemption of Participations – A notice of amendments to Declaration of Trust shall be furnished the Participants immediately. The Participants shall be allowed to redeem their participations in the Fund, subject to the procedure set forth in Article IX, hereof.

Sec. 5 Rights Upon Termination of Plan – In case of termination of the Plan, the Participants shall have (a) the right to be notified at least thirty (30) business days prior to the actual termination of the Fund in accordance with Article IX, Section 2 hereof and, (b) upon demand, the right to inspect or be provided a copy of the financial statement used as the basis for the distribution of the Fund.

In respect of the Fund, the rights of the remaining Participants as against each other shall be *pari-passu* and *pro-rata*.

#### **ARTICLE VIII ANNUAL AUDIT AND REPORT BOOKS OF ACCOUNTS**

Sec. 1 Annual External Audit - Aside from the regular audit requirement applicable to all trust accounts of the Trustee, an external audit of the Fund shall be conducted annually after the close of each fiscal year by an independent auditor acceptable to BSP. The external audit shall be conducted by the same external auditor engaged for the audit of the Trustee. The audited financial statement for each Fund shall be PFRS/PAS compliant in all respects. The result of this audit shall be the basis of the Trustee’s annual report which shall be made available to all the Participants at the Trustee’s place of business or posted on the Trustee’s website. Further, a copy of the report, or a notice that the report is available and that a copy thereof will be furnished upon request, without charge, shall be sent to each Participant.

The Trustee shall likewise, prepare a quarterly performance review of the Fund and shall make the same available to the Participants not later than twenty (20) calendar days from end of the reference date/period.

#### **ARTICLE IX AMENDMENTS & TERMINATION**

Sec. 1 Amendments – This Plan may be amended from time to time by resolution of the Board of Directors of the Trustee: Provided, however, that Participants in the Fund shall be immediately notified in writing, either in electronic or printed form, of such amendments and those who are not in conformity with the amendments made shall be allowed to withdraw their participations within (30) calendar days prior to the implementation of any amendments or such longer period as may be fixed by the Trustee: Provided further, That amendments to the Plan involving any of the following aspects shall be the subject of a written notification to the BSP and continuing compliance of the Trustee with the prudential criteria specified by the BSP:

1. Investment objectives, policies, or strategies;
2. Risk profile;
3. Benchmark;
4. Target investors of a multi-class fund;
5. Target fund/s of a feeder fund or a fund-of-funds;
6. Income distribution policy of a distributing class/fund;
7. Basis of the NAVPu computation;
8. Fees and other charges to the fund;
9. Custodian;

10. Investment manager, if separate from the trustee; and/or;
11. Merger of funds

For this purpose, the Trustee shall submit all required documents to the BSP within ten (10) business days from approval of the amendments by the Board of Directors of the Trustee.

- (a) Switching of Target Fund. Switching of the Target Fund with another collective investment scheme (CIS) may be deemed necessary in case of any, but not limited to the following:
1. Performance vis-à-vis expectations
  2. Change in target fund's investment objective or risk profile
  3. Resignation of fund manager/s
  4. Closure of target fund or its maximum AUM capacity has been reached
  5. Prolonged suspension of subscription/redemption to/from the target fund
  6. Market conditions which in the reasonable opinion of the Investor Fund Trustee warrant a change in target fund.

In such instances, the Participants shall be provided with a formal notice which may be supplemented by any of the following means:

1. Key Information and Investment Disclosure Statement
  2. Announcement in the Trustee's official website.
- (b) Material Changes in a Target Fund's Structure. Material changes in the Target Fund shall require re-assessment and review by the Trustee. Material changes can be described as a change, with all else being unchanged, that a reasonable investor would consider important in the investor's decision to buy, hold or sell. Such changes may include but are not necessarily limited to:
1. A change in the portfolio management team;
  2. A change in the objective or investment style of the target fund;
  3. A change in the target fund's fees that will significantly affect the total expense ratio of the investor fund.
  4. A regulatory change in the jurisdiction where the target fund is domiciled that would significantly affect the target fund's operations;
  5. Significant legal disputes
  6. Any other change that would necessitate a change in the investor fund's declaration of trust

Should the Trustee decide to retain the Target Fund despite such material change, such change must be properly disclosed to the investors via Key Information and Investment Disclosure Statement and/or announcement in the Trustee's official website.

**Sec. 2 Termination** – This Plan may be terminated by a resolution of the Board of Directors of the Trustee when, in sole judgment of the Trustee, continued operation thereof is no longer viable or by reason of a change in the Trustee's business strategy. The resolution shall specify the effective date of such termination. A copy of the resolution shall be submitted to the appropriate department of the BSP. At the discretion of the Trustee's Board of Directors, it may engage the services of a reputable accounting firm to look into the books and record of the Fund maintained by the Trustee and to certify to the financial condition of the Fund. Upon approval of the termination of the Plan, the Trustee shall notify the Participants accordingly.

Following the approval of the termination of the Plan but at least thirty (30) business days prior to the actual termination of the Fund, the Trustee shall provide notice of the termination of the Funds to the remaining Participants. Such notice may be made by the Trustee by way of direct written notice to each Participant or through the posting of notices in the premises of the head office and

branches, as well as in the corporate website, of the Trustee. Upon termination, the Trustee shall prepare a financial statement of the Fund which shall be made the basis for distribution to the Participants.

**ARTICLE X  
OTHER TERMS AND CONDITIONS**

This Declaration of Trust is further subject to the other terms and conditions set forth in **Appendix I** (Fund Specifications).

**IN WITNESS THEREOF**, Manulife Investment Management and Trust Corporation has caused this Declaration of Trust to be signed on \_\_\_\_\_ at Makati City, Metro Manila.

**MANULIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION  
(TRUSTEE)**

By:

**MACARIA TRINIDAD F. GASPAR  
President**

SIGNED IN THE PRESENCE OF:

**STANLEY RAYMUND V. CABRERA V  
Risk Officer**

**PAUL JEFFREY C. LU  
Head of Wealth Solutions**



**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)  
\_\_\_\_\_ ) S. S.

BEFORE ME, a Notary Public for and in the above jurisdiction, on this day of \_\_\_\_\_ at \_\_\_\_\_, personally appeared the following, exhibiting to me the following described Competent Evidence of Identity (CEI) in accordance with the 2004 Rules of Notarial Practice:

| Name                    | CEI |
|-------------------------|-----|
| Macaria Trinidad Gaspar |     |

known to me and by me known to the same persons who executed the foregoing Declaration of Trust consisting of \_\_\_\_\_ pages including its annex documents and this page wherein this acknowledgment is written and who acknowledged to me that the same is their free and voluntary act and need.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed on every page hereof of my notarial seal at the place and on the date first above written.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2024

## APPENDIX I

### MANULIFE ASIA DYNAMIC BOND FEEDER FUND A Multi-Class Distributing Unit Investment Trust Fund

#### FUND SPECIFICATIONS

##### 1. Investment Objective

- (a) The Fund is a distributing fixed income UITF structured as a feeder fund that aims to maximize total return by investing all or substantially all of its assets in a bond collective investment scheme (CIS), the Target Fund, that invests in a diversified portfolio of fixed income securities, issued by governments, agencies, supra-nationals and corporate issuers located primarily in Asia and other allowable investments.

The Target Fund is the Manulife Global Fund (MGF) Asia Total Return Fund. The Fund will be invested in the institutional zero-fee share class or the I3 Inc share class of the MGF Asia Total Return Fund. The details of the MGF Asia Total Return Fund are shown in Appendix IV.

Pursuant to existing BSP rules and regulations, as a feeder fund, the Fund is mandated to invest at least 90% of its assets in the Target Fund.

- (b) Benchmark. The Fund uses 50% JP Morgan Emerging Local Markets Index Plus (Asia) and 50% JP Morgan Asia Credit Index (USD) as a benchmark for performance comparison. JP Morgan Emerging Local Markets Index Plus (Asia) tracks total returns for local currency denominated money market instruments in emerging market countries. (Asia). JP Morgan Asia Credit Index (USD) tracks US dollar denominated debt issued out of Asia (ex-Japan) region. More detailed information can be found in the website of the benchmark provider.

##### 2. Investment Policy

The Fund shall invest at least 90% of its assets in the Target Fund. The investment in the Target Fund shall not exceed 10% of the total net asset value of the Target Fund.

The target modified duration of the Fund is aligned with that of the Target Fund which is 1-6 years.

The portion of the Fund that is not invested in the Target Fund, which shall not exceed 10% of the assets of the Fund, may be invested and/or reinvested in other investments allowed under the regulations issued by the BSP. In case the Fund is switching from one Target Fund to another Target Fund, the portion of the Fund not invested in the Target Fund may exceed the said 10% limit.

The Fund may avail itself of financial derivative instruments solely for the purpose of hedging risk exposures of its existing investments provided these are disclosed to Participants, are accounted for in accordance with existing BSP hedging guidelines as well as the Trustee's risk management and hedging policies duly approved by the Board of Directors and all the requirements for hedging transactions under Philippine Accounting Standards (PAS) are observed. The risk exposures include those enumerated in the Risk Disclosure Statement of the Trustee's UITFs.

##### (a) Exposure Limit

The 15% single exposure limit shall be applied on the Target Fund's underlying investments. Notwithstanding said limit, if the Target Fund is allowed by its respective regulatory authority to invest in units/shares of other open-ended CIS, the exposure limit prescribed by said regulatory

authority shall instead apply. Furthermore, the investments in the Target Fund shall not exceed 10% of the total net asset value of the Target Fund. In case the limit is breached due to the marking-to-market of certain investment/s or any extraordinary circumstances, e.g. abnormal redemptions which are beyond the control of the Trustee, the Trustee shall be given thirty (30) days from the date of receipt of report indicating the net asset value of the fund to correct the same. In case of such an event, the Fund may hold more than 10% of its assets in cash and cash equivalents, and/or other allowable investments for UITFs under BSP regulations while in the process of divesting the excess investment over the 10% exposure limit to the Target Fund and/or switching to another Target Fund.

3. **Qualified Participants** - Participation in the Fund shall be open to all persons with legal capacity to enter into contracts except those who are considered United States (US) Persons under applicable US laws and regulations. Acceptance of Participants shall be subject to the rules or procedures established by the Trustee which it deems advantageous or to the best interest of the Fund. The Fund is suitable for investors with an aggressive risk profile. In order to minimize risks and maximize returns, the Participants are recommended to stay invested in the Fund for more than five (5) years.
4. **Structure** – To promote operational efficiency and to eliminate the need to create separate UITFs with different fee structures but with the same objectives and strategies, the Fund offers investors access to the multi-class UITF. Each class may be subject to different conditions including, but not limited to, trustee fees and expenses, amount of minimum subscription, the minimum holding period, charges and target participants.

**Available share classes:**

- USD Share Class I. This share class is available for investment only by institutional investors with bespoke (segregated) accounts managed by the Trustee and UITFs offered by the Trustee. Share Class I is a zero management fee share class as the management fee of the Trustee is charged at the bespoke account level or the Investor Fund level in the case of UITFs offered by the Trustee.
  - USD Share Class A (base currency). This share class is available for investment by retail investors that prefer investment in the USD share class but are not eligible to invest in the USD share class I.
  - PHP-Hedged Share Class A. This share class aims to provide investors with a return correlated to the USD share class A by reducing the currency risk between the share class currency and the Fund's base currency. A correlated return between the USD share class A performance and the PHP-Hedged share class is achieved by transacting a foreign exchange forward at the share class level to hedge currency movement. The hedge ratio shall be set at a tolerance range to avoid frequent rebalancing of trades.
  - PHP-Unhedged Share Class A. This share class shall provide a return equal to the USD share class A plus or minus the foreign exchange movement of US Dollar relative to the Philippine peso.
  - PHP-Unhedged Share Class I. This share class is available for investment only by institutional investors with bespoke (segregated) accounts managed by the Trustee and UITFs offered by the Trustee. Share Class I is a zero management fee share class as the management fee of the Trustee is charged at the bespoke account level or at the Investor Fund in the case of UITFs offered by the Trustee. This share class shall provide a return equal to the USD share class I plus or minus the foreign exchange movement of US Dollar relative to the Philippine peso.
5. **Rules Related to Valuation** - The matter of determining the value of the various instruments in the Fund shall be vested in the Trustee through its Board of Directors. Subject to pertinent BSP Implementing Rules and Regulations, the Trustee shall adopt a Marked-to-Market Valuation Methodology which, once adopted, shall herewith be consistently and strictly applied. The basis for

pricing/valuation per asset class/asset shall follow existing BSP marking-to-market guidelines<sup>2</sup>, such that for Peso-denominated government securities, reference shall be the market prices provided by either a third party pricing service or calculating agent: Provided, That the pricing service or the calculation agent and its valuation methodology are recognized by the Securities and Exchange Commission (the “SEC”) – licensed benchmark administrator. For the Target Fund, the reference shall be the applicable NAV per share, which is accessible in the morning of the next business day.

- (a) The NAV of the Fund shall be computed using the pooled-fund accounting methodology, or more specifically based on the following formula:

|   |               |   |
|---|---------------|---|
|   | Cash Deposits |   |
| + |               | Market Value of Investment              |
| + |               | Accrued Interest on Cash Deposits       |
| + |               | <u>All other assets and receivables</u> |
|   |               | GROSS ASSET VALUE                       |
|   |               |   |
| - |               | Accrued Taxes Payable                   |
| - |               | Other Accrued Expenses                  |
| - |               | Accounts Payable                        |
| - |               | <u>All Other Liabilities</u>            |
|   |               | NET ASSET VALUE GROSS OF TRUST FEES     |

The NAVPu of each class shall be computed by dividing total net assets of a class by the total outstanding units of such class; where, the net assets of each class shall represent its proportionate share on the net assets of the Fund less the trustee fee and any other expenses attributable to that class. The NAVPu for each Share Class shall be computed up to four (4) decimal places as follows:

USD SHARE CLASS I

Total Net Assets of USD Share Class I  
-----  
Outstanding Units of USD Share Class I

USD SHARE CLASS A

Total Net Assets of USD Share Class A  
- Trust fee  
-----  
Outstanding Units of USD Share Class A

PHP-HEDGED SHARE CLASS A (NAVPu is in PHP)

Total Net Assets before FX gains/losses of PHP –  
Hedged Share Class A  
+/- realized FX gains/losses (from roll over of the FX  
forward hedge)  
+/- unrealized FX gains/losses (marked-to-market  
valuation of the outstanding FX forwards)  
- Trust fee  
-----  
Outstanding Units of PHP – Hedged Share Class A

x USD/PHP FX reference rate

<sup>2</sup> The Trustee shall adopt a Marked-to-Market Valuation Methodology that is consistent with BSP’s guidelines as shown in Sec. 414-Q “Allowable Investments and Valuation” and Appendix Q-23 “Marking to Market Guidelines for Investments in Debt and Equity Securities” of the Manual of Regulations for Non-Bank Financial Institution (MORNBFI).

PHP-UNHEDGED SHARE CLASS A (NAVPU is in PHP)

Total Net Assets of PHP – Unhedged Share Class A\*  
- Trust fee  
-----

x USD/PHP FX reference rate

Outstanding Units of PHP – Unhedged Share Class A

PHP-UNHEDGED SHARE CLASS I (NAVPU is in PHP)

Total Net Assets of PHP – Unhedged Share Class I\*  
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x USD/PHP FX reference rate

\* There are no adjustments for FX gains/losses because there are no FX forwards to hedge the impact of FX exchange rate movements.

For an illustration of the computation of the NAVPus across the different share classes, please refer to Appendix II.

- (b) The NAVPu of the Fund shall be computed daily and made available not later than 6:00PM of the next business day. The NAVPu shall be made available to Participants upon request. The daily NAVPu, as well as historical NAVPus, shall be also made available in the Trustee's website.
- (c) Suspension of Trading – The Trustee of the Fund may temporarily suspend calculation of the NAV/NAVPu of the Fund, as well as admission to and redemption from the Fund, if it is unable to determine the NAVPu of the Fund due to the suspension of trading of its securities or any fortuitous event, such as fire, natural calamity, public disorder, or national emergency affecting the financial market resulting in the suspension of trading and consequently, the absence of available market prices of securities/instruments.

## 6. Admission and Redemption

- (a) Policies on Admission and Redemption

| Description  | USD Share Class I | USD Share Class A | PHP-Hedged Share Class A | PHP-Unhedged Share Class A | PHP-Unhedged Share Class I |
|--|-------------------|-------------------|--------------------------|----------------------------|----------------------------|
| <b>Par Value* of the Fund</b>                              | US\$ 1.00/unit    | US\$ 1.00/unit    | Php 50.00**/unit         | Php 50.00**/unit           | Php 50.00**/unit           |
| <b>Minimum Initial Participation</b>                       | US\$ 1,000        | US\$ 1,000        | Php 1,000                | Php 1,000                  | Php 1,000                  |
| <b>Minimum Maintaining Participation</b>                   | US\$ 1,000        | US\$ 1,000        | Php 1,000                | Php 1,000                  | Php 1,000                  |
| <b>Minimum Additional Contribution***</b>                  | US\$ 100          | US\$ 100          | Php 1,000                | Php 1,000                  | Php 1,000                  |
| <b>Minimum Redemption</b>                                  | US\$ 100          | US\$ 100          | Php 1,000                | Php 1,000                  | Php 1,000                  |
| <b>Minimum Holding Period without early redemption fee</b> | Not applicable    | Not applicable    | Not applicable           | Not applicable             | Not applicable             |

\* The value of the NAVPu at the start of the Fund's operation.

\*\* Subject to change depending on the USD/PHP exchange rate at the Fund's launch date

\*\*\* For those participants availing of the Regular Savings Plan (RSP) feature, the minimum additional contribution to the Fund will be in accordance with the Manulife Investment Management RSP Terms and Conditions. Likewise, for those participants who opt or are required by the Trustee

to subscribe the amount received from the distribution of unit income, the said additional contribution shall be exempt from the minimum amount.

Above amounts may be subsequently changed to apply on a prospective basis, subject to the rules on amendments to the Plan, as specified in Section 1 of Article IX of the Declaration of Trust of the Fund.

- (b) **Settlement of Contributions and Redemption.** Contributions received on or before the cut-off time shall be valued at the end of the business day immediately following the receipt of cleared funds, subject to meeting the requirements for participation in the Fund. Redemptions shall be settled six (6) business days following the receipt of the redemption request. However, the Trustee reserves the right to settle redemptions up to eight (8) business days following the receipt of the redemption request should the receipt of redemption proceeds from the Target Fund be delayed. Redemption proceeds shall be calculated based on the applicable NAVPu to be released on the immediately succeeding business day following receipt of redemption request.
- (c) **Partial redemption of unit holdings is allowed,** provided that the remaining participation after redemption meets the minimum maintaining participation of the Fund. Otherwise, the Participant will have to make a full redemption. The redemption proceeds shall be based on NAVPu to be released on the business day following receipt of redemption request. A transaction advice shall be sent to the Participant indicating the remaining outstanding unit holdings, if any.
- (d) **Admission and Redemption Cut-off Time.** Admission and/or notice of redemption received by the Trustee on or before the cut-off time of 2:00PM shall be considered as transaction for the day. However, admission/notice of redemption received after the cut-off time shall be considered as transaction for the next applicable business day. Upon initial participation, the Participating Trust Agreement and Confirmation of Participation shall be made available to the Participant. A Transaction Advice shall be provided to the Participant for subsequent transactions.
- (e) **Regular Savings Plan.** Additional subscriptions to the Fund may also be made through Manulife Investment Management's Regular Savings Plan (RSP). The RSP is a savings and investment facility that allows an existing participant to the Fund to make regular contributions to the Fund. The features, terms and conditions of the RSP are disclosed in the Manulife Investment Management RSP Form, which may be downloaded from the website of the Trustee. To avail of the RSP, the existing participant to the Fund shall submit a duly completed and signed RSP Form to affirm his/her understanding and acceptance of the features, terms and conditions of the RSP.
- (f) **Redemption Requirements and Conditions.** Redemption shall also be subject to the requirement/condition below:

**Redemption Notice Period.** The Participant of the Fund may redeem his/her participation on any business day. However, when in the opinion of the Trustee, the interest of the Fund/Participants so requires, the Trustee reserves the right to require from the Participants five (5) business days advance written notice of redemption of participation from the Fund. In the exercise of such right, the Trustee shall duly notify the Participants of the Fund of said five (5) business days advance written notice of redemption by way of written or electronic correspondence to each participant, or through notices posted in the Trustee's website, in the premises of the Head Office and the branches and/or marketing offices of the Trustee. The notification shall be provided by the Trustee to the Participants within two (2) business days from the determination to exercise such right.

- (g) **Switching Feature.** The participant of the Fund may at any time switch all or part of his/her unit holdings to another Fund managed by the Trustee, subject to the terms and conditions for switching prevailing at the time of exercise of this switching feature. The multiple exercise of fund switches by the participant in the same calendar year may result in the imposition of a switching fee and/or early redemption fee. The participant is advised to review these terms and conditions prior to

exercising the switching feature of this Fund. The terms and conditions for switching shall be made available at the Trustee's website and may be provided to the participant upon request.

- (h) **Cooling Off Period.** The participant of the Fund who is a natural person may avail of the cooling-off period of two (2) business days immediately following the approval of the participation to cancel his participation without penalty, subject to submission of a written notice to Manulife Investment Management during the cooling off period. The settlement amount shall be calculated based on the NAVPu of the Fund to be released on the immediately succeeding business day following the receipt of the notice to avail of the cooling off period.

## 7. Currency

Participation and redemption shall be paid in US dollar for the USD Share Classes I and A. Participation and redemption shall be paid in Philippine Pesos for the PHP – Hedged Share Class A, PHP – Unhedged Share Class A and PHP-Unhedged Share Class I.

## 8. Fees and Expenses

| <b>Fees and Expenses</b>               | <b>USD Share Class I</b>                            | <b>USD Share Class A</b>                            | <b>PHP-Hedged Share Class A</b>                     | <b>PHP-Unhedged Share Class A</b>                   | <b>PHP-Unhedged Share Class I</b>                   |
|--|---|---|---|---|---|
| <b>Trust Fee (as a % p.a. of NAV)*</b> | N/A   | 1.50%   | 1.50%   | 1.50%   | N/A   |
| <b>Early Redemption Fee**</b>          | N/A   | N/A   | N/A   | N/A   | N/A   |
| <b>External Audit Fees</b>             | Based on approved billings                          | Based on approved billings                          | Based on approved billings                          | Based on approved billings                          | Based on approved billings                          |
| <b>Custody Fees</b>                    | Based on approved custody fee structure             | Based on approved custody fee structure             | Based on approved custody fee structure             | Based on approved custody fee structure             | Based on approved custody fee structure             |
| <b>Fund Administration Fee</b>         | Based on approved fund administration fee structure | Based on approved fund administration fee structure | Based on approved fund administration fee structure | Based on approved fund administration fee structure | Based on approved fund administration fee structure |

\* The said fees shall be accrued daily and shall be collectible from the Fund on a monthly basis.

\*\* Fee to be charged on the amount withdrawn within thirty (30) calendar days from date of investment, subject to Manulife Investment Management UITF Switching Terms and Conditions. The early redemption fee shall inure to the benefit of the Fund.

- (a) Illustration on impact of fees and charges imposed by the Target Fund on the cost of investing in the Fund

The Participant shall face the following fees and charges for his investment in the Fund on a pro-rata basis:

| <b>Directly</b>   | <b>Indirectly (from the Target Fund)</b>   |
|---|--|
| <ul style="list-style-type: none"> <li>- Trust Fee applicable to the share class</li> <li>- External Audit Fees, Custody Fees and Fund Administration Fees</li> </ul> | <ul style="list-style-type: none"> <li>- No additional fees as the Fund will invest in the institutional zero-fee share class or I3 Inc share class of the Target Fund</li> <li>- In the event the Trustee decides to switch out from the Target Fund into another MGF fund, a Switching Charge of up to 1% of the Net Asset Value (of the shares being switched)</li> </ul> |

- (b) Overall impact of fees and charges imposed by the Target Fund on the cost of investing in the Fund

Since there is no double-charging of fees, as the Fund will invest in the institutional zero-fee share class or I3 Inc share class of the Target Fund, there is no impact on the fees and charges to the Fund due to the feeder fund structure or layered investment structure of the Fund.

However, in the event that the Trustee decides to switch out from the Target Fund into another MGF fund, the Switching Charge of 1% of the Net Asset Value (of the shares being switched) will effectively increase the fees and charges to the Fund due to the feeder fund structure or layered investment structure of the Fund.

9. **Custody of Securities** – Investments of the Fund shall be held for safekeeping by any BSP accredited third party custodian/s which shall perform independent marking-to-market of such investments, as well as other functions pursuant to the relevant Custody Agreement. The Fund's custodian bank is The Hongkong and Shanghai Banking Corporation Limited – Philippine Branch.
10. **Fund Administrator** – The Fund's administrator is The Hongkong and Shanghai Banking Corporation Limited – Philippine Branch.
11. **Income Distribution Policy**

- (a) **Eligibility.** All Participants of record in the Fund one (1) day before the distribution date shall be entitled to receive their pro-rated share of income through units.
- (b) **Unit Income Distribution Frequency.** Distribution of unit income to Participants shall be made on a monthly basis every 7th business day following the last day of each calendar month of each year. The first distribution date shall happen after the lapse of at least one month prior to the scheduled distribution date.
- (c) **Unit Income Distribution Settlement.** Units received by the Participants shall be automatically redeemed on distribution date and settled within eight (8) business days after the distribution date based on the payout option elected by the Participant, subject to the minimum amount set by the Trustee at which participants can receive the income in cash.
- (d) **Minimum Amount of Unit Income Distribution.** In cases where the amount of income to be received falls below Php100.00 for PHP-denominated share classes and US\$20 for USD-denominated share classes, unit income shall be reinvested automatically as additional contribution to the fund unless the Participant elected another eligible fund provided in the Trustee's Operational Guidelines on the Distribution of Unit Income.

For Participants transacting through a third-party institution (e.g. institutional agent, digital platforms), their unit income will not be subject to the minimum amount set by the Trustee and will be settled in cash. The Trustee will remit the unit income to the third-party institution for further credit to these Participants.

- (e) **Allocation of Income to be Distributed.** The units to be distributed to all entitled Participants shall be paid out from the collected income of the Fund from interest income and cash dividends received since the last distribution date, less applicable taxes, fees and expenses.
- (f) **Notice of Distribution.** Where a distribution is made, a notice to each participant on his/her unit income shall be made available containing information on the total amount of income for distribution by the Fund, the NAVPu ex-distribution and its basis, the total number of units distribution, and the unit income. Unit income refers to the number of units for every unit held by the participant entitled for distribution.

An illustration of the income distribution feature calculation methodology is shown in Appendix III.



## 12. **Key Risks**

- (a) **Market /Price Risk** - This is the possibility for an investor to experience losses due to changes in market prices of securities (e.g. bonds and equities). It is the exposure to the uncertain market value of a portfolio due to price fluctuations.
- (b) **Interest Rate Risk** - This is the possibility for an investor to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- (c) **Liquidity Risk** - This is the possibility for an investor to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss. These may be caused by different reasons such as trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or underdeveloped capital market.
- (d) **Credit/Default Risk** - This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.
- (e) **Reinvestment Risk** - This is the risk associated with the possibility of having lower returns or earnings when maturing funds or the interest earnings of funds are reinvested.
- (f) **Foreign Exchange Risk** – This is the possibility for an investor to experience losses due to fluctuations in foreign exchange rates.

Participants in the USD Share Classes I and A will not be exposed to fluctuations in the USD/PHP exchange rate as their subscriptions shall be in USD.

The PHP – Hedged Share Class A allows subscriptions in PHP and aim to provide participants with a return correlated to the USD performance of the Fund by reducing the effect of the USD/PHP exchange rate fluctuations. However, the currency hedge is not perfect and is structured to reduce, but not totally eliminate, the currency exposure of the PHP – hedged share class to the USD, which is the base currency of the Fund. Thus, participants in the PHP – Hedged Share Class A will still be exposed to foreign exchange risk.

The PHP – Unhedged Share Class A and PHP – Unhedged Share Class I also allow subscriptions in PHP but without any currency hedging between the PHP and the USD, which is the base currency of the Fund. Thus, participants in the PHP – Unhedged Share Class A are fully exposed to fluctuations in the USD/PHP exchange rate.

**APPENDIX II**
**MANULIFE ASIA DYNAMIC BOND FEEDER FUND  
A Multi-Class Distributing Unit Investment Trust Fund**
**NAVPU CALCULATION FOR A MULTI-CLASS MULTI-CURRENCY FUND**

For funds setup as multi-class multi-currency in MultiFonds®,<sup>3</sup> all calculations will be done in the fund base currency first. NAVPu will be calculated in fund base currency as well. After that, there will be an additional step to convert the calculated NAV price in fund base currency to class currency, as illustrated below:

Fund Base Currency: **USD**

Report: **NET ASSET VALUE CALCULATION**

- Subscription/Redemption – Class Level**

|  | Total NAV<br>(All Share<br>Classes) | USD Share<br>Class I (No<br>Fee Class) | USD Share<br>Class A | PHP<br>Hedged<br>Share Class<br>A | PHP<br>Unhedged<br>Share Class<br>A | PHP<br>Unhedged<br>Share Class<br>I (No Fee<br>Class) |
|--|-------------------------------------|--|----------------------|-----------------------------------|-------------------------------------|---|
| Beginning of Day<br>NAV                | 3,000.00                            | 900.00                                 | 600.00               | 600.00                            | 600.00                              | 300.00  |
| Allocation Ratio<br>(%)                | 100.00%                             | 30.00%                                 | 20.00%               | 20.00%                            | 20.00%                              | 10.00%  |
| Subscription                           | 500.00                              | 200.00                                 | -                    | -                                 | 100.00                              | 200.00  |
| Redemption                             | (400.00)                            | (100.00)                               | (100.00)             | (100.00)                          | -                                   | (100.00)  |
| Net<br>Subscriptions/<br>(Redemptions) | 100.00                              | 100.00                                 | (100.00)             | (100.00)                          | 100.00                              | 100.00  |

Report: **SPLIT OF P&L**

|                         | Total NAV<br>(All Share<br>Classes) | USD Share<br>Class I (No<br>Fee Class)* | USD Share<br>Class A | PHP<br>Hedged<br>Share Class<br>A | PHP<br>Unhedged<br>Share Class<br>A | PHP<br>Unhedged<br>Share Class<br>I (No Fee<br>Class)* |
|-------------------------|-------------------------------------|---|----------------------|-----------------------------------|-------------------------------------|--|
| Allocation Ratio<br>(%) | 100.00%                             | 30.00%                                  | 20.00%               | 20.00%                            | 20.00%                              | 10.00%   |
| Net Gains               | 30.00                               | 9.00                                    | 6.00                 | 6.00                              | 6.00                                | 3.00   |
| Other Exp               | (3.00)                              | (0.90)                                  | (0.60)               | (0.60)                            | (0.60)                              | (0.30)   |
| Trust Fees              | (1.05)                              | -                                       | (0.35)               | (0.35)                            | (0.35)                              | -  |
| FX G/L                  | (1.00)                              | -                                       | -                    | (1.00)                            | -                                   | -  |
| Total P&L               | 24.95                               | 8.10                                    | 5.05                 | 4.05                              | 5.05                                | 2.70   |

*\* Note: No trust fees charged to the USD Share Class I and PHP Unhedged Share Class I. FX G/L refer to those in relation to the hedging activities; realized for actual roll overs of the FX forwards and unrealized for marked-to-marking the outstanding FX forwards.)*

<sup>3</sup> MultiFonds® is the system used by Manulife Investment Management's Fund Administrator, HSBC. MultiFonds® is a fund administration software which provides fund accounting, portfolio accounting and investor servicing and transfer agency on a single platform. MultiFonds® is a product of Temenos Group AG, a Geneva-based provider of market leading software for banking and finance.

- **NAV per unit in fund base currency**

|  | Total NAV<br>(All Share<br>Classes) | USD Share<br>Class I (No<br>Fee Class) | USD Share<br>Class A | PHP<br>Hedged<br>Share Class<br>A | PHP<br>Unhedged<br>Share Class<br>A | PHP<br>Unhedged<br>Share Class<br>I (No Fee<br>Class) |
|--|-------------------------------------|--|----------------------|-----------------------------------|-------------------------------------|---|
| Beginning of Day<br>NAV                                      | 3,000.00                            | 900.00                                 | 600.00               | 600.00                            | 600.00                              | 300.00  |
| Total P&L  | 24.95                               | 8.10                                   | 5.05                 | 4.05                              | 5.05                                | 2.70  |
| Net Subscriptions/<br>(Redemptions)                          | 100.00                              | 100.00                                 | (100.00)             | (100.00)                          | 100.00                              | 100.00  |
| NAV after<br>Subscriptions/<br>Redemptions                   | 3,124.95                            | 1,008.10                               | 505.05               | 504.05                            | 705.05                              | 402.70  |
| Outstanding<br>shares after<br>Subscriptions/<br>Redemptions | 3,098.8865                          | 999.1080                               | 500.8346             | 500.6705                          | 699.1654                            | 399.1080  |
| NAVPu (in USD)   |                                     | 1.0090                                 | 1.0084               | 1.0068                            | 1.0084                              | 1.0090  |

Additional step to convert the NAV price in fund base currency to class currency.

USD Share Class I – in USD base currency

USD Share Class A – in USD base currency

PHP Hedged Share Class A – in PHP currency

PHP Unhedged Share Class A – in PHP currency

PHP Unhedged Share Class I – in PHP

|                                       | USD Share<br>Class I (No<br>Fee Class) | USD Share<br>Class A | PHP Hedged<br>Share Class A | PHP<br>Unhedged<br>Share Class A | PHP<br>Unhedged<br>Share Class I<br>(No Fee<br>Class) |
|---------------------------------------|--|----------------------|-----------------------------|----------------------------------|---|
| NAVPu (in<br>USD)                     | 1.0090                                 | 1.0084               | 1.0068                      | 1.0084                           | 1.0090  |
| FX rate                               | 1                                      | 1                    | 53                          | 53                               | 53  |
| NAVPu (in<br>Share Class<br>currency) | 1.0090                                 | 1.0084               | 53.3604                     | 53.4452                          | 53.4770   |

*Note: All figures used are for illustration purposes only.*

**APPENDIX III**
**MANULIFE ASIA DYNAMIC BOND FEEDER FUND  
 A Multi-Class Distributing Unit Investment Trust Fund**
**INCOME DISTRIBUTION FEATURE CALCULATION METHODOLOGY**
**Steps:**

1. Determine the Income for Distribution (c/o HSBC)
2. Compute T NAV, deduct the Income for Distribution
3. Compute T NAVPu (divide by the O/S units), this is before any subscriptions/redemptions
4. Compute for the Units for Distribution (use T NAVPU)  

$$\text{Units for Distribution} = \text{Income for Distribution} / \text{T NAVPu}$$
5. Distribute the Units for Distribution to the Qualified Participants, pro-rata  

$$\text{Qualified Participants} = \text{clients of record T-1}$$
6. Redeem the units distributed, follow regular redemption settlement for payment (T+8)

**Income for Distribution:**

Add: All interest income and cash dividends received during the period (cash basis)

Less: All applicable taxes, expenses, trust fees, custody fees, fund admin fees & other fees during the period (accrual basis)

Periods: 12 monthly cycles – 1st calendar date of each month to the last calendar date of each month

**Units for Distribution:**

= Income for Distribution / T NAVPu

**Pro-rata distribution of Units for Distribution:**

Based on T-1 unit holdings

CIF 1: Total Units for Distribution x Unit holdings of CIF 1 on T-1 / Total outstanding Units on T-1

CIF 2: Total Units for Distribution x Unit holdings of CIF 2 on T-1 / Total outstanding Units on T-1

*Note: All figures used below are for illustration purposes only*

**T-1 1.0121**

|        | Units                  | NAV                  |
|--------|------------------------|----------------------|
| CIF 1  | 50,000,000.0000        | 50,605,000.00        |
| CIF 2  | 31,898,227.8937        | 32,193,107.45        |
| Totals | <u>81,808,227.8937</u> | <u>82,798,107.45</u> |

|                 |   |
|-----------------|---|
| 1.0121          | NAVPu                                       |
| 2               | Qualified Participants                      |
| 81,808,227.8937 | Total O/S Units                             |
| 245,424.68      | Income for Distribution as computed by HSBC |

*These data will be the basis for the pro-rata distribution.*

**T 1.0093**

**Before Regular T Subscription & Income Distribution:**

|        | Units                  | NAV                  |
|--------|------------------------|----------------------|
| CIF 1  | 50,000,000.0000        | 50,615,000.00        |
| CIF 2  | 31,808,227.8937        | 32,199,469.09        |
| Totals | <u>81,808,227.8937</u> | <u>82,814,469.09</u> |

**Compute TNAV (before Regular T Subscriptions):**

|                               |                      |
|-------------------------------|----------------------|
| Total NAV (Gross)             | 82,814,469.09        |
| Less: Income for Distribution | <u>(245,424.68)</u>  |
| T NAV                         | <u>82,569,044.41</u> |

**Compute TNAVPu:**

|                                |                        |
|--------------------------------|------------------------|
| Total NAV (Net)                | 82,569,044.41          |
| Divide by: Total O/S Units (T) | <u>81,808,227.8937</u> |
| T NAVPu                        | <u>1.0093</u>          |

**Regular T Subscription:**

|       |                |               |
|-------|----------------|---------------|
|       | Units          | NAV           |
| CIF 1 | 9,907,856.9309 | 10,000,000.00 |

Use computed T NAVPu

**After Regular T Subscription & Income Distribution:**

|        |                        |                      |
|--------|------------------------|----------------------|
|        | Units                  | NAV                  |
| CIF 1  | 59,907,856.9309        | 60,465,000.00        |
| CIF 2  | <u>31,808,227.8937</u> | <u>32,104,044.41</u> |
| Totals | <u>91,716,084.8246</u> | <u>92,569,044.41</u> |

**Breakdown of CIF 1 unit holdings:**

|        |                        |                      |
|--------|------------------------|----------------------|
|        | Units                  | NAV                  |
| CIF 1  | 50,000,000.0000        | 50,465,000.00        |
| T Sub  | <u>9,907,856.9309</u>  | <u>10,000,000.00</u> |
| Totals | <u>59,907,856.9309</u> | <u>60,465,000.00</u> |

**Compute Units for Distribution:**

|                         |                   |
|-------------------------|-------------------|
| Income for Distribution | 245,424.68        |
| Divide by: T NAVPu      | <u>1.0093</u>     |
| Units for Distribution  | <u>243,163.26</u> |

**Distribution of Units for Distribution to the Qualified Participants:**

|           |                        |                       |                        |
|-----------|------------------------|-----------------------|------------------------|
|           | T-1 Units              | Allocation<br>(Units) | Allocation<br>(Income) |
| CIF 1     | 50,000,000.0000        | 148,617.8517          | 150,000.00             |
| CIF 2     | <u>31,808,227.8937</u> | <u>94,545.4099</u>    | <u>95,424.68</u>       |
| Total T-1 | <u>81,808,227.8937</u> | <u>243,163.2617</u>   | <u>245,424.68</u>      |

These units should be subscribed & redeemed same day

**Subscription & Redemption of the Units for Distribution distributed to the Qualified Participants:**

(include Regular Subscription & Redemptions for demonstration)

|       |                        |                       |                       |  |                                      |                        |
|-------|------------------------|-----------------------|-----------------------|--|--------------------------------------|------------------------|
|       | T-1 units              | Subscription          | Regular<br>Redemption | Units for Distribution<br>Subscription | Units for Distribution<br>Redemption | T units                |
| CIF 1 | 50,000,000.0000        | 9,907,856.9309        | -                     | 148,617.8517                           | (148,617.8517)                       | 59,907,856.9309        |
| CIF 2 | <u>31,808,227.8937</u> | -                     | -                     | <u>94,545.4099</u>                     | <u>(94,545.4099)</u>                 | <u>31,808,227.8937</u> |
| Total | <u>81,808,227.8937</u> | <u>9,907,856.9309</u> | -                     | <u>243,163.2617</u>                    | <u>(243,163.2617)</u>                | <u>91,716,084.8246</u> |

**From T-1 NAV to TNAV (computed by HSBC on T+1):**

|       |                      |                  |                                       |                         |                              |                       |
|-------|----------------------|------------------|---------------------------------------|-------------------------|------------------------------|-----------------------|
|       | T-1 NAV              | Change in NAV    | Allocation of Inc<br>for Distribution | T NAV<br>Before Red Sub | Regular Net<br>Sub/(Net Red) | TNAV<br>After Reg Sub |
| CIF 1 | 50,605,000.00        | 10,000.00        | (150,000.00)                          | 50,465,000.00           | 10,000,000.00                | 60,465,000.00         |
| CIF 2 | <u>32,193,107.45</u> | <u>6,361.64</u>  | <u>(95,424.68)</u>                    | <u>32,104,044.41</u>    | -                            | <u>32,104,044.41</u>  |
| Total | <u>82,798,107.45</u> | <u>16,361.64</u> | <u>(245,424.68)</u>                   | <u>82,569,044.41</u>    | <u>10,000,000.00</u>         | <u>92,569,044.41</u>  |

**Figures on T:**

|        |                        |                      |        |
|--------|------------------------|----------------------|--------|
|        | Units                  | NAV                  | NAVPu  |
| CIF 1  | 59,907,856.9309        | 60,465,000.00        | 1.0093 |
| CIF 2  | <u>31,808,227.8937</u> | <u>32,104,044.41</u> | 1.0093 |
| Totals | <u>91,716,084.8246</u> | <u>92,569,044.41</u> | 1.0093 |

**APPENDIX IV**
**MANULIFE ASIA DYNAMIC BOND FEEDER FUND  
 A Multi-Class Distributing Unit Investment Trust Fund**
**TARGET FUND: MANULIFE GLOBAL FUND ASIA TOTAL RETURN FUND**

|                      |  |
|----------------------|--|
| Fund Type            | The Target Fund is a Bond Fund   |
| Share Class          | <p>I3 Inc Share Class features:</p> <p>Currency: USD<br/>         Frequency of Distribution: Monthly<br/>         Initial Charge: N/A<br/>         Switching Charge: Up to 1% of the Net Asset Value of the shares being switched<br/>         Redemption Charge: N/A<br/>         Management Fee: None<br/>         Performance Fee: N/A</p> <p>Formation Expenses: Formation expenses for Class I3 of the Asia Total Return Fund and the other funds specified in the MGF Prospectus amounted to approximately US\$19,000 in aggregate and are amortised over a 5-year period commencing from the inception date, or such other period as the MGF Board may determine.</p>   |
| Investment Manager   | <p>Manulife Investment Management (Hong Kong) Limited (MIM HK)</p> <p>MIM HK was incorporated in Hong Kong on 21 June 1994 and it commenced operations as an investment manager in June 2000. MIM HK's ultimate parent company is Manulife Financial Corporation (MFC). It is part of Manulife Investment Management, the global asset management arm of the MFC. MIM HK provides comprehensive asset management solutions for institutional investors, investment funds and individuals in key markets around the world.</p> <p>MIM HK is licensed with the Securities and Futures Commission (SFC) under the Securities and Futures Ordinance (SFO) to conduct the following regulated activities in Hong Kong: dealing in securities, dealing in futures contracts, advising on securities, advising on futures contracts and asset management.</p>   |
| Investment Objective | <p>The Target Fund aims to maximize total returns from a combination of capital appreciation and income generation. The Target Fund invests at least 70% of its net assets in a diversified portfolio of fixed income securities, issued by governments, agencies, supra-nationals and corporate issuers in Asia. As part of the above instruments, the Target Fund may invest up to 30% of its net assets in RMB-denominated debt securities that are listed or traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange via Bond Connect.</p> <p>The Target Fund may also invest (up to 30% of its net assets) in cash and fixed income securities of other issuers outside Asia if the Investment Manager (of the Target Fund) considers that such securities will achieve the goal of maximizing capital appreciation and income generation.</p> <p>While the Target Fund will invest in accordance with its investment objective and strategy, subject to applicable laws and regulations, the Target Fund is</p> |

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|                       | <p>not otherwise subject to any limitation on the portion of its net assets that may be invested in any one country or sector. Hence, the Target Fund may invest more than 30% of its net assets in issuers located in the PRC.</p> <p>The Target Fund invests in securities denominated in Asian currencies or other currencies. It may invest in local currency bonds with unhedged currency exposure to achieve currency gains. The Target Fund may also hedge for efficient portfolio management purposes.</p> <p>The Target Fund may invest (up to 40% of its net assets) in higher yielding debt securities rated lower than investment grade (i.e. below Baa3 by Moody's or BBB- by Standard &amp; Poor's or Fitch), or if unrated, their equivalent. As such, an investment in this Target Fund is accompanied by a higher degree of credit risk.</p>  |
| Investment Policy     | <p>It is not the intention of the Target Fund to invest more than 10% of its net assets in securities issued, or guaranteed, by any single sovereign (including the relevant government, public or local authority) which has a credit rating that is below investment grade (i.e. below Baa3 by Moody's or BBB- by Standard &amp; Poor's or Fitch).</p> <p>In times of extreme market volatility or during severe adverse market conditions, the Target Fund may temporarily hold a substantial portion (up to 30%) of the Target Fund's net assets in cash or cash equivalents, or invest in short-term money market instruments, to preserve the value of the assets in the investment portfolio of the Target Fund.</p>  |
| Specific Risk Factors | <p><u><i>Mainland China Tax:</i></u> The Investment Manager of the Target Fund does not currently make any tax provision in respect of any potential PRC withholding income tax, EIT and value-added tax; however, the Investment Manager reserves the right to do so when it thinks appropriate. The amount of any such tax provision will be disclosed in the accounts of the Target Fund.</p> <p>The tax laws, regulations and practice in Mainland China are constantly changing, and they may be changed with retrospective effect. In this connection, the Target Fund may be subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. The income from and/or the value of the relevant investments in the Target Fund may be reduced by any of those changes.</p> <p><u><i>Risk Associated with Investment via the Bond Connect:</i></u> The Bond Connect program is a new initiative launched in July 2017 established by CFETS, CCDL, SHCH, HKEx and CMU to facilitate investors from Mainland China and Hong Kong to trade in each other's bond markets through connection between the Mainland China and Hong Kong financial institutions.</p> <p>Under the prevailing PRC regulations, eligible foreign investors will be allowed to invest in the bonds available on the CIBM through the northbound trading of the Bond Connect ("Northbound Trading Link"). There will be no investment quota for the Northbound Trading Link.</p> <p>Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognized by the PBOC as registration agents to apply for registration with the PBOC.</p> <p>The Northbound Trading Link refers to the trading platform that is located outside of Mainland China and is connected to CFETS for eligible foreign</p> |

investor to submit their trade requests for bonds circulated in the CIBM through the Bond Connect. HKEx and CFETS will work together with offshore electronic bond trading platforms to provide electronic trading services and platforms to allow direct trading between eligible foreign investors and approved onshore dealers in Mainland China through CFETS.

Eligible foreign investors may submit trade requests for bonds circulated in the CIBM through the Northbound Trading Link provided by offshore electronic bond trading platforms, which will in turn transmit their requests for quotation to CFETS. CFETS will send the requests for quotation to a number of approved onshore dealers (including market makers and others engaged in the market making business) in Mainland China. The approved onshore dealers will respond to the requests for quotation via CFETS, and CFETS will send their responses to those eligible foreign investors through the same offshore electronic bond trading platforms. Once the eligible foreign investor accepts the quotation, the trade is concluded on CFETS.

On the other hand, the settlement and custody of bond securities traded in the CIBM under the Bond Connect will be done through the settlement and custody link between the CMU, as an offshore custody agent, and the CCDC and the SHCH, as onshore custodian and clearing institutions in Mainland China. Under the settlement link, CCDC or the SHCH will effect gross settlement of confirmed trades onshore and the CMU will process bond settlement instructions from the CMU members on behalf of eligible foreign investors in accordance with its relevant rules.

Pursuant to the prevailing regulations in Mainland China, the CMU, being the offshore custody agent recognised by the HKMA, open omnibus nominee accounts with the onshore custody agent recognized by the PBOC (i.e., the CCDC and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of the CMU, which will hold such bonds as a nominee owner.

The Target Fund's investments in bonds through the Bond Connect will be subject to a number of additional risks and restrictions that may affect the Target Fund's investments and returns.

The Bond Connect is relatively new. Laws, rules, regulations, policies, notices, circulars or guidelines relating to the Bond Connect (the "Applicable Bond Connect Regulations") as published or applied by any of the Bond Connect Authorities (as defined below) are untested and are subject to change from time to time. There can be no assurance that the Bond Connect will not be restricted, suspended or abolished. If such event occurs, the Target Fund's ability to invest in the CIBM through the Bond Connect will be adversely affected, and if the Target Fund is unable to adequately access the CIBM through other means, the Target Fund's ability to achieve its investment objective will be adversely affected. "Bond Connect Authorities" refers to the exchanges, trading systems, settlement systems, governmental, regulatory or tax bodies which provide services and/or regulate Bond Connect and activities relating to Bond Connect, including, without limitation, the PBOC, the HKMA, the HKEx, the CEFTS, the CMU, the CCDC and the SHCH and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of Bond Connect.



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|                                    | <p>Under the prevailing Applicable Bond Connect Regulations, eligible foreign investors who wish to participate in the Bond Connect may do so through an offshore custody agent, registration agent or other third parties (as the case may be), who would be responsible for making the relevant filings and account opening with the relevant authorities. The Target Fund is therefore subject to the risk of default or errors on the part of such agents.</p> <p>Trading through the Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly (in particular, under extreme market conditions) or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through the Bond Connect may be disrupted. The Target Fund's ability to trade through the Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Target Fund invests in the CIBM through the Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement.</p> <p>The CMU is the "nominee holder" of the bonds acquired by the Target Fund through the Bond Connects. Whilst the Applicable Bond Connect Regulations expressly provide that investors enjoy the rights and interests of the bonds acquired through the Bond Connects in accordance with applicable laws, how a beneficial owner (such as the Target Fund) of the relevant bonds exercises and enforces its rights over such securities in the courts in China is yet to be tested. Even if the concept of beneficial ownership is recognized under Chinese law, those securities may form part of the pool of assets of such nominee holder available for distribution to creditors of such nominee holder and/or that a beneficial owner may have no rights whatsoever in respect thereof.</p> <p>In addition to the risks set out in Item No. 11 of Appendix I, the following specific risk factors are also applicable:</p> <ul style="list-style-type: none"> <li>• Emerging Markets Risks</li> <li>• Political and Regulatory Risk</li> <li>• Currency Risks</li> <li>• Liquidity and Volatility Risk</li> <li>• Rating of Investment Risk</li> <li>• Taxation Risk</li> <li>• FDIs other than for Investment Purpose</li> <li>• Bond Funds</li> </ul> |
| <p>Jurisdiction of Target Fund</p> | <p>The Target Fund is subject to the laws and regulations of Luxembourg. The Target Fund is authorized in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF).</p>   |

For more information on the Target Fund, the Prospectus and other Fund Documents is available at <https://www.manulifeglobalfund.com>