

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.*

## PROSPECTUS

### **Manulife** Investment Management

*Continuous Offering*

August 20, 2021

This prospectus qualifies the distribution of unhedged units (“**Unhedged Units**”) and hedged units (“**Hedged Units**”) of the following exchange traded mutual funds (each, a “**Manulife ETF**” and together, the “**Manulife ETFs**”), as applicable.

#### **Manulife Multifactor Canadian SMID Cap Index ETF**

#### **Manulife Multifactor U.S. Small Cap Index ETF**

#### **Manulife Multifactor Emerging Markets Index ETF**

The Manulife ETFs are exchange traded mutual funds established under the laws of the province of Ontario. Each Manulife ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of a specified market index (each, an “**Index**”). See “Investment Objectives”.

The Manulife ETFs are offering Unhedged Units. In addition, Manulife Multifactor U.S. Small Cap Index ETF is offering Hedged Units. Unhedged Units and Hedged Units are collectively referred to in this prospectus as “**Units**”. Units of the Manulife ETFs are denominated in Canadian dollars.

Manulife Investment Management Limited (the “**Manager**” or “**Manulife IM Limited**”) is the trustee, manager, promoter and investment manager of the Manulife ETFs. The Manager is an indirect wholly-owned subsidiary of Manulife Financial Corporation. The Manager has retained Dimensional Fund Advisors Canada ULC (“**Dimensional**” or the “**Advisor**”) to act as sub-advisor of the Manulife ETFs. See “Organization and Management Details of the Manulife ETFs – Manager” and “Organization and Management Details of the Manulife ETFs – Advisor”.

#### **Listing of Units**

Each Manulife ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. The Units are currently listed on the Toronto Stock Exchange (the “**TSX**”) and investors are able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides.

Any foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. Accordingly, as a result of having different currency exposure, the NAV per Unit (as defined herein) of each class of Units of a Manulife ETF that offers Hedged Units and Unhedged Units may not be the same. See “Investment Strategies”.

Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Manulife ETF in connection with buying or selling Units on the TSX. Unitholders may also (i) redeem Units of any Manulife ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the net asset value per Unit (“**NAV per Unit**”) on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a Prescribed Number of Units (as defined herein) (or an integral multiple thereof) for Baskets of Securities (as defined herein) and cash or, in certain circumstances, for cash. See “Exchange and Redemption of Units – Redemption of Units of a Manulife ETF for Cash” and “Exchange and

Redemption of Units – Exchange of Units of a Manulife ETF at NAV per Unit for Baskets of Securities and/or Cash” for further information.

The Manulife ETFs issue Units directly to the Designated Broker (as defined herein) and Dealers (as defined herein).

### **Eligibility for Investment**

In the opinion of Blake, Cassels & Graydon LLP, provided that a Manulife ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act (as defined herein), or the Units of the Manulife ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), the Units of such Manulife ETF, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a registered education savings plan or a tax-free savings account.

### **Additional Considerations**

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and as such, the Designated Broker and Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Manulife ETFs of their Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the Manulife ETFs, see “Risk Factors”.

Registration of interests in, and transfer of, the Units are made only through CDS Clearing and Depository Services Inc. Beneficial owners do not have the right to receive physical certificates evidencing their ownership of Units.

The Manager has entered into one or more License Agreements (as defined herein) with Dimensional Fund Advisors LP to use the Indexes (as defined herein) and certain other trademarks. See “Other Material Facts – Index Provider Disclaimer”. Independent calculation agents calculate and administer the Indexes.

### **Documents Incorporated by Reference**

Additional information about each Manulife ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Manulife ETF, and the most recently filed ETF Facts (as defined herein) for each Manulife ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference” for further details.

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## GLOSSARY

Unless otherwise indicated, the references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

*Advisor* – has the meaning ascribed thereto on the cover page.

*Advisory Agreement* – means the amended and restated sub-advisory agreement dated November 21, 2018 entered into by the Manager, on behalf of the Manulife ETFs, with Dimensional and DFA Australia Limited, as may be further supplemented, amended and/or amended and restated from time to time.

*Allowable Capital Loss* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*Basket of Securities* – means, in relation to a particular Manulife ETF, a group of securities and/or assets determined by the Manager or Advisor, as applicable, from time to time representing the constituents of the portfolio of the Manulife ETF or the applicable Index in approximately the same weightings as such constituents are weighted in the applicable Index.

*Canadian Securities Legislation* – means the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the Securities Regulatory Authorities, as the same may be amended, restated or replaced from time to time.

*Capital Gains Refund* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Manulife ETFs”.

*CDS* – means CDS Clearing and Depository Services Inc.

*CDS Participant* – means a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

*Constituent Issuers* – means the issuers included in the portfolio of a Manulife ETF from time to time, or where a Manulife ETF uses a representative “sampling” methodology to replicate an Index, the issuers included in the representative sample of issuers as determined from time to time by the Manager or Advisor, as the case may be.

*Constituent Securities* – means the securities included in the investment portfolio of a Manulife ETF from time to time, or where a Manulife ETF uses a representative “sampling” methodology to replicate an Index, the securities included in the representative sample of securities as determined from time to time by the Manager or Advisor, as the case may be.

*Counterparty* – has the meaning ascribed thereto under “Risk Factors – Securities Lending Risk”.

*CRA* – means the Canada Revenue Agency.

*CRS Provisions* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Custodian* – means CIBC Mellon Trust Company, in its capacity as custodian of the Manulife ETFs pursuant to the Custodian Agreement.

*Custodian Agreement* – means the custodial services agreement dated April 7, 2017 between the Manager, in its capacity as manager of the Manulife ETFs, and the Custodian, as may be further supplemented, amended and/or amended and restated from time to time.

*Dealer* – means a registered dealer (that may or may not be a Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of a Manulife ETF, and that subscribes for and purchases Units from that Manulife ETF.

*Declaration of Trust* – means the amended and restated master declaration of trust that established and governs the Manulife ETFs dated November 10, 2020, as the same may be further amended, restated or replaced from time to time.

*Derivative Forward Agreement Rules* – has the meaning ascribed thereto under “Risk Factors – Taxation of the Manulife ETFs”.

*Derivatives* – means instruments that derive their value from the market price, value or level of an underlying security, commodity, economic indicator, index or financial instrument and which may include, options, futures contracts, forward contracts, swaps or debt-like securities.

*Designated Broker* – means a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of a Manulife ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to that Manulife ETF.

*Dimensional* – has the meaning ascribed thereto on the cover page.

*Distribution Record Date* – means, in relation to a particular Manulife ETF, a date determined by the Manager as a record date for the determination of the Unitholders of the Manulife ETF entitled to receive a distribution.

*DPSP* – means a deferred profit sharing plan within the meaning of the Tax Act.

*ETF Facts* – means the ETF Facts document prescribed by Canadian Securities Legislation in respect of an exchange traded fund, which summarizes certain features of the exchange traded fund and which is publicly available at [www.sedar.com](http://www.sedar.com) and provided or made available to registered dealers for delivery to purchasers of securities of an exchange traded fund.

*GST* – has the meaning ascribed thereto under “Risk Factors – General Risks Relating to an Investment in the Manulife ETFs – Taxation of the Manulife ETFs”.

*Hedged Unit* – means, in relation to Manulife Multifactor U.S. Small Cap Index ETF, a redeemable, transferable hedged unit of that Manulife ETF, which represents an equal, undivided interest in the net assets of that Manulife ETF attributable to that class.

*HKEx* – has the meaning ascribed thereto under “Risk Factors – Additional Risks Relating to an Investment in each Manulife ETF – Emerging Markets Risk”.

*Holder* – has the meaning ascribed thereto under “Income Tax Considerations”.

*HST* – has the meaning ascribed thereto under “Risk Factors – General Risks Relating to an Investment in the Manulife ETFs – Taxation of the Manulife ETFs”.

*IFRS* – has the meaning ascribed thereto under “Calculation of Net Asset Value – Valuation Policies and Procedures of the Manulife ETFs”.

*IGA* – has the meaning ascribed thereto under “Unitholder Matters – International Information Reporting”.

*Index* – means a benchmark or index, provided by an Index Provider, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index, or a successor index that is substantially comprised of or would be substantially comprised of the same Constituent Securities or similar contracts or instruments, which is used by a Manulife ETF in relation to that Manulife ETF’s investment objective.

*Index Provider* – means the provider of the Indexes, currently Dimensional Fund Advisors LP, with which the Manager has entered, or will enter, into one or more License Agreements to use the relevant Indexes and certain trademarks in connection with the operation of the applicable Manulife ETFs.

*IRC or Independent Review Committee* – means the independent review committee of the Manulife ETFs established under NI 81-107.

*Lending Agent* – means the Bank of New York Mellon, in its capacity as lending agent pursuant to the Securities Lending Authorization Agreement.

*License Agreements* – means the two license agreements, each dated March 23, 2017, between the Manager and the Index Provider, as may be further supplemented, amended and/or amended and restated from time to time, permitting the Manager to use the relevant Indexes and certain trademarks in connection with the operation of the applicable Manulife ETFs.

*Management Fee* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Manulife ETFs – Management Fees”.

*Management Fee Distributions* – has the meaning ascribed thereto under “Fees and Expenses – Fees and Expenses Payable by the Manulife ETFs – Management Fees”.

*Manager* – has the meaning ascribed thereto on the cover page.

*Manulife* – means Manulife Financial Corporation.

*Manulife ETFs* – has the meaning ascribed thereto on the cover page.

*Manulife IM Limited* – has the meaning ascribed thereto on the cover page.

*Minimum Distribution Requirements* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Manulife ETFs”.

*MLI* – means The Manufacturers Life Insurance Company.

*MRFP* – means management report of fund performance.

*NAV and NAV per Unit* – means, in relation to a particular Manulife ETF, the net asset value of the Manulife ETF and the net asset value per Unit, calculated by the Valuation Agent, as described under “Calculation of Net Asset Value”.

*NI 81-102* – means National Instrument 81-102 – Investment Funds, as the same may be amended, restated or replaced from time to time.

*NI 81-106* – means National Instrument 81-106 – Investment Fund Continuous Disclosure, as the same may be amended, restated or replaced from time to time.

*NI 81-107* – means National Instrument 81-107 – Independent Review Committee for Investment Funds, as the same may be amended, restated or replaced from time to time.

*Non-Portfolio Income* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Manulife ETFs”.

*NYSE* – means the New York Stock Exchange.

*Permitted Merger* – has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

*Plans* – has the meaning ascribed thereto under “Income Tax Considerations – Status of the Manulife ETFs”.

*PNU or Prescribed Number of Units* – means, in relation to a particular Manulife ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

*Proxy Voting Policy* – has the meaning ascribed thereto under “Proxy Voting Disclosure for Portfolio Securities Held”.

*QST* – has the meaning ascribed thereto under “Risk Factors – General Risks Relating to an Investment in the Manulife ETFs – Taxation of the Manulife ETFs”.

*RDSP* – means a registered disability savings plan within the meaning of the Tax Act.

*Reference Fund* – has the meaning ascribed thereto under “Investment Strategies – Investment in other Investment Funds”.

*Registrar and Transfer Agent* – means TSX Trust Company, or its successor.

*RESP* – means a registered education savings plan within the meaning of the Tax Act.

*RRIF* – means a registered retirement income fund within the meaning of the Tax Act.

*RRSP* – means a registered retirement savings plan within the meaning of the Tax Act.

*Securities Lending Authorization Agreement* – means the securities lending authorization agreement between the Manager, in its capacity as trustee and manager of the Manulife ETFs, and the Lending Agent, as may be further supplemented, amended and/or amended and restated from time to time.

*Securities Regulatory Authorities* – means the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

*SIFT trust* – means a specified investment flow-through trust within the meaning of the Tax Act.

*SSE* – has the meaning ascribed thereto under “Risk Factors – Additional Risks Relating to an Investment in each Manulife ETF – Emerging Markets Risk”.

*Stock Connect programs* – has the meaning ascribed thereto under “Risk Factors – Additional Risks Relating to an Investment in each Manulife ETF – Emerging Markets Risk”.

*Stock Connect Securities* – has the meaning ascribed thereto under “Risk Factors – Additional Risks Relating to an Investment in each Manulife ETF – Emerging Markets Risk”.

*Substituted Property* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the Manulife ETFs”.

*SZSE* – has the meaning ascribed thereto under “Risk Factors – Additional Risks Relating to an Investment in each Manulife ETF – Emerging Markets Risk”.

*Tax Act* – means the Income Tax Act (Canada) and the regulations thereunder, as amended from time to time.

*Tax Amendment* – means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

*Taxable Capital Gain* – has the meaning ascribed thereto under “Income Tax Considerations – Taxation of Holders”.

*TFSA* – means a tax-free savings account within the meaning of the Tax Act.

*Trading Day* – means a day on which a session of the TSX is held.

*Trustee* – means Manulife IM Limited, in its capacity as trustee of the Manulife ETFs pursuant to the Declaration of Trust, or its successor.

*TSX* – means the Toronto Stock Exchange.

*Unhedged Unit* – means, in relation to each of the Manulife ETFs, a redeemable, transferable unhedged unit of that Manulife ETF, which represents an equal, undivided interest in the net assets of that Manulife ETF attributable to that class.

*Unit* – means, in relation to a particular Manulife ETF, a redeemable, transferable Hedged Unit or Unhedged Unit of that Manulife ETF, as applicable, which represents an equal, undivided interest in the net assets of that Manulife ETF.

*Unitholder* – means a holder of Units of a Manulife ETF.

*Valuation Agent* – means CIBC Mellon Global Security Services Company or its successor.

*Valuation Date* – means each Trading Day or any other day designated by the Manager on which the NAV and NAV per Unit of a Manulife ETF is calculated.

*Valuation Time* – means, in relation to a Manulife ETF, 4:00 p.m. (Toronto time) on a Valuation Date or such other time that the Manager deems appropriate on each Valuation Date.



## PROSPECTUS SUMMARY

*The following is a summary of the principal features of this distribution and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.*

### Issuers:

Manulife Multifactor Canadian SMID Cap Index ETF  
 Manulife Multifactor U.S. Small Cap Index ETF  
 Manulife Multifactor Emerging Markets Index ETF  
 (each, a “**Manulife ETF**” and together, the “**Manulife ETFs**”)

The Manulife ETFs are exchange traded mutual funds established under the laws of the province of Ontario. The Manulife ETFs are offering Unhedged Units. In addition, Manulife Multifactor U.S. Small Cap Index ETF is offering Hedged Units. Unhedged Units and Hedged Units are collectively referred to in this prospectus as “**Units**”. Units of the Manulife ETFs are denominated in Canadian dollars.

Manulife Investment Management Limited (the “**Manager**” or “**Manulife IM Limited**”) is the trustee, manager, promoter and investment manager of the Manulife ETFs. The Manager is an indirect wholly-owned subsidiary of Manulife. The Manager has retained Dimensional Fund Advisors Canada ULC (“**Dimensional**” or the “**Advisor**”) to act as sub-advisor of the Manulife ETFs.

### Continuous Distribution:

Each Manulife ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued. The Units are currently listed on the Toronto Stock Exchange (the “**TSX**”) and investors are able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or any Manulife ETF in connection with buying or selling Units on the TSX. Investors may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

See “Purchases of Units – Continuous Distribution” and “Purchases of Units – Buying and Selling Units of a Manulife ETF”.

### Investment Objectives:

#### **Manulife Multifactor Canadian SMID Cap Index ETF**

Manulife Multifactor Canadian SMID Cap Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), or any successor thereto.

Manulife Multifactor Canadian SMID Cap Index ETF invests directly or indirectly primarily in mid and small capitalization Canadian equities.

#### **Manulife Multifactor U.S. Small Cap Index ETF**

In respect of the Unhedged Units, Manulife Multifactor U.S. Small Cap Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Small Cap Index (CAD), or any successor thereto. In respect of the Hedged Units, Manulife Multifactor U.S. Small Cap Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Small Cap Index (CAD Hedged), or any successor thereto.

Manulife Multifactor U.S. Small Cap Index ETF invests directly or indirectly primarily in small capitalization U.S. equities.

#### **Manulife Multifactor Emerging Markets Index ETF**

Manulife Multifactor Emerging Markets Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Emerging Markets Index (CAD), or any successor thereto.

Manulife Multifactor Emerging Markets Index ETF invests directly or indirectly primarily in equity securities of issuers from emerging markets.

Any foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. The investment objective and currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining the approval of Unitholders of the affected class of Units.

In addition, the Manager may, subject to any required Unitholder approval, change the Index underlying a Manulife ETF to another index in order to provide investors with substantially the same exposure to the asset class to which that Manulife ETF is currently exposed. If the Manager changes an Index underlying any Manulife ETF, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its Constituent Securities and specifying the reasons for the change in the Index.

See “Investment Objectives”.

### **Investment Strategies:**

In order to achieve its investment objective and to obtain direct or indirect exposure to the Constituent Securities of the applicable Index, the investment strategy of each Manulife ETF is to invest in and hold the Constituent Securities of the applicable Index in approximately the same proportion as they are reflected in the applicable Index or to otherwise invest in a manner intended to track the performance of such Index. The Manulife ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

A Manulife ETF may, in certain circumstances and at the discretion of the Advisor, employ a “sampling” strategy in selecting investments, provided such investments are consistent with the investment objectives and strategies of the applicable Manulife ETF and Canadian Securities Legislation. Under a sampling strategy, such Manulife ETF may not hold all of the Constituent Securities that are included in the applicable Index, but instead will hold a portfolio of securities selected by the Manager or Advisor that seeks to correspond in the aggregate to the applicable Index in terms of key investment characteristics.

#### *Investment in other Investment Funds*

In accordance with applicable securities legislation, a Manulife ETF may invest in one or more other investment funds, including one or more exchange traded funds listed on a stock exchange in Canada or the United States (a “**Reference Fund**”), that provides exposure to the Constituent Securities of the Index or a substantially similar index, and including other investment funds managed by the Manager or an affiliate. In such case, there shall be no Management Fees or incentive fees that are payable by the Manulife ETF that, to a reasonable person, would duplicate a fee payable by the Reference Fund for the same service.

#### *Currency Hedging and Use of Derivatives*

A Manulife ETF may use Derivatives from time to time for hedging or investment purposes. Any use of Derivatives by a Manulife ETF must comply with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Manulife ETF. See “Exemptions and Approvals”.

Any foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. Accordingly, as a result of having different currency exposure, the NAV per Unit of each class of Units of a Manulife ETF that offers Hedged Units and Unhedged Units may not be the same. The costs of any currency hedging will be borne by the applicable class of Hedged Units only.

#### *Securities Lending*

A Manulife ETF may enter into securities lending transactions, repurchase and reverse repurchase transactions in compliance with NI 81-102 in order to earn additional income for the Manulife ETF.

#### *Cash Management*

From time to time, at the discretion of the Manager, a Manulife ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet its current obligations.

See “Investment Strategies”.

**Special Considerations for Purchasers:** The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Manulife ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Manulife ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation.

Units of the Manulife ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a Manulife ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable Manulife ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions. No purchase of Units of a Manulife ETF should be made solely in reliance on the above statements.

See “Attributes of the Securities – Description of the Securities Distributed”.

**Risk Factors:** There are certain risk factors inherent in an investment in the Manulife ETFs. See “Risk Factors – General Risks Relating to an Investment in the Manulife ETFs” and “Risk Factors – Additional Risks Relating to an Investment in each Manulife ETF”.

**Income Tax Considerations:** A Unitholder of a Manulife ETF who is resident in Canada will generally be required to include, in computing income for a taxation year, the amount of income (including any net realized Taxable Capital Gains) that is paid or becomes payable to the Unitholder by that Manulife ETF in that year (including such income that is paid in Units of the Manulife ETF or reinvested in additional Units of the Manulife ETF).

A Unitholder of a Manulife ETF who disposes of a Unit of that Manulife ETF that is held as capital property, including on a redemption or otherwise, will generally realize a capital gain (or capital loss) to the extent that the proceeds of disposition (other than any amount payable by the Manulife ETF to the Unitholder which represents capital gains allocated and designated to the redeeming Unitholder), net of costs of disposition, exceed (or are less than) the adjusted cost base of that Unit.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units of a Manulife ETF by obtaining advice from his or her tax advisor.

See “Income Tax Considerations”.

**Exchanges and Redemptions:** In addition to the ability to sell Units on the TSX, Unitholders may also (i) redeem Units of any Manulife ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) exchange a PNU (or an integral multiple thereof) for Baskets of Securities and cash or, in certain circumstances, for cash.

See “Exchange and Redemption of Units – Redemption of Units of a Manulife ETF for Cash” and “Exchange and Redemption of Units – Exchange of Units of a Manulife ETF at NAV per Unit for Baskets of Securities and/or Cash”.

**Distributions:** Cash distributions of income, if any, on Units will be paid on the following basis:

<b>Manulife ETF</b>	<b>Frequency of Distributions</b>
Manulife Multifactor Canadian SMID Cap Index ETF	Semi-Annually
Manulife Multifactor U.S. Small Cap Index ETF	Semi-Annually
Manulife Multifactor Emerging Markets Index ETF	Semi-Annually

Depending on the underlying investments of a Manulife ETF, distributions on Units may consist of ordinary income (including foreign source income), taxable dividends from taxable Canadian corporations and net realized capital gains, less the expenses of that Manulife ETF. Distributions may also include returns of capital. To the extent that the expenses of a Manulife ETF exceed the income generated by such Manulife ETF in any given six-month period, it is not expected that a semi-annual or annual distribution will be paid.

In addition to the distributions described above, a Manulife ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special distribution or in connection with returns of capital.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

See “Distribution Policy”.

**Termination:** The Manulife ETFs do not have a fixed termination date but may be terminated at the discretion of the Manager in accordance with the terms of the Declaration of Trust.

See “Termination of the Manulife ETFs”.

**Eligibility for Investment:** Provided that a Manulife ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of that Manulife ETF are listed on a “designated stock exchange” within the meaning of the Tax Act, Units of that Manulife ETF would be on such date qualified investments under the Tax Act for a trust governed by an RRSP, a RRIF, an RDSP, a DPSP, an RESP or a TFSA.

See “Income Tax Considerations – Taxation of Registered Plans”.

**Documents Incorporated by Reference:** Additional information about each Manulife ETF is or will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“**MRFP**”), any interim MRFP filed after the annual MRFP for each Manulife ETF, and the most recently filed ETF Facts for each Manulife ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at [manulifeim.ca](http://manulifeim.ca) and may be obtained upon request, at no cost, by calling 1-888-333-3240 or by contacting a registered dealer. These documents and other information about the Manulife ETFs are also publicly available at [www.sedar.com](http://www.sedar.com).

See “Documents Incorporated by Reference”.

## Organization and Management of the Manulife ETFs

<p><b>The Manager, Trustee and Investment Manager:</b></p>	<p>Manulife IM Limited manages the overall business and operations of and provides or arranges for all administration and portfolio management services required by, the Manulife ETFs. Pursuant to the Declaration of Trust, Manulife IM Limited is also the trustee of the Manulife ETFs.</p> <p>The principal office of the Manulife ETFs and Manulife IM Limited is located at 200 Bloor Street East, North Tower, Toronto, Ontario, M4W 1E5.</p> <p>See “Organization and Management Details of the Manulife ETFs – Manager” and “Organization and Management Details of the Manulife ETFs – Trustee”.</p>
<p><b>Advisor:</b></p>	<p>In its capacity as investment manager of the Manulife ETFs, the Manager has retained Dimensional to act as sub-advisor of the Manulife ETFs. Pursuant to the Advisory Agreement, Dimensional may delegate certain investment management duties to its affiliates, including Dimensional Fund Advisors LP. The Manager may also retain DFA Australia Limited, an affiliate of Dimensional, to act as sub-advisor of the Manulife ETFs in respect of specific portfolio management services regarding commodity futures contracts (which may include equity index futures) and commodity futures options. Dimensional’s primary business address is in Vancouver, British Columbia.</p> <p>See “Organization and Management Details of the Manulife ETFs – Advisor” and “Exemptions and Approvals”.</p>
<p><b>Promoter:</b></p>	<p>Manulife IM Limited took the initiative of founding and organizing the Manulife ETFs and is, accordingly, the promoter of the Manulife ETFs within the meaning of Canadian Securities Legislation.</p> <p>See “Organization and Management Details of the Manulife ETFs – Promoter”.</p>

<b>Custodian:</b>	<p>CIBC Mellon Trust Company is the custodian of the Manulife ETFs and is independent of the Manager. The Custodian provides custodial services to the Manulife ETFs. The Custodian is located in Toronto, Ontario.</p> <p>See “Organization and Management Details of the Manulife ETFs – Custodian”.</p>
<b>Valuation Agent:</b>	<p>CIBC Mellon Global Securities Services Company provides accounting services in respect of the Manulife ETFs. CIBC Mellon Global Securities Services Company is located in Toronto, Ontario.</p> <p>See “Organization and Management Details of the Manulife ETFs – Valuation Agent”.</p>
<b>Registrar and Transfer Agent:</b>	<p>TSX Trust Company, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Units of the Manulife ETFs and maintains the register of registered Unitholders. The register of the Manulife ETFs is kept in Toronto, Ontario.</p> <p>See “Organization and Management Details of the Manulife ETFs – Registrar and Transfer Agent”.</p>
<b>Lending Agent:</b>	<p>The Bank of New York Mellon may act as the securities lending agent for the Manulife ETFs pursuant to the Securities Lending Authorization Agreement. The Bank of New York Mellon is located in New York, New York.</p> <p>See “Organization and Management Details of the Manulife ETFs – Lending Agent”.</p>
<b>Auditors:</b>	<p>Ernst &amp; Young LLP, at their principal offices in Toronto, Ontario, are the auditors of the Manulife ETFs. The auditors will audit each Manulife ETF’s annual financial statements and provide an opinion as to whether they present fairly the Manulife ETF’s financial position, financial performance and cash flows in accordance with IFRS. The auditors are independent with respect to the Manulife ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.</p> <p>See “Organization and Management Details of the Manulife ETFs – Auditors”.</p>

### Summary of Fees and Expenses

The following table lists the fees and expenses related to an investment in the Manulife ETFs. An investor may have to pay some of these fees and expenses directly. The Manulife ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Manulife ETFs. See “Fees and Expenses”.

#### *Fees and Expenses Payable by the Manulife ETFs*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Management Fee:</b>	<p>Each Manulife ETF pays an annual management fee (the “<b>Management Fee</b>”) to the Manager equal to an annual percentage of the NAV of that Manulife ETF, calculated daily and payable monthly in arrears, plus applicable taxes. See “Organization and Management Details – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.</p> <p>The Management Fee is based on a percentage of the NAV of each of the following Manulife ETFs and is listed below:</p> <ol style="list-style-type: none"> <li>1. Manulife Multifactor Canadian SMID Cap Index ETF <ul style="list-style-type: none"> <li>Management Fee (Unhedged Units) – 0.50% of NAV</li> <li>Management Fee (Hedged Units) – N/A</li> </ul> </li> </ol>

Type of Fee	Amount and Description
	<p data-bbox="500 216 1089 247">2. Manulife Multifactor U.S. Small Cap Index ETF</p> <p data-bbox="548 268 1154 300">Management Fee (Unhedged Units) – 0.45% of NAV</p> <p data-bbox="548 321 1127 352">Management Fee (Hedged Units) – 0.50% of NAV</p> <p data-bbox="500 373 1127 405">3. Manulife Multifactor Emerging Markets Index ETF</p> <p data-bbox="548 426 1154 457">Management Fee (Unhedged Units) – 0.65% of NAV</p> <p data-bbox="548 478 1013 510">Management Fee (Hedged Units) – N/A</p> <p data-bbox="451 531 1463 674">In the event that a Manulife ETF invests in another investment fund to obtain exposure to the Constituent Securities, the Manulife ETF may pay the Management Fee on the portion of the Manulife ETF's assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager. As a result, the actual Management Fee may be higher than that shown above.</p> <p data-bbox="451 695 1474 940">The Manager may, at its discretion, agree to charge a reduced Management Fee as compared to the Management Fee that it otherwise would be entitled to receive from the Manulife ETF, provided that the difference between the fee otherwise chargeable and the reduced Management Fee is distributed periodically by the Manulife ETF to the applicable Unitholders as a Management Fee Distribution. Any reduction will depend on a number of factors, including the amount invested, the NAV of the Manulife ETF and the expected amount of account activity. Management Fee Distributions will be paid first out of net income of the Manulife ETF then out of capital gains of the Manulife ETF and thereafter out of capital. See "Fees and Expenses".</p>
<p data-bbox="142 978 418 1010"><b>Operating Expenses:</b></p>	<p data-bbox="451 978 1468 1566">In addition to the Management Fee, each Manulife ETF pays for certain ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with NI 81-102, the expenses for each Manulife ETF include, as applicable, without limitation: all costs associated with portfolio transactions; expenses related to compliance with NI 81-107, including fees and expenses of the members of the IRC and premiums for directors' and officers' insurance coverage for the members of the IRC; fees and expenses relating to the voting of proxies by a third party; income taxes; sales taxes (including GST/HST); brokerage expenses and commissions; withholding taxes; the costs of complying with any new governmental or regulatory requirement introduced after the Manulife ETF was established; and extraordinary expenses, such as expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Manulife ETF. The costs of any currency hedging will be borne by the applicable class of Hedged Units only. Currently, the Manager reimburses the Manulife ETFs for any costs associated with compliance with NI 81-107, including fees and expenses of the members of the IRC and premiums for IRC directors' and officers' insurance coverage. The Manager reserves the right to modify or discontinue any such reimbursement for any costs associated with compliance with NI 81-107 at any time without prior notice to, or approval of, Unitholders of the Manulife ETFs.</p> <p data-bbox="451 1587 1474 1833">The Manager is responsible for all other costs and expenses of the Manulife ETFs, including the fees payable to third party service providers retained by the Manager, including the Index Provider and the Advisor; trustee and custodial expenses; valuation, accounting and record keeping costs; audit fees; and legal expenses. Costs and expenses payable by the Manager, or an affiliate of the Manager, also include the initial organization costs of the Manulife ETFs and the costs of prospectuses, ETF Facts, financial reporting, and other types of communications that the Manager is required to prepare for a Manulife ETF so that the Manulife ETF complies with all applicable laws.</p>

### *Fees and Expenses Payable Directly by Unitholders*

<b>Type of Fee</b>	<b>Amount and Description</b>
<b>Administrative Fee:</b>	An amount as may be agreed to between the Manager and the Designated Broker or a Dealer, of a Manulife ETF may be charged, by the Manager, on behalf of the Manulife ETF, to offset certain transaction costs, including brokerage expenses, commissions and other costs and expenses, associated with an issue, exchange or redemption of Units of that Manulife ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.  See “Exchange and Redemption of Units – Administrative Fee”.

## **OVERVIEW OF THE LEGAL STRUCTURE OF THE MANULIFE ETFs**

The Manulife ETFs are exchange traded mutual funds established under the laws of the province of Ontario, pursuant to the terms of the Declaration of Trust. Each Manulife ETF is a mutual fund under Canadian Securities Legislation. Manulife IM Limited is the trustee, manager, promoter and investment manager of the Manulife ETFs and is responsible for the administration of the Manulife ETFs.

The principal office of the Manulife ETFs and Manulife IM Limited is located at 200 Bloor Street East, North Tower, Toronto, Ontario, M4W 1E5.

The following chart sets out the full legal name as well as the TSX ticker symbol for each of the Manulife ETFs:

<b>Manulife ETFs</b>	<b>TSX Ticker Symbol</b>	
	<b>Unhedged Units</b>	<b>Hedged Units</b>
Manulife Multifactor Canadian SMID Cap Index ETF	MCSM	N/A
Manulife Multifactor U.S. Small Cap Index ETF	MUSC.B	MUSC
Manulife Multifactor Emerging Markets Index ETF	MEME.B	N/A

## **INVESTMENT OBJECTIVES**

Each Manulife ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of a specified market index. The investment strategy of each Manulife ETF is to invest in and hold the Constituent Securities of the applicable Index in approximately the same proportion as they are reflected in the applicable Index or to otherwise invest in a manner intended to track the performance of the applicable Index.

### **Manulife Multifactor Canadian SMID Cap Index ETF**

Manulife Multifactor Canadian SMID Cap Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), or any successor thereto. Manulife Multifactor Canadian SMID Cap Index ETF invests directly or indirectly primarily in mid and small capitalization Canadian equities.

### **Manulife Multifactor U.S. Small Cap Index ETF**

In respect of the Unhedged Units, Manulife Multifactor U.S. Small Cap Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Small Cap Index (CAD), or any successor thereto. In respect of the Hedged Units, Manulife Multifactor U.S. Small Cap Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Small Cap Index (CAD Hedged), or any successor thereto. Manulife Multifactor U.S. Small Cap Index ETF invests directly or indirectly primarily in small capitalization U.S. equities.

## Manulife Multifactor Emerging Markets Index ETF

Manulife Multifactor Emerging Markets Index ETF seeks to replicate, to the extent reasonably possible and before fees and expenses, the performance of the John Hancock Dimensional Emerging Markets Index (CAD), or any successor thereto. Manulife Multifactor Emerging Markets Index ETF invests directly or indirectly primarily in equity securities of issuers from emerging markets.

The investment objective and currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining the approval of Unitholders of the affected class of Units. See “Unitholder Matters”.

Any foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All or substantially all of the foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. See “Investment Strategies – Currency Hedging and Use of Derivatives”.

## THE INDEXES

The Indexes are based on rules-based methodologies. The conditions for eligibility, inclusion and retention of Constituent Issuers of each of the Indexes shall be governed by the applicable Index rulebook published by the Index Provider. A general description of each of the Indexes is set out below.

Manulife ETF	Class of Units	Index
Manulife Multifactor Canadian SMID Cap Index ETF	Unhedged Units	John Hancock Dimensional Canadian SMID Cap Equity Index (CAD)
Manulife Multifactor U.S. Small Cap Index ETF	Hedged Units	John Hancock Dimensional Small Cap Index (CAD Hedged)
	Unhedged Units	John Hancock Dimensional Small Cap Index (CAD)
Manulife Multifactor Emerging Markets Index ETF	Unhedged Units	John Hancock Dimensional Emerging Markets Index (CAD)

## Description of the Indexes

### *John Hancock Dimensional Canadian SMID Cap Equity Index (CAD)*

The John Hancock Dimensional Canadian SMID Cap Equity Index (CAD) is designed to comprise a subset of equity securities in the Canadian universe issued by companies whose market capitalizations are between the 75th and 251<sup>st</sup> largest Canadian companies, at the time of rebalancing. In selecting and weighting securities in the Index, the Index Provider uses a rules-based process that incorporates sources of expected returns. As currently contemplated, securities within the universe of eligible names are classified according to their market capitalization, relative price, and profitability. A subset of securities with relatively high prices and low profitability are generally excluded from the Index. Securities with smaller market capitalization are also classified according to their asset growth, and securities with relatively high asset growth are generally excluded from the Index. The Index is rebalanced on a semi-annual basis.

### *John Hancock Dimensional Small Cap Index (CAD) and John Hancock Dimensional Small Cap Index (CAD Hedged)*

Each of the John Hancock Dimensional Small Cap Index (CAD) and John Hancock Dimensional Small Cap Index (CAD Hedged) is designed to comprise a subset of equity securities in the U.S. universe issued by companies whose market capitalizations are smaller than the 750<sup>th</sup> largest U.S. company but excluding the smallest 4% of U.S. companies, at the time of rebalancing. In selecting and weighting securities in the Indexes, the Index Provider uses a rules-based process that incorporates sources of expected returns. As currently contemplated, securities within the universe of eligible names are classified according to their market capitalization, relative price, and profitability. A subset of securities with relatively high prices and low profitability are generally excluded from the Indexes. Securities with smaller market capitalization are also classified according to their asset growth, and securities with relatively high asset growth are generally excluded from the Indexes. The Indexes are rebalanced on a semi-annual basis.



The John Hancock Dimensional Small Cap Index (CAD) and John Hancock Dimensional Small Cap Index (CAD Hedged) have the same composition of securities. The value of the John Hancock Dimensional Small Cap Index (CAD Hedged) reflects the hedging of currency exposures back to Canadian dollars and, therefore, will differ from the value of the unhedged John Hancock Dimensional Small Cap Index (CAD).

#### *John Hancock Dimensional Emerging Markets Index (CAD)*

The John Hancock Dimensional Emerging Markets Index (CAD) is designed to comprise a subset of equity securities associated with emerging markets. Eligible companies are generally considered to be those with market capitalizations in the top 80% of each eligible country or the top 85% of all companies in the eligible universe of countries, at the time of rebalancing. In selecting and weighting securities in the Indexes, the Index Provider uses a rules-based process that incorporates sources of expected returns. As currently contemplated, securities are classified according to their market capitalization, relative price, and profitability. Weights for individual securities are then determined by adjusting their natural weight within the universe of eligible names so that names with smaller market capitalizations, lower relative prices and higher profitability generally receive an increased weight relative to their natural weight, and vice versa. The Index is rebalanced on a semi-annual basis.

Further information about each of the Indexes and its Constituent Issuers is available from Dimensional on its website at <http://us.dimensional.com/john-hancock-indexes>. An independent calculation agent calculates each of the Indexes.

### **Change in an Index**

The Manager may, subject to any required Unitholder approval, change the Index tracked by a Manulife ETF to another widely-recognized index in order to provide investors with substantially the same exposure to the asset class to that which the Manulife ETF is currently exposed. If the Manager changes an Index, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its Constituent Securities and specifying the reasons for the change in the Index.

### **Termination of an Index**

The Index Provider maintains the Indexes and the Index calculation agent determines and calculates the Indexes for the Index Provider. In the event that the Index Provider or Index calculation agent ceases to calculate an Index or the applicable License Agreement is terminated, the Manager may terminate a Manulife ETF on 60 days' notice, change the investment objective of that Manulife ETF or seek to replicate the performance of an alternative Index (subject to Unitholder approval if required in accordance with NI 81-102), or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders in the circumstances.

If an alternate Index is selected, the investment objective of the Manulife ETF shall be to replicate, to the extent reasonably possible and before fees and expenses, the performance of such alternate specified market index.

### **Use of the Indexes**

The Manager and each Manulife ETF are permitted to use the applicable Index pursuant to the applicable License Agreement described under "Material Contracts". The Manager and the Manulife ETFs do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Indexes or any data included in the Indexes.

## **INVESTMENT STRATEGIES**

In order to achieve its investment objective and to obtain direct or indirect exposure to the Constituent Securities of the applicable Index, the investment strategy of each Manulife ETF is to invest in and hold the Constituent Securities of the applicable Index in approximately the same proportion as they are reflected in the applicable Index or to otherwise invest in a manner intended to track the performance of the Index. The Manulife ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

A Manulife ETF may, in certain circumstances and at the discretion of the Advisor, employ a "sampling" strategy in selecting investments, provided such investments are consistent with the investment objectives and strategies of the applicable Manulife ETF and Canadian Securities Legislation. Under a sampling strategy, such Manulife ETF may not hold all of the Constituent Securities that are included in the applicable Index, but instead will hold a portfolio of securities selected by the Manager or Advisor that seeks to correspond in the aggregate to the applicable Index in terms of key investment characteristics.

## Investment in other Investment Funds

In accordance with applicable securities legislation, a Manulife ETF may invest in one or more other investment funds, including one or more exchange traded funds listed on a stock exchange in Canada or the United States (a “**Reference Fund**”), that provides exposure to the Constituent Securities of the Index or a substantially similar index, and including other investment funds managed by the Manager or an affiliate. In such case, there shall be no Management Fees or incentive fees that are payable by the Manulife ETF that, to a reasonable person, would duplicate a fee payable by the Reference Fund for the same service. In the event that a Manulife ETF invests in another investment fund to obtain exposure to the Constituent Securities, the Manulife ETF may pay the Management Fee on the portion of the Manulife ETF’s assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager.

A Manulife ETF’s allocation to investments in other investment funds or exchange traded funds, if any, will vary from time to time depending on the relative size and liquidity of the investment fund or exchange traded fund, and the ability of the Manager or Advisor to identify appropriate investment funds or exchange traded funds that are consistent with the Manulife ETF’s investment objectives and strategies. The Securities Regulatory Authorities may allow certain exchange traded funds, such as the Manulife ETFs, to exceed the normal investment concentration limits if required to allow such exchange traded funds to track the relevant Index. In accordance with the regulatory requirements, each Manulife ETF may track the applicable Index in this manner.

## Currency Hedging and Use of Derivatives

A Manulife ETF may use Derivatives from time to time for hedging or investment purposes. For example, a Manulife ETF may use Derivatives as part of its overall sampling strategy or to gain exposure to a particular issuer or class of issuers in circumstances where the Manager has determined that synthetic exposure would be preferable to a direct investment. In addition, Derivatives may also be used for purposes of risk management, seeking to ensure the portfolio of a Manulife ETF is fully invested, reducing transaction costs or adding value where Derivatives are more favourably priced relative to the Constituent Securities of a particular Index. Any use of Derivatives by a Manulife ETF must comply with NI 81-102 and other applicable derivatives legislation and must be consistent with the investment objective and investment strategies of the Manulife ETF. See “Exemptions and Approvals”.

Any foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Unhedged Units will not be hedged back to the Canadian dollar. All, or substantially all, of the foreign currency exposure in the portfolio of a Manulife ETF that is attributable to Hedged Units will be hedged back to the Canadian dollar. Accordingly, as a result of having different currency exposure, the NAV per Unit of each class of Units of a Manulife ETF that offers Hedged Units and Unhedged Units may not be the same.

A Manulife ETF that offers Hedged Units will seek to “hedge” against fluctuations in the relative value of the foreign currency exposure against the Canadian dollar. The Hedged Units are designed to have higher returns than an equivalent non-hedged investment when the Canadian dollar is going up in value relative to the foreign currency exposure. Conversely, the Hedged Units are designed to have lower returns than an equivalent unhedged investment when the Canadian dollar is falling in value relative to the foreign currency exposure. Forward currency contracts and/or futures contracts are used to offset the Hedged Units’ exposure to foreign currencies.

The currency hedging mandate applicable to a particular class of Units shall not be changed by the Manager without first obtaining the approval of Unitholders of the affected class of Units. The costs of any currency hedging will be borne by the applicable class of Hedged Units only.

## Securities Lending

A Manulife ETF may, in compliance with NI 81-102, lend securities to securities borrowers that are acceptable to it pursuant to the terms of the Securities Lending Authorization Agreement under which: (i) the borrower will pay to the Manulife ETF a negotiated securities lending fee and will make compensation payments to the Manulife ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Manulife ETF will receive collateral. The Lending Agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the loaned securities and collateral every business day, and ensure that the collateral at least equals the required margin percentage as set out in the Securities Lending Authorization Agreement. The securities lending revenues, net of Lending Agent fees, taxes and, if applicable, rebate payments to borrowers for cash collateral, will be credited to the account of the Manulife ETF from which the securities were borrowed.

The Manager applies a securities lending policy designed to provide guidance for participating in securities lending activities. The policy (i) provides guidance on managing risks and mitigants to be considered; (ii) requires that the

Lending Agent be appointed by the Manager under a written agreement; and (iii) identifies the roles and responsibilities of the Manager and its affiliates in approving parameters, including transaction limits, under which securities lending transactions are to be permitted for a Manulife ETF. Independent monitoring of the securities lending program is performed by the Manager's and its affiliates' Compliance Department and Investment Operations team. The Lending Agent also performs monitoring and reporting functions.

The Manager reviews at least annually its securities lending program to ensure that the risks associated with securities lending are properly managed. At present, there are no simulations used to test the portfolios under stress conditions to measure risks.

The Manulife ETFs may not lend securities with a value of more than 50% of the NAV of the relevant Manulife ETF. Securities lending transactions may be terminated at any time.

## **Rebalancing Events**

Whenever an Index Provider rebalances or adjusts an Index, including by adding securities to or subtracting securities from that Index, or whenever the Manager or Advisor determines that there should be a change to the representative sample of the Index, a Manulife ETF may acquire and/or dispose of the appropriate number of securities, either through the Designated Broker or Dealers in the open market.

If the rebalancing is done through the Designated Broker and if the value of all securities purchased by a Manulife ETF exceeds the value of all securities disposed of by that Manulife ETF as part of the rebalancing process, the Manulife ETF may issue to the Designated Broker Units with an aggregate NAV per Unit equal to the excess value or, in the alternative, may pay a cash amount equal to such excess amount. Conversely, if the value of all securities disposed of by the Manulife ETF exceeds the value of all securities acquired by that Manulife ETF, the Manulife ETF may receive the excess value in cash.

## **Actions Affecting Constituent Issuers**

From time to time, certain corporate or other actions may be taken or proposed by a Constituent Issuer or by a third party that could affect a Constituent Issuer of an Index. An example of such an action would be if a takeover bid or an issuer bid is made for a Constituent Security. In each such case, the Manager or Advisor will determine, in its discretion, what steps, if any, the Manulife ETF will take to address the action. In exercising such discretion, the Manager or Advisor will generally take those steps necessary to ensure that the Manulife ETF continues to seek to replicate, to the extent reasonably possible and before fees and expenses, the applicable Index.

## **Cash Management**

From time to time, at the discretion of the Manager, a Manulife ETF may seek to invest a substantial portion of its assets in cash and cash equivalents or other money market instruments in order to meet its current obligations.

## **OVERVIEW OF THE SECTORS IN WHICH THE MANULIFE ETFS INVEST**

Please see "Investment Objectives" and "Investment Strategies" for additional information on the investment strategies and sectors applicable to each Manulife ETF.

## **INVESTMENT RESTRICTIONS**

The Manulife ETFs are subject to certain investment restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of the Manulife ETFs are diversified and relatively liquid, and to ensure their proper administration. A change to the fundamental investment objectives of a Manulife ETF would require the approval of the Unitholders of that Manulife ETF. Please see "Unitholder Matters – Matters Requiring Unitholder Approval".

Subject to the following, and any exemptive relief that has been or will be obtained, the Manulife ETFs are managed in accordance with the investment restrictions and practices set out in the applicable securities legislation, including NI 81-102. See "Exemptions and Approvals".

## **Tax Related Investment Restriction**

A Manulife ETF will not make an investment or conduct any activity that would result in the Manulife ETF failing to qualify as a "unit trust" or "mutual fund trust" within the meaning of the Tax Act.

## FEES AND EXPENSES

This section details the fees and expenses related to an investment in the Manulife ETFs. An investor may have to pay some of these fees and expenses directly. The Manulife ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Manulife ETFs.

### Fees and Expenses Payable by the Manulife ETFs

#### *Management Fees*

Each Manulife ETF pays an annual management fee (the “**Management Fee**”) to the Manager equal to an annual percentage of the NAV of that Manulife ETF, calculated daily and payable monthly in arrears, plus applicable taxes. See “Organization and Management Details of the Manulife ETFs – Duties and Services to be Provided by the Manager” for a description of the services provided by the Manager.

The Management Fee is based on a percentage of the NAV of each of the following Manulife ETFs and is listed below:

<b>Manulife ETFs</b>	<b>Management Fee (Unhedged Units)</b>	<b>Management Fee (Hedged Units)</b>
Manulife Multifactor Canadian SMID Cap Index ETF	0.50% of NAV	N/A
Manulife Multifactor U.S. Small Cap Index ETF	0.45% of NAV	0.50% of NAV
Manulife Multifactor Emerging Markets Index ETF	0.65% of NAV	N/A

In the event that a Manulife ETF invests in another investment fund to obtain exposure to the Constituent Securities, the Manulife ETF may pay the Management Fee on the portion of the Manulife ETF’s assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager. As a result, the actual Management Fee may be higher than that shown in the table above.

To encourage very large investments in the Manulife ETFs and to ensure Management Fees are competitive for these investments, the Manager may at its discretion agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from a Manulife ETF with respect to investments in the Manulife ETF by Unitholders, including related parties or affiliates of the Manager, that hold, on average during any period specified by the Manager from time to time (currently a quarter), Units having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the Manulife ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the Manulife ETF will be distributed quarterly in cash by the Manulife ETF, at the discretion of the Manager, to those Unitholders as management fee distributions (the “**Management Fee Distributions**”).

The availability and amount of Management Fee Distributions with respect to Units of a Manulife ETF is determined by the Manager. Management Fee Distributions for a Manulife ETF will generally be calculated and applied based on a Unitholder’s average holdings of Units of the Manulife ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other CDS Participants that hold Units on behalf of beneficial owners. Management Fee Distributions will be paid first out of net income of the Manulife ETF, then out of capital gains of the Manulife ETF and thereafter out of capital. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units of a Manulife ETF must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner’s behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by a Manulife ETF generally will be borne by the Unitholders of the Manulife ETF that receive these distributions from the Manager. See “Income Tax Considerations – Taxation of Holders”.

### *Operating Expenses*

In addition to the Management Fee, each Manulife ETF pays for certain ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with NI 81-102, the expenses for each Manulife ETF will include, as applicable, without limitation: all costs associated with portfolio transactions; expenses related to compliance with NI 81-107, including fees and expenses of the members of the IRC and premiums for directors' and officers' insurance coverage for the members of the IRC; fees and expenses relating to the voting of proxies by a third party; income taxes; sales taxes (including GST/HST); brokerage expenses and commissions; withholding taxes; the costs of complying with any new governmental or regulatory requirement introduced after the Manulife ETF was established; and extraordinary expenses, such as expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Manulife ETF. The costs of any currency hedging will be borne by the applicable class of Hedged Units only. Currently, the Manager reimburses the Manulife ETFs for any costs associated with compliance with NI 81-107, including fees and expenses of the members of the IRC and premiums for IRC directors' and officers' insurance coverage. The Manager reserves the right to modify or discontinue any such reimbursement for any costs associated with compliance with NI 81-107 at any time without prior notice to, or approval of, Unitholders of the Manulife ETFs.

The Manager is responsible for all other costs and expenses of the Manulife ETFs, including the fees payable to third party service providers retained by the Manager, including the Index Provider and the Advisor; trustee and custodial expenses; valuation, accounting and record keeping costs; audit fees; and legal expenses. Costs and expenses payable by the Manager, or an affiliate of the Manager, also include the initial organization costs of the Manulife ETFs and the costs of prospectuses, ETF Facts, financial reporting, and other types of communications that the Manager is required to prepare for a Manulife ETF so that the Manulife ETF complies with all applicable laws.

### **Fees and Expenses Payable Directly by the Unitholders**

#### *Administrative Fee*

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer of a Manulife ETF may be charged by the Manager, on behalf of the Manulife ETF, to offset certain transaction costs including brokerage expenses, commissions and other costs and expenses, associated with an issue, exchange or redemption of Units of that Manulife ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

### **RISK FACTORS**

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units:

#### **General Risks Relating to an Investment in the Manulife ETFs**

##### *No Guaranteed Return*

There is no guarantee that an investment in a Manulife ETF will earn any positive return. The value of the Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting a Manulife ETF's investments. All prospective Unitholders should consider an investment in a Manulife ETF within the overall context of their investment policies. Investment policy considerations include, but are not limited to, setting objectives, defining risk/return constraints and considering time horizons.

##### *General Risks of Investments*

The value of the underlying securities of a Manulife ETF, whether held directly or indirectly, may fluctuate in accordance with changes in the financial condition of the issuers of those underlying securities (particularly those that are more heavily weighted in a particular Index), the condition of equity and currency markets generally and other factors. The identity and weighting of the Constituent Issuers and Constituent Securities in the applicable Index also change from time to time.

The risks inherent in investments in equity securities, whether held directly or indirectly, include the risk that the financial condition of the issuers of the securities may become impaired or that the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Indexes and, as a result, a decrease in the value of the Units of the Manulife ETFs). Equity securities are susceptible to general stock market

fluctuations and the financial condition of the issuer. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises.

#### *Asset Class Risk*

The Constituent Securities may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

#### *Index Investment Strategy and Passive Investment Risks relating to Constituent Issuers in the Portfolio*

The value of the applicable Index of a Manulife ETF may fluctuate in accordance with the financial condition of the Constituent Issuers that are represented in such Index (particularly those that are more heavily weighted), the value of the securities generally and other factors.

In the case of a Manulife ETF that is based on an Index concentrated on one stock exchange, if that stock exchange is not open, the Manulife ETF will be unable to determine the NAV per Unit and may be unable to satisfy redemption requests.

Because the investment objective of each Manulife ETF is to replicate the performance of the applicable Index, the Constituent Securities included in the portfolio of a Manulife ETF are not actively managed by traditional methods and the Manager will not attempt to take defensive positions by adjusting the Constituent Issuers or Constituent Securities included in the portfolio of a Manulife ETF in declining markets. Therefore, the adverse financial condition of a Constituent Issuer represented in an Index will not necessarily result in the elimination of exposure to its securities, whether direct or indirect, by a Manulife ETF unless the Constituent Securities are removed from the applicable Index.

#### *Risk that a Manulife ETF's performance will not Replicate the Performance of the Applicable Index*

Each Manulife ETF will not replicate exactly the performance of the applicable Index because the total return generated by the Units will be reduced by the Management Fee paid or payable by the Manulife ETF, the brokerage and commission costs incurred in acquiring and rebalancing the portfolio of securities held by the Manulife ETF and the other expenses paid or payable by the Manulife ETF. These fees and expenses are not included in the calculation of the performance of the applicable Index.

Deviations in the tracking of the applicable Index by a Manulife ETF could occur for a variety of other reasons. For example, where a Manulife ETF tenders securities under a successful takeover bid for less than all securities of a Constituent Issuer and the Constituent Issuer is not removed from the applicable Index, the Manulife ETF may be required to buy replacement securities at a purchase price that may be more than the takeover bid price due to timing variances.

It is also possible that a Manulife ETF may not fully replicate the performance of the applicable Index due to the temporary unavailability of certain Constituent Securities in the secondary market, the investment strategies and investment restrictions applicable to the Manulife ETF, including the use of a sampling methodology, or due to other extraordinary circumstances.

#### *Sampling Methodology Risk*

The Manulife ETFs may employ a sampling methodology or may hold an exchange traded fund that employs a sampling methodology. A sampling methodology involves seeking to replicate the performance of the applicable Index by holding a subset of the Constituent Securities or a portfolio of some or all of the Constituent Securities and other securities, including Derivatives, securities of other exchange traded funds, mutual funds or other public investment funds or depositary receipts, selected by the Manager such that the aggregate investment characteristics of the portfolio are reflective of the aggregate investment characteristics of, or a representative sample of, the applicable Index. It is possible that the use of a sampling methodology may result in a greater deviation in performance relative to the applicable Index than a replication strategy in which only the Constituent Securities are held in the portfolio in approximately the same proportions as they are represented in the applicable Index. In certain circumstances, exposure to one or more securities may be obtained through the use of Derivatives.

#### *Rebalancing and Subscription Risk*

Adjustments to Baskets of Securities held by a Manulife ETF to reflect rebalancing events, including adjustments to the applicable Index or as otherwise determined by the Manager or Advisor, will depend on the ability of the

Manager or Advisor and the Designated Broker to perform their respective obligations under the designated broker agreement(s). If a Designated Broker fails to perform, the Manulife ETF may be required to sell or purchase, as the case may be, Constituent Securities of the applicable Index in the market. If this happens, the Manulife ETF would incur additional transaction costs, which may cause the performance of the Manulife ETF to deviate more significantly from the performance of the applicable Index than would otherwise be expected.

Adjustments to the Basket of Securities necessitated by a rebalancing event could affect the underlying market for the Constituent Securities of the applicable Index, which in turn would affect the value of that Index. Similarly, subscriptions for Units by the applicable Designated Broker and Dealers may impact the market for the Constituent Securities of the Index, as the Designated Broker or the Dealer seeks to buy or to borrow the Constituent Securities to constitute the Baskets of Securities to be delivered to the Manulife ETF as payment for the Units to be issued.

#### *Calculation and Termination of the Indexes*

The Index Provider and Index calculation agent calculate, determine and maintain the respective Indexes. Certain of the Indexes were not created by the Index Provider for the sole purpose of the Manulife ETFs. The Index Provider and Index calculation agent may have the right to make adjustments to, or to cease to calculate, the applicable Index without regard to the particular interests of the Manager, the Manulife ETFs or the Unitholders.

If the computer systems or other facilities of the Index Provider, Index calculation agent or the TSX malfunction for any reason, calculation of value of one or more Indexes and the determination by the Manager of the Prescribed Number of Units and Baskets of Securities for the applicable Manulife ETF may be delayed, and trading in Units may be suspended, for a period of time.

The Manager is not responsible for the Indexes and does not provide any warranty or guarantee in respect of the Indexes or the activities of the Index Provider.

With respect to a Manulife ETF, if the Index Provider ceases to calculate the applicable Index or the applicable License Agreement in respect of the applicable Index is terminated, the Manager may: (i) terminate the applicable Manulife ETF on not less than 60 days' notice to Unitholders; (ii) change the investment objective of the applicable Manulife ETF or seek to replicate generally an alternative index (subject to any Unitholder approval in accordance with Canadian Securities Legislation); or (iii) make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Manulife ETF in the circumstances.

#### *Issuer Risk*

Performance of the Manulife ETFs depends on the performance of the individual securities to which the Manulife ETFs have exposure. Changes in the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline.

#### *Illiquid Securities*

The speed and ease with which an asset can be converted into cash is often described as its liquidity. Some companies are not well known, have few securities outstanding or can be significantly affected by political and economic events. Securities issued by these companies may be "illiquid" or difficult to buy and sell and the value of the Manulife ETFs that buy these securities may be subject to significant fluctuation. If a Manulife ETF is unable to dispose of some or all of the securities held by it, that Manulife ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities. Likewise, if certain Constituent Securities of the applicable Index are particularly illiquid, the Manulife ETFs may be unable to acquire the number of securities necessary to replicate the weighting of such Constituent Securities in the Index at a price acceptable to the Manager on a timely basis. It cannot be predicted whether certain securities in the portfolio will trade at a discount to, a premium to, or at their respective par or net asset values. Accordingly, there is a risk that the Manulife ETF may have to sell such securities at a lower price, sell other securities instead to obtain cash or forego other investment opportunities. See "Valuation Risk for Illiquid Assets". In accordance with Canadian Securities Legislation, there are restrictions on the amount of illiquid securities a Manulife ETF is permitted to hold.

#### *Reliance on Key Personnel*

Unitholders are dependent on the abilities of the Manager, Advisor and their respective affiliates, as applicable, to effectively manage the Manulife ETFs and their respective portfolios in a manner consistent with their investment objectives, investment strategies and investment restrictions. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the Manulife ETFs will continue to be employed by the Manager or Advisor, or their respective affiliates.

### *Trading Price of Units*

Units may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in the Manulife ETF's NAV, as well as market supply and demand on the TSX.

### *Fluctuations in NAV and NAV per Unit*

The NAV and NAV per Unit of a Manulife ETF will vary according to, among other things, the value of the securities held by the Manulife ETF. The Manager and the Manulife ETF have no control over the factors that affect the value of the securities held by the Manulife ETF, including factors that affect the equity markets generally, such as general economic and political conditions, fluctuations in interest rates and factors unique to each issuer included in the applicable Index, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### *Cease Trading of Securities Risk*

If the securities of an issuer included in the portfolio of a Manulife ETF are cease-traded by order of the relevant Securities Regulatory Authority or are halted from trading by the relevant stock exchange, the applicable Manulife ETF may halt trading in its securities. Accordingly, securities of a Manulife ETF bear the risk of cease trading orders against all issuers whose securities are included in its portfolio, not just one. If portfolio securities of the Manulife ETFs are cease-traded by order of a Securities Regulatory Authority, if normal trading of such securities is suspended on the relevant exchange, or if for any reason it is likely there will be no closing bid price for such securities, the Manulife ETFs may suspend the right to redeem securities for cash as described under "Exchange and Redemption of Units – Suspension of Exchanges and Redemptions", subject to any required prior regulatory approval. If the right to redeem securities for cash is suspended, the Manulife ETFs may return redemption requests to securityholders who have submitted them. If securities are cease-traded, they may not be delivered on an exchange of a PNU for a Basket of Securities until such time as the cease-trade order is lifted.

### *Concentration Risk*

A Manulife ETF may, in following its investment objective of seeking to replicate the performance of its specified Index, have more of its net assets invested in one or more Constituent Issuers than is permitted for many investment funds. In these circumstances, the Manulife ETF may be affected more by the performance of individual issuers in its portfolio, with the result that the NAV of the Manulife ETF may be more volatile and may fluctuate more over short periods of time than the NAV of a more broadly diversified investment fund. In addition, this may increase the liquidity risk of these Manulife ETFs which may affect the Manulife ETFs' ability to satisfy redemption requests. This concentration risk will be greater for Manulife ETFs that seek to replicate the performance of an Index that is more concentrated, and includes a smaller number of Constituent Issuers than a Manulife ETF that seeks to replicate the performance of a broader Index that includes a larger number of Constituent Issuers.

### *Use of Derivative Instruments*

Each Manulife ETF may use Derivatives from time to time in accordance with NI 81-102 as described under "Investment Strategies". The use of Derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of Derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Manulife ETF wants to enter into or terminate particular derivative contracts, which could prevent the Manulife ETF from reducing a loss or making a profit; (iii) securities and futures exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Manulife ETF from entering into or terminating particular derivative contracts; (iv) the Manulife ETF could experience a loss if the other party to the derivative contract is unable to fulfill its obligations (including in cases where the Counterparty is not required to post margin collateral for its obligations or where payments or deliveries are made by the Manulife ETF at a time when Manulife has not yet received in return an offsetting payment or delivery from the Counterparty); (v) if the Manulife ETF has an open position in an option, a futures contract or a forward contract or a swap with a Dealer or Counterparty who goes bankrupt, the Manulife ETF could experience a loss and, for an open futures or forward contract or a swap, a loss of margin deposits with that Dealer or Counterparty; (vi) if a Derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the Derivative; and (vii) payment or delivery obligations under a Derivative may be tied to benchmarks, valuations, index levels or other variables which do not directly reflect the exposures that the Manulife ETF is attempting to gain or reduce exposure to or which reflect a valuation which does not accurately reflect prices or values actually available in the market.



To the extent a Manulife ETF invests in non-deliverable forwards, settlement payments under such non-deliverable forwards may be determined by reference to the source or other methodology by which the conversion rate for the reference currency is determined. There can be no assurance that a Manulife ETF will be able to sell or purchase the reference currency at this conversion rate or on the Valuation Date or at all. Any difference between the conversion rate determined under a non-deliverable forward and the actual conversion rate may be a source of basis risk. Due to restrictions on participation in currency and funding markets, different onshore and offshore rates may apply to the reference currency, and the forward exchange rate and market value of a non-deliverable forward may differ considerably from the values implied by the spot exchange rate and interest rate differentials between the two currencies. Such differences can be affected by a number of factors including market expectations regarding potential changes in the exchange rate regime.

#### *Risk of Volatile Markets and Market Disruption*

The profitability of a Manulife ETF's investment program may depend to a great extent on the future course of price movements of securities and other investments. The securities markets have in recent years been characterized by great volatility and unpredictability. The performance of a Manulife ETF may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. Each Manulife ETF is therefore exposed to some, and at times, a substantial, degree of market risk. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally, including U.S., Canadian and other economies and securities markets. For example, the spread of coronavirus disease (COVID-19) has caused volatility in the global financial markets, resulted in significant disruptions to global business activity and threatened a slowdown in the global economy. The impact of COVID-19 may be short term or may last for an extended period and could adversely affect a Manulife ETF. The effects of similar unexpected disruptive events could affect the economies and securities markets of countries in ways that cannot necessarily be foreseen at the present time. These events could also have an acute effect on individual issuers or related groups of issuers and exacerbate other pre-existing political, social and economic risks. Such impacts could also cause substantial market volatility, exchange trading suspensions and closures, affect a Manulife ETF's performance and significantly reduce the value of an investment in Units. Each Manulife ETF is therefore exposed to some, and at times, a substantial, degree of market risk.

#### *Income Trust Risk*

Income trusts generally hold debt and/or equity securities of an underlying active business or are entitled to receive a royalty on revenues generated by such business. Manulife ETFs that invest in income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts and pipeline and power trusts will have varying degrees of risk depending on their sector and their underlying asset or business. Returns on income trusts are neither fixed nor guaranteed. Typically, trust securities are more volatile than bonds (corporate and government) and equity securities. Many of the income trusts that a Manulife ETF may invest in are governed by the laws of a province of Canada or the laws of a state of the United States or of other countries which limit the liability of unitholders of the income trust. A Manulife ETF may, however, also invest in income trusts in Canada, the United States and other countries that do not limit the liability of unitholders. In such case, there may be a risk that a Manulife ETF, as a unitholder of an income trust, could be held liable for any claims against the income trust's contractual obligations. Income trusts generally try to minimize this risk by including provisions in their agreements providing that their obligations will not be personally binding on unitholders. However, the income trust may still have exposure to claims for damages not arising from contractual obligations.

#### *Risk of Changes in Legislation*

There can be no assurance that income tax, securities and other laws will not be changed in a manner that adversely affects the Manulife ETFs or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts, SIFT trusts or an investment in a non-resident trust will not be changed in a manner that adversely affects the Manulife ETFs or the Unitholders.

#### *Taxation Risk of the Manulife ETFs*

Each Manulife ETF currently qualifies, or is deemed to qualify, and it is anticipated that each Manulife ETF will continue to qualify, or be deemed to qualify, at all times as a "mutual fund trust" within the meaning of the Tax Act. For a Manulife ETF to qualify as a "mutual fund trust", it must comply on a continuous basis with certain

requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the Manulife ETF and the dispersal of ownership of a particular class of its Units.

A trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless, at that time, all or substantially all of its property is property other than property that would be “taxable Canadian property” (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The law does not provide any means of rectifying a loss of mutual fund trust status if this requirement is not met. The Manulife ETFs contain a restriction on the number of permitted non-resident Unitholders.

If a Manulife ETF were to cease to qualify as a mutual fund trust, the income tax considerations as described under “Income Tax Considerations” would in some respects be materially different. For example, if a Manulife ETF does not qualify as a “mutual fund trust” within the meaning of the Tax Act throughout a taxation year, the Manulife ETF may be liable to pay an alternative minimum tax under the Tax Act. In addition, if a Manulife ETF does not qualify as a mutual fund trust, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of the Units of the Manulife ETF are held by “financial institutions”.

The tax treatment of gains and losses realized by each Manulife ETF will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. In determining its income for tax purposes, each Manulife ETF treats gains or losses realized on the disposition of portfolio securities held by it as capital gains and losses. In general, gains and losses realized by a Manulife ETF from Derivative transactions will be on income account except where such Derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the Derivative Forward Agreement Rules discussed below. Gains or losses in respect of foreign currency hedges entered into in respect of amounts invested in a Manulife ETF’s portfolio will constitute capital gains and capital losses to the Manulife ETF if the portfolio securities are capital property to the Manulife ETF and there is sufficient linkage. The Derivative Forward Agreement Rules generally would not apply to such foreign currency hedges. Designations with respect to each Manulife ETF’s income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA’s practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. If these foregoing dispositions or transactions of a Manulife ETF are determined not to be on capital account (whether because of the Derivative Forward Agreement Rules discussed below or otherwise), the net income of the Manulife ETF for tax purposes and the taxable component of distributions to its Unitholders could increase. Any such redetermination by the CRA may result in a Manulife ETF being liable for unremitted withholding taxes on prior distributions made to its Unitholders who were not resident in Canada for purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV and NAV per Unit of that Manulife ETF.

The Tax Act contains rules (the “**Derivative Forward Agreement Rules**”) that target certain financial arrangements (described in the Derivative Forward Agreement Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the Derivative Forward Agreement Rules. The Derivative Forward Agreement Rules are broad in scope and could apply to other agreements or transactions. If the Derivative Forward Agreement Rules were to apply in respect of any Derivatives utilized by a Manulife ETF, gains realized in respect of the property underlying such Derivatives could be treated as ordinary income rather than capital gains.

Pursuant to rules in the Tax Act, a Manulife ETF that experiences a “loss restriction event” (i) will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Manulife ETF’s net income and net realized capital gains, if any, at such time to Unitholders so that the Manulife ETF is not liable for income tax on such amounts under Part I of the Tax Act), and (ii) will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, a Manulife ETF will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Manulife ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Manulife ETF is a beneficiary in the income or capital, as the case may be, of the Manulife ETF whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Manulife ETF. Please see “Income Tax Considerations – Taxation of Holders” for the tax consequences of a distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Tax Act, not holding any property that it uses in the course of carrying on a business and complying with certain asset

diversification requirements. If a Manulife ETF were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. If a Manulife ETF is subject to tax under these rules, the after-tax return to its Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

Based on certain Tax Amendments, a Manulife ETF could be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming Unitholders. If such Tax Amendments are enacted in their current form, the taxable component of distributions to non-redeeming Unitholders in a Manulife ETF may increase. As currently proposed, such Tax Amendments would apply to each of the Manulife ETFs as of its first taxation year beginning on or after December 16, 2021.

Changes in the interpretation and administration of the federal goods and services tax (“GST”), the Quebec sales tax (“QST”) and the harmonized sales tax (“HST”) may result in the Manulife ETFs being required to pay increased amounts of GST, QST or HST.

Certain of the Manulife ETFs will invest in global equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital to impose tax on dividends or distributions paid or credited to persons who are not resident in such countries. Investments in global equity securities may subject the Manulife ETFs to foreign taxes on dividends or distributions paid or credited to them or any gains realized on the disposition of such securities. Any foreign taxes incurred by a Manulife ETF will generally reduce the value of its portfolio. To the extent that such foreign tax paid by a Manulife ETF exceeds 15% of the amount included in the Manulife ETF’s income from such investments, such excess may generally be deducted by the Manulife ETF in computing its net income for the purposes of the Tax Act. To the extent that foreign tax paid does not exceed 15% of the amount included in the Manulife ETF’s income from such investments and has not been deducted in computing the Manulife ETF’s income and the Manulife ETF designates its income from a foreign source in respect of a Unitholder of the Manulife ETF, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder’s proportionate share of foreign taxes paid by the Manulife ETF in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder of a Manulife ETF is subject to the detailed rules in the Tax Act.

#### *Valuation Risk for Illiquid Assets*

A Manulife ETF may invest a limited amount of its portfolio in illiquid assets. Like all other investments of the Manulife ETF, the valuation of these investments is determined daily. Illiquid assets may or may not be available for sale in the public marketplace. Illiquid assets available for sale in the public marketplace are valued using the exchange specific closing price unless there was no trading activity for the investment in which case the mid (average of bid and ask) price may be used. For illiquid assets where no published market quotation exists, valuations are determined using the Manager’s Fair Valuation Policy. The valuation of illiquid assets that have not had recent trading activity or for which market quotations are not publicly available has inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. The fair value process is subjective to a degree and, to the extent that these valuations are inaccurate, investors in the Manulife ETF may gain a benefit or suffer a loss when they purchase or redeem securities of a Manulife ETF that invests in illiquid assets.

#### *Cybersecurity Risk*

Technology is used in virtually all aspects of the Manager’s business and operations and those of a Manulife ETF and other service providers.

The Manager has a robust and evolving information security program that features policies, processes, technologies and dedicated professionals that protect information, systems and networks. Despite this, there can be no assurances that these measures will be successful in every instance in protecting our networks and information assets against attacks.

The Manager and its service providers may not be able to anticipate or to implement effective preventive measures against all disruptions or privacy and security breaches, especially as attack techniques change frequently, increase in sophistication, are often not recognizable until launched, and can originate from a wide variety of sources.

The Manager may be the target of cyber-attacks that could result in violation of privacy laws or information security regulations, or could materially disrupt network access or business operations. This may result in the disclosure of

confidential information, unauthorized access to sensitive information, or the destruction or corruption of data and financial loss to the Manulife ETFs and Unitholders.

#### *Limited Operating History and Absence of an Active Public Market for Units*

The Manulife ETFs are investment trusts with limited trading and operating history. Although the Units of the Manulife ETFs are listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

#### *Cease Trading of Units*

If Constituent Securities of an Index are cease traded at any time by a Securities Regulatory Authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units of the applicable Manulife ETF until such time as the transfer of the securities is permitted as described under “Exchange and Redemption of Units – Suspension of Exchanges and Redemptions”. In addition, if Constituent Securities of an Index are cease traded, the applicable Manulife ETF may not be able to replicate the Index while such cease trade orders are in effect. As a result, each Manulife ETF that holds securities traded on an exchange or other organized market bears the risk of cease trading orders against any Constituent Security held by that Manulife ETF.

#### *Substantial Securityholder Risk*

A Manulife ETF may have one or more substantial investors who hold a significant amount of securities of the Manulife ETF, such as financial institutions or other mutual funds, investment funds or segregated funds, including funds managed by the Manager. If a substantial investor decides to sell its investment in a Manulife ETF, resulting in a large redemption, the Manulife ETF may be forced to sell its investments at an unfavourable market price in order to accommodate such request. The Manulife ETF may also be forced to temporarily change the composition of its portfolio significantly. Such actions may result in considerable price fluctuations to the Manulife ETF’s net asset value and negatively impact on its returns.

### **Additional Risks Relating to an Investment in each Manulife ETF**

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Manulife ETFs as indicated in the table below. A description of each of these risks follows the table.

<b>ETF Specific Risks</b>	<b>Manulife Multifactor Canadian SMID Cap Index ETF</b>	<b>Manulife Multifactor U.S. Small Cap Index ETF</b>	<b>Manulife Multifactor Emerging Markets Index ETF</b>
Counterparty Risk	Yes	Yes	Yes
Country Risk	Yes	Yes	Yes
Currency Risk		Yes	Yes
Emerging Markets Risk			Yes
Equity Risk	Yes	Yes	Yes
Foreign Investments Risk			Yes
Hedging Risk		Yes	
Mid and Small-Capitalization Issuer Risk	Yes	Yes	Yes
Regulatory Risk	Yes	Yes	Yes
Risks of Investments in U.S. listed ETFs			Yes
Securities Lending Risk	Yes	Yes	Yes
Underlying Fund Risk	Yes	Yes	Yes

## Counterparty Risk

A Manulife ETF may enter into a derivative contract(s) with one or more counterparties. Investment in a derivative contract will expose the Manulife ETF to the credit risk associated with the counterparty. Unitholders will have no recourse against the assets of the counterparty or its affiliate(s) with respect to any aspect of the derivative contract or payments thereunder.

## Country Risk

A Manulife ETF that invests primarily in a specific region or country may be more volatile than a more geographically diversified fund and will be strongly affected by the overall economic performance of that specific region or country. The Manulife ETF must continue to follow its investment objectives regardless of the economic performance of a specific region or country.

## Currency Risk

As a portion of the portfolio of a Manulife ETF attributable to Unhedged Units may be invested primarily in securities traded in foreign currencies, the NAV, when measured in Canadian dollars, will, to the extent this has not been hedged against, be affected by changes in the value of the foreign currency relative to the Canadian dollar.

## Emerging Markets Risk

A Manulife ETF may invest in issuers in emerging markets. Emerging markets are subject to the various risks described under “Currency Risk” and “Foreign Investments Risk”. In addition, they are more likely to experience political, economic and social instability and may be subject to corruption or have lower business standards. Instability may result in the expropriation of assets or restrictions on payment of dividends, income or proceeds from the sale of securities held by a mutual fund. In addition, accounting and auditing standards and practices may be less stringent than those of developed countries resulting in limited availability of information relating to a mutual fund’s investments. Further, emerging market securities are often less liquid and custody and settlement mechanisms in emerging market countries may be less developed resulting in delays and the incurring of additional costs to execute trades of securities. Certain emerging markets limit investment by non-residents, which could affect a Manulife ETF’s ability to gain exposure to these markets.

A Manulife ETF may invest in eligible China A-shares (“**Stock Connect Securities**”) listed and traded on the Shanghai Stock Exchange (“**SSE**”) or the Shenzhen Stock Exchange (“**SZSE**”) through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs (“**Stock Connect programs**”). Stock Connect programs are securities trading and clearing programs developed by Hong Kong Exchanges and Clearing Limited (“**HKEx**”), SSE, SZSE and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between HKEx, SSE and SZSE. Stock Connect Securities generally may not be sold, purchased or transferred other than through Stock Connect programs in accordance with its rules and regulations. While Stock Connect programs are not subject to individual investment quotas, there are daily investment quotas imposed by Chinese regulations which apply to all Stock Connect program participants. These quotas may restrict or preclude a Manulife ETF’s ability to invest in Stock Connect Securities at the Manulife ETF’s preferred time.

## Equity Risk

An equity security represents an ownership interest in the company or entity that issued it. The value of a Manulife ETF that invests in equity securities (which includes stocks, shares or units) will be affected by changes in the market price of those securities. The price of an equity security is affected by developments related to the applicable issuer and by general economic and financial conditions in those countries where the issuer is located or carries on business or where the security is listed for trading. If the issuer’s prospects are favourable, more investors will be willing to buy its securities, hoping to profit from the issuer’s rising fortunes and the security price is likely to rise. In addition, a buoyant economy generally means a positive outlook for many issuers and the general trend for security prices may rise. The opposite may also occur if the issuer’s prospects are unfavourable or the economy in general is doing poorly. The value of Manulife ETFs that invest in equities will fluctuate with these changes.

In the case of equity securities which are units of income trusts, the price will vary depending on the sector and underlying asset or business.

Holders of equity securities of an issuer incur more risk than holders of debt obligations of such issuer because securityholders, as owners of such issuer, have generally inferior rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations issued by, such issuer. Further, unlike debt securities, which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), equity securities have neither a fixed principal amount nor a maturity.

Distributions on the Units will generally depend upon the declaration of dividends or distributions on the Constituent Securities held by a Manulife ETF. The declaration of such dividends or distributions generally depends upon various factors, including the financial condition of the Constituent Issuers and general economic conditions. Therefore, there can be no assurance that the Constituent Issuers will pay dividends or distributions on Constituent Securities.

### **Foreign Investments Risk**

A Manulife ETF may invest, directly or indirectly, in foreign equity securities. In addition to the general risks associated with equity investments, investments in foreign securities may involve unique risks not typically associated with investing in Canada or the U.S. Foreign exchanges may be open on days when a Manulife ETF or a Reference Fund do not price their securities and, therefore, the value of the securities traded on such exchanges may change on days when investors are not able to purchase or sell Units. Information about corporations not subject to Canadian or U.S. reporting requirements may not be complete, may not reflect the extensive accounting or auditing standards required in Canada or the U.S. and may not be subject to the same level of government supervision or regulation as would be the case in Canada or the U.S.

Some foreign securities markets may be volatile or lack liquidity and some foreign markets may have higher transaction and custody costs and delays in attendant settlement procedures. In some countries, adverse political, economic or social developments could undermine the value of a Manulife ETF's investments or prevent a Manulife ETF from realizing the full value of its investments. In the case of a Manulife ETF holding foreign securities, whether directly or indirectly, dividends or distributions on those foreign securities may be subject to withholding taxes.

### **Hedging Risk**

There can be no assurance that a Manulife ETF's hedging transactions will be effective. The hedging of currency market movement can be extremely difficult, and whether any hedging strategy will be successful is highly uncertain. A Manulife ETF's exposure to certain currencies may not be fully hedged at all times, and a Manulife ETF may utilize a hedging strategy that hedges a smaller number of component currencies. The value of an investment in Hedged Units of a Manulife ETF could be significantly and negatively impacted if foreign currencies represented in the applicable Index appreciate. While this approach is designed to minimize the impact of currency fluctuations on fund returns, it does not necessarily eliminate exposure to all currency fluctuations. Changes in currency exchange rates may affect the returns of a Manulife ETF's Hedged Units even when the hedge works as intended. For example, if a Manulife ETF's hedging is reset on a monthly basis, the size of each currency hedge could be greater or smaller than its Hedged Units' total exposure to such currency during the month. A degree of currency exposure may also remain even at the time that a hedging transaction is implemented.

The effectiveness of a Manulife ETF's currency hedging strategy will, in general, be affected by the volatility of the applicable Manulife ETF or Index and the volatility of the Canadian dollar relative to the foreign currency. Increased volatility will generally reduce the effectiveness of the currency hedging strategy. The effectiveness of the currency hedging strategy may also be affected by any significant difference between Canadian dollar interest rates and foreign currency interest rates.

### **Indirect Investments in Certain Securities through U.S. listed Exchange Traded Funds**

Distributions paid on the shares of exchange traded funds listed on a U.S. stock exchange are generally classified as dividends under U.S. tax rules and therefore subject to U.S. withholding taxes, even where the distributed income results from interest payments on fixed income or certain types of preferred securities. As a result, the Manulife ETFs may earn less income from investments in such exchange traded funds than could have been otherwise earned from direct investments in Constituent Securities (see "Income Tax Considerations – Taxation of the Manulife ETFs" for additional information on the impact of withholding taxes on the Manulife ETFs).

### **Mid and Small-Capitalization Issuer Risk**

A Manulife ETF may invest, directly or indirectly, in securities of mid and/or small-capitalization issuers. Share prices of mid and small-capitalization companies may be more volatile than those of large-capitalization companies and, therefore, the price of the Units of certain Manulife ETFs may be more volatile than those of other investment funds that invest a larger percentage of their assets in stocks issued by large-capitalization companies. Share prices of mid and small-capitalization companies are also more vulnerable than those of large capitalization companies to adverse business or economic developments, and the shares of mid and small-capitalization companies may be less liquid, making it difficult for a Manulife ETF to buy and sell them. In addition, mid and small-capitalization companies generally have less diverse product lines than large-capitalization companies have and are more susceptible to adverse developments related to their products. Small-capitalization companies may depend on a small number of key personnel, making them more vulnerable to experiencing adverse effects due to the loss of personnel.

## Regulatory Risk

Some industries, such as financial services, health care and telecommunications, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding. The value of a Manulife ETF that buys these investments may rise and fall substantially due to changes in these factors.

Furthermore, it is also possible that Canada, the U.S., other nations or other governmental entities (including supranational entities) could impose sanctions against issuers in various sectors of certain foreign countries. This could limit a Manulife ETF's investment opportunities in such countries, impairing the Manulife ETF's ability to invest in accordance with its investment strategy and/or to meet its investment objective. In addition, an imposition of sanctions upon such issuers could result in an immediate freeze of the issuers' securities, impairing the ability of a Manulife ETF to buy, sell, receive or deliver those securities. Further, current sanctions or the threat of potential sanctions may also impair the value or liquidity of affected securities and negatively impact a Manulife ETF.

## Securities Lending Risk

The Manulife ETFs are authorized to enter into securities lending transactions, repurchase and reverse repurchase transactions in accordance with NI 81-102. In a securities lending transaction, a Manulife ETF lends its portfolio securities through an authorized agent to another party (often called a "**Counterparty**") and receives a negotiated fee and a required percentage of acceptable collateral (equal or greater than 102%). The following are some examples of the risks associated with securities lending transactions:

- when entering into securities lending transactions, a Manulife ETF is subject to the credit risk that the Counterparty may default under the agreement and the Manulife ETF would be forced to make a claim in order to recover its security, or its equivalent value;
- when recovering its security on default, a Manulife ETF could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transactions) has increased in value relative to the value of the collateral held by the Manulife ETF; and
- similarly, a Manulife ETF could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Manulife ETF to the Counterparty.

The Manulife ETFs may engage in securities lending from time to time. When engaging in securities lending, a Manulife ETF will receive collateral in excess of the value of the securities loaned, and although such collateral is marked to market, the Manulife ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

## Underlying Investment Funds Risk

The securities of any investment fund in which certain Manulife ETFs invest, whether directly or indirectly, may trade below, at or above their respective net asset values per security. The net asset value per security will fluctuate with changes in the market value of that investment fund's holdings. The trading prices of the securities of those investment funds will fluctuate in accordance with changes in the applicable fund's net asset value per security, as well as market supply and demand on the stock exchanges on which those funds are listed.

If a Manulife ETF purchases a security of an underlying investment fund at a time when the market price of that security is at a premium to the net asset value per security or sells a security at a time when the market price of that security is at a discount to the net asset value per security, the Manulife ETF may sustain a loss.

## Risk Ratings of the Manulife ETFs

The investment risk level of each Manulife ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Manulife ETF, as measured by the 10-year standard deviation of the returns of the Manulife ETF. As the Manulife ETFs do not have at least 10 years of performance history, the return history of each Manulife ETF is added to a reference index that reasonably approximates the standard deviation of such Manulife ETF for the remainder of the 10-year period. In each case, the Manulife ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. There may be times when the classification methodology produces a result that the Manager believes is inappropriate in which case the Manager may re-classify the Manulife ETF to a higher risk level, if appropriate.

The following chart sets out a description of the reference index used for each Manulife ETF:

<b>Manulife ETF</b>	<b>Reference Index</b>
Manulife Multifactor Canadian SMID Cap Index ETF	S&P/TSX Completion Index – The S&P/TSX Completion Index is a market capitalization-weighted index. The index is comprised of the constituents of the S&P/TSX Composite Index that are not included in the S&P/TSX 60 Index.
Manulife Multifactor U.S. Small Cap Index ETF	Unhedged Units: Russell 2000 Index – The Russell 2000 Index is a market capitalization-weighted index of securities of 2000 of the smaller US public issuers provided by Frank Russell Company and is a subset of the Russell 3000 Index.
	Hedged Units: Russell 2000 Index – Canadian Dollar Hedged – The Russell 2000 Index – Canadian Dollar Hedged is a market capitalization-weighted index of securities of 2000 of the smaller US public issuers provided by Frank Russell Company, hedged to Canadian Dollars. The Russell 2000 Index, which forms the basis for the Russell 2000 Index – Canadian Dollar Hedged, is a subset of the Russell 3000 Index.
Manulife Multifactor Emerging Markets Index ETF	MSCI Emerging Markets Index – The MSCI Emerging Markets Index is an equity index that is designed to represent the performance of large- and mid-cap securities in approximately 26 emerging markets. The MSCI Emerging Markets Index covers approximately 85% of the free float-adjusted market capitalization in each country.

S&P is a registered trademark of Standard & Poor's Financial Services LLC. TSX is a registered trademark of TSX Inc. Russell 2000 is a registered trademark of Frank Russell Company. MSCI is a trademark or service mark of MSCI Inc. or its affiliates. There is no relationship between the owners of these trademarks or service marks and any of the Manager, Trustee or the Advisor in respect of the ETFs referred to in this prospectus.

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk ratings of the Manulife ETFs are reviewed annually and anytime it is no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Manulife ETFs is available on request, at no cost, by calling toll-free 1-888-333-3240 or by writing to Manulife Investment Management, 200 Bloor Street East, North Tower, Toronto, Ontario, M4W 1E5.



## DISTRIBUTION POLICY

Cash distributions of income, if any, on Units will be payable periodically as set out in the table below, by each of the Manulife ETFs.

<b>Manulife ETF</b>	<b>Frequency of Distributions</b>
Manulife Multifactor Canadian SMID Cap Index ETF	Semi-Annually
Manulife Multifactor U.S. Small Cap Index ETF	Semi-Annually
Manulife Multifactor Emerging Markets Index ETF	Semi-Annually

Distributions will be paid on or before the 15th day of January and July annually. The Manulife ETFs do not have a fixed distribution amount. The amount of ordinary cash distributions, if any, will be based on the Manager's assessment of the prevailing market conditions. The amount and date of any ordinary cash distributions of the Manulife ETFs will be announced in advance by issuance of a press release, at least annually. The Manager may, in its sole discretion, change the frequency of such distributions, which change will be announced by the Manager in a press release.

Depending on the underlying investments of a Manulife ETF, distributions on Units may consist of ordinary income (including foreign source income), taxable dividends from taxable Canadian corporations and net realized capital gains, less the expenses of that Manulife ETF. Distributions may also include returns of capital. To the extent that the expenses of a Manulife ETF exceed the income generated by such Manulife ETF in any given six-month period, it is not expected that a semi-annual or annual distribution will be paid.

If, for any taxation year, after the ordinary distributions, there would remain in a Manulife ETF additional net income or net realized capital gains, the Manulife ETF will, after December 15 but on or before December 31 of that calendar year, be required to pay or make payable such net income and net realized capital gains as one or more special year-end distributions for such year to Unitholders as is necessary to ensure that the Manulife ETF will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units of the Manulife ETF and/or cash. Any special distributions payable in Units of a Manulife ETF will increase the aggregate adjusted cost base of a Unitholder's Units. Immediately following payment of such a special distribution in Units, the number of Units held by a Unitholder will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units held by such Unitholder immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution. See "Income Tax Considerations – Taxation of Holders".

## PURCHASES OF UNITS

### Continuous Distribution

Units of the Manulife ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

### Designated Brokers

All orders to purchase Units directly from a Manulife ETF must be placed by the Designated Broker or Dealers. Each Manulife ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by a Manulife ETF to the Designated Broker or a Dealer in connection with the issuance of Units of the Manulife ETF. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or Designated Broker, on behalf of the Manulife ETF, to offset any expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, a Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of a Manulife ETF. If a subscription order is received by a Manulife ETF at or before the applicable cut-off time, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit, and is accepted by the Manager, the Manulife ETF will generally issue to the Dealer or Designated Broker the PNU (or an integral multiple thereof) within two Trading Days (or, with respect to Manulife Multifactor Emerging Markets Index ETF, within three Trading Days) from the effective date of the subscription order. The Manulife ETF must receive payment for the Units subscribed for within two Trading Days (or, with respect to Manulife Multifactor Emerging Markets Index ETF, within three Trading Days) from the effective date of the subscription order. The effective date

of a subscription order is the Trading Day on which the Valuation Time that applies to such subscription order takes place. See “Exemptions and Approvals”.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of a Manulife ETF, a Dealer or Designated Broker must deliver subscription proceeds consisting of a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the NAV of the applicable PNU of the Manulife ETF determined at the Valuation Time on the effective date of the subscription order. The Manager may, in its complete discretion, instead accept subscription proceeds consisting of (i) cash only in an amount equal to the NAV of the applicable PNU of the Manulife ETF determined at the Valuation Time on the effective date of the subscription order, plus (ii) if applicable, associated brokerage expenses, commissions, transaction costs and other costs or expenses that the Manulife ETFs incur or expect to incur in purchasing securities on the market with such cash proceeds.

The Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a Manulife ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the Manulife ETF, or such other amount as may be agreed to by the Manager and the Designated Broker. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker by no later than the second Trading Day (or, with respect to Manulife Multifactor Emerging Markets Index ETF, by no later than the third Trading Day) after the subscription notice has been delivered.

The Manager will, except when circumstances prevent it from doing so, disclose the number of Units comprising a PNU for a particular Manulife ETF to applicable investors, the Designated Broker and Dealers following the close of business on each Trading Day. The Manager may, at its discretion, increase or decrease the applicable PNU from time to time and such changes will be made available to applicable investors, the Designated Broker and Dealers.

### **To Unitholders of a Manulife ETF as Reinvested Distributions or Distributions Paid in Units**

In addition to the issuance of Units as described above, distributions may be made by way of the issuance of Units and Units of a Manulife ETF may be issued to Unitholders of a Manulife ETF on the automatic reinvestment of certain distributions in accordance with the distribution policy of the Manulife ETFs. See “Distribution Policy”.

### **Buying and Selling Units of a Manulife ETF**

The Units are currently listed on the TSX and investors are able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units of a Manulife ETF. No fees are paid by investors to the Manager or any Manulife ETF in connection with buying or selling Units of a Manulife ETF on the TSX.

#### **Special Considerations for Unitholders**

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the Manulife ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit Unitholders to acquire more than 20% of the Units of any Manulife ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation.

Units of the Manulife ETFs are, in the opinion of the Manager, index participation units within the meaning of NI 81-102. A mutual fund wishing to invest in Units of a Manulife ETF should make its own assessment of its ability to do so after careful consideration of the relevant provisions of NI 81-102, including but not limited to whether the Units of the applicable Manulife ETF should be considered index participation units, as well as the control, concentration and certain of the “fund-of-funds” restrictions. No purchase of Units of a Manulife ETF should be made solely in reliance on the above statements.

## **EXCHANGE AND REDEMPTION OF UNITS**

### **Exchange of Units of a Manulife ETF at NAV per Unit for Baskets of Securities and/or Cash**

Unitholders of a Manulife ETF may exchange the applicable PNU (or an integral multiple thereof) of the Manulife ETF on any Trading Day for Baskets of Securities and cash, subject to the requirement that a minimum PNU be exchanged. To effect an exchange of Units of a Manulife ETF, a Unitholder must submit an exchange request in the form and at the location prescribed by the Manulife ETF from time to time at or before the applicable cut-off time, or such other time prior to the Valuation Time on such Trading Day as the Manager may permit. The exchange price will be equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, payable by delivery of a Basket of Securities (constituted as most recently published prior to the effective date of the exchange request) and cash. The Units will be redeemed in the exchange. The Manager will also make available to Dealers and the Designated Broker the applicable PNU to redeem Units of the Manulife ETFs on each Trading Day. The effective date of an exchange request is the Trading Day on which the Valuation Time that applies to such redemption request takes place.

Upon the request of a Unitholder, the Manager may, in its complete discretion, satisfy an exchange request by delivering cash only in an amount equal to the NAV of each PNU tendered for exchange determined at the Valuation Time on the effective date of the exchange request, provided that the Unitholder agrees to pay the brokerage expenses, commissions, transaction costs and other costs or expenses that the Manulife ETFs incur or expect to incur in selling securities on the market to obtain the necessary cash for the exchange.

If an exchange request is not received by the applicable cut-off time, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and/or cash will generally be made by the second Trading Day (or, with respect to Manulife Multifactor Emerging Markets Index ETF, by the third Trading Day) after the effective day of the exchange request. See “Exemptions and Approvals”.

If any securities in which a Manulife ETF has invested cease to trade at any time by order of a Securities Regulatory Authority or other relevant regulator or stock exchange, the delivery of Baskets of Securities to a Unitholder, Dealer or Designated Broker on an exchange in the PNU may be postponed until such time as the transfer of the Baskets of Securities is permitted by law.

As described under “Book-Entry Only System”, registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Units sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

### **Redemption of Units of a Manulife ETF for Cash**

On any Trading Day, Unitholders of a Manulife ETF may redeem (i) Units of the Manulife ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time, or (ii) a PNU of a Manulife ETF or a multiple PNU of a Manulife ETF for cash equal to the NAV of that number of Units of the Manulife ETF less any applicable administrative fee determined by the Manager, in its sole discretion from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the Manulife ETFs are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by Unitholders to the Manager or any Manulife ETF in connection with selling Units on the TSX.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request with respect to the applicable Manulife ETF must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time at or before the applicable cut-off time on such Trading Day. Any cash redemption request received after such time will be effective only on the next Trading Day. Where possible, payment of the redemption price will be made by no later than the second Trading Day (or, with respect to Manulife Multifactor Emerging Markets Index ETF, by no later than the third Trading Day) after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or Dealer.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units of a Manulife ETF, the Manulife ETF will generally dispose of securities or other financial instruments.

## **Suspension of Exchanges and Redemptions**

The Manager may suspend the exchange or redemption of Units of a Manulife ETF or payment of redemption proceeds of a Manulife ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Manulife ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Manulife ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Manulife ETF; or (ii) with the prior permission of the Securities Regulatory Authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Manulife ETF or which impair the ability of the Custodian to determine the value of the assets of the Manulife ETF. The suspension may apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over a Manulife ETF, any declaration of suspension made by the Manager shall be conclusive.

## **Administrative Fee**

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer, of a Manulife ETF may be charged by the Manager, on behalf of the Manulife ETF, to offset certain transaction costs, including brokerage expenses, commissions and other costs and expenses, associated with an issue, exchange or redemption of Units of that Manulife ETF. This charge does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

## **Allocations of Capital Gains to Redeeming or Exchanging Unitholders**

Pursuant to the Declaration of Trust, a Manulife ETF may allocate and designate as payable any capital gains realized by the Manulife ETF as a result of any disposition of property of the Manulife ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. In addition, a Manulife ETF has the authority to distribute, allocate and designate any capital gains of the Manulife ETF to a Unitholder of the Manulife ETF who has redeemed or exchanged Units of the Manulife ETF during a year in an amount equal to the Unitholder's share, at the time of redemption or exchange, of the Manulife ETF's capital gains for the year. Any such allocations, distributions and designations will reduce the redemption or exchange price otherwise payable to the redeeming Unitholder. Based on recent amendments to the Tax Act, a Manulife ETF could be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming Unitholders, commencing in such Manulife ETF's first taxation year that begins after December 15, 2021. Based on such amendments in their current form, the taxable component of distributions to non-redeeming Unitholders in a Manulife ETF may increase.

## **Book-Entry Only System**

Registration of interests in, and transfers of, Units of a Manulife ETF will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of a Manulife ETF, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither a Manulife ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

A Manulife ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

## Short-Term Trading

Unlike conventional open-end mutual fund trusts in which short term trading by investors may cause the mutual fund to incur additional unnecessary trading costs in connection with the purchase of additional portfolio securities and the sale of portfolio securities to fund unitholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the Manulife ETFs at this time as: (i) the Manulife ETFs are exchange traded funds that are primarily traded in the secondary market; and (ii) the few transactions involving Units of the Manulife ETFs that do not occur on the secondary market involve Designated Brokers and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an administrative fee. The administrative fee is intended to compensate the Manulife ETFs for any costs and expenses incurred by the Manulife ETFs in order to fund the redemption.

## PRIOR SALES

### Trading Price and Volume

The following tables set out the price ranges and volume of Units of each of the Manulife ETFs traded on the TSX for each month, or if applicable, partial month of the 12-month period before the date of this prospectus.

#### Manulife Multifactor Canadian SMID Cap Index ETF

Month	Unit Price Range (\$)	Volume of Units Traded
<b>2020</b>		
August	27.32 – 28.17	3,384
September	26.49 – 27.86	1,945,106
October	26.16 – 27.86	1,743,291
November	26.99 – 29.30	16,757
December	29.59 – 30.26	2,622
<b>2021</b>		
January	30.19 – 32.03	583,457
February	30.67 – 33.39	578,513
March	32.15 – 34.03	513,913
April	33.66 – 34.09	27,544
May	33.50 – 34.98	909,829
June	34.87 – 36.26	879,241
July	33.95 – 36.15	51,080

#### Manulife Multifactor U.S. Small Cap Index ETF

Month	Unit Price Range (\$)		Volume of Units Traded	
	Hedged Units	Unhedged Units	Hedged Units	Unhedged Units
<b>2020</b>				
August	22.67 – 24.30	25.04 – 25.27	6,619	336
September	21.90 – 23.96	25.21 – 25.21	10,000	386
October	22.76 – 24.75	26.26 – 26.26	11,474	165

Month	Unit Price Range (\$)		Volume of Units Traded	
	Hedged Units	Unhedged Units	Hedged Units	Unhedged Units
November	24.81 – 26.95	28.31 – 28.46	7,050	221
December	26.94 – 28.78	28.81 – 28.90	23,340	10,018
<b>2021</b>				
January	27.95 – 30.56	32.03 – 32.10	4,151	2,331
February	29.20 – 31.80	32.33 – 33.29	32,827	1,821
March	30.40 – 32.18	31.68 – 33.10	5,747	4,141
April	31.78 – 33.22	33.17 – 34.25	5,690	946
May	32.20 – 32.67	31.59 – 33.42	1,186	948
June	32.11 – 32.93	32.72 – 33.45	6,941	1,420
July	31.62 – 32.42	32.40 – 33.41	18,890	647

### Manulife Multifactor Emerging Markets Index ETF

Month	Unit Price Range (\$)	Volume of Units Traded
<b>2020</b>		
August	26.05 – 26.50	2,543,779
September	25.32 – 26.58	32,162
October	25.90 – 26.85	65,237
November	26.25 – 29.24	211,375
December	28.27 – 30.07	128,104
<b>2021</b>		
January	29.65 – 32.28	1,188,319
February	30.39 – 33.09	1,110,953
March	29.82 – 31.74	1,127,034
April	30.35 – 31.32	84,393
May	29.21 – 30.83	2,194,149
June	30.84 – 31.62	2,086,185
July	29.92 – 31.43	174,474

### INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Units of a Manulife ETF by a Unitholder of the Manulife ETF who acquires Units of the Manulife ETF pursuant to this prospectus. This summary only applies to a prospective Unitholder of a Manulife ETF who is an individual (other than a trust) resident in Canada for purposes of the Tax Act who deals at arm's length with the Manulife ETF and any Designated Broker or Dealer and is not affiliated with the Manulife ETF or any Designated Broker or Dealer and who holds Units of the Manulife ETF as capital property (a "**Holder**").

Generally, Units of a Manulife ETF will be considered to be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that a Manulife ETF qualifies as a "mutual fund trust" for purposes of the Tax Act, certain Holders who might not otherwise be considered to hold Units of the Manulife ETF as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax

Act. This summary does not apply to a Holder who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the Units.

This summary is based on the assumptions that (i) none of the Manulife ETFs will be subject to the tax for “SIFT trusts” for purposes of the Tax Act, (ii) none of the issuers of the securities in the portfolio of a Manulife ETF will be foreign affiliates of the Manulife ETF or of any Holder, (iii) none of the securities in the portfolio of a Manulife ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act, (iv) none of the Manulife ETFs will enter into any arrangement where the result is a dividend rental arrangement for purposes of the Tax Act, and (v) none of the securities in the portfolio of a Manulife ETF will be an offshore investment fund property (or an interest in a partnership that holds such property) that would require the Manulife ETF (or the partnership) to include significant amounts in the Manulife ETF’s (or the partnership’s) income pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interest) which would require the Manulife ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an “exempt foreign trust” (or a partnership which holds such interest).

This summary is based on the facts described herein, the current provisions of the Tax Act, counsel’s understanding of the current publicly available administrative policies and assessing practices of the CRA published in writing prior to the date hereof and a certificate of the Manager. This summary takes into account the Tax Amendments. This description is not exhaustive of all Canadian federal income tax consequences and does not take into account or anticipate changes in the law or in administrative policy or assessing practice, whether by legislative, governmental or judicial action other than the Tax Amendments in their present form, nor does it take into account provincial, territorial or foreign tax considerations which may differ significantly from those discussed herein. There can be no assurance that the Tax Amendments will be enacted in the form publicly announced, or at all.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units of a Manulife ETF. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Units of a Manulife ETF. The income and other tax consequences of investing in Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder of Units of a Manulife ETF. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Units of a Manulife ETF based on their particular circumstances.**

### **Status of the Manulife ETFs**

This summary is based on the assumptions that each Manulife ETF qualifies or is deemed to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act, that each Manulife ETF has validly elected under the Tax Act to be a mutual fund trust from the date it was established, and that each Manulife ETF has not been established and will not be maintained primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

To qualify as a mutual fund trust (i) a Manulife ETF must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Manulife ETF must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Manulife ETF, or (c) any combination of the activities described in (a) and (b), and (iii) the Manulife ETF must comply with certain minimum requirements respecting the ownership and dispersal of Units of a particular class (the “**Minimum Distribution Requirements**”). In this connection, (i) the Manager intends to cause each Manulife ETF to qualify as a unit trust throughout the life of the Manulife ETF, (ii) each Manulife ETF’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager intends to ensure that each Manulife ETF will continue to meet the Minimum Distribution Requirements necessary for it to qualify as a mutual fund trust at all times.

If a Manulife ETF were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different in respect of that Manulife ETF.

Provided that a Manulife ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of that Manulife ETF are listed on a “designated stock exchange” (within the meaning of the Tax Act), Units of that

Manulife ETF will be qualified investments under the Tax Act for a trust governed by an RRSP, a RRIIF, a DPSP, an RDSP, an RESP or a TFSA (collectively, the “**Plans**”). See “Income Tax Considerations – Taxation of Registered Plans” for the consequences of holding Units in Plans.

### **Taxation of the Manulife ETFs**

The Manager has advised counsel that each of the Manulife ETFs has elected to have a taxation year that ends on December 15 of each calendar year. A Manulife ETF must pay tax on its net income (including net realized Taxable Capital Gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable to its Unitholders in the calendar year in which the taxation year ends. An amount will be considered to be payable to a Unitholder of a Manulife ETF in a calendar year if it is paid to the Unitholder in that year by the Manulife ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust requires that sufficient amounts be paid or made payable each year so that no Manulife ETF is liable for any non-refundable income tax under Part I of the Tax Act.

A Manulife ETF will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security held in its portfolio.

With respect to an issuer structured as a trust that is not resident in Canada, a Manulife ETF will be required to include in the calculation of its income for a taxation year the net income for Canadian federal income tax purposes, including net Taxable Capital Gains, paid or payable to the Manulife ETF by the issuer in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided the units of the issuer are held by the Manulife ETF as capital property for purposes of the Tax Act, the Manulife ETF will be required to reduce the adjusted cost base of units of the issuer by an amount paid or payable by the issuer to the Manulife ETF, except to the extent that the amount was included in calculating the income of the Manulife ETF. If the adjusted cost base to the Manulife ETF of such units becomes a negative amount at any time in a taxation year of the Manulife ETF, that negative amount will be deemed to be a capital gain realized by the Manulife ETF in that taxation year and the Manulife ETF’s adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

To the extent a Manulife ETF holds trust units issued by a trust resident in Canada that is not at any time in the relevant taxation year a “SIFT trust” and held as capital property for purposes of the Tax Act, the Manulife ETF will be required to include in the calculation of its income for a taxation year the net income, including net Taxable Capital Gains, paid or payable to the Manulife ETF by such trust in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the trust. Provided that appropriate designations are made by such trust, Taxable Capital Gains realized by the trust, foreign source income of the trust and taxable dividends from taxable Canadian corporations received by the trust that are paid or payable by the trust to the Manulife ETF will effectively retain their character in the hands of the Manulife ETF. The Manulife ETF will be required to reduce the adjusted cost base of units of such trust by any amount paid or payable by the trust to the Manulife ETF except to the extent that the amount was included in calculating the income of the Manulife ETF or was the Manulife ETF’s share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the Manulife ETF. If the adjusted cost base to the Manulife ETF of such units becomes a negative amount at any time in a taxation year of the Manulife ETF, that negative amount will be deemed to be a capital gain realized by the Manulife ETF in that taxation year and the Manulife ETF’s adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Each issuer in a Manulife ETF’s portfolio that is a “SIFT trust” (which will generally include Canadian resident income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of “non-portfolio properties” (collectively, “**Non-Portfolio Income**”). Non-Portfolio Income that is distributed by a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that becomes payable by an issuer that is a SIFT trust will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules.

In general, a Manulife ETF will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Manulife ETF were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Manulife ETF has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Manager has advised counsel that each Manulife ETF purchases the securities in its portfolio with the objective of receiving dividends and other distributions thereon and takes the position that gains and losses realized on the disposition of its securities are capital gains and capital losses. In addition, each Manulife



ETF has made an election under subsection 39(4) of the Tax Act so that all securities held by the Manulife ETF that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital property to the Manulife ETF.

Each Manulife ETF will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units of the Manulife ETF during the year (the “**Capital Gains Refund**”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of a Manulife ETF for such taxation year which may arise upon the sale or other disposition of securities included in the portfolio in connection with the redemption of Units of the Manulife ETF.

A loss realized by a Manulife ETF on a disposition of capital property will be a suspended loss for purposes of the Tax Act if the Manulife ETF, or a person affiliated with the Manulife ETF, acquires a property (a “**Substituted Property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Manulife ETF, or a person affiliated with the Manulife ETF, owns the Substituted Property 30 days after the original disposition. If a loss is suspended, a Manulife ETF cannot deduct the loss from the Manulife ETF’s capital gains until the Substituted Property is disposed of and is not reacquired by the Manulife ETF, or a person affiliated with the Manulife ETF, within 30 days before and after the disposition.

In general, gains and losses realized by a Manulife ETF from Derivative transactions will be on income account except where such Derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the Derivative Forward Agreement Rules discussed below, and such gains and losses will be recognized for tax purposes at the time they are realized by the Manulife ETF.

A Manulife ETF may enter into transactions denominated in currencies other than the Canadian dollar including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities, dividends, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the rules in the Tax Act in that regard. The amount of income, gains and losses realized by a Manulife ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of a Manulife ETF will constitute capital gains and capital losses to the Manulife ETF if the securities in the Manulife ETF’s portfolio are capital property to the Manulife ETF and provided there is sufficient linkage. The Derivative Forward Agreement Rules (as described below) generally would not apply to such foreign currency hedges.

The Derivative Forward Agreement Rules target certain financial arrangements (described in the Derivative Forward Agreement Rules as “derivative forward agreements”) that seek to deliver a return based on an “underlying interest” (other than certain excluded underlying interests) for purposes of the Derivative Forward Agreement Rules. The Derivative Forward Agreement Rules are broad in scope and could apply to other agreements or transactions. If the Derivative Forward Agreement Rules were to apply in respect of any Derivatives utilized by a Manulife ETF, gains realized in respect of the property underlying such Derivatives could be treated as ordinary income rather than capital gains.

A Manulife ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by a Manulife ETF exceeds 15% of the amount included in the Manulife ETF’s income from such investments, such excess may generally be deducted by the Manulife ETF in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of the amount included in the Manulife ETF’s income from such investments and has not been deducted in computing the Manulife ETF’s income, the Manulife ETF may designate in respect of a Holder a portion of its foreign source income that can reasonably be considered to be part of the Manulife ETF’s income distributed to such Holder so that such income and a portion of the foreign tax paid by the Manulife ETF may be regarded as foreign source income of, and foreign tax paid by, the Holder for the purposes of the foreign tax credit provisions of the Tax Act.

A Manulife ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by a Manulife ETF and not reimbursed will be deductible by the Manulife ETF ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, a Manulife ETF may deduct reasonable administrative and other expenses incurred to earn income.

Losses incurred by a Manulife ETF in a taxation year cannot be allocated to Holders, but may be deducted by the Manulife ETF in future years in accordance with the Tax Act.

## Taxation of Holders

A Holder will generally be required to include in computing income for a particular taxation year of the Holder such portion of the net income of a Manulife ETF, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Holder in that particular taxation year (whether in cash or in Units or whether as a Management Fee Distribution). Amounts paid or payable by a Manulife ETF to a Holder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Holder on December 15.

Under the Tax Act, a Manulife ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the calendar year to the extent necessary to enable the Manulife ETF to use, in that taxation year, losses from prior years without affecting the ability of the Manulife ETF to distribute its income annually. In such circumstances, the amount distributed to a Holder of a Manulife ETF but not deducted by the Manulife ETF will not be included in the Holder's income. However, the adjusted cost base of the Holder's Units of the Manulife ETF will be reduced by such amount. The non-taxable portion of a Manulife ETF's net realized capital gains for a taxation year, the taxable portion of which was designated in respect of a Holder for the taxation year, that is paid or becomes payable to the Holder for the year will not be included in computing the Holder's income for the year. Any other amount in excess of a Holder's share of the net income of a Manulife ETF for a taxation year that is paid or becomes payable to the Holder for the year (i.e. returns of capital) will not generally be included in the Holder's income for the year, but will reduce the adjusted cost base of the Holder's Units of the Manulife ETF. To the extent that the adjusted cost base of a Unit of a Manulife ETF to a Holder would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Holder will be increased by the amount of such deemed capital gain to zero.

Provided that appropriate designations are made by a Manulife ETF, such portion of the net realized Taxable Capital Gains of the Manulife ETF, the taxable dividends received or deemed to be received by the Manulife ETF on shares of taxable Canadian corporations and foreign source income of the Manulife ETF as is paid or becomes payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply.

Any loss of a Manulife ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Holder.

On the disposition or deemed disposition of a Unit of a Manulife ETF, including on a redemption, a Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Manulife ETF to the Holder which represents capital gains allocated and designated to the redeeming Holder), net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base of a Holder's Units of a class of a Manulife ETF, when additional Units of that class of the Manulife ETF are acquired by the Holder (as a result of a distribution by a Manulife ETF in the form of Units, or otherwise), the cost of the newly acquired Units of the Manulife ETF will be averaged with the adjusted cost base of all Units of the same class of the Manulife ETF owned by the Holder as capital property immediately before that time. For this purpose, the cost of Units that have been issued on a distribution will generally be equal to the amount of the distribution. A consolidation of Units of a Manulife ETF following a distribution paid in the form of additional Units of the Manulife ETF as described under "Distribution Policy" will not be regarded as a disposition of Units of the Manulife ETF and will not affect the aggregate adjusted cost base to a Holder. Any additional Units acquired by a Holder on the reinvestment of distributions will generally have a cost equal to the amount reinvested.

In the case of an exchange of Units of a Manulife ETF for a Basket of Securities, a Holder's proceeds of disposition of Units of the Manulife ETF would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Manulife ETF on the disposition of such distributed property. The cost to a Holder of any property received from the Manulife ETF upon the exchange will generally be equal to the fair market value of such property at the time of the distribution. In the case of an exchange of Units for a Basket of Securities, the investor may receive securities that may or may not be qualified investments under the Tax Act for Plans. If such securities are not qualified investments for Plans, such Plans (and, in the case of certain Plans, the annuitants, beneficiaries or subscribers thereunder or holders thereof) may be subject to adverse tax consequences. Investors should consult their own tax counsel for advice on whether such securities would be qualified investments for Plans.

Pursuant to the Declaration of Trust, a Manulife ETF may allocate and designate as payable any capital gains realized by the Manulife ETF as a result of any disposition of property of the Manulife ETF undertaken to permit or facilitate the redemption or exchange of Units of the Manulife ETF to a Holder whose Units are being redeemed or exchanged. In addition, a Manulife ETF has the authority to distribute, allocate and designate any capital gains of the Manulife ETF to a Unitholder of the Manulife ETF who has redeemed or exchanged Units of the Manulife ETF

during a year in an amount equal to the Unitholder's share, at the time of redemption or exchange, of the Manulife ETF's capital gains for the year. Any such allocations, distributions and designations will reduce the redemption or exchange price otherwise payable to the Holder and therefore the Holder's proceeds of disposition. Based on recent amendments to the Tax Act, a Manulife ETF could be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming Unitholders, commencing in such Manulife ETF's first taxation year that begins after December 15, 2021. Based on such amendments in their current form, the taxable component of distributions to non-redeeming Unitholders in a Manulife ETF may increase.

In general, one-half of any capital gain (a "**Taxable Capital Gain**") realized by a Holder on the disposition of Units of a Manulife ETF or a Taxable Capital Gain designated by the Manulife ETF in respect of the Holder for a taxation year of the Holder will be included in computing the Holder's income for that year and one-half of any capital loss (an "**Allowable Capital Loss**") realized by the Holder in a taxation year of the Holder generally must be deducted from Taxable Capital Gains realized by the Holder in the taxation year or designated by the Manulife ETF in respect of the Holder for the taxation year in accordance with the detailed provisions of the Tax Act. Allowable Capital Losses for a taxation year in excess of Taxable Capital Gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against Taxable Capital Gains in accordance with the provisions of the Tax Act.

Amounts designated by a Manulife ETF to a Holder of the Manulife ETF as Taxable Capital Gains or dividends from taxable Canadian corporations, and Taxable Capital Gains realized on the disposition of Units of the Manulife ETF may increase the Holder's liability, if any, for alternative minimum tax.

### **Taxation of Registered Plans**

Amounts of income and capital gains included in a Plan's income are generally not taxable under Part I of the Tax Act provided the Units are "qualified investments" for the Plan for purposes of the Tax Act.

Holders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Plan.

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant of an RRSP or RRIF or the subscriber of an RESP will be subject to a penalty tax in respect of Units held by such TFSA, RDSP, RRSP, RRIF or RESP, as the case may be, if such Units are a "prohibited investment" for such Plans for the purposes of the Tax Act. The Units of a Manulife ETF will not be a "prohibited investment" for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with the Manulife ETF for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Manulife ETF. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in a Manulife ETF unless the holder, annuitant or subscriber, as the case may be, owns interests as a beneficiary under the Manulife ETF that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Manulife ETF, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, the Units of a Manulife ETF will not be a prohibited investment if such Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether Units of a Manulife ETF would be prohibited investments, including with respect to whether such Units would be excluded property.

### **Tax Implications of the Manulife ETF's Distribution Policy**

The NAV per Unit of a Manulife ETF will, in part, reflect any income and gains of the Manulife ETF that have accrued or have been realized, but have not been made payable at the time Units of the Manulife ETF were acquired. Accordingly, a Holder of a Manulife ETF who acquires Units of the Manulife ETF, including on a distribution of Units of the Manulife ETF, may become taxable on the Holder's share of such income and gains of the Manulife ETF. In particular, an investor who acquires Units of a Manulife ETF at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Units. Further, where a Holder acquires Units in a calendar year after December 15 of such year, such Holder may become taxable on income earned or capital gains realized in the taxation year ending on December 15 of such calendar year but that had not been made payable before the Units were acquired.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE MANULIFE ETFs

### Manager

The Manager, an indirect wholly-owned subsidiary of MLI, which in turn is a wholly-owned subsidiary of Manulife, has taken the initiative in founding and organizing the Manulife ETFs and is a promoter of the Manulife ETFs within the meaning of Canadian Securities Legislation. The principal office of the Manager and Investment Manager is located at 200 Bloor Street East, North Tower, Toronto, Ontario, M4W 1E5. Manulife Investment Management is the global asset management business of Manulife, providing comprehensive asset management solutions for institutional investors and investment funds in key markets around the world. This investment expertise extends across a broad range of public and private asset classes, as well as asset allocation solutions. As at June 30, 2021, assets under management and administration for Manulife Investment Management were approximately \$1 trillion (US\$834 billion), including \$235 billion of assets managed on behalf of other Manulife reporting segments.

Manulife is a leading Canada-based financial services group with principal operations in Asia, Canada and the United States. Operating as Manulife in Canada and Asia, and primarily as John Hancock in the United States, the Manulife group of companies offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents and distribution partners. Assets under management and administration by Manulife and its subsidiaries were \$1.3 trillion (US\$1.1 trillion) as of June 30, 2021. Manulife trades under the ticker symbol “MFC” on the TSX, NYSE and Philippine Stock Exchange, and under the ticker symbol “945” on the Stock Exchange of Hong Kong. Information about Manulife can be found on the Internet at [www.manulife.com](http://www.manulife.com).

### *Duties and Services to be provided by the Manager*

Pursuant to the Declaration of Trust, the Manager provides and arranges for the provision of required administrative services to the Manulife ETFs including, without limitation: negotiating contracts with certain third-party service providers, including, but not limited to, sub-advisors, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the Manulife ETFs; maintaining accounting records; preparing the reports to Unitholders and to the applicable Securities Regulatory Authorities; calculating the amount and determining the frequency of distributions by the Manulife ETFs; preparing financial statements, income tax returns and financial and accounting information as required; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Manulife ETFs comply with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; arranging for any payments required upon termination of the Manulife ETFs; and dealing and communicating with Unitholders. The Manager will provide or arrange for office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the Manulife ETFs. The Manager will also monitor the investment strategies of the Manulife ETFs to ensure that they comply with their investment objectives, investment strategies and investment restrictions and practices.

No manager of a Manulife ETF shall be a person who (i) is not a resident of Canada for purposes of the Tax Act, or (ii) does not agree to carry out its functions of managing the Manulife ETF in Canada.

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the Manulife ETFs, to make all decisions regarding the business of the Manulife ETFs and to bind the Manulife ETFs. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Manulife ETFs to do so.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the Manulife ETFs or to any Unitholder or any other person for any loss or damage relating to any matter regarding the Manulife ETFs, including any loss or diminution of value of the assets of any Manulife ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the applicable Manulife ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the applicable Manulife ETF as long as the person acted honestly and in good faith with a view to the best interests of such Manulife ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses" and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Manulife ETFs. The Manager may, in its discretion, terminate a Manulife ETF without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Manulife ETF and/or it would otherwise be in the best interests of Unitholders to terminate the Manulife ETF.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Manulife ETF) or from engaging in other activities.

## Officers and Directors of the Manager

The name and municipality of residence of each of the directors and executive officers of the Manager and their principal occupations are as follows:

<b>Name and Municipality of Residence</b>	<b>Office with Manulife IM Limited</b>	<b>Principal Occupation</b>
Trevor Kreel Toronto, Ontario	Director and Senior Vice President	Head, Global Portfolio Management, MLI and Manulife
Stephanie Fadous Scarborough, Ontario	Director	Senior Vice President, Actuarial Policy, MLI
J. Roy Firth Toronto, Ontario	Director, Chairman and Audit Committee Member	Retired executive
Bruce Gordon Waterloo, Ontario	Director, Audit Committee Member	Retired executive
Leo Zerilli Gloucester, Massachusetts	Director, Chief Executive Officer, President and Ultimate Designated Person	Head of Wealth and Asset Management, Canada, Manulife
Catherine Milum Brampton, Ontario	Director	Head of Wealth Sales, MLI
Yanic Chagnon Boucherville, Quebec	Head of Investment Product, Canada	Head of Investment Product, Canada, MLI
Christopher Walker Stirling, Ontario	Chief Compliance Officer	Chief Compliance Officer, Manulife Investment Management, Canada
Anick Morin Montreal, Quebec	General Counsel and Secretary	Chief Counsel, Wealth and Asset Management Canada
Lori Howse-McNab Ariss, Ontario	Chief Financial Officer	Head of Finance, Wealth and Asset Management, Canada, MLI

Except as indicated below, each of the directors and executive officers listed above holds the office noted opposite his or her name or has held a similar office in a predecessor company or an affiliate during the five years preceding the date hereof.

Ms. Stephanie Fadous was appointed a director of Manulife IM Limited in November 2018. However, she has held various roles at MLI since 2005, including her current role as Senior Vice President, Actuarial Policy.

Mr. Trevor Kreeel was appointed a director of Manulife IM Limited in March 2019. However, he has held various roles at MLI and Manulife since 1995, including his current role as Head, Global Portfolio Management.

Ms. Lori Howse-McNab was appointed Chief Financial Officer of Manulife IM Limited in March 2020. However, Ms. Howse-McNab has had various roles at MLI since 1998 including her current role of Head of Finance, Wealth and Asset Management Canada, MLI.

Mr. Leo Zerilli was appointed a director of Manulife IM Limited in January 2021 and Chief Executive Officer, President and Ultimate Designated Person of Manulife IM Limited in February 2021. However, Mr. Zerilli has had various roles at MLI since 1997 including his current role as Head of Wealth and Asset Management, Canada.

Ms. Catherine Milum was appointed a director of Manulife IM Limited in June 2021. Currently, Ms. Milum is Head of Wealth Sales, Manulife Investment Management, MLI, having been in this role since 2013.

## Advisor

In its capacity as investment manager of the Manulife ETFs, the Manager has retained Dimensional as sub-advisor to provide portfolio management services to the Manulife ETFs. Pursuant to the Advisory Agreement, the Manager may also retain DFA Australia Limited, an affiliate of Dimensional, to act as sub-advisor of the Manulife ETFs in respect of specific portfolio management services regarding commodity futures contracts (which may include equity index futures) and commodity futures options. The principal business address of the Advisor is 745 Thurlow Street, Suite 2110 Vancouver, British Columbia. The telephone number of the Advisor is (604) 685-1633, and its website is <http://www.dfaca.com>.

In fulfilling its investment management duties to the Manulife ETFs, and provided that the Advisor shall remain responsible for ensuring that all portfolio management services provided to the Manulife ETFs are in compliance with the Advisory Agreement and applicable laws, the Advisor intends to delegate certain portfolio management duties to its affiliates, including Dimensional Fund Advisors LP. The principal business address of Dimensional Fund Advisors LP is 6300 Bee Cave Road, Building One, Austin, Texas. The telephone number of Dimensional Fund Advisors LP is (512) 306-7400, and its website is <http://us.dimensionalfund.com>.

Dimensional Fund Advisors LP, Dimensional's parent company, was founded in 1981 by David Booth and Rex Sinquefeld to apply academic research to the practical world of investing. Dimensional Fund Advisors LP is headquartered in Austin, Texas, has offices in Santa Monica and Charlotte and has affiliates with offices located in London, Sydney, Singapore and Tokyo. Dimensional Fund Advisors LP is engaged in the business of providing investment management services. Since its organization, Dimensional Fund Advisors LP has provided investment management services primarily to institutional investors and mutual funds. As of June 30, 2021, Dimensional Fund Advisors LP and its advisory affiliates managed approximately US\$660 billion in assets under management.

The Advisor is entitled to fees for their services under the Advisory Agreement entered into between the Manager, on behalf of the applicable Manulife ETFs, and the Advisor, and is reimbursed for all reasonable fees incurred on behalf of the Manulife ETFs by the Manager.

### *Portfolio Management Team*

The following individuals will be principally responsible for the day-to-day portfolio management of the Manulife ETFs:

<b>Name</b>	<b>Position with Dimensional Fund Advisors LP</b>	<b>Current Occupation/Title</b>
Joel Schneider	Deputy Head of Portfolio Management, North America, member of the Investment Committee, Vice President and Senior Portfolio Manager of Dimensional	Same
Andres Torres	Vice President and Portfolio Manager of Dimensional	Same
Joseph Hohn	Vice President and Senior Portfolio Manager of Dimensional	Same

Investment decisions made by the above-mentioned individuals are subject to the oversight, approval or ratification of a committee. Each individual listed above holds the office noted opposite his or her name or has held a similar office in a predecessor company or an affiliate during the five years preceding the date of hereof.

## Details of the Advisory Agreement

The services provided by the Advisor pursuant to the Advisory Agreement currently include making investment decisions for the Manulife ETFs, including the currency hedging strategy applicable to the Hedged Units.

Under the terms of the Advisory Agreement, the Advisor manages the investment and reinvestment of the assets of the assigned portfolios, subject to the supervision of the Manager. The Advisor formulates a continuous investment program for each such portfolio consistent with its investment objectives and restrictions of the applicable Manulife ETF. The Advisor implements such programs by purchases and sales of securities and regularly reports to the Manager with respect to the implementation of such programs. The Advisor, at its own expense, furnishes all necessary investment and management facilities, including salaries of personnel required for it to execute its duties, as well as administrative facilities, including bookkeeping, clerical personnel, and equipment necessary for the conduct of the investment affairs of the assigned portfolios.

Pursuant to the Advisory Agreement, Dimensional may delegate certain investment management duties to its affiliates, including Dimensional Fund Advisors LP, and the Manager may also directly retain DFA Australia Limited, an affiliate of Dimensional, to act as sub-advisor of the Manulife ETFs in respect of specific portfolio management services regarding commodity futures contracts (which may include equity index futures) and commodity futures options. There may be difficulty in enforcing legal rights against the foreign sub-advisor, or its individual representatives, because it and all or substantially all of its assets are located outside of Canada. However, the Advisor shall remain responsible for ensuring that all portfolio management services provided to the Manulife ETFs are in compliance with the Advisory Agreement and applicable laws.

Under the Advisory Agreement, the Advisor and DFA Australia Limited are, or will be, required to act honestly and in good faith with a view to the best interests of the Manager and the Manulife ETFs and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In its capacity as investment manager of the Manulife ETFs, the Manager will be responsible for any loss that arises out of the failure of DFA Australia Limited to satisfy the standard of care, diligence and skill set forth above.

The Advisory Agreement provides that the Advisor will not be liable in any way to the parties indemnified under the Advisory Agreement for any default, failure or defect in any of the securities comprising the assigned portfolio, if it satisfies the standard of care, diligence and skill set forth above. The Advisory Agreement provides that the Advisor will not be liable for any decreases in the NAV of a particular Manulife ETF if it has satisfied the standard of care, diligence and skill set forth above. Pursuant to the Advisory Agreement, the Advisor and its officers, directors and employees shall be indemnified, from the assets of the Manulife ETFs against all losses (other than loss of profits), expenses and liabilities incurred by any of them in connection with any matter relating to their respective duties under the Advisory Agreement, unless any such indemnified person is finally adjudicated to have committed a material breach or default of its obligations under the Advisory Agreement or an act or omission involving wilful misconduct, bad faith, negligence or reckless disregard of such person's duties or standard of care under the Advisory Agreement.

The Advisor may terminate the Advisory Agreement, without payment of any penalty, including in the following circumstances: (i) upon 90 days' notice; (ii) in the event that the Manager is in material breach of the Advisory Agreement and the material breach has not been cured within 20 business days' notice thereof to the Manager; (iii) if there is a material change in the investment objectives or restrictions of a Manulife ETF to which the Advisor has not previously agreed; (iv) if there is a dissolution and commencement of winding-up of a Manulife ETF; (v) if a Manulife ETF becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of a Manulife ETF or a substantial portion of its assets; or (vi) if the assets of a Manulife ETF become subject to seizure or confiscation by any public or governmental organization.

The Manager may terminate the Advisory Agreement in respect of a particular Manulife ETF, without payment of any penalty, including in the following circumstances: (i) upon 60 days' notice; (ii) in the event that the Advisor is in material breach of the Advisory Agreement and the material breach has not been cured within 20 business days' notice thereof to the Advisor; (iii) if there is a dissolution and commencement of winding-up of the Advisor; (iv) if the Advisor becomes bankrupt or insolvent or makes a general assignment for the benefit of the creditors or a receiver is appointed in respect of the Advisor or a substantial portion of the assets of the Advisor; (v) if the assets of the Advisor become subject to seizure or confiscation by any public or governmental organization; (vi) if the Advisor has lost any registration, license or other authorization or cannot rely on an exemption therefrom required by the Advisor for it to perform the services delegated to it thereunder; or (vii) if the Advisor has breached its standard of care or acted with wilful misconduct, fraud or negligence.

The Advisory Agreement will not be subject to termination under clause (ii) in the preceding paragraph if a material breach by the Advisor cannot be cured within 20 business days' notice thereof, but the Advisor commences the cure within the 20 business day period and completes the cure within 45 days of such notice. In the event that the Advisory Agreement is terminated as provided above, the Manager shall promptly appoint one or more successor investment sub-advisors to carry out the activities of the Advisor.

## Designated Broker

The Manager, on behalf of each Manulife ETF, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to that Manulife ETF including, without limitation: (i) to subscribe for a sufficient number of Units of that Manulife ETF to satisfy the TSX's original listing requirements; (ii) to subscribe for Units of that Manulife ETF on an ongoing basis; and (iii) to post a liquid two-way market for the trading of Units of that Manulife ETF on the TSX. Payment for Units of a Manulife ETF must be made by the Designated Broker, and those Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered.

Units do not represent an interest or an obligation of such Designated Broker or Dealers or any affiliate thereof and a Unitholder of a Manulife ETF will not have any recourse against any such parties in respect of amounts payable by the Manulife ETF to such Designated Broker or Dealers.

## Brokerage Arrangements

Neither the Manager nor the Advisor has a contractual arrangement with any person or company:

- (a) for any exclusive right to purchase or sell the investment portfolio of a Manulife ETF, or
- (b) which provides any dealer or trader a material competitive advantage over other dealers or traders when buying or selling for the investment portfolio of a Manulife ETF.

The Manager or Advisor conducts studies of the factors that affect the market price and prospects of various industries, companies and individual securities. In this work, the Manager or Advisor uses reports and statistics from a wide variety of sources, including brokers and dealers who may execute portfolio transactions for the Manulife ETFs and for their clients, but investment decisions are based primarily on investigations and critical analyses by their own professional staff.

Dealers for securities transactions entered into by the Manager or Advisor are selected based on broker-dealer capabilities of each on an ongoing basis. This involves a dealer's financial soundness and demonstrated order execution capabilities, its responsibilities to the trading style and liquidity needs of the Manulife ETFs and the commission and/or spread involved. Also, a dealer's range of research or brokerage related products or services other than order execution may be considered. These include research reports, publications, statistical services, and electronic data which are produced by the dealer, its affiliates or third parties. The Manager or Advisor may direct brokerage business to certain dealers for receiving research and order execution products and services to assist with investment or trading decisions.

The Manager or Advisor may allocate brokerage business to their affiliates. Any trades allocated in this manner will be done at competitive brokerage fee rates. Subject to regulatory approval (where necessary), the Manager or the Advisor may act as agent for the purchase or sale of securities of the Manulife ETFs.

Since the inception of the Manulife ETFs, the brokerage commissions of the Manulife ETFs may be directed to Dealers by the Manager and Advisor for products and services, other than order execution, including investment decision-making services in the nature of research reports, quotes, news and wire services, statistical and quantitative analysis. Dealers and third parties may provide the same or similar services in the future.

The names of such Dealers or third parties that provide goods and services are available upon request by contacting the Manager at 1-888-333-3240 or at [manulifemutualfunds@manulife.com](mailto:manulifemutualfunds@manulife.com).

The Manager conducts extensive trade cost analysis to ensure that the Manulife ETFs and clients of the Manulife ETFs, on whose behalf the Manager directs any brokerage transactions, receives a reasonable benefit considering the use of the research goods and services and order execution goods and services, as applicable, and the amount of brokerage commissions paid. Specifically, the Manager's investment management teams decide which dealers or brokers are allocated brokerage business based on their ability to provide best execution of trades, the competitiveness of the commission costs, and the range of services and quality of research received.



The Manager may use research goods and services and order execution goods and services to benefit the Manulife ETFs, on whose behalf the Manager directs any brokerage transactions, other than those whose trades generated the brokerage commission. However, the Manager has policies and procedures in place such that over a reasonable period of time, all clients, including the Manulife ETFs, receive a fair and reasonable benefit in return for the commission generated.

## **Conflicts of Interest**

The Manager, the Advisor and their affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust and the Advisor under the Advisory Agreement are not exclusive and nothing in such agreements prevents the Manager, the Advisor or any of their respective affiliates from providing similar services to other investment funds and other persons (whether or not their investment objectives, strategies and policies are similar to those of the Manulife ETFs) or from engaging in other activities. The Manager's and the Advisor's investment decisions for the Manulife ETFs will be made independently of those made for other persons and independently of its own investments.

Whenever the Manager or the Advisor proposes to make an investment, the investment opportunity will be allocated, on an equitable basis, generally pro rata based on available capital, between the applicable Manulife ETF and any other fund for which the proposed investment would be within such fund's investment objectives.

The Manager and the Advisor may trade and make investments for its own accounts, and the Manager and Advisor currently trade and manage and will continue to trade and manage accounts, other than a Manulife ETF's accounts, utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the Manulife ETF. In addition, in proprietary trading and investment, the Manager and Advisor may take positions the same as, different than or opposite to those of a Manulife ETF. Furthermore, all of the positions held by accounts owned, managed or controlled by the Manager will be aggregated for purposes of applying certain exchange position limits. As a result, a Manulife ETF may not be able to enter into or maintain certain positions if such positions, when added to the positions already held by the Manulife ETF and such other accounts, would exceed applicable limits. All of such trading and investment activities may also increase the level of competition experienced with respect to priorities of order entry and allocations of executed trades.

The directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers from which the Manulife ETFs may acquire securities. The Manager and its affiliates may be managers or portfolio managers of one or more issuers from which the Manulife ETFs may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Manulife ETFs.

A registered dealer acts as a Designated Broker and one or more registered dealers acts or may act as a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in a Manulife ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the Manulife ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders.

Any such registered dealer and its affiliates may, at present or in the future, engage in business with the Manulife ETFs, the issuers of securities making up the investment portfolio of the Manulife ETFs or the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into Derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The applicable Designated Broker and Dealers do not act as underwriters of any Manulife ETF in connection with the distribution of Units under this prospectus. Units of the Manulife ETFs do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Manulife ETF to the applicable Designated Broker or Dealers. The Securities Regulatory Authorities have provided the Manulife ETFs with a decision exempting the Manulife ETFs from the requirement to include a certificate of any underwriter in the prospectus.

The Manager may at times have interests that differ from the interests of the Unitholders of a Manulife ETF. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible. See "Organization and Management Details of the Manulife ETFs – Independent Review Committee".

## Independent Review Committee

NI 81-107 requires all publicly offered investment funds, including the Manulife ETFs, to establish an IRC to whom the Manager must refer each conflict of interest matter for review or approval. NI 81-107 also requires the Manulife ETFs to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The IRC is required to be comprised of three independent members and will be subject to requirements to conduct regular assessments and provide reports to the Manager and to Unitholders in respect of its functions.

The Manager has established an IRC for its mutual funds and certain other investment funds, including the Manulife ETFs, in accordance with NI 81-107. The fees and expenses of the IRC are borne and shared by all of the Manager's investment funds for which the IRC acts as the IRC on a pro rata basis (based on relative NAVs).

Each member of the IRC is independent of the Manager, the Manulife ETFs and any other party related to the Manager as the term is defined under NI 81-107. The current members of the IRC, and their principal occupations, are as follows:

<b>Name and Municipality of Residence</b>	<b>Principal Occupation</b>
R. Warren Law (Chair), Toronto, Ontario	Retired Financial Services Lawyer
Robert S. Robson, Toronto, Ontario	Financial Services Specialist
Joanne Vézina, Montreal, Quebec	Corporate Director specializing in Financial Services

The IRC will prepare a report, at least annually, of its activities for Unitholders. Such reports will be available upon the Unitholder's request at no cost by calling the Manager at 1-888-333-3240, or by request to the Unitholder's dealer. Unitholders can also obtain a copy of such reports at [manulifeim.ca](http://manulifeim.ca) or by sending an email request to [manulifemutualfunds@manulife.com](mailto:manulifemutualfunds@manulife.com).

Each member of the IRC receives \$1,750 plus expenses for each meeting (\$2,250 plus expenses in the case of the Chair) of the IRC as well as an annual retainer of \$20,000 (\$25,000 for the Chair). IRC members are also reimbursed for travel expenses in connection with meeting attendance. Other fees and expenses payable in connection with the IRC include insurance costs, legal fees, and attendance fees for educational seminars.

## Trustee

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Manulife ETFs. The Trustee may resign upon 90 days' notice to Unitholders and the Manager. The address of the Trustee where it principally provides services to the Manulife ETFs is 200 Bloor Street East, North Tower, Toronto, Ontario, M4W 1E5.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of each Manulife ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee's duties.

The Trustee must be removed if the Trustee ceases to (i) be resident in Canada for purposes of the Tax Act; (ii) carry out its function of managing the Manulife ETFs in Canada; or (iii) exercise the main powers and discretions of the Trustee in respect of the Manulife ETFs in Canada. If the Trustee resigns or if it becomes incapable of acting as trustee, the Manager may appoint a successor trustee prior to its resignation, and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 90 days after the Trustee has provided the Manager with 90 days' notice of its intention to resign, the Manulife ETFs will be terminated, and the property of the Manulife ETF shall be distributed in accordance with the terms of the Declaration of Trust.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

## **Custodian**

CIBC Mellon Trust Company is the custodian of each Manulife ETF's assets pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the same degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances, or, if higher, the degree of care, diligence and skill that the Custodian exercises in respect of its own property of a similar nature in its custody. Provided the Custodian has not breached its standard of care as set out in the Custodian Agreement, the Custodian shall not be responsible for the holding or control of any property of a Manulife ETF which is not directly held by the Custodian.

Under the Custodian Agreement, the Manager shall pay fees to the Custodian on behalf of the Manulife ETFs at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses incurred in the performance of its duties under the Custodian Agreement. Each Manulife ETF shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage or expense, including reasonable legal and expert's fees and expenses, arising in connection with the Custodian Agreement, except to the extent caused by a breach by the Custodian of its standard of care under the Custodian Agreement. The Manager and each Manulife ETF will be indemnified in certain circumstances as set out in the Custodian Agreement. Either party may terminate the Custodian Agreement upon at least 90 days' written notice or immediately if the other party becomes insolvent, makes an assignment for the benefit of creditors, a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days or if the other party is in material breach of the Custodian Agreement and such breach has not been remedied within a specified period after notice of such breach has been given by the terminating party.

## **Auditors**

The auditors of the Manulife ETFs are Ernst & Young LLP located at its principal offices in Toronto, Ontario. The auditors of the Manulife ETFs may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change, or as otherwise required by Canadian Securities Legislation.

## **Registrar and Transfer Agent**

TSX Trust Company, at its principal offices in Toronto, Ontario, is the Registrar and Transfer Agent for each Manulife ETF pursuant to registrar and transfer agency agreements entered into as of the date of the initial issuance of Units of each Manulife ETF.

## **Lending Agent**

The Bank of New York Mellon, at its principal offices in New York, New York, acts as the Lending Agent for each Manulife ETF pursuant to a Securities Lending Authorization Agreement. Any Securities Lending Authorization Agreement may be terminated by the Manager or the Lending Agent upon thirty (30) days' written notice to the other at any time. Under a Securities Lending Authorization Agreement, the collateral posted by a securities borrower to a Manulife ETF will be required to have an aggregate value of not less than 102% of the market value of the loaned securities. In addition to the collateral held by a Manulife ETF, the Manulife ETF will also benefit from a borrower default indemnity provided by the Lending Agent. The Lending Agent's indemnity will provide for the replacement of a number of securities equal to the number of unreturned loaned securities, or for the payment to the Manulife ETF of the market value of the unreturned loaned securities.

## **Promoter**

The Manager is the promoter of the Manulife ETFs within the meaning of the Canadian Securities Legislation by reason of its initiative of organizing the Manulife ETFs. The promoter will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under "Fees and Expenses".

## **Liquidity Risk Management**

The Manulife ETFs are subject to a Liquidity Risk Management ("LRM") policy. The committee responsible for oversight of the LRM policy and related procedures is independent from the Manager's portfolio management functions and includes representatives from various departments, such as Risk Management, Compliance and Investment Product, each of whom has relevant subject matter expertise. The LRM policy is part of the broader risk management process applicable to Manulife ETFs, which includes documented internal policies pertaining to the measurement, monitoring, mitigation and reporting of liquidity risks within each Manulife ETF.

## CALCULATION OF NET ASSET VALUE

The NAV on a Valuation Date will be equal to the aggregate fair value of the assets of the Manulife ETF less the aggregate fair value of the liabilities of the Manulife ETF, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit for each class is calculated by adding up the assets of the Manulife ETF attributable to that class, subtracting the liabilities attributable to that class, and dividing the difference by the total number of Units of that class outstanding.

The NAV per Unit of a class is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Manulife ETF may obtain.

## Valuation Policies and Procedures of the Manulife ETFs

The determination of NAV at any time will take into account the following:

- (a) cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends received or receivable and interest accrued and not yet received, shall be deemed to be the face value thereof unless the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, cash dividend received or receivable or interest is not worth the full face value, in which event the value thereof shall be deemed to be such value as the Manager determines to be reasonable;
- (b) bonds, debentures, notes, money market instruments and other obligations shall be valued by taking the average of the most recently available bid and asked quotations at the Valuation Time on the Valuation Date;
- (c) any security which is listed or dealt in upon a stock exchange shall be valued at its current market value;
- (d) any security which is not listed or dealt in upon a stock exchange shall be valued at the most recently available sale price on the Valuation Date, or if such sale price is unavailable, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used;
- (e) restricted securities shall be valued at the lesser of:
  - i. the value thereof based on reported quotations in common use; and
  - ii. that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Manulife ETF's acquisition cost was of the market value of such securities at the time of acquisition, as applicable, provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restrictions will be lifted is known;
- (f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Manulife ETF shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued at their current market value;
- (h) the value of a futures contract, forward contract or other Derivatives, such as swap contracts or options on financial futures, shall be the gain or loss with respect thereto that would be realized if, at the Valuation Time, the position in the futures contract, or the forward contract, as the case may be, were to be closed out in accordance with its terms, unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest;
- (i) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (j) translating amounts in a foreign currency to Canadian currency shall be based on the rate of exchange in effect on the applicable Valuation Date, as quoted by a recognized source, at the Manager's sole discretion;

- (k) if any Valuation Date is not a business day in any jurisdiction which is relevant for the purposes of valuing investments of the Manulife ETFs, the prices or quotations as of the preceding business day in such jurisdiction shall be used for the purposes of such valuation;
- (l) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Manulife ETF;
- (m) any security sold, but not delivered, pending receipt of the proceeds, shall be excluded for valuation purposes as a security held, and the selling price, net of brokers' commissions and other expenses, shall be treated as an asset of the Manulife ETF; and
- (n) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable.

Unless otherwise indicated, for purposes hereof, "current market value" means the most recently available sale price applicable to the relevant security on the principal exchange on which it is traded immediately preceding the Valuation Time on the Valuation Date, provided that, if no sale has taken place on a Valuation Date, the average of the bid and asked quotations immediately prior to the Valuation Time on the Valuation Date shall be used.

For the purposes of the foregoing valuation policies, quotations may be obtained from any report in common use, or from a reputable broker or other financial institutions, provided always that the Manager shall retain sole discretion to use such information and methods as it deems to be necessary or desirable for valuing the assets of the Manulife ETFs, including the use of a formula computation.

If any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable under the circumstances and, if there is an industry practice, in a manner consistent with such industry practice for valuing such investment. For example, this may occur if unquoted securities are received in a corporate action or if trading in a security was suspended because of significant news about a company. The Manager has exercised its discretion in determining the fair market value of various securities in the past three years for example, due to market suspensions and delistings, due to unquoted rights, warrants, and spin-off shares received in corporate actions, or due to the primary exchange on which the security traded closing unexpectedly.

Pursuant to NI 81-106, investment funds calculate their net asset value using fair value for purposes of securityholder transactions. The Manager considers the policies above to result in fair valuation of the securities held by the Manulife ETFs in accordance with NI 81-106 and such policies have been approved by the Board of Directors of the Manager. Net assets of the Manulife ETFs will continue to be calculated in accordance with the rules and policies of the Canadian Securities Administrators or any exemption therefrom that the Manulife ETFs may obtain.

The Manulife ETFs are required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"). Calculating the net assets of the Manulife ETFs in accordance with IFRS for Financial Reporting allows the Manulife ETFs to, among other things, use a price within the bid-ask spread, which most represents fair value for the purposes of valuation of a security. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is the most representative of the fair value of the security based on the specific facts and circumstances at hand. In case a reliable or timely value is not available, the fair value will be estimated using certain valuation techniques on such basis and in such manner as may be determined by the Manager.

## Reporting of NAV

The NAV and NAV per Unit of a class will be calculated as of the Valuation Time on every Valuation Date. Such information will be provided by the Manager to Unitholders at no cost on request by calling toll-free at 1-888-333-3240 or via the Internet at [manulifeim.ca](http://manulifeim.ca).

## ATTRIBUTES OF THE SECURITIES

### Description of the Securities Distributed

Each Manulife ETF is authorized to issue an unlimited number of classes or series of redeemable, transferable Units, each of which represents an undivided interest in the net assets of that Manulife ETF.

On December 16, 2004, the Trust Beneficiaries' Liability Act, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the Securities Act (Ontario); and (ii) the trust is governed by the laws of the province of Ontario. Each Manulife ETF is a reporting issuer under the Securities Act (Ontario) and each Manulife ETF is governed by the laws of the province of Ontario by virtue of the provisions of the Declaration of Trust.

### ***Certain Provisions of the Units***

Each Unit entitles the holder thereof to one vote at meetings of Unitholders and to participate equally with all other Units of the same class of the Manulife ETF with respect to all payments made to Unitholders, other than Management Fee Distributions and capital gains allocated and designated to a redeeming Unitholder, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the Manulife ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units of that class of the Manulife ETF. All Units will be fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law. Unitholders are entitled to require a Manulife ETF to redeem their Units of such Manulife ETF as outlined under the heading "Exchange and Redemption of Units – Redemption of Units of a Manulife ETF for Cash" and "Exchange and Redemption of Units – Exchange of Units of a Manulife ETF at NAV per Unit for Baskets of Securities and/or Cash".

### ***Exchange of Units for Baskets of Securities***

As set out under "Exchange and Redemption of Units – Exchange of Units of a Manulife ETF at NAV per Unit for Baskets of Securities and/or Cash", Unitholders may exchange the applicable PNU (or an integral multiple thereof) of a Manulife ETF on any Trading Day for Baskets of Securities and/or cash, subject to the requirement that a minimum PNU be exchanged.

### ***Redemptions of Units for Cash***

On any Trading Day, Unitholders may redeem Units of any Manulife ETF for cash at a redemption price per Unit equal to 95% of the closing price for the applicable Units on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable administrative fee determined by the Manager, in its sole discretion, from time to time. Because Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

### ***Modification of Terms***

Any amendment to the Declaration of Trust that creates a new class of Units of a Manulife ETF will not require notice to existing Unitholders of the Manulife ETF unless such amendment in some way affects the existing Unitholders' rights or the value of their investment. An amendment such as the re-designation of Units of a Manulife ETF, or the termination of a class of Units of a Manulife ETF, which has an effect on a Unitholder's holdings will only become effective after 30 days' notice to Unitholders of the applicable classes of Units of the Manulife ETF.

All other rights attached to the Units of a Manulife ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust.

### ***Voting Rights in the Portfolio Securities***

Holders of Units will not have any voting rights in respect of the securities in a Manulife ETF's portfolio.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Meetings of Unitholders of a Manulife ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the Manulife ETF holding not less than 25% of the then outstanding Units of the Manulife ETF.

## Matters Requiring Unitholder Approval

NI 81-102 requires a meeting of Unitholders of a Manulife ETF to be called to approve certain changes as follows:

- (i) the basis of the calculation of a fee or expense that is charged to the Manulife ETF or its Unitholders is changed in a way that could result in an increase in charges to the Manulife ETF or to its Unitholders, except where (a) the Manulife ETF is at arm's length with the person or company charging the fee; and (b) the Unitholders have received at least 60 days' notice before the effective date of the change;
- (ii) a fee or expense, to be charged to a Manulife ETF or directly to its Unitholders by the Manulife ETF or the Manager in connection with the holding of Units of the Manulife ETF that could result in an increase in charges to the Manulife ETF or its Unitholders, is introduced;
- (iii) the Manager is changed, unless the new manager of the Manulife ETF is an affiliate of the Manager;
- (iv) the fundamental investment objective of the Manulife ETF is changed;
- (v) the Manulife ETF decreases the frequency of the calculation of its NAV per Unit;
- (vi) other than a Permitted Merger for which Unitholder approval is not required, the Manulife ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the Manulife ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Manulife ETF becoming securityholders in the other mutual fund;
- (vii) the Manulife ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the Manulife ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders, and the transaction would be a material change to the Manulife ETF; or
- (viii) any matter which is required by the constitutive documents of the Manulife ETF, by the laws applicable to the Manulife ETF or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of a Manulife ETF may not be changed unless the IRC of the Manulife ETF has approved the change and Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of a Manulife ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Manulife ETF duly called and held for the purpose of considering the same approve the related resolution.

## Amendments to the Declaration of Trust

If a Unitholder meeting is required to amend a provision of the Declaration of Trust, no change proposed at a meeting of Unitholders of a Manulife ETF shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at such meeting of Unitholders of the Manulife ETF.

Subject to any longer notice requirements imposed under securities legislation, the Trustee is entitled to amend the Declaration of Trust by giving not less than 30 days' notice to Unitholders of each Manulife ETF affected by the proposed amendment in circumstances where:

- (a) securities legislation requires that written notice be given to Unitholders of that Manulife ETF before the change takes effect;
- (b) the change would not be prohibited by securities legislation; or
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders of that Manulife ETF, so that it is equitable to give Unitholders of that Manulife ETF advance notice of the proposed change.

All Unitholders of a Manulife ETF shall be bound by an amendment affecting the Manulife ETF from the effective date of the amendment.

The Trustee may amend the Declaration of Trust, without the approval of or prior notice to any Unitholders, if the Trustee reasonably believes that the proposed amendment does not have the potential to materially adversely

impact the financial interests or rights of Unitholders of a Manulife ETF or that the proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over a Manulife ETF or the distribution of its Units;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any applicable laws, regulations or policies affecting a Manulife ETF, the Trustee or its agents;
- (c) make any change or correction in the Declaration of Trust which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of a Manulife ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of a Manulife ETF or its Unitholders;
- (e) protect the Unitholders of a Manulife ETF; or
- (f) make any change or correction which is necessary or desirable for the purpose of bringing the Declaration of Trust into conformity with current market practice within the securities or investment fund industries or curing or correcting any administrative difficulty.

## Permitted Mergers

A Manulife ETF may, without Unitholder approval, enter into a merger or other similar transaction (a “Permitted Merger”) that has the effect of combining that Manulife ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Manulife ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values and Unitholders of the Manulife ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

## Reporting to Unitholders

The fiscal year of each Manulife ETF is the calendar year. The annual financial statements of the Manulife ETFs will be audited by its auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with IFRS.

The Manager will ensure that the Manulife ETFs comply with all applicable reporting and administrative requirements, including preparing and issuing unaudited interim financial statements. Each Unitholder of a Manulife ETF, other than a Plan, will be mailed annually, within the first 90 days after the Manulife ETF's taxation year or such other time as required by applicable law, prescribed tax information with respect to amounts paid or payable by the Manulife ETF in respect of that taxation year of that Manulife ETF.

The Manager will keep adequate books and records reflecting the activities of the Manulife ETFs. A Unitholder or his or her duly authorized representative will have the right to examine the books and records of the Manulife ETFs during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Manulife ETFs.

## International Information Reporting

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States (the “IGA”) and related Canadian legislation in the Tax Act, the dealers through which Unitholders hold their Units are required to report certain information with respect to Unitholders who are U.S. residents or U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (excluding Plans, as defined above under “Income Tax Considerations –



Status of the Manulife ETFs”), to the CRA. The CRA will then provide that information to the U.S. Internal Revenue Service.

Pursuant to the provisions of the Tax Act that implement the Organization for Economic Co-operation and Development Common Reporting Standard (the “CRS Provisions”), “Canadian financial institutions” (as defined in the CRS Provisions) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information is exchanged on a reciprocal, bilateral basis with the countries in which the account holders or such controlling persons are resident, where such countries have agreed to a bilateral information exchange with Canada under the Common Reporting Standard.

Under the IGA and related Canadian legislation in the Tax Act and under the CRS Provisions, Unitholders may be required to provide certain information regarding their investment in the Manulife ETFs to any applicable Canadian financial institution (for instance by completing a Declaration of Tax Residence or similar form) for the purpose of such information exchange, unless the investment is held within a Plan.

## **TERMINATION OF THE MANULIFE ETFs**

Subject to complying with applicable securities law, the Manager may terminate a Manulife ETF at its discretion. In accordance with the terms of the Declaration of Trust and applicable securities law, Unitholders of a Manulife ETF will be provided 60 days’ advance written notice of the termination.

If a Manulife ETF is terminated, the Trustee is empowered to take all steps necessary to effect the termination of the Manulife ETF. Prior to terminating a Manulife ETF, the Trustee may discharge all of the liabilities of the Manulife ETF and distribute the net assets of the Manulife ETF to the Unitholders of the Manulife ETF.

Upon termination of a Manulife ETF, each Unitholder of the Manulife ETF shall be entitled to receive at the Valuation Time on the termination date out of the assets of the Manulife ETF: (i) payment for that Unitholder’s Units at the NAV per Unit for that class of Units of the Manulife ETF determined at the Valuation Time on the termination date; plus (ii) where applicable, any net income and net realized capital gains that have been made payable to such Unitholder but that have not otherwise been paid to such Unitholder; less (iii) any applicable redemption charges and any taxes that are required to be deducted. Payment shall be made by cheque or other means of payment payable to such Unitholder and drawn on the Manulife ETF’s bankers and may be mailed by ordinary post to such Unitholder’s last address appearing in the registers of Unitholders of that Manulife ETF or may be delivered by such other means of delivery acceptable to both the Manager and such Unitholder.

The Trustee shall be entitled to retain out of any assets of a Manulife ETF, at the date of termination of the Manulife ETF, full provision for all costs, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Manulife ETF and the distribution of its assets to the Unitholders of the Manulife ETF. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

## **PLAN OF DISTRIBUTION**

Units are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units shall be offered for sale at a price equal to the NAV of such class of Units determined at the Valuation Time on the effective date of the subscription order.

## **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Manulife ETF (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the Manulife ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Manulife ETF then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of a Manulife ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them

to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of a Manulife ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Manulife ETF as a mutual fund trust for purposes of the Tax Act.

## **RELATIONSHIP BETWEEN THE MANULIFE ETFs AND THE DEALERS**

The Manager, on behalf of a Manulife ETF, may enter into various agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of the Manulife ETF as described under “Purchases of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Manulife ETFs of their Units under this prospectus. Units of a Manulife ETF do not represent an interest or an obligation of the applicable Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Manulife ETF to the applicable Designated Broker or Dealers. See “Organization and Management Details of the Manulife ETFs - Conflicts of Interest”.

## **PRINCIPAL HOLDERS OF UNITS**

CDS & Co., the nominee of CDS, is the registered owner of the Units of the Manulife ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a Designated Broker, Dealer, Manulife ETF or another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units of a Manulife ETF.

## **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The Manager has delegated the right and obligation to vote proxies relating to the securities in the portfolio of each Manulife ETF to the Advisor as part of the Advisor’s portfolio management responsibilities.

One significant aspect of this duty is to vote or not vote such proxies in the best interests of the Manulife ETF it sub-advises and to avoid the influence of conflicts of interest.

The Advisor is expected to take reasonable steps to vote all proxies received. However, the Advisor may refrain from voting where administrative or other procedures result in the costs of voting outweighing the benefits. The Advisor may also refrain from voting if in its opinion abstaining or otherwise withholding its vote is in the best interests of the Manulife ETF.

The Manager has established a proxy voting policy (the “**Proxy Voting Policy**”) that has been designed to provide general guidance, in compliance with applicable legislation, for the voting of proxies.

The Manager expects the Advisor to comply with the Advisor’s stated policy, which, in general, must meet standards similar to the Manager’s Proxy Voting Policy and applicable legislation. The Manager may retract the Advisor’s voting authority at any time. The Advisor will usually vote proxies in accordance with its proxy voting policy. However, the Advisor may instruct a vote counter to its proxy voting policy if, after a review of the matter (which analysis will be documented in writing), the Advisor believes that the Manulife ETF’s best interests would be better served by such counter vote. The Advisor may determine that voting is not in the best interest of a Manulife ETF and refrain from voting if the costs, including the opportunity costs, of voting would, in the view of the Advisor, exceed the expected benefits of voting.

Issuer's proxies frequently contain proposals to elect corporate directors, to appoint external auditors and fix their compensation, to amend the capitalization of the company and to adopt or amend management compensation plans. Under the Manager's Proxy Voting Policy, unless one of the limited exceptions applies, voting on these matters would occur as follows:

- (a) Board of Directors – vote for management nominees unless the board fails to meet minimum corporate governance standards, such as being comprised of a majority of independent directors or there are records of abuse against the interests of minority shareholders.
- (b) Appointment of Auditors and Compensation – vote for the election of auditors and proposals authorizing the board to fix the auditors' compensation unless there are concerns about the accounts presented or the audit procedures used or if questions are raised regarding independence of the auditors.
- (c) Changes in Capital Structure – vote for resolutions that seek to maintain, or convert into, a one vote for one share capital structure and generally vote against resolutions authorizing a multiple class voting structure or the creation or addition of shares with superior voting rights.
- (d) Management Compensation – vote for proposals to compensate non-executive directors unless the amounts are excessive relative to other companies in the industry. Vote on equity compensation plans and other proposals relating to management compensation on a case-by-case basis having regard to the best interests of the Unitholders.

Other issues, including those business issues specific to the issuer or those raised by securityholders of the issuer, are addressed on a case-by-case basis with a focus on the best interests of the Manulife ETF and the potential impact of the vote on securityholder value.

The Advisor provides to the Manager and the Manager maintains records of all votes cast by the Manulife ETFs. The Manager publishes these records on an annual basis, on its website at [manulifeim.ca](http://manulifeim.ca). A copy of the Proxy Voting Policy is available on request by contacting the Manager toll-free at 1-888-333-3240.

## **MATERIAL CONTRACTS**

The only contracts material to the Manulife ETFs are the Declaration of Trust, Advisory Agreement, Custodian Agreement and License Agreements.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Manager during the course of distribution of the Units offered hereby.

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The Manulife ETFs are not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the Manulife ETFs.

## **EXPERTS**

The matters referred to under "Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon on behalf of the Manulife ETFs by Blake, Cassels & Graydon LLP.

The auditors of the Manulife ETFs, Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, have consented to the use of their report dated March 18, 2021 to the Unitholders of the Manulife ETFs on the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in net assets attributable to unitholders and statements of cash flows for the periods then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Ernst & Young LLP has advised that it is independent with respect to the Manulife ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

## EXEMPTIONS AND APPROVALS

The Manager, on behalf of the Manulife ETFs, has obtained exemptive relief from the Securities Regulatory Authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units of a Manulife ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian Securities Legislation. See “Purchases of Units – Buying and Selling Units of a Manulife ETF”;
- (b) to relieve the Manulife ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to permit the Manager to call meetings of the Manulife ETFs using the notice-and-access procedure as permitted by the terms of relief;
- (d) to permit DFA Australia Limited to act as sub-advisor of the Manulife ETFs in respect of portfolio management services regarding commodity futures contracts (which may include equity index futures) and commodity futures options, as applicable. DFA Australia Limited may only provide such services for the Manulife ETFs subject to the exemptive relief from advisor registration under applicable commodity futures legislation; and
- (e) to permit primary market purchases and redemptions of exchange-traded units of certain funds managed by the Manager that invest in securities, the trades in respect of which, customarily settle on the third business day after the date upon which pricing for a trade in a security is determined, to settle within three Trading Days. As a result, primary market trades in units of such funds, including the Units of the Manulife Multifactor Emerging Markets Index ETF, differ from the standard secondary market trades of such units, which settle within two Trading Days.

## OTHER MATERIAL FACTS

### Index Provider Disclaimer

Neither John Hancock Investment Management LLC (formerly John Hancock Advisers, LLC) nor Dimensional Fund Advisors LP guarantees the accuracy and/or the completeness of the Indexes or any data included therein, and neither John Hancock Investment Management LLC nor Dimensional Fund Advisors LP shall have any liability for any errors, omissions or interruptions therein. Neither John Hancock Investment Management LLC nor Dimensional Fund Advisors LP makes any warranty, express or implied, as to results to be obtained by the Manulife ETFs, owners of the Units of the Manulife ETFs or any other person or entity from the use of the Indexes, trading based on the Index, or any data included therein, either in connection with the Manulife ETFs or for any other use. Neither John Hancock Investment Management LLC nor Dimensional Fund Advisors LP makes any express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Indexes or any data included therein. Without limiting any of the foregoing, in no event shall John Hancock Investment Management LLC or Dimensional Fund Advisors LP have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits) arising out of matters relating to the use of the Indexes, even if notified of the possibility of such damages.

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NOTWITHSTANDING THE FACT THAT DIMENSIONAL FUND ADVISORS LP IS REGISTERED AS AN INVESTMENT ADVISER WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION AND ITS AFFILIATE, DIMENSIONAL FUND ADVISORS CANADA ULC, SERVES AS SUBADVISER TO THE MANULIFE ETFS PURSUANT TO A SEPARATE SUB-ADVISORY AGREEMENT, NOTHING CONTAINED HEREIN SHALL BE CONSTRUED TO IMPLY THAT DIMENSIONAL FUND ADVISORS LP, IN ITS CAPACITY AS INDEX PROVIDER, IS PROVIDING INVESTMENT ADVICE TO THE MANAGER, ANY AUTHORIZED USER, OR ANY PARTY RELYING UPON THE MANAGER. IN RESPECT OF THE INDEXES, NONE OF DIMENSIONAL FUND ADVISORS LP, DIMENSIONAL FUND ADVISORS CANADA ULC, OR ANY OF THEIR AFFILIATES ACTS AS AN INVESTMENT ADVISER, DISCRETIONARY MANAGER OR FIDUCIARY TO THE MANAGER OR ANY THIRD PARTY OR ANY AUTHORIZED USER OR IN RESPECT OF THE MANAGER OR ANY SUCH THIRD PARTY'S OR ANY SUCH AUTHORIZED PARTY'S MANAGED OR FIDUCIARY ACCOUNTS.

DIMENSIONAL FUND ADVISORS LP, IN ITS CAPACITY AS INDEX PROVIDER, DOES NOT MAKE ANY RECOMMENDATIONS AS TO THE SUITABILITY OF ANY INVESTMENT OR TRANSACTION PROPOSED BY THE MANAGER OR ANY AUTHORIZED USER. THE MANAGER ACKNOWLEDGES AND AGREES THAT: (I) DIMENSIONAL FUND ADVISORS LP, IN ITS CAPACITY AS INDEX PROVIDER, WILL NOT, AND IS UNDER NO DUTY TO, PROVIDE ANY INVESTMENT, TRADING OR OTHER ADVICE OF ANY KIND IN RELATION TO ANY INVESTMENT OR PROPOSED TRANSACTION THROUGH THE INDEXES OR PROVISION THEREOF; AND (II) THE INDEXES AND ANY RELATED INFORMATION PROVIDED BY DIMENSIONAL FUND ADVISORS LP SHOULD NOT BE RELIED UPON AS THE SOLE OR A MATERIAL FACTOR IN MAKING AN INVESTMENT, TRADING OR ANY OTHER DECISIONS OF ANY KIND. DIMENSIONAL FUND ADVISORS LP, IN ITS CAPACITY AS INDEX PROVIDER, IS NOT A FIDUCIARY AND DOES NOT HAVE ANY FIDUCIARY DUTY TO THE MANAGER OR ANY AUTHORIZED USER.

DIMENSIONAL FUND ADVISORS LP RECEIVES COMPENSATION FROM THE MANAGER IN CONNECTION WITH LICENSING RIGHTS TO THE INDEXES.

The John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), John Hancock Dimensional Small Cap Index (CAD), John Hancock Dimensional Small Cap Index (CAD Hedged) and John Hancock Dimensional Emerging Markets Index (CAD) are the property of Dimensional Fund Advisors LP, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain such Indexes. The John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), John Hancock Dimensional Small Cap Index (CAD), John Hancock Dimensional Small Cap Index (CAD Hedged) and John Hancock Dimensional Emerging Markets Index (CAD) are not sponsored by S&P Dow Jones Indices LLC or its affiliates or its third party licensors, including Standard & Poor's Financial Services LLC and Dow Jones Trademark Holdings LLC (collectively, "**S&P Dow Jones Indices**"). S&P Dow Jones Indices will not be liable for any errors or omissions in calculating the Indexes. "Calculated by S&P Dow Jones Indices" and the related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Dimensional Fund Advisors LP. S&P® is a registered trademark of Standard & Poor's Financial Services LLC, and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC.

The Manulife ETFs based on the John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), John Hancock Dimensional Small Cap Index (CAD), John Hancock Dimensional Small Cap Index (CAD Hedged) and John Hancock Dimensional Emerging Markets Index (CAD) are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices. S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the Manulife ETFs or any member of the public regarding the advisability of investing in securities generally or in the Manulife ETFs particularly or the ability of the John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), John Hancock Dimensional Small Cap Index (CAD), John Hancock Dimensional Small Cap Index (CAD Hedged) and John Hancock Dimensional Emerging Markets Index (CAD) to track general market performance. S&P Dow Jones Indices' only relationship to Dimensional Fund Advisors LP with respect to the Manulife ETFs is the licensing of certain trademarks, service marks and trade names of S&P Dow Jones Indices, and the provision of the calculation services related to John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), John Hancock Dimensional Small Cap Index (CAD), John Hancock Dimensional Small Cap Index (CAD Hedged) and John Hancock Dimensional Emerging Markets Index (CAD). S&P Dow Jones Indices is not responsible for and has not participated in the determination of the prices and amount of the fund or the timing of the issuance or sale of the Manulife ETFs or in the determination or calculation of the equation by which the Manulife ETFs may convert into cash or other

redemption mechanics. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of the Manulife ETFs. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within the John Hancock Dimensional Canadian SMID Cap Equity Index (CAD), John Hancock Dimensional Small Cap Index (CAD), John Hancock Dimensional Small Cap Index (CAD Hedged) and John Hancock Dimensional Emerging Markets Index (CAD) is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it investment advice.

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## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase exchange traded mutual fund securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for the non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

## **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about each of the Manulife ETFs is, or will be, available in the following documents:

- (i) the most recently filed ETF Facts of the Manulife ETFs;
- (ii) the most recently filed comparative annual financial statements of the Manulife ETFs, together with the accompanying report of the auditors;
- (iii) any unaudited interim financial statements of the Manulife ETFs filed after the most recently filed comparative annual financial statements of the Manulife ETFs;
- (iv) the most recently filed annual MRFP of the Manulife ETFs; and
- (v) any interim MRFP of the Manulife ETFs filed after that most recently filed annual MRFP of the Manulife ETFs.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document.

These documents are available at no cost on the Manager's website at [manulifeim.ca](http://manulifeim.ca) or by contacting the Manager toll-free at 1-888-333-3240 or by email at [manulifemutualfunds@manulife.com](mailto:manulifemutualfunds@manulife.com). These documents and other information about the Manulife ETFs are available on the Internet at [www.sedar.com](http://www.sedar.com).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Manulife ETFs after the date of this prospectus and before the termination of the distribution of the Manulife ETFs are deemed to be incorporated by reference into this prospectus.

## **CERTIFICATE OF THE MANULIFE ETFS, THE MANAGER AND PROMOTER**

Dated: August 20, 2021

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

### **MANULIFE INVESTMENT MANAGEMENT LIMITED**

(as trustee, promoter and manager and on behalf of the Manulife ETFs)

*(Signed)* "Leo Zerilli"  
Leo Zerilli  
Chief Executive Officer

*(Signed)* "Lori-Howse-McNab"  
Lori Howse-McNab  
Chief Financial Officer

On behalf of the Board of Directors of Manulife Investment Management Limited

*(Signed)* "Trevor Kreel"  
Trevor Kreel  
Director

*(Signed)* "Stephanie Fadous"  
Stephanie Fadous  
Director

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