Important Notes:

1 Manulife Advanced Fund SPC – US Bank Equity Segregated Portfolio ("Manulife US Bank Equity Fund" or the "Fund") invests primarily in equities and equity-related investments of US banks, which exposes investors to concentration and equity market risk.

2 The Fund does not guarantee distribution of dividends, the frequency of distribution, and the amount/rate of dividends. The Fund may at its discretion pay dividend out of capital or gross income while charging/paying all or part of its fees and expenses out of its capital. This amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, and may result in an immediate reduction of the net asset value per share of the respective share classes after the distribution date.

3 The Fund may invest in equities of small- and mid-capitalisation companies, which can involve liquidity and volatility risks, and is subject to greater risk than is customarily associated with investments in larger capitalisation companies.

4 Investment involves risk. The Fund may expose its investors to capital loss. Investors should not make decisions based on this material alone and should read the offering document for details, including the risk factors, charges and features of the Fund and its share classes.

Manulife Investment Management

October 2022

Manulife US Bank Equity Fund

manulifefunds.com.hk

US banking sector: Unlocking value from accelerated growth momentum

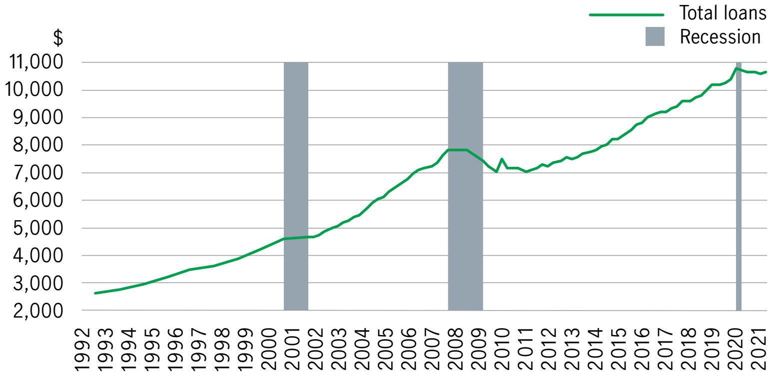
With a much-improved credit environment since the outbreak of COVID-19, growth momentum has accelerated in the US banking sector. In fact, we think a multistage bank recovery is already under way. We believe that continued economic recovery from the pandemic downturn clearly will support banks' fundamentals, and there is upside potential to earnings estimates if the economy continues to improve given the revenue rebound through higher loan growth and higher rates in the years ahead.

4 strong fundamentals of US banking sector

Accelerating loan growth drives a revenue & earnings rebound, with tailwinds from potential rate hikes

As the economic rebound gains momentum and government stimulus programs wind down, we expect loan demand to accelerate. A potential uptick in lending would drive net interest income higher, fueling the revenue rebound, while a more normalized interest-rate environment would provide an additional catalyst.

US banks: Total loans (USD billions)

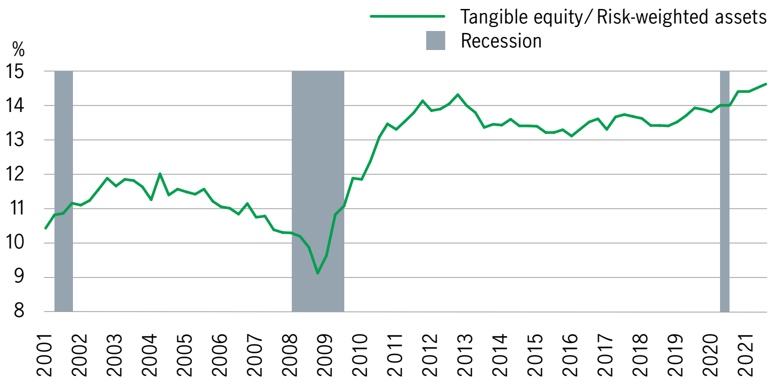


Source: Federal Deposit Insurance Corporation, as of 30 June 2021.

Solid financial position with record levels of capital

Higher excess capital enables higher capital returns to shareholders through dividend payouts, share buybacks and M&As.

US banks: Excess capital levels

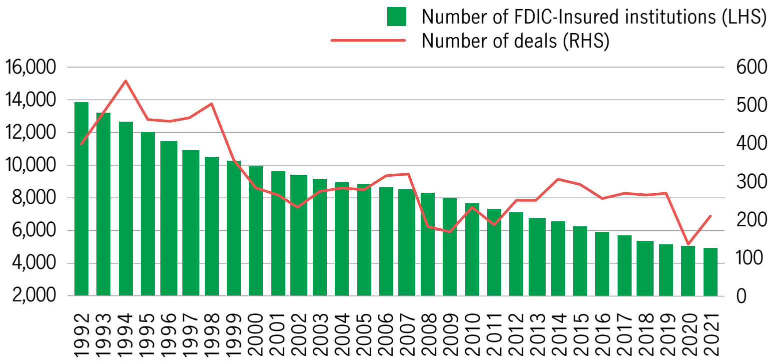


Source: FDIC, 30 June 2021, in USD. Excludes goodwill impairment.

Creating synergies via M&A

We believe the current environment is conducive to M&A activity. The consolidations not only unleashed values of the acquired banks, with a direct impact on boosting stock prices, but also create synergies to the acquiring bank with a sizable reduction in operating costs.

US banks: continued consolidation



Source: SNL Financial, total bank acquisitions announced, as of 30 September 2021 & FDIC, Number of FDIC-Insured Institutions as of 30 June 2021. LHS refers to left-hand side, RHS refers to right-hand side.

Attractive valuations relative to history

US banking industry valuation is trading at a meaningful discount to its historical average today, with potential for higher returns and multiple expansion. We believe that attractive valuations and the industry's compounding book value provide a favorable entry point for long-term investors.

US banking industry: Price-to-Book Ratio

Source: S&P Composite 1500 Banks Index, 30 September 2021, in USD.

Key features of Manulife US Bank Equity Fund

Experienced team with boutique structure

- Specialised investment team that owns investment process from research through portfolio construction
- Well-resourced investment team with deep sector expertise averaging 20 years' experience
- Managed by a lead fund manager with investment focus exclusively on US Banks

Time-and market-tested research process

- Relative-value approach to investing in US banks
- Long-term outperformance achieved by taking advantage of the market's focus on short-term factors
- Fundamentally driven research process using regulatory-based **CAMELS*** framework to analyse a bank's business strategy

C	Capital	Evaluate company's capital adequacy, including total leverage and risk-based capital, in conjunction with an analysis of the loan portfolio and fair valuation of other assets
A	Asset quality	Credit review, including analysis of portfolio mix, loan policies and procedures, loan officer compensation structure, and underwriting process
M	Management	Meetings with senior management, which often include visits to headquarters to evaluate culture and strategy
E	Earnings	Build earnings models, project earnings power in future years and identify attractive entry price
L	Liquidity	Investment portfolio review, assessment of funding profile including reliance on borrowings, high-cost deposits, quality of deposits, and cash availability
S	Sensitivity to interest rates	Asset/Liability management, matched funding, duration of liabilities and assets

* This is illustrative guideline. Portfolio holdings and characteristics are subject to change at any time. Information about the asset allocation is historical and is not an indication of the future composition. Source: Manulife Investment Management, as of 31 October 2021.

Manulife Investment Management's expertise

26 years
Average experience of portfolio managers

80%+ of assets[1]
Substantially invested in regional banks

600+
Investment professionals[2]

[1] Source: Manulife Investment Management, as of 31 October 2021. This is illustrative guideline. Portfolio holdings and characteristics are subject to change at any time. Information about the asset allocation is historical and is not an indication of the future composition.
[2] Source: Manulife Investment Management, as of 31 March 2022. Manulife Investment Management's global investment professional team includes expertise from several Manulife IM affiliates and joint ventures; not all entities represent all asset classes. Total investment professionals is comprised of individuals from Manulife Investment Management, Manulife-TEDA Fund Management Co. LTD., a 49% joint venture between Manulife Financial and Northern International Trust, part of the Tianjin TEDA Investment Holding Co. Ltd. (TEDA), and Mahindra Manulife Investment Management Private Limited, a 49% joint venture of Manulife and Mahindra AMC.

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Manulife US Bank Equity Fund

Q&A with Fund Manager

October 2022

Ryan P. Lentell

Portfolio manager at Manulife Investment Management

Susan A. Curry

Portfolio manager at Manulife Investment Management

Q: How did the US banking stocks perform in September?

A: US stocks fell sharply in September, as investors digested comments from the US Federal Reserve in late August that it would continue raising interest rates to tame stubbornly persistent inflation even if it pushed the economy into recession. The Fed followed through with another large (75 basis point) rate hike on 21 September. Meanwhile, escalating geopolitical concerns, including Russia's mobilisation of fresh military resources, and a strong US dollar heightened recession concerns in Europe. The Standard & Poor's Index closed the month at a fresh low for 2022. Within the index, the interest-sensitive Real Estate sector, growth-oriented Communication Services and Information Technology sectors, and defensive Utilities sector posted the most notable declines. No sectors ended the month with a gain.

Despite their sharp fall, US Bank stocks outperformed the broader market in this environment. The Fund's benchmark, the S&P Composite 1500 Banks Index, fell 8.07% for the month[1].

Q: What were the key contributors and detractors to the Fund's performance over the month?

A: The Fund outperformed its benchmark during the month. One Tennessee based regional bank was a contributor for the month. The bank continues to display strong loan growth momentum and we expect its loan growth will remain well above industry averages although it is unlikely to repeat the level reported in the second quarter. A Montana based regional bank also outperformed in September. The bank benefitted from its M&A activities earlier this year and the management team recently noted that the lending environment is strong and loan pricing has improved significantly with higher rates.

A regional bank headquartered in Arizona underperformed during the month although we expect this asset sensitive bank to benefit from the Fed's recent interest rate hike. Additionally, we expect the bank to report another quarter of strong loan growth which will support revenue into the new year. A North Carolina based regional bank also underperformed in September. This Bank is one of the more technology focused banks in the industry. We believe this, coupled with less asset sensitivity than many peers, weighed on its share price. That said, it maintains strong growth prospects and we continue to have conviction in our position.

Q: What's your view on the US banking sector?

A: Despite fears of an economic slowdown bank management teams continue to report strong local economic activity. They see continued loan demand; however, they are mindful of negative macro headlines and monitoring for signs of potential weakness. We expect to see solid fundamental results when banks report third quarter results in October.

Overall, banks remain fundamentally sound with strong levels of capital and liquidity. They are flush with low-cost deposits which should allow net interest margins to expand as recent rate hikes and likely an additional hike in November work through the system. This, coupled with continued loan growth, should drive revenue and core earnings growth into next year. From a valuation perspective, US bank shares are currently trading at a discount and are undervalued relative to history and relative to the overall market.

[1] Source: Bloomberg, as of 30 September 2022. Past performance is not indicative of future results. The broader market performance is measured by S&P 500 Index. Benchmark is S&P Composite 1500 Banks Index.