

## **BCT (MPF) PRO 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 first addendum to the Principal Brochure. A copy of the Principal Brochure as amended by the first 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](http://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 23 April 2018 (together, the “**Principal Brochure**”).

16 August 2018

Dear Participating Employer / Member,

Thank you for your continued support of the Plan. We are writing to inform you of the following changes to the Plan, as summarized below.

#### **Summary of changes to the Plan:**

1. Update of the management fee in respect of the constituent fund, BCT (Pro) Hong Kong Dollar Bond Fund with effect from 13 November 2017, to reflect the reduction in trustee fee payable by the underlying approved pooled investment fund of the constituent fund with effect from 13 November 2017.
2. Enhancement of the disclosures in the Principal Brochure relating to dealing cut-off time for rebalancing/switching between the constituent funds of the Plan with immediate effect, to clearly disclose dealing cut-off time (which is not presently disclosed) for processing on a dealing day.
3. Enhancement of the disclosures in the Principal Brochure relating to the sequence for processing pending switching out instructions, to clearly state that if a part of a constituent fund is pending for switching out, new instructions for switching out the remaining balance of that constituent fund will not be processed until the pending instruction has been completed.
4. Change of the name of BCT (Pro) Absolute Return Fund to BCT (Pro) Flexi Mixed Asset Fund and clarification of the investment policy of BCT (Pro) Absolute Return Fund which will take effect from 30 November 2018, to cater for the change in name and clarification of investment policy of its underlying approved pooled investment fund.
5. Clarification of investment policy of BCT (Pro) Hong Kong Dollar Bond Fund with effect from September 2018, to align with the disclosure in the explanatory memorandum of the underlying approved pooled investment fund which has been amended.
6. Change of the name of “Citi MPF World Government Bond Index” (“**Bond Index**”) in relation to BCT (Pro) Core Accumulation Fund and BCT (Pro) Age 65 Plus Fund, to reflect the fact that the name of the Bond Index has been changed to “FTSE MPF World Government Bond Index”.

7. Update of the SaveEasy Funds Assets Roll-down Chart, to align with the disclosure in the principal brochure of the underlying approved pooled investment funds.
8. Enhancement of the disclosure in the Chinese version of the Principal Brochure, to reflect the meaning in its English version.
9. Update of the information in relation to the shareholders of the Trustee.

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 relevant sections below in this Notice.

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

## 1. Update in relation to the reduction in trustee fee relating to underlying fund of BCT (Pro) Hong Kong Dollar Bond Fund

The constituent fund, BCT (Pro) Hong Kong Dollar Bond Fund, invests in an approved pooled investment fund (“**JF Underlying Fund**”) managed by JF Asset Management Limited.

With effect from 13 November 2017, the trustee fee payable by the JF Underlying Fund has been reduced from “0.08% p.a.” to “0.0295% p.a.” of the net asset value of the same. Accordingly, the disclosures in the Principal Brochure on the current trustee fee payable out of the assets of the JF Underlying Fund and the current management fee of the constituent fund (inclusive of trustee fee payable out of assets of the JF Underlying Fund) are respectively updated with effect from 13 November 2017 as follows:

Constituent Fund	Change in the current trustee fee as a percentage of net asset value payable out of the assets of the Underlying Fund		Change in the current management fee as a percentage of net asset value of the Constituent Fund (inclusive of trustee fee payable out of the assets of the Underlying Fund)	
	Before fee reduction	After fee reduction	Before fee reduction	After fee reduction
BCT (Pro) Hong Kong Dollar Bond Fund	0.08% p.a.	0.0295% p.a.	1.05% p.a.	0.9995% p.a.

## 2. Dealing cut-off time for rebalancing / switching between constituent funds of the Plan

It is currently disclosed in section 6.3.2 of the Principal Brochure that, subject to any limitation which may be imposed by the Trustee, an employee member, a self-employed person or a personal account member may also submit a rebalancing / switching instruction form, as prescribed by the Trustee from time to time, to the Trustee to redeem, as soon as practicable, any units in a constituent fund and to apply such redemption proceeds to acquire units in other constituent funds in accordance with the rebalancing / switching instruction. The relevant disclosures will be enhanced to state that if a valid rebalancing / switching instruction form, which may be sent by mail, facsimile, via the Trustee’s website at [www.bcthk.com](http://www.bcthk.com) or other permissible means as specified by the Trustee from time to time, is received by the Trustee before the dealing cut-off time at 4 p.m. on a dealing day, the redemption of units in the original constituent fund and subscription for units in the new constituent fund will generally be processed using the fund prices on the same dealing day. If a valid rebalancing / switching instruction form is received by the Trustee at or after the dealing cut-off time at 4 p.m. on a dealing day, the redemption of units and subscription for units generally will only be processed using the fund prices on the next dealing day. However, such rebalancing / switching instruction form should not affect the way in which any future contributions should be invested which should be made in accordance with the latest investment mandate submitted by the relevant member.

Please note that for a member who would like to give instructions to switch out of the Default Investment Strategy before annual de-risking takes place (generally on a member's birthday), he should submit a switching instruction before the dealing cut-off time at 4 p.m. on the member's birthday. For further details, please refer to the sub-section entitled "Dealing day of annual de-risking" under section 3.6 entitled "Default Investment Strategy" of the Principal Brochure.

### 3. Clarification of the sequence for processing pending switching out instructions

For the sake of clarification, the disclosure in section 6.3.2 will be enhanced to state that if a part of a constituent fund is pending for switching out, new instructions for switching out the remaining balance of that constituent fund will not be processed until the pending instruction has been completed.

### 4. Change of name and clarification of investment policy in relation to BCT (Pro) Absolute Return Fund

BCT (Pro) Absolute Return Fund ("**Absolute Return Fund**") invests into Allianz Choice Absolute Return Fund ("**AGI Underlying Fund**") which is an approved pooled investment fund managed by Allianz Global Investors Asia Pacific Limited ("**AGI**").

AGI has notified us that with effect from 30 November 2018, for the AGI Underlying Fund (i) its name will be changed to "Allianz Choice Flexi Balanced Fund", and (ii) its investment objectives and policy in relation to the holding of fixed-interest securities, as well as the investment in deposits, cash, money market instruments and/or money market funds will be clarified. In this connection, we wish to inform you that with effect from 30 November 2018, the name of the Absolute Return Fund will be changed to "BCT (Pro) Flexi Mixed Asset Fund", and the investment policy of the Absolute Return Fund as set out in the Principal Brochure will be amended as follows (deletion shown with strikethrough and addition shown as underlined):

~~"The objective of the Absolute Return Flexi Mixed Asset Fund is to provide members with long-term capital preservation not related to an index by investing as a feeder fund solely in Allianz Choice Absolute Return Flexi Balanced Fund which is an APIF which in turn invests primarily in a diversified portfolio of global equities and fixed-interest securities. The underlying APIF adopts a dynamic asset allocation strategy. In strong equity markets, the underlying APIF may invest up to 50% of its assets in equities. In weaker equity market conditions, the underlying APIF may be rebalanced to preserve capital through the holding of fixed-interest securities which satisfy the minimum credit rating requirements set out by the Mandatory Provident Fund Schemes Authority. If market conditions so require, the underlying APIF may hold no equities and invest fully in fixed interest securities and cash only. It is expected that under normal circumstances, at least 75% of the assets of the underlying APIF will be invested in fixed-interest securities and cash in order to minimize short term volatility. The underlying APIF may engage in securities lending, subject to a limit of 10% of the underlying APIF's latest net asset value and in respect of no more than 50% of securities of the same issue. Futures and options will be used for hedging purpose only.~~

Up to 100% of the assets of the underlying APIF may be held in deposits, cash and/or invested directly in money market instruments and/or (up to 10% of assets of the underlying APIF) in money market funds on a temporary basis for liquidity management and/or defensive purpose and/or any other exceptional circumstances, and if the manager of the underlying APIF considers it in the best interest of the underlying APIF.

~~With respect to Absolute Return Fund, "Absolute Return" is the name of the fund only and refers to the investment objective — to achieve an absolute return performance target not related to an index. Such a description is a performance target only and absolute positive returns are not guaranteed."~~

Based on information provided by AGI on the AGI Underlying Fund, the above changes will not have any adverse impact on the members of the Plan and will be in the interest of the members.

### 5. Clarification of investment policy of BCT (Pro) Hong Kong Dollar Bond Fund

BCT (Pro) Hong Kong Dollar Bond Fund ("**Hong Kong Dollar Bond Fund**") invests into JPMorgan SAR HK\$ Bond Fund ("**JPMorgan Underlying Fund**") which is an approved pooled investment fund managed by JF Asset Management Limited.

The explanatory memorandum of the JPMorgan Underlying Fund has been amended. For the purposes of aligning the disclosure in the explanatory memorandum of the JPMorgan Underlying Fund and to clarify the same, we wish to inform you that with effect from September 2018 the first two paragraphs of the investment policy of the Hong Kong Dollar Bond Fund as set out in the Principal Brochure will be amended as follows (deletion shown with strikethrough and addition shown as underlined):

~~“The objective of the Hong Kong Dollar Bond Fund is to provide members with long term capital appreciation by investing as a feeder fund solely in “JPMorgan SAR HK\$ Bond Fund”, an AIF which in turn invests in a portfolio consisting primarily of Hong Kong dollar denominated interest bearing securities bonds~~ (including government and corporate bonds).

~~The underlying AIF may engage in securities lending. Also, it may use futures and options for hedging purposes. At least 70% of non-cash assets of the underlying AIF’s holding of Hong Kong dollar denominated securities shall be invested in Hong Kong dollar denominated interest bearing securities. All the assets and investments of the underlying AIF are denominated in HK dollars.~~

The underlying AIF may engage in securities lending. Also, it may use futures and options for hedging purposes. At least 70% of non-cash assets of the underlying AIF’s holding of Hong Kong dollar denominated securities shall be invested in Hong Kong dollar denominated bonds. Up to 30% of non-cash assets of the underlying AIF’s holding can be invested in US dollar denominated bonds.”

The above change will not have any adverse impact on the members of the Plan.

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

BCT (Pro) Core Accumulation Fund and BCT (Pro) 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 AIFs 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.

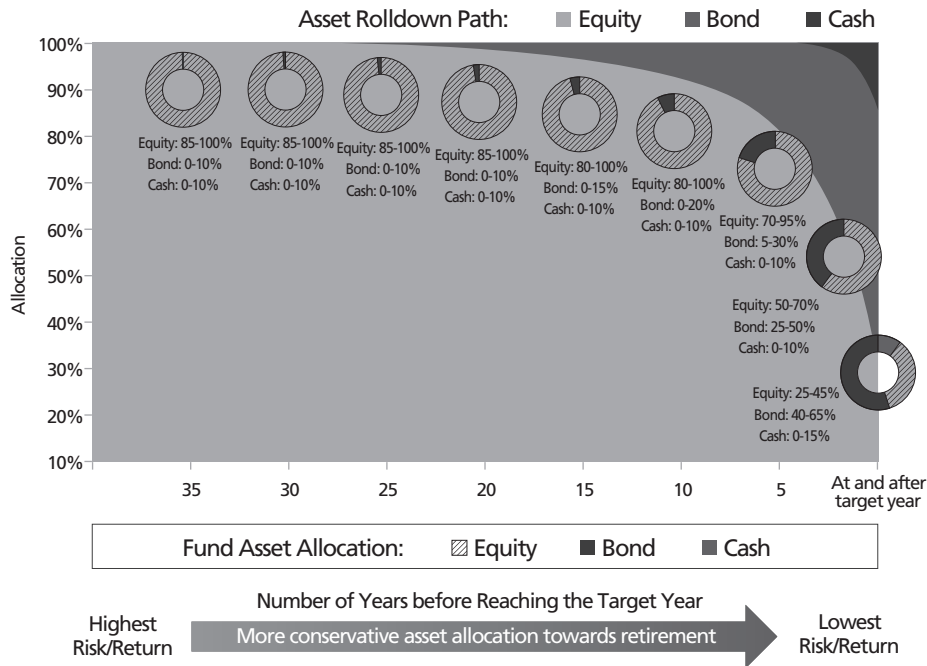
Following the acquisition of certain Citi indices from Citi by the London Stock Exchange Group and as part of the corresponding rebranding exercise, the name of the Bond Index has been changed from “Citi MPF World Government Bond Index” to “FTSE MPF World Government Bond Index”. To reflect the change,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

The above change will not have any adverse impact on the members of the Plan.

#### 7. **Update of the SaveEasy Funds Assets Rolldown Chart**

BCT (Pro) SaveEasy 2020 Fund, BCT (Pro) SaveEasy 2025 Fund, BCT (Pro) SaveEasy 2030 Fund, BCT (Pro) SaveEasy 2035 Fund, BCT (Pro) SaveEasy 2040 Fund (collectively, “**SaveEasy Funds**”) invest in the underlying approved pooled investment funds managed by FIL Investment Management (Hong Kong) Limited (“**SaveEasy AIFs**”).

To align with the SaveEasy Funds Assets Rolldown Chart disclosed in the principal brochure of the SaveEasy AIFs, the SaveEasy Funds Assets Rolldown Chart under section 3.1 of the Principal Brochure will be replaced by the chart below which has been disclosed in the principal brochure of the SaveEasy AIFs.



The style and format of the SaveEasy Funds Assets Rolldown Chart will be updated for better presentation. The above change will not have any adverse impact on the members of the Plan.

**8. Enhancement of the disclosure in the Chinese version of the Principal Brochure**

To better align with the meaning as disclosed in its English version, the disclosure in the third paragraph under section 6.2 of the Chinese version of the Principal Brochure will be amended as follows (addition shown as underlined):

“贖回價將計算至小數後最近4個位或受託人可能不時決定的其他數目的小數位。贖回款項總額將為贖回價乘以贖回單位的數目，向下湊整至小數位後2個位或受託人可能不時決定的其他數目的小數位。”

**9. Update of the information in relation to the shareholders of the Trustee**

The disclosure in the 3rd paragraph under the upfront box of the “INTRODUCTION” section will be updated as follows (deletion shown with strikethrough and addition shown as underlined):

“The majority of the members of this shareholder group are licenced banks in Hong Kong with a long history in Hong Kong. The aggregate of their assets and their shareholders’ fund were respectively in excess of ~~HK\$1800 billion~~ HK\$2,196 billion and ~~HK\$199 billion~~ HK\$251 billion as at ~~31 December 2015~~ December 2017. The servicing banks\*\*\*\* had an aggregate of over ~~330 branches~~ 310 branches in Hong Kong. In terms of the number of branches, the banks collectively have one of the largest banking networks in Hong Kong. Whilst the Trustee is supported by members of the said shareholder group, no single member of the group may exercise management control over the Trustee. The shareholding structure has been designed to ensure that the Trustee is completely autonomous and independent in serving the interest of the Plan members.”

**10. Amendment to Principal Brochure**

To reflect the relevant changes described in items 1 to 9 above, the Principal Brochure is amended by way of a first addendum.

**11. For further information**

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.