

BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme

Notice to Participating Employers and Members

Attention: This notice 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. The Trustee accepts responsibility for the information contained in this document.

27 July 2022

Dear Sir/Madam,

Re: BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme (the “Scheme”)

Thank you very much for your participation in the Scheme.

We would like to inform you of the following changes to the MPF Scheme Brochure of the Scheme (the “Scheme Brochure”) and the Trust Deed which will be effective from the date(s) as specified in the summary box below. The changes to the Scheme Brochure will be made by way of the Second Addendum to the Scheme Brochure (the “Second Addendum”).

Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Scheme Brochure.

The following changes to the Scheme Brochure and, where appropriate, the Trust Deed shall take effect from 31 August 2022:

- (i) The investment policies of certain constituent funds, namely (i) BOC-Prudential Growth Fund, (ii) BOC-Prudential Balanced Fund, (iii) BOC-Prudential Stable Fund, (iv) BOC-Prudential Core Accumulation Fund, (v) BOC-Prudential Age 65 Plus Fund and (vi) BOC-Prudential Bond Fund, will be revised to include the disclosure in relation to underlying investment in Renminbi (“RMB”) denominated and settled debt instruments; while the investment policies of the constituent fund, BOC-Prudential Hong Kong Equity Fund, will be revised to include the disclosure in relation to underlying investment in China A-shares, as more particularly described in section 1 of this notice. The abovementioned constituent funds are hereinafter collectively referred to as the “Relevant CFs”.
- (ii) The investment policies of certain sub-funds of the Umbrella Unit Trust, namely BOC-Prudential Hong Kong Equity Fund and BOC-Prudential Global Bond Fund, will be updated, as described in section 2 of this notice.
- (iii) The risk disclosure in the Scheme Brochure will be elaborated or enhanced, as described in section 3 of this notice.
- (iv) A new section about arrangement for Unpresented Cheques will be added to the Scheme Brochure to set out how Unpresented Cheques are handled and the terms “Bond Connect” and “Unpresented Cheque(s)” will be added under the “GLOSSARY” section of the Scheme Brochure as described in sections 4 and 5 of this notice respectively. Associated changes relating to Unpresented Cheques will be incorporated in the Trust Deed by way of a Deed of Amendment as described in section 10 of this notice.

The following changes to the Scheme Brochure (as described in section 6 of this notice) shall take immediate effect:

- (v) The index disclaimer relating to the FTSE MPF North America Index (unhedged) and the FTSE MPF Europe Index (unhedged) has been updated.
- (vi) The registered address of the Auditors has been updated.

The following change to the Scheme take effect from 30 June 2022:

Issuance of Key Scheme Information Document (“KSID”)

(vii) The KSID has been issued on 30 June 2022. For details, please refer to section 7 below.

Impacts on members

(viii) The above changes (the “Changes”) are mainly related to (i) the addition of disclosure in relation to investment in RMB denominated and settled debt instruments and China A-shares; (ii) the enhancement of disclosure in respect of the Relevant CFs; (iii) the alignment of the underlying disclosure; (iv) enhancement of risk disclosure; (v) the addition of disclosure relating to the arrangement for Unpresented Cheques; (vi) the addition of glossary terms; (vii) miscellaneous changes including update of index disclaimer and the Auditors’ address; and (viii) issuance of KSID. The Trustee believes that the Changes will not have any adverse impact on and are in the interest of the members.

(ix) The costs of the Changes will be borne by the Scheme.

Actions required of the Scheme participants

(x) Members who are investing in the Relevant CFs may opt to (i) switch the investment to other Constituent Funds of the Scheme, or (ii) transfer out of the Scheme, or (iii) take no action if no objection to the Changes, as more particularly described in section 8 of this notice.

If you have any queries in relation to the changes set out in this notice, please contact our Customer Service Centre at Suite 1507, 15/F, 1111 King’s Road, Taikoo Shing, Hong Kong or call our Customer Services Representative at 2929 3030.

1. Changes relating to investment policies of the Relevant CFs

The investment policies of the Relevant CFs under section 3.4.1. “Investment policies of the Constituent Funds” of the Scheme Brochure will be revised. Details are set out below:

1.1 BOC-Prudential Growth Fund, BOC-Prudential Balanced Fund, BOC-Prudential Stable Fund, BOC-Prudential Core Accumulation Fund and BOC-Prudential Age 65 Plus Fund (“these 5 CFs”)

The investment policies of these 5 CFs will be enhanced by disclosing under the heading “Balance of investments” that certain sub-funds of the Umbrella Unit Trust and/or ITCIS may invest in RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China and that the aggregate exposure to such instruments shall not exceed 15% of the net asset value.

Further, the investment policies of BOC-Prudential Growth Fund, BOC-Prudential Balanced Fund and BOC-Prudential Stable Fund will be slightly modified by inserting the words “*Mainland China*” after the phrase “*global bonds with currency exposure in the United States, Europe,*”.

1.2 BOC-Prudential Bond Fund

The investment policies of BOC-Prudential Bond Fund will be revised by disclosing under the heading “Balance of investments” that the global bond sub-fund of the Umbrella Unit Trust may invest less than 15% of its net asset value in RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China (which may be invested through the Bond Connect).

Further, the investment policies of BOC-Prudential Bond Fund will be slightly modified by replacing the sentence “*Major world currencies include but are not limited to Hong Kong dollar, U.S. dollar, British Sterling, Euro and Japanese Yen*” with “*Major world currencies include but are not limited to Hong Kong dollar, U.S. dollar, British Sterling, Euro, Japanese Yen and RMB.*”

1.3 BOC-Prudential Hong Kong Equity Fund

The investment policies of BOC-Prudential Hong Kong Equity Fund will be revised by disclosing under the heading “Balance of investments” that the Hong Kong equity sub-fund of the Umbrella Unit Trust may invest not more than 10% of its net asset value in China A-shares which are directly or indirectly related to Hong Kong by either being traded through the Stock Connect or having business or operations in or relations to Hong Kong. The Investment Manager also has a discretion to invest in these China A-shares, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds.

There will be no change to the investment objective and the risk level of each Relevant CF above.

2. Changes relating to investment policies of the Umbrella Unit Trust

The investment policies of the Umbrella Unit Trust under section 3.4.2. “Investment policies of Umbrella Unit Trust” of the Scheme Brochure will be amended, in alignment with the disclosure of the offering documents of the Umbrella Unit Trust, for clarification and/or enhancement of disclosure purposes. Details are set out below:

2.1 BOC-Prudential Global Bond Fund, a sub-fund of the Umbrella Unit Trust

The investment policies of BOC-Prudential Global Bond Fund will be revised by disclosing that the sub-fund may invest less than 15% of its net asset value in RMB denominated and settled debt instruments issued or distributed outside and/or within Mainland China (which may be invested through the Bond Connect).

Further, the investment policies of BOC-Prudential Global Bond Fund will be slightly modified by replacing the wording “*various major world currencies, including but not limited to U.S. Dollar, British Sterling, Euro and Japanese Yen*” with “*various major world currencies, including but not limited to Hong Kong dollar, U.S. Dollar, British Sterling, Euro, Japanese Yen and RMB.*”

2.2 BOC-Prudential Hong Kong Equity Fund, a sub-fund of the Umbrella Unit Trust

The investment policies of BOC-Prudential Hong Kong Equity Fund will be revised by disclosing that the sub-fund may invest not more than 10% of its net asset value in China A-shares which are directly or indirectly related to Hong Kong by either being traded through the Stock Connect or having business or operations in or relations to Hong Kong. The Investment Manager also has a discretion to invest in these China A-shares, indirectly through investments in ITCIS and/or Other Authorized Unit Trusts or Authorized Mutual Funds.

Further, the investment policies of BOC-Prudential Hong Kong Equity Fund will be revised/enhanced by adding “*Mainland China-related equities 0 – 10%*” in the normal asset allocation of the sub-fund.

Please refer to the Second Addendum for details of the changes relating to investment policies of the Relevant CFs and the Umbrella Unit Trust.

3. Enhancement of risk disclosure

3.1 Section 4.1. “Risk factors” of the Scheme Brochure will be elaborated or enhanced. Details are set out below:

Sub-section “I. General risk factors” will be enhanced by adding new risk factors “Credit rating risk”, “Downgrading risk”, “Sovereign debt risk”, “General tax risk” and “Risk of investing in other collective investment schemes/funds” and elaborating the disclosure of existing risk factors “Foreign exchange risk” and “Credit risk”. The risk factors “Foreign exchange risk” and “Credit risk” will be renamed as “Foreign exchange/currency risk” and “Credit/counterparty risk” respectively. Minor modification of wording will be made to the risk factor “Concentration risk”.

Sub-section “III. Specific risks on investment in ITCIS” will be slightly modified by renaming the risk factor “Tax risk” as “Tax risk relating to certain ITCIS”.

Sub-section “IV. Specific risks related to BOC-Prudential MPF RMB & HKD Money Market Fund” will be replaced with “IV. Specific risks relating to investment in RMB denominated and settled debt instruments” and there will be enhancement of risk disclosure under this sub-section, which include “(a) Currency risk”, “(b) The “Dim Sum” bond (i.e. bonds issued outside Mainland China but denominated in RMB) market risks”, “(c) Credit/insolvency risk of counterparties”, “(d) Liquidity and volatility risk for RMB debt securities investment”, “(e) Interest rate risk for RMB debt securities investment” and “(f) Risks associated with the Bond Connect and the China interbank bond market”.

Besides, the risk factor “PRC market risk” will be relocated from under the sub-heading “II. Specific risks relating to investment in China A-shares” to the sub-heading “I. General risk factors”.

- 3.2 Under the heading “Risks” under section 3.4.1. “Investment policies of the Constituent Funds” of the Scheme Brochure, the list of risk factors to which each Constituent Fund is subject to is further enhanced.

Please refer to the Second Addendum for details of the changes relating to the risk factors.

4. Arrangement for Unpresented Cheques

A new section 6.12A “Arrangement for Unpresented Cheques” will be added to the Scheme Brochure to set out in details how Unpresented Cheques are handled.

If a cheque payment of accrued benefits made to a member becomes an Unpresented Cheque, subject to the Mandatory Provident Fund Schemes Ordinance, the Mandatory Provident Fund Schemes (General) Regulation and the Trust Deed, the Trustee shall have the discretion, and at such time the Trustee may reasonably determine, to arrange for a personal account to be established for such ex-member who will become a personal account member. The amount of the Unpresented Cheque shall be invested in the BOC-Prudential Core Accumulation Fund and/or the BOC-Prudential Age 65 Plus Fund according to the Default Investment Strategy.

For details regarding arrangement for Unpresented Cheques, please refer to the Second Addendum.

5. “GLOSSARY” section of the Scheme Brochure

The terms “Bond Connect” and “Unpresented Cheque(s)” will be added under the “GLOSSARY” section of the Scheme Brochure.

6. Miscellaneous changes

The following miscellaneous changes shall take immediate effect:

6.1 Update of index disclaimer

The information relating to the FTSE MPF North America Index (unhedged) and the FTSE MPF Europe Index (unhedged) under section 7.11 “Index disclaimer” of the Scheme Brochure has been updated.

6.2 Update of the Auditors’ address

The registered address of the Auditors stated in section 2 “DIRECTORY OF TRUSTEE AND OTHER SERVICE PROVIDERS” of the Scheme Brochure has been updated to 27/F, One Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong.

7. Issuance of KSID

According to the recent updated tenth edition of the Code on Disclosure for MPF Investment Funds issued in December 2021, KSID of a registered scheme has to be made available to members on or after 30 June 2022.

The KSID provides you with key information about the Scheme, which forms part of the offering document. You should not make investment decisions based solely on this KSID. For details of the Scheme, please refer to the Scheme Brochure and the trust deed of the Scheme.

8. Actions required of the scheme participants:

- 8.1 A scheme participant who thinks that the Changes do not suit his/her needs/expectations may switch his/her existing investment from the Relevant CF(s) to other constituent fund(s) under the Scheme. Any instruction relating to transfer within the Scheme will be processed in accordance with the normal procedures set out in section 6.6 of the Scheme Brochure applicable to transferring accrued benefits within the Scheme.
- 8.2 Alternatively, a scheme participant may transfer out of the Scheme to another MPF scheme. Any instruction to transfer out of the Scheme will be processed in accordance with the normal procedures set out in section 6.13 of the Scheme Brochure applicable to transferring accrued benefits out of the Scheme.
- 8.3 No action is required of the scheme participants if they do not object to the Changes.

9. Costs of the Changes

- 9.1 All costs and expenses associated with the Changes will be borne by the Scheme.
- 9.2 No fees or penalty, bid/offer spread or transfer fee will be imposed on any transfer out of the Scheme or switching existing investments out of the Relevant CF(s).

10. Amendments to the Scheme Brochure and the Trust Deed

The changes mentioned under sections 1 to 5 above shall take effect from 31 August 2022, while the changes mentioned under section 6 above shall take immediate effect.

This notice gives a summary of the major changes to the Scheme. For details, please refer to the Second Addendum. Associated updates in relation to Unpresented Cheques will be incorporated in the Trust Deed by way of a Deed of Amendment. The amendments to the Scheme Brochure and the Trust Deed will not have any adverse impact on the interests of the Members of the Scheme.

If you wish to obtain a copy of the latest Scheme Brochure (including the Second Addendum), you can download it from our website at www.bocpt.com or request a copy in writing or verbally. You may write to our Customer Service Centre at Suite 1507, 15/F, 1111 King's Road, Taikoo Shing, Hong Kong or call our Customer Services Representative at 2929 3030.

A copy of the latest Deed of Amendment will be made available for inspection by the Scheme's participants at our Customer Service Centre at Suite 1507, 15/F, 1111 King's Road, Taikoo Shing, Hong Kong during normal office hours from 31 August 2022.

11. KSID

If you wish to obtain a copy of the KSID, you can download it from our website at www.bocpt.com or request a copy in writing or verbally from 30 June 2022. You may write to our Customer Service Centre at Suite 1507, 15/F, 1111 King's Road, Taikoo Shing, Hong Kong or call our MPF Administration Hotline at 2929 3030.

A copy of KSID will be made available at our Customer Service Centre at Suite 1507, 15/F, 1111 King's Road, Taikoo Shing, Hong Kong during normal office hours from 30 June 2022.

12. Enquiry

Should you have any enquiries relating to the contents of this notice, please do not hesitate to call our Customer Services Representative at 2929 3030.

Yours faithfully,
BOCI-Prudential Trustee Limited

Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the MPF Scheme Brochure.