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

Important Document

28 Jan 2019

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 Fee Disclosure

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.

Part I - Enhancement on the fee breakdown disclosure among the Constituent Funds

With immediate effect, there is a more detailed fee breakdown for the Constituent Funds and some related changes are made to the Principal Brochure of the Scheme.

(i) A new table and corresponding notes with the more detailed breakdown of the fees charged at the Constituent Fund level and the underlying fund level will appear under Section E – “Fees and Expenses”:

“The fee breakdown of the management fees in respect of all the Constituent Funds is as follows[^]:

Fees payable to, current level (p.a. of net asset value)	Trustee (at the Constituent Fund level)	Administrator (at the Constituent Fund level)	Custodian (at the Constituent Fund level)	Investment Manager (at the Constituent Fund level)	Trustee at the underlying fund level*	Investment Manager at the underlying fund level*	Others at the underlying fund level*
Equity Funds – Index-Tracking Collective Investment Scheme Series							
American Fund	0.10%	0.50%	Note 1	0.22%	Up to 0.17% ^{###}		
Eurasia Fund				0.09%	Up to 0.30% ^{###}		
Hong Kong and China Fund				0.19%	Up to 0.20% ^{###}		
World Fund				0.14%	Up to 0.25% ^{###}		

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AIA Company (Trustee) Limited is incorporated in Hong Kong with limited liability.
友邦(信託)有限公司是於香港註冊成立之有限公司。

Fixed Income Funds							
Asian Bond Fund	0.10%	0.50%	Note 2	Up to 0.36%	0.0295%	0.00%	0.00%
Global Bond Fund				Up to 0.31%	0.05%		0.025%^^^
MPF Conservative Fund				Up to 0.36%	0.00%		0.025%^^^^
Dynamic Asset Allocation Funds							
China HK Dynamic Asset Allocation Fund	0.10%	0.75%	Note 2	Up to 0.225% ^{**}	0.125%	0.00%	0.00%
Manager's Choice Fund				0.90%	Up to 0.10%	Up to 0.08%^^^	
Equity Funds							
Asian Equity Fund	0.10%	0.75%	Note 2	0.90%	0.0295%	0.00%	0.00%
European Equity Fund							
Japan Equity Fund							
Greater China Equity Fund					Up to 0.05%		Up to 0.025%^^^
Hong Kong Equity Fund					0.05%		0.025%^^^
North American Equity Fund							
Green Fund	0.125% [#]	0.00%					
Guaranteed Fund							
Guaranteed Portfolio	0.00%	0.00%	0.00%	0.00%	0.10%	0.65%	0.75%
Lifestyle Funds							
Growth Portfolio	0.10%	0.75%	Note 2	0.90%	Up to 0.05%	0.00%	Up to 0.025%^^^
Balanced Portfolio							
Capital Stable Portfolio							
Fidelity Growth Fund					Up to 0.07% ^{##}		0.00%
Fidelity Stable Growth Fund							
Fidelity Capital Stable Fund	0.00%						
Default Investment Strategy Funds							
Core Accumulation Fund	0.10%	0.40%	Note 2	N/A			0.25% ^{####}
Age 65 Plus Fund							

[^]The Sponsor, AIA Company Limited, does not currently charge a sponsor fee.

^{^^}In addition to a monthly transfer agency fee of US\$1,500 and a monthly administrator's fee of US\$1,000. A complete breakdown of the fees at underlying fund level for the Manager's Choice Fund is not available. The Manager's Choice Fund may invest in multiple underlying funds and/or approved ITCISs which may have different management fees and the weighting of such underlying funds and/or approved ITCISs may vary

^{^^^}In addition to a monthly transfer agency fee of US\$1,500

* This is the level of fee charged by the underlying funds of the relevant Constituent Funds as at the date of this Addendum. "Others" fees include fees such as custodian fee and administration fee

** Fees collected by the Trustee at the Constituent Fund level and payable to the investment manager at the underlying fund level for carrying out investment management function

Subject to a minimum trustee fee of HK\$125,000 p.a.

Net of a rebate offered by the trustee of the corresponding underlying funds. The rebate is paid to the Constituent Fund monthly in arrears

Breakdown of the fees at underlying fund level is not available. The Constituent Fund invests in multiple underlying approved ITCISs which may have different management fees and the weighting of such underlying approved ITCISs may vary

Breakdown of the fees at underlying fund level is not available due to the all-in-fee charging mechanism adopted by the underlying funds

Note 1: Custodian fee at Constituent Fund level is currently waived

Note 2: Custodian fee at Constituent Fund level is a fixed amount, and was US\$7,100 in 2018"

Please note that the monthly administrator's fee mentioned above in note ^^ is included in this Addendum to reflect the existing fee charged by the underlying fund. This is to enhance the fee disclosure by providing more comprehensive information on the fees involved.

(ii) Correspondingly, there are changes made to the table headed "(C) & (D) FUND OPERATING CHARGES AND EXPENSES OF CONSTITUENT FUNDS & FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS" under Section E – "Fees and Expenses". The changes are only to align and enhance the presentation. We have presented the revised table below with the changes underlined for your easy reference.

To elaborate, the fees are now described as "up to" a certain percentage, in order to align the presentation for fees with a range (in the case of the Growth Portfolio, Balanced Portfolio, Capital Stable Portfolio and Manager's Choice Fund) or to better represent the actual operation (in the case of the Asian Bond Fund, Global Bond Fund, MPF Conservative Fund, American Fund, Eurasia Fund, Hong Kong and China Fund, World Fund and China HK Dynamic Asset Allocation Fund).

To provide a more precise description, changes from 2 decimal places to more decimal places have been made for the Growth Portfolio, Balanced Portfolio, Capital Stable Portfolio, Greater China Equity Fund, Hong Kong Equity Fund, North American Equity Fund, Asian Bond Fund, Global Bond Fund and MPF Conservative Fund.

(C) & (D) FUND OPERATING CHARGES AND EXPENSES OF CONSTITUENT FUNDS & FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS			
Type of charges & expenses	Name of constituent fund	Current level (% per annum of net asset value)	Deducted from
Management fees ^{**.} 7.(f) and Guarantee charge ^{8.} (g) (for Guaranteed Portfolio only)	Equity Funds – Index-Tracking Collective Investment Scheme Series[#]		
	American Fund	<u>Up to 0.99%</u>	Relevant constituent fund and underlying fund assets
	Eurasia Fund		
	Hong Kong and China Fund		
	World Fund		

	Fixed Income Funds			
	Asian Bond Fund	<u>Up to 0.9895%</u>	Relevant constituent fund and underlying fund assets	
	Global Bond Fund	<u>Up to 0.9850%</u>		
	MPF Conservative Fund			
	Dynamic Asset Allocation Funds			
	China HK Dynamic Asset Allocation Fund	<u>Up to 1.20%</u>	Relevant constituent fund and underlying fund assets	
	Manager's Choice Fund*	<u>Up to 1.93%</u>	Relevant constituent fund and underlying fund assets	
	Equity Funds			
	Asian Equity Fund*	1.7795%	Relevant constituent fund and underlying fund assets	
	European Equity Fund*			
	Japan Equity Fund*			
	Greater China Equity Fund*	<u>Up to 1.825%</u>		
	Hong Kong Equity Fund*			
	North American Equity Fund*	<u>1.825%</u>		
	Green Fund*	1.875% (inclusive of the trustee fee at the underlying fund level which is subjected to a minimum of HK\$125,000 p.a.)		
	Guaranteed Fund			
	Guaranteed Portfolio ^(h)	1.50%		Relevant insurance policy assets
	Lifestyle Funds			
	Growth Portfolio*	<u>Up to 1.825%</u>	Relevant constituent fund and underlying fund assets	
	Balanced Portfolio*			
	Capital Stable Portfolio*			
	Fidelity Growth Fund*	Up to 1.82%		
	Fidelity Stable Growth Fund*			
	Fidelity Capital Stable Fund*			
	Default Investment Strategy Funds			
	Core Accumulation Fund	0.75%	Relevant constituent fund and underlying fund assets	
	Age 65 Plus Fund			
Guarantee charge ^{8.(g)}	Guaranteed Portfolio		N/A	

Other expenses	All Constituent Funds	See Additional Note (i)	Relevant constituent fund and underlying fund / insurance policy assets
	The establishment costs of the Core Accumulation Fund and the Age 65 Plus Fund, which amount to approximately HK\$300,000 will be borne by the Constituent Funds.		

(iii) We also take the opportunity to update the table under Additional Notes (f) Management fees under Section E – “Fees and Expenses”, which shows the trustee fees at underlying level. The revised table is presented below with the changes underlined for your easy reference.

To elaborate, the fees for the Manager’s Choice Fund, Growth Portfolio, Balanced Portfolio and Capital Stable Portfolio are now described as “up to” a certain percentage, in order to align the presentation for fees with a range.

Fees are updated for the Manager’s Choice Fund, Growth Portfolio, Balanced Portfolio, Capital Stable Portfolio, Fidelity Growth Fund, Fidelity Stable Growth Fund, and Fidelity Capital Stable Fund. The changes are made to reflect the previously reduced trustee fees at underlying level.

The information concerning Asian Bond Fund, Global Bond Fund, MPF Conservative Fund, China HK Dynamic Asset Allocation Fund and Guaranteed Portfolio have been added to the table.

Constituent Fund	Current trustee fee at underlying level* (% per annum of net asset value)	Maximum trustee fee at underlying level* (% per annum of net asset value)
Fixed Income Funds		
<u>Asian Bond Fund</u>	<u>0.0295%</u>	<u>0.3%</u>
<u>Global Bond Fund</u>	<u>0.05%</u>	
<u>MPF Conservative Fund</u>	<u>0.00%</u>	<u>0.00%</u>
Dynamic Asset Allocation Funds		
<u>China HK Dynamic Asset Allocation Fund</u>	<u>0.125%</u>	<u>0.5%</u>
Manager’s Choice Fund	<u>Up to 0.10%</u>	0.5%
Equity Funds		
Asian Equity Fund	0.0295%	0.3%
European Equity Fund		
Japan Equity Fund		
Greater China Equity Fund	Up to 0.05%	
Hong Kong Equity Fund		
North American Equity Fund	0.05%	

Green Fund	0.125%, subject to a minimum fee of HK\$125,000 p.a.	0.2%, subject to a minimum fee of HK\$125,000 p.a.
Guaranteed Fund		
<u>Guaranteed Portfolio</u>	<u>0.10%</u>	<u>0.10%</u>
Lifestyle Funds		
Growth Portfolio	<u>Up to 0.05%</u>	0.5%
Balanced Portfolio		
Capital Stable Portfolio		
Fidelity Growth Fund	<u>Up to 0.07%***</u>	0.5%**
Fidelity Stable Growth Fund		
Fidelity Capital Stable Fund		

*** Net of a rebate offered by the trustee of the corresponding underlying funds. The rebate is paid to the Constituent Fund monthly in arrears

There is no increase in the level of management fees for each Constituent Fund and for the relevant underlying fund(s) in which the fee level and structure at Constituent Fund and underlying fund levels for each Constituent Fund remain the same.

Part II – Change of address of AIA entities

With immediate effect, the addresses of AIA Company (Trustee) Limited and AIA International Limited (Hong Kong Branch) will be changed, which affects different parts of the Principal Brochure.

For the address change of AIA Company (Trustee) Limited, which acts as the Trustee of the Scheme, and AIA International Limited (Hong Kong Branch), which acts as the Administrator of the Scheme, they affect Section B – “Service Providers”. Please find the new address as follows:

AIA Company (Trustee) Limited:

11/F, AIA Hong Kong Tower, 734 King’s Road, Quarry Bay, Hong Kong

AIA International Limited (Hong Kong Branch):

Customer Service Centre: 12/F, AIA Tower, 183 Electric Road, North Point, Hong Kong

Principal Place of Business in Hong Kong: 1/F, AIA Hong Kong Tower, 734 King’s Road, Quarry Bay, Hong Kong

Postal Address: 8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong

Please note that customer service counter is available at the Customer Service Centre but not the other two locations. Scheme participants can visit the Customer Service Centre for enquiries or to obtain copies of the Principal Brochure and/or application forms.

For the address stated under Section C1 – “Application, Withdrawal and Transfer”, it shall be replaced in its entirety with the following. This address is used for submitting application for membership in or to become a Participating Employer of the Scheme.

AIA Company (Trustee) Limited
c/o AIA International Limited (Hong Kong Branch)
8/F, AIA Financial Centre, 712 Prince Edward Road East, Kowloon, Hong Kong

The last paragraph of Section C1 shall be replaced by the following:

“Additional copies of this Principal Brochure and application form may be obtained from the Customer Service Centre.”

Part III – Additional information on service provider functions

With immediate effect, information on service providers will be enhanced with a brief description of their functions. Certain parts of the Principal Brochure shall be updated as follows:

Page 11 – Section B – “Service Providers”

(a) The following paragraph shall be inserted under the sub-heading “Trustee”:

“Function: The Trustee exercises fiduciary duty in operating the Scheme in the interest of scheme members.”

(b) The following paragraph shall be inserted under the sub-heading “Administrator”:

“Function: The Administrator acts on behalf of the Trustee in handling the daily administration work of the Scheme, such as processing contribution, keeping records, handling requests for transfers or withdrawal of accrued benefits and providing other customer services.”

(c) The following paragraph shall be inserted under the sub-heading “Custodian”:

“Function: The Custodian, delegated by the Trustee, has the function of safekeeping of Scheme assets.”

(d) The following paragraph shall be inserted under the sub-heading “Investment Manager”:

“Function: The Investment Manager is responsible for managing the investment of the funds of the Scheme.”

Part IV – Enhancement of risk disclosure for the Asian Equity Fund

Due to the update on the Explanatory Memorandum of the underlying fund of the Asian Equity Fund, the risk disclosure of the Asian Equity Fund within the Principal Brochure needs to be enhanced. The

enhancement serves to enhance clarity for Members and will not result in change to the investment policy and risk level of the Asian Equity Fund.

Please find below the added risk disclosures for your reference. This will affect Schedule 10 - Asian Equity Fund (as renumbered by way of the Third Addendum dated 4 May 2017) of the Principal Brochure.

Risks associated with the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, the “China Connect”) and China market risk

People’s Republic of China (“PRC”) stock exchanges(s) are currently not approved stock exchanges as defined in the General Regulation, therefore the underlying fund of the Asian Equity Fund may invest not more than 10% of their net assets in China A and/or B shares listed on the PRC stock exchanges. Investment in China A shares may be made via the China Connect. The China Connect is a securities trading and clearing linked program, with an aim is to achieve mutual stock market access between mainland China and Hong Kong.

The relevant rules and regulations on China Connect are subject to change which may have potential retrospective effect. China Connect is subject to daily quota limitations. Where a suspension in the trading through China Connect is effected, the underlying fund of the Asian Equity Fund’s ability to access the PRC market will be adversely affected. The underlying fund of the Asian Equity Fund may therefore not be able to sell the A shares acquired via China Connect to meet any redemption requests in timely manner. In such event, the underlying fund of the Asian Equity Fund’s ability to achieve its investment objective could be negatively affected. The regulations of the PRC impose certain restrictions on selling and buying. Hence the underlying fund of the Asian Equity Fund may not be able to dispose of holdings of China A shares in a timely manner.

Trading in securities through the China Connect may be subject to clearing and settlement risk. Should the remote event of the PRC clearing house, namely China Securities Depository and Clearing Corporation Limited (“ChinaClear”), default occur and ChinaClear be declared as a defaulter, the Hong Kong Securities Clearing Company Limited’s (“HKSCC”) liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the underlying fund of the Asian Equity Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

HKSCC will keep CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited) participants informed of corporate actions of Shanghai Stock Exchange and Shenzhen Stock Exchange securities. Hong Kong and overseas investors (including the underlying fund of the Asian Equity Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of China A shares may be as short as one business day only. Therefore, the underlying fund of the Asian Equity Fund may not be able to participate in some corporate actions in a timely manner.

The underlying fund of the Asian Equity Fund’s investments through Northbound trading under China Connect will not be covered by Hong Kong’s Investor Compensation Fund.

Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market.

Trading band limits may be imposed by the PRC stock exchanges on China A shares, where trading in a China A share security on the relevant PRC stock exchange may be suspended if the trading price of such

security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the underlying fund of the Asian Equity Fund to liquidate their positions (if any) in such security. Also, it may not be possible for the underlying fund of the Asian Equity Fund to liquidate positions at a favourable price even when the suspension is lifted. Such trading band limit may therefore adversely affect the underlying fund of the Asian Equity Fund's investment in China A shares.

The national regulatory and legal framework for capital markets and joint stock companies in the PRC are still developing when compared with those of developed countries. Most of the joint stock companies with listed A shares have undergone split-share structure reform to convert state owned shares or legal person shares into transferable shares with the intention to increase liquidity of A shares. However, the effects of such reform on the A share market as a whole and other PRC securities remain to be seen. PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following PRC accounting standards and practice and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments. The PRC government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies that issue the relevant PRC securities invested in by the underlying fund of the Asian Equity Fund.

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

We confirm the above changes will have no adverse impact on the Scheme or Scheme participants, and all the changes are in the interest of Scheme participants.

Where can you learn more?

The changes will be reflected in the Sixth 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, the Fifth Addendum and the Sixth Addendum thereto can be downloaded from mpf.aia.com.hk. Hard copies can also be requested at our Employer Hotline at 2100 1888 or Member Hotline at 2200 6288.



Yours sincerely,

Elaine Lau
Chief Executive Officer
AIA Company (Trustee) Limited

If you have any questions about the content of this letter, you should seek independent professional advice.

