

## **AIA RETIREMENT FUND SCHEME**

### **Addendum to the Principal Brochure issued on 30 October 2020**

**Issue on 27 November 2020**

This Addendum forms part of and shall be read in conjunction with the Principal Brochure of AIA Retirement Fund Scheme (the "Scheme") issued on 30 October 2020. All capitalized terms in this Addendum shall have the same meaning as in the Principal Brochure of the Scheme, unless otherwise indicated.

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The disclosures of the AIA Hong Kong and China Fund and the AIA World Fund have been enhanced. Certain parts of the Principal Brochure have been updated as follows:

#### **AIA Hong Kong and China Fund**

1. Page 95 - Replaced the first to third paragraphs under "The Fund" section by the following:

"AIA Hong Kong and China Fund (the "Fund") was established in 2019 and is denominated in Hong Kong dollars.

The Fund is a portfolio management fund investing entirely in index-tracking collective investment schemes ("ITCISs"). The investment objective of the Fund is to seek a long term capital appreciation by investing entirely in a combination of equity market index-tracking funds that track Hong Kong equity market indices that measure the performance of companies listed in Hong Kong (including China incorporated enterprises listed in Hong Kong in the form of H Shares). Please note that the Fund is not an index-tracking fund.

The Fund will normally invest (1) up to 90% of its net asset value in the Tracker Fund of Hong Kong ("TraHK") and (2) up to 40% of its net asset value in the Hang Seng China Enterprises Index ETF ("HSCEI ETF"). The key investment information of these ITCISs is set out below. The Fund may also invest in other ITCISs as determined by the Investment Manager from time to time.

The Fund may hold ancillary cash or cash based investments for operational and/or hedging purposes. The Fund will not engage in security lending or use derivatives for investment purposes, however it is possible that the ITCISs in which the Fund invests may do so.

(i) TraHK is managed by State Street Global Advisors Asia Limited. It is a collective investment scheme structured as a unit trust established under the laws of Hong Kong. TraHK's investment objective is to provide investment results that closely correspond to the performance of the Hang Seng Index ("Index"). The manager of TraHK seeks to achieve TraHK's investment objective by adopting a replication strategy, i.e. investing all,

or substantially all, of TraHK's assets in shares in the constituent companies of the Index in substantially the same weightings as they appear in the Index. TraHK may use derivatives for hedging or investment purposes. TraHK is not allowed to engage in securities lending.

(ii) HSCEI ETF is managed by Hang Seng Investment Management Limited. It is a sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong. HSCEI ETF is an index-tracking fund which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index ("Index"). The manager of HSCEI ETF primarily adopts a replication strategy, and HSCEI ETF invests in substantially all the constituent stocks of the Index in substantially the same weightings (i.e. proportions) as these stocks have in the Index; however the manager may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve HSCEI ETF's investment objective. HKCEI ETF may use derivatives for investment purpose. HKCEI ETF does not intend to engage in securities lending.

Further details of the statement of investment policies and objectives and the associated risks of TraHK and HSCEI ETF are set out in their respective offering documents which are available upon request to the Trustee."

2. Pages 95 to 97 - Replaced "approved ITCISs" by "ITCISs" in relevant paragraphs of the "Risks" section.

3. Page 96 - Replaced item vii "Concentration risk" of the "Risks" section by the following:

"Concentration risk – The investments of the underlying ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries or in a single country or region, which may result in the Fund being indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the Fund's returns. The Fund does not control the investments of the underlying ITCISs and any indirect concentration is a result of the underlying ITCISs pursuing their own investment objectives;"

4. Page 97 - Added "Risks associated with investment in financial derivative instruments" before item x of the "Risks" section.

"x. Risk associated with investment in financial derivative instruments - The underlying ITCISs may use financial derivative instruments which may be subject to additional risks such as counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument. Exposure to financial derivative instruments may lead to a high risk of significant loss by the underlying ITCISs and the Fund; and"

5. Page 97 - Re-numbered item x "Withholding tax risk" to item xi.

## **AIA World Fund**

1. Page 99 - Replaced the first to third paragraphs under “The Fund” section with the following.

“AIA World Fund (the “Fund”) was established in 2019 and is denominated in Hong Kong dollars.

The Fund is a portfolio management fund investing entirely in index-tracking collective investment schemes (“ITCISs”). The investment objective of the Fund is to seek a long term capital appreciation by investing in a combination of global equity market index-tracking funds. Please note that the Fund is not an index-tracking fund.

The Fund will invest mainly in ITCISs that track equity market indices that cover large cap companies in their respective markets around the world. A greater proportion of the assets will primarily be invested in equity market ITCISs that track North American, European, Far Eastern and Australasian markets and a smaller proportion will be invested in ITCISs that track Latin American markets.

The Fund will normally invest at least 75% of its net asset value in the iShares World Equity Index Fund. The key investment information of this ITCIS is set out below. The Fund will also invest in other ITCISs as determined by the Investment Manager from time to time.

The Fund may hold ancillary cash or cash based investments for operational and/or hedging purposes. The Fund will not engage in security lending or use derivatives for investment purposes, however it is possible that the ITCISs in which the Fund invests may do so.

The iShares World Equity Index Fund is managed by BlackRock Asset Management North Asia Limited. It is a sub-fund of the BlackRock Premier Funds, which is an umbrella unit trust established under the laws of Hong Kong. The iShares World Equity Index Fund seeks to provide investment results that, before fees and expenses, closely track the performance of the FTSE MPF All-World Index (HKD unhedged total return) (“Index”). The manager of the iShares World Equity Index Fund intends to invest primarily in securities included in the Index using a representative sampling strategy by investing in a portfolio featuring high correlation with the Index. The number of securities held by the iShares World Equity Index Fund will vary according to the size of the iShares World Equity Index Fund but is not expected to be less than 50% of the number of the index constituents at any point in time. The iShares World Equity Index Fund may hold up to 10% of its net asset value in securities that are not included in, but match the characteristics of, the Index, in circumstances considered appropriate by the manager. The iShares World Equity Index Fund may invest in derivative for the purposes of hedging and non-hedging including investment, and/or return optimization. The iShares

World Equity Index Fund does not intend to engage in any securities financing transactions.

Further details of the statement of investment policies and objectives and the associated risks of the iShares World Equity Index Fund are set out in their respective offering documents which are available upon request to the Trustee.”

2. Pages 99 to 101 - Replaced “approved ITCISs” by “ITCISs” in relevant paragraphs of the “Risks” section.

3. Page 101 - Replaced item vii “Concentration risk” of the “Risk” section by the following.

“vii. Concentration risk – The investments of the underlying ITCISs may be concentrated in the securities of a single issuer or several issuers or in a particular industry or several industries or in a single country or region, which may result in the Fund being indirectly subject to concentration risk. Such indirect concentration may have the effect of increasing the volatility of the Fund’s returns. The Fund does not control the investments of the underlying ITCISs and any indirect concentration is a result of the underlying ITCISs pursuing their own investment objectives;”

4. Page 101 - Added “Risks associated with investment in financial derivative instruments” before item x of “Risks” section:

“x. Risk associated with investment in financial derivative instruments - The underlying ITCISs may use financial derivative instruments which may be subject to additional risks such as counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument. Exposure to financial derivative instruments may lead to a high risk of significant loss by the underlying ITCISs and the Fund; and”

5. Page 101 - Re-numbered item x “Withholding tax risk” to item xi.