

## NOTICE TO HOLDERS

1 September 2022

Dear valued unitholder

### **Introduction of Swing Pricing Policy to the following Sub-Fund:**

-Manulife Singapore Equity Fund  
(the “**Sub-Fund**”)

Thank you for investing in the Sub-Fund.

We would like to inform you that we will be applying swing pricing to the Sub-Fund with effect from **17 October 2022** (or such other date as we may subsequently advise) (the “**Effective Date**”).

*Unless otherwise defined, all capitalised terms used herein shall have the same meaning as the defined terms in the trust deed (as amended) of the Manulife Funds (the “**Deed**”).*

### **Dilution**

Each Sub-Fund is single priced and the value of a Sub-Fund may fall as a result of *amongst others* the transaction costs (such as broker commissions, custody transaction costs, stamp duties or sales taxes) incurred in the purchase and/or sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, realisations and/or switching of Units in the relevant Sub-Fund. This effect is known as “dilution”.

### **Dilution adjustment or swing pricing**

To protect the interest of existing unitholders, with effect from the Effective Date, we, in consultation with the Trustee, have the discretion to apply a technique known as “dilution adjustment” or “swing pricing” (“**Swing Pricing**”) in certain circumstances that we deem appropriate. Swing Pricing involves adjusting the net asset value (“**NAV**”) per Unit of a Sub-Fund so that such transaction costs and dealing spread in respect of the underlying investments are, as far as practicable, passed on to the investors who are subscribing, realising and/or switching Units on a particular Dealing Day.

Typically, the NAV is adjusted if the net subscription or realisation (including switches) on a Dealing Day reaches or exceeds a certain percentage (the “**Swing Threshold**”) of the size of the Sub-Fund as of previous Dealing Day. The NAV will swing upwards for net subscription and downwards for net realisation. In the case where a Sub-Fund comprises different Classes, the NAV of each Class will be calculated separately but any adjustment will, in percentage terms, affect the NAV of each Class in an equal manner.

The need to apply Swing Pricing will depend upon various factors, including but not limited to:

- i. the amount of subscriptions or realisations of Units on that Dealing Day;
- ii. the impact of any transaction costs incurred in the purchase and/or sale of underlying investments of the relevant Sub-Fund;
- iii. the spread between the buying and selling prices of underlying investments of the relevant Sub-Fund; and
- iv. market conditions such as situations of financial turmoil.

You should note however that applying Swing Pricing when the Swing Threshold is reached or exceeded, only reduces the effect of dilution and does not eliminate it entirely. Dilution arising from a net subscription or realisation that is below the Swing Threshold will not be reduced.

### **Performance and Fees Calculation**

You should also note that:

- (i) a Sub-Fund's performance returns will be calculated based on the NAV of the Sub-Fund after the Swing Pricing adjustment has been applied and therefore, the returns of the Sub-Fund may be influenced by the level of subscription and/or realisation activity;
- (ii) Swing Pricing could increase the variability of the returns of the relevant Sub-Fund since the returns are calculated based on the adjusted NAV per Unit; and
- (iii) the fees and charges applicable to the Sub-Fund (including fees based on the NAV of the Sub-Fund) will be based on the NAV of the Sub-Fund before the Swing Pricing adjustment is applied.

### **Maximum Adjustment**

The amount of adjustment at any future point in time may vary depending on *inter alia* market conditions, but will under normal circumstances not exceed 2% of the NAV per Unit on the relevant Dealing Day. We reserve the right to apply an adjustment of an amount not exceeding 2% of the NAV per Unit on the relevant Dealing Day where we deem appropriate and have the discretion to vary the amount of adjustment up to the 2% limit, in consultation with the Trustee, from time to time without giving notice to the relevant unitholders.

Subject to the Deed and the applicable laws and regulations, we may, in exceptional circumstances (including but not limited to volatile market conditions, market turmoil and illiquidity in the market) in consultation with the Trustee temporarily apply an adjustment beyond 2% of the NAV per Unit on the relevant Dealing Day if, in our opinion, it is in the interest of unitholders to do so. In such cases, we shall give notice to the relevant unitholders as soon as practicable in such manner as we and Trustee may agree.

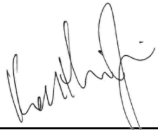
Please refer to the FAQ below for more information on Swing Pricing.

**This notice is for your information only. No action is required on your part.**

Should you have any queries regarding the above, please do not hesitate to contact the appointed distributors of the relevant Sub-Fund from whom you purchased your Units.

We would like to thank you for your continued support in the Manulife Funds.

Yours faithfully



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Koh Hui-Jian  
Director  
For and on behalf of  
Manulife Investment Management (Singapore) Pte. Ltd.

## Frequently Asked Questions (FAQ): Swing Pricing

### Q1: What is swing pricing?

When there are large net subscriptions and/or realisations in and/or out of a fund, transaction costs (such as broker commissions, custody transaction costs, stamp duties or sales taxes) incurred in the purchase and/or sale of the fund's underlying investments and the spread between the buying and selling prices of such investments may cause the net asset value ("**NAV**") of the fund to fall. This effect is known as "dilution".

Swing pricing involves adjusting the NAV per unit of a fund so that such transaction costs and dealing spread in respect of the underlying investments are, as far as practicable, passed on to the investors who are subscribing, realising and/or switching Units on a particular Dealing Day.

### Q2: How does swing pricing work?

Swing pricing involves adjusting the NAV per unit or the price of the fund upwards or downwards on any given Dealing Day by a pre-determined percentage, known as "swing factor". Swing factor is an estimate of the transaction costs and dealing spread in respect of the underlying investments of the fund expressed in percentage terms.

Typically, the NAV is adjusted if the net subscription or realisation (including switches) on a Dealing Day reaches or exceeds a certain percentage (the "**Swing Threshold**") of the size of the fund as of previous Dealing Day.

When there are large *net subscriptions* into the fund that reaches or exceeds the Swing Threshold, the NAV will be adjusted *upwards* by the swing factor. And when there are large *net realisations* out from the fund that reaches or exceeds the Swing Threshold, the NAV will be adjusted *downwards* by the swing factor.

The same swing factor will be applied to the NAV per unit of every class of that fund.

The adjusted NAV per unit ("**Swung NAV**") will be the price for all subscription, realisation and switching orders received on that particular Dealing Day.

### Q3. Will swing pricing be implemented on a daily basis?

No, swing pricing may not be implemented daily as this will depend on the quantum of net subscriptions or net realisations received on that Dealing Day. It will only be implemented when net subscriptions and/or net realisations reach or exceed Swing Threshold.

### Q4. How often are the Swing Factor and Swing Threshold being reviewed?

Under normal market environment, the Swing Factor is usually being reviewed on a quarterly basis and the Swing Threshold on a semi-annual basis.

**Q5. What is the benefit of Swing Pricing?**

Currently, when there are large net subscriptions in or large net realisations out of a fund on a particular Dealing Day, the fund bears the transaction costs incurred in the purchase or sale of the fund's underlying investments and the dealing spread between the buying and selling prices of such investments resulting in a dilution of the NAV of the fund. With Swing Pricing, such transaction costs and dealing spread are passed on to the investors who are subscribing or realising on that Dealing Day. Consequently, the existing investors in the fund are protected from the dilution of the NAV due to these large subscriptions/realisations.

**Q6. How will it affect fund performance?**

Performance returns calculation is based on the adjusted NAV, i.e. Swing NAV and therefore, Swing Pricing could increase the variability of the returns of the fund.

**Q7. Will the fund manager benefit from swing pricing?**

No, Manulife Investment Management does not benefit from swing pricing. It is a mechanism to protect the existing investors from dilution caused by large subscription/realisation activity.

**Important Information**

The information provided herein does not constitute financial advice, an offer or recommendation with respect to the Fund. The information and views expressed herein are those of Manulife Investment Management (Singapore) Pte. Ltd. (Company Registration No. 200709952G) and its affiliates ("Manulife") as of date of this document and are subject to change based on market and other conditions. Manulife expressly disclaims any responsibility for the accuracy and completeness of, and the requirement to update, such information.

Investments in the Fund are not deposits in, guaranteed or insured by Manulife and involve risks. The value of units in the Fund and any income accruing to it may fall or rise. The Fund may use financial derivative instruments for efficient portfolio management and/or hedging.

Investors should read the prospectus and the product highlights sheet and seek financial advice before deciding whether to purchase units in the Fund. A copy of the prospectus and the product highlights sheet can be obtained from Manulife or its distributors. In the event an investor chooses not to seek advice from a financial adviser, he should consider whether the Fund is suitable for him.

This publication has not been reviewed by the Monetary Authority of Singapore.