



BCT

銀聯集團

BCT (MPF) INDUSTRY CHOICE (the “Plan”) NOTICE TO PARTICIPATING EMPLOYERS AND MEMBERS

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. Bank Consortium Trust Company Limited (the “Trustee”), being the trustee of the Plan accepts responsibility for the information contained in this document. This document is only a summary of the key changes relating to the Plan. Members should also carefully review the third addendum to the Principal Brochure. A copy of the Principal Brochure as amended by the third addendum can be obtained free of charge by calling the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333 or accessing the website at www.bcthk.com.

Unless otherwise defined herein, terms used in this document bear the same meaning as in the principal brochure of the Plan dated December 2016, as amended by the first addendum dated 12 December 2016 and the second addendum dated 19 March 2018 (together, the “Principal Brochure”).

14 March 2019

Dear Participating Employer / Member,

Thank you for your continued support of the Plan. We are writing to inform you of the following changes in respect of the Plan.

Summary of changes to the Plan:

The following changes are made to the Principal Brochure by way of a third addendum:

- The investment policy of BCT (Industry) Asian Equity Fund has been enhanced to clarify that the underlying fund may invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the Regulation, including without limitation shares of companies listed on the stock exchange(s) of the People’s Republic of China (“PRC”) via the Stock Connect.
- Enhancement of disclosures on risk factors for risks associated with investments via the Stock Connect and investment in the China A shares market.
- Clarifications and enhancement of disclosures on fees:
 - (i) Clarification that the current level of management fees payable out of BCT (Industry) Global Equity Fund (including the management fees of its underlying fund) is 1.59%–1.6% per annum of its net asset value;
 - (ii) Clarification that the current level of trustee, administration and custodian fee payable out of the underlying fund of BCT (Industry) Flexi Mixed Asset Fund is up to 0.07% per annum of its net asset value. Accordingly, the current level of management fees payable out of BCT (Industry) Flexi Mixed Asset Fund (including the management fees of its underlying fund) is clarified to be up to 1.52% per annum of its net asset value;
 - (iii) Clarification of the rebate arrangement in respect of BCT (Industry) Hong Kong Equity Fund, BCT (Industry) Asian Equity Fund, BCT (Industry) Global Equity Fund, BCT (Industry) E70 Mixed Asset Fund, BCT (Industry) E50 Mixed Asset Fund, BCT (Industry) E30 Mixed Asset Fund, BCT (Industry) RMB Bond Fund and BCT (Industry) Global Bond Fund;
 - (iv) Enhancement of disclosures on fees by including a breakdown of the current levels of fees, expenses and charges payable by the relevant constituent funds and their underlying funds;
 - (v) Clarification that the term “trustee and administration fee” includes custodian fee;
 - (vi) Clarification that the costs and expenses borne by each constituent fund that are related to the operation and continuation of such constituent fund include sub-custodians’ fee (where applicable);
 - (vii) Clarification that the management fees of the underlying funds include sponsor fee, investment management fee, trustee, administration and custodian fee and registrar fee; and
 - (viii) Clarification that the administrative expenses in respect of BCT (Industry) MPF Conservative Fund include the trustee, administration and custodian fee, sponsor fee and investment management fee.

- With effect from 1 May 2019, the Chinese newspapers for publication of net asset value per unit, the issue price and the redemption price for each constituent fund will change from Hong Kong Economic Times to Sing Tao Daily.
- Change of the name of “Citi MPF World Government Bond Index” in relation to BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund to “FTSE MPF World Government Bond Index”.

For the avoidance of doubt, all of the above changes do NOT involve any extra fee, charge or expense to be levied on either the participating employers or members.

The above changes do not and will not have any adverse impact on members of the Plan and no action is required to be taken by the members in connection with the changes. For further details, please refer to the Notice below.

Should you have any enquiries regarding the changes, please contact the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333.

Enhancement of investment policy of the underlying fund of Asian Equity Fund

The investment policy of BCT (Industry) Asian Equity Fund has been enhanced to clarify that the underlying fund, namely the Schroder MPF Asian Fund, may invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the Regulation, including without limitation shares of companies listed on the stock exchange(s) of the PRC via the Stock Connect.

Such enhancement of disclosures are merely intended to clarify the existing investment policy of the Schroder MPF Asian Fund. It does not result in any change to the statement of investment policy and objective of the Schroder MPF Asian Fund and BCT (Industry) Asian Equity Fund nor does it have any adverse impact on investors.

The Stock Connect is a securities trading and clearing linked program with an aim to achieve mutual stock market access between the PRC and Hong Kong.

The Stock Connect enables the underlying fund to trade eligible China A shares listed on the relevant stock exchange(s) in the PRC.

Enhancement of disclosures on risk factors

The Principal Brochure is updated to enhance the disclosures on the risks associated with investments via the Stock Connect and investment in the China A shares market.

Investments via the Stock Connect will be subject to certain risks including the facts that the relevant regulations for Stock Connect are untested and subject to change which may have potential retrospective effect; the programme is subject to quota limitations which may restrict the ability of a constituent fund or its underlying APIF to invest in China A shares through the programme on a timely basis and as a result, the ability of a constituent fund or its underlying APIF to access the China A shares market (and hence to pursue its investment strategy) may be adversely affected; and due to the differences in trading days, a constituent fund or its underlying APIF may be subject to a risk of price fluctuations in China A shares on a day that the PRC market is open for trading but the Hong Kong market is close.

Further, investment in China A shares will be subject to additional risks such as liquidity risk, market volatility and settlement risks and suspension risk.

For further details, please refer to the revised Principal Brochure.

Clarification of the current level of the management fees of BCT (Industry) Global Equity Fund

The current level of management fees payable out of BCT (Industry) Global Equity Fund (including the management fees of its underlying fund) is clarified from “1.6%” to be “1.59%–1.6%” per annum of its net asset value.

Clarification of the current levels of the management fees of BCT (Industry) Flexi Mixed Asset Fund and its underlying fund

The current level of trustee, administration and custodian fee payable out of the underlying fund of BCT (Industry) Flexi Mixed Asset Fund is clarified from “0.07” to be “up to 0.07%” per annum of its net asset value. Accordingly, the current level of management fees payable out of BCT (Industry) Flexi Mixed Asset Fund (including the management fees of its underlying fund) is clarified from “1.52%” to be “up to 1.52%” per annum of its net asset value.

Clarification of rebate arrangement

As previously disclosed in the Principal Brochure, the Trustee / Sponsor will, by way of certain rebates credited to the following constituent funds, maintain the current level of management fees in respect of those constituent funds: BCT (Industry) Hong Kong Equity Fund, BCT (Industry) Asian Equity Fund, BCT (Industry) Global Equity Fund, BCT (Industry) E70 Mixed Asset Fund, BCT (Industry) E50 Mixed Asset Fund, BCT (Industry) E30 Mixed Asset Fund, BCT (Industry) RMB Bond Fund and BCT (Industry) Global Bond Fund. As a result of these rebates, the actual trustee, administration and sponsor fees payable out of these constituent funds are lower than the levels of such fees previously disclosed in the Principal Brochure.

It is clarified that there are no more rebates in respect of the abovementioned constituent funds. To provide better clarity to members, the disclosures on the current levels of trustee, administration and sponsor fees payable out of these constituent funds have been updated to reflect the actual current levels after factoring in the rebates by the Trustee / Sponsor. There is no change in the actual levels of fees currently payable out of these constituent funds.

The disclosures on the rebate arrangement in the Principal Brochure are updated accordingly.

Breakdown of fees and clarification of trustee and administration fee

Currently, all fees, expenses and charges payable by the relevant constituent funds and their underlying funds are disclosed in Part C of the fee table in the sub-section headed "7.1 Fees and Charges" in the section headed "7. FEES AND CHARGES" in the Principal Brochure.

A breakdown of the current levels of such fees, expenses and charges is now inserted in the Principal Brochure to provide members with additional information. The new breakdown of the current levels of the fees is set out in the following tables:

Breakdown of fees of the relevant constituent funds

Name of constituent fund	Sponsor fee	Trustee, administration and custodian fee	Investment management fee
	(% p.a. of net asset value)		
BCT (Industry) Hong Kong Equity Fund	0.10%	0.585%	Nil
BCT (Industry) Asian Equity Fund	0.10%	0.775%	Nil
BCT (Industry) Global Equity Fund	0.10%	0.68%	Nil
BCT (Industry) E70 Mixed Asset Fund	0.10%	0.88%	0.45%
BCT (Industry) E50 Mixed Asset Fund	0.10%	0.88%	0.45%
BCT (Industry) E30 Mixed Asset Fund	0.10%	0.88%	0.45%
BCT (Industry) Flexi Mixed Asset Fund	0.10%	0.90%	Nil
BCT (Industry) Core Accumulation Fund	Nil	0.59%	Nil
BCT (Industry) Age 65 Plus Fund	Nil	0.59%	Nil
BCT (Industry) RMB Bond Fund	0.10%	0.525%	0.45%
BCT (Industry) Global Bond Fund	0.10%	0.68%	Nil
BCT (Industry) MPF Conservative Fund	0.10%	0.58%	0.20%

Breakdown of fees of the relevant underlying funds

Name of constituent fund	Sponsor fee	Trustee, administration and custodian fee	Investment management fee
	(% p.a. of net asset value)		
BCT (Industry) Hong Kong Equity Fund	N/A	Up to 0.10%	0.75%
BCT (Industry) Asian Equity Fund	N/A	0.10%	0.625%
BCT (Industry) Global Equity Fund	N/A	0.06-0.07%	0.75%
BCT (Industry) E70 Mixed Asset Fund	N/A	0.10%	Nil
BCT (Industry) E50 Mixed Asset Fund	N/A	0.10%	Nil
BCT (Industry) E30 Mixed Asset Fund	N/A	0.10%	Nil
BCT (Industry) Flexi Mixed Asset Fund	N/A	Up to 0.07%	0.45%

Name of constituent fund	Sponsor fee	Trustee, administration and custodian fee	Investment management fee
	<i>(% p.a. of net asset value)</i>		
BCT (Industry) Core Accumulation Fund	N/A	0.08%	0.08%
BCT (Industry) Age 65 Plus Fund	N/A	0.08%	0.08%
BCT (Industry) RMB Bond Fund	N/A	0.10%	Nil
BCT (Industry) Global Bond Fund	N/A	0.06-0.07%	0.65%

The disclosures in the Principal Brochure are also clarified to reflect that the term “trustee and administration fee” includes custodian fee.

Costs and expenses borne by each constituent fund

It is clarified that the costs and expenses borne by each constituent fund that are related to the operation and continuation of such constituent fund include sub-custodians’ fee (where applicable).

Clarification of the management fees of underlying funds

It is clarified that the management fees of the underlying funds include sponsor fee, investment management fee, trustee, administration and custodian fee and registrar fee paid to the sponsor, investment manager, trustee, administrator, custodian and registrar of the relevant APIF.

Administrative expenses of BCT (Industry) MPF Conservative Fund

It is clarified that the administrative expenses in respect of BCT (Industry) MPF Conservative Fund include the trustee, administration and custodian fee, sponsor fee and investment management fee.

Newspapers for publication of net asset value and prices

With effect from 1 May 2019, the Chinese newspapers for publication of net asset value per unit, the issue price and the redemption price for each constituent fund will change from Hong Kong Economic Times to Sing Tao Daily.

Change of name of Citi MPF World Government Bond Index (“Bond Index”) in relation to BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund

BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund respectively invest in the Invesco Pooled Investment Fund — Core Accumulation Fund and the Invesco Pooled Investment Fund — Age 65 Plus Fund (the “**2 Underlying Funds**”). Each of the 2 Underlying Funds, in turn, invests in 2 underlying APIFs and one of which is Invesco Pooled Investment Fund — Global Strategic Bond Fund (“**DIS Underlying Fund**”). The DIS Underlying Fund invests in a portfolio of global fixed income securities with reference to the credit rating, sectors, and geographical allocation of the Bond Index.

Following the acquisition of certain Citi indices from Citi by the London Stock Exchange Group and as part of the corresponding rebranding exercise, the name of the Bond Index has been changed from “Citi MPF World Government Bond Index” to “FTSE MPF World Government Bond Index”. To reflect the change, we wish to inform you that the phrase “Citi MPF World Government Bond Index” as disclosed under section 3.1 (xi) and (xii) of the Principal Brochure in relation to BCT (Industry) Core Accumulation Fund and BCT (Industry) Age 65 Plus Fund has been replaced by “FTSE MPF World Government Bond Index”.

The Principal Brochure is amended by way of a third addendum to reflect the above.

For the avoidance of doubt, all of the above changes do NOT involve any extra fee, charge or expense to be levied on either the participating employers or members.

Should you have any enquiries regarding the changes, please contact the Employer Hotline at 2298 9388 or the Member Hotline at 2298 9333.

Yours faithfully,

Bank Consortium Trust Company Limited
銀聯信託有限公司

This is a computer-generated letter and no signature is required.