

# BEA (MPF) MASTER TRUST SCHEME

## FOURTH ADDENDUM TO THE EXPLANATORY MEMORANDUM DATED DECEMBER, 2016

This Fourth Addendum should be read in conjunction with and forms part of the Explanatory Memorandum for the BEA (MPF) Master Trust Scheme (the “**Master Trust**”) dated December, 2016, as amended by the First Addendum and Second Addendum both dated 12<sup>th</sup> December, 2016 and the Third Addendum dated 31<sup>st</sup> January, 2018 (collectively referred to as the “**Explanatory Memorandum**”). All capitalised terms herein contained shall have the same meaning in this Fourth Addendum as in the Explanatory Memorandum, unless otherwise stated. The Sponsor and the Trustee accept responsibility for the information contained in this Fourth Addendum as being accurate as at the date of publication.

With effect from 1<sup>st</sup> January, 2019, the Explanatory Memorandum shall be amended as follows:

### Disclosure updates to the management fees

- Page 45 (as amended by paragraph 11(c) of the First Addendum) - the fee table headed “**(D) FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS**” under the subsection headed “**Fee Table**” under the section headed “**CHARGES AND EXPENSES**” shall be deleted in its entirety and replaced with the follow:

<b>(D) FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS</b>			
<b>Type of charges &amp; expenses</b>	<b>Name of Constituent Fund</b>	<b>Current level<sup>f</sup></b>	<b>Deducted from</b>
Management fees <sup>7,7A</sup>	BEA (MPF) Growth Fund	0-0.62% p.a. of NAV*	Relevant underlying fund assets
	BEA (MPF) Balanced Fund	0-0.62% p.a. of NAV*	
	BEA (MPF) Stable Fund	0-0.62% p.a. of NAV*	
	BEA (MPF) Global Equity Fund	0-0.6% p.a. of NAV*	
	BEA (MPF) European Equity Fund	0.12-0.62% p.a. of NAV*	
	BEA (MPF) North American Equity Fund	0.04-0.1% p.a. of NAV*	
	BEA (MPF) Asian Equity Fund	0-0.74% p.a. of NAV*	
	BEA (MPF) Greater China Equity Fund	Nil	
	BEA (MPF) Japan Equity Fund	Up to 0.59% p.a. of NAV*	
	BEA (MPF) Hong Kong Equity Fund	0-0.1% p.a. of NAV	
	BEA China Tracker Fund	Up to 0.6% p.a. of NAV	
	BEA Hong Kong Tracker Fund	Up to 0.1% p.a. of NAV	
	BEA (MPF) Global Bond Fund	Nil	
	BEA (MPF) Core Accumulation Fund	Nil	
BEA (MPF) Age 65 Plus Fund	Nil		
Guarantee charge <sup>8</sup>	BEA (MPF) Long Term Guaranteed Fund	1% p.a. of NAV	
Other expenses	Each underlying fund may bear its costs and operating expenses (e.g. establishment cost of the underlying fund, indemnity insurance, auditor's fees and legal charges). Such expenses are summarized in point (vii) of the Explanatory Notes.		Relevant underlying fund assets

<sup>f</sup>The aggregate management fees do not take into account the administration fee which is not calculated by reference to net asset value (please refer to the table in paragraph xi under the subsection “EXPLANATORY NOTES”).

\*The fee components under the table in paragraph xi under the subsection “EXPLANATORY NOTES” may not add up to the aggregate management fees because, while an underlying fund of a Constituent Fund may charge the highest investment manager fee (compared to the other underlying fund(s) in which the Constituent Fund invests), it may not charge the highest trustee fee (compared to the other underlying fund(s) in which the Constituent Fund invests). In any event, as far as each individual underlying fund is concerned, the total investment manager fee and trustee fee charged to that underlying fund will be same or lower than the upper bound disclosed in the above table.

2. Page 49 - the following sentence shall be inserted immediately at the end of the definition of “**Management fees**” in the subsection headed “**DEFINITIONS**” under the section headed “**CHARGES AND EXPENSES**”:-

“The fees payable to the Trustee are for its trustee and administrative functions, while the fees payable to the Investment Manager are for its investment management functions. As for the Sponsor, its fees are for its services related to product support, dissemination of MPF marketing materials and product development activities. For a breakdown of the management fees payable out of each of the Constituent Funds and the underlying funds, please refer to the respective paragraphs “x.” and “xi.” under the subsection headed “**EXPLANATORY NOTES**” under the section headed “**CHARGES AND EXPENSES**”.

3. Page 49 - the definition of “**Management fees**” under 7A (as inserted by paragraph 11(e) of the First Addendum) under the subsection headed “**DEFINITIONS**” under the section headed “**CHARGES AND EXPENSES**” shall be deleted in its entirety and replaced with the following:-

7A. “**Management fees**” in respect of each of BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, mean the fees paid to the Trustee, the Administrator, the Investment Manager (including fees based on fund performance, if any) and the Sponsor of the Master Trust and any of their delegates can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the net asset value of the 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 constituent fund which applies across both the constituent fund and underlying funds.”

4. Page 50 - the following paragraphs shall be inserted after paragraph ix. (as inserted by paragraph 11(h) of the First Addendum) under the subsection headed “**EXPLANATORY NOTES**” under the section headed “**CHARGES AND EXPENSES**”:-

“x. The breakdown of the management fees payable out of the Constituent Funds is as follows:

Name of Constituent Fund	Fees payable at the Constituent Fund level		
	Sponsor (p.a. of NAV)	Trustee/ Administrator/ Custodian (p.a. of NAV)	Investment Manager (p.a. of NAV)
BEA (MPF) Growth Fund	0.44%	0.45%	0.31%
BEA (MPF) Balanced Fund	0.44%	0.45%	0.31%
BEA (MPF) Stable Fund	0.44%	0.45%	0.31%
BEA (MPF) Global Equity Fund	0.415%	0.45%	0.31%
BEA (MPF) European Equity Fund	0.415%	0.45%	0.31%
BEA (MPF) North American Equity Fund	0.415%	0.45%	0.31%
BEA (MPF) Asian Equity Fund	0.44%	0.45%	0.31%
BEA (MPF) Greater China Equity Fund	0.44%	0.45%	0.31%
BEA (MPF) Japan Equity Fund	0.415%	0.45%	0.31%
BEA (MPF) Hong Kong Equity Fund	0.44%	0.45%	0.31%
BEA China Tracker Fund	0.03%	0.26%	0.31%
BEA Hong Kong Tracker Fund	0.03%	0.26%	0.31%
BEA (MPF) Global Bond Fund	0.23%	0.45%	0.31%
BEA (MPF) RMB & HKD Money Market Fund	0.03%	0.45%	0.31%
BEA (MPF) Long Term Guaranteed Fund	Up to 0.05%	0.45%	1.00%**
BEA (MPF) Core Accumulation Fund	0.295%	0.295%	0.16%
BEA (MPF) Age 65 Plus Fund	0.295%	0.295%	0.16%
BEA (MPF) Conservative Fund	0.03%	0.45%	0.31%

\*\* The investment management fee will be deducted from the Constituent Fund, i.e. BEA (MPF) Long Term Guaranteed Fund and paid to Principal Asset Management Company (Asia) Limited, the investment manager of the underlying insurance policy.

xi. The breakdown of the management fees payable out of the underlying funds is as follows:

Name of Constituent Fund	Fees payable at the underlying fund level			
	Investment Manager (p.a. of NAV)	Administrator (p.a. of NAV)	Trustee (p.a. of NAV)	Custodian (p.a. of NAV)
BEA (MPF) Growth Fund	0-0.6%^	0 - US\$1,000 per month in respect of the whole class**	0-0.1%	Nil
BEA (MPF) Balanced Fund	0-0.6%^	0 - US\$1,000 per month in respect of the whole class**	0-0.1%	Nil
BEA (MPF) Stable Fund	0-0.6%^	0 - US\$1,000 per month in respect of the whole class**	0-0.1%	Nil
BEA (MPF) Global Equity Fund	0-0.6%^	Nil	0-0.1%	Nil
BEA (MPF) European Equity Fund	0.12-0.6%^	Nil	0-0.07%	Nil
BEA (MPF) North American Equity Fund	0-0.04^	Nil	0-0.1%	Nil
BEA (MPF) Asian Equity Fund	0-0.74%^~	0 - US\$1,000 per month in respect of the whole class**	0-0.05%	Nil
BEA (MPF) Greater China Equity Fund	Nil	Nil	Nil	Nil
BEA (MPF) Japan Equity Fund	Up to 0.59%	Nil	0-0.08%	Nil
BEA (MPF) Hong Kong Equity Fund	0-0.05%	Nil	0-0.05%	Nil
BEA China Tracker Fund	0.55%	Nil	Up to 0.05%	Nil
BEA Hong Kong Tracker Fund	Up to 0.05%	Nil	Up to 0.05%	Nil
BEA (MPF) Global Bond Fund	Nil	Nil	Nil	Nil
BEA (MPF) Core Accumulation Fund	Nil	Nil	Nil	Nil
BEA (MPF) Age 65 Plus Fund	Nil	Nil	Nil	Nil

^ Consisted of management fees of some of the underlying funds. For these underlying funds, they charge a single management fee and not separate investment manager, trustee, custodian or administrator fees.

~ Consisted of the single flat rates (i.e. total expense ratio, "TER") of some of the underlying funds. The TER covers all operational expenses including but not limited to fees and expenses of the directors, investment manager, depository, administrator, transfer agent and registrar, regulatory and audit fees of the underlying fund(s), but excludes transaction costs and extraordinary legal costs.

\*\*US\$1,000 administration fee is charged by an individual underlying fund and is borne by all investors in the same class of units in that underlying fund, on a pro-rata basis in accordance with the investment value of investors."

#### Miscellaneous updates

- Second unnumbered page at the front of the Explanatory Memorandum - the wording "(operated by Bank of East Asia (Trustees Limited))" shall be inserted after the words "2211 1777".
- Page 25 (as amended by paragraph A(2) of the Third Addendum) - the last sentence of the second paragraph under the sub-section headed "**Sponsor**" under the section headed "**MANAGEMENT AND ADMINISTRATION**" shall be replaced with "The Bank is listed on The Stock Exchange of Hong Kong. The Sponsor is responsible for business development, marketing, and product development, as well as ancillary and support services to the Trustee as may be agreed between them from time to time."
- Page 26 - the words "BEA (MPF) Hotline at 2211 1777" shall be replaced with "BEA (MPF) Hotline on 2211 1777 (operated by Bank of East Asia (Trustees Limited))".
- Pages 33 and 53 - the words "(operated by Bank of East Asia (Trustees Limited))" shall be inserted after the phrase "BEA (MPF) Hotline on 2211 1777" appearing on each of the pages.
- Each reference to the wording "(this Constituent Fund is denominated in HKD only and not in RMB)" in the Explanatory Memorandum shall be deleted in its entirety wherever it appears after the words "BEA (MPF) RMB & HKD Money Market Fund".