宏利
Manulife

December 2016

Manulife Global Select (MPF) Scheme (the "Scheme")

DIS Pre-implementation Notice
to participating employers and scheme members[1]

Attention: This document is important and requires your immediate attention. This Notice only contains a summary and you should refer to the Offering Document and the first addendum for full details of changes. Capitalized terms used in this Notice have the same meaning as those defined in the Offering Document. Investment involves risks and the Default Investment Strategy may not be suitable for all members. If you are in any doubt about the contents of this document, you should seek independent professional advice. Manulife Provident Funds Trust Company Limited accepts responsibility for the accuracy of the information contained in this document at the date of publication.

Members can download the full set of Offering Document from our website at www.manulife.com.hk or request a copy by calling the Member Hotline on (852) 2108 1388 free of charge (please refer to the details at the end of this Notice).

Dear participating employers and scheme members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance will take effect on April 1, 2017 ("Effective Date") and accordingly changes are made to the offering document and the trust deed of the Scheme through the first addendum and the seventh supplemental deed respectively. From the Effective Date, the default investment arrangement of the Scheme will be the Default Investment Strategy ("**DIS**") which replaces the existing default fund of the Scheme.

You should read this Notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions (including transfer-in monies from another scheme).

1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the Mandatory Provident Fund Schemes Ordinance. **For members who do not make a fund choice for their MPF account, their future contributions and accrued benefits transferred from another MPF scheme (collectively "future contributions"), and their accrued benefits will be invested in the DIS.** The DIS is also available as an investment choice itself for members.
- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the Manulife MPF Core Accumulation Fund ("CAF") and the Manulife MPF Age 65 Plus Fund ("A65F") (collectively the "DIS CFs") to automatically reduce the risk exposure as the member approaches retirement age. The DIS CFs will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). You can find the investment policies of the DIS CFs under item 10 (pages 12-17) of the first addendum enclosed with this Notice. The DIS CFs are subject to fee and expense caps as imposed by the MPF legislation.

---

[1] Please note that references to "you" or "your" in this Notice refer to, as the case may be in the relevant context, participating employers or scheme members.

2. **How does DIS affect you?**

- If you have accounts in the Scheme that are set up before the Effective Date ("**pre-existing account**"), depending on whether you have previously made any fund choices, it may affect you in different ways.

  - If you have already given a valid investment instruction for the accrued benefits and future contributions in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
  - If **all** your accrued benefits in a pre-existing account are invested in the existing default fund (currently the Manulife MPF Interest Fund under the Scheme) as at the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (named the "**DIS Re-Investment Notice**") sent to you within six (6) months from the Effective Date. The DIS Re-investment notice will explain that if you do not make an investment choice by replying within a specified timeline, your accrued benefits in the existing default fund will be redeemed in whole and re-invested in accordance with the DIS. **Therefore, if you receive the DIS Re-investment Notice, please pay special attention to the contents and make appropriate arrangement.** You should also note that the existing default fund, the Manulife MPF Interest Fund, provides capital guarantee but the DIS does not. You will be exposed to higher market risks as a result of reinvestment of your accrued benefits and future contributions in the DIS.
  - There are special circumstances. Where the accrued benefits in the pre-existing account are transferred from another account within the Scheme (e.g. In the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Scheme), your accrued benefits in the pre-existing account will be invested in the same manner as they were invested immediately before the transfer but your future contributions may be invested in the DIS after the implementation of the DIS, unless the trustee receives your investment instructions on accrued benefits and future contributions respectively.

  Please refer to the following section headed "Implications on New and Pre-existing Accounts on or after DIS Implementation" for further details.

3. **Do you need to do anything?**

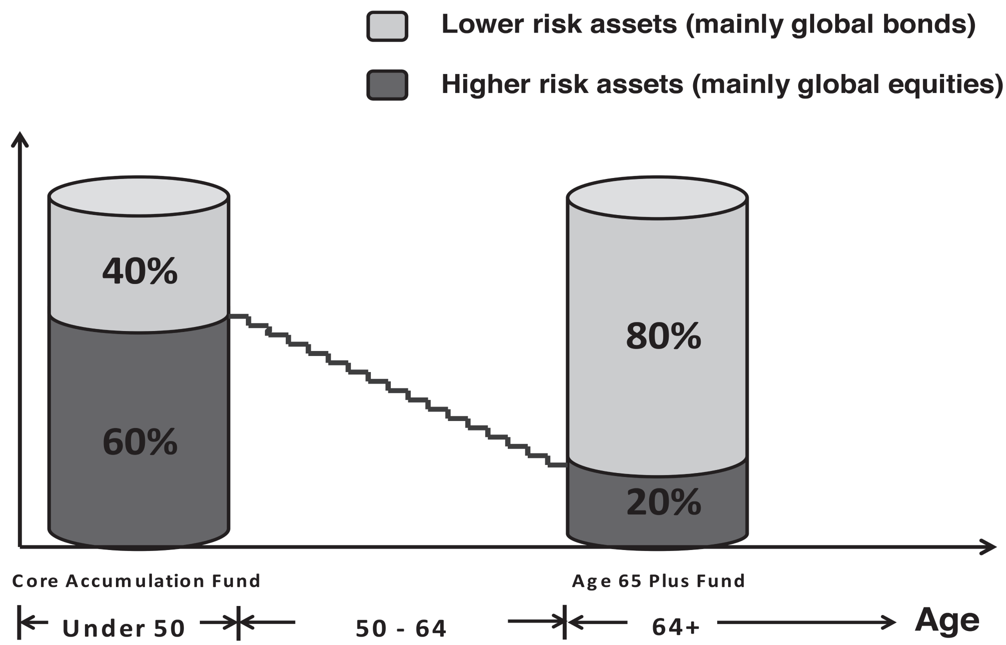
- Apart from the above, there are other circumstances where your accrued benefits or future contributions may be affected by the implementation of the DIS. If you have any queries on how it will affect you and what actions you need to take, you should call our Member Hotline on (852) 2108 1388.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

A. What is DIS?

DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their future contributions will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

(a) *Objective and Strategy*
The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the Manulife MPF Core Accumulation Fund ("**CAF**") and the Manulife MPF Age 65 Plus Fund ("**A65F**"), according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS CFs adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

Diagram 1: Asset Allocation between the DIS CFs according to the DIS



Note: The exact proportion of the portfolio in higher/lower risk assets at any point in time may deviate from the target glide path mainly due to market fluctuations.

(b) *Annual de-risking*

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the CAF and increasing the holding in the A65F over time. The asset allocation stays the same up until a member's 50 years of age, then reduces steadily until age 64 and after which it stays steady again.

In summary, under the DIS:

(1) When a member is below the age of 50, all accrued benefits and future contributions will be invested in the CAF.

(2) When a member is between the ages of 50 and 64, all accrued benefits and future contributions will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table (as per Diagram 2 below). The de-risking on the existing accrued benefits and future contributions will be automatically carried out as described above.

(3) When a member reaches the age of 64, all accrued benefits and future contributions will be invested in the A65F.

Diagram 2: DIS de-risking table

Age	*Core Accumulation Fund ("CAF")*	*Age 65 Plus Fund ("A65F")*
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the CAF and A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

(c) *Fees and out-of-pocket expenses of the CAF and A65F*

The aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value ("NAV") of each of the DIS CFs divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the trustee, administrator, investment manager(s), custodian and sponsor and/or promoter of the Scheme and the underlying investment fund(s) of the respective DIS CFs, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of the respective DIS CFs and its underlying fund(s), but does not include any out-of-pocket expenses incurred by each of the DIS CFs and its underlying fund(s).

The total amount of all payments that are charged to or imposed on the DIS CFs or members in respect of their investment in the DIS CFs, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee's duties to provide services in relation to the DIS CFs, shall not in a single year exceed 0.2% of the NAV of each of the DIS CFs. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS CF in connection with recurrent acquisition of investments for the DIS CF (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS CFs. Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the DIS CFs and are not subject to the above statutory fee limits.

(d) Key risks relating to the DIS

The DIS as an investment arrangement and each of the DIS CFs as an investment fund do not provide any guarantee on the capital and returns.

The CAF and A65F must strictly follow the asset allocation between higher risk assets and lower risk assets as set out by the MPF legislation and the investment manager has very limited discretion to adjust the portfolio of investments to a more defensive or aggressive approach in response to market fluctuations.

Investment through the DIS will not take into account factors other than age. The de-risking through switching between the CAF and A65F will be carried out automatically solely based on the member's age regardless of the market conditions or the member's personal circumstances.

Please refer to sections 3.1A and 3.2 of the first addendum and the offering document for further information about the investment policies of the CAF and A65F and the risks associated with investing through the DIS and in the DIS CFs.

(e) *Information on performance of the DIS CFs*
The fund performance of the DIS CFs will be published in the fund fact sheet attached to annual benefit statement. Members can visit www.manulife.com.hk or call the Member Hotline for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

B. Summary of the Existing Default Fund and the DIS

Please find below a summary of the existing default fund and the DIS for reference:

	Existing default fund	**The DIS (comprising of two constituent funds with de-risking feature)**
Name	Manulife MPF Interest Fund	(i) Manulife MPF Core Accumulation Fund ("CAF") (ii) Manulife MPF Age 65 Plus Fund ("A65F")
Fund type	Guaranteed fund	Mixed assets fund
De-risking feature	No	Yes
Total management fees for constituent fund and approved pooled investment fund(s)	1.75% p.a. of NAV (Guarantee charge is not applicable to the Interest Fund)	0.75% p.a. of NAV
Daily fee cap	No	Yes
Expected risk profile^	Low risk exposure	Medium to high risk exposure for the CAF; Low to medium risk exposure for the A65F
Guarantee feature	Guarantee the capital at all times without any conditions	No guarantee

^ *Risk profile is based on a number of factors relating to their underlying investments, including types of asset classes and their respective target weightings, breadth and geographical diversification and historical long-term volatility and capitalization of the relevant markets.*

For details of the key features of the existing default fund and the DIS and DIS CFs, please refer to the first addendum and the offering document of the Scheme.

C. Implications on New and Pre-existing Accounts on or after DIS Implementation

(a) Implications on accounts set up on or after Effective Date

When members join the Scheme or set up a new account in the Scheme on or after Effective Date, they have an opportunity to give an investment instruction for their future contributions. If members fail to or do not want to submit to the trustee of the Scheme an investment instruction at the time of their requests to join the Scheme or set up a new account in the Scheme, the trustee shall invest any of their future contributions into the DIS.

(b) Implications on accounts set up before Effective Date

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on Effective Date.

(1) For a member's pre-existing account with all accrued benefits being invested into the existing default fund but generally no investment instruction being given to such accrued benefits (known as "DIA account"):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be re-invested into the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-investment Notice by post within six (6) months after Effective Date explaining the impacts on your pre-existing account and giving you an opportunity to give a specified investment instruction to the trustee before the accrued benefits are invested into the DIS.

For details of the arrangement, members should refer to the DIS Re-investment Notice.

(2) For a member's pre-existing account with part of the accrued benefits invested in the existing default fund:

If part of the accrued benefits of your pre-existing account was invested in the existing default fund, unless the trustee has received any investment instructions, your accrued benefits and future contributions will be invested in the same manner as accrued benefits were invested immediately before the Effective Date.

D. Rules and Procedures Applicable to Investment through the DIS*

(a) Fund Choice Combination

Members who join the Scheme or new accounts set up on or after Effective Date may choose to invest their future contributions into either:

(1) the DIS; or
(2) one or more constituent funds of their own choice from the list under section 1 of the Offering Document (including the CAF and the A65F as standalone investments) and according to their assigned allocation percentage(s) to relevant constituent fund(s) of their choice.

Members should note that, if they choose the CAF and/or A65F as standalone investments, those investments/benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (i) the CAF and/or A65F as standalone investments and (ii) the DIS (no matter by default or by the member's investment instruction), accrued benefits invested under (i) will not be subject to the de-risking process whereas accrued benefits under (ii) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to their accrued benefits invested in (i) and (ii). In particular, members will, when giving a fund switching instruction, be required to specify which part of the accrued benefits (namely, under (i) or (ii)) the instruction will apply. Members can change the contribution investment instructions to invest their future contributions in DIS at any time.

(b) Switching in and out of the DIS

Members can give investment instructions for switching in or out of the DIS according to the rules of the Scheme. In the event of switching into the DIS, the redemption proceeds from the constituent fund(s) to be switched out will be invested to the CAF and A65F according to the pre-determined allocation percentages (as per Diagram 2 above) based on the member's age at the time. In the event of switching out from the DIS, members can specify a percentage to be switched out from the DIS and the units of the CAF and A65F will be redeemed accordingly. However, members are not allowed to specify different percentages of redemption for the CAF and A65F or specify to redeem either the CAF or A65F under the DIS.

E. Rules and Procedures of Annual De-Risking

The annual de-risking will be carried out automatically when a member is between the ages of 50 and 64 by way of fund switching between the CAF and the A65F to achieve the pre-set allocation percentages among the CAF and A65F at different ages (as per Diagram 2 above) in order to reduce the investment risk exposure when the member approaches retirement age.

The annual de-risking to be carried out each year will normally take place on the member's birthday and if such date is not a dealing day, it will be the next available dealing day.

F. Rules and Procedures relating to Investment Instructions

Under the following circumstances, an investment instruction made by a member on the application or enrolment form in respect of a new MPF account will be regarded as invalid and the DIS will be automatically applied to all future contributions made to such account:

(1) Signature of the member is missing;
(2) The total percentage of investment allocation is over 100%;
(3) No investment allocation is specified;
(4) Both the DIS and individual constituent fund(s) are selected;
(5) The investment choice for all the selected constituent funds is unclear or illegible.

An investment instruction given by a member will be partially executed in the following manner:

(1) The investment allocation for those constituent fund(s) with clear percentages specified will be processed accordingly; and
(2) Those constituent funds with investment allocation meeting any of the following scenarios will be automatically be treated as investing into the DIS:
    (i) the percentage allocation to any constituent fund(s) is below 5%;
    (ii) the percentage allocation to any constituent fund(s) is not in whole number;
    (iii) the percentage allocation to any constituent fund(s) is unclear or illegible;
    (iv) the remaining portion without investment allocation if the total percentage of investment allocation is below 100%; and/or
    (v) the constituent fund(s) chosen are no longer available as an investment choice.

G. Other Changes

Other related amendments have been made to the offering document and, where applicable, the trust deed and these include:

- stating the additional risks under the "Risk Factors";

- amending the default investment arrangement in case of any constituent fund under the Scheme being terminated (other than the Retirement Funds) and members who have accrued benefits or future contributions being invested in such terminating constituent fund fail to submit to the trustee a valid fund switching instruction and/or new contribution investment instruction within the specified time under the governing rules of the Scheme;
- amending the default investment arrangement for newly enrolled members who give a new contribution instruction which contains an investment in a Retirement Fund after the maturity date of such Retirement Fund and in such case, any future contributions to such Retirement Fund will be invested in accordance with the DIS;
- amending the contribution investment instruction arrangement in respect of amounts transferred from other schemes;
- updating the section of "Fees and Charges" to provide information in relation to the fees of the CAF and A65F;
- Waive the withdrawal charge for all constituent funds;
- updating the availability of the prescribed savings rate applicable to the Manulife MPF Conservative Fund as provided by the Mandatory Provident Fund Schemes Authority;
- updating the meaning of "working day" as per the MPF legislation.

H. Channel to obtain further Information on the DIS

Members may obtain information about the DIS from our website at www.manulife.com.hk or through the Member Hotline on (852) 2108 1388.

Members should note that the change of the default investment arrangement of the Scheme incurs higher risk on investment by default as the DIS does not provide any guarantee on returns and the re-investment of existing accrued benefits from the existing default fund to the DIS will also exposure to higher risk of investment and may incur investment loss due to market fluctuations. Other than the aforesaid, the rest of the amendments to the offering document and the trust deed will not have any adverse impact on members.

To request a copy of offering document, you can write to the Provident Funds Services, Manulife (International) Limited, 21/F, Tower A, Manulife Financial Centre, 223-231 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Please quote your name, address and member account number (for scheme members) or sub-scheme number (for participating employers) in the request letter. Alternatively, scheme members can call our Member Hotline on (852) 2108 1388 and participating employers can call (852) 2108 1234. Copy of the trust deed of the Manulife Global Select (MPF) Scheme can be inspected free of charge at our Customer Service Centers during the service hours (Monday to Friday from 9 am to 6pm, except Public Holiday). For locations of our Customer Service Centers, please refer to our website or call our Member Hotline.

Issued by Manulife Provident Funds Trust Company Limited