

Manulife Advanced Fund SPC (“Company”)
P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

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

Words and phrases used in this Notice shall, unless otherwise provided, have the same meanings as ascribed to them in the Prospectus of the Company.

Notice to Shareholders

14 March 2014

Dear Shareholders,

Re: General Updates to the Prospectus of the Manulife Advanced Fund SPC dated December 2012 as amended by a Supplement dated 21 August 2013 (altogether the “Prospectus”)

We wish to advise you of the following general updates to the Prospectus:

1. The biographies of the directors’ of the Investment Manager, where they appear throughout the Prospectus, shall be amended as follows:

1.1 Mr Michael Huddart’s details shall be updated and replaced with the following to reflect his expanded role:

“Michael Huddart – Mr. Huddart is Executive Vice President and General Manager, Greater China, Manulife (International) Limited, and the Chief Executive of Manulife Asset Management (Hong Kong) Limited. He is responsible for the overall development of Manulife’s business operation in Hong Kong, Mainland China and Taiwan including individual insurance, employee benefits and wealth management. He also sits on the board of the above two companies.

Under Mr. Huddart’s leadership, Manulife’s operations in Hong Kong have grown substantially with vibrant insurance, wealth-management and pension businesses. There has also been significant growth from both the tied agency and independent distribution channels, with more than 5,500 tied agents and a large number of distribution partners.

Mr. Huddart is very active in the Hong Kong insurance industry. He is a member of the Insurance Advisory Committee, chaired by the Secretary for Financial Services and the Treasury, that advises the Hong Kong Chief Executive on matters relating to the administration of the Insurance Companies Ordinance and the carrying on of insurance business in Hong Kong. He is also Chairman of the Insurance Claims Complaints Bureau, having served as Chairman of the Hong Kong Federation of Insurers (HKFI) from 2007 to 2008, and Chairman of the HKFI’s Life Insurance Council from 2006 to 2007, and he continues to be the Chairman/Deputy Chairman of a number of HKFI Task Forces. He is also a member of the Professional Ethics Review Board of the Institute of Financial Planners of Hong Kong and of the organising committee for the HKMA Quality Award.

From 2000 to 2003, Mr. Huddart was General Manager of Manulife Taiwan, where he led the business to new heights with a premium growth of more than 1,000% during his four-year tenure. He also established Manulife Taiwan’s leadership position by introducing the first investment-linked as well as the first universal-variable life products in the market.

Before moving to Taiwan, Mr. Huddart was Vice President for Business Development in Asia, based in Hong Kong. He was instrumental in several Manulife acquisitions (including that of the Japan business) and market entries in Asia. He has also been Manulife’s Chief Actuary in Indonesia as well as the President Director of its former pension consulting business there.

Mr. Huddart holds a Bachelor of Science (honours) degree in actuarial science from City University in London, is a Fellow of the Institute of Actuaries of Australia, an Associate of the Society of Actuaries (USA) and also holds a Graduate Diploma in Financial Planning from the

Financial Services Institute of Australia. His more than 30 years of practical experience in the life-insurance and pension-consulting fields have included many leadership positions.”

- 1.2 Mr Craig Alan Merdian retired as a director of the Investment Manager in February 2014 and accordingly his details shall be deleted in its entirety and shall be replaced with the following details of Mr David Thomas who was subsequently appointed as a director of the Investment Manager:

“**David Thomas** – Mr Thomas joined Manulife in February 2014 as Senior Vice President, Human Resources, Asia and was appointed a director of the Investment Manager in February 2014.

Mr Thomas has had more than 25 years of human resources experience in global, regional and country roles, and brings a broad, global perspective to the role having worked in the United Kingdom, United States, the Middle East and Asia. His subject matter expertise includes leadership and talent development, change management and organizational effectiveness.

Mr Thomas has a Bachelors of Management Science degree from Aston University, Birmingham, U.K., a postgraduate diploma in Human Resources Management from the University of Wales, Cardiff, U.K. and is a graduate of the Strategic Human Resources Management Program from Harvard Business School in Boston.”

2. The following updates shall be made in relation to the Foreign Account Tax Compliance Act (“**FATCA**”):

- 2.1 The current FATCA disclosures shall be updated and replaced with the following under a new Section 8.4 of Part I of the Prospectus to reflect FATCA implementation updates as follows:

“8.4 Foreign Account Tax Compliance Act (“FATCA”)

The Hiring Incentives to Restore Employment Act (the “Hire Act”) was signed into U.S. law in March 2010 and includes provisions commonly referred to as the Foreign Account Tax Compliance Act or FATCA. Broadly speaking, regulations implementing the FATCA provisions require “foreign financial institutions” (“FFIs”) to report to the U.S. Internal Revenue Service (“IRS”) certain information on U.S. persons that hold accounts outside the U.S., as a safeguard against U.S. tax evasion. In addition, FATCA provisions generally impose a 30% withholding tax on certain U.S. source payments (including dividends and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividend income) when made to an entity that does not comply with FATCA provisions. Future regulations could also cause the 30% withholding to apply to payments otherwise attributable to U.S. source income (also known as “foreign passthru payments”) to the extent provided in future Treasury regulations, but in no event before 1 January 2017. Certain regulations implementing the FATCA provisions will come into force on 1 July 2014.

The basic terms of the FATCA provisions currently appear to include each of the Segregated Portfolios as a ‘Financial Institution’ such that, in order to comply with FATCA, the Company may require all Shareholders to provide mandatory documentary evidence of their U.S. and/or non-U.S. status.

Based on legal and tax advice that the Company has received to date, in order to protect Shareholders from the effect of any FATCA withholding, it is the intention of the Company to be compliant with the requirements of FATCA. Hence, it is possible that this may require the Company and/or any distributor of Participating Shares and/or any other entity duly designated by the Company, as far as they may be legally permitted to do so to gather, store, use, process, disclose and report such information as is required under FATCA, including that on the holdings or investment returns, of any Shareholders to the IRS and/or any other relevant governmental or regulatory authority, and the Company may compulsorily redeem and/or withhold any payments to Shareholders in respect of Participating Shares held by such Shareholders in certain circumstances, including where such Shareholders fail to provide the information and documents required pursuant to FATCA, or are non-FATCA compliant financial institutions, or who fall within other categories specified in the FATCA provisions and regulations, provided that the Company has acted in good faith and on reasonable grounds

and as permitted by applicable laws and regulations. It is possible that the administrative costs of the Company could increase as a result of complying with FATCA.

The Company fully intends to meet the obligations imposed on it under FATCA. In the unlikely event that it is unable to do so, the imposition of any withholding tax may result in material losses to the relevant Segregated Portfolio which has a significant exposure to U.S. source income.

The Cayman Islands and the U.S. have signed a FATCA intergovernmental agreement (“IGA”). The Cayman Islands IGA is a Model 1B agreement, meaning that FFIs in the Cayman Islands, like the Company, will be required to report tax information about U.S. account holders directly to the Cayman Islands Tax Information Authority which will in turn relay that information to the IRS. Under the IGA, the Company (or each Segregated Portfolio) is expected to be treated as a “Reporting Cayman Islands Financial Institutions”. Reporting Cayman Islands Financial Institutions will not be subject to withholding under FATCA absent any “significant non-compliance” with their obligations under the IGA that does not resolve with a period of 18-months after notification of such non-compliance (as determined by the relevant U.S. authority).

Shareholders should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, Shareholders who hold their Participating Shares through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer U.S. withholding tax on their investment returns.

By subscribing for Participating Shares, each Shareholder consents to the gathering, storage, use, processing, disclosure and reporting to any governmental or regulatory authority, including tax authorities, in the European Economic Area or in the United States of America (a “Regulatory Authority”) from time to time by the Company and/or any distributor of Shares and/or any other entity duly designated by the Company (each, an “Information Recipient”) of any information provided by such Shareholder to any Information Recipient (“Relevant Information”) in connection with the satisfaction of requirements of the relevant Regulatory Authority as well as other applicable legal obligations relating to, but not limited to, information sharing and tax reporting and withholding of any payments due to Shareholders from the Company (collectively, “regulatory and legal requirements”) that may be applicable to the Company and/or any Segregated Portfolio from time to time.

Each Shareholder is entitled, by writing to the contact person mentioned below, to receive a confirmation of the relevant Regulatory Authority and its location, as well as of the type of personal data that may be disclosed as part of the applicable Relevant Information by Information Recipients. The transfer of personal data to any countries located outside of the European Economic Area and the United States of America shall be notified beforehand to each Shareholder which shall deem to have consented to the notified transfer of personal data if they have not objected to such transfer in writing within 10 days of the date of notification.

Each Shareholder further agrees: (a) to inform any relevant Information Recipient as soon as possible of any change in any information provided to such Information Recipient (including any circumstances that would result in a change in the taxpayer status of such Shareholder); (b) to waive any and all rights of such Shareholder under any relevant law or regulation in any applicable jurisdiction, including but not limited to any professional or banking secrecy rules, that would prevent any relevant Information Recipient from meeting applicable regulatory and legal requirements; and (c) that the Company may, acting in good faith and on reasonable grounds and in accordance with applicable laws, withhold any payments to such Shareholder in respect of Participating Shares held by such Shareholder and/or compulsorily redeem the Participating Shares held by such Shareholder, if such Shareholder fails to provide any Relevant Information requested, or if such Shareholder, at any time, withdraws their consent, objects to a transfer of their personal data to a country located outside of the European Economic Area or the United States of America or contests the waiver provided above.

Each Shareholder has a right of access to, and correction of, any personal information held with the Information Recipients. The aforementioned rights can be exercised by any Shareholder by writing to the Administrator or their relevant distributor.”

- 2.2 The following paragraph is added as a new second paragraph in Section 4.20 under Section 4. “Risk Factors” of Part I of the Prospectus:

“Please also refer to Section 8 of Part I of the Prospectus for a summary of some of the tax consequences potentially applicable to the Segregated Portfolios, including Section 8.4 of Part I of the Prospectus as it relates to FATCA.”

3. The investment strategy of the China A Segregated Portfolio (“**China A Fund**”) and Renminbi Bond Segregated Portfolio (“**Bond Fund**”) shall be enhanced as follows:

3.1 the following sentence shall be added after the first sentence in the last paragraph under Section A2 “Investment Objectives and Strategies” of Part II of the Prospectus in relation to the China A Fund:

“For the avoidance of doubt, the Investment Manager has no intention of investing in any urban investment bonds (城投債) or any asset backed securities (including asset backed commercial papers) or bonds which are rated below investment grade or unrated bonds.”

3.2 the following sentence shall be added at the end of the 6th paragraph under Section B2 “Investment Objectives and Strategies” of Part II of the Prospectus in relation to the Bond Fund:

“The Bond Fund may not invest more than 10% of its net assets in urban investments bonds (城投債), and not more than 10% of its net assets in asset backed securities (including asset backed commercial papers).”

The Prospectus will be updated to reflect the above changes.

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

**For and on behalf of the Board
Manulife Advanced Fund SPC**