

**IF YOU ARE IN DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISORS**

The Directors of the ICAV, whose names appear in the Prospectus under the section “Directory”, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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**SUPPLEMENT**

**MANULIFE ABSOLUTE RETURN CURRENCY FUND**

(A Fund of Manulife Investment Management II ICAV, an open-ended umbrella ICAV with segregated liability between Funds)

The date of this Supplement No. 7 is 1 April, 2020

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**This Supplement contains specific information in relation to the Manulife Absolute Return Currency Fund (the “Fund”), a sub-fund of Manulife Investment Management II ICAV (the “ICAV”). It forms part of and must be read in the context of and together with the Prospectus of the ICAV dated 1 April, 2020.**

This Supplement replaces the Supplement dated 28 February, 2020.

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## INTRODUCTION

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This Supplement comprises information relating to the Shares of the Fund to be issued in accordance with the Prospectus and this Supplement.

The general details set out in the Prospectus apply to the Fund save where otherwise stated in this Supplement. To the extent that there is any inconsistency between this Supplement and the Prospectus this Supplement shall prevail.

**Investors should read the “Risk Factors” section before investing in the Fund.**

**As the Directors may, at their discretion, impose a redemption charge with respect to particular Classes, Shareholders in these Classes should view their investment as medium to long-term.**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**The Fund is actively managed.**

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## DEFINITIONS

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Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

In this Supplement, the following words and phrases shall have the meanings indicated below:

<b>“Sub-Investment Management Agreement”</b>	the agreement dated 1 May 2019 between the Manager and the Sub-Investment Manager as may be amended from time to time; and
<b>“Sub-Investment Manager”</b>	Manulife Investment Management (US) LLC, or such other persons as may be appointed in accordance with the requirements of the Central Bank to provide sub-investment management services to the ICAV.

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## THE FUND

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### Investment Objective

The investment objective of the Fund is to achieve a positive return in all market conditions.

### Investment Policies

In seeking to achieve its objective, the Fund will obtain exposure to the global currency markets by primarily investing in: fixed and floating rate Investment Grade Debt Securities issued by governments and governmental agencies, and through the following currency related FDI - currency forward contracts (non-deliverable currency forward contracts), currency futures, currency options, and bond and interest rate futures contracts.

In addition to its primary investments, the Fund may also invest in: fixed and floating rate Investment Grade and High Yield Debt Securities of corporate and supranational issuers in developed and emerging market countries (in the United States, this includes Rule 144A and Regulation S Securities); currency swaps; Money Market Instruments; and inflation linked-securities (such as the inflation protected securities issued by the US Treasury which can protect against the negative impact of inflation on local currency bonds) as more particularly described in “Specific Investments & Additional Investment Techniques” of the Prospectus.

The Fund will invest on both a long (buying and holding a security in order to benefit from its rise in value) and short (taking exposure to a security in order to benefit from a fall in its value) basis as further described below in the section “Use of FDI”. Short positions can only be taken through FDI.

The Manager has agreed with the Administrator a process that seeks to ensure that all investments held by the Fund (including those placed on the same Business Day), will be reflected in the Net Asset Value of the Fund on that Business Day.

Save to the extent permitted by the Regulations, all securities invested in will be listed or traded on the markets and exchanges listed in Schedule I of the Prospectus.

### **Use of FDI**

Subject to the Regulations and to the conditions and limits laid down by the Central Bank from time to time, the Fund may utilise FDI. FDIs may be employed to generate income, adjust the Fund’s sensitivity to movements in interest rates through the short-term use of interest-rate related FDIs (e.g., using investments to take advantage of short-term market movements), or change its currency exposure through the use of currency related FDIs.

The Fund will utilise the following FDI for investment, hedging or efficient portfolio management purposes: currency forward contracts (including non-deliverable currency forward contracts), currency futures, currency options, bond and interest rate futures contracts and currency swaps. Long and short positions on the instruments listed in Investment Policy above or on currencies may be taken through any of these FDI. Long positions may also be taken through direct investment in the instruments listed in Investment Policy above. It is generally expected that, through a combination of physical assets and currency pairs, the Fund will have exposures of 400% long and 300% short based on net assets.

The FDI which the Fund utilises may be used for hedging purposes at portfolio level including, e.g., to hedge interest and credit rate exposures and to hedge currency exposures arising from investments denominated in currencies other than the Base Currency. Currency hedging is also utilised to hedge against possible adverse fluctuations in currency exchange rates that may impact on Classes denominated in currencies other than the Base Currency.

For efficient portfolio management purposes only, the Fund may utilise repurchase agreements and engage in stock lending.

Details of the FDIs used are set out in the Prospectus under the “Use of Financial Derivative Instruments” section.

The risks attached to the use of FDI by the Fund are set in the “Investment Risks Applicable to Each Fund” section of the Prospectus.

### **Risk Management**

The Manager operates a risk management process on behalf of the Fund in relation to its use of FDIs, details of which are set out in the Prospectus under the “Use of Financial Derivative Instruments: Risk Management” section.

Information on FDIs used for the Fund will be included in the ICAV’s semi-annual and annual reports and accounts. The ICAV will also provide information to Shareholders on request on the Risk Management Process employed by the Manager on the Fund’s behalf, including details of the quantitative limits applied and information on the risk and yield characteristics of the main categories of investments held on behalf of the Fund.

As per the Risk Management Process, market risk exposure in the Fund will be primarily controlled through the daily analysis and limitation of the Fund’s Value at Risk (“VaR”). Using data from price movements over the past year of trading days, VaR is an estimate of the maximum monthly loss the Fund is likely to suffer on any given month based on its current holdings. The Absolute VaR of the Fund will not exceed 20% of the Fund’s Net Asset Value. The VaR will be calculated to a one-tailed 99% confidence interval and a one month (20 business day) holding period and using an effective observation period of one year (250 business days). The measurement and monitoring of all exposures relating to the use of FDI will be performed on at least a daily basis.

The Fund’s gross leverage, calculated on the basis of the sum of the notional values of the FDI, is expected to be between 350% and 750% and while it may be subject to higher levels of leverage at times for example, should the Fund seek to obtain exposure, to a significant extent, to currencies utilising currency forwards and options, it is not expected to exceed 3000% of the Fund’s Net Asset Value. This is not, however, an indicator of economic leverage within the Fund and may appear high, as it does not take into account the effect of any netting or hedging arrangements that the Fund may adopt and because the prescribed methodology for calculating gross leverage requires the inclusion of the full notional of any credit protection purchased even though the Fund’s maximum downside exposure in this case is limited to the total sum of premia that the Fund has committed to pay.

The range in the level of leverage may result from the investments acquired by the Fund and the varying use of FDIs that are used to alter the Fund’s credit or currency exposures. The use of leverage can increase the potential return on investment and may assist the Fund to achieve its investment objective and policies. Likewise the use of leverage can increase the potential loss on investment and negatively impact upon the performance of the Fund.

VaR is a methodology that is used to estimate the risk or probability of losses in a portfolio. It is based on statistical analysis of historical price trends and volatilities and is designed to predict the likely scale of losses that might be expected to occur in a portfolio over a given period of time.

VaR has some limitations which result from the methodology’s reliance on historical data and estimated correlations between portfolio holdings, which may not be an accurate predictor of future market conditions, particularly where the Fund experiences abnormal market conditions. An additional limitation of VaR is its focus on market risk as it does not measure other risks that may impact the Net Asset Value of the Fund. For example, VaR does not take into account liquidity risk.

Although the Fund utilises the Absolute VaR methodology there is no guarantee that this methodology captures the Fund’s entire risk profile as generated through the Fund’s investments, including the use of derivatives. In particular, in abnormal market conditions the VaR methodology may not be a reliable measure of risk and investors may suffer significant financial losses.

In order to protect investors, particularly under abnormal market conditions where the VaR methodology may not be an accurate measure of the Fund's risk profile, the Sub-Investment Manager may reduce the leverage in the portfolio by choosing to invest a greater proportion of the Fund's assets in cash or Money Market Instruments.

### **Investment Process**

The Fund seeks to exploit opportunities in global currency markets utilising both long-term and short-term positioning. Long-term positions are intended to capture medium to long-term trends in the global currency markets, whereas short-term positions are intended to take advantage of short-term volatility and divergences in currency markets (e.g one country changing interest rate before another).

In selecting the investments of the Fund, the Sub-Investment Manager utilises a top-down assessment of global macroeconomic themes (analysis of e.g., fiscal and monetary policy, economic indicators, political environment, etc) and their impact on countries and their currencies. In this regard, the Sub-Investment Manager focuses on fundamental factors and technical factors to identify currencies that will be beneficial to the Fund either through long-term or short-term investments. Fundamental factors include, but are not limited to, consistency and trends of economic data (such as unemployment, gross domestic product, etc) and interest rate differentials between countries. Technical factors are those such as liquidity and data in relation to cash flows.

Once attractive investments are identified, the Sub-Investment Manager determines the exposure the Fund will take (either on a long or short basis) by the overall impact the investment will have on the volatility of the Fund and its ability to contribute to achieving the Fund's objective. Positions are closed when the exposure to a currency will no longer benefit the Fund or when its impact on volatility is considered by the Sub-Investment Manager to be too high.

### **Sub-Investment Manager**

Pursuant to the Sub-Investment Management Agreement, the Manager has delegated the day to day portfolio management of the Fund to the Sub-Investment Manager.

The Sub-Investment Manager is a SEC regulated investment adviser having its registered office at 197 Clarendon Street, Boston, MA, 02116. The Sub-Investment Manager provides investment advisory services to institutional investors.

### **Base Currency**

The Base Currency of the Fund is USD.

### **Investment Restrictions and Risk Management**

The general investment restrictions as set out in the "Investment Restrictions" section of the Prospectus shall apply. The Fund will only invest in assets that are permitted under the Regulations.

### **Profile of a Typical Investor**

The Fund is intended to serve as a long-term investment option and should not be viewed as an appropriate investment vehicle for short-term gain or trading. The Fund may be suitable for investors seeking long-term growth of capital through exposure to currencies while maintaining a low to moderate level of volatility.

## Benchmark Index

Certain of the Fund's Share Classes may use benchmarks against which the performance of the Share Class is compared. Where a comparator benchmark is used, the relevant benchmark will be identified in the key investor information document for that Share Class.

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## RISK FACTORS

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Investment in the Fund carries with it a degree of risk including, but not limited to, those risks described in the "Investment Risks and Special Considerations" and "Investment Risks Applicable to Each Fund" sections of the Prospectus. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before making an application for Shares. There can be no assurance that the Fund will achieve its investment objective.

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## FEES AND EXPENSES

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**This section should be read in conjunction with the section "Fees and Expenses" in the Prospectus. The Fund shall bear its attributable portion of the fees and operating expenses of the ICAV. The fees and operating expenses of the ICAV are set out in detail under the section "Fees and Expenses" in the Prospectus.**

### Establishment Costs

The Fund shall bear its own establishment costs and attributable proportion of the establishment costs of the ICAV.

The expenses incurred in the establishment of the Fund were approximately USD\$60,000. These fees will be amortised over the first 5 financial years of the Fund or such other period as the Directors may determine and will be charged as between the various Classes in accordance with the provisions of the Prospectus and the Instrument.

### Management Fee and Expense Limitation

Under the Management Agreement, the ICAV will pay to the Manager a fee at an annual rate equal to the percentage of the daily Net Asset Value of the relevant Class of the Fund as set out in the Schedule to this Supplement. The management fee shall accrue daily and be calculated and payable monthly in arrears.

The Manager (or any related person) may from time to time and at its sole discretion and out of its own resources decide to waive some or all of its Management Fee and/or performance fee applicable to a specific Class or the Fund as a whole or it may share, or rebate some or all of such fees with/to intermediaries or Shareholders (any such rebates or fee sharing will take place outside of the Fund).

The Manager shall be entitled to be reimbursed for its reasonable vouched out-of-pocket expenses. Where the Manager's expenses are attributable to the ICAV as a whole, they will be borne on a pro rata basis by the Fund.

The Manager has committed to waive its management fee and, if necessary, reimburse the Fund's operating expenses, in order to keep the Fund's total operating expenses (including the fees of the Manager, Administrator and Depositary) from exceeding an annual rate of the

daily Net Asset Value of the Fund as set out in the Schedule to this Supplement (the “Expense Limitation”). Operating expenses do not include the cost of buying and selling investments, applicable ongoing charges associated with investments in Underlying Collective Investment Schemes (including ETFs), withholding tax, stamp duty or other taxes on investments, commissions and brokerage fees incurred with respect to investments, and such extraordinary or exceptional costs and expenses (if any) as may arise from time to time, such as material litigation in relation to the ICAV as may be determined by the Directors in their discretion. The expenses subject to the Expense Limitation shall include the management fee. The Manager may renew or discontinue this arrangement at any time upon prior notification to Shareholders.

To the extent that the Manager waives its fee or reimburses the Fund’s operating expenses under the Expense Limitation, the Fund’s overall expense ratio will be lower than it would have been without the Expense Limitation. This reduction in operating expenses may increase the Fund’s investment return and such returns may not be achieved without the benefit of the Expense Limitation.

### **Sub-Investment Manager’s Fee**

The fees and expenses of a Sub-Investment Manager are paid out of those fees paid to the Manager which are set out in the Schedule to this Supplement.

### **Depositary’s Fee**

The Depositary is entitled to receive out of the assets of the Fund an annual fee which will not exceed 0.05% of the net assets of the Fund (plus any applicable taxes). This fee accrues and is calculated on each Dealing Day and payable monthly in arrears. The Depositary shall also be entitled to receive out of the assets of the Fund all agreed sub-custodian fees, transaction charges (which will be charged at normal commercial rates) together with reasonable out-of-pocket expenses incurred by the Depositary in the performance of its duties under the Depositary Agreement.

### **Administrator’s Fee**

The Administrator is entitled to receive out of the assets of the Fund an annual fee which will not exceed 0.10% of the net assets of the Fund, subject to a minimum fee of up to US\$ 7,000 per month (plus any applicable taxes). This fee accrues and is calculated on each Dealing Day and payable monthly in arrears. The Administrator is also entitled to charge to the Fund all agreed fees and transaction charges, at normal commercial rates, together with reasonable out-of-pocket expenses (plus any applicable taxes), it incurs on behalf of the Fund in the performance of its duties under the Administration Agreement, which shall be payable monthly in arrears.

### **Redemption Charge**

The Directors are entitled to charge redeeming Shareholders in any Class a redemption fee of up to 3% of the relevant redemption proceeds.

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## **SUBSCRIPTIONS**

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### **Purchase of Shares**

Full details on how to purchase Shares are set out in the “Administration of the ICAV: Subscription Procedure” section of the Prospectus.

Details in relation to the Class Currency, management fee, Expense Limitation, Initial Offer Price, minimum initial investment, minimum holding and initial sales charge are set out in the Schedule to this Supplement.

The Manager is authorised by the Directors to accept and instruct the Administrator to process subscriptions in relation to the Fund notwithstanding that the amount subscribed for may fall below the minimum initial investment, minimum subsequent investment and minimum holding as set out in the Schedule to this Supplement.

#### *Initial Offer Period*

The initial offer period for Class X USD Accumulating, Class X GBP Accumulating and W USD Accumulating Shares is closed (the “Issued Classes”).

The initial offer period for all other Classes (other than the Issued Classes) is open. The initial offer period for all other Classes begins on the Business Day after the date of this Supplement. All initial offer periods will conclude upon the earlier of: (i) the first investment by a Shareholder in such Class; or (ii) 4:00 pm (Dublin time) on 30 September, 2020 (the “Closing Date”), or such other periods as the Directors may determine.

Investors may apply to subscribe for Shares during the initial offer period at the Initial Offer Price for each unlaunched Class as set out in the Schedule to this Supplement.

During the initial offer period, subscriptions may be made by way of signed original Application Forms, duly completed in accordance with the instructions contained in the Application Form, or by such other electronic means (including applications made via a Clearing System) as the Directors and the Administrator shall approve by the Closing Date.

Subscription monies should be paid to the account specified in the Application Form (or such other account specified by the Administrator) so as to be received in cleared funds no later than 3 Business Days after a Dealing Day or such other time as may be agreed with the Administrator and notified to Shareholders. Any initial Application Form sent by facsimile (or other electronic means) must be confirmed promptly by receipt of an original Application Form and supporting anti-money laundering documentation.

#### *Following the Initial Offer Period*

Following the close of the initial offer period, all applications for Shares must be received by the Dealing Deadline in the manner set out in the “Administration of the ICAV: Subscriptions Following the Initial Offer Period” and “Subscription Procedure” sections of the Prospectus.

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## **REDEMPTIONS**

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### **How to Redeem Shares**

Shares in the Fund may be redeemed on every Dealing Day at the Net Asset Value per Share of the relevant Class subject to the procedures, terms and conditions set out in the “Administration of the ICAV: How to Redeem Shares” section of the Prospectus.

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## **DISTRIBUTION POLICY**

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Distributing Classes of the Fund will make distributions at least annually and may make distributions more frequently at the discretion of the Directors. The amount available for



distribution shall be the net income (whether in the form of dividends, interest or otherwise). The Fund will also make distribution out of net realised gains (i.e. realised gains net of realised losses) at least annually. Shareholders in Distributing Classes may, as set out in the Application Form, choose to automatically re-invest distributions into the Fund. If automatic re-investment is not elected, distribution proceeds will be paid in accordance with the section "DISTRIBUTION POLICY" in the Prospectus.

Further details in relation to distributions are set out in the section "DISTRIBUTION POLICY" in the Prospectus.

The Accumulating Classes of the Fund will not declare a distribution and any net income and realised and unrealised gains net of realised and unrealised losses attributable to such Classes will be accumulated in the Net Asset Value per Share of the relevant Class.

## **SCHEDULE**

### **Share Class Subscription and Fee Information**

The attention of investors in Classes for which the Manager will conduct currency hedging is drawn to the section "Use of Financial Derivative Instruments: Class Currency Hedging" in the Prospectus.

This Schedule shall be read in conjunction with the section "Share Classes" in the Prospectus.

#### **Share Classes Offered**

The Fund may offer both Accumulating and Distributing formats of Class A, Class W, Class I and Class X Shares denominated in USD, GBP, EUR, CHF, SEK, AUD and SGD.

Non-USD denominated Classes may also be offered in both hedged and unhedged formats.

Previously unlaunched Classes may be launched upon receipt of sufficient investor interest.

#### **Initial Offer and Subscription Prices**

As of the Date of this Supplement, the Issued Classes have launched, are available for subscription and Shares in these Classes are issued at their Subscription Price on the relevant Dealing Day.

Investors wishing to invest in an unlaunched Class should contact the Manager and, upon sufficient interest, the Class may be opened. A list of open Classes is available from the Manager on request.

All unlaunched Classes shall have an Initial Offer Price 10 USD, 10 GBP, 10 EUR, 10 CHF, 100 SEK, 10 AUD, or 10 SGD as relevant to the Class Currency.

Following launch, each Class will issue Shares at the Subscription Price on the relevant Dealing Day.

#### **Minimum Investment, Minimum Subsequent Investment and Minimum Holding**

The minimum investment, minimum subsequent investment and minimum holding applicable to each Class shall be as set out in the section "Share Classes" in the Prospectus.

#### **Management Fees, Expense Limitations, Subscription and Redemption Fees**

Class A Shares of the Fund shall be subject to a sales charge of up to 5% of the amount subscribed. As of the date of this Supplement, no Classes of the Fund are subject to a redemption fee.

Class X Shareholders must enter into a separate agreement with the Manager for the payment of Management Fees.

<b>Class Type</b>	<b>Management Fee</b>	<b>Expense Limitation</b> (excluding applicable Management Fee)
A	1.30%	0.25%
W	0.70%	0.25%
I	0.65%	0.15%
X	None.	0.15%