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AIA Company (Trustee) Limited

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Important Document

08 November 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 the Appointment of Investment Manager for the Core Accumulation Fund and the Age 65 Plus Fund (collectively, the "DIS Funds" and individually, the "DIS Fund")

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 8 December 2021 (the "Effective Date").

What are the Changes?

(a) Appointment of the Investment Manager and fee realignment of the DIS Funds

AIA Investment Management HK Limited ("AIMHK") will be appointed as the Investment Manager of the DIS Funds. Correspondingly, the management fees of the DIS Funds will be re-aligned such that an investment manager fee will be charged at the Constituent Fund level and this investment manager fee is inclusive of the all-in-fee charged by the investment manager of the respective underlying approved pooled investment fund (each, an "APIF"). Please refer to section 1.1 of this notice for details.

(b) Changes to the investment manager and names of the underlying APIFs of the DIS Funds

The MPF Scheme Brochure will be updated to reflect the change of investment manager of the underlying APIFs (collectively, the "Relevant APIFs" and individually, the "Relevant APIF") of the DIS Funds, namely, the Vanguard Moderate Growth Fund and the Vanguard Income Fund, in that the investment manager of the Relevant APIFs will be changed from Vanguard Investments Hong Kong Limited ("VIHK") to Amundi Hong Kong Limited ("Amundi"). As a result of the change of the investment manager from VIHK to Amundi, the names of the umbrella fund of the Relevant APIFs and the Relevant APIFs will be correspondingly changed as shown in the following table. Please refer to section 1.2 of this notice for details.



| Existing name | New name |
|--|------------------------------------|
| <i>Umbrella fund</i> | |
| Vanguard Fund Series | Amundi Funds Series |
| <i>Sub-funds under the umbrella fund</i> | |
| Vanguard Moderate Growth Fund | Amundi Moderate Growth Fund |
| Vanguard Income Fund | Amundi Income Fund |

We have been informed that changes in this (b) are subject to fulfilment of certain conditions precedent, per the agreement between VIHK and Amundi. If not all conditions are fulfilled, the transaction may not proceed to completion and VIHK will remain the investment manager of the Vanguard Fund Series and its sub-funds. Should we become aware of any change to the timeline, we will inform you as soon as practicable.

How will the Changes impact the Members?

(c) We are of the view that the Changes will not result in any changes to the aggregate management fee of the DIS Funds and should not have any adverse impact on the Members' interests. In particular, the expenses associated with the Changes will not be borne by the Participating Employers, the Members of the Scheme and/or the Scheme.

Any actions required of the Members?

(d) If you no longer wish to invest in the DIS 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 Effective Date.

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. Details of the Changes

1.1. Changes to the DIS Funds at the Constituent Fund level

At present, no Investment Manager is appointed for the DIS Funds. With effect from the Effective Date, AIMHK will be appointed as the Investment Manager of the DIS Funds.

The appointment of AIMHK as the Investment Manager of the DIS Funds will, in our view, improve the overall product governance of the Scheme, as AIMHK will help minimise the investment risk and assume the day-to-day responsibility for monitoring performance and overseeing regulatory compliance of the Relevant APIFs. AIMHK, as the Investment Manager of the DIS Funds, can also facilitate effective communication about the DIS Funds, Relevant APIFs' performance, and areas of improvements to the Trustee. AIMHK will also be able to offer more stringent and systematic control over the investment manager of the Relevant APIFs through its capability in quantitative fund analysis and thereby better manage the risks associated with third party investment managers.

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.



Furthermore, AIMHK only services AIA Company Limited and its affiliates 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 also has recently been appointed as the Investment Manager of Equity Funds - ITCIS Series under the Scheme¹.

Corresponding with AIMHK's appointment as the Investment Manager of the DIS Funds, the management fees of the DIS Funds will be re-aligned such that an investment manager fee will be charged at the Constituent Fund level (changes are underlined or struck through as shown in the table below). This investment manager fee is inclusive of the all-in-fee charged by the investment manager of the underlying fund. Rest assured that, despite the added services by AIMHK as outlined above, the aggregate management fee of the DIS Funds will not be increased.

| Fees payable to: (p.a. of NAV) | At the Constituent Fund Level | | | | At the underlying fund level | | |
|--|-------------------------------|---------------|-----------|------------------------------------|------------------------------|----------------------------------|---------|
| | Trustee | Administrator | Custodian | Investment Manager | Trustee | Investment Manager | Others* |
| Default Investment Strategy Funds | | | | | | | |
| Core Accumulation Fund | 0.10% | 0.40% | Note 2 | N/A <u>0.25%####</u> | | 0.25% <u>0.00%</u> | |
| Age 65 Plus Fund | | | | | | | |

**"Others" fees include fees such as custodian fee and administration fee.

This investment manager fee is inclusive of the all-in-fee charged by the investment manager of the underlying fund.

1.2. Changes to the DIS Funds at the Relevant APIFs' level

Currently, each DIS Fund invests solely in the Relevant APIF. We have been informed that an implementation agreement has been entered into between VIHK and Amundi on 31 May 2021 to dispose of and transfer all the rights and obligations that arise from VIHK's provision of investment management services, in its capacity as investment manager of the Relevant APIFs and their umbrella fund, to Amundi according to the terms of the agreement. As a result of such change, from the Effective Date, the MPF Scheme Brochure will be updated to reflect the change of investment manager of the Relevant APIFs from VIHK to Amundi. Likewise, the names of the Relevant APIFs and their umbrella fund will be changed in the manner as set out in the table contained in (b) of the upfront box of this notice from the Effective Date.

2. Impact on the Members

No suspension of dealing or services is required to effect the Changes.

As mentioned in section 1 above, we believe that the appointment of AIMHK as the investment manager of the DIS Funds will bring enhanced product governance and monitoring of the performance of the DIS Funds. The Changes will not affect the investment objectives and policies and risk profile of the DIS Funds. Also, we are of the view that the Changes will not result in any changes to the aggregate management fee of the DIS Funds and should not have any adverse impact on the Members' interests. In particular, the expenses associated with the Changes will not be borne by the Participating Employers, the Members of the Scheme and/or the Scheme.

¹ The Equity Funds - ITCIS Series are: (a) American Fund; (b) Eurasia Fund; (c) Hong Kong and China Fund and (d) World Fund.



3. Alternative available

If the Members who are holding units in the DIS Funds (whether as part of the MPF default investment strategy or as standalone fund choices) and/or whose investment mandates are to invest contributions in the DIS Funds do not wish to remain investing in and/or invest their future contributions in the DIS Funds from the Effective Date onwards, they may notify the Trustee to switch their existing units and/or future investment out of the DIS 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 7 December 2021 ; or (b) online at aia.com.hk, by 4:00 p.m. (Hong Kong time) on 7 December 2021. Paper submission of instructions must reach the Trustee at 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong.

Any Participating Employers or Members (other than the Employee Members) who wish to opt out of the Scheme before the 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 switching/transfer.

Where can you learn more?

Please contact our Employer Hotline on 2100 1888 or Member Hotline on 2200 6288 if you have any queries. The Changes will be reflected in the Second Addendum to the MPF Scheme Brochure. The MPF Scheme Brochure, as amended by the First Addendum and the Second Addendum, can be downloaded from aia.com.hk. Hard copies can also be requested at the Employer Hotline on 2100 1888 or Member Hotline on 2200 6288.

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.