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**Important Document**

14 August 2018

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 AIA MPF – Prime Value Choice 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 AIA MPF – Prime Value Choice (the “Scheme”) and the Principal Brochure of the Scheme issued in December 2016.

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 Principal Brochure of the Scheme.

This table summarises the key changes to the Scheme, which are elaborated in the appendices of this notice:

a) Affected Constituent Funds of the Scheme

The Scheme will undergo restructuring of certain Constituent Funds of the Scheme (the “Restructuring”). The affected Constituent Funds are:

1. Greater China Equity Fund
2. Hong Kong Equity Fund
3. Allianz Growth Fund
4. Allianz Stable Growth Fund
5. Allianz Capital Stable Fund

Members with accrued benefits and/or investment mandate in the above Constituent Funds should pay special attention to Appendix I and Appendix II.

b) The Restructuring

The Restructuring consists of the following changes:

(i) Change of structure of the Greater China Equity Fund and the Hong Kong Equity Fund from feeder funds to portfolio management funds

With effect from 20 September 2018:

- The fund structure of the Greater China Equity Fund and the Hong Kong Equity Fund (each, a “**Relevant Equity Fund**”) will be changed from feeder fund to portfolio management fund structure, allowing investment in more than one Approved Pooled Investment Fund (“**APIF**”) and/or Index-Tracking Collective Investment Scheme (“**ITCIS**”);
- JF Asset Management Limited (“**JF**”) will be appointed as the new Investment Manager of the Relevant Equity Funds. The trustee fee at the underlying level of the Relevant Equity Funds will be changed from “0.05%” to “up to 0.05%” per annum of net asset value. Correspondingly, the Management fees of the Relevant Equity Funds will be changed from “1.83%” to “up to 1.83%” per annum of net asset value. Also, the custodian fee charged at the underlying fund level of the Relevant Equity Funds will be changed from “0.025%” to “up to 0.025%” per annum of net asset value (in

addition to a monthly transfer agency fee of US\$1,500) at current level;

- The existing Investment Manager of the Relevant Equity Funds, PineBridge Investments Hong Kong Limited, will retire from its role as the Investment Manager. PineBridge Investments Asia Limited, the delegate of PineBridge Investments Hong Kong Limited, will also retire from its role as delegate of the Investment Manager in relation to the Relevant Equity Funds;
- The Objective and Balance of Investments of the Relevant Equity Funds will be changed.

*(For details of the changes in (i) above, please refer to Appendix I.)*

(ii) Termination of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund

With effect from 15 November 2018, the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund (each, a “**Terminating Constituent Fund**”) will be terminated, and the redemption proceeds of each of the Terminating Constituent Funds will be transferred to, and used to acquire units in, each of the Fidelity Growth Fund, the Fidelity Stable Growth Fund and the Fidelity Capital Stable Fund (each, a “**Transferee Constituent Fund**”) respectively. The termination process of the Terminating Constituent Funds will be effected pursuant to rules 17(f) and 22 of the Master Trust Deed of the Scheme (the “**Trust Deed**”). The Management fees of the Transferee Constituent Funds will be lowered from "up to 1.875%" to "up to 1.82%" per annum of net asset value in order to align them with the current Management fees of the Terminating Constituent Funds. *(For details, please refer to Appendix II.)*

c) Benefits and Reasons for the Restructuring

Change of structure of the Relevant Equity Funds from feeder funds to portfolio management funds

The Trustee believes the changes will enhance the competitiveness of the Scheme, and generate a more consistent return of the Relevant Equity Funds in the long run. The Trustee believes that the change of fund structure of the Relevant Equity Funds will bring a more consistent return in the long run by diversifying the portfolio into two or more APIFs and/or ITCIS, and the new Investment Manager, JF, would be able to generate more consistent return.

Termination of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund

For the termination of the Terminating Constituent Funds, the Restructuring would simplify the choice of the Constituent Funds available under the Scheme and enhance its overall competitiveness in terms of fund performance. The Transferee Constituent Funds have very similar investment objectives and had more consistent historical performance compared to the corresponding Terminating Constituent Funds. Members should however note that historical performance does not imply future performance.

Taking into account the above, the Trustee considers that the Restructuring is in the Members' interests.

d) Impacts of the Restructuring

Change of structure of the Relevant Equity Funds from feeder funds to portfolio management funds

The Trustee does not expect that the change of fund structure of the Relevant Equity Funds will have any adverse impact on your interests. There is no suspension arrangement required for the proposed change of fund structure. Further, given that the change to the investment objective is immaterial and scope of investment such as asset class and regions of the Relevant Equity Funds remains unchanged before and after the restructuring of each Relevant Equity fund from a feeder fund to a portfolio management fund, there will be no increase in the risk level of the Relevant Equity Funds.

As a result of the change of fund structure, the Statement of Investment Policy of each Relevant Equity Fund will be amended to reflect that the Relevant Equity Fund will be restructured from a feeder fund investing in a single APIF to become a portfolio management fund. There will also be clarification and enhancement of disclosure in the Statement of Investment Policy of each of the Relevant Equity Funds on the balance of investments and to disclose the selection criteria of the underlying APIFs or approved ITCISs. Apart from the above, there will be no other changes to the Statement of Investment Policy of each Relevant Equity Fund. The scope of investment of the Relevant Equity Funds remains the same, and Member's interests will not be adversely affected.

The proposed change of fund structure will not result in any increase in Management fees.

Termination of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund

In relation to the termination of the Terminating Constituent Funds, there will be a reduction of the Management fees of the Transferee Constituent Funds to the current level of the Terminating Constituent Funds, such that Members currently investing in the Terminating Constituent Funds will not be worse-off when their investments are transferred to the Transferee Constituent

Funds, while Members currently investing in the Transferee Constituent Funds would also benefit from the fee reduction. No bid and offer spreads or other transaction costs will be applied in respect of the redemptions of the units of the Terminating Constituent Funds and the subsequent subscriptions in units of the Transferee Constituent Funds.

The dealing transactions of the Terminating Constituent Funds will be suspended from 12 November 2018 to 14 November 2018 (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 Constituent Funds for the termination. However, the determination of the net asset value of each Terminating Constituent Fund will continue and will not be affected during the Suspension Period.

All costs of the Restructuring will be borne by the Trustee. The Trustee will endeavor to ensure Members' interests are being protected in the Restructuring and that there will not be any adverse impact to Members' interests.

e) Relevant Cut-off Deadlines and Immediate Actions Required for the Terminating Constituent Funds

Members who are holding units in the Terminating Constituent Fund(s) and/or whose investment mandates are to invest contributions in the Terminating Constituent Fund(s) should note that the cut-off times for instructions that involve the Terminating Constituent Funds to be received by the Trustee are as follows:

|   |   |
|---|---|
| Subscriptions (including Member enrolment):                   | 11:59 p.m. on 9 November 2018   |
| Redemptions:  | 11:59 p.m. on 9 November 2018   |
| Fund switching and change of investment mandate instructions: | - noon on 9 November 2018 if by post or fax<br>- 4:00 p.m. on 9 November 2018 for online and Interactive Voice Response System instructions |

Kindly note that change of investment mandate and fund switching instructions requiring subscription or redemption of units in the Terminating Constituent Fund(s) which are received after the cut-off times indicated above will be rejected and the affected Members will be informed by written notification.

For all Members, the Terminating Constituent Funds will not be available for selection in the fund list for fund switching via online account or Interactive Voice Response System after 4:00p.m. on 9 November 2018 to 14 November 2018 11:59p.m. For Members with accrued benefits and/or investment mandate in the Terminating Constituent Fund(s), fund switching (regardless of whether the Terminating Constituent Funds are involved) and Auto Asset Rebalancing (LifeEasy) function will not be available during this period.

For Members with accrued benefits and/or investment mandate in the Terminating Constituent Fund(s), online account and Interactive Voice Response System will only be available for enquiry of total balance at Member account level during 15 November to 18 November 2018. Other functions such as fund switching (regardless of whether the Terminating Constituent Funds are involved) and Auto Asset Rebalancing (LifeEasy) function will not be available during this period. However, from 16 November 2018 onwards, 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.

For those Members who do not exercise their rights to notify us of their (a) switching instruction or (b) new investment mandate or if such instructions are not received by the Trustee before the cut-off times indicated above: in the case of (a), their investments in the Terminating Constituent Fund(s) will be redeemed on 15 November 2018 and the redemption proceeds will be used to acquire the units in the corresponding Transferee Constituent Funds; and in the case of (b), their new contributions and transfer-in monies to the Terminating Constituent Funds will be invested in the corresponding Transferee Constituent Funds. *(For details, please refer to Appendix II).*

f) Alternatives to Participating Employers and Members

Any Participating Employer or Member (except Employee Members) who is not satisfied with the restructure of the Relevant Equity Funds, or the termination of the Terminating Constituent Funds or other restructuring changes set out in this notice may elect to transfer out of the Scheme to another registered scheme according to the normal procedures for transfer-out to other

MPF schemes (as set out in Section C of the Principal Brochure). Employee Members may transfer the portion of their accrued benefits derived from mandatory contributions to other MPF schemes through the Employee Choice Arrangement in accordance with the governing rules of the Scheme and the relevant laws and regulations. Please note that transfer by Employee Choice Arrangement may only be made once in each calendar year. There will be no fees or penalties or bid/offer spread applied to such transfer.

g) Other Changes

With effect from 13 November 2017, the trustee fee at the underlying fund level of the Asian Equity Fund, the European Equity Fund and the Japan Equity Fund was reduced, and accordingly, the Management fees at the Constituent Fund level of these Constituent Funds were reduced from “1.83%” to “1.7795%” per annum of net asset value. *(For details, please refer to Appendix III).*

There will also be certain other miscellaneous changes to the Principal Brochure of the Scheme *(For details, please refer to Appendix IV).*

h) Project Governance

In relation to the Restructuring mentioned above, endorsement from the Board of Directors has been obtained. The changes set out in this notice are also in line with the governing rules of the Scheme.

If you have any questions in relation to the changes set out in this notice, please call our Employer Hotline at 2100 1888 or Member Hotline at 2200 6288.

**Where can you learn more?**

The changes will be reflected in the Fifth Addendum to the Principal Brochure of the Scheme. The Principal Brochure of the Scheme, the First Addendum, the Second Addendum, the Third Addendum, the Fourth Addendum, and the Fifth Addendum thereto can be downloaded from [mpf.aia.com.hk](http://mpf.aia.com.hk). Hard copies can also be requested at our Employer Hotline or Member Hotline. You may also enroll in our seminar by calling our Employer Hotline or Member Hotline *(For seminar schedule, please refer to Appendix V).*

Yours sincerely,



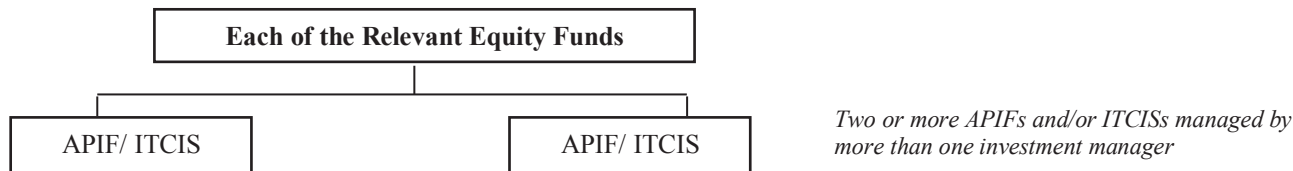
Elaine Lau  
Chief Executive Officer

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

**Appendix I - Details of the proposed change of structure of the Relevant Equity Funds from feeder funds to portfolio management funds, and appointment of new Investment Manager**

**(i) Reasons for the change**

On 20 September 2018, the Relevant Equity Funds, namely the Greater China Equity Fund and the Hong Kong Equity Fund that are currently feeder funds investing in a single APIF will be transformed into portfolio management funds which allow the flexibility to invest in two or more APIFs and/or approved ITCISs. After the above restructuring, the investment structure of each Relevant Equity Fund will be as below:



The Trustee intends to appoint a new Investment Manager with strong asset allocating capabilities (namely JF Asset Management Limited). The Trustee is of the view that the ability to allocate the assets of the Relevant Equity Funds will bring a positive effect to the Relevant Equity Funds, as the Investment Manager will be able to adjust the allocation to invest more into the APIFs/ITCISs which perform better.

**(ii) Appointment of new Investment Manager**

JF will be appointed as the new Investment Manager of the Relevant Equity Funds, and the existing Investment Manager, PineBridge Investments Hong Kong Limited, will retire from its role as the Investment Manager. PineBridge Investments Asia Limited, the delegate of PineBridge Investments Hong Kong Limited, will also retire from its role as delegate of the Investment Manager in relation to the Relevant Equity Funds.

After the proposed fund restructure, the role of the Investment Manager at the Constituent Fund level will include an asset-allocator function, allocating the assets into the appropriate APIFs and/or ITCISs. JF is currently the Investment Manager of several other Constituent Funds of the Scheme. JF has been managing pension assets in Hong Kong since the 1970s. Since the launch of the MPF system in 2000, JF has been one of the key investment managers for MPF schemes offered by a number of sponsors. As such, the appointment of JF as the new Investment Manager should be in the interests of Members, and the Trustee is of the view that the strong asset allocation capabilities of JF will allow it to fulfil the asset allocator role.

The Trustee believes that the change in investment structure will help bring a more consistent return in the long run by diversifying the portfolio into two or more APIFs/ITCISs, and thereby expand the number of underlying investable funds of the Relevant Equity Funds. The change will incorporate different investment management styles by different asset managers, and the diversification in style and holdings will reduce the underlying stock-specific risks.

Due to the reasons above, the Trustee is of the view that the restructuring of the Relevant Equity Funds and the appointment of JF as the new Investment Manager would be in the interest of the Members. Given that the change to investment objective is immaterial and the scope of investment such as asset class and regions of the Relevant Equity Funds remains unchanged before and after the restructuring of each Relevant Equity Fund from a feeder fund to a portfolio management fund, there will be no increase in the risk level of each Relevant Equity Fund.

**(iii) Changes to the Statement of Investment Policy of the Relevant Equity Funds**

The Statement of Investment Policy of each Relevant Equity Fund will be amended to reflect that the Relevant Equity Fund will be restructured from a feeder fund investing in a single APIF to become a portfolio management fund. There will also be clarification and enhancement of disclosure in the Statement of Investment Policy of each of the Relevant Equity Funds on the balance of investments and to disclose the selection criteria of the underlying APIFs or approved ITCISs (as applicable). Apart from the above, there will be no other changes to the Statement of Investment Policy of each Relevant Equity Fund. The scope of investment of the Relevant Equity Funds remains the same. The new objective and balance of investments of the Relevant Equity Funds (marked up against the existing objective and balance of investments) are listed as below:

*Greater China Equity Fund*

*Objective*

“The Greater China Equity Fund is a feeder portfolio management fund investing entirely in an approved pooled investment fund in two or more approved pooled investment funds and/or approved ITCISs. The Greater China Equity Fund seeks to provide long term capital appreciation by investing in the equity securities of companies with exposure to the economies of countries within the Greater China Region i.e. China, Hong Kong and Taiwan through the underlying approved pooled investment funds and/or approved ITCISs which invest primarily in securities of companies based or operating principally in the Greater China Region i.e. the People’s Republic of China, Hong Kong, Macau and Taiwan – the majority of these companies will be listed on a stock exchange in Hong Kong and Taiwan. Implementation of the investment policy is considered to be of high inherent risk”.

### *Balance of investments*

~~“Except for a small portion to be held in cash or cash based investments for operational purposes, †The Greater China Equity Fund is a portfolio management fund investing in two or more approved pooled investment funds and/or approved ITCISs which have majority of assets invested in Greater China equities. The Greater China Equity Fund may hold up to 30% of the assets in bonds, cash or cash based investments for operational purposes. †feeder fund investing solely in an approved pooled investment fund whose asset allocation policy is to have at least 70% of assets (other than assets held in cash or near cash securities) invested in equity securities, securities convertible into equity securities and other investments giving exposure to equity securities, in each case where the equity securities are listed or to be listed on the stock exchanges of Hong Kong and Taiwan. The manager of the underlying approved pooled investment fund may, in its discretion, reduce this percentage should, in its opinion, market or other conditions warrant such reduction.”~~

### *Hong Kong Equity Fund*

#### *Objective*

~~“The Hong Kong Equity Fund is a portfolio management fund investing in two or more approved pooled investment funds and/or approved ITCISsfeeder fund investing entirely in an approved pooled investment fund. The Hong Kong Equity Fund seeks to provide long term capital appreciation through the underlying approved pooled investment funds and/or approved ITCISs which invest primarily in securities of shares in companies either listed, based or operating principally in quoted on the Stock Exchange of Hong Kong. Hong Kong is well placed to prosper directly from economic activity in the Asian region and the economic emergence of the People's Republic of China. Implementation of the investment policy is considered to be of high inherent risk”.~~

### *Balance of investments*

~~“Except for a small portion to be held in cash or cash based investments for operational purposes, †The Hong Kong Equity Fund is a feeder fund investing solely in an approved pooled investment fund whose asset allocation policy is normally to have the greater proportion of assets invested in equities and convertibles, primarily in the Hong Kong market, with the remainder in cash and bonds. portfolio management fund investing in two or more approved pooled investment funds and/or approved ITCISs which have majority of assets invested in Hong Kong equities. The Hong Kong Equity Fund may hold up to 30% of the assets in bonds, cash or cash based investments for operational purposes.”~~

There will also be clarification and enhancement of disclosure in the Statement of Investment Policy for each of the Relevant Equity Funds, which involve adding new paragraphs to disclose the selection criteria of the underlying approved pooled investment funds or approved ITCISs (as applicable). The approved pooled investment funds and approved ITCISs will be selected from those available in the market, and may be managed by the Investment Manager or its affiliates. The Investment Manager or its affiliates will exercise independent judgment in choosing the approved pooled investment funds and approved ITCISs, taking into account Members' interests.

#### **(iv) Impacts on the Scheme and Members**

From 20 September 2018, at the instruction of the new Investment Manager, JF, the transition from feeder fund to portfolio management fund structure will primarily involve partial redemption of investments in the existing single APIF, and application of the redemption proceeds to invest in additional APIF(s) and/or ITCIS(s). There is no suspension arrangement required for the proposed change of fund structure.

The Trustee does not expect that the change of fund structure of the Relevant Equity Funds will have any adverse impact on Members' interests. Further, given that the change to the investment objective is immaterial and the scope of investment such as asset class and regions of the Relevant Equity Funds remains unchanged before and after the restructuring of each Relevant Equity Fund from a feeder fund to a portfolio management fund, there will be no increase in the risk level of the Relevant Equity Funds.

The trustee fee at the underlying level of the Relevant Equity Funds will be changed from “0.05%” to “up to 0.05%” per annum of net asset value. Correspondingly, the Management fees of the Relevant Equity Funds will be changed from “1.83%” to “up to 1.83%” per annum of net asset value. Notwithstanding such change, there will be no increase in Management fees payable by Members. Also, the custodian fee charged at the underlying fund level of the Relevant Equity Funds will be changed from “0.025%” to “up to 0.025%” per annum of net asset value (in addition to a monthly transfer agency fee of US\$1,500) at current level. The Management fees and custodian fee at Constituent Fund level will not be affected by the aforementioned change in custodian fee.

#### **(v) Alternatives to Participating Employers and Members**

If Members who are holding units in the Relevant Equity Funds and/or whose investment mandates are to invest contributions in the Relevant Equity Funds do not wish to remain/invest their future contributions in the Relevant Equity Funds from 20 September 2018 onwards, they may notify the Trustee to switch their units or future investment in the Relevant Equity Funds by returning to the Trustee, AIA Company (Trustee) Limited at 1/F, AIA Building, 1 Stubbs Road, Hong Kong, a valid and complete Investment Mandate Form (a) by post or by fax to 2565 0001, on or before noon 19 September 2018; or (b) through online at [mpf.aia.com.hk](http://mpf.aia.com.hk), by 4:00 p.m. 19 September 2018. No fees, penalties or bid/offer spread will be charged or imposed on any such change of investment mandate and fund switching.

Any Participating Employers or Members (except Employee Members) who wish to opt out from the Scheme before the Restructuring takes effect will be processed according to the normal procedures for transfer-out to other MPF schemes (as set out in Section C of the Principal Brochure). Employee Members may transfer the portion of their accrued benefits derived from mandatory



contributions to other MPF schemes through the Employee Choice Arrangement in accordance with the governing rules of the Scheme and the relevant laws and regulations. Please note that transfer by Employee Choice Arrangement may only be made once in each calendar year. There will be no fees, penalties or bid/offer spread applied to such transfer.

## **Appendix II - Termination of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund**

### **(i) Summary of changes**

To enhance the competitiveness of the Scheme and to simplify the choice of the Constituent Funds available under the Scheme, the Terminating Constituent Funds, namely the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund, will be terminated. The commencement of the termination process of the Terminating Constituent Funds will take place on 15 November 2018 and be effected pursuant to rules 17(f) and 22 of the Trust Deed. The Trustee will redeem all units in each of the Terminating Constituent Funds and the redemption value will be used to acquire the units in the corresponding Transferee Constituent Funds, namely the Fidelity Growth Fund, the Fidelity Stable Growth Fund, and the Fidelity Capital Stable Fund which share similar investment objectives. The Trustee is of the view that streamlining the offerings under the Scheme by terminating the Terminating Constituent Funds will be in the best interests of the Members.

For Member's reference, set out below is the list of Terminating Constituent Funds and their corresponding Transferee Constituent Funds:

|                             |   |                              |
|-----------------------------|---|------------------------------|
| Allianz Growth Fund         | ➡ | Fidelity Growth Fund         |
| Allianz Stable Growth Fund  | ➡ | Fidelity Stable Growth Fund  |
| Allianz Capital Stable Fund | ➡ | Fidelity Capital Stable Fund |

The Terminating Constituent Funds share similar investment objectives to the corresponding Transferee Constituent Funds.

The Terminating Constituent Funds will cease having any investments and operations from 16 November 2018 onwards.

After completion of the termination of the Terminating Constituent Funds, there will be twenty five (25) Constituent Funds remaining in the Scheme.

### **(ii) New Management fees**

With effect from 15 November 2018, the Management fees of each Transferee Constituent Fund will be reduced from "up to 1.875%" to "up to 1.82%" per annum of net asset value in order to align them with the current level of Management fees of the Terminating Constituent Funds, such that Members who hold units in the Terminating Constituent Funds would not be worse-off while Members who currently hold units in the Transferee Constituent Funds would also enjoy the proposed fee reduction.

### **(iii) Details of termination and consolidation for Members who hold units in the Terminating Constituent Funds as at 15 November 2018**

On 15 November 2018, the remaining assets of the Terminating Constituent Funds will be consolidated with their corresponding Transferee Constituent Funds by redeeming all units in each of the Terminating Constituent Funds, and transferring the redemption value of each of the Terminating Constituent Funds to acquire the units in the corresponding Transferee Constituent Funds.

The above redemption of Terminating Constituent Funds units (as well as the redemption of the underlying APIF units held by each Terminating Constituent Fund) and subsequent acquisition of the units in the corresponding Transferee Constituent Funds will take place on 15 November 2018. The final net asset value of the Terminating Constituent Funds will be used to subscribe for the units of the underlying APIFs of the corresponding Transferee Constituent Funds on the following day 16 November 2018.

The value of holdings of the Members investing in a Terminating Constituent Fund immediately before the termination will be the same as the value of holdings of the Members transferred to the corresponding Transferee Constituent Fund immediately after the termination of the Terminating Constituent Funds.

The number of units of the Transferee Constituent Funds to be allocated in respect of each Member concerned will be calculated by dividing the total value of holdings of each Terminating Constituent Fund attributable to the Member concerned as at 15 November 2018 by the unit price of the corresponding Transferee Constituent Fund as at 15 November 2018.

The Transferee Constituent Funds have very similar investment objectives and had more consistent historical performance compared to their corresponding Terminating Constituent Funds. The Terminating Constituent Funds and the corresponding Transferee Constituent Funds also share the same risk levels, such that Members who hold units in the Terminating Constituent Funds will not be subject to higher risk after the termination and their unitholdings are transferred to the corresponding Transferee Constituent Funds.

Members should however note that historical performance does not imply future performance.

For Member's reference, set out below is a comparison of the Objective and Balance of Investments of the Terminating Constituent Funds and their corresponding Transferee Constituent Funds:

|                    | <b>Terminating Constituent Funds</b>   | <b>Corresponding Transferee Constituent Funds</b>  |
|--------------------|--|--|
| Growth Fund        | <p>The <b>Allianz Growth Fund</b> is a feeder fund investing entirely in an approved pooled investment fund.</p> <p>The objective of the Allianz Growth Fund is to maximize long term overall returns by investing primarily in global equities through the underlying approved pooled investment fund. This Allianz Growth Fund is designed for Members who are willing to assume a relatively higher level of risk to achieve potentially higher long-term returns.</p> <p>Except for a small portion that may be held in cash or cash based investments for operational purposes, the Allianz Growth Fund is intended to invest entirely in an approved pooled investment fund. This approved pooled investment fund may invest in the countries comprised in the MSCI World Index which covers all the major world stock markets including those in Japan, North America, Asia and Europe</p>  | <p>The <b>Fidelity Growth Fund</b> is a feeder fund investing entirely in an approved pooled investment fund.</p> <p>The Fidelity Growth Fund aims to build real wealth over the long term, to focus investment into the global equity markets and to have the flexibility to invest in global bonds. It also aims to maintain a broad geographic diversification with a bias towards Hong Kong and to manage the volatility of returns in the short term.</p> <p>Except for a small portion that may be held in cash or cash based investments for operational purposes, the Fidelity Growth Fund invests entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 90% of its assets in equities and 10% in bonds and cash. The fund will be invested primarily in Hong Kong, Japan, Asia Pacific ex Japan ex Hong Kong, Americas and European markets.</p>           |
| Stable Growth Fund | <p>The <b>Allianz Stable Growth Fund</b> is a feeder fund investing entirely in an approved pooled investment fund.</p> <p>The objective of the Allianz Stable Growth Fund is to achieve a stable overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities through the underlying approved pooled investment fund. This Allianz Stable Growth Fund is designed for Members who are willing to assume a medium level of risk.</p> <p>Except for a small portion that may be held in cash or cash based investments for operational purposes, the Allianz Stable Growth Fund is intended to invest entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 50% of its assets in equities and 50% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the approved pooled investment fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion being invested, at the discretion of the Manager, in other Asian countries and emerging markets.</p> | <p>The <b>Fidelity Stable Growth Fund</b> is a feeder fund investing entirely in an approved pooled investment fund.</p> <p>The Fidelity Stable Growth Fund aims to generate a positive return over the long term and to broadly diversify the portfolio as to asset type as between equities and bonds. It also aims to maintain a broad geographic diversification with a bias towards Hong Kong, and to limit the volatility of returns in the short term.</p> <p>Except for a small portion that may be held in cash or cash based investments for operational purposes, the Fidelity Stable Growth Fund invests entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 50% of its assets in equities and 50% in bonds and cash. The fund will be invested primarily in Hong Kong, Japan, Asia Pacific ex Japan ex Hong Kong, Americas and European markets.</p> |



|                            |  |   |
|----------------------------|--|---|
| <p>Capital Stable Fund</p> | <p>The <b>Allianz Capital Stable Fund</b> is a feeder fund investing entirely in an approved pooled investment fund.</p> <p>The objective of the Allianz Capital Stable Fund is to provide investors with capital preservation combined with steady capital appreciation over the long term by investing in a diversified portfolio of global equities and fixed-interest securities through the underlying approved pooled investment fund. This Allianz Capital Stable Fund is designed for Members who are willing to assume a relatively low level of risk. The Allianz Capital Stable Fund does not guarantee the repayment of capital.</p> <p>Except for a small portion that may be held in cash or cash based investments for operational purposes, the Allianz Capital Stable Fund is intended to invest entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 30% of its assets in equities and 70% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the approved pooled investment fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the Manager, in other Asian countries and emerging markets.</p> | <p>The <b>Fidelity Capital Stable Fund</b> is a feeder fund investing entirely in an approved pooled investment fund.</p> <p>The Fidelity Capital Stable Fund aims to produce a positive return over the long term and to focus investment towards less volatile assets of bonds and cash whilst retaining some equity exposure. It also aims to maintain a broad geographic diversification with a bias towards Hong Kong, and to ensure that the risk to the capital base is limited in the short term. The Fidelity Capital Stable Fund does not guarantee the repayment of capital.</p> <p>Except for a small portion that may be held in cash or cash based investments for operational purposes, the Fidelity Capital Stable Fund invests entirely in an approved pooled investment fund. This approved pooled investment fund is expected to invest 30% of its assets in equities and 70% in bonds and cash. The fund will be invested primarily in Hong Kong, Japan, Asia Pacific ex Japan ex Hong Kong, Americas and European markets.</p> |
|----------------------------|--|---|

**(iv) Transitional arrangement**

The dealing transactions of the Terminating Constituent Funds will be suspended during the Suspension Period (i.e. from 12 November 2018 to 14 November 2018) 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 Constituent Funds for the termination. However, the determination of the net asset value of each Terminating Constituent Fund will continue and will not be affected during the Suspension Period. The Trustee believes that the Suspension Period of 3 business days is necessary and reasonable in order to ensure the transitional arrangement is accurately and properly carried out so as to protect Members' interests. The detail of the transitional arrangement of instructions involving the Terminating Constituent Funds will be as follows:

| Type of Instructions   | On or before the relevant cut-off times on 9 November 2018  | After the relevant cut-off times on 9 November 2018 to 14 November 2018  |
|--|---|--|
| Subscriptions (including Member enrolment):<br>Contributions and transfer-in monies that involve the Terminating Constituent Funds | Should the relevant instructions be received on or before 9 November 2018 11:59 p.m., such instructions will be processed under the Trustee's normal service benchmark. | Should the relevant instructions be received during the above period, such instructions that relate to the Terminating Constituent Funds will be deemed and processed as instructions with respect to the corresponding Transferee Constituent Funds. The instructions that relate to the Constituent Funds other than the Terminating Constituent Funds will be processed under the Trustee's normal service benchmark. |
| Redemptions: Withdrawal claims and transfer-out benefits that involve the Terminating Constituent Funds                            |   | Should the relevant instructions be received during the above period, such instructions will be processed on or after 15 November 2018 in accordance with the Trustee's normal service benchmark.  |

|  |  |  |
|--|--|--|
| Fund switching and change of investment mandate instructions that involve the Terminating Constituents Funds | Should the relevant instructions be received and completed on or before 9 November 2018 noon for paper and fax instructions, and 4:00 p.m. for online and Interactive Voice Response System instructions, such instructions will be processed. | Should the relevant instructions be received during the above period, such instructions will be rejected.<br><br>The Trustee will endeavor to call affected Members and issue rejection letter to the Members, save for those untraceable Members whom the Trustee is unable to contact. |
|--|--|--|

For all Members, the Terminating Constituent Funds will not be available for selection in the fund list for fund switching via online account or Interactive Voice Response System after 4:00p.m. on 9 November 2018 to 14 November 2018 11:59p.m. For Members with accrued benefits and/or investment mandate in the Terminating Constituent Fund(s), fund switching (regardless of whether the Terminating Constituent Funds are involved) and Auto Asset Rebalancing (LifeEasy) function will not be available during this period.

As the Trustee will be carrying out the termination of the Terminating Constituent Funds and performing checking procedures for the protection of Members' interests during 15 November to 18 November 2018, online account and Interactive Voice Response System for Members with accrued benefits and/or investment mandate in the Terminating Constituent Fund(s) 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 Terminating Constituent Funds are involved) and Auto Asset Rebalancing (LifeEasy) function will not be available. However, from 16 November 2018 onwards, 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.

The Trustee will provide and make available new versions of Member Enrolment Forms (with the Terminating Constituent Funds removed) from 15 November 2018 onwards. There will be a grace period of 3 months following 15 November 2018 during which the Trustee will continue to accept the old version of Member Enrolment Forms. During the grace period, if the Member chooses to invest in any of the Terminating Constituent Funds, such instructions will be deemed as instructions with respect to the corresponding Transferee Constituent Funds (instead of the Terminating Constituent Fund). Please note that old versions of Member Enrolment Forms received after the grace period will be rejected.

**(v) Impacts on affected Members if their switching instructions and / or new investment mandates are not received by the Trustee before the switching / new mandate deadline for fund termination**

For those Members who do not exercise their rights to notify us of their (a) switching instruction or (b) new investment mandate or if such instructions are not received by the Trustee before the cut-off times indicated in (viii) below: in the case of (a), their investments in the Terminating Constituent Fund(s) will be redeemed on 15 November 2018 and the redemption proceeds will be used to acquire the units in the corresponding Transferee Constituent Funds; and in the case of (b), their new contributions and transfer-in monies to the Terminating Constituent Funds will be invested in the corresponding Transferee Constituent Funds.

**(vi) Impact of termination**

The Trustee 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 Terminating Constituent Funds to the corresponding Transferee Constituent Funds (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 Terminating Constituent Funds and the subsequent subscriptions in units of the Transferee Constituent Funds.

The Trustee does not foresee any loss of accrued benefits of Members due to the termination of the Terminating Constituent Funds. However, if there is any unfortunate event resulting in any loss of accrued benefits of the Members as a result of such termination, the Trustee will compensate any such loss incurred. The Trustee has 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 minimize any risks.

The costs of the termination is estimated to be around HKD 8.5 million, and will be borne by the Trustee. No expenses will need to be paid by the Participating Employers or Members.

## **(vii) Notification**

Members who have investment mandate and/or any holding of units in any Terminating Constituent Fund(s) immediately prior to 15 November 2018 will receive a statement showing the amount of accrued benefits and/or investment mandates being transferred from the Terminating Constituent Fund(s) to the corresponding Transferee Constituent Fund(s) and the unitholdings thereof. The statement will be sent by post to the Members concerned by 15 December 2018.

## **(viii) Alternatives to Participating Employers and Members**

If Members who are holding units in the Terminating Constituent Fund(s) and/or whose investment mandates are to invest contributions in the Terminating Constituent Fund(s) do not wish their units and future contributions to be transferred and/or invested in the Transferee Constituent Funds from 15 November 2018 onwards, they may notify the Trustee to switch their units or future investment in the Terminating Constituent Funds by returning to the Trustee, AIA Company (Trustee) Limited at 1/F, AIA Building, 1 Stubbs Road, Hong Kong, a valid and complete Investment Mandate Form (a) by post or by fax to 2565 0001, on or before noon 9 November 2018; or (b) through online at [mpf.aia.com.hk](http://mpf.aia.com.hk), by 4:00 p.m. 9 November 2018. No fees, penalties or bid/offer spread will be charged or imposed on any such change of investment mandate and fund switching. Please refer to (iv) of this Appendix II for more details on the transitional arrangement.

Kindly note that change of investment mandate and fund switching instructions requiring subscription or redemption of units in the Terminating Constituent Fund(s) which are received after the cut-off times indicated above will be rejected and the affected Members will be informed by written notification.

Instructions from any Participating Employers or Members (except Employee Members) who wish to opt out from the Scheme before the termination of the Terminating Constituent Fund(s) takes effect on 15 November 2018 will be processed according to the normal procedures for transfer-out to other MPF schemes (as set out in Section C of the Principal Brochure). Employee Members may transfer the portion of their accrued benefits derived from mandatory contributions to other MPF schemes through the Employee Choice Arrangement in accordance with the governing rules of the Scheme and the relevant laws and regulations. Please note that transfer by Employee Choice Arrangement may only be made once in each calendar year. There will be no fees, penalties or bid/offer spread applied to such transfer.

## **Appendix III - Reduction of Management fees of the Asian Equity Fund, the European Equity Fund and the Japan Equity Fund**

Due to a change in trustee at the underlying fund level of the Asian Equity Fund, the European Equity Fund and the Japan Equity Fund (collectively, the "**JF Asset Funds**"), with effect from 13 November 2017, the trustee fee at the underlying level for the JF Asset Funds was reduced from "0.08%" to "0.0295%" per annum of net asset value. Accordingly, the Management fees of the JF Asset Funds were reduced from "1.83%" to "1.7795%" per annum of net asset value.

The Trustee is of the view that a reduction in the trustee fee at the underlying level for the JF Asset Funds will be in the best interests of the Members.

## **Appendix IV - Miscellaneous changes to the Principal Brochure**

Certain miscellaneous changes as detailed below will be made to the Principal Brochure with immediate effect.

### **1. Enhancement in disclosure in relation to 'Reallocation and switching cut-off time'**

- (i) The Principal Brochure does not currently set out the cut-off times applicable to switching or reallocation requests. The following disclosure will be added to the Principal Brochure to enhance clarity for Members.

Via the Interactive Voice Response System (not applicable to Fund-to-Fund Switching) or the AIA Interactive Website [mpf.aia.com.hk](http://mpf.aia.com.hk):

If you place more than one switching (Rebalancing or Fund-to-Fund Switching of existing investments) or more than one reallocation request (of future contributions) in any one day via this means, the Administrator will only take the latest request received before 4:00 p.m. on that Business Day as the final request. However, if a switching request and a reallocation request are placed on the same day, the Administrator will take both requests.

A switching and/or reallocation request made (i) after 4:00 p.m. on a Business Day or (ii) on a non Business Day will be deemed to have been received on the next Business Day.

Via the paper form (Investment Mandate Form):

Please note that the reallocation and/or Rebalancing requests will be processed within 2 Business Days after the date of receipt of the completed instruction under normal circumstances and in any case will not exceed 5 Business Days.

Except for reallocation and/or Rebalancing requests made via the paper format, you can cancel any switching and/or reallocation request made (i) on the same Business Day; or (ii) after 4:00 p.m. on the previous Business Day or any non Business Day(s) thereafter, via the Interactive Voice Response System (not applicable to Fund-to-Fund Switching) or the AIA Interactive Website [mpf.aia.com.hk](http://mpf.aia.com.hk) before 4:00 p.m. on a normal Business Day. In other words, such cancellation requests will not be accepted after 4:00 p.m. on the relevant Business Day.

- (ii) In light of the above disclosure with regards to the processing time for reallocation and/or Rebalancing requests, the existing disclosure in Section D2 of the Principal Brochure regarding reallocation and Rebalancing requests will be amended to delete the reference to the requirement for a Member to give 5 Business Day's notice before such request will be effected.

2. Amendment to the reference to publications in which the value of units in each Constituent Fund will be published

Currently, the Principal Brochure states that the value of units in each Constituent Fund, other than the Guaranteed Portfolio, will be published on a daily basis in The Standard and the Hong Kong Economic Times. To enhance flexibility, the Principal Brochure will be revised to delete the references to "The Standard" and the "Hong Kong Economic Times", and will simply state that the value of units will be published on a daily basis in one English language and one Chinese language daily newspaper in Hong Kong.

The names of the newspapers will be available via the AIA Interactive Website [mpf.aia.com.hk](http://mpf.aia.com.hk) as well as our Member Hotline.

3. Update of the interim and annual rate declared in respect of the Guaranteed Portfolio

Appendix 2 of the Principal Brochure, which sets out the interim and annual rate declared in respect of the Guaranteed Portfolio will be updated to include the figures for the years 2015 to 2016, and 2016 to 2017.

4. Change of index name for MPF default investment strategy Reference Portfolio

Effective 31 July 2018, due to the name change in the index that forms part of the Reference Portfolio of the default investment strategy Constituent Funds (namely, the Core Accumulation Fund and Age 65 Plus Fund), all references to "Citi MPF World Government Bond Index" in the Statements of Investment Policy of the default investment strategy Constituent Funds will be amended to "FTSE MPF World Government Bond Index". There is no other change to the Reference Portfolio apart from the name change.

For details, please refer to the Fifth Addendum to the Principal Brochure of the Scheme.

**Appendix V – Seminar Schedule**

| <b>Date</b>             | <b>Time</b>     | <b>Venue</b>   | <b>Language</b> |
|-------------------------|-----------------|--|-----------------|
| 20 September 2018 (Thu) | 6–7 p.m.        | MPF Theatre, 3/F AIA Building, Wan Chai                  | Cantonese       |
| 27 September 2018 (Thu) | 6–7 p.m.        | MPF Theatre, 3/F AIA Building, Wan Chai                  | English         |
| 13 October 2018 (Sat)   | 11 a.m.–12 p.m. | Training Room 4 & 5, 6/F AIA Hong Kong Tower, Quarry Bay | Cantonese       |