

## Sun Life Rainbow MPF Scheme (the “Scheme”)

### Notice to Participating Employers and Scheme Members

**This is an important document. You should read it carefully and thoroughly. If there is any query about the content of this document, you should seek independent professional advice. The trustee of the Scheme accepts responsibility for the information contained in this document as being accurate as at the date of this document.**

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13 January 2025

Dear participating employers and Scheme members (collectively the “**Scheme Participants**”),

We, Sun Life Trustee Company Limited, the trustee of the Scheme (the “**Trustee**” or “**we**”), write to inform you that certain changes will be (or have been, as the case may be) made to the Scheme. Capitalised terms not defined in this notice shall have the same meaning as in the MPF scheme brochure of the Scheme dated July 2023, as amended by the First Addendum dated 29 November 2023 and the Second Addendum dated 27 August 2024 (the “**MPF Scheme Brochure**”).

**This table summarises the changes to the Scheme which will take effect from 17 February 2025 (the “Effective Date”) and another change which has taken effect from 27 August 2024 (collectively the “Changes”), all of which are elaborated in the main body of this notice.**

(a) Establishment of a new constituent fund

With effect from the Effective Date, a new constituent fund, namely the Sun Life MPF Income Fund (the “**New CF**”) will be set up under the Scheme. For details, please refer to section 1 of this notice.

(b) Additional option for withdrawal of benefits upon normal or early retirement for self-employed persons, personal account members, or tax deductible voluntary contribution account (“**TVC**”) members who have accrued benefits in the Sun Life MPF Conservative Fund

With effect from the Effective Date, when a self-employed person, personal account member or TVC member who has accrued benefits under or derived from the Sun Life MPF Conservative Fund (including benefits arising from the investment of dividends distributed by the New CF into the Sun Life MPF Conservative Fund) attains the normal retirement age of 65 or attains the early retirement age of 60 and certifies to the Trustee by statutory declaration that he/she has permanently ceased his/her employment or self-employment, such member may elect by giving a standing instruction to receive his/her accrued benefits under or derived from the Sun Life MPF Conservative Fund by monthly, quarterly or annual payments.

For details, please refer to section 2 of this notice.

Please note that new administration forms will be released which allow members to invest in or switch to the New CF and to elect for the above additional withdrawal option (if eligible). The new administration forms will be available at our website [www.sunlife.com.hk](http://www.sunlife.com.hk) from the Effective Date for download.

(c) Clarification on certain current practices in respect of withdrawal of benefits

With effect from the Effective Date, the relevant sections of the MPF Scheme Brochure in relation to withdrawal of accrued benefits from the Scheme will be enhanced to reflect certain current practices for all members under the Scheme. For details, please refer to section 3 of this notice.

- (d) Reduction of fees for Sun Life MPF Hong Kong Dollar Bond Fund with effect from 27 August 2024

With effect from 27 August 2024, the management fees of the Sun Life MPF Hong Kong Dollar Bond Fund have been reduced from up to 1.748% to up to 1.398% (for Class A units) and from up to 1.548% to up to 1.398% (for Class B units). For Class A units, such reduction in management fees is achieved through the reduction of the current levels of the trustee fee, administration fee and investment management fee charged to the Sun Life MPF Hong Kong Dollar Bond Fund, and for Class B units, such reduction in management fees is achieved through the reduction of the current level of the investment management fee. For details, please refer to section 4 of this notice.

- (e) The Changes will be (or have been, as the case may be) effected by the Trustee pursuant to the exercise of its power in the trust deed of the Scheme.
- (f) The Trustee's board of directors has been informed of the Changes and does not have any objection to the Changes.
- (g) The Trustee is of the view that the Changes would have no adverse impact on the Scheme or the interests of the Scheme Participants.
- (h) No costs and expenses associated with the Changes would be borne by the Scheme or the Scheme Participants.
- (i) No action is required of the Scheme Participants as a result of the Changes.
- (j) If the Scheme Participants have any queries in relation to the Changes, they may contact Sun Life Pension Services Hotline on (852) 3183-1888.

## **1. Establishment of a new constituent fund with effect from the Effective Date**

- 1.1 The New CF, namely the Sun Life MPF Income Fund, will be established under the Scheme with effect from the Effective Date.

As a result of the establishment of the New CF, the number of constituent funds under the Scheme will increase from 18 to 19, offering a new and unique fund type that seeks to provide stable income to members. Accordingly, the members of the Scheme will be provided with a wider and more diversified range of constituent funds in order to meet their needs based on their different outcome expectations and risk appetites in the accumulation and post-retirement phases. Therefore, the Trustee believes that the addition of the New CF is beneficial and in the interests of the Scheme Participants, and there would not be any adverse impact on the Scheme or the interests of the Scheme Participants.

1.2 Below are the key features of the New CF:

|                             |  |
|-----------------------------|--|
| <b>Fund Name</b>            | Sun Life MPF Income Fund   |
| <b>Type of Fund</b>         | Mixed Assets Fund – Global (Maximum equity investments 60%)  |
| <b>Investment Objective</b> | Seeks to provide members with stable income (by way of distribution of dividend to members' account which will be reinvested in the Sun Life MPF Income Fund (which in turn invests in the accumulation class of an approved pooled investment fund – Invesco Pooled Investment Fund – Global Income Fund (the “ <b>Invesco APIF</b> ”)) or the Sun Life MPF Conservative Fund depending on the member's age) and capital growth over the medium to long term                |
| <b>Investment Policies</b>  | The New CF achieves its investment objective by investing solely in the accumulation class of the Invesco APIF. The Invesco APIF seeks to provide investors with stable income and capital growth over the medium to long term by investing in a combination of global fixed income, global equities and real estate investment trusts (“ <b>REITs</b> ”). The Invesco APIF invests in such combination through investing in not less than two APIFs and/or Approved ITCISs. |
| <b>Management Fees</b>      | Up to 1.19% of NAV per annum (for members below age 60); or<br>Up to 0.99% of NAV per annum (beginning in the month in which the member reaches age 60)<br>There will be no class of units for the New CF.   |

1.3 Dividend distribution mechanism

The New CF seeks to provide a stable income by distributing dividend to members' MPF account on a monthly basis. It is intended that the New CF will start distributing dividend on the seventh month (or any other month as advised by Sun Life Asset Management (HK) Limited, the investment manager of the Scheme, if it or the Trustee considers appropriate) after the Effective Date.

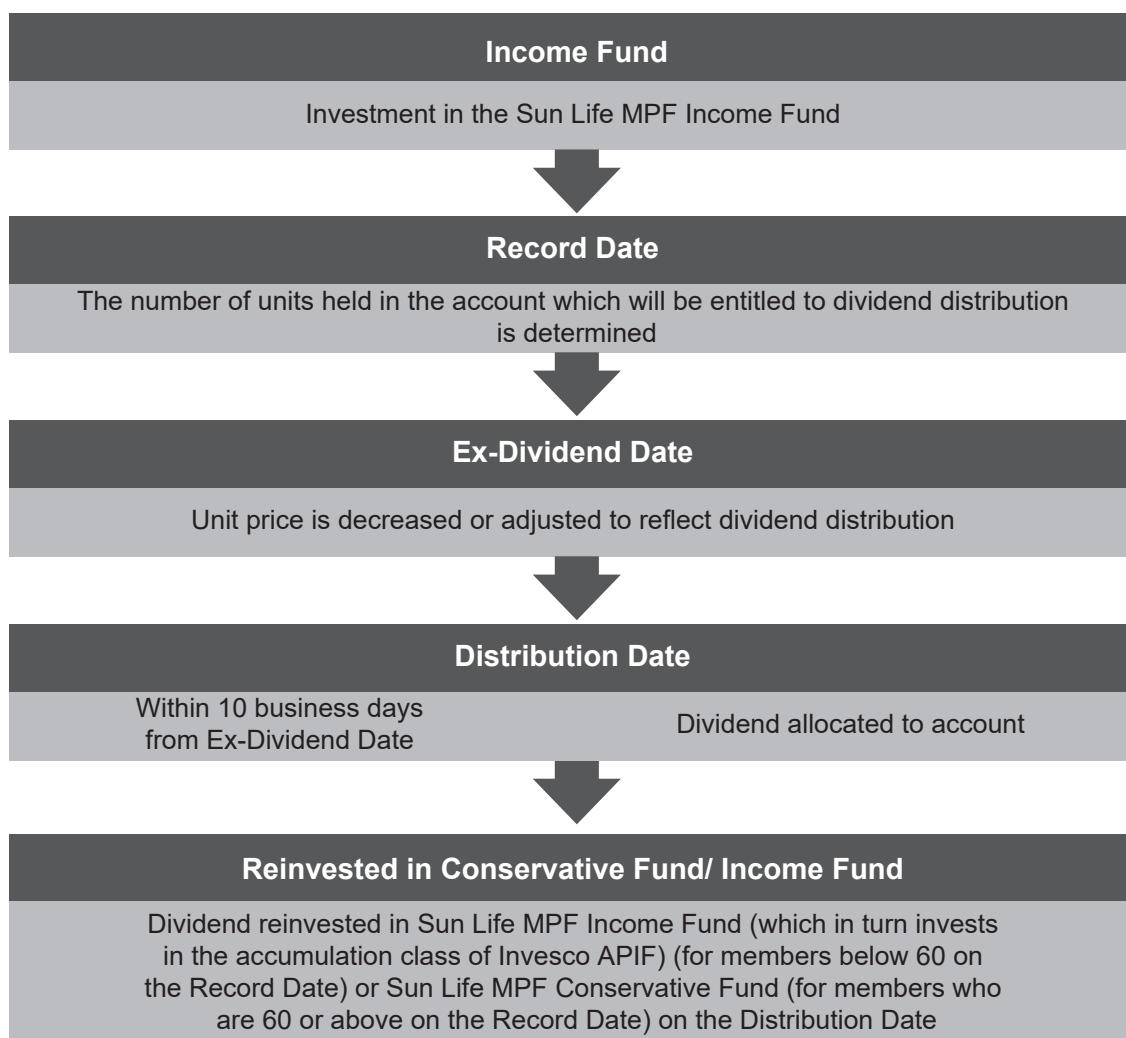
Prior to the calendar year in which dividend will be distributed, a dealing day will be set as the record date (the “**Record Date**”) for each month of that calendar year respectively, except that in the first calendar year of dividend distribution, six (6) months prior to the date on which the dividend is first distributed, the Record Date will be set for the first and each subsequent month of dividend distribution. The Record Date is the date which will be used to determine the number of units held in the member's account which will be entitled to the dividend distribution. The unit price of the New CF will then be decreased or adjusted on the next dealing day immediately following the Record Date (the “**Ex-Dividend Date**”) to reflect the distribution of dividend. The dividend will be distributed and allocated to the member's account on the distribution date, which will be a dealing day within ten (10) business days from the Ex-Dividend Date (the “**Distribution Date**”).

On the Distribution Date, the dividend distributed will be allocated to the member's account and automatically reinvested in either the New CF (which in turn invests in the accumulation class of Invesco APIF) or the Sun Life MPF Conservative Fund, depending on the member's age as at the Record Date, as shown in the following table:

| <b>Age as at the Record Date</b> | <b>Designated constituent fund</b> |
|----------------------------------|------------------------------------|
| Before age 60                    | Sun Life MPF Income Fund           |
| Age 60 or above                  | Sun Life MPF Conservative Fund     |

A one-off reminder will be issued to the relevant members at the time when dividend will start to be reinvested in the Sun Life MPF Conservative Fund.

The chart below summarises the dividend distribution process:



Scheme members should note that dividends will not be paid out directly in cash but will be allocated to the members' account, and reinvested in the New CF (which in turn invests in the accumulation class of Invesco APIF) (for members below the age of 60 on the Record Date) or the Sun Life MPF Conservative Fund (for members who are 60 years of age or above on the Record Date). Furthermore, the New CF does not provide any guarantee on the capital or investment return or dividend amount/yield. There is no assurance on the dividend distribution frequency and the amount of dividends, and the dividend amount/yield may fluctuate.

- 1.4 For details of the investment objective and policies, the dividend distribution mechanism, and the risk factors of the New CF, please refer to the latest MPF Scheme Brochure.

**2. Additional option for withdrawal of benefits upon normal or early retirement for self-employed persons, personal account members and TVC members who have accrued benefits in the Sun Life MPF Conservative Fund**

- 2.1 With effect from the Effective Date, in relation to a self-employed person, personal account member or TVC member who has accrued benefits under or derived from the Sun Life MPF Conservative Fund (including benefits arising from the investment of dividends distributed by the New CF into the Sun Life MPF Conservative Fund), upon reaching the normal retirement age of 65 or attaining the early retirement age of 60 and certifying to the Trustee by statutory declaration that he/she has permanently ceased his/her employment or self-employment, such member may elect to receive his/her accrued benefits under or derived from the Sun Life MPF Conservative Fund by monthly, quarterly or annual payments. The member may do so by giving a standing instruction to the Trustee and specify in the member's standing instruction a fixed amount the member wishes to withdraw every month, quarter or year, subject to a minimum withdrawal amount of HK\$1,000 per month, quarter or year (or such other amount as the Trustee may agree).
- 2.2 However, if the balance in the member's account under or derived from the Sun Life MPF Conservative Fund is less than 105% of the specified withdrawal amount as at the date of redemption, all remaining balance in the Sun Life MPF Conservative Fund in the member's account will be paid to the member in a lump sum.
- 2.3 For the avoidance of doubt, this withdrawal option is available for accrued benefits in the Sun Life MPF Conservative Fund only and not other constituent funds under the Scheme.
- 2.4 For details of the above additional withdrawal option, please refer to the latest MPF Scheme Brochure.
- 2.5 Please note that with effect from the Effective Date, new administration forms will be released which allow members to invest in or switch to the New CF and to elect for the above additional withdrawal option (if eligible). The new administration forms will be available at our website [www.sunlife.com.hk](http://www.sunlife.com.hk) from the Effective Date for download.

**3. Clarification on certain current practices in respect of withdrawal of benefits**

- 3.1 Based on the current practice under the Scheme, when a member attains the normal retirement age of 65 or attains the early retirement age of 60 and certifies to the Trustee by statutory declaration that he/she has permanently ceased his/her employment or self-employment, the member may elect to receive benefits in instalments. This applies to employee members, self-employed persons, personal account members and TVC members under the Scheme. The relevant section under the MPF Scheme Brochure will be enhanced to clarify this with effect from the Effective Date.
- 3.2 Further, based on the current practice under the Scheme, upon withdrawal of accrued benefits from the Scheme, whether in a lump sum or by instalments, if the accrued benefits in the relevant account of the member invest in more than one constituent funds under the Scheme, the Trustee will redeem from each constituent fund in proportion to its net asset value as at the date of redemption. This applies to employee members, self-employed persons, personal account members and TVC members under the Scheme. The relevant section under the MPF Scheme Brochure will be enhanced to clarify this with effect from the Effective Date.

#### 4. Reduction of fees for the Sun Life MPF Hong Kong Dollar Bond Fund with effect from 27 August 2024

4.1 Please note that with effect from 27 August 2024, the management fees of the Sun Life MPF Hong Kong Dollar Bond Fund have been reduced as follows:

|   | Class A units    |                 | Class B units    |                 |
|---|------------------|-----------------|------------------|-----------------|
|   | Before reduction | After reduction | Before reduction | After reduction |
| <b>Management fees (% of NAV per annum)</b> | Up to 1.748%     | Up to 1.398%    | Up to 1.548%     | Up to 1.398%    |

4.2 For Class A units, such reduction in management fees was achieved through the reduction of the current levels of the trustee fee, administration fee and investment management fee charged to the Sun Life MPF Hong Kong Dollar Bond Fund. For Class B units, such reduction in management fees was achieved through the reduction of the current level of the investment management fee charged to the Sun Life MPF Hong Kong Dollar Bond Fund. Please refer to the table below for the relevant fee reductions:

|   | Class A units    |                 | Class B units    |                      |
|---|------------------|-----------------|------------------|----------------------|
|   | Before reduction | After reduction | Before reduction | After reduction      |
| <b>Trustee fee (% of NAV per annum)</b>               | 0.23%            | 0.13%           | 0.13%            | 0.13%<br>(no change) |
| <b>Administration fee (% of NAV per annum)</b>        | 0.60%            | 0.50%           | 0.50%            | 0.50%<br>(no change) |
| <b>Investment management fee (% of NAV per annum)</b> | 0.595%           | 0.445%          | 0.595%           | 0.445%               |

4.3 As a result of the fee reductions of the Sun Life MPF Hong Kong Dollar Bond Fund, Scheme members investing in the Sun Life MPF Hong Kong Dollar Bond Fund would enjoy a lower management fee for their investment. For details, please refer to the MPF Scheme Brochure as amended by the Second Addendum dated 27 August 2024, the key scheme information document of the Scheme updated on 27 August 2024 and the Notice to Participating Employers and Scheme Members dated 27 August 2024, which are all available at our website [www.sunlife.com.hk](http://www.sunlife.com.hk).

#### 5. Impact of the Changes

5.1 For the reasons set out above, we are of the view that the Changes would be beneficial and in the interests of the Scheme Participants and there would not be any adverse impact on the Scheme or the interests of the Scheme Participants.

5.2 The costs of the Changes (including the establishment costs of the New CF) would be borne by the Trustee and/or the Sponsor, and would not be borne by the Scheme or Scheme Participants.

5.3 There would be no impact on the fee structure, investment objective, policy, restrictions, risk profile and dealing arrangement of the existing constituent funds under the Scheme.

## **6. Actions required of Scheme Participants**

- 6.1 No action is required of Scheme Participants as a result of the Changes.
- 6.2 Participating employers, self-employed persons, personal account members, Special Private Account members and TVC members who do not wish to be involved in the Changes and wish to opt out from the Scheme as a result of the Changes may submit valid and completed transfer-out or withdrawal instruction, as the case may be. For employee members, they may consider to transfer out the accrued benefits of their employee mandatory contribution under the Employee Choice Arrangement which could be made once per calendar year. Please note, however, that if an employee member has already made a transfer-out under the Employee Choice Arrangement once during a calendar year, no further transfer-out can be made under the Employee Choice Arrangement within the same calendar year. There will be no fees and charges applied to such transfers by Scheme Participants. Scheme Participants should review the constituent funds and all the terms of the Scheme before making any decision.

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The MPF Scheme Brochure (by way of the third addendum), the key scheme information document of the Scheme and the trust deed of the Scheme (by way of a supplemental deed) will be amended to reflect the Changes set out in paragraphs 1 to 3 of this notice and their related amendments with effect from the Effective Date. This notice gives a summary of the major changes to the Scheme only. For details of all changes, please refer to the latest MPF Scheme Brochure (including the third addendum) and the latest key scheme information document of the Scheme which will be available at our website [www.sunlife.com.hk](http://www.sunlife.com.hk) from the Effective Date or request for a copy of them by contacting our Sun Life Pension Services Hotline on (852) 3183-1888 from the Effective Date.

Copy of the trust deed (including the latest supplemental deed) of the Scheme can be inspected free of charge at the Customer Service Centre of the Scheme during the service hours (Monday to Friday from 9:00 a.m. to 5:45 p.m., except public holidays) from the Effective Date. The Customer Service Centre of the Scheme is located at 10/F, One Harbourfront, 18 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

For the Changes set out in paragraph 4 of this notice which have taken effect from 27 August 2024, please refer to the MPF Scheme Brochure as amended by the Second Addendum dated 27 August 2024, the key scheme information document of the Scheme updated on 27 August 2024 and the Notice to Participating Employers and Scheme Members dated 27 August 2024, which are all available at our website [www.sunlife.com.hk](http://www.sunlife.com.hk).

If you have any queries about the content of this notice, you may contact our Sun Life Pension Services Hotline on (852) 3183-1888.

Yours faithfully,

Sun Life Trustee Company Limited

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