

# BEA (MPF) MASTER TRUST SCHEME

## ADDENDUM TO THE MPF SCHEME BROCHURE DATED MARCH 2020

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### **Important**

This Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure for the BEA (MPF) Master Trust Scheme dated March 2020 (referred to as the "**MPF Scheme Brochure**"). All capitalised terms herein contained shall have the same meaning in this Addendum as in the MPF Scheme Brochure, unless otherwise stated. The Sponsor and the Trustee accept responsibility for the information contained in this Addendum as being accurate as at the date of publication and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. If you are in any doubt about the contents of this Addendum, you should seek independent professional financial advice.

**The following amendments to the MPF Scheme Brochure are effective from the date on which this Addendum is published, except for the changes in paragraphs 9 and 10 which have become effective on 1<sup>st</sup> January, 2021:**

1. Page 11 – BEA (MPF) Global Equity Fund - Under the sub-section 3.3.4(e) headed "**Risks**", the following risk factor is inserted immediately after the bullet point "risks in relation to investments in index-tracking funds":
  - "• risk associated with small-capitalisation/mid-capitalisation companies"
2. Page 12 – BEA (MPF) European Equity Fund - Under the sub-section 3.3.5(e) headed "**Risks**", the following risk factor is inserted immediately after the bullet point "risks in relation to investments in index-tracking funds":
  - "• risk associated with small-capitalisation/mid-capitalisation companies"
3. Page 13 – BEA (MPF) North American Equity Fund - Under the sub-section 3.3.6(e) headed "**Risks**", the following risk factor is inserted immediately after the bullet point "hedging risk":
  - "• risk associated with small-capitalisation/mid-capitalisation companies"
4. Page 14 – BEA (MPF) Asian Equity Fund - Under the sub-section 3.3.7(e) headed "**Risks**", the following risk factors are inserted immediately after the bullet point "hedging risk":
  - "• restricted markets risk"
  - "• risk associated with small-capitalisation/mid-capitalisation companies"

5. Page 15 – BEA (MPF) Greater China Equity Fund - Under the sub-section 3.3.8(e) headed "**Risks**", the following risk factors are inserted immediately after the bullet point "hedging risk":
  - "• restricted markets risk
  - risk associated with small-capitalisation/mid-capitalisation companies"
6. Page 16 – BEA (MPF) Japan Equity Fund - Under the sub-section 3.3.9(e) headed "**Risks**", the following risk factor is inserted immediately after the bullet point "hedging risk":
  - "• risk associated with small-capitalisation/mid-capitalisation companies"
7. Page 17 – BEA (MPF) Hong Kong Equity Fund - Under the sub-section 3.3.10(e) headed "**Risks**", the following risk factors is are inserted immediately after the bullet point "hedging risk":
  - "• restricted markets risk
  - risk associated with small-capitalisation/mid-capitalisation companies"
8. Page 43 – Under the section headed "**4.2 Risk factors**", the following risk factors are inserted immediately after sub-section 4.2.21 "Risk of investment in Europe":

#### **"4.2.22 Restricted markets risk**

An underlying fund in which a Constituent Fund invests may invest in securities in jurisdictions (including mainland China) which may impose limitations or restrictions on foreign offshore ownership or holdings. The underlying fund may be required to make such investments directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors including (without limitation) repatriation limitations, unfavourable tax treatments, higher commission costs, dealing restrictions, regulatory reporting requirements and reliance on services of local custodians and service providers and other factors.

For example, an underlying fund which invests in China A-share markets may be subject to uncertainties and difficulties in settlement and recording of transactions and in interpreting and applying relevant regulations. These may lead to a higher level of volatility and instability associated with the China A-share markets. The liquidity and price volatility associated with China A-share markets are subject to greater risks of government intervention and imposition of trading band restrictions. Such factors may affect the performance of the underlying fund. The underlying fund may also invest in the China A-shares via Stock Connect. The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is also subject to quota limitations. Where a

suspension in the trading through the programme is effected, the underlying fund's ability to invest in China A-shares through the programme will be adversely affected. In such event, the underlying fund's ability to achieve its investment objective could be negatively affected. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains derived from underlying fund's trading of China A-shares via the Stock Connect. Any increased tax liabilities on the underlying fund may adversely affect the underlying fund's value.

#### **4.2.23 Risk associated with small-capitalisation/mid-capitalisation companies**

For a Constituent Fund's underlying fund which invests directly in equities of small and medium-sized companies, the stock prices of such companies may tend to be more volatile than large-sized companies due to a lower degree of liquidity, greater sensitivity to changes in economic conditions and higher uncertainty over future growth prospects."

9. Page 47 – Under the table 5.1(C) headed "**FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS**", the rates of the management fees for the BEA China Tracker Fund and the BEA Hong Kong Tracker Fund under the "Current level" column be replaced with "0.49% p.a. of NAV".
10. Page 53 – Under the table under sub-section 5.2(g)(i) headed "**Fees payable at the Constituent Fund level**", the rates of the investment management fees for the BEA China Tracker Fund and the BEA Hong Kong Tracker Fund under the "Investment Manager (p.a. of NAV)" column be replaced with "0.2%".
11. Page 86 – Under the section headed "**8. GLOSSARY**", the following new defined term is inserted in appropriate alphabetical order:
  - "**China A-shares**" means the shares which are quoted in RMB and traded on the Shanghai and Shenzhen stock exchanges."
  - "**Stock Connect**" means the securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and/or any successor programme."