

**Important Notes:**

1. Investment in the Principal HK Dollar Savings Fund under Principal MPF Scheme Series 800 is different from placing deposits with a bank or deposit-taking company and is not protected by the Deposit Protection Scheme. Investment in this Fund will be subject to investment risks.
2. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the constituent fund(s) most suitable for you taking into account your circumstances.
3. Investment involves risk. There is no assurance on investment returns and you may not get back the amount originally invested. Past performance information presented is not indicative of future performance. You should not invest based on this document alone and should read the relevant principal brochure / offering document for further details including product features, fees and charges and risk factors.

## Principal Reduces Management Fees for MPF Schemes

Hong Kong, 19 September 2016

Principal Hong Kong (“Principal”) announced today a reduction of management fees for 14 constituent funds across equity, bond and money market categories under Principal MPF Scheme Series 800 (“Series 800”), Principal MPF – Smart Plan and Principal MPF – Simple Plan (“Smart Plan and Simple Plan”).

Starting from 1<sup>st</sup> October 2016, Principal will reduce the management fees by 9% to 27% on six funds in Series 800, namely the Principal HK Dollar Savings Fund – Class D (fee reduced from 1.25% to 0.99%) and Class I (fee reduced from 1.35% to 0.99%), Principal International Bond Fund – Class I (fee reduced from 1.49% to 1.25 %) and Principal Asian Equity Fund – Class I, Principal China Equity Fund – Class I, Principal International Equity Fund – Class I and Principal US Equity Fund – Class I (fee reduced from 1.75% to 1.59%). The principal brochure of Series 800 will be amended to reflect such fee reduction. Details of the fee reduction are as follows:

<b>Principal MPF Scheme Series 800</b>					
	<b>Fund Name</b>		<b>Current Fee</b>	<b>New Fee</b>	<b>Reduction Rate</b>
1.	Principal HK Dollar Savings Fund	Class D	1.25%	0.99%	21%
		Class I	1.35%	0.99%	27%
2.	Principal International Bond Fund	Class I	1.49%	1.25%	16%
3.	Principal Asian Equity Fund	Class I	1.75%	1.59%	9%
4.	Principal China Equity Fund	Class I	1.75%	1.59%	9%
5.	Principal International Equity Fund	Class I	1.75%	1.59%	9%
6.	Principal US Equity Fund	Class I	1.75%	1.59%	9%

"We are implementing a broad fee reduction across equity, bond and money market categories in Series 800 and we believe the fee reduction will benefit our clients and continue to reflect our efforts to help customers better prepare for retirement," said Mr. Arthur Bacci, Head of Principal Hong Kong.

In addition, Principal will also reduce the management fees by 5% to 14% on a total of eight funds under Smart Plan and Simple Plan that are managed by external investment managers, namely the Principal - Templeton Global Bond Fund (fee reduced from 1.73% to 1.49%), Principal - RCM Hong Kong Fund (fee reduced from 1.85% to 1.59%), Principal - Fidelity Global Equity Fund and Principal - Fidelity Asia Pacific Equity Fund (fee reduced from 1.85% to 1.75%). The offering document of Smart and Simple Plan will be amended to reflect such fee reduction.

<b>Principal MPF – Smart Plan</b>				
	<b>Fund Name</b>	<b>Current Fee</b>	<b>New Fee</b>	<b>Reduction Rate</b>
7.	Principal - Templeton Global Bond Fund	1.73%	1.49%	14%
8.	Principal - RCM Hong Kong Fund	1.85%	1.59%	14%
9.	Principal - Fidelity Global Equity Fund	1.85%	1.75%	5%
10.	Principal - Fidelity Asia Pacific Equity Fund	1.85%	1.75%	5%



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<b>Principal MPF – Simple Plan</b>				
	<b>Fund Name</b>	<b>Current Fee</b>	<b>New Fee</b>	<b>Reduction Rate</b>
11.	Principal - Templeton Global Bond Fund	1.73%	1.49%	14%
12.	Principal - RCM Hong Kong Fund	1.85%	1.59%	14%
13.	Principal - Fidelity Global Equity Fund	1.85%	1.75%	5%
14.	Principal - Fidelity Asia Pacific Equity Fund	1.85%	1.75%	5%

"As we celebrate the first-year anniversary of our relationship with AXA and the recent assumption of administrative and unification of trustee duties for Smart and Simple Plan, we can now begin to implement a series of changes we believe will enhance these two MPF plans and add value to members' retirement planning. As the expected synergy of this acquisition continues and we deepen our AXA relationship, we will deliver more benefits to members," added Mr. Arthur Bacci.

Mr. Stuart Harrison, Chief Executive Officer of AXA Hong Kong, said, "At the 1st anniversary of our 15-year exclusive distribution partnership with Principal, we are thrilled to see AXA Hong Kong and Principal have made great strides in the journey of collaboration. AXA Hong Kong and Principal are committed and will continue to create long-term values for customers and offer them enhanced retirement solutions."

Principal last reduced management fees for its MPF schemes in February this year for Smart and Simple Plan and in July 2014 for Series 800.

### **About Principal Hong Kong**

Principal Hong Kong is a provider of investment and retirement solutions in Hong Kong. Our member companies, including Principal Trust Company (Asia) Limited, Principal Investment & Retirement Services Limited and Principal Asset Management Company (Asia) Limited, provide investment and retirement management capabilities, as well as award-winning mutual funds and investment products for both individual and institutional



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investors. All of the above companies are member companies of the Principal Financial Group®.

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