

## Principal MPF Scheme Series 800 Notice to Participating Employers and Members

**This notice is important and requires your immediate attention. It should be read by all participating employers, employee members, self-employed persons and personal account members of Principal MPF Scheme Series 800 (collectively, “Scheme Participants”). If you are in any doubt about the contents of this document, you should seek independent professional advice.**

Principal Trust Company (Asia) Limited (“**PTC (Asia)**”, “**we**”, “**us**” or “**our**”) accepts responsibility for the information contained in this notice having made all reasonable enquiries that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading as at the date of issuance.

Terms used in this notice have the same meaning as in the latest version of the Principal Brochure of the Principal MPF Scheme Series 800 (the “**Scheme**”), unless otherwise defined.

Dear Scheme Participants,

Thank you for your continuous support. We are writing to inform you of the following changes in respect of the Scheme, which will take effect from 10 June 2019 (the “**Effective Date**”).

### 1. Clarification of geographic allocations of certain constituent funds

- 1.1. Currently, the Principal Brochure discloses target ranges relating to geographic allocation of fund assets in respect of the Principal International Bond Fund, the Principal Asian Equity Fund and the Principal Hong Kong Equity Fund (the “**Relevant Constituent Funds**”). The geographic allocations are stated to be for indication purposes only and long term allocations may vary with changing market conditions.
- 1.2. With effect from the Effective Date, the respective geographic allocations of the Relevant Constituent Funds as set out in the Principal Brochure will be amended as follows (the “**Clarifications**”):

| Principal International Bond Fund |          |  |          |
|-----------------------------------|----------|--|----------|
| <i>Before the Effective Date</i>  |          | <i>On and after the Effective Date</i> |          |
| Geographic Allocation             | Range    | Geographic Allocation                  | Range    |
| United States                     | 15 – 65% | Asia (ex-Japan)                        | 0 – 50%  |
| France                            | 0 – 50%  | Europe                                 | 0 – 50%  |
| Germany                           | 0 – 50%  | Japan                                  | 0 – 50%  |
| Hong Kong                         | 0 – 50%  | North America                          | 15 – 85% |
| Italy                             | 0 – 50%  | Other Countries (each)                 | 0 – 20%  |
| Japan                             | 0 – 50%  |  |          |
| Canada                            | 0 – 20%  |  |          |
| Other Countries (each)            | 0 – 20%  |  |          |

| Principal Asian Equity Fund      |              |  |              |
|----------------------------------|--------------|--|--------------|
| <i>Before the Effective Date</i> |              | <i>On and after the Effective Date</i> |              |
| <b>Geographic Allocation</b>     | <b>Range</b> | <b>Geographic Allocation</b>           | <b>Range</b> |
| Hong Kong                        | 0 – 65%      | Asia (ex-Japan)                        | 80 – 100%    |
| South Korea                      | 0 – 65%      | Others                                 | 0 – 20%      |
| Malaysia                         | 0 – 40%      |  |              |
| Singapore                        | 0 – 40%      |  |              |
| Taiwan                           | 0 – 40%      |  |              |
| China                            | 0 – 40%      |  |              |
| Indonesia                        | 0 – 40%      |  |              |
| Philippines                      | 0 – 40%      |  |              |
| Thailand                         | 0 – 40%      |  |              |
| India                            | 0 – 40%      |  |              |
| Others                           | 0 – 20%      |  |              |

| Principal Hong Kong Equity Fund  |              |  |              |
|----------------------------------|--------------|--|--------------|
| <i>Before the Effective Date</i> |              | <i>On and after the Effective Date</i> |              |
| <b>Geographic Allocation</b>     | <b>Range</b> | <b>Geographic Allocation</b>           | <b>Range</b> |
| Hong Kong                        | 30 – 100%    | Hong Kong/China                        | 70 – 100%    |
| China                            | 0 – 50%      | Others                                 | 0 – 30%      |
| Others                           | 0 – 30%      |  |              |

- 1.3. Due to changing market conditions, we believe that the Clarifications would provide a more up-to-date depiction of the manner in which assets of the Relevant Constituent Funds are allocated, which will benefit all Scheme Participants.
- 1.4. In particular, the proposed clarification to the target geographical allocation in respect of the Principal International Bond Fund by, essentially, regrouping the target geographical allocation by continents, is to take into account the following:
- (a) given geographic allocation for debt investments is classified by their currency denomination, and most of the debt securities issued in the European countries are denominated in euro, the official currency for most European countries (including France, Germany and Italy), we consider it more appropriate to use Europe to describe the geographical allocation to the European countries than singling out the specific countries;
  - (b) replacing the separate target geographical allocations for the United States and Canada respectively with a single target geographical allocation, namely, the North America, is more aligned with the overall disclosure by region on the one hand, and maintains the original intent of allocating a proportion of the assets to the United States and Canada on the other; and
  - (c) replacing the target geographical allocation to Hong Kong with a target geographical allocation to Asia (ex-Japan) better reflects the existing target geographical allocation - currently, aside from Hong Kong, Principal International Bond Fund has been investing in countries in Asia as allowed under the target allocation of “Other countries (each) - 0-20%”.
- 1.5. Despite the Clarifications to the target geographical allocation, there will not be material changes to the actual geographical allocation in respect of the Relevant Constituent Funds. We therefore confirm that the investment objectives and policies as well as the expected return and risk profile of the Relevant Constituent Funds will remain unchanged despite the Clarifications.

## 2. Impacts on the Scheme and Scheme Participants

- 2.1 All costs and expenses associated with the Clarifications will be borne by PTC (Asia) and will not be borne by the Scheme, the Relevant Constituent Funds or Scheme Participants.
- 2.2 Also, the fee level and the structure of fees and charges of the Scheme and the Relevant Constituent Funds will remain unaffected by the Clarifications.
- 2.3 We confirm that the Clarifications will not have any adverse impact on the Scheme or the Relevant Constituent Funds or the interests of Scheme Participants. We also confirm that the Clarifications will be in the interests of Scheme Participants and the interests of Scheme Participants will be adequately protected and will not be prejudiced in this exercise.

\* \* \*

This notice only summarises the Clarifications to the Scheme. Details of the Clarifications are set out in the Second Addendum to the Principal Brochure of the Scheme.

You may access the updated Principal Brochure on our website at [www.principal.com.hk](http://www.principal.com.hk) or request a copy of it by contacting our customer service hotline at 2827 1233.

If you have any queries in relation to the Clarifications, please contact our customer service hotline at 2827 1233.

**Principal Trust Company (Asia) Limited**

5 June 2019