

# NOTICE TO PARTICIPANTS

## BEA (MPF) INDUSTRY SCHEME

**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 financial advice.** The Bank of East Asia, Limited (the "Sponsor") and Bank of East Asia (Trustees) Limited (the "Trustee") of the BEA (MPF) Industry Scheme accept responsibility for the information contained in this document. Capitalised terms not defined in this document have the same meaning as in the Explanatory Memorandum.

### **BEA (MPF) Industry Scheme (the "Industry Scheme") - Updates to the Explanatory Memorandum to disclose the management fees breakdown and other miscellaneous changes**

Thank you for your continuous support to the Industry Scheme.

#### **1. Disclosure updates**

This notice sets out the following disclosure updates that will be made to the Explanatory Memorandum, which will take effect from 1<sup>st</sup> January, 2019:

##### *Generally*

- (a) The management fees breakdown in respect of each of the Constituent Funds (and its underlying fund(s)) under the Industry Scheme will be disclosed. In this regard, kindly note that, for some Constituent Funds, the aggregate management fee at the underlying funds level disclosed in the updated Explanatory Memorandum will be lower than the one disclosed in the existing Explanatory Memorandum, to reflect the actual range of the aggregate management fee to which the underlying funds of each such Constituent Fund is subjected, and are shown in the enclosed **Appendix**.
- (b) Our BEA (MPF) Hotline on 2211 1777 will be specified to be operated by us, Bank of East Asia (Trustees) Limited.
- (c) The statement to the effect that the stocks of the Sponsor are one of the constituent stocks of the Hang Seng Index in describing the Sponsor will be removed as the Sponsor's stocks ceased to be such constituent stocks from 10<sup>th</sup> September, 2018.

##### *Relating to BEA (Industry Scheme) RMB & HKD Money Market Fund*

- (d) The statement "(this Constituent Fund is denominated in HKD only and not in RMB)", which appears throughout the Explanatory Memorandum in reference to the BEA (Industry Scheme) RMB & HKD Money Market Fund, will be removed to simplify the disclosure.

#### **2. Impacts of the changes**

The disclosure updates described in section 1 above would ensure that the Explanatory Memorandum is up-to-date and enhance the disclosure and transparency. Also, notwithstanding the disclosure updates described in section 1:

- (i) there will be no increase in the level of management fees in respect of each Constituent Fund, which will remain as is, and the structure of fees and charges of the Industry Scheme remains unchanged despite the updated disclosure; and
- (ii) the BEA (Industry Scheme) RMB & HKD Money Market Fund remains to be denominated in HKD and not in RMB.

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This notice only gives a summary of the major changes to the Explanatory Memorandum of the Industry Scheme. You may visit our website at <http://www.hkbea.com> for the Explanatory Memorandum of the Industry Scheme or obtain a copy at the office of the Trustee at 32<sup>nd</sup> Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

We confirm that the disclosure updates in the Explanatory Memorandum of the Industry Scheme will not have any adverse impact on Members as a whole. Should you have any enquiries relating to the contents of this notice, please contact our BEA (MPF) Hotline on 2211 1777 (operated by Bank of East Asia (Trustees) Limited) or email to [BEAMPF@hkbea.com](mailto:BEAMPF@hkbea.com).

## Appendix

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 (Industry Scheme) Growth Fund	0.44%	0.45%	0.31%
BEA (Industry Scheme) Balanced Fund	0.44%	0.45%	0.31%
BEA (Industry Scheme) Stable Fund	0.44%	0.45%	0.31%
BEA (Industry Scheme) Asian Equity Fund	0.44%	0.45%	0.31%
BEA (Industry Scheme) Greater China Equity Fund	0.44%	0.45%	0.31%
BEA (Industry Scheme) 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 (Industry Scheme) RMB & HKD Money Market Fund	0.03%	0.45%	0.31%
BEA (Industry Scheme) Core Accumulation Fund	0.295%	0.295%	0.16%
BEA (Industry Scheme) Age 65 Plus Fund	0.295%	0.295%	0.16%
BEA (Industry Scheme) MPF Conservative Fund	0.03%	0.45%	0.31%

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 (Industry Scheme) Growth Fund	0-0.6% <sup>^</sup>	0 - US\$1,000 per month in respect of the whole class**	0-0.1%	Nil
BEA (Industry Scheme) Balanced Fund	0-0.6% <sup>^</sup>	0 - US\$1,000 per month in respect of the whole class**	0-0.1%	Nil
BEA (Industry Scheme) Stable Fund	0-0.6% <sup>^</sup>	0 - US\$1,000 per month in respect of the whole class**	0-0.1%	Nil
BEA (Industry Scheme) Asian Equity Fund	0-0.74% <sup>^~</sup>	0 - US\$1,000 per month in respect of the whole class**	0-0.05%	Nil
BEA (Industry Scheme) Greater China Equity Fund	0-0.74% <sup>^</sup>	Nil	0-0.05%	Nil
BEA (Industry Scheme) 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 (Industry Scheme) Core Accumulation Fund	Nil	Nil	Nil	Nil
BEA (Industry Scheme) Age 65 Plus Fund	Nil	Nil	Nil	Nil

<sup>^</sup> 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.

<sup>~</sup> 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, depositary, 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."