

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

1. What are the key points of the restructuring?

- (i) Change of structure of the Greater China Equity Fund and the Hong Kong Equity Fund from feeder funds to portfolio management funds (each, a “**Relevant Equity Fund**”):
- The fund structure of the Relevant Equity Funds 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 such constituent 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.
- (ii) Termination of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund (each, a “**Terminating Constituent Fund**”)
- The Terminating Constituent Funds 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 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.

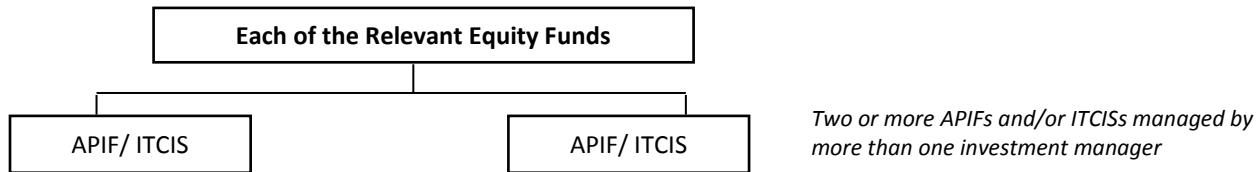
2. When will the restructuring take place?

The effective date of the restructuring of the Greater China Equity Fund and the Hong Kong Equity Fund is 20 September 2018.

The effective date of the termination of the Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund is 15 November 2018.

3. Which funds are being restructured and what will the investment structure look like after the restructuring?

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:



4. Which funds will be terminated and what will happen to the assets in these funds?

We will redeem all units in the Terminating Constituent Funds, namely Allianz Growth Fund, the Allianz Stable Growth Fund and the Allianz Capital Stable Fund, 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.

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

5. Why is the scheme restructuring taking place? What are the benefits?

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

We believe the changes will enhance the competitiveness of the Scheme, and generate a more consistent return of the Relevant Equity Funds in the long run. We believe 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 ITCISs, 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.

6. Why has JF been selected as the new investment manager of 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 we believe that the strong asset allocation capabilities of JF will allow it to fulfill the asset allocator role.

7. Why is it necessary to change the Objective and Balance of Investments of the Relevant Equity Funds?

The Statement of Investment Policy (including the Objective and Balance of Investments) 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.

For details on the changes to the Statement of Investment Policy for each of the Relevant Equity Funds, please refer to the “Notice to Participating Employers and members of AIA MPF – Prime Value Choice on Fund Restructuring.”

8. Why have the Fidelity Growth Fund, the Fidelity Stable Growth Fund, and the Fidelity Capital Stable Fund been selected as the Transferee Constituent Funds?

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.

9. How many constituent funds will there be after the restructuring?

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

10. Will my accrued benefits and account balances be affected at all by this restructuring?

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

We do not expect that the change of fund structure of the Relevant Equity Funds will have any adverse impact on members' interests. There is no suspension arrangement required for the proposed change of fund structure.

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

With respect to the termination of the Terminating Constituent Funds, we will ensure that there will be proper transitional (including but not limited to administrative and operational) arrangements with all related service providers, including the investment managers, custodian and administrator of the Scheme and the underlying funds, and will ensure that there will be a smooth transition and proper transfer of the members' accrued benefits from the 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.

We do 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, we will compensate any such loss incurred. We have also conducted assessments on the stability and readiness (including system readiness) for the purposes of the transitional arrangements, and has adequate resources support in order to minimize any risks.

11. How does the investment structure of the Relevant Equity Funds change from feeder funds into portfolio management funds?

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.

12. How will the transfer of accrued benefits take place for the Terminating Constituent Funds?

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.

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 unit holdings thereof. The statement will be sent by post to the members concerned by 15 December 2018.

13. Will the trading be suspended due to the restructuring?

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. 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.

For cut-off deadlines for various types of instructions involving the Terminating Constituent Funds to be received by us in the transitional arrangement, please refer to Q19 below or the “Notice to Participating Employers and Members of AIA MPF – Prime Value Choice on Fund Restructuring.”

With respect to the restructuring of the Relevant Equity Funds, there is no suspension arrangement required for the proposed change of fund structure. Other constituent funds which are not involved in the restructuring will be traded as usual also.

14. Will there be changes to the management fees as a result of the restructuring?

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.

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.

15. Will the website or Interactive Voice Response System continue to be in service during the restructuring?

After 4:00p.m. on 9 November 2018 to 14 November 2018 11:59p.m.:

- For all members: The Terminating Constituent Funds will not be available for selection in the fund list for fund switching
- 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

Between 15 November 2018 to 18 November 2018 :

- 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 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, 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.

16. Do I need to pay any extra fees or charges for the restructuring?

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

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

No, bonus rebate (if any) for members of the Terminating Constituent Funds will be invested to the corresponding Transferee Constituent Funds after the restructuring, and bonus rebate (if any) for members of Relevant Equity Funds will continue to be invested into corresponding Relevant Equity Fund.

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

Yes. members will be required to use the new Member Enrolment Form and Investment Mandate Form (with the Terminating Constituent Funds removed), they could be downloaded from our website at mpf.aia.com.hk starting from 15 November 2018 onwards.

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

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): Contributions and transfer-in monies that involve the Terminating Constituent Funds	Should the relevant instructions be received on or before 9 November 2018 11:59p.m., such instructions will be processed under our 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 our 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 our normal service benchmark.
Fund switching and change of investment mandate instructions that involve the Terminating Constituent 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. We will endeavor to call affected members and issue rejection letter to the members, save for those untraceable members whom we are unable to contact.

We 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 we 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.

20. Do I need to take any action if I am investing/ have investment mandate in the Relevant Equity Funds?

If members who are holding units in the Relevant Equity Fund(s) and/or whose investment mandates are to invest contributions in the Relevant Equity Fund(s) do not wish to remain/invest their future contributions in the Relevant Equity Funds from 20 September 2018 onwards, they may notify us 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 fax to 2565 0001, on or before noon 19 September 2018; or (b) through online at 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.

21. Do I need to take any action if I am investing/ have investment mandate in the Terminating Constituent Funds?

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 us 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 fax to 2565 0001, on or before noon 9 November 2018; or (b) through online at 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.

22. What do I need to do if I would like to transfer out of the Scheme?

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.

23. How can I find out more information about the restructuring?

We will send a member notice to all current and new join employees regarding the restructuring, you may obtain the relevant information from our website mpf.aia.com.hk, or by calling the Member Hotline at 2200 6288 / Employer Hotline at 2100 1888.

For Participating Employers and Self-employed Persons only

24. Will the restructuring affect my contribution payment arrangements?

The restructuring will not affect the contribution payment arrangements.

25. Do we need to change the forms that we are now using?

For participating employers: No.

For self-employed persons: Please refer to Q18 above.

26. Will the restructuring affect regular contributions for our employees?

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

27. How will our employees be notified regarding the restructuring?

We will send a member notice to all current and new join employees regarding the restructuring.