



Mandatory Provident Fund

Principal MPF
product brochure



Exclusive Distributor



Important: If you are in doubt about the meaning or effect of the contents of this marketing material, you should seek independent professional advice.

Important to note:

1. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds, you are in doubt as to whether 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 circumstances.
2. The Principal Guaranteed Fund under Principal MPF – Smart Plan (the “Smart Plan”) invests solely in a single insurance policy based APIF, the Principal Guaranteed Fund Policy, issued by the Sponsor. The guarantee of the Principal Guaranteed Fund Policy is given by the Sponsor. Your investments (if any) in the Principal Guaranteed Fund are therefore subject to the credit risks of the Sponsor. The guarantee applies in specified circumstances only. Please refer to section 3.4.6 (*Principal Guaranteed Fund*) and Appendix 1 (*Insurance policy based APIF*) of the MPF Scheme Brochure for Smart Plan for details of the credit risk, guarantee features and guarantee conditions. The proceeds of realisation of units in the Principal Guaranteed Fund other than under the guarantee conditions are subject to a reduction by the Sponsor of a certain percentage of the member’s account balance (or the relevant part of the account balance). The rate of reduction is determined by the Sponsor at its sole discretion and can be changed by the Sponsor at any time. The current maximum rate of reduction is 5%. Subject to the approval of MPFA, the maximum rate may be increased.
3. The Principal MPF Conservative Fund does not guarantee the repayment of capital. Fees and charges of a MPF conservative fund can be deducted from either: (i) the assets of the constituent fund; or (ii) members’ accounts by way of unit deduction. The Principal – MPF Conservative Fund uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.
4. Please be reminded that in the event that you do not make any investment choices or if you submit an investment mandate which is invalid in the circumstances set out in Smart Plan and Simple Plan enrolment forms, your contributions made and/or benefits transferred into Smart Plan and Simple Plan will be invested into the DIS as stated in section 3.3 (*MPF default investment strategy (the “DIS”)*) of the MPF Scheme Brochures of Smart Plan and Simple Plan.
5. You should consider your own risk tolerance level and financial circumstances before investing in the DIS. You should note that the DIS CFs may not be suitable for you, and there may be a risk mismatch between the DIS CFs 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.
6. You should note that the implementation of the DIS may have an impact on your MPF investments and accrued benefits. You should consult with the Trustee if you have doubts on how you are being affected.
7. 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.
8. You should not invest in reliance on this marketing material alone. You should read the MPF Scheme Brochures of the relevant Schemes for further details (including investment policy, risk factors, fee and charges of the constituent funds).

Investment involves risks. Past performance information presented is not indicative of future performance. For further details including product features, fees and charges and risk factors, please refer to the relevant MPF Scheme Brochure.



Principal MPF

Since the launch of the Mandatory Provident Fund (“MPF”) Scheme in Year 2000, MPF has become an integral part of employees’ retirement protection. This is why it is important for you, whether as an employer or employee, to evaluate your choice of MPF service provider and MPF scheme regularly to ensure that

- retirement needs are well taken care of;
- MPF accounts can easily be managed; and
- an experienced and trustworthy MPF partner is standing by your side to help you explore the potential benefits from MPF.

Principal MPF is your trusted partner to support you along the way.

Why Principal MPF is your choice of MPF provider?

Principal’s financial strength and expertise in managing retirement scheme

Principal is a provider of investment and retirement solutions in Hong Kong. We combine our capabilities in Global Investment Management, Retirement Leadership and Asset Allocation Expertise to provide retirement and asset management to businesses, individuals and institutional clients.

Comprehensive MPF schemes to meet different financial and retirement needs

Principal MPF offers 2 MPF schemes, which are exclusively distributed by AXA, to provide a variety of fund options ranging from conservative to aggressive investments. You can develop your own investment portfolio based on your individual personal profile, including but not limited to age, financial status and risk tolerance level.

Well-known fund managers who bring their investment expertise

Principal MPF provides you easy access to the funds offered by top renowned managers. Their expertise will ensure your MPF contributions are invested effectively with diversification across different markets and asset classes.

Competitive fees and charges

Principal MPF members can enjoy competitive management fees, ranging from 0.75% to 1.75% per annum of net asset value of the relevant constituent funds. For Principal Guaranteed Fund in the Smart Plan, there is an additional guarantee fee of 1% of net asset value of the underlying Insurance Policy Approved Pooled Investment Fund. Please refer to the relevant MPF Scheme Brochure for details of other fees, charges and expenses.

Easy administration, flexible account management and a bundle of value-added services

Our comprehensive MPF schemes are accompanied by easy administration and up-to-date information for both employers and employees. You will enjoy the benefits of flexible account management and a bundle of value-added services to help you invest for your future efficiently.



What does Principal MPF offer?

	Principal MPF – Smart Plan	Principal MPF – Simple Plan
Features	Providing a more comprehensive range of funds, covering the entire risk and return spectrum, particularly with guarantee fund.	Offering a diversified range of funds from conservative to aggressive investment.
No. of constituent funds	15 funds	10 funds
Choice of constituent funds	Equity Fund	
	Principal Dynamic Greater China Equity Fund	Principal Dynamic Hong Kong Equity Fund
	Principal Dynamic Hong Kong Equity Fund	Principal Dynamic Asia Pacific Equity Fund
	Principal Dynamic Asia Pacific Equity Fund	Principal Dynamic Global Equity Fund
	Principal Dynamic Global Equity Fund	–
	Principal – Hang Seng Index Tracking Fund	–
	Mixed Assets Fund	
	Principal Age 65 Plus Fund	Principal Age 65 Plus Fund
	Principal Core Accumulation Fund	Principal Core Accumulation Fund
	Principal Growth Fund	Principal Growth Fund
	Principal Balanced Fund	Principal Balanced Fund
	Principal Stable Fund	Principal Stable Fund
	Bond Fund	
	Principal Dynamic Asian Bond Fund	Principal Dynamic Global Bond Fund
	Principal Dynamic Global Bond Fund	–
	Money Market Fund	
	Principal – MPF Conservative Fund [^]	Principal – MPF Conservative Fund [^]
	Principal Cash Fund	–
	Guaranteed Fund	
	Principal Guaranteed Fund [*]	–

[^] 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. The Principal – MPF Conservative Fund uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.

^{*} The Principal Guaranteed Fund under Principal MPF – Smart Plan (the “Smart Plan”) invests solely in a single insurance policy based APIF, the Principal Guaranteed Fund Policy, issued by the Sponsor. The guarantee of the Principal Guaranteed Fund Policy is given by the Sponsor. Your investments (if any) in the Principal Guaranteed Fund are therefore subject to the credit risks of the Sponsor. The guarantee applies in specified circumstances only. Please refer to section 3.4.6 (*Principal Guaranteed Fund*) and Appendix 1 (*Insurance policy based APIF*) of the MPF Scheme Brochure for Smart Plan for details of the credit risk, guarantee features and guarantee conditions. The proceeds of realisation of units in the Principal Guaranteed Fund other than under the guarantee conditions are subject to a reduction by the Sponsor of a certain percentage of the member's account balance (or the relevant part of the account balance). The rate of reduction is determined by the Sponsor at its sole discretion and can be changed by the Sponsor at any time. The current maximum rate of reduction is 5%. Subject to the approval of MPFA, the maximum rate may be increased. Please call Customer Service Hotline at 2802 2812 or 2885 8011 for the latest rate of reduction and the declared crediting rate.

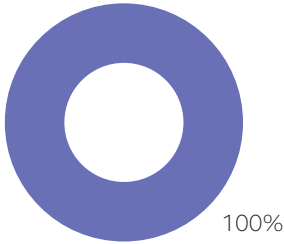
A selection of well-known fund managers and constituent funds



Well-known fund managers who bring their investment expertise

Principal MPF provides you easy access to the funds offered by top renowned managers. Their expertise will ensure your MPF contributions are invested effectively with diversification across different markets and asset classes.

Our MPF schemes provide flexibility in the choice of investment options that members can select different combinations of constituent funds to create personal investment strategy. Following are the fund details of each of the constituent funds.

Principal Dynamic Hong Kong Equity Fund		✓ Smart Plan	✓ Simple Plan
<p>Investment Objective</p> <p>The constituent fund aims to achieve long term capital growth by investing primarily in Hong Kong equities, including Chinese securities listed in Hong Kong.</p> <p>Investment Policy</p> <p>The constituent fund pursues its investment objective by investing in two or more Unit Trust APIFs and/or Approved Index-Tracking Funds, which in turn, invest in a diversified portfolio of Hong Kong equities. Such underlying Unit Trust APIFs and Approved Index-Tracking Funds may or may not be managed by PAM and/or its affiliates. Normally 95% of the assets of the constituent fund will be invested in Hong Kong equities, while the remaining will be held in cash or short-term deposits. Any holding of cash or short term deposits is to provide liquidity and/or for any other purpose as the investment manager considers appropriate.</p>	<p>Typical asset allocation¹</p>  <p>100%</p> <p>Risk Level²: High</p> <ul style="list-style-type: none"> Equities 		

1 The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.

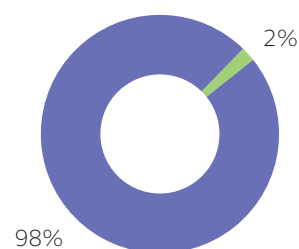
2 The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

Investment Objective

The constituent fund aims to focus investment into the global equity markets to produce returns that are related to those achieved on the major world stock market indices. The constituent fund aims to have the flexibility to have limited investment into bonds and to manage the volatility of returns in the short term.

Investment Policy

The constituent fund will invest in two or more APIFs and/or ITCISs managed by different managers, which in turn, invest in a diversified portfolio of global equities and have the flexibility to invest in fixed income securities and money market in a limited manner. Normally, around 98% of the assets will be invested in equities and around 2% in cash or cash equivalent. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions change. Neither the constituent fund nor the underlying APIFs and/or ITCISs will enter into any securities lending agreement, repurchase agreement or enter into any financial futures contracts or financial options contracts.

Typical asset allocation¹**Risk Level²: High**

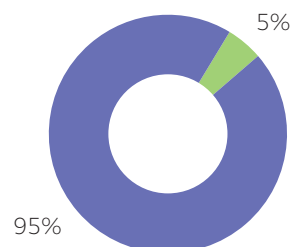
■ Equities ■ Cash & Others

Principal Dynamic Asia Pacific Equity Fund**Investment Objective**

The constituent fund aims to focus investment into the Asia Pacific equity markets to produce returns that are related to those achieved on the major stock market indices of Asia Pacific. The constituent fund aims to have the flexibility to invest in bonds in a limited manner and to manage the volatility of returns in the short term.

Investment Policy

The constituent fund will invest in two or more APIFs and/or ITCISs managed by different managers, which in turn, invest directly into the Asia Pacific equity markets and have the flexibility to invest in the money market in a limited manner. Normally, around 95% of the assets will be invested in equities and around 5% in cash or cash equivalent. The actual portfolio will at times vary considerably from the above as market, political, structural, economic and other conditions change. Neither the constituent fund nor the underlying APIFs and/or ITCISs will enter into any securities lending agreement, repurchase agreement or enter into any financial futures contracts or financial options contracts.

Typical asset allocation¹**Risk Level²: High**

■ Equities ■ Cash & Others

¹ The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.

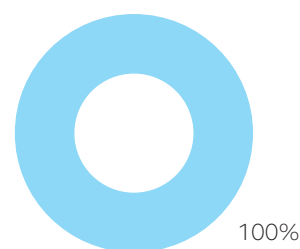
² The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

Investment Objective

The constituent fund aims to seek total investment return over the medium to longer term by investing in global bonds.

Investment Policy

The constituent fund will invest in two or more APIFs and/or ITCISs managed by different managers so that at least 70% of the assets of the constituent fund are invested in fixed income securities issued by governments, governmental agencies and corporates globally. Investment assets include debt obligations (bonds), preferred stocks, corporate debt obligations and convertible securities. Neither the constituent fund nor the underlying APIFs and/or ITCISs will enter into any securities lending agreement, repurchase agreement or enter into any financial futures contracts or financial options contracts.

Typical asset allocation¹**Risk Level²: Low to Medium**

■ Bonds

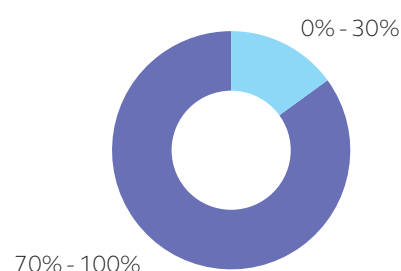
Principal Dynamic Greater China Equity Fund**Investment Objective**

The constituent fund aims to achieve long term capital growth in Hong Kong dollar terms through a portfolio consisting primarily of securities of companies based or operating principally in the People's Republic of China, Hong Kong, Macau or Taiwan ("Greater China Region") and the majority of these companies are listed on a stock exchange in Hong Kong or Taiwan.

Investment Policy

The constituent fund will invest in two or more APIFs and/or ITCISs managed by different managers, which in turn, follow the proposed asset allocation of 70-100% assets in Greater China equities, 0-30% assets in other equities and 0-30% assets in bonds*. Neither the constituent fund nor the underlying APIFs and/or ITCISs will enter into any securities lending agreement, repurchase agreement or enter into any financial futures contracts or financial options contracts.

* For cash management purpose only.

Typical asset allocation¹**Risk Level²: High**

■ Equities ■ Bonds

- 1 The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.
- 2 The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

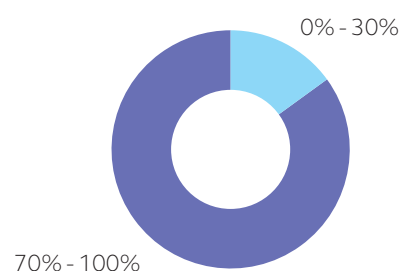
Investment Objective

The constituent fund aims to achieve long term capital growth in Hong Kong dollar terms through a portfolio consisting primarily of bonds within the Asia-Pacific region (excluding Japan), including but not limited to Australia, Hong Kong, Korea, Malaysia, New Zealand, Singapore and Thailand.

Investment Policy

The constituent fund will invest in two or more APIFs and/or ITCISs managed by different managers, which in turn, follow the proposed asset allocation of 70-100% assets in bonds within the Asia-Pacific region (excluding Japan), including but not limited to Australia, Hong Kong, Korea, Malaysia, New Zealand, Singapore and Thailand and 0-30% assets in bonds outside the Asia-Pacific region (excluding Japan) including but not limited to US dollar denominated bonds such as US treasury inflation-protected securities and treasury bonds for defensive purpose during periods of perceived uncertainty and volatility in Asian Bond Market. Neither the constituent fund nor the underlying APIFs and/or ITCISs will enter into any securities lending agreement, repurchase agreement or enter into any financial futures contracts or financial options contracts.

Typical asset allocation¹



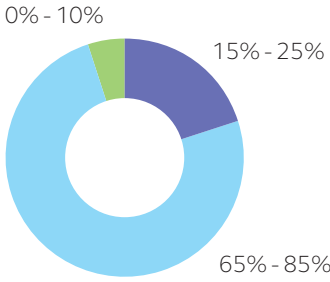
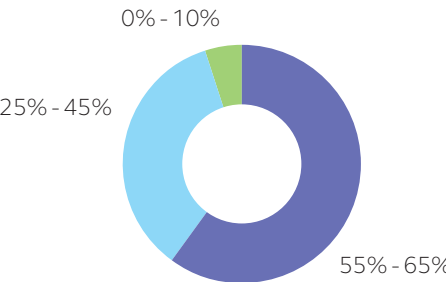
Risk Level²: Low to Medium

■ AP ex Japan Bonds ■ Non-AP ex Japan Bonds

- ¹ The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.
- ² The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

Principal Asset Management Company (Asia) Limited

Principal Asset Management Company (Asia) Limited (“PAM”) is an asset manager backed by the Principal Financial Group®. Principal is a provider of investment and retirement solutions in Hong Kong. We combine our capabilities in Global Investment Management, Retirement Leadership and Asset Allocation Expertise to provide retirement and asset management to businesses, individuals and institutional clients.

Principal Age 65 Plus Fund		✓ Smart Plan	✓ Simple Plan
<p>Investment Objective</p> <p>The investment objective of the constituent fund is to provide stable growth for the retirement savings to members by investing in a globally diversified manner.</p> <p>Investment Policy</p> <p>Invest in a unit trust APIF, Principal Unit Trust Umbrella Fund – Principal Age 65 Plus Fund, which in turn invests in two or more passively or actively managed approved ITCISs and/or unit trust APIFs as allowed under the Mandatory Provident Fund Schemes (General) Regulation.</p>	<p>Typical asset allocation¹</p>  <p>Risk Level²: Low to medium</p> <ul style="list-style-type: none"> ■ Global Equities Securities ■ Global Debt Securities ■ Cash & Short-term Investments (e.g. bills and deposits) 		
Principal Core Accumulation Fund		✓ Smart Plan	✓ Simple Plan
<p>Investment Objective</p> <p>The investment objective of the constituent fund is to provide capital growth to members by investing in a globally diversified manner.</p> <p>Investment Policy</p> <p>Invest in a unit trust APIF, Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund, which in turn invests in two or more passively or actively managed approved ITCISs and / or unit trust APIFs as allowed under the Mandatory Provident Fund Schemes (General) Regulation.</p>	<p>Typical asset allocation¹</p>  <p>Risk Level²: Medium to high</p> <ul style="list-style-type: none"> ■ Global Equities Securities ■ Global Debt Securities ■ Cash & Short-term Investments (e.g. bills and deposits) 		

1 The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.

2 The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

Principal Growth Fund

✓ Smart Plan

✓ Simple Plan

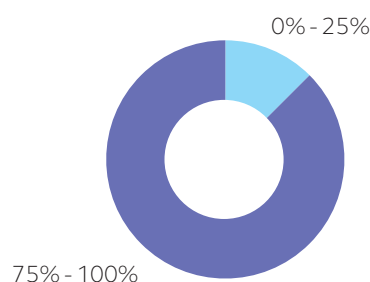
Investment Objective

The constituent fund aims to achieve significant long-term capital growth with the appropriate mix of global equities, global bonds and cash.

Investment Policy

The constituent fund pursues its investment objective by investing in the Principal MPF Fund – Principal MPF Growth Fund. The constituent fund, via the underlying APIF, gains exposure to a diversified portfolio of equities, bonds and deposits, with heavier weighting in equities. Normally around 75% to 100% of the assets will be invested in global equities and up to 25% in global bonds. The remaining assets will be invested in deposits as appropriate.

Typical asset allocation¹



Risk Level²: High

■ Equities ■ Bonds

Principal Balanced Fund

✓ Smart Plan

✓ Simple Plan

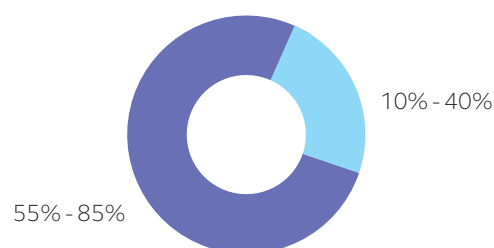
Investment Objective

The constituent fund aims to achieve long-term capital growth with the appropriate mix of global equities, global bonds and cash.

Investment Policy

The constituent fund pursues its investment objective by investing in the Principal MPF Fund – Principal MPF Balanced Fund. The constituent fund, via the underlying APIF, gains exposure to a diversified portfolio of equities, bonds and deposits. Normally around 55% to 85% of the assets will be invested in global equities and around 10% to 40% in global bonds. The remaining assets will be invested in deposits as appropriate.

Typical asset allocation¹



Risk Level²: Medium to High

■ Equities ■ Bonds

Note: The remaining assets will be invested in deposits as appropriate.

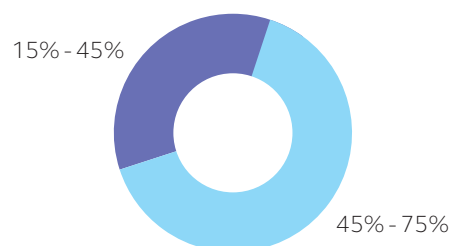
- ¹ The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.
- ² The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

Investment Objective

The constituent fund aims to achieve stable long-term capital growth with the appropriate mix of global equities, global bonds and cash.

Investment Policy

The constituent fund pursues its investment objective by investing in the Principal MPF Fund – Principal MPF Stable Fund. The constituent fund, via the underlying APIF, gains exposure to a diversified portfolio of equities, bonds and deposits. Normally around 15% to 45% of the assets will be invested in global equities and around 45% to 75% in global bonds. The remaining assets will be invested in deposits as appropriate.

Typical asset allocation¹**Risk Level²: Medium**

■ Equities ■ Bonds

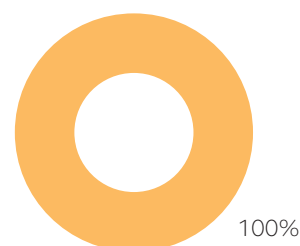
Note: The remaining assets will be invested in deposits as appropriate.

Principal – MPF Conservative Fund[^]**Investment Objective**

The constituent fund aims to achieve a return in line with the “prescribed savings rate” (i.e. broadly the average rate of interest on a Hong Kong dollar savings account) published by the Authority.

Investment Policy

The constituent fund pursues its investment objective by investing in the Principal MPF Fund – Principal MPF Conservative Fund. The constituent fund, via the underlying APIF may invest in Hong Kong dollar denominated deposits and debt securities issued by financial institutions, sovereign issuers and corporate issuers, subject to restrictions applicable to MPF conservative funds imposed by the MPF Ordinance, Regulation, relevant codes and guidelines.

Typical asset allocation¹**Risk Level²: Low**

■ Fixed Income, Cash & Others

[^] 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. The Principal – MPF Conservative Fund uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.

Investment in the Principal – MPF Conservative Fund is not equivalent to placing funds on deposit with a bank or deposit-taking company. A member's rights on redemption of any units held for the account of the member in the constituent fund is limited to the bid price of such units at the relevant time, which could be more or less than the offer price at which such units were purchased. The constituent fund is not subject to the supervision of the Hong Kong Monetary Authority.

- ¹ The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.
- ² The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying APIF. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

Principal Cash Fund[#]

✓ Smart Plan

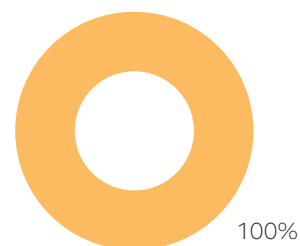
Investment Objective

The constituent fund aims to provide a return higher than retail Hong Kong dollar savings deposit rate in Hong Kong.

Investment Policy

The constituent fund pursues its investment objective by investing in the Principal MPF Fund – Principal MPF Cash Fund. The constituent fund, via the underlying APIF will invest in a wide range of transferable securities including certificates of deposit, floating rate notes and commercial papers, with a diversified spread of high quality financial institutions, sovereign issuers and corporate issuers.

Typical asset allocation¹



Risk Level²: Low

Fixed Income, Cash & Others

Principal Guaranteed Fund^{*}

✓ Smart Plan

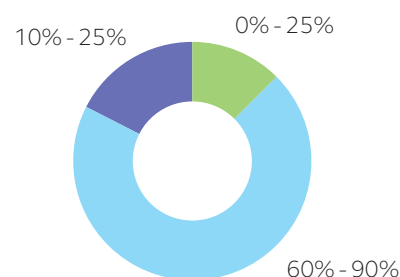
Investment Objective

The constituent fund aims to achieve a return in excess of the “prescribed savings rate” (i.e. broadly the average rate of interest on a Hong Kong dollar savings account) published by the Authority.

Investment Policy

The constituent fund, through an Insurance Policy APIF, the Principal Guaranteed Fund Policy, in turn invests in a Unit Trust APIF, the Principal MPF Fund – Principal MPF Capital Stable Fund. The Unit Trust APIF will invest through other Unit Trust APIFs to gain exposure to a diversified portfolio of bonds, equities and deposits, with heavier weighting in bonds. Normally around 60% to 90% of the assets will be invested in bonds, 10% to 25% in equities and up to 25% in deposits.

Typical asset allocation¹



Risk Level²: Low

Equities Bonds Cash & Others

[#] Investment in the Principal Cash Fund is not equivalent to placing funds on deposit with a bank or deposit-taking company. A member’s rights on redemption of any units held for the account of the member in the constituent fund is limited to the bid price of such units at the relevant time, which could be more or less than the offer price at which such units were purchased. The constituent fund is not subject to the supervision of the Hong Kong Monetary Authority.

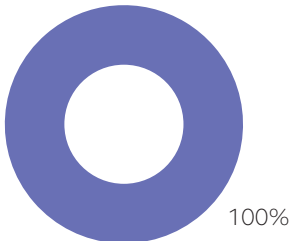
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State Street Global Advisors Asia Limited

State Street Global Advisors (“SSgA”) handles the asset management business of State Street Corporation, one of the global financial services providers to institutional investors. Sophisticated investors worldwide rely on SSgA for its disciplined investment process and global investment platform that provides access to every major asset class, capitalisation range and style. SSgA has the financial strength, global expertise and research capabilities to deliver client-focused solutions. SSgA has participated in the ETF market since 1993 with SPDR®, including first-to-market launches with gold, international real estate and fixed income and sector ETFs.

Principal – Hang Seng Index Tracking Fund [~]		✓ Smart Plan
Investment Objective	Typical asset allocation¹	
<p>The constituent fund aims to provide investment results that closely correspond to the performance of the Hang Seng Index.</p>		
Investment Policy		
<p>The constituent fund pursues its investment objective by investing solely in a single Approved Index-Tracking Fund, the Tracker Fund of Hong Kong (“TraHK”). The constituent fund, via the underlying Approved Index-Tracking Fund, invests all, or substantially all, of its assets in the shares of constituent companies of the Hang Seng Index (“Index Shares”) in substantially the same weightings as they appear in the Hang Seng Index. The constituent fund will, through TraHK, maintain an effective currency exposure to Hong Kong dollars of not less than 30% of the net asset value of the constituent fund. The constituent fund may hold cash or bank deposits for ancillary purposes, such as for meeting redemption request. The TraHK is permitted to enter into futures contracts and options for hedging purposes or to achieve the investment objective. The value of TraHK’s investments in options (in terms of the total amount of premium paid) and the value of TraHK’s investments in futures contracts (in terms of the total net aggregate value of outstanding contract prices payable by or to TraHK) will not in the aggregate exceed 10% of TraHK’s net asset value. TraHK may only enter into futures contracts which are traded on the Hong Kong Futures Exchange Limited. TraHK cannot engage in stock lending. The performance of the TraHK, net asset value of the TraHK, the performance by the investment manager and the trustee of the TraHK of their respective obligations are not guaranteed by the HKSAR Government. The HKSAR Government has given no guarantee or assurance that the investment objective of the TraHK will be met.</p>	 <p>100%</p>	
	Risk Level²: High	
	■ Equities	

[~] The constituent fund is subject to tracking error risk, passive investment risk, risk of not being able to buy or sell at a price close to the net asset value of the Tracker Fund of Hong Kong and other risk factors associated with Hang Seng Index. Please refer to section 4.28 (*Risk relating solely to investing in the Principal – Hang Seng Index Tracking Fund*) of Principal MPF – Smart Plan MPF Scheme Brochure for risk factors associated with this fund.

¹ The above expected asset allocations of the constituent funds are for indication only and may be changed as appropriate.

² The risk level is determined by Principal Insurance Company (Hong Kong) Limited based on the asset class of the relevant underlying Approved Index-Tracking Fund. Such risk level will be reviewed yearly and updated in accordance with prevailing market circumstances (where applicable) and is provided for reference only.

What are our fees and charges?



The management fees include fees paid to the trustee, custodian, administrator, investment manager and sponsor (where applicable) of the Smart Plan or Simple Plan, the constituent funds and the underlying APIF for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value (NAV) of a fund.

The management fees shown in the following table represent the annual fund operating charges & expenses of constituent funds & underlying APIFs. These management fees are inclusive of all management fees imposed by the constituent funds and their underlying APIFs.

Name of Constituent Funds	Principal MPF – Smart Plan		Principal MPF – Simple Plan
	Management Fees (% p.a. of NAV)	Guarantee Fee (% p.a. of NAV)	Management Fees (% p.a. of NAV)
Principal Age 65 Plus Fund	0.75	N/A	0.75
Principal Core Accumulation Fund	0.75	N/A	0.75
Principal – MPF Conservative Fund[^]	0.95	N/A	0.99
Principal Growth Fund	1.59	N/A	1.59
Principal Balanced Fund	1.59	N/A	1.59
Principal Stable Fund	1.59	N/A	1.59
Principal Cash Fund	0.91	N/A	N/A
Principal Guaranteed Fund[*]	1.00	1.00	N/A
Principal Dynamic Global Equity Fund	1.75	N/A	1.75
Principal Dynamic Asia Pacific Equity Fund	1.75	N/A	1.75
Principal Dynamic Global Bond Fund	1.49	N/A	1.49
Principal Dynamic Greater China Equity Fund	1.37	N/A	N/A
Principal Dynamic Asian Bond Fund	1.33	N/A	N/A
Principal Dynamic Hong Kong Equity Fund	1.59	N/A	1.59
Principal – Hang Seng Index Tracking Fund	Up to 0.99	N/A	N/A

Other expenses:

Charges and expenses include (but are not limited to) the charges and expenses of investing and realising the investments of the constituent funds/APIFs/Approved Index-Tracking Fund, fees and expenses of the custodians/sub-custodians of the assets of the Smart Plan and Simple Plan/APIFs/Approved Index-Tracking Fund, fees and expenses of the auditors, establishment costs of the Smart Plan and Simple Plan and constituent funds/APIFs/Approved Index-Tracking Fund, valuation costs, legal fees, other professional fees, charges and expenses incurred in connection with any regulatory approval, any disbursements of out-of-pocket expenses properly incurred, costs and expenses incurred to effect any indemnity insurance, compensation fund levy (if any), and charges and expenses incurred in the preparation and printing of any MPF Scheme Brochure, accounts and reports of the Smart Plan and Simple Plan/APIFs/Approved Index-Tracking Fund.

[^] 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. The Principal – MPF Conservative Fund uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.

^{*} At the APIF level, guarantee fee of currently up to 1% of net asset value of the Principal Guaranteed Fund Policy may be levied. The guarantee fee is payable to the guarantor (i.e. the Sponsor), accrued on a daily basis and is paid monthly in arrears by the Principal Guaranteed Fund Policy.

For full details of fees and charges, please refer to the relevant MPF Scheme Brochure.

Your trusted partner for both employers and employees



What is Employee Choice Arrangement?

Effective 1 November 2012, the Employee Choice Arrangement (“ECA”) offers employees the flexibility of transferring their accrued benefits derived from employee mandatory contributions made during current employment and mandatory contributions from former employment or former self-employment held in a contribution account under their current MPF schemes to MPF schemes of their choice. Please refer to the table below for a quick reference.

Type of Accrued Benefits in Contribution Account	Before ECA	After ECA
Employer Mandatory Contributions	Employee CANNOT transfer such benefits during employment	Employee CANNOT transfer such benefits during employment
Employee Mandatory Contributions	Employee CANNOT transfer such benefits during employment	Employee CAN transfer such benefits in a lump sum once ² every calendar year ¹ during employment
Mandatory Contributions accrued during former employment/self-employment	Employee CANNOT transfer such benefits during employment	Employee CAN transfer such benefits in a lump sum at any time during employment

1 Calendar year means the period from 1 January to 31 December in any given year.

2 Unless the governing rules of the original scheme provide for more frequent transfers.

More to know:

- The introduction of ECA will not affect the employers’ current responsibilities in selecting MPF trustee and scheme, enrolling new employees in the MPF scheme chosen and making contribution payments to the scheme for their employees.
- Under ECA, the transfers of accrued benefits will be handled directly between employees and the MPF trustees/service providers of their choice. Employees wishing to transfer their accrued benefits should contact their new MPF trustees/service providers directly.

For more information about the ECA, please visit the Mandatory Provident Fund Schemes Authority’s website at www.mpfa.org.hk or call Principal ECA Customer Service Hotline at 2251 9690.

How can you benefit from a bundle of our value-added services?



At Principal MPF, we are committed to providing both employers and employees with value-added services:

24-hour Interactive Voice Response System (IVRS)	<p>You can manage your MPF accounts at ease by</p> <ul style="list-style-type: none"> ■ checking latest information of accrued benefits (service for employees), contributions records and fund prices; and ■ requesting MPF administration forms (via Customer Service Officer).
Online account management service (“Principal Retirement Service Centre (RSC)”) at www.principal.com.hk	<p>With just a few clicks away, other than those services available at IVRS, Principal Retirement Service Centre (RSC) offers the following on-line services:</p> <ul style="list-style-type: none"> ■ employers can submit the remittance statement; ■ both the employers and employees can download useful forms; ■ if members submit a valid fund switching request before 4:00 pm on a business day and there is no other instructions and submissions being processed, under normal circumstances, the request can be processed with fund dealing on the same business day; and ■ employees can update their investment mandate or personal information.
Customer Service Hotline 2802 2812 or 2885 8011	<p>Our professional MPF customer service representatives will be there to handle your instant enquiries from 9:00 am to 7:00 pm, Monday to Friday; and from 9:00 am to 1:00 pm, Saturday.</p>
Principal MPF Customer Service Centre	<p>If you wish to meet our professional MPF customer service representatives in person, please visit our service centre:</p> <p>From 9:00 am to 6:00 pm, Monday to Friday at</p> <ul style="list-style-type: none"> ■ 30/F Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

Exclusively for employers:

Payroll Software	<p>We will provide payroll software to help employers manage their payroll and MPF contributions effectively.</p>
Designated Account Manager	<p>We will also assign a designated account manager to assist employers in daily MPF operations and member enrolment sessions.</p>

Principal MPF

For more information, please call:
 Principal MPF Employer Hotline 2519 1188
 MPF Customer Service Hotline 2802 2812 or 2885 8011
 Principal ECA Hotline 2251 9690

Notes:

- Investment involves risks. Past performance information presented is not indicative of future performance. For further details including product features, fees and charges and risk factors, please refer to the relevant MPF Scheme Brochure.
- If you are in doubt about the meaning or effect of the contents of this marketing material, you should seek independent professional advice.

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You have a right to request your personal data not to be used for direct marketing purposes. If you wish to withdraw your consent on the use and provision of your personal data for direct marketing, it can be made in writing to the Data Protection Officer of Principal Trust Company (Asia) Limited, 30/F Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong. You may also inform us by calling Customer Service Hotline at (852) 2802 2812 or 2885 8011, by fax to (852) 2827 1707 or email to axa-principal@exchange.principal.com. Principal shall, without charge to you, ensure that you are not included in future direct marketing activities.

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