



12/12/2016

## FWD MPF Master Trust Basic/Comprehensive Scheme (the “Scheme”)

### DIS Pre-implementation Notice to Participating Employers and Members<sup>1</sup>

**Attention: 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. FWD Pension Trust Limited accepts responsibility for the information contained in this document. This document is only a summary of the key changes relating to the Scheme. Members should also carefully review the first addendum to the consolidated explanatory memorandum dated December 2016 (“Explanatory Memorandum”) for full details regarding the changes, which is enclosed herewith. The Explanatory Memorandum and the first addendum can be obtained by calling our FWD Pension Service Hotline at (852) 3183 1900 or on the website at [www.fwd.com.hk](http://www.fwd.com.hk).**

**You should consider your own risk tolerance level and financial circumstances before making any investment choices. In the event that you do not make any investment choices, please be reminded that your contributions made and/or accrued benefits transferred into the Scheme may be invested in accordance with the Default Investment Strategy, which may not necessarily be suitable for you.**

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Dear Participating Employers and Members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance (“**MPF Ordinance**”) will take effect on 1 April 2017 (“**Effective Date**”). From the Effective Date, the default investment arrangement of the Scheme will be the Default Investment Strategy (“**DIS**”) replacing the existing default fund (as defined below) of the Scheme.

You should read this notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions. All capitalised terms used in this notice shall have the same meaning as in the Explanatory Memorandum, unless otherwise stated.

#### 1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the MPF Ordinance. **For members who do not make a fund choice for their MPF account, their accrued benefits, and future investments (meaning future contributions and accrued benefits transferred from another MPF scheme) will be invested in the DIS. The DIS is also available as an investment choice itself for members.**

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<sup>1</sup> Please note that references to “you” or “your” in this notice refer to, as the case may be in the relevant context, participating employers or members.

- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the FWD MPF Basic/Comprehensive Scheme Core Accumulation Portfolio and the FWD MPF Basic/Comprehensive Scheme Age 65 Plus Portfolio (collectively the “**DIS Funds**”) to automatically reduce the risk exposure as the member approaches retirement age. The DIS Funds will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). The DIS Funds are subject to fee and expense caps as imposed by the legislation. For further information about the DIS Funds including their investment objective and policy, please refer to Annex 2 to this notice.

## 2. How does DIS affect you?

- If you have accounts in the Scheme that are set up before the Effective Date (“**pre-existing account**”), depending on whether you have previously made any fund choices, it may affect you in different ways:
  - If you have already given a valid investment instruction for the accrued benefits and future investments in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
  - If **all** your accrued benefits in a pre-existing account are invested in the existing default fund (currently “FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio” of the Scheme) (“**existing default fund**”) as at the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (i.e. the “**DIS Re-Investment Notice**”) sent to you within 6 months from the Effective Date. The DIS Re-Investment Notice will explain that if you do not make an investment choice by replying within a specified period, your accrued benefits in the existing default fund will be redeemed in whole and re-invested in accordance with the DIS. **Therefore, if you receive the DIS Re-Investment Notice, please pay special attention to the contents and make appropriate arrangement.** You should note that, subject to meeting the qualifying conditions, the existing default fund provides a capital guarantee but the DIS does not. The risk level of the existing default fund is considered lower than that of the DIS and you may be exposed to market risks as a result of any reinvestment of your accrued benefits in the DIS.
  - There are special circumstances where the accrued benefits in the pre-existing account are transferred from another account within the Scheme (e.g. in the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Scheme), your accrued benefits in the pre-existing account will be invested in the same manner as they were invested immediately before the transfer but your future investments may be invested in the DIS after the implementation of the DIS, unless otherwise instructed.

Please refer to the section headed “Implications for New and Pre-existing Accounts on or after DIS Implementation” below for further details.

## 3. Do you need to do anything?

- Apart from the above, there are other circumstances where your accrued benefits or future investments may be affected by the implementation of the DIS. If you have any query on how it will affect you and what actions you need to take, you should call our FWD Pension Service Hotline at (852) 3183 1900.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

### A. What is DIS?

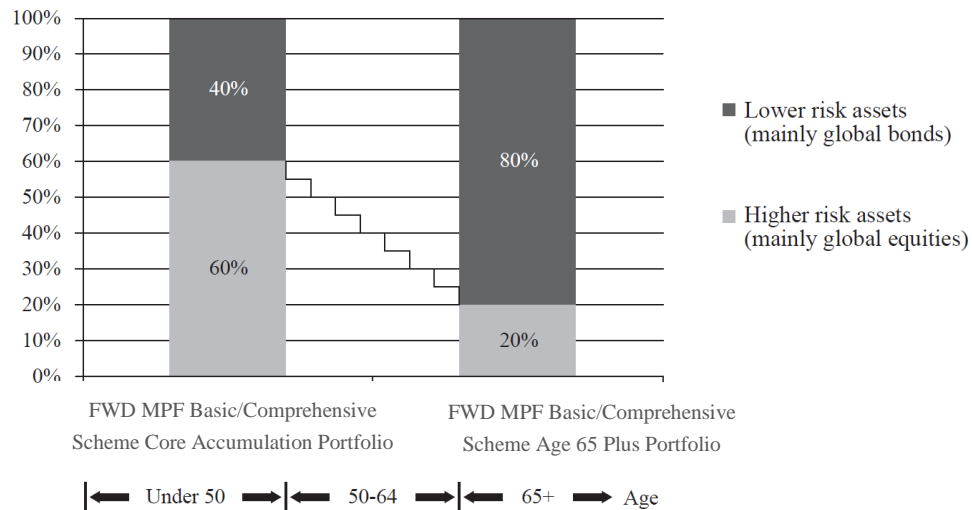
DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their future investments will be invested in

accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

(a) Objective and Strategy

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the FWD MPF Basic/Comprehensive Scheme Core Accumulation Portfolio (“**CAP**”) and the FWD MPF Basic/Comprehensive Scheme Age 65 Plus Portfolio (“**A65P**”), according to the pre-set allocation percentages at different ages. The CAP will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65P will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation. For further information about the DIS Funds including their investment objective and policy, please refer to Annex 2 to this notice.

**Diagram 1: Asset Allocation between the DIS Funds according to the DIS**



*Note: The exact proportion of the portfolio in higher/lower risk assets at any point in time may deviate from the target glide path due to market fluctuations.*

(b) Annual de-risking

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member’s age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the CAP and increasing the holding in the A65P over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

In summary, under the DIS:

- (1) When a member is below the age of 50, all accrued benefits and future investments will be invested in the CAP.
- (2) When a member is between the ages of 50 and 64, all accrued benefits and future investments will be invested according to the allocation percentages between the CAP and A65P as shown in the DIS de-risking table (see Diagram 2 below). The de-

risking of the existing accrued benefits and future investments will be automatically carried out as described above.

- (3) When a member reaches the age of 64, all accrued benefits and future investments will be invested in the A65P.

**Diagram 2: DIS De-risking Table**

<b>Age</b>	<b>FWD MPF Basic/Comprehensive Scheme Core Accumulation Portfolio (“CAP”)</b>	<b>FWD MPF Basic/Comprehensive Scheme Age 65 Plus Portfolio (“A65P”)</b>
<b>Below 50</b>	100.0%	0.0%
<b>50</b>	93.3%	6.7%
<b>51</b>	86.7%	13.3%
<b>52</b>	80.0%	20.0%
<b>53</b>	73.3%	26.7%
<b>54</b>	66.7%	33.3%
<b>55</b>	60.0%	40.0%
<b>56</b>	53.3%	46.7%
<b>57</b>	46.7%	53.3%
<b>58</b>	40.0%	60.0%
<b>59</b>	33.3%	66.7%
<b>60</b>	26.7%	73.3%
<b>61</b>	20.0%	80.0%
<b>62</b>	13.3%	86.7%
<b>63</b>	6.7%	93.3%
<b>64 and above</b>	0.0%	100.0%

*Note: The above allocation between the CAP and A65P is made at the point of annual de-risking and the proportion of the CAP and A65P in the DIS portfolio may vary during the year due to market fluctuations.*

(c) Fees and out-of-pocket expenses of the CAP and A65P

The aggregate of the payments for services of the CAP and A65P must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value (“NAV”) of each of the DIS Funds divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s), the custodian and the sponsor and/or the promoter (if any) of the Scheme and the underlying investment fund(s) of the respective DIS Funds, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

The total amount of all payments that are charged to or imposed on the DIS Funds or members who invest in DIS Funds, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee’s duties to provide services in relation to the DIS Funds, shall not in a single year exceed 0.2% of the NAV of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for

the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or members who invest in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

(d) Key Risks Relating to the DIS

DIS is an investment strategy that is subject to various risks and limitations, including:

- Age as the sole factor in determining the asset allocation under the DIS. The DIS does not take into account other factors such as market and economic conditions nor a member's personal circumstances.
- Allocation to higher risk assets in the DIS Funds has to follow prescribed ratio and limits the investment manager's ability to respond to sudden market fluctuations.
- Annual de-risking between the DIS Funds operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.
- Potential rebalancing within each DIS Fund – investments in each of the DIS Funds will need to be re-balanced continuously in accordance with prescribed allocation which may affect the performance of the DIS Funds.
- Additional transaction costs due to rebalancing of assets and annual de-risking may result in greater transaction costs.
- The DIS does not guarantee capital repayment nor positive investment returns, and the DIS Funds are subject the general investment risks that apply to mixed asset funds.
- Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.
- The A65P holds around 20% of its assets in higher risk assets and may not be suitable for all members beyond the age of 64.

For further information about the risks associated with investing through DIS, please refer to "Statement of Investment Policy & Objectives" section of the Explanatory Memorandum as amended by the First Addendum.

(e) Information on Performance of DIS Funds

The fund performance and fund expense ratio of the DIS Funds will be published in the fund factsheet. One of the fund factsheets will be attached to annual benefit statement. Members can visit [www.fwd.com.hk](http://www.fwd.com.hk) or call the FWD Pension Service Hotline on (852) 3183 1900 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority ([www.mpfa.org.hk](http://www.mpfa.org.hk)).

**B. Key Features of the Existing Default Fund and the DIS**

Please find below the key features of the existing default fund and the DIS for reference:

	Existing Default Fund	The DIS
Name and description (if applicable)	FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio (" <b>CGP</b> ")	The DIS is comprised of two Constituent Funds, namely FWD MPF Basic/Comprehensive Scheme Core Accumulation Portfolio (" <b>CAP</b> ") and FWD MPF Basic/Comprehensive Scheme Age 65 Plus Portfolio (" <b>A65P</b> "), with de-risking mechanism in accordance with pre-set allocation percentages based on member's age
Fund Type	Guaranteed Fund – guarantee payable conditionally (for details, please refer to paragraphs 27 – 37 of Part II – "Introduction" in the Explanatory Memorandum, as amended by the First Addendum, relating to CGP)	For both CAP and A65P: Mixed Assets Fund
De-risking feature	No	Yes
Total management fees for Constituent Fund and Approved Pooled Investment Fund(s)	1.56% (Basic Scheme) or 1.66% (Comprehensive Scheme) p.a. of NAV (exclusive of a guarantee charge of 0.22%-0.925% p.a. of NAV)	For both CAP and A65P: 0.75% p.a. of NAV
Daily fees cap	No	Yes (for details, please refer to section A(c))
Return and risk profile*	Low	CAP: medium A65P: low
Guarantee feature	Yes - To qualify for the guarantee, a member must hold beneficial interests in CGP at all times in a 5-year period. The guarantee will also apply over a shorter period if the member reaches the age of 65. For details, please refer to paragraphs 27	No

	– 37 of Part II – “Introduction” in the Explanatory Memorandum, as amended by the First Addendum, relating to CGP.	
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\* The “Return and risk profile” indicates the expected risk of the relevant Constituent Fund relative to other Constituent Funds in the Scheme.

For details of the key features of the existing default fund and the DIS, please refer to the Explanatory Memorandum (or contact the Trustee).

### C. Implications for New and Pre-existing Accounts on or after DIS Implementation

#### (a) Implications on accounts opened on or after the Effective Date

When members join the Scheme or set up a new account in the Scheme on or after the Effective Date, they have the opportunity to give an investment instruction for their future investments. If members fail to or do not want to submit to the Trustee an investment instruction at the time of their requests to join / set up a new account in the Scheme, the Trustee shall invest any of their future investments into the DIS.

#### (b) Implications on accounts opened before the Effective Date

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on the Effective Date.

- (1) Generally, for a member’s pre-existing account with all accrued benefits being invested into the existing default fund but no investment instruction have been given in respect of accrued benefits (known as “**DIA account**”):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be transferred to the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-Investment Notice explaining the impacts on your pre-existing account and giving you an opportunity to give a specified investment instruction to the Trustee before the accrued benefits are invested into the DIS.

As the existing default fund, FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio, is a guaranteed fund, on the expiry of the notice period of the DIS Re-Investment Notice (the “**Expiry Day**”), the market value of a member’s accrued benefits in the existing default fund will be compared against the guaranteed value of such accrued benefits. In the event that the market value is less than the guaranteed value, the member’s accrued benefits (including any future investments) will continue to be invested in the existing default fund and a letter will be sent to the member within 12 business days of the Expiry Day notifying him of such comparison result. In the event that the market value is higher than or equal to the guaranteed value, the member’s accrued benefits will be transferred to the DIS and a switching statement will be sent to such member within 12 business days of the Expiry Day notifying him of such transfer. Any such member’s future investments will be invested in the DIS, unless otherwise instructed by the member.

Illustrative examples on the comparison in value in the FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio are set out in the Annex 1 to this notice.

For further information, members should refer to paragraph 22 in the Part II - "Introduction" of the Explanatory Memorandum as amended by the First Addendum, and the DIS Re-Investment Notice.

- (2) For a member's pre-existing account with part of the accrued benefits in the existing default fund:

If part of the accrued benefits of your pre-existing account was invested in the existing default fund, unless the Trustee has received any investment instructions, your accrued benefits will be invested in the same manner as accrued benefits were invested immediately before the Effective Date. Future investments will be invested in the DIS, unless the Trustee has received any investment instructions.

**Members should note that the implementation of the DIS legislation may have impact on their MPF investments or accrued benefits. Please consult the Trustee by calling the FWD Pension Service Hotline on 3183 1900 if you have any doubts or questions on how your MPF investments or accrued benefits are being affected.**

#### **D. Rules and Procedures Applicable to Investment through the DIS**

- (a) Fund Choice Combination

From the Effective Date, members may choose to invest their future investments into:

- (1) the DIS; **or**
- (2) one or more Constituent Funds of their own choice (including the CAP and the A65P as standalone investments) and according to their assigned allocation percentage(s) to the relevant Constituent Fund(s) of their choice.

A member wishing to invest in the DIS is required to give an investment instruction to invest **100%** of his future investments in the DIS. In addition, members should note that, if investments/accrued benefits in CAP or A65P are made under the member's investment instructions in the CAP and/or the A65P as a standalone fund choice rather than as part of DIS offered as a choice ("**standalone investments**"), those investments/accrued benefits will not be subject to the de-risking process. If a member's investment/accrued benefits are invested in any combination of (i) CAP and/or A65P as standalone investments and (ii) the DIS (no matter by default, by operational arrangements or by investment instruction) ("**DIS investments**"), investments/accrued benefits invested as standalone investments will not be subject to the de-risking mechanism whereas for investments/accrued benefits invested as DIS investments will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in standalone investments and DIS investments. In particular, members would, when giving a fund switching instruction, be required to specify to which of the benefits (namely, under standalone investments or DIS investments) the instruction relates.

- (b) Switching / transfer in and out of the DIS

Each member of the Scheme will have the opportunity to elect to invest his accrued benefits and contributions in an account **either** (i) into one or more of the twelve Constituent Funds **or** (ii) in accordance with the DIS. A member can switch into or out of the DIS at any time, subject to the rules of the Scheme. If a member wishes to switch into the DIS, he is required to switch out the **entire** portion of his accrued benefits in an account held in individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) into the DIS, subject to the Deed of Trust and Scheme Rules. Likewise, if a member wishes to switch out from the DIS, he is required to switch



out the **entire** portion of his accrued benefits held in an account invested in the DIS into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds). Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a member switches his accrued benefits out of the DIS, this will result in the cessation of his investment in accordance with the DIS and may negatively affect the balance between risk and return attributes that has been built into the DIS as a long-term strategy. For the avoidance of doubt, a member wishing to switch his accrued benefits into or out of the DIS is not required to at the same time change both his existing investment instructions for his future investments.

**Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the investment instructions for future contributions, and vice versa.**

#### **E. Rules and Procedures of Annual De-Risking**

##### (a) Dealing day of annual de-risking

The annual de-risking will normally be carried out on a member's birthday. Subject as further described in section E(b) below, if a member's birthday falls on a day which is not on a dealing day, then the investments of such member will be moved from the CAP to the A65P on the next available dealing day. If the birthday of the relevant member falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March or the next available dealing day. Members should note that the number of units will be rounded down to 4 decimal places while the unit price will be rounded down to 2 decimal places, and small rounding differences in the number of units of the CAP and A65P may arise during such de-risking process.

If the Trustee does not have the full date of birth of the relevant member, the de-risking will be carried out as follows:

- If only the year and month of birth is available, the annual de-risking will take place on the last calendar day of the birth month, or if it is not a dealing day, the next available dealing day.
- If only the year of birth is available, the annual de-risking will take place on the last calendar day of the year, or if it is not a dealing day, the next available dealing day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65P with no de-risking applied.

If the relevant member subsequently provides satisfactory evidence as to his year, month and/or day of birth, the relevant member's birthday based on such new evidence will be adopted, and the corresponding allocation percentages will be applied as soon as practicable.

A de-risking notice will, to the extent practicable, be sent at least 60 days prior to a member reaching the age of 50, and a de-risking confirmation statement will be sent to members no later than 5 business days after each annual de-risking is completed.

##### (b) De-risking process when there is one or more specified instructions

**When one or more of the specified instructions (including but not limited to subscription or redemption instructions) are being processed on the annual date of de-risking for a relevant member, the annual de-risking in respect of such**

**member will take place on the next dealing day after completion of these instructions where necessary. Members should note that the annual de-risking may be deferred as a result.**

In relation to switching and change of investment instructions, if a member would like to switch out from the DIS and/or change his investment instruction to invest into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) before the annual de-risking takes place (generally on a member's birthday), he should submit a switching instruction and/or a change of investment instruction (as applicable) before the dealing cut-off time at 5:00 p.m. on a date which is 2 business days before the member's birthday. If the switching and/or change of investment instructions are received after such dealing cut-off time, the switching and/or change of investment (as applicable) will only be performed after the completion of the de-risking process.

For members who wish to switch out from DIS to the CAP and/or A65P as standalone fund choices or vice versa, a switching instruction will be placed and redemption and subscription will be performed.

**Member should be aware that the above de-risking will not apply where a member chose the CAP and A65P as individual fund choices (rather than as part of the DIS).**

#### **F. Rules and Procedures relating to Investment Instructions**

When giving investment instructions in the relevant forms, members should give valid investment instructions specifying the investment allocation (in percentage terms) of each of their accounts including sub-accounts, if applicable (e.g. for a member who is an employee, he should give valid instructions specifying the investment allocation for each of his (i) employee's mandatory contributions; (ii) employer's mandatory contributions; (iii) employee's voluntary contributions (if any); and (iv) employer's voluntary contributions (if any) (each a "**sub-account**").

With effect from the Effective Date, an investment instruction, in respect of an account or a sub-account, will be considered invalid in the following circumstances:

- the relevant forms are not completed in accordance with the instructions of the relevant forms, e.g. the relevant forms have not been signed, the relevant sections have not been completed, amendments to instructions are not counter-signed, instructions cannot be understood, or contradictory/ inconsistent instructions are given;
- the investment allocations are not specified;
- the investment allocations to a Constituent Fund are not specified in a multiple of 10%;
- the investment allocations add up to more than or less than 100%;
- **an investment instruction to invest contributions partially (i.e. less than 100%) in accordance with the DIS.**

Without prejudice to the above, the Trustee may accept an investment or switching instruction given in such manner and subject to such conditions as the Trustee may consider appropriate, and in such cases, a member will be regarded as having given specific investment instructions for the purpose of section 34DA of the MPF Ordinance. Such specific investment instructions will remain unchanged until an appropriate switching / change of investment instruction is completed by the member and received by the Trustee.

## **G. Other Changes**

### (a) Transfers from one account to another within the Scheme

With effect from the Effective Date, in relation to any transfer from one account to another account (“**new account**”) within the Scheme in circumstances as set out in the sub-section headed “Portability of Members’ Benefits” in the “Membership, Contribution, Switching, Portability & Payment of Benefits” section of the Explanatory Memorandum, the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant member. For the avoidance of doubt, the investment instructions applicable to the original account will not apply to future investments that are made to the new account. Unless investment instructions are received by the Trustee, future investments to the new account will be invested according to the DIS. For the avoidance of doubt, in such case, the member’s existing accrued benefits held in the relevant Constituent Funds will remain so invested and will not be switched into the DIS.

### (b) Other fees, expenses and charges for providing additional services

With effect from 1 April 2017, in connection with the implementation of the DIS Funds, the administration fee charged by the Administrator on the 5<sup>th</sup> and each subsequent request for withdrawal of accrued benefits derived from voluntary contributions by a self-employed person or for withdrawal of accrued benefits derived from additional voluntary contributions by a member within a calendar year will not apply to a request for withdrawal where any accrued benefits are held in the DIS Funds.

## **H. Explanatory Memorandum and Deed of Trust**

To reflect the above changes, the consolidated Explanatory Memorandum will be amended by way of a first addendum to the Explanatory Memorandum (“**First Addendum**”) and the Deed of Trust will be amended by way of an eleventh supplemental deed (“**Eleventh Supplemental Deed**”), where applicable.

Members are advised to carefully review the First Addendum, which is enclosed with this notice. The Eleventh Supplemental Deed will be available on or around 1 February, 2017.

The latest version of the consolidated Explanatory Memorandum, the First Addendum will be posted on our website at [www.fwd.com.hk](http://www.fwd.com.hk). This website has not been reviewed by the SFC. The Deed of Trust establishing the Scheme together with all relevant Supplemental Deeds may be inspected free of charge during office hours at the office of the Trustee, FWD Pension Trust Limited, at Room 2506, 25/F, FWD Financial Centre, 308 Des Voeux Road Central, Hong Kong.

## **I. Means to Obtain Further Information**

Members may obtain information about the DIS through the FWD Pension Service Hotline on (852) 3183 1900.

Yours sincerely,  
**FWD PENSION TRUST LIMITED**

## Annex 1

### **Illustrative examples on the comparison in value in the FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio:**

**Example 1:** A personal account member did not give any investment instruction and transferred \$100,000 to the FWD MPF Master Trust Basic/Comprehensive Scheme on 15 October 2012. 100% of the accrued benefits was invested into the FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio (i.e. the “existing default fund”) on 15 October 2012. On 1 April 2017, such account is identified as a DIA account and a DIS Re-Investment Notice was issued on 1 September 2017 to the member. The Trustee did not receive any reply or investment instruction from the member on 14 October 2017 (i.e. 42 days from the date of the DIS Re-Investment Notice). The market value of existing default fund on 14 October 2017 is \$90,000.

The member has continuously invested in the existing default fund for a 5-year period from 15 October 2012 until 14 October 2017, and accordingly the guarantee would apply on 14 October 2017, and the shortfall between the guarantee value and the market value of \$10,000 will be credited to the member’s account. Since the guarantee amount of \$100,000 is higher than the market value of existing default fund at \$90,000 on 14 October 2017, according to the MPF Ordinance, all accrued benefits in the account will remain in the existing default fund and will not be transferred to the DIS. Any future contributions and accrued benefits transferred from another scheme to the member’s account will continue to be invested in the existing default fund.

**Example 2:** A personal account member did not give any investment instruction and transferred \$100,000 to the FWD MPF Master Trust Basic/Comprehensive Scheme on 15 October 2012. 100% of the accrued benefits were invested into the FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio (i.e. the “existing default fund”) on 15 October 2012. On 1 April 2017, such account is identified as a DIA account and DIS Re-Investment Notice was issued on 1 September 2017. The Trustee did not receive any reply or investment instruction from the member on 14 October 2017 (i.e. 42 days from the date of the DIS Re-Investment Notice). The market value of existing default fund on 14 October 2017 is \$110,000.

The member has continuously invested in the existing default fund for a 5-year period from 15 October 2012 until 14 October 2017, and accordingly the guarantee would apply on 14 October 2017, although in this case no shortfall is payable under the guarantee. Since the guarantee amount \$100,000 is lower than the market value of existing default fund \$110,000 on 14 October 2017, according to the MPF Ordinance, the member’s accrued benefits in the existing default fund will be invested according to the DIS by 28 October 2017 (i.e. 14 days after 14 October 2017). Furthermore, any future contributions or accrued benefits transferred from another scheme into the account after 14 October 2017 will also be invested according to the DIS.

**Example 3:** A personal account member did not give any investment instruction and transferred \$100,000 to the FWD MPF Master Trust Basic/Comprehensive Scheme on 15 October 2015. 100% of the accrued benefits was invested into the FWD MPF Basic/Comprehensive Scheme Capital Guaranteed Portfolio (i.e. the “existing default fund”) on 15 October 2015. On 1 April 2017, such account is identified as a DIA account and a DIS Re-Investment Notice was issued on 1 September 2017 to the member. The Trustee did not receive any reply or investment instruction from the member on 14 October 2017 (i.e. 42 days from the date of the DIS Re-Investment Notice). The market value of existing default fund on 14 October 2017 is \$90,000.

The member has invested in the existing default fund for less than 5 years from 15 October 2015 until 14 October 2017, and accordingly the guarantee would not apply. Since no guarantee amount is applicable, the member's account will be credited with the market value of \$90,000. According to the MPF Ordinance, the member's accrued benefits in the existing default fund will be invested according to the DIS by 28 October 2017 (i.e. 14 days after 14 October 2017). Furthermore, any future contributions or accrued benefits transferred from another scheme into the account after 14 October 2017 will also be invested according to the DIS.

## Annex 2

### Further information on CAP and A65P

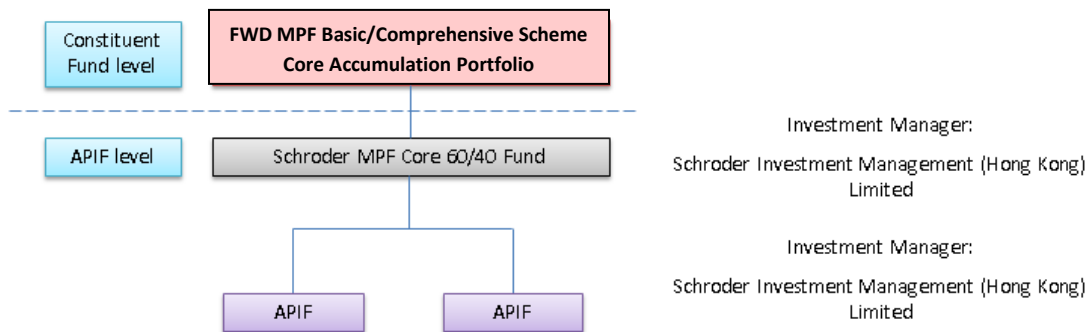
#### **FWD MPF Basic/Comprehensive Scheme Core Accumulation Portfolio**

##### *Investment Objective*

The investment objective of the CAP is to achieve capital growth by investing in a globally diversified manner.

##### *Investment Structure*

The CAP shall invest in an APIF named Schroder MPF Core 60/40 Fund (the “**60/40 Fund**”), a sub-fund of Schroder MPF Umbrella Fund managed by Schroder Investment Management (Hong Kong) Limited. The 60/40 Fund is a fund of funds which invests in two APIFs managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the CAP and its underlying APIFs is illustrated as follows:



##### *Investment Strategy*

The two underlying APIFs invested by the 60/40 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a “**Constituent Index**”) under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

##### *Asset Allocation*

Through its underlying investment, the CAP will hold 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The asset allocation to higher risk assets may vary

between 55% and 65% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the portfolio to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the CAP will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the 60/40 Fund invested by the CAP has discretion as to the asset allocation of the 60/40 Fund.

#### *Geographical Allocation*

Global equities	55% to 65%
Asia Pacific excluding Japan	0% to 32.5%
United States	5.5% to 45.5%
Japan	0% to 16.25%
Europe	5.5% to 32.5%
Others	0% to 19.5%
Fixed income securities and money market instruments	35% to 45%
US Dollar	3.5% to 40.5%
Global currencies Ex US Dollar	3.5% to 40.5%

#### *Hong Kong Dollar Currency Exposure*

The CAP maintains an effective currency exposure to Hong Kong dollars of not less than 30% through investment in the underlying APIFs.

#### *Use of Derivatives and Securities Lending*

The CAP will not trade in futures or options and will not lend securities. However, the CAP may have indirect exposure to futures or options through investing into the 60/40 Fund. The 60/40 Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only. The 60/40 Fund will not engage in securities lending. The 60/40 Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying APIFs, direct holdings in cash and/or through currency hedging.

#### *Return and risk profile*

The return of the CAP over the long term is expected to be similar to the return of the Reference Portfolio<sup>Note</sup> of CAP.

**The CAP is considered medium risk.** The fund descriptor of the CAP is “Mixed Assets Fund – Global – Maximum equity 65%”.

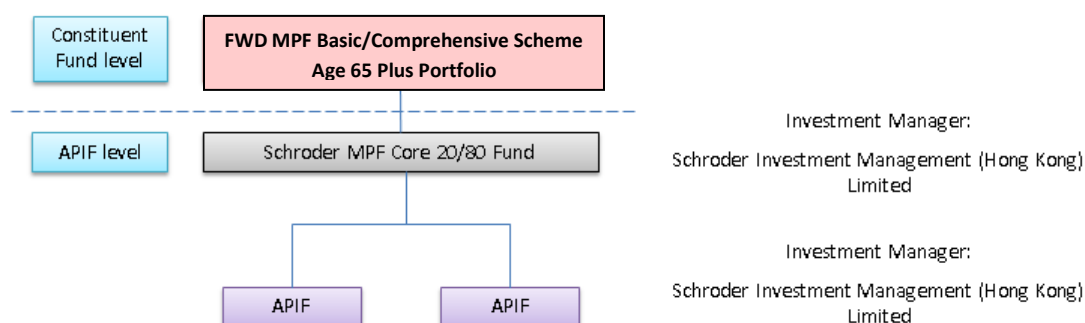
## FWD MPF Basic/Comprehensive Scheme Age 65 Plus Portfolio

### *Investment Objective*

The investment objective of the A65P is to achieve stable growth by investing in a globally diversified manner.

### *Investment Structure*

The A65P shall invest in an APIF named Schroder MPF Core 20/80 Fund (the “**20/80 Fund**”), a sub-fund of Schroder MPF Umbrella Fund managed by Schroder Investment Management (Hong Kong) Limited. The 20/80 Fund is a fund of funds which invests in two APIFs managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the A65P and its underlying APIFs is illustrated as follows:



### *Investment Strategy*

The two underlying APIFs invested by the 20/80 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a “**Constituent Index**”) under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

### *Asset Allocation*

Through its underlying investment, the A65P will hold 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the portfolio to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions



change. In any case, the A65P will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the 20/80 Fund invested by the A65P has discretion as to the asset allocation of the 20/80 Fund.

*Geographical Allocation*

Global equities	15% to 25%
Asia Pacific excluding Japan	0% to 12.5%
United States	1.5% to 17.5%
Japan	0% to 6.25%
Europe	1.5% to 12.5%
Others	0% to 7.5%
Fixed income securities and money market instruments	75% to 85%
US Dollar	7.5% to 76.5%
Global currencies Ex US Dollar	7.5% to 76.5%

*Hong Kong Dollar Currency Exposure*

The A65P maintains an effective currency exposure to Hong Kong dollars of not less than 30% through investment in the underlying APIFs.

*Use of Derivatives and Securities Lending*

The A65P will not trade in futures or options and will not lend securities. However, the A65P may have indirect exposure to futures or options through investing into the 20/80 Fund. The 20/80 Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only. The 20/80 Fund will not engage in securities lending. The 20/80 Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying APIFs, direct holdings in cash and/or through currency hedging.

*Return and risk profile*

The return of the A65P over the long term is expected to be similar to the return of the Reference Portfolio of A65P.

**The A65P is considered low risk.** The fund descriptor of the A65P is “Mixed Assets Fund – Global – Maximum equity 25%”.

**Note:**

*Reference Portfolio* - To provide a common reference point for the performance and asset allocation of the CAP and A65P, a reference portfolio developed by the MPF industry and published by the Hong Kong Investment Funds Association is adopted for the purpose of each of CAP and A65P.

**FWD MPF MASTER TRUST  
BASIC SCHEME**

**First Addendum to the Explanatory Memorandum dated December 2016**

This First Addendum forms part of, and should be read together with, the explanatory memorandum of FWD MPF Master Trust Basic Scheme (“**Scheme**”) dated December 2016, as amended (the “**Explanatory Memorandum**”). The Explanatory Memorandum and this First Addendum are available on the website at [www.fwd.com.hk](http://www.fwd.com.hk).

The Trustee accepts responsibility for the information contained in this First Addendum as being accurate as at the date of publication. All capitalised terms used in this First Addendum shall have the same meaning as in the Explanatory Memorandum, unless otherwise stated.

Except otherwise specified below, the following amendments are made to the Explanatory Memorandum with effect from 1 April 2017. To facilitate your review, the amendments to the Explanatory Memorandum have been segregated into two main sections as follows:

**Part A** – amendments directly relating to the introduction of the Default Investment Strategy, and the FWD MPF Basic Scheme Age 65 Plus Portfolio and the FWD MPF Basic Scheme Core Accumulation Portfolio; and

**Part B** – other administrative, ancillary or consequential amendments relating to the introduction of the Default Investment Strategy.

**Part A** – amendments directly relating to the introduction of the Default Investment Strategy, and the FWD MPF Basic Scheme Age 65 Plus Portfolio and the FWD MPF Basic Scheme Core Accumulation Portfolio

**Cover page    IMPORTANT**

The second and third bullet point shall be deleted and replaced with the following:

- “ •        **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 CONSTITUENT FUND OR THE DEFAULT INVESTMENT STRATEGY IS SUITABLE FOR YOU (INCLUDING WHETHER IT IS CONSISTENT WITH YOUR INVESTMENT OBJECTIVES), YOU SHOULD SEEK FINANCIAL AND/OR PROFESSIONAL ADVICE AND MAKE INVESTMENT CHOICES MOST SUITABLE FOR YOU TAKING INTO ACCOUNT YOUR CIRCUMSTANCES.**
  
- **IN THE EVENT THAT YOU DO NOT MAKE ANY INVESTMENT CHOICES, PLEASE BE REMINDED THAT YOUR CONTRIBUTIONS MADE AND/OR BENEFITS TRANSFERRED INTO THE SCHEME WILL UNLESS OTHERWISE PROVIDED IN THIS EXPLANATORY MEMORANDUM BE INVESTED IN ACCORDANCE WITH THE DEFAULT INVESTMENT STRATEGY WHICH MAY NOT NECESSARILY BE SUITABLE FOR YOU.”**

**Page [3]    II        INTRODUCTION**

The following new paragraphs 14 to 25 shall be inserted immediately after paragraph 13:

**“Glossary in relation to the Default Investment Strategy**

14	“ <b>A65P</b> ”	the FWD MPF Basic Scheme Age 65 Plus Portfolio
	“ <b>CAP</b> ”	the FWD MPF Basic Scheme Core Accumulation Portfolio
	“ <b>Default Fund</b> ”	the FWD MPF Basic Scheme Capital Guaranteed Portfolio
	“ <b>Default Investment Strategy</b> ” or “ <b>DIS</b> ”	an investment strategy that complies with Part 2, Schedule 10 to the MPF Ordinance, as summarised in the sub-section headed “Default Investment Strategy” below
	“ <b>DIS Funds</b> ”	the FWD MPF Basic Scheme Core Accumulation Portfolio and the FWD MPF Basic Scheme Age 65 Plus Portfolio and the “DIS Fund” means any of them

<b>“higher risk assets”</b>	any assets identified as such in the guidelines issued by the MPFA (as amended from time to time), including: <ul style="list-style-type: none"> <li>(a) shares;</li> <li>(b) warrants;</li> <li>(c) financial futures contracts and financial option contracts that are used other than for hedging purposes;</li> <li>(d) interest in an index-tracking collective investment scheme (“ITCIS”) that tracks an index comprised of equities or equities-like securities; and</li> <li>(e) any investment approved by the MPFA under section 8(1)(c), 8(2)(b) or 8(2)(c) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation except that part of a unit trust or mutual fund authorized by the SFC that is invested in assets or securities other than those set out in paragraphs (a) to (d) above</li> </ul>
<b>“lower risk assets”</b>	any assets other than higher risk assets as permitted under the Mandatory Provident Fund Schemes (General) Regulation such as bonds and money market instruments
<b>“Pre-existing Account”</b>	an account which exists or is set up before 1 April 2017
<b>“Reference Portfolio”</b>	a reference portfolio for each of the DIS Funds under the DIS developed by the MPF industry and published by the Hong Kong Investment Funds Association, to provide a common reference point for the performance and asset allocation of the DIS Fund. For further details, please refer to paragraph 25 below.

## Default Investment Strategy

- 15 In respect of new accounts set up on or after 1 April 2017, if a member does not give investment instructions or the investment instruction provided is considered invalid in the circumstances set out in paragraph 11, the default investment arrangement of the Scheme will be the DIS replacing the existing Default Fund (i.e. FWD MPF Basic Scheme Capital Guaranteed Portfolio). DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

### *The key features about DIS*

#### Asset Allocation of the DIS

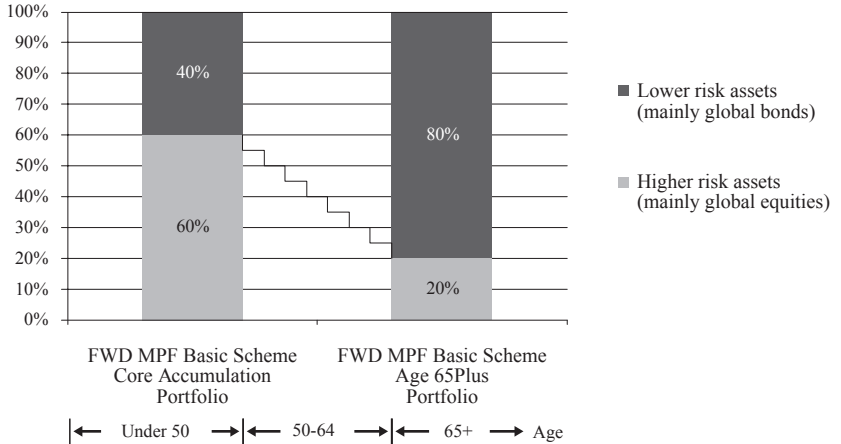
The DIS aims to balance the long term effects of investment risk and return through investing in two Constituent Funds, namely the CAP and the A65P, according to the pre-set allocation percentages at different ages. The CAP will invest around 60% of its net asset value in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% of its net asset value in lower risk assets (lower risk assets generally mean bonds or similar investments) whereas the A65P will invest around 20% of its net asset value in higher risk assets and 80% of its net asset value in lower risk assets. Both DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, bonds, money market instruments and cash, and other types of assets allowed under the MPF legislation. For further information on the investment objective and policies of each of the DIS Funds, please refer to the paragraphs 20 to 38 in Part III- the “Statement of Investment Policy & Objectives” section below.

## De-risking of the DIS

16

Accrued benefits invested through the DIS will be invested in a way that adjusts investment risk depending on a member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older upon reaching 50 years of age. Such de-risking is to be achieved by way of reducing the holding in CAP and increasing the holding in A65P throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

**Diagram 1: Asset Allocation between DIS Funds according to the DIS**



Notes: *The exact proportion of the portfolio in higher/lower risk assets at any point of time may deviate from the target glide path due to market fluctuations.*

17

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the CAP to the A65P under the DIS. Switching of the existing accrued benefits from the CAP to the A65P will be automatically carried out each year ("**annual de-risking**"), subject to as described in paragraphs 18 and 20 below, on the relevant member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below.

18

If a member's birthday falls on a day which is not on a dealing day, then the investments of such member will be moved from the CAP to the A65P on the next available dealing day. If the birthday of the relevant member falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March or the next available dealing day. Members should note that the number of units will be rounded down to 4 decimal places while the unit price will be rounded down to 2 decimal places, and small rounding differences in the number of units of the CAP and A65P may arise during such de-risking process.

**Notwithstanding the preceding paragraph, when one or more of the specified instructions (including but not limited to subscription or redemption instructions) are being processed on the annual date of de-risking for a relevant member, the annual de-risking in respect of such member will take place on the next dealing day after completion of these instructions where necessary. Members should note that the annual de-risking may be deferred as a result.** Please refer to Part IV- the "Membership, Contribution, Switching, Portability & Payment of Benefits" section for details regarding the procedures for contribution and withdrawal.

In relation to switching and change of investment instructions, if a member would like to switch out from the DIS and/or change his investment instruction to invest into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) before the annual de-risking takes place (generally on a member's birthday), he should submit a switching instruction and/or a change of investment instruction (as applicable) before the dealing cut-off time at 5:00 p.m. on a date which is 2 business days before the member's birthday. **If the switching and/or change of investment instructions are received after such dealing cut-off time, the switching and/or change of investment (as applicable) will only be performed after the completion of the de-risking process.**

For members who wish to switch out from DIS to the CAP and/or A65P as standalone fund choices or vice versa, a switching instruction will be placed and redemption and subscription will be performed.

A de-risking notice will, to the extent practicable, be sent at least 60 days prior to a member reaching the age of 50, and a de-risking confirmation statement will be sent to members no later than 5 business days after each annual de-risking is completed.

**Member should be aware that the above de-risking will not apply where a member chose the CAP and A65P as individual fund choices (rather than as part of the DIS).**

19 In summary under the DIS:

- When a member is below the age of 50, all his contributions and accrued benefits transferred from another scheme will be invested in the CAP.
- When a member is between the ages of 50 and 64, all his contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between the CAP and A65P as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above.
- When a member reaches the age of 64, all contributions and accrued benefits transferred from another scheme will be invested in the A65P.

20 If the Trustee does not have the full date of birth of the relevant member, the de-risking will be carried out as follows:

- If only the year and month of birth is available, the annual de-risking will take place on the last calendar day of the birth month, or if it is not a dealing day, the next available dealing day.
- If only the year of birth is available, the annual de-risking will take place on the last calendar day of the year, or if it is not a dealing day, the next available dealing day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65P with no de-risking applied.

If the relevant member subsequently provides satisfactory evidence as to his year, month and/or day of birth, the relevant member's birthday based on such new evidence will be adopted, and the corresponding allocation percentages will be applied as soon as practicable.

**Diagram 2: DIS De-risking Table**

Age	FWD MPF Basic Scheme Core Accumulation Portfolio ("CAP")	FWD MPF Basic Scheme Age 65 Plus Portfolio ("A65P")
<b>Below 50</b>	100.0%	0.0%
<b>50</b>	93.3%	6.7%
<b>51</b>	86.7%	13.3%
<b>52</b>	80.0%	20.0%
<b>53</b>	73.3%	26.7%
<b>54</b>	66.7%	33.3%
<b>55</b>	60.0%	40.0%
<b>56</b>	53.3%	46.7%
<b>57</b>	46.7%	53.3%
<b>58</b>	40.0%	60.0%
<b>59</b>	33.3%	66.7%
<b>60</b>	26.7%	73.3%
<b>61</b>	20.0%	80.0%
<b>62</b>	13.3%	86.7%
<b>63</b>	6.7%	93.3%
<b>64 and above</b>	0.0%	100.0%

Note: *The above allocation between CAP and A65P is made at the point of annual de-risking and the proportion of CAP and A65P in the DIS portfolio may vary during the year due to market fluctuations.*

### *Switching in and out of the DIS*

- 21 Each member of the Scheme will have the opportunity to elect to invest his accrued benefits and contributions in an account **either** (i) into one or more of the nine Constituent Funds **or** (ii) in accordance with the DIS. A member can switch into or out of the DIS at any time, subject to the rules of the Scheme. If a member wishes to switch into the DIS, he is required to switch out the **entire** portion of his accrued benefits in an account held in individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) into the DIS, subject to the Deed of Trust and Scheme Rules. Likewise, if a member wishes to switch out from the DIS, he is required to switch out the **entire** portion of his accrued benefits held in an account invested in the DIS into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds). Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a member switches his accrued benefits out of the DIS, this will result in the cessation of his investment in accordance with the DIS and may negatively affect the balance between risk and return attributes that has been built into the DIS as a long-term strategy. For the avoidance of doubt, a member wishing to switch his accrued benefits into or out of the DIS is not required to at the same time change both his existing investment instructions for his future contributions and accrued benefits transferred from another scheme.

**Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the investment instructions for future contributions, and vice versa.**

#### *Circumstances for accrued benefits to be invested in the DIS*

This sub-section applies to all accounts, including accounts to which additional voluntary contributions are made.

- 22 (A) New accounts set up on or after 1 April 2017:
- (a) When members join the Scheme or set up a new account in the Scheme, they have the opportunity to give an investment instruction in respect of each of their accounts including sub-accounts, if applicable, for their future contributions and accrued benefits transferred from another scheme. Unless otherwise provided in the relevant Participation Agreement and/or the relevant forms, they may choose to invest their future contributions and accrued benefits transferred from another scheme into:
- the DIS; **or**
  - one or more Constituent Funds of their own choice (including the CAP and the A65P) and according to their assigned allocation percentage(s) to the relevant Constituent Fund(s) of their choice.

A member wishing to invest in the DIS is required to give an investment instruction to invest **100%** of his future contributions (whether derived from mandatory contributions or voluntary contributions) and accrued benefits transferred from another scheme in the DIS. In addition, members should note that, if investments/acrued benefits in CAP or A65P are made under the member's investment instructions in the CAP and/or the A65P as a standalone fund choice rather than as part of DIS offered as a choice ("**standalone investments**"), those investments/acrued benefits will not be subject to the de-risking process. If a member's investment/acrued benefits are invested in any combination of (i) CAP and/or A65P as standalone investments and (ii) the DIS (no matter by default, by operational arrangements or by investment instruction) ("**DIS investments**"), investments/acrued benefits invested as standalone investments will not be subject to the de-risking mechanism whereas for investments/acrued benefits invested as DIS investments will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in standalone investments and DIS investments. In particular, members would, when giving a fund switching instruction, be required to specify to which of the benefits (namely, under standalone investments or DIS investments) the instruction relates.

- (b) If a member does not give investment instructions or the investment instruction provided is considered invalid in the circumstances set out in paragraph 11, his future contributions and accrued benefits transferred from another scheme (or the relevant part thereof) will be automatically invested in the DIS.

(B) Existing account set up before 1 April 2017:

There are special rules to be applied for Pre-existing Accounts and these rules **only apply to a member who is under or becoming 60 years of age on 1 April 2017.**

- (a) For a member's Pre-existing Account with all accrued benefits being invested in the Default Fund but no investment instructions for accrued benefits have been given:

If the accrued benefits in a member's Pre-existing Account are only invested in the Default Fund but no investment instructions for accrued benefits have been given, subject as described in the next paragraph, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such Pre-Existing Account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the "DRN") may be sent to the member within 6 months from 1 April 2017 explaining the impact on such account and giving the member an opportunity to give a specified investment instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. **Members should note that subject to meeting the qualifying conditions as described in paragraphs 27 to 37 below, the Default Fund provides a capital guarantee, and on this basis the risk level of the Default Fund is considered lower than that of the DIS. Members will also be subject to market risks during the redemption and reinvestment process.**

Notwithstanding the aforesaid, in the case of any transfer from one account to another account within the Scheme (e.g. from a contribution account to a personal account following the cessation of employment), the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant member. Accordingly, if the accrued benefits of a member's Pre-existing Account are invested in the Default Fund as a result of a transfer from one account to another account within the Scheme, the special rules and arrangements relating to DIS and the DRN as described above will not apply. For the avoidance of doubt, the investment instructions applicable to the original account will not apply to future contributions or accrued benefits transferred from another scheme that are made to the new account. Unless investment instructions are received by the Trustee, future contributions or accrued benefits transferred from another scheme to the new account will be invested according to the DIS.

As the Default Fund is a guaranteed fund, on the expiry of the notice period of the DRN ("Expiry Day"), the market value of a member's accrued benefits in the Default Fund will be compared against the guaranteed value of such accrued benefits. In the event that the market value of the accrued benefits is less than the guaranteed value, the member's accrued benefits (including any future contributions and accrued benefits transferred to the Scheme) will continue to be invested in the Default Fund. The DIS Pre-implementation Notice will set out the communication arrangement of the comparison result of guaranteed value and market value of the member's accrued benefits.

For details of the communication arrangement of the comparison result of guaranteed value and market value of the member's accrued benefits, members should refer to the DRN.

- (b) For a member's Pre-existing Account with part of the accrued benefits in the Default Fund:

For a member's Pre-existing Account which part of the accrued benefits is invested in the Default Fund immediately before 1 April 2017, unless the Trustee has received any investment instructions, accrued benefits of a member will be invested in the same manner as accrued benefits were invested immediately before 1 April 2017. Future contribution and accrued benefits transferred from another scheme will be invested in the DIS, unless the Trustee has received any investment instructions.

**Members should note that the implementation of the DIS legislation may have impact on their MPF investments or accrued benefits. Please consult the Trustee by calling the FWD Pension Service Hotline on 3183 1900 if you have any doubts or questions on how your MPF investments or accrued benefits are being affected.**

- (c) Members with Pre-existing Account and aged 60 or above before 1 April 2017:

In the case of members who are aged 60 or above before 1 April 2017 and who hold a Pre-existing Account, the accrued benefits, future contributions and accrued benefits transferred from another scheme in the Pre-existing Account will continue to be invested in the same manner as accrued benefits, future contributions and accrued benefits transferred from another scheme (as the case may be) were invested immediately before 1 April 2017, unless the Trustee receives any investment instructions or switching instructions.

#### *Fees and out-of-pocket expenses of the DIS Funds*

23

In accordance with the MPF legislation, the aggregate of the payments for services of the CAP and A65P must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment managers(s), the custodian and the sponsor and/or promoter (if any) of the Scheme and the underlying investment fund(s) of the respective DIS Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or members who invest in a DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or members who invest in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

For further details, please refer to the "Fees, Charges & Expenses" section below.

#### *Key Risks associated with the Default Investment Strategy*

24 For general key risks relating to investments, please refer to Part III - "Statement of Investment Policy & Objectives" section below.

Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

#### **Limitations on the strategy**

(i) *Age as the sole factor in determining the asset allocation under the DIS*

As set out in more detail in paragraphs 16 to 20 above, members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of Constituent Funds from the range available in the Scheme.

(ii) *Pre-set asset allocation*

Members should note that the two DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or – 5%. The prescribed exposure between higher risk and lower risk assets of CAP and A65P will limit the ability of the investment manager of the underlying investment funds of these two DIS Funds to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the investment manager of the underlying investment funds thought it appropriate to do so.

(iii) *Annual de-risking between the DIS Funds*

Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions. It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.



Also, the de-risking process cannot insulate members from “systemic risk”, such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

(iv) *Potential rebalancing within each DIS Fund*

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAP and A65P, the investments of each of the CAP and A65P may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the CAP’s or A65P’s asset allocation may fall outside the respective prescribed limit. In this case, the underlying investment funds of the CAP and A65P will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the investment manager of the underlying investment funds is of the view that the higher risk assets might continue to perform poorly.

(v) *Additional transaction costs*

Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the prescribed allocation within each of the CAP and A65P and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those members with only a short investment horizon before retirement). The two DIS Funds are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to Part III- “Statement of Investment Policy & Objectives” section below.

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/ on-going contribution, if any, will be invested in the A65P which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

*Information on Performance of DIS Funds*

25 The fund performance and fund expense ratio (together with the information on its definition) of the CAP and A65P will be published in the fund factsheet. One of the fund factsheets will be attached to annual benefit statement. Members can visit [www.fwd.com.hk](http://www.fwd.com.hk) or call the FWD Pension Service Hotline on 3183 1900 for information. Members may also obtain the fund performance information and definition of fund expense ratio at the website of the Mandatory Provident Fund Schemes Authority ([www.mpfa.org.hk](http://www.mpfa.org.hk)).

To provide a common reference point for performance and asset allocation of the CAP and A65P, the Reference Portfolio is adopted for the purpose of each of the DIS Funds. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association, please visit [www.hkifa.org.hk](http://www.hkifa.org.hk) for further information regarding the performance of the Reference Portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members’ accrued benefits may not suffer significant loss. Members should regularly review the performance of the funds and consider whether the investments still suit their personal needs and circumstances.”

The existing paragraphs 14 to 25 shall renumbered accordingly.

The following new paragraphs 20 to 38 shall be inserted immediately after existing paragraph 19:

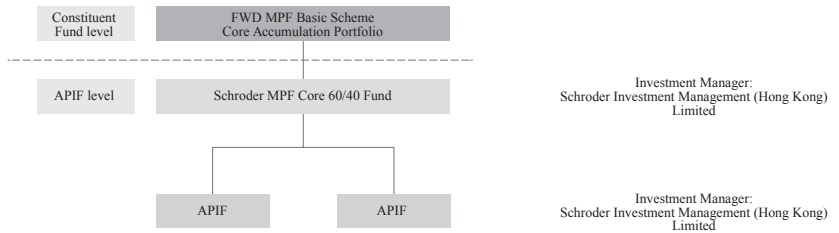
**“FWD MPF Basic Scheme Core Accumulation Portfolio**

*Investment Objective*

20 The investment objective of the CAP is to achieve capital growth by investing in a globally diversified manner.

*Investment Structure*

21 The CAP shall invest in an APIF named Schroder MPF Core 60/40 Fund (the “60/40 Fund”), a sub-fund of Schroder MPF Umbrella Fund managed by Schroder Investment Management (Hong Kong) Limited. The 60/40 Fund is a fund of funds which invests in two APIFs managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the CAP and its underlying APIFs is illustrated as follows:



*Investment Strategy*

22 The two underlying APIFs invested by the 60/40 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a “**Constituent Index**”) under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

*Asset Allocation*

23 Through its underlying investment, the CAP will hold 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the portfolio to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the CAP will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the 60/40 Fund invested by the CAP has discretion as to the asset allocation of the 60/40 Fund.

*Geographical Allocation*

24	Global equities	55% to 65%
	Asia Pacific excluding Japan	0% to 32.5%
	United States	5.5% to 45.5%
	Japan	0% to 16.25%
	Europe	5.5% to 32.5%
	Others	0% to 19.5%
	Fixed income securities and money market instruments	35% to 45%
	US Dollar	3.5% to 40.5%
	Global currencies Ex US Dollar	3.5% to 40.5%

*Hong Kong Dollar Currency Exposure*

25 The CAP maintains an effective currency exposure to Hong Kong dollars of not less than 30% through investment in the underlying APIFs.

*Use of Derivatives and Securities Lending*

26 The CAP will not trade in futures or options and will not lend securities. However, the CAP may have indirect exposure to futures or options through investing into the 60/40 Fund. The 60/40 Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only. The 60/40 Fund will not engage in securities lending. The 60/40 Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying APIFs, direct holdings in cash and/or through currency hedging.

*Return and risk profile*

27 The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the CAP. For further information, please refer to paragraph 25 of Part II. The return of the CAP over the long term is expected to be similar to the return of the Reference Portfolio of CAP.

28 **The CAP is considered medium risk.** The fund descriptor of the CAP is "Mixed Assets Fund – Global – Maximum equity 65%".

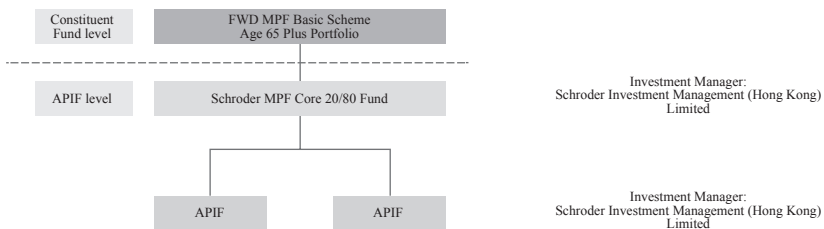
**FWD MPF Basic Scheme Age 65 Plus Portfolio**

*Investment Objective*

29 The investment objective of the A65P is to achieve stable growth by investing in a globally diversified manner.

*Investment Structure*

30 The A65P shall invest in an APIF named Schroder MPF Core 20/80 Fund (the "20/80 Fund"), a sub-fund of Schroder MPF Umbrella Fund managed by Schroder Investment Management (Hong Kong) Limited. The 20/80 Fund is a fund of funds which invests in two APIFs managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the A65P and its underlying APIFs is illustrated as follows:



### *Investment Strategy*

- 31 The two underlying APIFs invested by the 20/80 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a “**Constituent Index**”) under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

### *Asset Allocation*

- 32 Through its underlying investment, the A65P will hold 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the portfolio to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the A65P will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the 20/80 Fund invested by the A65P has discretion as to the asset allocation of the 20/80 Fund.

### *Geographical Allocation*

33	Global equities	15% to 25%
	Asia Pacific excluding Japan	0% to 12.5%
	United States	1.5% to 17.5%
	Japan	0% to 6.25%
	Europe	1.5% to 12.5%
	Others	0% to 7.5%
	Fixed income securities and money market instruments	75% to 85%
	US Dollar	7.5% to 76.5%
	Global currencies Ex US Dollar	7.5% to 76.5%

### *Hong Kong Dollar Currency Exposure*

- 34 The A65P maintains an effective currency exposure to Hong Kong dollars of not less than 30% through investment in the underlying APIFs.

### *Use of Derivatives and Securities Lending*

- 35 The A65P will not trade in futures or options and will not lend securities. However, the A65P may have indirect exposure to futures or options through investing into the 20/80 Fund. The 20/80 Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only. The 20/80 Fund will not engage in securities lending. The 20/80 Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying APIFs, direct holdings in cash and/ or through currency hedging.

### *Return and risk profile*

- 36 The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the A65P. For further information, please refer to paragraph 25 of Part II. The return of the A65P over the long term is expected to be similar the return of the Reference Portfolio of A65P.

- 37 **The A65P is considered low risk.** The fund descriptor of the A65P is “Mixed Assets Fund – Global – Maximum equity 25%” .

### **Determination of Return and risk profile**

- 38 The return profile (where applicable) and risk profile for the Constituent Funds set out above are determined by the Trustee, in consultation with the Sponsor, based on various factors including volatility, the investment

objective and policy and asset allocations. These profiles are provided for reference only, and may be updated periodically based on prevailing market circumstances."

The existing paragraphs 20 to 23 shall renumbered accordingly.

**Part B** – other administrative, ancillary or consequential amendments relating to the introduction of the Default Investment Strategy

**Page [2] II INTRODUCTION**

Paragraph 8 shall be deleted and replaced with the following:

"8 The Scheme offers a choice of nine unitized Constituent Funds and the Default Investment Strategy ("DIS") (as described in paragraphs 14 through 25 in this section below). Each Constituent Fund is established under the Deed of Trust of the Scheme. Except for FWD MPF Basic Scheme MPF Conservative Portfolio (which invests directly in permissible investments) and FWD MPF Basic Scheme US & Hong Kong Equity Portfolio (which invests in two or more unit trust APIs and/or two or more approved ITCISs), the other Constituent Funds invest their assets in respective single APIF. Details of the nine Constituent Funds are summarized as follows:

<b>Name of Constituent Fund</b>	<b>Type of Fund</b>	<b>Investment Structure</b>	<b>Investment Manager of the Constituent Fund or underlying APIF<sup>#</sup></b>
FWD MPF Basic Scheme MPF Conservative Portfolio	Money Market Fund - Hong Kong	Invest directly in permissible investments by <i>Schroder Investment Management (Hong Kong) Limited</i> , which is the investment manager of the constituent fund	Schroder Investment Management (Hong Kong) Limited
FWD MPF Basic Scheme Capital Guaranteed Portfolio	Guaranteed Fund (please refer to paragraphs 27 through 37 of Part II of the Explanatory Memorandum for details of the guarantee features and conditions)	Invest solely in an insurance policy APIF, <i>FWD MPF Capital Guaranteed Policy</i>	FWD Life Insurance Company (Bermuda) Limited
FWD MPF Basic Scheme Age 65 Plus Portfolio	Mixed Assets Fund - Global - Asset Allocation in Higher Risk Assets 15% - 25%	Invest solely in a unit trust APIF, <i>Schroder MPF Core 20/80 Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Basic Scheme Stable Growth Portfolio	Mixed Assets Fund - Global - Proposed Asset Allocation in Equities 30% - 60%	Invest solely in a unit trust APIF, <i>Schroder MPF Stable Growth Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Basic Scheme Core Accumulation Portfolio	Mixed Assets Fund - Global - Asset Allocation in Higher Risk Assets 55% - 65%	Invest solely in a unit trust APIF, <i>Schroder MPF Core 60/40 Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Basic Scheme Balanced Growth Portfolio	Mixed Assets Fund - Global - Proposed Asset Allocation in Equities 45% - 85%	Invest solely in a unit trust APIF, <i>Schroder MPF Balanced Investment Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Basic Scheme International Equity Portfolio	Equity Fund - Global	Invest solely in a unit trust APIF, <i>Fidelity Global Investment Fund-Global Equity Fund</i>	FIL Investment Management (Hong Kong Limited)
FWD MPF Basic Scheme US & Hong Kong Equity Portfolio	Equity Fund - United States & Hong Kong	Invests in two or more unit trust APIs and/or two or more approved ITCISs	State Street Global Advisors Asia Limited
FWD MPF Basic Scheme Hong Kong Equity Portfolio	Equity Fund - Hong Kong	Invest solely in a unit trust APIF, <i>Schroder IPF Hong Kong Equity Fund</i>	Schroder Investment Management (Hong Kong) Limited

# Except for FWD MPF Basic Scheme MPF Conservative Portfolio and FWD MPF Basic Scheme US & Hong Kong Equity Portfolio, the rest are investment manager of the underlying APIs."

Paragraph 10 shall be deleted and replaced with the following:

"10 With effect from 1 April 2017, each member of the Scheme will have the opportunity to elect to invest his accrued benefits and contributions in respect of an account **either** (i) into one or more of the nine Constituent Funds (including the FWD MPF Basic Scheme Core Accumulation Portfolio and the FWD MPF Basic Scheme Age 65 Plus Portfolio as standalone Constituent Funds) **or** (ii) in accordance with the DIS. In other words, a member may not elect to invest his accrued benefits and contributions in accordance with the DIS and in one or more of the nine Constituent Funds at the same time. For further details, please refer to paragraph 21 in this section. Investment involves risks. Not all the Constituent Funds or the DIS would be suitable for everyone. Before electing to invest in the Constituent Fund(s) or the DIS, you should read carefully the Explanatory Memorandum and understand the statement of investment policy and objectives of each Constituent Fund and the disclosures on the DIS and the risks involved and select such Constituent Fund(s) or the DIS that are consistent with your investment objective and personal circumstances. When you are in doubt as to which Constituent Fund is suitable for you or whether the DIS is suitable for you, you should seek independent financial and/or professional advice."

Paragraph 11 shall be deleted and replaced with the following:

"11 On becoming a member, a membership enrolment form (in respect of an employee whose current employer participates in the Scheme) / participation form for self-employed person (in respect of a self-employed person) / personal account membership enrolment form (in respect of a personal member) / additional voluntary contributions application form (in respect of a member who makes additional voluntary contributions) indicating how the member wishes his contributions to be invested should be completed.

When giving investment instructions in the relevant forms, members should give valid investment instructions specifying the investment allocation (in percentage terms) of each of their account including sub-accounts, if applicable (e.g. for a member who is an employee, he should give valid instructions specifying the investment allocation for each of his (i) employee' s mandatory contributions; (ii) employer' s mandatory contributions; (iii) employee' s voluntary contributions (if any); and (iv) employer' s voluntary contributions (if any) (each a "sub-account" )).

With effect from 1 April 2017, an investment instruction, in respect of an account or a sub-account, will be considered invalid in the following circumstances:

- the relevant forms are not completed in accordance with the instructions of the relevant forms, e.g. the relevant forms have not been signed, the relevant sections have not been completed, amendments to instructions are not counter-signed, instructions cannot be understood, or contradictory/ inconsistent instructions are given;
- the investment allocations are not specified;
- the investment allocations to a Constituent Fund are not specified in a multiple of 10%;
- the investment allocations add up to more than or less than 100%;
- **an investment instruction to invest contributions partially (i.e. less than 100%) in accordance with the DIS.**

Without prejudice to the above, the Trustee may accept an investment or switching instruction given in such manner and subject to such conditions as the Trustee may consider appropriate, and in such cases, a member will be regarded as having given specific investment instructions for the purpose of section 34DA of the MPF Ordinance. Such specific investment instructions will remain unchanged until an appropriate switching / change of investment instruction is completed by the member and received by the Trustee.

**With effect from 1 April 2017, if no investment instruction is given by a member, or the investment instructions in respect of an account or a sub-account are considered invalid, contributions and accrued benefits transferred from another scheme made in respect of such account or sub-account (as the case may be) shall be invested according to the DIS.**

The employer cannot determine how the contributions are invested on behalf of the employee.

If a member wishes to make additional voluntary contributions, a separate account independent from his existing employee account / self-employed person account / personal account will be set up. The additional voluntary contributions will be invested in such separate account in accordance with the investment instruction as elected in the additional voluntary contributions application form or the latest investment instruction given by the member subsequently."

**Page [13] III STATEMENT OF INVESTMENT POLICY & OBJECTIVES**

The following new sub-paragraph u) shall be inserted immediately after sub-paragraph t) of the renumbered paragraph 42 (originally paragraph 23):

**“Risks factors in relation to investing in FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio**

- u) The asset allocation of the CAP and A65P is prescribed under the MPF Ordinance. This may limit the flexibility to adjust the portfolio allocation in accordance with market conditions. The underlying investment funds of the DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times, regardless whether more defensive or aggressive asset allocation approach would be appropriate under certain circumstances. In addition, in order to maintain the prescribed asset allocation, investments of the underlying investment funds may be periodically rebalanced and therefore they may incur greater transaction costs than funds with static allocation strategy.

For risk factors relating to investing in the CAP and A65P as part of the DIS, please refer to paragraph 24 of Part II in the “Introduction” section above.”

**Page [16] IV MEMBERSHIP, CONTRIBUTION, SWITCHING, PORTABILITY & PAYMENT OF BENEFITS**

The following new paragraph 16A shall be inserted immediately after paragraph 16:

- “16A In relation to any transfer from one account to another account (“**new account**”) within the Scheme as set out in paragraphs 15, 15A to 15C and 16 above, the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant member. For the avoidance of doubt, the investment instructions applicable to the original account will not apply to future contributions or accrued benefits transferred from another scheme that are made to the new account. Unless investment instructions are received by the Trustee, future contributions or accrued benefits transferred from another scheme to the new account will be invested according to the DIS. For the avoidance of doubt, in such case, the member’s existing accrued benefits held in the relevant Constituent Funds will remain so invested and will not be switched into the DIS.”

Paragraph 24 shall be deleted and replaced with the following:

- “24 A self-employed person who is a member of the Scheme may withdraw voluntary contributions as he wishes, provided that the amount of each withdrawal must be HK\$5,000 or more. Any withdrawal over four times within a calendar year will be subject to an administration fee of HK\$200 per request, provided that such administration fee shall not apply to withdrawal where any of the voluntary contributions are held in the DIS Funds.

Any member may withdraw additional voluntary contributions as he wishes, provided that the amount of each withdrawal must be HK\$3,000 or more, the withdrawal must be in a multiple of 5% of total additional voluntary contributions balance or individual fund balance; and the remaining balance of the additional voluntary contributions in his account must not be less than HK\$5,000. Any withdrawal over four times within a calendar year will be subject to an administration fee of HK\$200 per request, provided that such administration fee shall not apply to withdrawal where any of the additional voluntary contributions are held in the DIS Funds.

Notwithstanding the above, a member may withdraw all the voluntary contributions or additional voluntary contributions in one lump sum in accordance with the Rules governing the Scheme.”

**Page [22] VI FEES, CHARGES & EXPENSES**

The following new paragraph 3 shall be inserted immediately after paragraph 2:

- 3 In accordance with the MPF legislation, the aggregate of the payments for services of DIS Funds, i.e. the FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s), the custodian and the sponsor and/or promoter (if any) of the Scheme and the underlying investment fund(s) of the respective DIS Fund and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

In addition, in accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or members who invest in a DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or members who invests in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

The existing paragraphs 3 to 14 shall renumbered accordingly.

**Page [22] VI FEES, CHARGES & EXPENSES**

The heading of the fee table (B) "FEES AND CHARGES PAYABLE ARISING FROM TRANCTIONS IN INDIVIDUAL MEMBER'S ACCOUNT" shall be deleted and replaced with "FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANCTIONS IN INDIVIDUAL MEMBER'S ACCOUNT".

The sub-heading "Type of fees and charges" in the fee table (B) shall be deleted and replaced with "Types of fees, expenses and charges".

**Page [23] VI FEES, CHARGES & EXPENSES**

The fee table under "**(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS (INCLUDING FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS)**" in the renumbered paragraph 6 (original paragraph 5) shall be deleted and replaced with the following:

<b>(C) FEES, EXPENSE AND CHARGES OF CONSTITUENT FUNDS (INCLUDING FEES, EXPENSES AND CHARGES OF THE UNDERLYING FUNDS)</b>			
<b>Types of fees, expenses &amp; charges</b>	<b>Name of Constituent Fund</b>	<b>Current level (% of NAV per annum)</b>	<b>Deducted from</b>
Management fees <sup>7</sup> (see Notes (iv) & (v))	FWD MPF Basic Scheme MPF Conservative Portfolio	1.19%	Relevant constituent fund assets and the underlying fund assets
	FWD MPF Basic Scheme Capital Guaranteed Portfolio	1.56%	
	FWD MPF Basic Scheme Age 65 Plus Portfolio	0.75% (see Notes (iii) and (viii))	
	FWD MPF Basic Scheme Stable Growth Portfolio	1.56% - 1.875% (see Note (iii))	
	FWD MPF Basic Scheme Core Accumulation Portfolio	0.75% (see Notes (iii) and (viii))	
	FWD MPF Basic Scheme Balanced Growth Portfolio	1.619% (see Note (iii))	
	FWD MPF Basic Scheme International Equity Portfolio	1.87% - 1.88% (see Note (iii))	
	FWD MPF Basic Scheme US & Hong Kong Equity Portfolio	Up to 1.3% (see Note (iii))	
	FWD MPF Basic Scheme Hong Kong Equity Portfolio	1.93% (see Note (iii))	
Guarantee charge <sup>8</sup>	FWD MPF Basic Scheme Capital Guaranteed Portfolio	0.22% - 0.925% (see Note (vi))	Relevant underlying fund assets



Other expenses	All Constituent Funds	<p>Other expenses to be charged to the relevant Constituent Fund and underlying fund assets include MPF Compensation Fund fees (if any), indemnity insurance charges, establishment costs, if any, audit, accounting, legal fees, expenses for publishing unit prices, cost of preparing, publishing and distributing constitutive documents, notices, forms and reports, all Constituent Funds transaction related expenses, statutory charges and any other fees and charges incurred in respect of the management and administration of the Scheme and the underlying funds. Certain recurrent out-of-pocket expenses relating to the FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio are subject to a statutory annual limit of 0.20% of the net asset value of those funds and will not be charged to or imposed on the relevant fund in excess of that amount. No establishment costs will be charged to the FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio.</p>	Relevant constituent fund assets and the underlying fund assets
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**Page [24] VI FEES, CHARGES & EXPENSES**

The fee table under “(D) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES” in the renumbered paragraph 6 shall be deleted and replaced with the following:

<b>(D) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES</b>			
<b>Type of additional services</b>	<b>Current level</b>	<b>Maximum level</b>	<b>Payable by</b>
Fee to Trustee for a copy of the Deed of Trust (see Note (vii))	Currently waived	HK\$500 for each copy	Persons who make the request
Fee to Trustee for any change of vesting provisions for future employer’s voluntary contributions	Currently waived	HK\$500 for each change	Employers who request the change
Administration fee charged by Administrator on the 5 <sup>th</sup> and each subsequent request for withdrawal of accrued benefits derived from voluntary contributions by a self-employed person or for withdrawal of accrued benefits derived from additional voluntary contributions by a member within a calendar year	<p>HK\$200 for each request</p> <p>This Administration fee does not apply to request for withdrawal where any accrued benefits are held in DIS Funds.</p>	<p>HK\$300 for each request</p> <p>This Administration fee does not apply to request for withdrawal where any accrued benefits are held in DIS Funds.</p>	Self-employed persons or members (as appropriate) who make the request

Withdrawal fee charged by the Trustee on the 5 <sup>th</sup> and each subsequent request for withdrawal of Eligible Benefits by instalments by an Eligible Member within a calendar year ( <i>Note: The withdrawal fee will take effect from 1 April 2016. The withdrawal fee is in addition to any withdrawal charge payable.</i> )	Currently waived	HK\$100 for each request	Self-employed persons or members (as appropriate) who make the request
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**Page [25] VI FEES, CHARGES & EXPENSES**

Paragraph 7 under “**DEFINITIONS**” shall be deleted and replaced with the following:

- “7. “**Management fees**” include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor or promoter (if any) of the Scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund. In the case of the DIS Funds, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the net asset value of the DIS Fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the relevant DIS Fund which applies across both the DIS Fund and its underlying funds.”

**Page [26] VI FEES, CHARGES & EXPENSES**

The first sentence of the paragraph (iv) under “**EXPLANATORY NOTES**” shall be deleted and replaced with the following:

- “(iv) Subject to paragraph 3 above in respect of the DIS Funds, the maximum level of the various types of fees (inclusive of the fees of the underlying funds) are set out below.”

Paragraph (v) under “**EXPLANATORY NOTES**” shall be deleted and replaced with the following:

- “(v) In addition to the variable fee, a flat fee of HK\$6,500 p.a. in relation to valuation of Constituent Funds will also be payable by each Constituent Fund (save for the FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio) as part of the Fund Administration fee. A flat fee in relation to preparation of financial statements for the Constituent Funds in the amount of HK\$7,200 p.a. per Constituent Fund will be payable by all Constituent Funds (save for the FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio). The flat fees in relation to the valuation and preparation of financial statements are waived for the FWD MPF Basic Scheme Core Accumulation Portfolio and FWD MPF Basic Scheme Age 65 Plus Portfolio.”

**Page [26] VI FEES, CHARGES & EXPENSES**

The following new paragraph (viii) shall be inserted immediately after paragraph (vii) under “**EXPLANATORY NOTES**” :

- “(viii) The breakdown of the management fees (i.e. payment for services) of the FWD MPF Basic Scheme Core Accumulation Portfolio and the FWD MPF Basic Scheme Age 65 Plus Portfolio is as follows:

Type of fees	Current level (% of NAV per annum)
Trustee Fee <sup>1,3</sup>	0.06%
Administration Fee <sup>2,3</sup>	0.40%
Custodian Fee <sup>4</sup>	0.04%
Investment Management Fee <sup>5</sup>	0.25%

- 1 The Trustee is paid the Trustee Fee for providing trustee services to the Scheme in accordance with the Deed of Trust, Scheme Rules and MPF legislation.
- 2 The Administrator is paid the Administration Fee for providing administrative services (for example, enrolling members, handling contributions and withdrawals and members communication) to the Scheme.
- 3 The Trustee Fee and Administration Fee may include a subsidy from the Sponsor and/or Trustee to comply with Section 1 of Schedule 11 to the MPF Ordinance for the purpose of Section 34DD(4) of the MPF Ordinance when deemed necessary.
- 4 The Custodian is paid the Custodian and Fund Accounting Fee for providing custodial and fund accounting services to the Constituent Funds of the Scheme.
- 5 The investment manager of the underlying APIFs of the FWD MPF Basic Scheme Core Accumulation Portfolio and the FWD MPF Basic Scheme Age 65 Plus Portfolio is paid the Investment Management Fee, which is inclusive of the trustee and custodian fee of the underlying APIFs.”

FWD Pension Trust Limited  
19 December 2016

**FWD MPF MASTER TRUST  
COMPREHENSIVE SCHEME**

**First Addendum to the Explanatory Memorandum dated December 2016**

This First Addendum forms part of, and should be read together with, the explanatory memorandum of FWD MPF Master Trust Comprehensive Scheme (“Scheme”) dated December 2016, as amended (the “Explanatory Memorandum”). The Explanatory Memorandum and this First Addendum are available on the website at [www.fwd.com.hk](http://www.fwd.com.hk).

The Trustee accepts responsibility for the information contained in this First Addendum as being accurate as at the date of publication. All capitalised terms used in this First Addendum shall have the same meaning as in the Explanatory Memorandum, unless otherwise stated.

Except otherwise specified below, the following amendments are made to the Explanatory Memorandum with effect from 1 April 2017. To facilitate your review, the amendments to the Explanatory Memorandum have been segregated into two main sections as follows:

**Part A** – amendments directly relating to the introduction of the Default Investment Strategy, and the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio and the FWD MPF Comprehensive Scheme Core Accumulation Portfolio; and

**Part B** – other administrative, ancillary or consequential amendments relating to the introduction of the Default Investment Strategy.

**Part A** – amendments directly relating to the introduction of the Default Investment Strategy, and the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio and the FWD MPF Comprehensive Scheme Core Accumulation Portfolio

**Cover page    IMPORTANT**

The second and third bullet point shall be deleted and replaced with the following:

- **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 CONSTITUENT FUND OR THE DEFAULT INVESTMENT STRATEGY IS SUITABLE FOR YOU (INCLUDING WHETHER IT IS CONSISTENT WITH YOUR INVESTMENT OBJECTIVES), YOU SHOULD SEEK FINANCIAL AND/OR PROFESSIONAL ADVICE AND MAKE INVESTMENT CHOICES MOST SUITABLE FOR YOU TAKING INTO ACCOUNT YOUR CIRCUMSTANCES.**
- **IN THE EVENT THAT YOU DO NOT MAKE ANY INVESTMENT CHOICES, PLEASE BE REMINDED THAT YOUR CONTRIBUTIONS MADE AND/OR BENEFITS TRANSFERRED INTO THE SCHEME WILL UNLESS OTHERWISE PROVIDED IN THIS EXPLANATORY MEMORANDUM BE INVESTED IN ACCORDANCE WITH THE DEFAULT INVESTMENT STRATEGY WHICH MAY NOT NECESSARILY BE SUITABLE FOR YOU.**

**Page [4]    II    INTRODUCTION**

The following new paragraphs 14 to 25 shall be inserted immediately after paragraph 13:

“Glossary in relation to the Default Investment Strategy

14	“A65P”	the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio
	“CAP”	the FWD MPF Comprehensive Scheme Core Accumulation Portfolio
	“Default Fund”	the FWD MPF Comprehensive Scheme Capital Guaranteed Portfolio
	“Default Investment Strategy” or “DIS”	an investment strategy that complies with Part 2, Schedule 10 to the MPF Ordinance, as summarised in the sub-section headed “Default Investment Strategy” below
	“DIS Funds”	the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio and the “DIS Fund” means any of them

<b>“higher risk assets”</b>	any assets identified as such in the guidelines issued by the MPFA (as amended from time to time), including: <ul style="list-style-type: none"> <li>(a) shares;</li> <li>(b) warrants;</li> <li>(c) financial futures contracts and financial option contracts that are used other than for hedging purposes;</li> <li>(d) interest in an index-tracking collective investment scheme (“ITCIS”) that tracks an index comprised of equities or equities-like securities; and</li> <li>(e) any investment approved by the MPFA under section 8(1)(c), 8(2)(b) or 8(2)(c) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation except that part of a unit trust or mutual fund authorized by the SFC that is invested in assets or securities other than those set out in paragraphs (a) to (d) above</li> </ul>
<b>“lower risk assets”</b>	any assets other than higher risk assets as permitted under the Mandatory Provident Fund Schemes (General) Regulation such as bonds and money market instruments
<b>“Pre-existing Account”</b>	an account which exists or is set up before 1 April 2017
<b>“Reference Portfolio”</b>	a reference portfolio for each of the DIS Funds under the DIS developed by the MPF industry and published by the Hong Kong Investment Funds Association, to provide a common reference point for the performance and asset allocation of the DIS Fund. For further details, please refer to paragraph 25 below.

## **Default Investment Strategy**

15 In respect of new accounts set up on or after 1 April 2017, if a member does not give investment instructions or the investment instruction provided is considered invalid in the circumstances set out in paragraph 11, the default investment arrangement of the Scheme will be the DIS replacing the existing Default Fund (i.e. FWD MPF Comprehensive Scheme Capital Guaranteed Portfolio). DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

### *The key features about DIS*

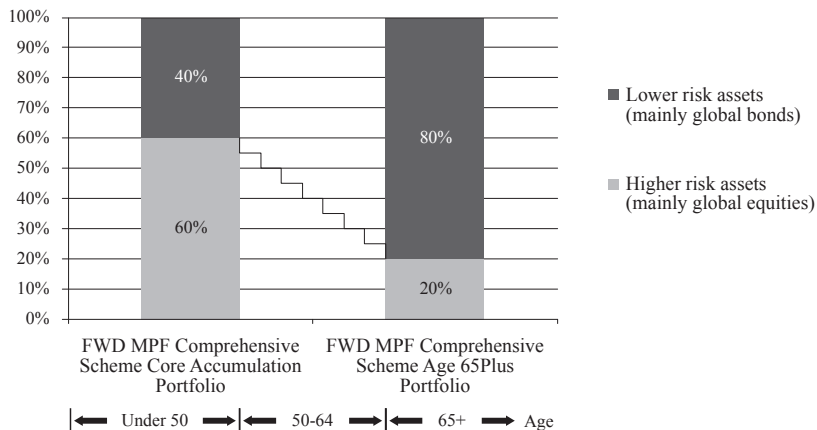
#### Asset Allocation of the DIS

The DIS aims to balance the long term effects of investment risk and return through investing in two Constituent Funds, namely the CAP and the A65P, according to the pre-set allocation percentages at different ages. The CAP will invest around 60% of its net asset value in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% of its net asset value in lower risk assets (lower risk assets generally mean bonds or similar investments) whereas the A65P will invest around 20% of its net asset value in higher risk assets and 80% of its net asset value in lower risk assets. Both DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, bonds, money market instruments and cash, and other types of assets allowed under the MPF legislation. For further information on the investment objective and policies of each of the DIS Funds, please refer to the paragraphs 26 to 43 in Part III- the “Statement of Investment Policy & Objectives” section below.

## De-risking of the DIS

- 16 Accrued benefits invested through the DIS will be invested in a way that adjusts investment risk depending on a member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older upon reaching 50 years of age. Such de-risking is to be achieved by way of reducing the holding in CAP and increasing the holding in A65P throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

**Diagram 1: Asset Allocation between DIS Funds according to the DIS**



Notes: The exact proportion of the portfolio in higher/lower risk assets at any point of time may deviate from the target glide path due to market fluctuations.

- 17 The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the CAP to the A65P under the DIS. Switching of the existing accrued benefits from the CAP to the A65P will be automatically carried out each year ("annual de-risking"), subject to as described in paragraphs 18 and 20 below, on the relevant member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below.
- 18 If a member's birthday falls on a day which is not on a dealing day, then the investments of such member will be moved from the CAP to the A65P on the next available dealing day. If the birthday of the relevant member falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March or the next available dealing day. Members should note that the number of units will be rounded down to 4 decimal places while the unit price will be rounded down to 2 decimal places, and small rounding differences in the number of units of the CAP and A65P may arise during such de-risking process.

**Notwithstanding the preceding paragraph, when one or more of the specified instructions (including but not limited to subscription or redemption instructions) are being processed on the annual date of de-risking for a relevant member, the annual de-risking in respect of such member will take place on the next dealing day after completion of these instructions where necessary. Members should note that the annual de-risking may be deferred as a result.** Please refer to Part IV - the "Membership, Contribution, Switching, Portability & Payment of Benefits" section for details regarding the procedures for contribution and withdrawal.

In relation to switching and change of investment instructions, if a member would like to switch out from the DIS and/or change his investment instruction to invest into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) before the annual de-risking takes place (generally on a member's birthday), he should submit a switching instruction and/or a change of investment instruction (as applicable) before the dealing cut-off time at 5:00 p.m. on a date which is 2 business days before the member's birthday. **If the switching and/or change of investment instructions are received after such dealing cut-off time, the switching and/or change of investment (as applicable) will only be performed after the completion of the de-risking process.**

For members who wish to switch out from DIS to the CAP and/or A65P as standalone fund choices or vice versa, a switching instruction will be placed and redemption and subscription will be performed.

A de-risking notice will, to the extent practicable, be sent at least 60 days prior to a member reaching the age of 50, and a de-risking confirmation statement will be sent to members no later than 5 business days after each annual de-risking is completed.

**Member should be aware that the above de-risking will not apply where a member chose the CAP and A65P as individual fund choices (rather than as part of the DIS).**

19

In summary under the DIS:

- When a member is below the age of 50, all his contributions and accrued benefits transferred from another scheme will be invested in the CAP
- When a member is between the ages of 50 and 64, all his contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between the CAP and A65P as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above.
- When a member reaches the age of 64, all contributions and accrued benefits transferred from another scheme will be invested in the A65P.

20

If the Trustee does not have the full date of birth of the relevant member, the de-risking will be carried out as follows:

- If only the year and month of birth is available, the annual de-risking will take place on the last calendar day of the birth month, or if it is not a dealing day, the next available dealing day.
- If only the year of birth is available, the annual de-risking will take place on the last calendar day of the year, or if it is not a dealing day, the next available dealing day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65P with no de-risking applied.

If the relevant member subsequently provides satisfactory evidence as to his year, month and/or day of birth, the relevant member's birthday based on such new evidence will be adopted, and the corresponding allocation percentages will be applied as soon as practicable.

**Diagram 2: DIS De-risking Table**

Age	FWD MPF Comprehensive Scheme Core Accumulation Portfolio ("CAP")	FWD MPF Comprehensive Scheme Age 65 Plus Portfolio ("A65P")
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

*Note: The above allocation between CAP and A65P is made at the point of annual de-risking and the proportion of CAP and A65P in the DIS portfolio may vary during the year due to market fluctuations.*

*Switching in and out of the DIS*

- 21 Each member of the Scheme will have the opportunity to elect to invest his accrued benefits and contributions in an account **either** (i) into one or more of the twelve Constituent Funds **or** (ii) in accordance with the DIS. A member can switch into or out of the DIS at any time, subject to the rules of the Scheme. If a member wishes to switch into the DIS, he is required to switch out the **entire** portion of his accrued benefits in an account held in individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) into the DIS, subject to the Deed of Trust and Scheme Rules. Likewise, if a member wishes to switch out from the DIS, he is required to switch out the **entire** portion of his accrued benefits held in an account invested in the DIS into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds). Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a member switches his accrued benefits out of the DIS, this will result in the cessation of his investment in accordance with the DIS and may negatively affect the balance between risk and return attributes that has been built into the DIS as a long-term strategy. For the avoidance of doubt, a member wishing to switch his accrued benefits into or out of the DIS is not required to at the same time change both his existing investment instructions for his future contributions and accrued benefits transferred from another scheme.

**Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the investment instructions for future contributions, and vice versa.**

*Circumstances for accrued benefits to be invested in the DIS*

This sub-section applies to all accounts, including accounts to which additional voluntary contributions are made.

- 22 (A) New accounts set up on or after 1 April 2017:
- (a) When members join the Scheme or set up a new account in the Scheme, they have the opportunity to give an investment instruction in respect of each of their accounts including sub-accounts, if applicable, for their future contributions and accrued benefits transferred from another scheme. Unless otherwise provided in the relevant Participation Agreement and/or the relevant forms, they may choose to invest their future contributions and accrued benefits transferred from another scheme into:
- the DIS; **or**
  - one or more Constituent Funds of their own choice (including the CAP and the A65P) and according to their assigned allocation percentage(s) to the relevant Constituent Fund(s) of their choice.

A member wishing to invest in the DIS is required to give an investment instruction to invest **100%** of his future contributions (whether derived from mandatory contributions or voluntary contributions) and accrued benefits transferred from another scheme in the DIS. In addition, members should note that, if investments/acrued benefits in CAP or A65P are made under the member's investment instructions in the CAP and/or the A65P as a standalone fund choice rather than as part of DIS offered as a choice (" **standalone investments** "), those investments/acrued benefits will not be subject to the de-risking process. If a member's investment/acrued benefits are invested in any combination of (i) CAP and/or A65P as standalone investments and (ii) the DIS (no matter by default, by operational arrangements or by investment instruction) (" **DIS investments** "), investments/acrued benefits invested as standalone investments will not be subject to the de-risking mechanism whereas for investments/acrued benefits invested as DIS investments will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in standalone investments and DIS investments. In particular, members would, when giving a fund switching instruction, be required to specify to which of the benefits (namely, under standalone investments or DIS investments) the instruction relates.

- (b) If a member does not give investment instructions or the investment instruction provided is considered invalid in the circumstances set out in paragraph 11, his future contributions and accrued benefits transferred from another scheme (or the relevant part thereof) will be automatically invested in the DIS.

- (B) Existing account set up before 1 April 2017:

There are special rules to be applied for Pre-existing Accounts and these rules **only apply to a member who is under or becoming 60 years of age on 1 April 2017.**



- (a) For a member's Pre-existing Account with all accrued benefits being invested in the Default Fund but no investment instructions for accrued benefits have been given:

If the accrued benefits in a member's Pre-existing Account are only invested in the Default Fund but no investment instructions for accrued benefits have been given, subject as described in the next paragraph, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such Pre-Existing Account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the "DRN" ) may be sent to the member within 6 months from 1 April 2017 explaining the impact on such account and giving the member an opportunity to give a specified investment instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. **Members should note that subject to meeting the qualifying conditions as described in paragraphs 27 to 37 below, the Default Fund provides a capital guarantee, and on this basis the risk level of the Default Fund is considered lower than that of the DIS. Members will also be subject to market risks during the redemption and reinvestment process.**

Notwithstanding the aforesaid, in the case of any transfer from one account to another account within the Scheme (e.g. from a contribution account to a personal account following the cessation of employment), the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant member. Accordingly, if the accrued benefits of a member's Pre-existing Account are invested in the Default Fund as a result of a transfer from one account to another account within the Scheme, the special rules and arrangements relating to DIS and the DRN as described above will not apply. For the avoidance of doubt, the investment instructions applicable to the original account will not apply to future contributions or accrued benefits transferred from another scheme that are made to the new account. Unless investment instructions are received by the Trustee, future contributions or accrued benefits transferred from another scheme to the new account will be invested according to the DIS.

As the Default Fund is a guaranteed fund, on the expiry of the notice period of the DRN ("Expiry Day" ), the market value of a member's accrued benefits in the Default Fund will be compared against the guaranteed value of such accrued benefits. In the event that the market value of the accrued benefits is less than the guaranteed value, the member's accrued benefits (including any future contributions and accrued benefits transferred to the Scheme) will continue to be invested in the Default Fund. The DIS Pre-implementation Notice will set out the communication arrangement of the comparison result of guaranteed value and market value of the member's accrued benefits.

For details of the communication arrangement of the comparison result of guaranteed value and market value of the member's accrued benefits, members should refer to the DRN.

- (b) For a member's Pre-existing Account with part of the accrued benefits in the Default Fund:

For a member's Pre-existing Account which part of the accrued benefits is invested in the Default Fund immediately before 1 April 2017, unless the Trustee has received any investment instructions, accrued benefits of a member will be invested in the same manner as accrued benefits were invested immediately before 1 April 2017. Future contribution and accrued benefits transferred from another scheme will be invested in the DIS, unless the Trustee has received any investment instructions.

**Members should note that the implementation of the DIS legislation may have impact on their MPF investments or accrued benefits. Please consult the Trustee by calling the FWD Pension Service Hotline on 3183 1900 if you have any doubts or questions on how your MPF investments or accrued benefits are being affected.**

- (c) Members with Pre-existing Account and aged 60 or above before 1 April 2017:

In the case of members who are aged 60 or above before 1 April 2017 and who hold a Pre-existing Account, the accrued benefits, future contributions and accrued benefits transferred from another scheme in the Pre-existing Account will continue to be invested in the same manner as accrued benefits, future contributions and accrued benefits transferred from another scheme (as the case may be) were invested immediately before 1 April 2017, unless the Trustee receives any investment instructions or switching instructions.

### *Fees and out-of-pocket expenses of the DIS Funds*

- 23 In accordance with the MPF legislation, the aggregate of the payments for services of the CAP and A65P must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment managers(s), the custodian and the sponsor and/or promoter (if any) of the Scheme and the underlying investment fund(s) of the respective DIS Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or members who invest in a DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or members who invest in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

For further details, please refer to the "Fees, Charges & Expenses" section below.

### *Key Risks associated with the Default Investment Strategy*

- 24 For general key risks relating to investments, please refer to Part III - "Statement of Investment Policy & Objectives" section below.

Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

### **Limitations on the strategy**

- (i) *Age as the sole factor in determining the asset allocation under the DIS*

As set out in more detail in paragraphs 16 to 20 above, members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of Constituent Funds from the range available in the Scheme.

- (ii) *Pre-set asset allocation*

Members should note that the two DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of + or - 5%. The prescribed exposure between higher risk and lower risk assets of CAP and A65P will limit the ability of the investment manager of the underlying investment funds of these two DIS Funds to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the investment manager of the underlying investment funds thought it appropriate to do so.

- (iii) *Annual de-risking between the DIS Funds*

Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions. It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and

increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate members from “systemic risk”, such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

(iv) *Potential rebalancing within each DIS Fund*

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAP and A65P, the investments of each of the CAP and A65P may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the CAP's or A65P's asset allocation may fall outside the respective prescribed limit. In this case, the underlying investment funds of the CAP and A65P will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the investment manager of the underlying investment funds is of the view that the higher risk assets might continue to perform poorly.

(v) *Additional transaction costs*

Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the prescribed allocation within each of the CAP and A65P and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those members with only a short investment horizon before retirement). The two DIS Funds are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to Part III- “Statement of Investment Policy & Objectives” section below.

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/ on-going contribution, if any, will be invested in the A65P which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

*Information on Performance of DIS Funds*

25 The fund performance and fund expense ratio (together with the information on its definition) of the CAP and A65P will be published in the fund factsheet. One of the fund factsheets will be attached to annual benefit statement. Members can visit [www.fwd.com.hk](http://www.fwd.com.hk) or call the FWD Pension Service Hotline on 3183 1900 for information. Members may also obtain the fund performance information and definition of fund expense ratio at the website of the Mandatory Provident Fund Schemes Authority ([www.mpf.org.hk](http://www.mpf.org.hk)).

To provide a common reference point for performance and asset allocation of the CAP and A65P, the Reference Portfolio is adopted for the purpose of each of the DIS Funds. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association, please visit [www.hkifa.org.hk](http://www.hkifa.org.hk) for further information regarding the performance of the Reference Portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the funds and consider whether the investments still suit their personal needs and circumstances.”

The existing paragraphs 14 to 25 shall renumbered accordingly.

The following new paragraphs 26 to 44 shall be inserted immediately after existing paragraph 25:

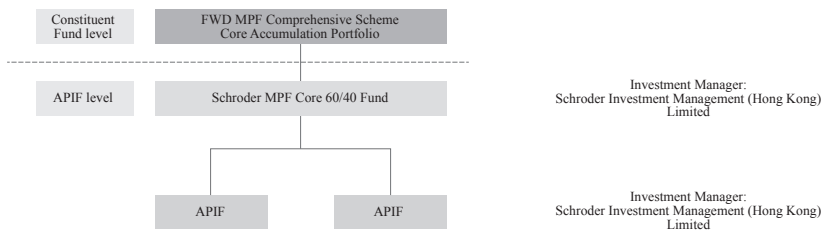
**"FWD MPF Comprehensive Scheme Core Accumulation Portfolio**

*Investment Objective*

26 The investment objective of the CAP is to achieve capital growth by investing in a globally diversified manner.

*Investment Structure*

27 The CAP shall invest in an APIF named Schroder MPF Core 60/40 Fund (the "60/40 Fund" ), a sub-fund of Schroder MPF Umbrella Fund managed by Schroder Investment Management (Hong Kong) Limited. The 60/40 Fund is a fund of funds which invests in two APIFs managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the CAP and its underlying APIFs is illustrated as follows:



*Investment Strategy*

28 The two underlying APIFs invested by the 60/40 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "Constituent Index" ) under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index

*Asset Allocation*

29 Through its underlying investment, the CAP will hold 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the portfolio to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the CAP will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the 60/40 Fund invested by the CAP has discretion as to the asset allocation of the 60/40 Fund.

*Geographical Allocation*

30

Global equities	55% to 65%
Asia Pacific excluding Japan	0% to 32.5%
United States	5.5% to 45.5%
Japan	0% to 16.25%
Europe	5.5% to 32.5%
Others	0% to 19.5%

Fixed income securities and money market instruments	35% to 45%
US Dollar	3.5% to 40.5%
Global currencies Ex US Dollar	3.5% to 40.5%

*Hong Kong Dollar Currency Exposure*

31 The CAP maintains an effective currency exposure to Hong Kong dollars of not less than 30% through investment in the underlying APIFs.

*Use of Derivatives and Securities Lending*

32 The CAP will not trade in futures or options and will not lend securities. However, the CAP may have indirect exposure to futures or options through investing into the 60/40 Fund. The 60/40 Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only. The 60/40 Fund will not engage in securities lending. The 60/40 Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying APIFs, direct holdings in cash and/or through currency hedging.

*Return and risk profile*

33 The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the CAP. For further information, please refer to paragraph 25 of Part II. The return of the CAP over the long term is expected to be similar to the return of the Reference Portfolio of CAP.

34 **The CAP is considered medium risk.** The fund descriptor of the CAP is "Mixed Assets Fund – Global – Maximum equity 65%".

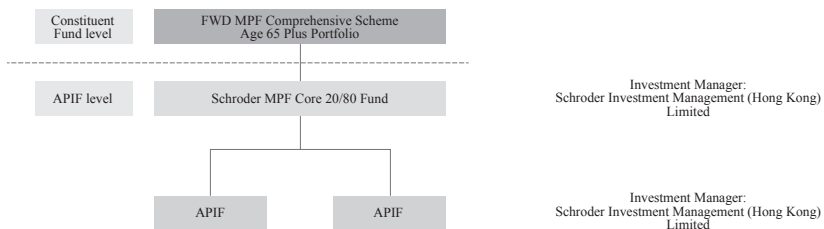
**FWD MPF Comprehensive Scheme Age 65 Plus Portfolio**

*Investment Objective*

35 The investment objective of the A65P is to achieve stable growth by investing in a globally diversified manner.

*Investment Structure*

36 The A65P shall invest in an APIF named Schroder MPF Core 20/80 Fund (the "20/80 Fund" ), a sub-fund of Schroder MPF Umbrella Fund managed by Schroder Investment Management (Hong Kong) Limited. The 20/80 Fund is a fund of funds which invests in two APIFs managed by Schroder Investment Management (Hong Kong) Limited as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the A65P and its underlying APIFs is illustrated as follows:



*Investment Strategy*

37 The two underlying APIFs invested by the 20/80 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "Constituent Index" ) under the Reference Portfolio respectively. The two underlying APIFs adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

### *Asset Allocation*

- 38 Through its underlying investment, the A65P will hold 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the portfolio to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the A65P will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the 20/80 Fund invested by the A65P has discretion as to the asset allocation of the 20/80 Fund.

### *Geographical Allocation*

39	Global equities	15% to 25%
	Asia Pacific excluding Japan	0% to 12.5%
	United States	1.5% to 17.5%
	Japan	0% to 6.25%
	Europe	1.5% to 12.5%
	Others	0% to 7.5%
	Fixed income securities and money market instruments	75% to 85%
	US Dollar	7.5% to 76.5%
	Global currencies Ex US Dollar	7.5% to 76.5%

### *Hong Kong Dollar Currency Exposure*

- 40 The A65P maintains an effective currency exposure to Hong Kong dollars of not less than 30% through investment in the underlying APIFs.

### *Use of Derivatives and Securities Lending*

- 41 The A65P will not trade in futures or options and will not lend securities. However, the A65P may have indirect exposure to futures or options through investing into the 20/80 Fund. The 20/80 Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only. The 20/80 Fund will not engage in securities lending. The 20/80 Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying APIFs, direct holdings in cash and/or through currency hedging.

### *Return and risk profile*

- 42 The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the A65P. For further information, please refer to paragraph 25 of Part II. The return of the A65P over the long term is expected to be similar the return of the Reference Portfolio of A65P.

- 43 **The A65P is considered low risk.** The fund descriptor of the A65P is "Mixed Assets Fund – Global – Maximum equity 25%".

### **Determination of Return and Risk Profile**

- 44 The return profile (where applicable) and risk profile for the Constituent Funds set out above are determined by the Trustee, in consultation with the Sponsor, based on various factors including volatility, the investment objective and policy and asset allocations. These profiles are provided for reference only, and may be updated periodically based on prevailing market circumstances."

The existing paragraphs 26 to 29 shall renumbered accordingly.

**Page [2] II INTRODUCTION**

Paragraph 8 shall be deleted and replaced with the following:

“8 The Scheme offers a choice of twelve unitized Constituent Funds and the Default Investment Strategy (“DIS”) (as described in paragraphs 14 through 25 in this section below). Each Constituent Fund is established under the Deed of Trust of the Scheme. Except for FWD MPF Comprehensive Scheme MPF Conservative Portfolio (which invests directly in permissible investments) and FWD MPF Comprehensive Scheme US & Hong Kong Equity Portfolio (which invests in two or more unit trust APIFs and/or two or more approved ITCISs), the other Constituent Funds invest their assets in respective single APIF. Details of the twelve Constituent Funds are summarized as follows:

<b>Name of Constituent Fund</b>	<b>Type of Fund</b>	<b>Investment Structure</b>	<b>Investment Manager of the Constituent Fund or underlying APIF<sup>#</sup></b>
FWD MPF Comprehensive Scheme MPF Conservative Portfolio	Money Market Fund-Hong Kong	Invest directly in permissible investments by <i>Schroder Investment Management (Hong Kong) Limited</i> , which is the investment manager of the constituent fund	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Capital Guaranteed Portfolio	Guaranteed Fund (please refer to paragraphs 27 through 37 of Part II of the Explanatory Memorandum for details of the guarantee features and conditions)	Invest solely in an insurance policy APIF, <i>FWD MPF Capital Guaranteed Policy</i>	FWD Life Insurance Company (Bermuda) Limited
FWD MPF Comprehensive Scheme Age 65 Plus Portfolio	Mixed Assets Fund-Global- Asset Allocation in Higher Risk Assets 15%- 25%	Invest solely in a unit trust APIF, <i>Schroder MPF Core 20/80 Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Stable Portfolio	Mixed Assets Fund-Global- Proposed Asset Allocation in Equities 15%- 40%	Invest solely in a unit trust APIF, <i>Schroder MPF Capital Stable Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Stable Growth Portfolio	Mixed Assets Fund-Global- Proposed Asset Allocation in Equities 30%- 60%	Invest solely in a unit trust APIF, <i>Schroder MPF Stable Growth Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Core Accumulation Portfolio	Mixed Assets Fund-Global- Asset Allocation in Higher Risk Assets 55%- 65%	Invest solely in a unit trust APIF, <i>Schroder MPF Core 60/40 Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Balanced Growth Portfolio	Mixed Assets Fund-Global- Proposed Asset Allocation in Equities 45%- 85%	Invest solely in a unit trust APIF, <i>Schroder MPF Balanced Investment Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Growth Portfolio	Mixed Assets Fund-Global- Proposed Asset Allocation in Equities 60%- 100%	Invest solely in a unit trust APIF, <i>Schroder MPF Growth Fund</i>	Schroder Investment Management (Hong Kong) Limited

Name of Constituent Fund	Type of Fund	Investment Structure	Investment Manager of the Constituent Fund or underlying APIF <sup>#</sup>
FWD MPF Comprehensive Scheme International Equity Portfolio	Equity Fund- Global	Invest solely in a unit trust APIF, <i>Fidelity Global Investment Fund-Global Equity Fund</i>	FIL Investment Management (Hong Kong Limited)
FWD MPF Comprehensive Scheme US & Hong Kong Equity Portfolio	Equity Fund- United States & Hong Kong	Invests in two or more unit trust APIFs and/or two or more approved ITCISs	State Street Global Advisors Asia Limited
FWD MPF Comprehensive Scheme Asian Equity Portfolio	Equity Fund- Asia ex Japan	Invest solely in a unit trust APIF, <i>Schroder MPF Asian Fund</i>	Schroder Investment Management (Hong Kong) Limited
FWD MPF Comprehensive Scheme Hong Kong Equity Portfolio	Equity Fund- Hong Kong	Invest solely in a unit trust APIF, <i>Schroder IPF Hong Kong Equity Fund</i>	Schroder Investment Management (Hong Kong) Limited

# Except for FWD MPF Comprehensive Scheme MPF Conservative Portfolio and FWD MPF Comprehensive Scheme US & Hong Kong Equity Portfolio, the rest are investment manager of the underlying APIFs."

**Page [3] II INTRODUCTION**

Paragraph 10 shall be deleted and replaced with the following:

"10 With effect from 1 April 2017, each member of the Scheme will have the opportunity to elect to invest his accrued benefits and contributions in respect of an account **either** (i) into one or more of the twelve Constituent Funds (including the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio as standalone Constituent Funds) **or** (ii) in accordance with the DIS. In other words, a member may not elect to invest his accrued benefits and contributions in accordance with the DIS and in one or more of the twelve Constituent Funds at the same time. For further details, please refer to paragraph 21 in this section. Investment involves risks. Not all the Constituent Funds or the DIS would be suitable for everyone. Before electing to invest in the Constituent Fund(s) or the DIS, you should read carefully the Explanatory Memorandum and understand the statement of investment policy and objectives of each Constituent Fund and the disclosures on the DIS and the risks involved and select such Constituent Fund(s) or the DIS that are consistent with your investment objective and personal circumstances. When you are in doubt as to which Constituent Fund is suitable for you or whether the DIS is suitable for you, you should seek independent financial and/or professional advice."

Paragraph 11 shall be deleted and replaced with the following:

"11 On becoming a member, a membership enrolment form (in respect of an employee whose current employer participates in the Scheme) / participation form for self-employed person (in respect of a self-employed person) / personal account membership enrolment form (in respect of a personal member) / additional voluntary contributions application form (in respect of a member who makes additional voluntary contributions) indicating how the member wishes his contributions to be invested should be completed.

When giving investment instructions in the relevant forms, members should give valid investment instructions specifying the investment allocation (in percentage terms) of each of their account including sub-accounts, if applicable (e.g. for a member who is an employee, he should give valid instructions specifying the investment allocation for each of his (i) employee's mandatory contributions; (ii) employer's mandatory contributions; (iii) employee's voluntary contributions (if any); and (iv) employer's voluntary contributions (if any) (each a "sub-account" ).

With effect from 1 April 2017, an investment instruction, in respect of an account or a sub-account, will be considered invalid in the following circumstances:

- the relevant forms are not completed in accordance with the instructions of the relevant forms, e.g. the relevant forms have not been signed, the relevant sections have not been completed, amendments to instructions are not counter-signed, instructions cannot be understood, or contradictory/ inconsistent instructions are given;
- the investment allocations are not specified;
- the investment allocations to a Constituent Fund are not specified in a multiple of 10%;



- the investment allocations add up to more than or less than 100%;
- **an investment instruction to invest contributions partially (i.e. less than 100%) in accordance with the DIS.**

Without prejudice to the above, the Trustee may accept an investment or switching instruction given in such manner and subject to such conditions as the Trustee may consider appropriate, and in such cases, a member will be regarded as having given specific investment instructions for the purpose of section 34DA of the MPF Ordinance. Such specific investment instructions will remain unchanged until an appropriate switching / change of investment instruction is completed by the member and received by the Trustee.

**With effect from 1 April 2017, if no investment instruction is given by a member, or the investment instructions in respect of an account or a sub-account are considered invalid, contributions and accrued benefits transferred from another scheme made in respect of such account or sub-account (as the case may be) shall be invested according to the DIS.**

The employer cannot determine how the contributions are invested on behalf of the employee.

If a member wishes to make additional voluntary contributions, a separate account independent from his existing employee account / self-employed person account / personal account will be set up. The additional voluntary contributions will be invested in such separate account in accordance with the investment instruction as elected in the additional voluntary contributions application form or the latest investment instruction given by the member subsequently."

**Page [14] III STATEMENT OF INVESTMENT POLICY & OBJECTIVES**

The following new sub-paragraph u) shall be inserted immediately after sub-paragraph t) of the renumbered paragraph 48 (originally paragraph 29):

**"Risks factors in relation to investing in FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio**

- u) The asset allocation of the CAP and A65P is prescribed under the MPF Ordinance. This may limit the flexibility to adjust the portfolio allocation in accordance with market conditions. The underlying investment funds of the DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times, regardless whether more defensive or aggressive asset allocation approach would be appropriate under certain circumstances. In addition, in order to maintain the prescribed asset allocation, investments of the underlying investment funds may be periodically rebalanced and therefore they may incur greater transaction costs than funds with static allocation strategy.

For risk factors relating to investing in the CAP and A65P as part of the DIS, please refer to paragraph 24 of Part II in the "Introduction" section above."

**Page [17] IV MEMBERSHIP, CONTRIBUTION, SWITCHING, PORTABILITY & PAYMENT OF BENEFITS**

The following new paragraph 16A shall be inserted immediately after paragraph 16:

- "16A In relation to any transfer from one account to another account ( "new account" ) within the Scheme as set out in paragraphs 15, 15A to 15C and 16 above, the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant member. For the avoidance of doubt, the investment instructions applicable to the original account will not apply to future contributions or accrued benefits transferred from another scheme that are made to the new account. Unless investment instructions are received by the Trustee, future contributions or accrued benefits transferred from another scheme to the new account will be invested according to the DIS. For the avoidance of doubt, in such case, the member's existing accrued benefits held in the relevant Constituent Funds will remain so invested and will not be switched into the DIS."

Paragraph 24 shall be deleted and replaced with the following:

- "24 A self-employed person who is a member of the Scheme may withdraw voluntary contributions as he wishes, provided that the amount of each withdrawal must be HK\$5,000 or more. Any withdrawal over four times within a calendar year will be subject to an administration fee of HK\$200 per request, provided that such administration fee shall not apply to withdrawal where any of the voluntary contributions are held in the DIS Funds.

Any member may withdraw additional voluntary contributions as he wishes, provided that the amount of each withdrawal must be HK\$3,000 or more, the withdrawal must be in a multiple of 5% of total additional voluntary contributions balance or individual fund balance; and the remaining balance of the additional

voluntary contributions in his account must not be less than HK\$5,000. Any withdrawal over four times within a calendar year will be subject to an administration fee of HK\$200 per request, provided that such administration fee shall not apply to withdrawal where any of the additional voluntary contributions are held in the DIS Funds.

Notwithstanding the above, a member may withdraw all the voluntary contributions or additional voluntary contributions in one lump sum in accordance with the Rules governing the Scheme."

**Page [23] VI FEES, CHARGES & EXPENSES**

The following new paragraph 3 shall be inserted immediately after paragraph 2:

3 In accordance with the MPF legislation, the aggregate of the payments for services of DIS Funds, i.e. the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s), the custodian and the sponsor and/or promoter (if any) of the Scheme and the underlying investment fund(s) of the respective DIS Fund and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

In addition, in accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or members who invest in a DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the DIS Fund, shall not in a single year exceed 0.2% of the net asset value of the DIS Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or members who invests in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

The existing paragraphs 3 to 14 shall renumbered accordingly

**Page [23] VI FEES, CHARGES & EXPENSES**

The heading of the fee table (B) "FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT" shall be deleted and replaced with "FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT".

The sub-heading "Type of fees and charges" in the fee table (B) shall be deleted and replaced with "Types of fees, expenses and charges".

**Page [24] VI FEES, CHARGES & EXPENSES**

The fee table under "(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS (INCLUDING FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS)" in the renumbered paragraph 6 (original paragraph 5) shall be deleted and replaced with the following:

<b>(C) FEES, EXPENSE AND CHARGES OF CONSTITUENT FUNDS (INCLUDING FEES, EXPENSES AND CHARGES OF THE UNDERLYING FUNDS)</b>			
<b>Types of fees, expenses &amp; charges</b>	<b>Name of Constituent Fund</b>	<b>Current level (% of NAV per annum)</b>	<b>Deducted from</b>
Management fees <sup>7</sup> (see Notes (iv) & (v))	FWD MPF Comprehensive Scheme MPF Conservative Portfolio	1.29%	Relevant constituent fund assets and the underlying fund assets
	FWD MPF Comprehensive Scheme Capital Guaranteed Portfolio	1.66%	

Types of fees, expenses & charges	Name of Constituent Fund	Current level (% of NAV per annum)	Deducted from
Management fees <sup>7</sup> (see Notes (iv) & (v))	FWD MPF Comprehensive Scheme Age 65 Plus Portfolio	0.75% (see Notes (iii) and (viii))	Relevant constituent fund assets and the underlying fund assets
	FWD MPF Comprehensive Scheme Stable Portfolio	1.719% (see Note (iii))	
	FWD MPF Comprehensive Scheme Stable Growth Portfolio	1.66%- 1.975% (see Note (iii))	
	FWD MPF Comprehensive Scheme Core Accumulation Portfolio	0.75% (see Notes (iii) and (viii))	
	FWD MPF Comprehensive Scheme Balanced Growth Portfolio	1.719% (see Note (iii))	
	FWD MPF Comprehensive Scheme Growth Portfolio	1.66%- 1.975% (see Note (iii))	
	FWD MPF Comprehensive Scheme International Equity Portfolio	1.97%- 1.98% (see Note (iii))	
	FWD MPF Comprehensive Scheme US & Hong Kong Equity Portfolio	Up to 1.3% (see Note (iii))	
	FWD MPF Comprehensive Scheme Asian Equity Portfolio	2.04% (see Note (iii))	
	FWD MPF Comprehensive Scheme Hong Kong Equity Portfolio	2.03% (see Note (iii))	
Guarantee charge <sup>8</sup>	FWD MPF Comprehensive Scheme Capital Guaranteed Portfolio	0.22%- 0.925% (see Note (vi))	Relevant underlying fund assets
Other expenses	All Constituent Funds	Other expenses to be charged to the relevant Constituent Fund and underlying fund assets include MPF Compensation Fund fees (if any), indemnity insurance charges, establishment costs, if any, audit, accounting, legal fees, expenses for publishing unit prices, cost of preparing, publishing and distributing constitutive documents, notices, forms and reports, all Constituent Funds transaction related expenses, statutory charges and any other fees and charges incurred in respect of the management and administration of the Scheme and the underlying funds. Certain recurrent out-of-pocket expenses relating to the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio are subject to a statutory annual limit of 0.20% of the net asset value of those funds and will not be charged to or imposed on the relevant fund in excess of that amount. No establishment costs will be charged to the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio.	Relevant constituent fund assets and the underlying fund assets

**Page [25] VI FEES, CHARGES & EXPENSES**

The fee table under “(D) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES” in the renumbered paragraph 6 shall be deleted and replaced with the following:

<b>(D) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES</b>			
<b>Type of additional services</b>	<b>Current level</b>	<b>Maximum level</b>	<b>Payable by</b>
Fee to Trustee for a copy of the Deed of Trust (see Note (vii))	Currently waived	HK\$500 for each copy	Persons who make the request
Fee to Trustee for any change of vesting provisions for future employer's voluntary contributions	Currently waived	HK\$500 for each change	Employers who request the change
Administration fee charged by Administrator on the 5 <sup>th</sup> and each subsequent request for withdrawal of accrued benefits derived from voluntary contributions by a self-employed person or for withdrawal of accrued benefits derived from additional voluntary contributions by a member within a calendar year	HK\$200 for each request  This Administration fee does not apply to request for withdrawal where any accrued benefits are held in DIS Funds.	HK\$300 for each request  This Administration fee does not apply to request for withdrawal where any accrued benefits are held in DIS Funds.	Self-employed persons or members (as appropriate) who make the request
Withdrawal fee charged by the Trustee on the 5 <sup>th</sup> and each subsequent request for withdrawal of Eligible Benefits by instalments by an Eligible Member within a calendar year ( <i>Note: The withdrawal fee will take effect from 1 April 2016. The withdrawal fee is in addition to any withdrawal charge payable.</i> )	Currently waived	HK\$100 for each request	Self-employed persons or members (as appropriate) who make the request

**Page [26] VI FEES, CHARGES & EXPENSES**

Paragraph 7 under “DEFINITIONS” shall be deleted and replaced with the following:

- “7. **“Management fees”** include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor or promoter (if any) of the Scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund. In the case of the DIS Funds, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the net asset value of the DIS Fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the relevant DIS Fund which applies across both the DIS Fund and its underlying funds.”

**Page [26] VI FEES, CHARGES & EXPENSES**

The first sentence of the paragraph (iv) under “EXPLANATORY NOTES” shall be deleted and replaced with the following:

- “(iv) Subject to paragraph 3 above in respect of the DIS Funds, the maximum level of the various types of fees (inclusive of the fees of the underlying funds) are set out below.”

Paragraph (v) under “**EXPLANATORY NOTES**” shall be deleted and replaced with the following:

“(v) In addition to the variable fee, a flat fee of HK\$6,500 p.a. in relation to valuation of Constituent Funds will also be payable by each Constituent Fund (save for the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio) as part of the Fund Administration fee. A flat fee in relation to preparation of financial statements for the Constituent Funds in the amount of HK\$7,200 p.a. per Constituent Fund will be payable by all Constituent Funds (save for the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio). The flat fees in relation to the valuation and preparation of financial statements are waived for the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and FWD MPF Comprehensive Scheme Age 65 Plus Portfolio.”

**Page [27] VI FEES, CHARGES & EXPENSES**

The following new paragraph (viii) shall be inserted immediately after paragraph (vii) under “**EXPLANATORY NOTES**” :

“(viii) The breakdown of the management fees (i.e. payment for services) of the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio is as follows:

Type of fees	Current level (% of NAV per annum)
Trustee Fee <sup>1,3</sup>	0.06%
Administration Fee <sup>2,3</sup>	0.40%
Custodian Fee <sup>4</sup>	0.04%
Investment Management Fee <sup>5</sup>	0.25%

- 1 The Trustee is paid the Trustee Fee for providing trustee services to the Scheme in accordance with the Deed of Trust, Scheme Rules and MPF legislation.
- 2 The Administrator is paid the Administration Fee for providing administrative services (for example, enrolling members, handling contributions and withdrawals and members communication) to the Scheme.
- 3 The Trustee Fee and Administration Fee may include a subsidy from the Sponsor and/or Trustee to comply with Section 1 of Schedule 11 to the MPF Ordinance for the purpose of Section 34DD(4) of the MPF Ordinance when deemed necessary.
- 4 The Custodian is paid the Custodian and Fund Accounting Fee for providing custodial and fund accounting services to the Constituent Funds of the Scheme.
- 5 The investment manager of the underlying APIFs of the FWD MPF Comprehensive Scheme Core Accumulation Portfolio and the FWD MPF Comprehensive Scheme Age 65 Plus Portfolio is paid the Investment Management Fee, which is inclusive of the trustee and custodian fee of the underlying APIFs.”

FWD Pension Trust Limited  
19 December 2016