



友邦(信託)有限公司  
香港北角電氣道 183 號  
友邦廣場 12 樓

AIA Company (Trustee) Limited  
12/F, AIA Tower  
183 Electric Road  
North Point  
Hong Kong

## Important Document

26 April 2021

Dear customer,

**Important: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this notice, you should seek independent professional advice.**

### **Notice to Participating Employers and Members of the AIA MPF – Prime Value Choice (the "Scheme") on Fund Restructuring**

Thank you for your continuous support of AIA MPF Services. We are pleased to inform you of the following changes to the Scheme and the MPF Scheme Brochure of the Scheme (the "**MPF Scheme Brochure**").

You should read this notice carefully because the changes may affect the investment of both your accrued benefits and future contributions. Capitalised terms not defined in this notice have the same meanings as ascribed to them in the MPF Scheme Brochure.

This table summarises the key changes (the "**Changes**") to the Scheme, which will be effective from the respective effective dates detailed below:

#### **Changes to be effective from 17 June 2021 (the "First Effective Date"):**

##### **Relating to the ITCIS Series Funds and AIA Lifestyle Funds (as defined below)**

- (a) The changes below will be implemented for each of the American Fund, Eurasia Fund, Hong Kong and China Fund and World Fund (collectively, the "**ITCIS Series Funds**" and individually, the "**ITCIS Series Fund**"):
- (i) PineBridge Investments Hong Kong Limited ("**PineBridge**") will retire as the Investment Manager of the ITCIS Series Funds and AIA Investment Management HK Limited ("**AIMHK**") 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 in the manner more particularly described in paragraph 1.2.
  - (iv) The aggregate management fees of each ITCIS Series Fund will be reduced in the manner more particularly described in paragraph 1.3.
- (b) The investment objective and policy of each of the Growth Portfolio, Balanced Portfolio and Capital Stable Portfolio (collectively, the "**AIA Lifestyle Funds**" and individually, the "**AIA Lifestyle Fund**") will be amended to include Approved ITCISs as potential underlying investments.

##### **Relating to the Green Fund**

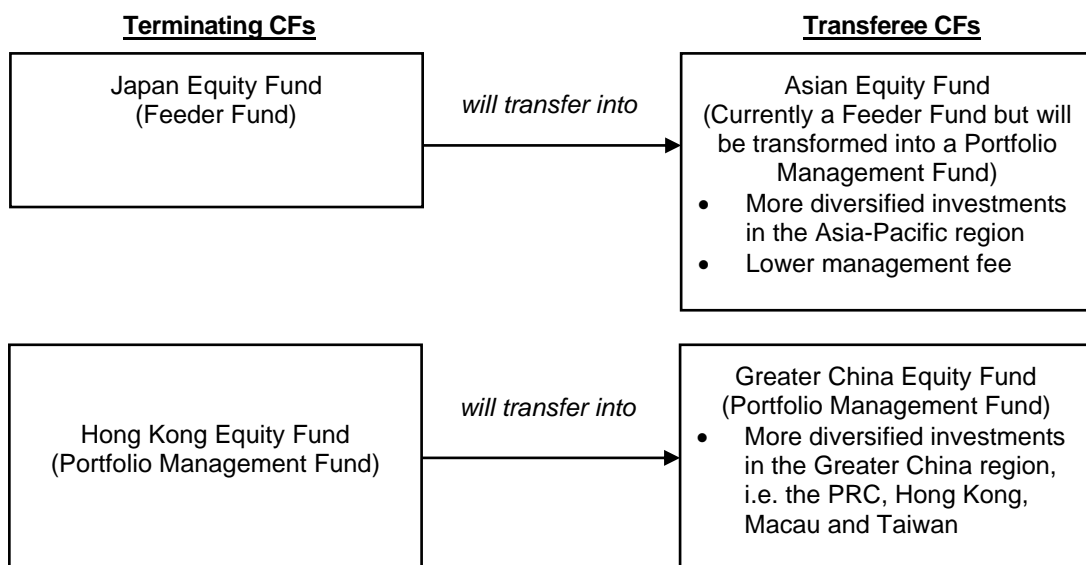
- (c) The Green Fund invests solely in an APIF, namely the Amundi HK – Green Planet Fund. Corresponding to the latest changes to the Amundi HK – Green Planet Fund, the investment objective and policy of the Green Fund will be updated in the manner more particularly described in paragraph 3.



**Changes to be effective from 19 August 2021 (the "Second Effective Date"):**

**Relating to the termination of the Terminating CFs and the CF Consolidation and fee reduction for certain Constituent Funds**

- (d) Certain Constituent Funds will be terminated (each, a "**Terminating CF**" and collectively, the "**Terminating CFs**") and their assets will be transferred to certain existing Constituent Funds (each, a "**Transferee CF**" and collectively, the "**Transferee CFs**") (the "**CF Consolidation**") as illustrated below:



The proposed termination of the Japan Equity Fund and the Hong Kong Equity Fund was after our review of the product offering of the Scheme. Noting the relatively small fund size of the Japan Equity Fund, compared to that of the Asian Equity Fund, we have decided to terminate the Japan Equity Fund and consolidate it with the Asian Equity Fund so that the Members of the Japan Equity Fund can enjoy greater economies of scale offered by the Asian Equity Fund and the benefits of the Asian Equity Fund as summarised in the diagram above. Separately, we have decided to terminate the Hong Kong Equity Fund and consolidate it with the Greater China Equity Fund, which shares similar geographical allocation, with a view to streamlining the product offering of the Scheme.

- (e) The Asian Equity Fund, currently a Feeder Fund investing in a single APIF, will be transformed into a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs. Also, Hong Kong and Japan will be included as target geographical locations for the Asian Equity Fund's investments.
- (f) The aggregate management fees of each of the Fidelity Growth Fund, Fidelity Stable Growth Fund and Fidelity Capital Stable Fund will be reduced in the manner more particularly described in paragraph 5.

The Board of Directors of the Trustee has endorsed the restructuring described above which is in line with the governing rules of the Scheme.

**Actions required**

**If you no longer wish to invest in the above affected Constituent Funds and/or wish to switch to other Constituent Fund(s) of the Scheme, you may notify us by submitting a valid instruction to us before the respective Effective Date(s) specified above and in any event by the relevant Cut-off Deadlines (as defined below) for different types of instructions as specified in this notice.**



If you have any questions in relation to the Changes, please call our Employer Hotline on 2100 1888 or Member Hotline on 2200 6288.

## 1. Changes relating to the ITCIS Series Funds

### 1.1. General

PineBridge will retire as the Investment Manager of the ITCIS Series Funds, and AIMHK will be appointed as their Investment Manager, on the First Effective Date.

AIMHK only caters to AIA and dedicates investment resources to manage the assets of AIA's life insurance business and pension funds. 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.

AIMHK, incorporated in May 2018, is a SFC licensed asset management company wholly owned by AIA Group. AIMHK has been licensed by the SFC for type 4 (advising on securities) and type 9 (asset management) regulated activities since March 2020 and November 2018, respectively. Since incorporation, AIMHK has built 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.

### 1.2. Modifications to the investment objectives or policies

The investment objectives or policies of each ITCIS Series Fund will be updated in the manner set out in **Appendix A**, reflecting changes to the American Fund's investment objective and enhancements/simplifications to the investment objectives or policies of the Eurasia Fund, the Hong Kong and China Fund, and the World Fund. In short, the following modifications will take place:

ITCIS Series Funds	Investment objectives or policies	
	Existing	New
<i>Change of investment objective</i>		
American Fund	Investment objective <ul style="list-style-type: none"> <li>Seek a long-term capital appreciation by investing in a combination of North and South American equity market index-tracking funds</li> </ul>	Investment objective <ul style="list-style-type: none"> <li>Seek a long-term capital appreciation by investing in a combination of North American equity market index-tracking funds.</li> </ul>
<i>Enhancement</i>		
Eurasia Fund	Investment objective <ul style="list-style-type: none"> <li>Seek a long-term capital appreciation by investing in a combination of European, Australasian and Far Eastern equity market index-tracking funds</li> </ul>	Investment objective <ul style="list-style-type: none"> <li>Seek a long-term capital appreciation by investing in a combination of European and Asia Pacific equity market index-tracking funds.</li> </ul>
Hong Kong and China Fund	Investment objective <ul style="list-style-type: none"> <li>Seek a long-term capital</li> </ul>	Investment objective <ul style="list-style-type: none"> <li>Seek a long-term capital</li> </ul>



	appreciation by investing 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)	appreciation by investing in a combination of equity market index-tracking funds that track Hong Kong equity market indices that measure the performance of companies (including China incorporated enterprises) listed in Hong Kong
World Fund	<p>Investment policy</p> <ul style="list-style-type: none"> <li>Invest mainly in Approved ITCISs that track equity market indices that cover large cap companies in their respective markets around the world</li> <li>A greater proportion of the assets will primarily be invested in equity market indices that track North American, European, Far Eastern and Australasian markets and a smaller proportion will be invested in Latin American markets</li> <li>The remaining assets will be held in cash or cash-based investments for operational and/or hedging purposes</li> </ul>	<p>Investment policy</p> <ul style="list-style-type: none"> <li>Invest mainly in Approved ITCISs that track equity market indices around the world.</li> <li>The assets of the World Fund will primarily be invested in equity market indices that track North American, European, and Asia Pacific markets</li> <li>The remaining assets will be held in cash or cash-based investments for operational and/or hedging purposes</li> </ul>

We have also taken this opportunity to revisit the risk factors of the ITCIS Series Funds by replacing the "tracking error risk" with "risks relating to investments in an Approved ITCIS" and adding "emerging market risk" (except for the American Fund).

### 1.3. Aggregate management fee reduction

The aggregate management fees of each ITCIS Series Fund will be reduced as follows:

ITCIS Series Funds	Aggregate management fees (p.a. of NAV)	
	Existing	New
American Fund	Up to 0.99%	Up to 0.82%
Eurasia Fund	Up to 0.99%	Up to 0.90%
Hong Kong and China Fund	Up to 0.99%	Up to 0.82%
World Fund	Up to 0.99%	Up to 0.90%

### 1.4. Impacts on the Members

We believe that amending the investment objectives 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 change will bring about the immediate benefit of fee reduction. The Trustee therefore does not expect that the changes to the ITCIS Series Funds will have any adverse impact on the Members' interests.

#### 1.5. Alternative available

If the Members who are holding units in the ITCIS Series Funds and/or whose investment mandates are to invest contributions in the ITCIS Series Funds do not wish to remain investing in and/or invest their future contributions in the ITCIS Series Funds from the First Effective Date onwards, they may notify the Trustee to switch their units and/or future investment out of the ITCIS Series Funds (a) by returning to the Trustee a valid and complete Investment Mandate Form by post or by fax to 2565 0001, by noon (Hong Kong time) on 16 June 2021; or (b) online at [aia.com.hk](http://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. You may also refer to paragraph 7 below on how to opt out of the Scheme.

### 2. Changes relating to the AIA Lifestyle Funds' investment objectives and balance of investments

#### 2.1. General

From the First Effective Date, Approved ITCISs will be included as potential underlying investments of the AIA Lifestyle Funds, alongside APIFs. The APIFs and Approved ITCISs will be selected from those available in the market, and may be managed by the Investment Managers of the AIA Lifestyle Funds or their respective affiliates. Such Investment Managers or their respective affiliates (as the case may be) will exercise independent judgment in choosing the Approved ITCISs, taking into account the Members' interests.

Accordingly, the investment objectives and balance of investments of the AIA Lifestyle Funds will be changed. Please refer to **Appendix B** for details. We have also taken this opportunity to update the risk disclosures of certain Constituent Funds, including the AIA Lifestyle Funds, related to the investment in Approved ITCIS.

#### 2.2. Impacts on the Members

Other than adding Approved ITCISs as potential underlying investments, the target asset classes and geographical allocations, as well as risk level and management fees will remain unchanged. In addition, the Trustee believes that adding Approved ITCISs as potential underlying investments will be able to help diversify the AIA Lifestyle Funds' investment portfolios. The Trustee therefore does not expect that the changes to the AIA Lifestyle Funds will have any adverse impact on the Members' interests.

#### 2.3. Alternative available

If the Members who are holding units in the AIA Lifestyle Funds and/or whose investment mandates are to invest contributions in the AIA Lifestyle Funds do not wish to remain investing in and/or invest their future contributions in the AIA Lifestyle Funds from the First Effective Date onwards, they may notify the Trustee to switch their units and/or future investment out of the AIA Lifestyle Funds (a) by returning to the Trustee a valid and complete Investment Mandate Form by post or by fax to 2565 0001, by noon (Hong Kong time) on 16 June 2021; or (b) online at [aia.com.hk](http://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. You may also refer to paragraph 7 below on how to opt out of the Scheme.

### 3. Change relating to the Green Fund

The SFC issued a circular regarding green or ESG (i.e. environmental, social and governance) funds in April 2019 ("**ESG Circular**"). The ESG Circular sets out disclosure guidelines for SFC-authorized funds with investment focus on climate, green, environmental or sustainable development.



The Green Fund invests solely in an APIF, namely the Amundi HK – Green Planet Fund. Corresponding to the latest changes to the Amundi HK – Green Planet Fund in response to the ESG Circular, the investment objective and policy of the Green Fund will be updated to reflect the underlying APIF's latest investment policy. Please refer to **Appendix C** for details. We have also taken this opportunity to update the risk disclosures related to the Green Fund.

#### 4. Termination of the Terminating CFs and the CF Consolidation

##### 4.1. General

To simplify the choice of the Constituent Funds, the Terminating CFs will be terminated. The commencement of the termination process of the Terminating CFs will take place on the Second Effective Date and be effected pursuant to Rules 17(f) and 22 of the Master Trust Deed. The Terminating CFs share similar investment objectives and policies with the corresponding Transferee CFs and are of a relatively smaller fund size than the corresponding Transferee CFs. For further details on the investment objectives and balance of investments of the Terminating CFs and the corresponding Transferee CFs, please refer to **Appendix D** to this notice.

Further, noting that the Terminating CFs charge higher, if not the same, management fees compared to the corresponding Transferee CFs, the Trustee believes that streamlining the offerings under the Scheme by terminating the Terminating CFs will enhance the competitiveness of the Scheme and therefore will be in the best interests of the Members. The estimated costs of the termination are approximately USD1.4 million, which will be borne by the Trustee. The CF Consolidation will result in diversification of investments and possibly more consistent return in the long run. The Investment Manager(s) of the Transferee CFs, each in the form of a Portfolio Management Fund, will select the relevant underlying APIF(s) and/or Approved ITCIS(s) to achieve the investment objectives of the Transferee CFs. The Trustee believes that the CF Consolidation will not have any adverse impact on the Members.

After completion of the termination of the Terminating CFs, there will be 23 Constituent Funds remaining in the Scheme.

The Terminating CFs will cease having any investments and operations immediately after the Second Effective Date.

##### 4.2. Management fee of the Transferee CFs

The current management fee of each Terminating CF is either higher than (in the case of the Japan Equity Fund) or equal to (in the case of the Hong Kong Equity Fund) the current management fee of its corresponding Transferee CF. Upon the CF Consolidation, the management fee of each Transferee CF will remain unchanged. That means, where a Member is investing in the Japan Equity Fund, the Terminating CF which has a higher management fee than the corresponding Transferee CF, the Member will be able to enjoy the lower management fee of the corresponding Transferee CF after the CF Consolidation. Please refer to **Appendix E** for management fee of each Terminating CF and Transferee CF.

##### 4.3. Details of the termination of the Terminating CFs and the CF Consolidation

The termination of the Terminating CFs and the CF Consolidation will take place on the Second Effective Date and be effected by transferring all assets of the Terminating CFs (i.e. the corresponding assets in the Terminating CFs of those Members who did not switch out of the Terminating CFs before the Second Effective Date) to the corresponding Transferee CFs; thus resulting in consolidating the assets of the Terminating CFs into the corresponding Transferee CFs.

To achieve the CF Consolidation, for each pair of the Terminating CF and its corresponding Transferee CF, the Trustee will redeem all units in each Terminating CF, and apply the redemption value to acquire units in the corresponding Transferee CF, on the Second Effective Date.



At the level of the underlying APIFs invested by the Terminating CFs, there will not be an actual realisation of non-cash assets and the units of the underlying APIF(s) held by each Terminating CF will simply be transferred by being recorded from the custodian account of the Terminating CF to the custodian account of the corresponding Transferee CF on the same day. As from the Second Effective Date, each Transferee CF will invest in *additional* underlying APIF(s), which will be the same underlying APIF(s) of the corresponding Terminating CF, and hold units in such additional underlying APIF(s).

The Trustee will ensure that there will be proper transitional (including administrative and operational) arrangements with all related service providers to ensure a smooth transition and proper transfer of the affected Members' accrued benefits from the Terminating CFs to the Transferee CFs (or other Constituent Funds per the affected Members' instructions under paragraph 4.4 below).

#### 4.4. Transitional arrangements

The last dealing date of all instructions related to 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 CF(s) will be as follows:

<b>Types of instructions that involve the Terminating CF(s)</b>	<b>Instructions received at or before the relevant cut-off time on the Cut-off Deadline</b>	<b>Instructions received after the relevant cut-off time on the Cut-off Deadline</b>
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 Second 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 <u>to</u> 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.
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Paper submission of instructions should be posted to the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong; instructions through fax can be submitted to 2565 0001, where applicable.

All subscription for and redemption from each Terminating CF (other than for the purpose of redemption as part of the CF Consolidation, as more particularly described in paragraph 4.5 below) 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 Terminating CFs for the termination. However, the determination of the net asset value of each Terminating CF 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 the avoidance of doubt, immediately after 4:00 p.m. (Hong Kong time) on the Cut-off Deadline, the Terminating CFs will cease to be available for selection on the fund list for fund switching via online service portal and Interactive Voice Response System. In addition, Members investing in the Terminating CF(s) cannot effect any fund switching involving rebalancing during the suspension period.

Following the completion of the termination of the Terminating CFs, the Trustee will perform checking procedures (e.g. reconciliation of affected Members' unitholdings) from the Second Effective Date to 22 August 2021 (both dates inclusive) for the protection of Members' interests. As such, during such period, Members with accrued benefits and/or investment mandate in the Terminating CF(s) may access the online account and Interactive Voice Response System but only to enquire the total balance at Member account level. Other functions such as fund switching (regardless of whether the Terminating CF(s) are involved) will not be available for Members with accrued benefits and/or investment mandate in the Terminating CF(s).

However, Members may still submit investment mandate forms via post or fax to make fund switching requests. The requests so received will be processed as per usual practice.

The automatic asset rebalancing, i.e. LifeEasy, will not be available to Members with accrued benefits and/or investment mandate in the Terminating CF(s) from the commencement of the suspension period through 22 August 2021.

The Trustee will provide and make available new versions of Member Enrolment Forms (with the Terminating CFs removed) from the Second Effective Date onwards. There will be a grace period of three months following the Second Effective Date during which the Trustee 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.

#### 4.5. Consequence of the termination of the Terminating CFs and CF Consolidation and impacts on the Members

The Members investing in the Terminating CF(s) immediately before the Second Effective Date (i.e. those who do not exercise their rights to switch out of the Terminating CF(s)) will become investing in the Transferee CF(s).





The value of holdings of the Members investing in a Terminating CF immediately before the CF Consolidation will be the same as the value of holdings of the Members transferred to the corresponding Transferee CF immediately after the CF Consolidation. The number of units in the Transferee CFs to be allocated in respect of each Member concerned will be calculated by dividing the total value of holdings of each Terminating CF attributable to the Member as at the Second Effective Date by the unit price of the corresponding Transferee CF as at the Second Effective Date. Because the unit price of the Terminating CF may differ from that of the corresponding Transferee CF, the number of units in the Transferee CF allocated in respect of a Member immediately after the Second Effective Date may not be the same as the number of units in the Terminating CF attributable to the Member immediately before the Second Effective Date.

Following the CF Consolidation, a Member's investments will be subject to the investment objectives, policies and management fees in relation to the corresponding Transferee CFs. For details of the management fees of the Transferee CFs, please refer to paragraph 4.2 above. Also, there will be certain changes to the investment objective and policy of the Asian Equity Fund following the CF Consolidation; please refer to the changes described in paragraph 6 below.

In addition, if the Members do not exercise their rights to change their investment mandate by the relevant time on the Cut-off Deadline under paragraph 4.4 above, any future contribution payment/transfer-in benefits received in respect of such Members that would have been invested in the Terminating CF(s) (had it not been transferred to the corresponding Transferee CF(s)) will be invested in the corresponding Transferee CF(s).

For Members with accrued benefits and/or investment mandate in the Terminating CF(s), if valid and complete instructions for fund switching and change of investment mandate are not received by the Trustee by or before the relevant cut-off time on the Cut-off Deadline:

- (a) their investments in the Terminating CF(s), if any, will be redeemed on the Second Effective Date and the redemption proceeds will be used to acquire the units in the corresponding Transferee CF(s) (such units will be credited to the Members' accounts in the Scheme) on the Second Effective Date; and
- (b) their new contributions and transfer-in monies to the Terminating CF(s), if any, will be invested in the corresponding Transferee CF(s).

#### 4.6. Notification

Members who have investment mandate and/or any holding of units in any Terminating CF(s) immediately prior to the Second Effective Date will receive a statement showing the amount of accrued benefits being transferred and/or investment mandates being updated from the Terminating CF(s) to the corresponding Transferee CF(s) and, if applicable, the unitholdings thereof. The statement will be sent by post to the Members concerned within one month after the Second Effective Date.

#### 4.7. Alternative available

If the Members who are holding units in the Terminating CF(s) and/or whose investment mandates are to invest contributions in the Terminating CF(s) do not wish to have such units in the Terminating CF(s) transferred to, and/or invest their future contributions in, the corresponding Transferee CF(s) from the Second Effective Date onwards, they may notify the Trustee to switch their units and/or future investment out of the Terminating CF(s) (a) by returning to the Trustee a valid and complete Investment Mandate Form by post or by fax to 2565 0001, by noon (Hong Kong time) on the Cut-off Deadline; or (b) online at [aia.com.hk](http://aia.com.hk), by 4:00 p.m. (Hong Kong time) on the Cut-off Deadline. Paper submission of instructions must reach the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong.



Kindly note the cut-off times on the Cut-off Deadline for different types of instructions that involve the Terminating CF(s) in paragraph 4.4 above. You may also refer to paragraph 7 below on how to opt out of the Scheme.

**5. Reduction of aggregate management fees of the Fidelity Growth Fund, Fidelity Stable Growth Fund and Fidelity Capital Stable Fund**

From the Second Effective Date, the aggregate management fees of the Fidelity Growth Fund, Fidelity Stable Growth Fund and Fidelity Capital Stable Fund will be reduced as follows:

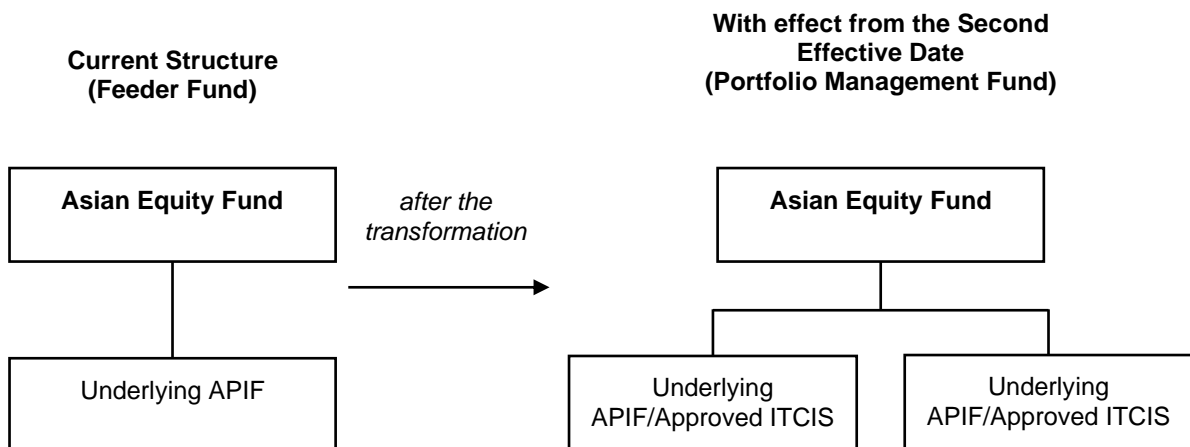
Constituent Funds	Aggregate management fees (p.a. of NAV)	
	Existing	New
Fidelity Growth Fund	Up to 1.82%	Up to 1.67%
Fidelity Stable Growth Fund	Up to 1.82%	Up to 1.67%
Fidelity Capital Stable Fund	Up to 1.82%	Up to 1.67%

**6. Changes to the Asian Equity Fund's investment objective and policy**

**6.1. General**

On the Second Effective Date, as a result of the CF Consolidation, the Asian Equity Fund that is currently a Feeder Fund investing in a single APIF will be transformed into a Portfolio Management Fund which will invest in two or more APIFs and/or Approved ITCISs. JPMorgan Asset Management (Asia Pacific) Limited ("**JPMAM**") will continue to be the Investment Manager of the Asian Equity Fund. The APIFs and Approved ITCISs will be selected from those available in the market, and may be managed by JPMAM or its affiliates. JPMAM or its affiliates will exercise independent judgment in choosing the APIFs and Approved ITCISs, taking into account the Members' interests.

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 Second Effective Date.



Accordingly, the investment objective and balance of investments of the Asian Equity Fund will be changed. Please refer to **Appendix F** for details.

## 6.2. Impacts on the Members

Other than adding Hong Kong and Japan as target geographical locations for investment, the target asset classes and geographical allocations of the Asian Equity Fund remain unchanged. Also, transforming the Asian Equity Fund from a Feeder Fund into a Portfolio Management Fund will help diversify the investments. The risk class and the management fee of the Asian Equity Fund will remain the same after the changes. In addition, the Trustee believes that transforming the Asian Equity Fund into a Portfolio Management Fund will bring a positive effect to it as JPMAM will be able to adjust the investment allocation to higher performing APIFs and/or Approved ITCISs. The Trustee therefore does not expect that the changes to the Asian Equity Fund will have any adverse impact on the Members' interests.

## 6.3. Alternative available

If the Members who are holding units in the Asian Equity Fund and/or whose investment mandates are to invest contributions in the Asian Equity Fund do not wish to remain investing in and/or invest their future contributions in the Asian Equity Fund from the Second Effective Date onwards, they may notify the Trustee to switch their units and/or future investment out of the Asian Equity Fund (a) by returning to the Trustee a valid and complete Investment Mandate Form 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. Paper submission of instructions must reach the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong. You may also refer to paragraph 7 below on how to opt out of the Scheme.

## 7. Opt out of the Scheme

Any Participating Employers or Members (other than the Employee Members) who wish to opt out of the Scheme before the relevant Changes take effect may do so by giving a prior written notice 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. Kindly note that this transfer option may only be exercised once a year. No fees, penalties or bid/offer spread will be charged or imposed on any such transfer.

## 8. Seminars and hotline

Seminars will be held to assist you to understand more about the Changes. Further details of the seminars will be available on our website: [aia.com.hk](http://aia.com.hk) from 31 May 2021. Please contact our Employer Hotline on 2100 1888 or Member Hotline on 2200 6288 if you have any queries.

In addition, you may call the Employer Hotline or Member Hotline to obtain information about the Changes.

## 9. Expenses

The costs of the Changes will be borne by the Trustee. As such, no expenses relating to the Changes will need to be borne by the Participating Employers and the Members in the Scheme and the Scheme.

No fees, penalties, bid/offer spread or other transaction costs will be charged or imposed on any opt-out of the Scheme or any change of investment mandate or fund switching in respect of the Constituent Funds that are subject to the Changes.

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**Where can you learn more?**

The Changes will be reflected in the First Addendum to the MPF Scheme Brochure. We have also taken this opportunity to update the risk disclosures of certain Constituent Funds and the interim and annual rate declared in respect of the Guaranteed Portfolio for the financial year 2019 to 2020. The MPF Scheme Brochure and its First Addendum can be downloaded from [aia.com.hk](http://aia.com.hk). Hard copies can also be requested at the Employer Hotline on 2100 1888 or Member Hotline on 2200 6288. You may also enrol in our seminar by calling the Employer Hotline or Member Hotline. For the seminar schedule, please refer to paragraph 8 above.

Yours sincerely,

Elaine Lau  
Chief Executive Officer  
AIA Company (Trustee) Limited

**If you have any questions about the content of this notice, you should seek independent professional advice. AIA Company (Trustee) Limited accepts responsibility for the accuracy of the contents of this notice.**



## Appendix A – Modifications to the investment objectives or policies of the ITCIS Series Funds

Changes (underlined or struck through where applicable) to the investment objective and policy of the American Fund:

### *Objective*

"The American Fund is a Portfolio Management Fund investing entirely in Approved ITCISs. The investment objective of the American Fund is to seek a long-term capital appreciation by investing in a combination of North ~~and South~~ American equity market index-tracking funds. Please note that the American Fund is not an index-tracking fund."

Changes (underlined or struck through where applicable) to the investment objective and policy of the Eurasia Fund:

### *Objective*

"The Eurasia Fund is a Portfolio Management Fund investing entirely in Approved ITCISs. The investment objective of the Eurasia Fund is to seek a long-term capital appreciation by investing in a combination of European, ~~Australasian and Far Eastern~~ and Asia Pacific equity market index-tracking funds. Please note that the Eurasia Fund is not an index-tracking fund."

Changes (underlined or struck through where applicable) to the investment objective and policy of the Hong Kong and China Fund:

### *Objective*

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

Changes (underlined or struck through where applicable) to the investment objective and policy of the World Fund:

### *Balance of investments*

"The World Fund will invest mainly in Approved ITCISs that track equity market indices ~~that cover large cap companies in their respective markets~~ around the world. ~~A greater proportion of the assets~~ The assets of the World Fund will primarily be invested in equity market indices that track North American, European, ~~Far Eastern and Australasian and Asia Pacific~~ markets ~~and a smaller proportion will be invested in Latin American markets~~. The remaining assets will be held in cash or cash-based investments for operational and/or hedging purposes.

Approved ITCISs will be selected from those available in the market that will allow the World Fund to achieve the stated investment objectives.

The index providers of the respective equity market indices that are tracked by the underlying Approved ITCISs are independent of the Trustee of the Scheme and the Investment Manager of the World Fund."



## **Appendix B – Changes to the investment objectives and policies of the AIA Lifestyle Funds**

Changes (underlined or struck through where applicable) to the investment objective and policy of the Growth Portfolio:

### *Objective*

"The primary objective of the Growth Portfolio is to maximise its long-term capital appreciation in HK dollar terms. The secondary objective is to outperform Hong Kong salary inflation over the long term. The Growth Portfolio seeks to achieve these investment objectives through a professionally managed portfolio, invested in two or more APIFs and/or Approved ITCISs (and to the extent permitted, any other permissible investment as approved by the MPFA and the SFC).

The Growth Portfolio aims to provide an expected return in the long term that will exceed Hong Kong salary inflation."

### *Balance of investments*

"The Growth Portfolio's asset allocation policy is normally to have an equity content of 90%, with the balance invested in bonds and cash. Investments may be made in markets in any country where permitted by the General Regulation.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Growth Portfolio to achieve the stated investment objectives.

The underlying APIFs and/or Approved ITCISs in which the Growth Portfolio invests may be managed by the Investment Managers or their affiliates, and the Investment Managers or their affiliates will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests."

Changes (underlined or struck through where applicable) to the investment objective and policy of the Balanced Portfolio:

### *Objective*

"The primary objective of the Balanced Portfolio is to maximise its long-term capital appreciation in HK dollar terms within moderate risk parameters. The secondary objective is to outperform Hong Kong price inflation over the long term. The Balanced Portfolio seeks to achieve these investment objectives through a professionally managed portfolio, invested in two or more APIFs and/or Approved ITCISs (and to the extent permitted, any other permissible investment as approved by the MPFA and the SFC).

The Balanced Portfolio aims to provide an expected return in the long term that will exceed Hong Kong price inflation."

### *Balance of investments*

"The Balanced Portfolio's asset allocation policy is normally to have an equity content of 50% with the remainder in cash and bonds. Investments may be made in markets in any country where permitted by the General Regulation.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Balanced Portfolio to achieve the stated investment objectives.



The underlying APIFs and/or Approved ITCISs in which the Balanced Portfolio invests may be managed by the Investment Managers or their affiliates, and the Investment Managers or their affiliates will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests."



Changes (underlined or struck through where applicable) to the investment objective and policy of the Capital Stable Portfolio:

*Objective*

"The primary objective of the Capital Stable Portfolio is to minimise its short-term capital risk in HK dollar terms. The secondary objective is to enhance returns over the long term through limited exposure to global equities. The Capital Stable Portfolio seeks to achieve these investment objectives through a professionally managed portfolio, invested in two or more APIFs and/or Approved ITCISs (and to the extent permitted, any other permissible investment as approved by the MPFA and the SFC). The Capital Stable Portfolio does not guarantee the repayment of capital.

The Capital Stable Portfolio aims to provide returns in the long term that will exceed HK dollar deposit rates."

*Balance of investments*

"The Capital Stable Portfolio's asset allocation policy is normally to have the greater proportion of assets invested in bonds and cash, with the balance invested in equities. Investments may be made in markets in any country where permitted by the General Regulation.

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Capital Stable Portfolio to achieve the stated investment objectives.

The underlying APIFs and/or Approved ITCISs in which the Capital Stable Portfolio invests may be managed by the Investment Managers or their affiliates, and the Investment Managers or their affiliates will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests."





## Appendix C – Changes to the investment objective and policy of the Green Fund

Changes (underlined or struck through where applicable) to the investment objective and policy of the Green Fund:

### *Objective*

"The Green Fund is a Feeder Fund investing solely in an APIF, namely Amundi HK – Green Planet Fund. The investment objective of the Green Fund is to provide investors with long-term capital appreciation through well diversified investments in global equities principally (i.e. at least 70% of its latest available NAV) by investing in companies according to (i) their environmental ratings and (ii) financial performance expectations, with a view to outperforming the MSCI World Index over the medium to long term."

### *Balance of investments*

~~"The Green Fund is intended to invest solely in the Amundi HK – Green Planet Fund. The Amundi HK – Green Planet Fund intends to invest fully in equity securities but, subject to the limitations required by the General Regulation, the Amundi HK – Green Planet Fund may also invest up to 30% of its latest available NAV in cash deposits, Approved ITCISs, convertible bonds and/or authorized unit trust(s) or authorized mutual fund(s) permitted by the General Regulation for performance management purposes. In selecting such Approved ITCISs, convertible bonds and authorized unit trust or authorized mutual fund for investment by the Amundi HK – Green Planet Fund, the Investment Manager will not take into account the environmental criteria set out below. With an exception of a small portion that may be held in cash or cash-based investments or other short-term bonds permitted by the General Regulation for operational and cash management purposes, most of the assets of the Amundi HK – Green Planet Fund are invested in equities. Subject to the limitations required by the General Regulation, the Amundi HK – Green Planet Fund may also invest in ETFs and in convertible bonds or authorized unit trusts or authorized mutual funds permitted by the General Regulation for performance management purposes.~~

~~The geographical distribution of investments will be driven purely by bottom-up stock selection processes based on the securities comprised in the MSCI World Index which covers all the major world stock markets including but not limited to North America, Europe, Asia and Japan. The Green Fund will not invest in emerging market equities.~~

### *Stock selection policy*

The Amundi HK – Green Planet Fund aims to minimize adverse environmental impact by going overweight (i.e. purchase or increase the Amundi HK – Green Planet Fund's investments) on securities of companies with a comparatively good environmental profile while going underweight (i.e. dispose of or reduce the Amundi HK – Green Planet Fund's investments) on securities of companies with a comparatively poor environmental profile.

The Investment Manager will select the securities for investment by the Amundi HK – Green Planet Fund from the constituent securities of the MSCI World Index (which covers all the major world stock markets including but not limited to North America, Europe, Asia and Japan) with reference to the companies' environmental profile as determined by the Investment Manager's proprietary environmental rating which considers multiple criteria (as discussed below) as well as financial parameters.

In addition, environmental criteria and exclusion policy (as discussed below) are also taken into consideration throughout the stock selection process.

The Amundi HK – Green Planet Fund may also hold non-constituent securities albeit for a short period of time due to corporate actions such as spinning-off, or index rebalancing. The Amundi HK – Green Planet Fund will not invest in emerging market equities.

### *Proprietary environmental rating methodology*



In order to assign an environmental rating to all the companies in the Amundi HK – Green Planet Fund's investment universe, the Investment Manager has developed a proprietary environmental rating methodology combining a quantitative approach with a qualitative analysis.

- Qualitative analysis involves ESG analysis based on universally recognised international texts, such as the United Nations Global Compact, the Kyoto Protocol, the Sustainable Development Goals etc.
- On the quantitative approach, the Investment Manager's ESG research team leverages on the extra-financial data provided by suppliers, including ESG scores, ESG controversies and other ESG-related information, such as data on carbon emission, use of fossil fuels and green energy.

#### Exclusion policy

The Investment Manager intends to exclude companies that attain the lowest 30% environmental rating from the Amundi HK – Green Planet Fund's investment universe (i.e. the constituent securities of the MSCI World Index), and include companies with a comparatively good environmental rating in the portfolio to achieve an overall better environmental profile relative to the MSCI World Index.

The exclusion policy is also based on the Investment Manager's carbon exclusion policy, which is in accordance with its parent company, Crédit Agricole Group's commitments to combating climate change and managing the energy transition. The Investment Manager applies specific sectoral exclusions to industries which the Investment Manager considers to be controversial including coal and tobacco by assigning an environmental rating of the lowest grade to the companies within these industries.

#### Environmental criteria considered

The Investment Manager will take into account the following environmental criteria or attributes when selecting the securities to be invested by the Amundi HK – Green Planet Fund: low emissions and energy use, renewable energy, green car, green chemistry, sustainable construction, responsible forest management, paper recycling, green investing, green insuring, green business, and water waste management, recycling, biodiversity and pollution control. It is expected that up to 100% of the securities invested by the Amundi HK – Green Planet Fund will reflect these stated green focus.

#### Performance benchmark

The performance of the Amundi HK – Green Planet Fund is benchmarked against the MSCI World index. The Investment Manager does not benchmark the performance of the Amundi HK – Green Planet Fund against any ESG benchmark."



**Appendix D – Comparison of the investment policy of each Terminating CF with the corresponding Transferee CF**

The table below compares the investment policy of each Terminating CF with the corresponding Transferee CF.

Investment policy of the Terminating CF	Investment policy of the Transferee CF
<p><b>Japan Equity Fund</b></p> <p>Expected asset class allocation:</p> <ul style="list-style-type: none"> <li>• Up to 100% in equities and convertibles with balance in bonds and cash/cash-based investments</li> </ul> <p>Expected geographical allocation:</p> <ul style="list-style-type: none"> <li>• Japan</li> </ul>	<p><b>Asian Equity Fund (on and after the Second Effective Date)</b></p> <p>Expected asset class allocation:</p> <ul style="list-style-type: none"> <li>• Up to 100% in equities with balance in bonds or cash/cash-based investments</li> </ul> <p>Expected geographical allocation:</p> <ul style="list-style-type: none"> <li>• Asia-Pacific region</li> </ul>
<p><b>Hong Kong Equity Fund</b></p> <p>Expected asset class allocation:</p> <ul style="list-style-type: none"> <li>• Up to 100% in equities with up to 30% in bonds, cash or cash-based investments</li> </ul> <p>Expected geographical allocation:</p> <ul style="list-style-type: none"> <li>• Hong Kong</li> </ul>	<p><b>Greater China Equity Fund</b></p> <p>Expected asset class allocation:</p> <ul style="list-style-type: none"> <li>• Up to 100% in equities with up to 30% in bonds, cash or cash-based investments</li> </ul> <p>Expected geographical allocation:</p> <ul style="list-style-type: none"> <li>• Greater China region (i.e. the PRC, Hong Kong, Macau and Taiwan)</li> </ul>



**Appendix E – Management fee comparison of each Terminating CF with the corresponding Transferee CF**

The table below compares the management fee of each Terminating CF with the corresponding Transferee CF. The underlined indicates cases where the Terminating CF has a higher management fee than the corresponding Transferee CF for ease of reference.

Terminating CFs		Transferee CFs	
Japan Equity Fund	1.7795% p.a. of NAV	Asian Equity Fund	<u>1.5795%</u> p.a. of NAV
Hong Kong Equity Fund	Up to 1.625% p.a. of NAV	Greater China Equity Fund	Up to 1.625% p.a. of NAV



## Appendix F – Changes to the investment objective and policy of the Asian Equity Fund

Changes (underlined or struck through where applicable) to the investment objective and policy of the Asian Equity Fund:

### *Objective*

"The Asian Equity Fund is a ~~Feeder Fund~~ Portfolio Management Fund investing ~~solely in an APIF, namely JPMorgan SAR Asian Fund~~ in two or more APIFs and/or Approved ITCISs. The investment objective of the Asian Equity Fund is to provide long-term capital growth ~~in US dollar terms through a portfolio consisting primarily of the underlying APIFs and/or Approved ITCISs which invest primarily in securities of companies based or operating principally in the Asia-Pacific region, excluding Japan and Hong Kong.~~"

### *Balance of investments*

"Except for a small portion that may be held in bonds, cash or cash-based investments for operational purposes, the Asian Equity Fund is a Portfolio Management Fund investing in two or more APIFs and/or Approved ITCISs which have majority of assets invested in Asia-Pacific equities ~~will invest solely in the JPMorgan SAR Asian Fund whose asset allocation policy is normally to have a maximum equity content of 100% with the remainder in cash or bonds.~~

APIFs and Approved ITCISs will be selected from those available in the market that will allow the Asian Equity Fund to achieve the stated investment objective.

The underlying APIFs and/or Approved ITCISs in which the Asian Equity Fund invests may be managed by the Investment Manager or its affiliates, and the Investment Manager or its affiliates will exercise independent judgment in choosing the APIFs and/or Approved ITCISs, taking into account Members' interests."