

# NOTICE TO PARTICIPANTS

## BEA (MPF) VALUE 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) Value Scheme ("**Master Trust**") accept responsibility for the information contained in this document. Capitalised terms not defined in this document have the same meaning as in the MPF Scheme Brochure.

With effect from 1<sup>st</sup> April, 2022 ("**Effective Date**"), the fees and charges of the BEA MPF Conservative Fund ("**BEA Conservative Fund**") will be changed from deduction from Members' accounts by way of unit deduction ("**Member Level Deduction**") to deduction from the assets of such fund ("**Fund Level Deduction**"). The adoption of the Fund Level Deduction will (i) align with the fee deduction method of the MCFs (as defined below) under other MPF schemes in the market, thus making it easier for Members to compare the net-of-fees fund performance of different MCFs in the market, and (ii) standardise the fee deduction method across all Constituent Funds under the Master Trust. Please refer to this notice for details.

If you no longer wish to invest in the BEA Conservative Fund and/or wish to switch to other constituent fund(s) of the Master Trust, you may notify us by submitting a valid instruction to us before the Effective Date.

If you have any enquiries relating to the contents of this notice, please contact our BEA (MPF) Hotline (operated by the Trustee) on 2211 1777 or email to BEAMPF@hkbea.com.

Thank you for your continuous support to the Master Trust.

A conservative fund under a mandatory provident fund scheme ("**MCF**") may use one of two methods for deduction of fees and charges, namely (i) Fund Level Deduction or (ii) Member Level Deduction. Currently, the BEA Conservative Fund uses method (ii), i.e. Member Level Deduction, whereby the fees and charges accrue on a monthly basis, and are deducted monthly by way of unit deduction from Members' accounts.

With effect from the Effective Date, the BEA Conservative Fund will use method (i), i.e. Fund Level Deduction, whereby the fees and charges will accrue on a daily basis, and will be reflected daily in such fund's unit prices, net asset value and fund performance quoted. As a result of the different accrual frequency and deduction mechanism, the unit prices during a month under the Fund Level Deduction compared to those under the Member Level Deduction could potentially be lower\* due to fees and charges that accrue daily instead of monthly, resulting in lesser proceeds from redemptions but more units in the case of subscriptions made during the month.

The adoption of the Fund Level Deduction aligns with the fee deduction method of the MCFs under other MPF schemes in the market thus making it easier for Members to compare the net-of-fees fund performance of different MCFs in the market. Also, given the other Constituent Funds under the Master Trust already adopt the Fund Level Deduction, changing the fee deduction method of the BEA Conservative Fund to Fund Level Deduction will standardise the fee deduction method across all Constituent Funds under the Master Trust and therefore facilitate future process and system enhancements.

Rest assured the total fund expenses of the BEA Conservative Fund and the accrued benefits of the Members investing in the BEA Conservative Fund will not be adversely impacted by the above change in the method of fee deduction. Members may refer to the "Fund Expense Ratio" provided in the Fund Fact Sheet or On-going Cost Illustrations, which show the total fund expenses as a percentage of fund size for reference. Also, the risk profile of the BEA Conservative Fund will not be impacted by the above change in the method of fee deduction.

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\* Please note that apart from the effect of deduction of fees and charges, unit prices are also subject to market factors and may go up or down. Please refer to the MPF Scheme Brochure for further details of the fund and related risk factors.

This notice only gives a summary of the changes to the Master Trust. In addition, you may visit our website at <http://www.hkbea.com> for the MPF Scheme Brochure of the Master Trust or obtain a copy of the MPF Scheme Brochure at the offices of the Trustee at 32<sup>nd</sup> Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

Should you have any enquiries relating to the contents of this notice, please contact our BEA (MPF) Hotline (operated by the Trustee) on 2211 1777 or email to [BEAMPF@hkbea.com](mailto:BEAMPF@hkbea.com).

The Bank of East Asia, Limited and Bank of East Asia (Trustees) Limited  
*28<sup>th</sup> February, 2022*