

# AIA MPF – PRIME VALUE CHOICE

## Second Addendum to the Principal Brochure issued in December 2016

**Issued on 12 December 2016**

This Second Addendum forms part of and shall be read in conjunction with the Principal Brochure of AIA MPF - Prime Value Choice (the "Scheme") issued in December 2016 and the First Addendum issued in December 2016. All capitalized terms in this Second Addendum shall have the same meaning as in the Principal Brochure of the Scheme, unless otherwise indicated.

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**With effect from 1 April 2017 (being the commencement date of the MPF default investment strategy), the following changes will be made to the Principal Brochure:**

**1. Page 7 - Section A - "3. Constituent Funds"**

Replace the second paragraph in its entirety with the following:

"Investment allocation percentages must be in multiples of 5% and add up to 100%. If the allocation percentages on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions total more than 100%, or if the percentage is not a multiple of 5% or if no investment allocation has been made, then the Trustee will determine that 100% of contributions and benefits transferred into the scheme will be invested in the MPF default investment strategy. If the allocation percentages are in multiples of 5% but total less than 100%, the remaining unallocated percentage will be invested in the MPF default investment strategy. For the avoidance of doubt, any investment instruction given after enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected and in that case, the existing investment allocation (in respect of future contributions and accrued benefits transferred from another scheme) will remain unchanged."

**2. Page 15 - Section D - "1. Contributions"**

(a) Replace the fifth paragraph in its entirety with the following:

"Investment allocation percentages must be in multiples of 5% and add up to 100%. If the allocation percentages on the membership application form or on such other form as the Trustee may prescribe in respect of any contributions total more than 100%, or if the percentage is not a multiple of 5% or if no investment allocation has been made, then the Trustee will determine that 100% of contributions and benefits transferred into the scheme will be invested in the MPF default investment strategy. If the allocation percentages are in multiples of 5% but total less than 100%, the remaining unallocated percentage will be invested in the MPF default investment strategy. For the avoidance of doubt, any investment instruction given after enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected and in that case, the existing investment allocation (in respect of future contributions and accrued benefits transferred from another scheme) will remain unchanged."

(b) Insert the following paragraph immediately after the fifth paragraph:

"While new membership application form will be used from 1 April 2017 onwards, the old membership application form or other forms specifying the original default investment arrangement before 1 April 2017 (the "**original default arrangement**") may still be used on and after 1 April 2017. However, each reference to the original default arrangement in any such old membership application form and other forms shall be deemed to mean the MPF default investment strategy."

**3. Page 17 - Section D - "2. Switching between Constituent Funds"**

(a) Add the following sentence at the end of the first paragraph under the subheading "*Future contributions invested in Constituent Funds*"

**"Any reallocation of investments through an Investment Mandate Form only applies to future contributions and will therefore not affect the existing investments of the accrued benefits."**

(b) Replace the first paragraph under the subheading "*Existing investments in Constituent Funds*" in its entirety with the following:

“Subject to the provisions of the section entitled “Reallocation and switching conditions” below, a Member can switch all or part of his or her existing investments from one Constituent Fund to another within the Scheme upon giving 5 Business Days’ notice. For the avoidance of doubt, any switching instruction given after enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected, and in that case, where the invalid investment instruction is to switch the investment of the existing accrued benefits, existing investment (in respect of the existing accrued benefits) will remain unchanged. **For the avoidance of doubt, where a Member switches all or part of his or her existing investments, such switching instruction only applies to existing investments and not the new contributions.** There are 2 methods in which a Member may switch his or her existing investments and they are:”

#### 4. Page 20 - Section D - “4. Deferral and suspension of dealing”

(a) Add the following sentence as the second last sentence of the first paragraph:

“Where no Investment Manager is appointed for that Constituent Fund, the Trustee may declare the deferral or suspension in dealing for that Constituent Fund.”

(b) Add the words “or, in respect of a Constituent Fund for which no Investment Manager is appointed, of the Trustee” immediately after the words “in the reasonable opinion of the relevant Investment Manager” appearing in each of items (3), (5) and (6) of the second paragraph.

#### 5. Page 21 - Section D - “5. Valuation of funds and benefits”

Replace the second paragraph in its entirety with the following:

“The unitised Constituent Funds are valued by means of dividing the net asset value of each fund (in accordance with the governing documentation of the Scheme) by the total number of units of that fund then in existence. When determining the value of a unit for the purposes of the calculation of benefit payments the unit price used will be coincident with or next following the date upon which the Trustee receives a valid payment request. Any unit price will be rounded down to 2 decimal places, except that, in respect of each of the Core Accumulation Fund and the Age 65 Plus Fund, the resultant figure shall be rounded down to 4 decimal places and the initial unit price per unit of each of the Core Accumulation Fund and the Age 65 Plus Fund will be HK\$1.0000. The smallest amount of units to be issued for a unitised Constituent Fund is a fraction of a unit rounded to 4 decimal places. An offer spread may be added to the unit price to arrive at an issue price when units are issued (“Issue Price”) and a bid spread may be deducted from the unit price to arrive at a redemption price when units are realised (“Redemption Price”). Please refer to Section E for details.”

#### 6. Page 22 - Section D - “6. LifeEasy”

Add the following sentence at the end of the third paragraph:

“If a Member under LifeEasy submits an instruction to switch part of his or her existing investments from one or more Constituent Fund to another within the Scheme, that Member will be deemed to have exited LifeEasy. In that case:

- (a) the accrued benefits subject to the partial switching will be invested in accordance with the Member’s switching instruction,
- (b) the remaining benefits to which the Member’s switching instruction does not apply will be invested in the same manner as they are invested immediately before the Member exited LifeEasy and no further re-balancing will apply to such remaining benefits; and
- (c) in effecting the above partial switching instruction, the Member will be required to confirm that the Member’s future contributions and accrued benefits transferred from another scheme will be invested in the same manner as the accrued benefits immediately before the partial switching and no re-balancing will apply to them.”

Add the following paragraph immediately after the existing third paragraph:

“Where existing accrued benefits are transferred from one account that is subject to LifeEasy to another account (the “**other account**”) within the Scheme:

- (i) if the other account is also subject to LifeEasy, then the benefits so transferred to the other account will continue to be, and the future contributions and accrued benefits transferred from another MPF scheme will be, subject to LifeEasy, and
- (ii) if the other account is not subject to LifeEasy, then the benefits so transferred to the other

account will be invested in the same manner immediately before the transfer, such benefits will cease to be subject to LifeEasy and no further re-balancing will apply to them and, in the absence of a Specific Investment Instruction for the other account, the future contributions and accrued benefits transferred from another MPF scheme will be invested in the DIS.”