

# AIA MPF – Prime Value Choice (the “Scheme”) Restructuring – FAQs

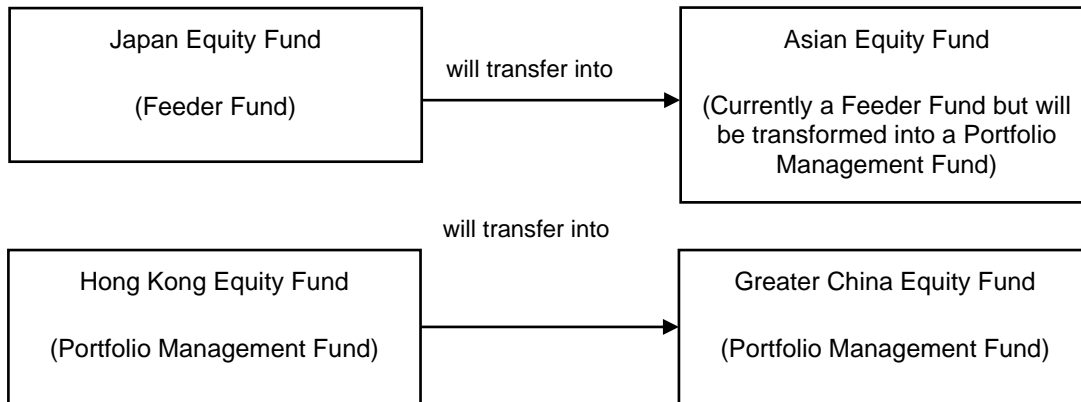
## Termination of the Hong Kong Equity Fund and the Japan Equity Fund related

### 1. Which constituent funds will be terminated and when will the termination take place?

The Hong Kong Equity Fund and the Japan Equity Fund will be terminated on 19 August 2021.

### 2. What are the key points about the termination?

The Hong Kong Equity Fund and the Japan Equity Fund will be terminated and their assets will be transferred to the Greater China Equity Fund and the Asian Equity Fund respectively, as illustrated below:



### 3. What will happen to the assets in the Hong Kong Equity Fund and the Japan Equity Fund?

AIA Company (Trustee) Limited (the “Trustee”) will redeem all units in the Hong Kong Equity Fund and the Japan Equity Fund, and apply the redemption value to acquire units in the Greater China Equity Fund and the Asian Equity Fund respectively, on 19 August 2021. For details, please refer to section 4.3 of the related notice.

### 4. Why is the termination taking place? What are the benefits?

The termination will simplify the choice of the funds under the Scheme. The Hong Kong Equity Fund and the Japan Equity Fund share similar investment objectives and policies with the Greater China Equity Fund and the Asian Equity Fund respectively, and are of a relatively smaller fund size than the Greater China Equity Fund and the Asian Equity Fund respectively.

Further, noting that the Hong Kong Equity Fund and the Japan Equity Fund charge higher, if not the same, management fees compared to the Greater China Equity Fund and the Asian Equity Fund respectively, the Trustee believes that streamlining the offerings under the Scheme by terminating the Hong Kong Equity Fund and the Japan Equity Fund will enhance the competitiveness of the Scheme and therefore will be in the best interests of the members. The Constituent Fund consolidation will result in diversification of investments and possibly more consistent return in the long run for the Greater China Equity Fund and the Asian Equity Fund.

## **5. Why are the Hong Kong Equity Fund and the Japan Equity Fund selected for termination?**

The Trustee regularly reviews the fund choices on AIA's MPF platform. As of 31 December 2020, the Japan Equity Fund accounted for less than 1% of the total AUM of the Scheme. The Trustee also noted that in the MPF market as a whole there are only four Japan equity funds available, representing around 0.27% of the industry AUM (based on 31 December 2020 MPFA figures). Therefore, it appears that there is relatively little demand from members for the Japan Equity Fund.

It was also noticed that the Greater China Equity Fund and the Hong Kong Equity Fund have similar investment universe while the Hong Kong Equity Fund has a relatively smaller AUM than the Greater China Equity Fund.

In the interest of simplifying the Scheme's fund choices, the Trustee decided to terminate the Japan Equity Fund and the Hong Kong Equity Fund.

## **6. Why have the Greater China Equity Fund and the Asian Equity Fund been selected as the transferee funds?**

The Hong Kong Equity Fund and the Japan Equity Fund share similar investment objectives and policies with the Greater China Equity Fund and the Asian Equity Fund respectively and are of a relatively smaller fund size than the Greater China Equity Fund and the Asian Equity Fund respectively. Further, the Hong Kong Equity Fund and the Japan Equity Fund charge higher, if not the same, management fees compared to the Greater China Equity Fund and the Asian Equity Fund respectively. Therefore, the Trustee decided to select the Greater China Equity Fund and the Asian Equity Fund as transferee funds.

## **7. How many fund choices will be available under the scheme after the Hong Kong Equity Fund and the Japan Equity Fund are terminated?**

After completion of the termination of the Hong Kong Equity Fund and the Japan Equity Fund, there will be 23 fund choices available in the Scheme.

## **8. Will my accrued benefits and account balances be affected at all by this termination?**

With respect to the termination of the Hong Kong Equity Fund and the Japan Equity Fund, we will ensure that there will be proper transitional (including but not limited to administrative and operational) arrangements with all related service providers, including the investment managers, custodian and administrator of the Scheme and the underlying funds, and will ensure that there will be a smooth transition and proper transfer of the members' accrued benefits from the Hong Kong Equity Fund and the Japan Equity Fund to the Greater China Equity Fund and the Asian Equity Fund respectively (or other Constituent Funds that the members may instruct, as the case may be).

No bid and offer spreads or other transaction costs will be applied in respect of the redemptions of the units of the Hong Kong Equity Fund and the Japan Equity Fund and the subsequent subscriptions in units of the Greater China Equity Fund and the Asian Equity Fund.

We do not foresee any loss of accrued benefits of members due to the termination of the Hong Kong Equity Fund and the Japan Equity Fund. However, if there is any unfortunate event resulting in any loss of accrued benefits of the members as a result of such termination, we will compensate any such loss incurred. We have also conducted assessments on the stability and readiness (including system readiness) for the purposes of the transitional arrangements, and has adequate resources support in order to minimise any risks.

## **9. How will the transfer of accrued benefits take place for the Hong Kong Equity Fund and the Japan Equity Fund?**

On 19 August 2021 (the "Termination Effective Date"), all assets of the Hong Kong Equity Fund and the Japan Equity Fund (i.e. the members' assets in the Hong Kong Equity Fund and the Japan Equity Fund which have not been switched out before the Termination Effective Date) will be transferred to the Greater China Equity Fund and the Asian Equity Fund respectively; thus resulting in consolidating the assets of the Hong Kong Equity Fund and the Japan Equity Fund into the Greater China Equity Fund and the Asian Equity Fund respectively.

The Trustee will redeem all units in the Hong Kong Equity Fund and the Japan Equity Fund, and apply the redemption value to acquire units in the Greater China Equity Fund and the Asian Equity Fund respectively, on the Termination Effective Date.

Members who have investment mandate and/or any holding of units in the Hong Kong Equity Fund and/or the Japan Equity Fund immediately prior to the Termination Effective Date will receive a statement showing the amount of accrued benefits being transferred and/or investment mandates being updated from the Hong Kong Equity Fund and/or the Japan Equity Fund to the Greater China Equity Fund and the Asian Equity Fund respectively and, if applicable, the units holding thereof. The statement will be sent by post to the members concerned within one month after the Termination Effective Date.

## **10. Will the fund trading be suspended due to the termination?**

All subscription for and redemption from the Hong Kong Equity Fund and the Japan Equity Fund (other than for the purpose of redemption as part of the Constituent Fund consolidation) will be suspended from 16 August 2021 to 18 August 2021 (the "Suspension Period") in order to process and settle all the dealing instructions that may be received by the Trustee prior to the Suspension Period, as well as settle all liabilities and finalise the books of the Hong Kong Equity Fund and the Japan Equity Fund for the termination. However, the determination of the net asset value of the Hong Kong Equity Fund and the Japan Equity Fund will continue and will not be affected during the Suspension Period. The Trustee believes that the Suspension Period of three Business Days is necessary and reasonable to ensure the transitional arrangements can be accurately and properly carried out in the members' interests.

For cut-off deadlines for various types of instructions involving the Hong Kong Equity Fund and the Japan Equity Fund to be received by the Trustee in the transitional arrangement, please refer to Q16 or the "Notice to Participating Employers and Members of AIA MPF – Prime Value Choice (the "Scheme") on Fund Restructuring."

## **11. Will there be changes to the management fees as a result?**

Upon the Constituent Fund consolidation, the management fees of the Greater China Equity Fund and the Asian Equity Fund will remain unchanged. Where a member is investing in the Japan Equity Fund prior to the Constituent Fund consolidation, the member will be able to enjoy the lower management fees of the Asian Equity Fund after the Constituent Fund consolidation. There will be no change in management fees for members who are investing in the Hong Kong Equity Fund prior to the Constituent Fund consolidation.

## **12. Will the online service portal or Interactive Voice Response System continue to be in service during the termination?**

After 4:00 p.m. on 13 August 2021 to 18 August 2021 11:59 p.m.:

- For all members: The Hong Kong Equity Fund and the Japan Equity Fund will cease to be available for selection on the fund list for fund switching via online service portal and Interactive Voice Response System.
- For members with accrued benefits and/or investment mandate in the Hong Kong Equity Fund and/or the Japan Equity Fund: Fund switching involving rebalancing will not be available.

Between 19 August 2021 to 22 August 2021:

- For members with accrued benefits and/or investment mandate in the Hong Kong Equity Fund and/or the Japan Equity Fund: As the Trustee will be carrying out the termination of the Hong Kong Equity Fund and the Japan Equity Fund and performing checking procedures for the protection of members' interests during 19 August 2021 to 22 August 2021, online account and Interactive Voice Response System will only be available for enquiry of total balance at member account level during this period. Other functions such as fund switching (regardless of whether the Hong Kong Equity Fund and the Japan Equity Fund are involved) will not be available.
- However, members may still submit investment mandate forms via post or fax to make fund switching requests. The requests received will be processed as per usual practice.

After 4:00 p.m. on 13 August 2021 to 22 August 2021:

- The auto asset rebalancing (i.e. LifeEasy) function will not be available to members with accrued benefits and/or investment mandate in the Hong Kong Equity Fund and/or the Japan Equity Fund.

## **13. Do I need to pay any fees or charges for the termination?**

No. All costs of the termination will be borne by the Trustee.

## **14. Will the termination affect the bonus rebate I am entitled to receive?**

No. Bonus rebate (if any) for members of the Hong Kong Equity Fund and/or the Japan Equity Fund will be invested to the Greater China Equity Fund and the Asian Equity Fund respectively.

## **15. Do I need to change the forms that I am now using?**

Yes. Members will be required to use the new Member Enrolment Form and Investment Mandate Form (with the Hong Kong Equity Fund and the Japan Equity Fund removed), they could be downloaded from our website at [aia.com.hk](http://aia.com.hk) starting from 19 August 2021 onwards.

## 16. Will there be any special administration arrangement that requires my attention?

The last dealing date of all instructions related to the Hong Kong Equity Fund and the Japan Equity Fund (each, a "Terminating CF" and collectively, the "Terminating CFs"), including subscription, redemption, change of investment mandate and fund switching will be 13 August 2021 (the "**Cut-off Deadline**"). The details of the transitional arrangement of instructions involving the Terminating CFs will be as follows:

Types of instructions that involve the Terminating CF(s)	Instructions received at or before the relevant cut-off time on the Cut-off Deadline	Instructions received after the relevant cut-off time on the Cut-off Deadline
Subscriptions (including Member enrolment): Contributions and transfer-in monies <b>that involve the Terminating CF(s)</b>	Should the relevant valid and duly completed instructions be received at or before <b>11:59 p.m. on the Cut-off Deadline</b> , such instructions will be processed under the Trustee's normal service benchmark.	Such instructions that relate to the Terminating CFs will be deemed and processed as instructions with respect to the corresponding Transferee CFs* under the Trustee's normal service benchmark. Instructions that relate to the CFs other than the Terminating CFs will be processed under the Trustee's normal service benchmark.
Redemptions: Withdrawal claims and transfer-out benefits <b>that involve the Terminating CF(s)</b>	Should the relevant valid and duly completed instructions be received at or before <b>11:59 p.m. on the Cut-off Deadline</b> , such instructions will be processed under the Trustee's normal service benchmark.	Such instructions that relate to the Terminating CFs will be deemed and processed as instructions with respect to the corresponding Transferee CFs* on or after the termination effective date under the Trustee's normal service benchmark.
Fund switching and change of investment mandate instructions <b>that involve the Terminating CF(s)</b>	Should the relevant valid and duly completed instructions be received <b>at or before 12:00 noon for paper and fax instructions, and 4:00 p.m. for online service portal and Interactive Voice Response System instructions on the Cut-off Deadline</b> , such instructions will be processed under the Trustee's normal service benchmark.	Fund switching instructions involving the Terminating CF(s) will be rejected.  Change of investment mandate instructions involving the Terminating CF(s) will be rejected, except with respect to change of investment mandate instructions to a Constituent Fund not being one of the Terminating CFs which will be processed under the Trustee's normal service benchmark .  The Trustee will endeavor to call affected members and issue rejection letter to the affected members, save for those untraceable members whom the Trustee is unable to contact.

\*The Greater China Equity Fund and the Asian Equity Fund are each called a "Transferee CF" and collectively, the "Transferee CFs".

We will provide and make available new versions of Member Enrolment Forms (with the Terminating CFs removed) from the termination effective date (i.e. 19 August 2021) onwards. There will be a grace period of three months following the termination effective date during which we will continue to accept the old version of Member Enrolment Forms. During the grace period, if a member chooses to invest in any of the Terminating CFs, such instructions will be deemed as instructions with respect to the corresponding Transferee CFs (instead of the

Terminating CF). Please note that old versions of Member Enrolment Forms received after the grace period will be rejected.

### **17. Do I need to take any action if I am investing/have investment mandate in the Hong Kong Equity Fund and/or the Japan Equity Fund?**

If you do not wish to have your units in the Hong Kong Equity Fund and the Japan Equity Fund transferred to and/or invest your future contributions in the Greater China Equity Fund and the Asian Equity Fund respectively after the Hong Kong Equity Fund and the Japan Equity Fund are terminated, you may notify the Trustee, AIA Company (Trustee) Limited, by returning to the Trustee a valid and completed Investment Mandate Form (a) by post or by fax to 2565 0001, by noon (Hong Kong time) on 13 August 2021; or (b) online at [aia.com.hk](http://aia.com.hk), by 4:00 p.m. (Hong Kong time) on 13 August 2021. Paper submission of instructions must reach the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong. No fees, penalties or bid/offer spread will be charged or imposed on any such change of investment mandate and fund switching.

### **18. What do I need to do if I would like to transfer out of the Scheme?**

Any participating employers or members (other than the employee members) who wish to opt out of the Scheme before the termination of the Hong Kong Equity Fund and the Japan Equity Fund may do so in accordance with the sub-section "6.5 Withdrawal from participation in the Scheme" of the MPF Scheme Brochure. In addition, the employee members may transfer their accrued benefits attributable to their own mandatory contributions to other MPF schemes via the Employee Choice Arrangement in accordance with the governing rules of the Scheme and the relevant laws and regulations. No fees, penalties or bid/offer spread will be charged or imposed on any such transfer.

### **19. How can I find out more information about the fund restructuring/termination?**

We will send a notice to all current and newly joined members of the Scheme regarding the fund restructuring/termination, you may obtain the relevant information from our website [aia.com.hk](http://aia.com.hk), or by calling the Member Hotline at 2200 6288 / Employer Hotline at 2100 1888.

## **For Participating Employers and Self-employed Persons only**

### **20. Will the fund restructuring/termination affect my contribution payment arrangements?**

The fund restructuring/termination will not affect your current contribution payment arrangements.

### **21. Do we need to change the forms that we are now using?**

For participating employers: Employer's administrative forms will not be affected. However, members must use the new Member Enrolment Form and Investment Mandate Form starting from 19 August 2021.

For self-employed persons: Please refer to Q15

### **22. Will the fund restructuring/termination affect regular contributions for our employees?**

The regular contributions for employees will not be affected. You can submit the contributions for your employees as usual.

### 23. How will our employees be notified regarding the fund restructuring/termination?

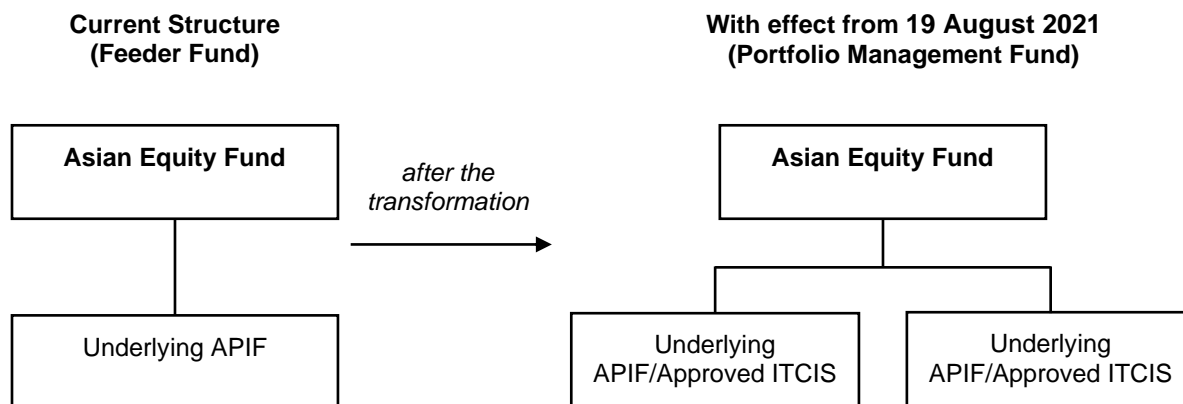
We will send a notice to all current and new employee members regarding the fund restructuring/termination.

### Others

### 24. How will the Asian Equity Fund be restructured?

The Asian Equity Fund that is currently a Feeder Fund investing in a single Approved Pooled Investment Fund (“APIF”) will be transformed into a Portfolio Management Fund which will invest in two or more APIFs and/or Approved Index-Tracking Collective Investment Schemes (“Approved ITCISs”). JPMorgan Asset Management (Asia Pacific) Limited will continue to be the Investment Manager of the Asian Equity Fund.

The investment structure of the Asian Equity Fund before and after the transformation is set out below:



In addition, the Asian Equity Fund will include Hong Kong and Japan as target geographical locations for its investments from the restructuring effective date.

### 25. When will the restructuring of the Asian Equity Fund take place?

The restructuring will take effect on 19 August 2021.

### 26. Why is the restructuring of the Asian Equity Fund taking place?

Transforming the Asian Equity Fund from a Feeder Fund into a Portfolio Management Fund will help diversify the investments. And, we believe that the transformation will bring a positive effect to the Asian Equity Fund as its investment manager will be able to adjust the investment allocation to higher performing Approved Pooled Investment Funds and/or Approved Index-Tracking Collective Investment Schemes.

### 27. In addition to the termination of the Hong Kong Equity Fund and the Japan Equity Fund and the restructuring of the Asian Equity Fund, will there be other restructuring initiatives/changes to the Scheme?

(a) The changes below will be implemented for each of the American Fund, the Eurasia Fund, the Hong Kong and China Fund and the World Fund (collectively, the "ITCIS Series Funds" and individually, the "ITCIS Series Fund"):



- (i) PineBridge Investments Hong Kong Limited will retire as the Investment Manager of the ITCIS Series Funds and AIA Investment Management HK Limited will be appointed as their Investment Manager.
- (ii) The American Fund's investment objective will be changed by removing South American equity market from the geographical allocation for investments, such that its geographical allocation will be North American equity market only.
- (iii) The investment objectives and/or policies of the Eurasia Fund, the Hong Kong and China Fund and the World Fund will be enhanced to clarify the investment universe and geographic allocation.
- (iv) The aggregate management fees of each ITCIS Series Fund will be reduced.

(b) The investment objective and policy of each of the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio will be amended to include Approved Index-Tracking Collective Investment Schemes as potential underlying investments.

(c) The aggregate management fees of each of the Fidelity Growth Fund, the Fidelity Stable Growth Fund and the Fidelity Capital Stable Fund will be reduced (please refer to section 5 of the related notice for details).

## **28. When will the restructuring of the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio take place?**

The restructuring will take effect on 17 June 2021.

## **29. Why is it necessary to change the investment objectives and/or policies of the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio?**

### **Changes relating to the American Fund, the Eurasia Fund, the Hong Kong and China Fund and the World Fund (collectively, the "ITCIS Series Funds" and individually, the "ITCIS Series Fund"):**

We believe that amending the investment objectives and/or policies of the ITCIS Series Funds will bring more consistent returns in the long run, with no material change to the risk level and return profile of the ITCIS Series Funds. In addition, the changes will bring about the immediate benefit of fee reduction. For details, please refer to section 1 of the related notice.

### **Changes relating to the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio's investment objectives and balance of investments:**

We believe that adding Approved ITCISs as potential underlying investments of the three Constituent Funds will be able to help diversify their investment portfolios.

## **30. Why has AIA Investment Management HK Limited been appointed as the new investment manager of the American Fund, the Eurasia Fund, the Hong Kong and China Fund and the World Fund?**

AIA Investment Management HK Limited ("AIMHK") has specialist teams to manage different asset classes across geographies and conduct global asset allocation based on in-depth research in equities, fixed income, collective investment schemes and economies.

As its sole client for pension business in Hong Kong from the fund management perspective, AIMHK is able to provide the Trustee and AIA MPF customers with exclusive and tailored investment management services.



**31. Will my accrued benefits be affected by the restructuring of the Asian Equity Fund, the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio? Will there be any suspension due to the restructuring?**

We do not expect the restructuring to have any adverse impact on members' interests, including their accrued benefits. There is no suspension requirement for these Constituent Funds due to the restructuring.

**32. Will there be a change to the management fees of the Asian Equity Fund, the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio as a result of their respective restructuring?**

Aggregate management fees of the American Fund, the Eurasia Fund, the Hong Kong and China Fund and the World Fund will be reduced. There will be no change to the management fees of the Asian Equity Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio.

**33. Will the online service portal or Interactive Voice Response System services be affected by the restructuring?**

There will be no impact on the online service portal or Interactive Voice Response System services in relation to the restructuring of the Asian Equity Fund, the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio.

**34. Do I need to pay any fees or charges for the restructuring?**

No. All costs of the restructuring will be borne by the Trustee.

**35. Will the restructuring affect the bonus rebate I am entitled to receive?**

No. Bonus rebate (if any) for members of the Asian Equity Fund, the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio will continue to be invested into the corresponding Constituent Fund.

**36. Do I need to change the forms that I am now using?**

Please refer to Q15.

**37. Do I need to take any action if I am investing/have investment mandate in the Constituent Funds that are being restructured?**

If you do not wish to invest in and/or invest your future contributions in **the Asian Equity Fund** after it is restructured, you may notify the Trustee, AIA Company (Trustee) Limited, by returning to the Trustee a valid and completed Investment Mandate Form (a) by post or by fax to 2565 0001, by noon (Hong Kong time) on 18 August 2021; or (b) online at [aia.com.hk](http://aia.com.hk), by 4:00 p.m. (Hong Kong time) on 18 August 2021.

If you do not wish to invest in and/or invest your future contributions in any of **the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio** after they are restructured, you may notify the Trustee, AIA Company (Trustee)

Limited, by returning to the Trustee a valid and completed Investment Mandate Form (a) by post or by fax to 2565 0001, by noon (Hong Kong time) on 16 June 2021; or (b) online at aia.com.hk, by 4:00 p.m. (Hong Kong time) on 16 June 2021.

Paper submission of instructions must reach the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong. No fees, penalties or bid/offer spread will be charged or imposed on any such change of investment mandate and fund switching.

### **38. What do I need to do if I would like to transfer out of the Scheme?**

Any participating employers or members (other than the employee members) who wish to opt out of the Scheme before the restructuring of the Asian Equity Fund, the American Fund, the Eurasia Fund, the Hong Kong and China Fund, the World Fund, the Growth Portfolio, the Balanced Portfolio and the Capital Stable Portfolio takes place may do so in accordance with the sub-section "6.5 Withdrawal from participation in the Scheme" of the MPF Scheme Brochure. In addition, the employee members may transfer their accrued benefits attributable to their own mandatory contributions to other MPF schemes via the Employee Choice Arrangement in accordance with the governing rules of the Scheme and the relevant laws and regulations. No fees, penalties or bid/offer spread will be charged or imposed on any such transfer.

### **39. How can I find out more information about the fund restructuring/termination?**

Please refer to Q19.

## **For Participating Employers and Self-employed Persons only**

### **40. Will the fund restructuring/termination affect my contribution payment arrangements?**

Please refer to Q20.

### **41. Do we need to change the forms that we are now using?**

Please refer to Q21.

### **42. Will the fund restructuring/termination affect regular contributions for our employees?**

Please refer to Q22.

### **43. How will our employees be notified regarding the fund restructuring/termination?**

Please refer to Q23.