

Manulife Global Select (MPF) Scheme

IMPORTANT NOTE (for participating members)

This Important Note serves as the supplementary information to the “DIS Pre-implementation Notice to participating employers and scheme members” which explains how you may be impacted by the commencement of the new MPF legislation (“new Law”) of Default Investment Strategy (“DIS”) on April 1, 2017 (“DIS commencement date”). Manulife Provident Funds Trust Company Limited (the “Trustee”) **strongly recommends that** you read this document **carefully** to understand how your MPF account(s) under the Manulife Global Select (MPF) Scheme (the “Scheme”) will be affected under certain circumstances and what you may need to do.

What is this Important Note for?

You may be aware that some pre-existing members with all of their accrued benefits invested in the existing default fund (currently the Manulife MPF Interest Fund) of the Scheme (the “Existing Default Fund”) and with no investment instruction given for the accrued benefits may receive a DIS Re-Investment Notice (“DRN”) from the Trustee within six months from April 1, 2017 informing them of the arrangement and how their accounts will be affected under the new Law.

However, there are other situations that your account(s) may also be affected even though you are not being classified as a recipient of the DRN under the new Law.

A. Your Investment Instruction for your future contributions¹ may be changed to the DIS on April 1, 2017

In general, you are affected if one of the following situations describes your account(s) AND none or all of your accrued benefits is investing in the Existing Default Fund:

1. if you have never told the Trustee how to invest your future contributions (as illustrated in Example 1); or
2. when you change jobs, your benefits are transferred from a contribution account to a new personal account in the same Scheme and your personal account’s investment instruction follows that of the contribution account (as illustrated in Example 2).

You are affected to the extent that your investment instruction for investing your future contributions in the existing account(s) may be changed to DIS when the new Law commences.

We have set out some examples to help you understand if your account(s) **will** or **will not** be affected. Please go to **Appendix** for details.

¹ future contributions include regular contributions, benefits transferred from other MPF schemes and other inflows to your account.

B. Your account(s)' benefits may be switched to the DIS immediately without receiving the DRN or before the expiry of the reply period stated in the DRN

Your benefits, which fully investing in the Existing Default Fund on April 1, 2017 and with no investment instruction for such benefits, shall follow the transitional arrangements described in the new Law, i.e. you will receive a DRN and be given time to decide on how to invest your MPF benefits before we change your investments to the DIS. In the situation if there is any transaction processed for your account during the transitional period from April 1, 2017 to September 30, 2017 ("Transitional Period"), we may have to switch those benefits remaining in the Existing Default Fund and/or change your investment instruction for future contributions into the DIS as soon as practicable after we process such transaction, (i.e. disregarding whether you receive a DRN or whether the reply period stated in the DRN has expired). The above said transaction includes:

1. You have instructed the Trustee to switch your benefits investing in the Existing Default Fund to other investment funds but without changing your investment instruction for future contributions (as illustrated in Example 3);
2. You have instructed the Trustee to change your investment instruction for future contributions but do not have investment instruction for your benefits fully invested in the Existing Default Fund on April 1, 2017. However, the said instruction for future contributions has only been applied during the Transitional Period; or
3. Benefits are transferred from your other account(s) in the same Scheme either based on (i) your transfer election or (ii), where you do not give an election when you change jobs, transfer by law.

If your account falls into the situation as described in A above, we shall send you another notice before the new Law implements to alert that your account is impacted and what are the available options for managing your account.

If your account falls into the situation as described in B above, we shall notify you when switching of your benefits into the DIS and/or changing of your investment instruction for future contributions to DIS has been completed.

We appreciate your attention on these matters and if you have any questions, please contact our Member Hotline on (852) 2108 1388 or visit our website at www.manulife.com.hk for information.

Appendix – Examples

Example 1 – No investment instruction but with switching of benefits in account

Before DIS Commencement Date

- A member has a contribution account and has not given an investment instruction since enrollment. The investment instruction was defaulted as 100% in Manulife MPF Interest Fund (Manulife MPF Interest Fund is an Existing Default Fund)
- The member instructed to switch 100% Manulife MPF Interest Fund to 100% Fund A
- The contribution account has 100% benefits in Fund A and the investment instruction for future contributions is 100% Manulife MPF Interest Fund

After DIS Commencement Date

- The benefits in the contribution account remain 100% invested in Fund A
- The investment instruction for future contributions of the contribution account will be changed to **100% DIS**

Example 2 – Change of investment instruction for personal account with benefits transferred from a contribution account

Before DIS Commencement Date

- A member has a contribution account and has given an investment instruction of 100% in Fund A
- The member changes job and the benefits in the contribution account are transferred to a new personal account in the same Scheme
- The personal account has all benefits invested in Fund A and the investment instruction follows that of the contribution account, i.e. 100% Fund A

After DIS Commencement Date

- The benefits in the personal account remain 100% invested in Fund A
- The investment instruction for future contributions of the personal account will be changed to **100% DIS**

Example 3 – Members' benefits switched to DIS immediately before completion of the transitional arrangement

Before DIS Commencement Date

- A member has a contribution account and has not given an investment instruction since enrollment. The investment instruction was defaulted as 100% in Manulife MPF Interest Fund (Manulife MPF Interest Fund is an Existing Default Fund)
- All benefits invested in Manulife MPF Interest Fund and investment instruction for future contributions is 100% in Manulife MPF Interest Fund

After DIS Commencement Date

- The member instructs to switch 60% Manulife MPF Interest Fund to Fund A and has not given an instruction for future contributions.

After completion of the switching

- **The remaining 40% of benefits continue to be invested in Manulife MPF Interest Fund**
- The investment instruction for future contributions of the account shall change to **100% DIS**