



IMPORTANT NOTE

This Important Note serves as the supplementary information to the "DIS Pre-implementation Notice To Participating Employers And Members" which explains how you may be impacted by the commencement of the new MPF legislation ("New Law") of Default Investment Strategy ("DIS") on 1 April 2017 ("DIS commencement date"). Bank Consortium Trust Company Limited (the "Trustee") strongly recommends that you read this document **carefully** to understand how your MPF account(s) under the Invesco Strategic MPF Scheme (the "Scheme") will be affected under certain circumstances and what you may need to do.

What is this Important Note for?

You may be aware that some pre-existing members with all of their accrued benefits invested in the existing default fund(s) ("Default Fund is the Constituent Fund as specified by an employee member's employer, other than Guaranteed Fund, or in the absence of such specification, the Capital Stable Fund") of the Scheme (the "Existing Default Fund") and with no investment instruction given for the accrued benefits may receive a DIS Re-Investment Notice ("DRN") from the Trustee within six months from 1 April 2017 informing them of the arrangement and how their accounts will be affected under the New Law.

However, there are other situations that your account(s) may also be affected even though you are not being classified as a recipient of the DRN under the New Law.

A. Your Investment Instruction for your Future Investments¹; may be changed to the DIS on 1 April 2017

In general, you are affected if one of the following situations describes your account(s):

1. if you have never told the Trustee how to invest all or part of your Future Investments (as illustrated in Example 1); or
2. when you change jobs, your benefits are transferred from a contribution account to a new personal account in the same Scheme and your personal account's investment instruction follows that of the contribution account (as illustrated in Example 2).

You are affected to the extent that your investment instruction for investing all or part of your Future Investments in the existing account(s) may be changed to DIS when the New Law commences.

We have set out some examples to help you understand if your account(s) **will** or **will not** be affected. Please go to **Appendix** for details.

B. Your account(s)' benefits may be switched to the DIS immediately without receiving the DRN or before the expiry of the reply period stated in the DRN

Your benefits, fully invested in the Existing Default Fund on 1 April 2017 and with no investment instruction for such benefits, shall follow the transitional arrangements described in the New Law, i.e. you will receive a DRN and be given time to decide on how to invest your MPF benefits before we change your investments to the DIS. In the situation where there is any transaction processed for your account during the transitional period from 1 April 2017 to 30 September 2017 ("Transitional Period"), we may have to switch those benefits remaining in the Existing Default Fund and/or change your investment instruction for Future Investments into the DIS as soon as practicable after we processing such transaction, (i.e. disregarding whether you receive a DRN or whether the reply period stated in the DRN has expired), such transaction includes where:

- a) You have instructed us to switch your benefits investing in the Existing Default Fund to other investment funds but without changing your investment instruction for Future Investment (as illustrated in Example 3);
- b) You have instructed us to change your investment instruction for Future Investments but do not have investment instruction for your benefits fully invested in the Existing Default Fund on 1 April 2017; however the said instruction for Future Investments has only been applied during the Transitional Period; or
- c) Benefits are transferred from your other account(s) in the same Scheme either based on (i) your transfer election or (ii), where you do not give an election when you change jobs, transfer by law.

If your account falls into the situation as described above, we shall send you another notice before the New Law implements to alert that your account is impacted and what are the available options for managing your account.

We appreciate your attention on these matters and if you have any questions, please contact our member INVESCall Member hotline at 2842 7878 or visit our INVESNet at www.mpf.invesco.com.hk for information.

¹ Future Investments include regular contributions, benefits transferred from other MPF schemes and other inflows to your account.

Appendix - Examples

Example 1 - No investment instruction but with switching of benefits in account

Before DIS Commencement Date

- A member has a contribution account and has not given an investment instruction since enrollment. The investment instruction was defaulted as 100% in Fund D (Fund D is an Existing Default Fund)
- The member instructed to switch 100% Fund D to 100% Fund A
- The contribution account has 100% benefits in Fund A and the investment instruction for Future Investments is 100% Fund D

After DIS Commencement Date

- The benefits in the contribution account remain 100% invested in Fund A
- The investment instruction for Future Investments of the contribution account will be changed to **100% DIS**

Example 2 - Change of investment instruction for personal account with benefits transferred from a contribution account

Before DIS Commencement Date

- A member has a contribution account and has given an investment instruction of 100% in Fund A
- The member changes job and the benefits in the contribution account are transferred to a new personal account in the same Scheme
- The personal account has all benefits invested in Fund A and the investment instruction follows that of the contribution account, i.e. 100% Fund A

After DIS Commencement Date

- The benefits in the personal account remain 100% invested in Fund A
- The investment instruction for Future Investments of the personal account will be changed to **100% DIS**

Example 3 - Members benefits switched to DIS immediately before completion of the transitional arrangement

Before DIS Commencement Date

- A member has a contribution account and has not given an investment instruction since enrollment. The investment instruction was defaulted as 100% in Fund D (Fund D is an Existing Default Fund)
- All benefits invested in Fund D and the investment instruction for Future Investments is 100% in Fund D

After DIS Commencement Date

- The member instructs to switch 60% Fund D to Fund A and has not given an instruction for Future Investments.

After completion of the switching

- The **remaining 40% of benefits in Fund D** will also be switched to **DIS**
- The investment instruction for Future Investments of the account will be changed to **100% DIS**