

## Principal Successfully Completed Scheme Merger with Fee Reduction & New Funds Introduced to Flagship MPF Scheme

1. Investment in the Principal HK Dollar Savings Fund is different from placing deposits with a bank or deposit-taking company and is not protected by the Deposit Protection Scheme. Investment in the Principal HK Dollar Savings Fund will be subject to investment risks.
2. Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the Constituent Fund or (ii) members' account by way of unit deduction. This Principal MPF Conservative Fund uses method (i) and, therefore, unit prices/net asset value/fund performance quoted have incorporated the impact of fees and charges.
3. You should consider your own risk tolerance level and financial circumstances before investing in DIS. You should note that the Principal Core Accumulation Fund and the Principal Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the Principal Core Accumulation Fund and the Principal Age 65 Plus Fund and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.
4. You should note that the implementation of the DIS may have an impact on your MPF investments and benefits. You should consult with the Trustee if you have doubts on how you are being affected.
5. You should consider your own risk tolerance level and financial circumstances before making any investment choices. In your selection of Constituent Fund(s), you are in doubt as to whether a certain Constituent Fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the Constituent Fund(s) most suitable for you, taking into account your own circumstances.
6. Investment involves risks. The value of the funds may go up or down. The past performance is not indicative of future performance. Your investment may suffer significant loss. There is no assurance on investment returns and you may not get back the amount originally invested.
7. You should not invest in reliance on this document alone. You should read the relevant MPF Scheme Brochure for further details (including investment policy, risk factors, fee and charges of the Constituent Funds).

Hong Kong, October 28, 2020

Principal Trust Company (Asia) Limited announced today the successful completion of merging Principal MPF Scheme Series 600 (“S600”) into Principal MPF Scheme Series 800 (“S800”) (“the Merger”). The Merger comes with reduced management fees and two new constituent funds, offering members a simplified one-stop access to a comprehensive range of 19 constituent funds.

The Merger takes effect from 22 October 2020. By adding two new constituent funds - Principal Aggressive Strategy Fund and Principal Asian Bond Fund to S800, the widened fund choices can help all the participating members of the combined scheme to diversify their portfolio and reduce investment risks. For the members’ interest, 11 out of 19 funds under S800 have reduced their management fees by 2.7% to 13.5% and all the costs and expenses associated with the Merger are borne wholly by Principal. For details of the fee reduction under S800, please refer to Appendix below.

“As one of the pension leaders in Hong Kong, we never cease to optimize the product offerings for meeting customers’ long-term saving goals.” said Mr. Dave Ashton, CEO of Principal Trust Company (Asia) Limited. “We understand the power of focus and the importance of retirement planning. As we navigate the uncertainty under COVID-19 global pandemic, traditional business modes have been disrupted inevitably, connecting to customers digitally has never been so important like now. Along the customer journey, from on-boarding to investor education, we are keen on empowering customers with e-solutions at every touch point, such as paperless online welcome kits we introduced not long ago, and our website revamp with a more customer-drive website design and rich online resources of investor education is also coming later this year. Digital enablement allows us to advance business and prioritize customer service. To help our customers and ourselves weather conditions like what we’re facing right now, we will walk with our customers and stay focus on investing for our future.”

## Appendix

Constituent Funds (CFs) available under S600 and under S800 are set out in the Table 1:

- (i) the CFs available under S600 and S800 respectively before the Merger; and
- (ii) the CFs available under S800 after the Merger

**Table 1: Full list of CFs under S800 & S600**

CFs	Available under S600 (Before Merger) (each, an "S600 CF")	Available under S800 (Before Merger) (each, an "S800 CF")	Available under S800 (After Merger)
Principal Capital Guaranteed Fund		√	√
Principal Long Term Guaranteed Fund*	√	√	√
Principal Long Term Accumulation Fund*	√	√	√
Principal HK Dollar Savings Fund*	√	√	√
Principal Stable Yield Fund*	√	√	√
Principal Global Growth Fund*	√	√	√
Principal International Bond Fund		√	√
Principal International Equity Fund		√	√
Principal US Equity Fund		√	√
Principal Asian Equity Fund		√	√
Principal MPF Conservative Fund*	√	√	√
Principal Hong Kong Equity Fund		√	√
Principal China Equity Fund		√	√
Principal Hang Seng Index Tracking Fund*	√	√	√
Principal Hong Kong Bond Fund		√	√
Principal Core Accumulation Fund*	√	√	√
Principal Age 65 Plus Fund*	√	√	√
Principal Aggressive Strategy Fund <sup>#</sup>	√		(takes effect from 22 October 2020)
Principal Asian Bond Fund <sup>#</sup>	√		(takes effect from 22 October 2020)

\*Those under S600 are referred to as "Matching S600 CFs" and those under S800 as "Matching S800 CFs".

<sup>#</sup>These CFs under S600 are, for the purpose of this Appendix, "Original S600 CFs".

**Table 2: Fees of CFs available under S600 & S800 before & after the Merger**

<b>Fees and Charges</b>						
CFs		Class of Units	Current Fee		<u>New Fee</u>	Reduction Rate
			S600	S800	<u>S800</u>	
1.	Principal HK Dollars Saving Fund	Class D	0.95%	0.99%	<u>0.95%</u>	4.0%
2.	Principal Asian Bond Fund*	Class N	0.99%	N/A	<u>0.94%</u>	5.1%
3.	Principal Stable Yield Fund	Class I	1.49%	1.49%	<u>1.45%</u>	2.7%
4.	Principal Long Term Accumulation Fund	Class I	1.49%	1.49%	<u>1.45%</u>	2.7%
5.	Principal Global Growth Fund	Class I	1.49%	1.49%	<u>1.45%</u>	2.7%
6.	Principal Aggressive Strategy Fund*	Class I	1.49%	N/A	<u>1.45%</u>	2.7%
7.	Principal International Equity Fund	Class I	N/A	1.59%	<u>1.44%</u>	9.4%
8.	Principal US Equity Fund	Class I	N/A	1.59%	<u>1.44%</u>	9.4%
9.	Principal Asian Equity Fund	Class I	N/A	1.59%	<u>1.44%</u>	9.4%
10.	Principal China Equity Fund	Class I	N/A	1.59%	<u>1.44%</u>	9.4%
11.	Principal Hang Seng Index Tracking Fund	Class N	0.89%	0.89%	<u>0.77%</u>	13.5%

\*New constituent funds added to S800 after the Merger.

## **About Principal**

In Hong Kong, we are a provider of investment and retirement solutions. Our member companies, including Principal Trust Company (Asia) Limited, Principal Investment & Retirement Services Limited and Principal Asset Management Company (Asia) Limited, combine our capabilities in global investment management, retirement leadership and asset allocation expertise to provide retirement and asset management services as well as award-winning mutual funds and investment products to businesses, individuals and institutional investors. All the above companies are member companies of the Principal Financial Group.

For enquiries, please contact:

Candy Leung  
Senior Manager  
Marketing & Corporate Communications  
Tel: 2263 0280  
Email: [leung.candy@principal.com](mailto:leung.candy@principal.com)

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