

Principal MPF Scheme Series 600 (the “Scheme”)

Notice to Participating Employers and Members

Attention: This notice is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. Principal Trust Company (Asia) Limited accepts responsibility for the information contained in this document. It should be read by all participating employers, employee members, self-employed persons and personal account members of Principal MPF Scheme Series 600 (collectively, “Scheme Participants”).

This notice only summarises the changes to the Scheme and the Principal Brochure of the Scheme (the “Principal Brochure”). Details of the changes are set out in the Fifth Addendum of the Principal Brochure. The Principal Brochure (as supplemented by the first, second, third and fourth addenda and the Fifth Addendum) will be available on our website at www.principal.com.hk or you may request copies of them by contacting our customer service hotline at (852) 2827 1233.

Dear Scheme Participants,

Thank you for your continued support.

1. Amendments to the Principal Brochure

We would like to inform you that, with effect from 1 April 2019, the Principal Brochure will be amended to:

Disclosure updates

- (a) disclose the breakdown of the management fee in respect of each of the constituent funds under the Scheme and their underlying fund(s), which are shown in the enclosed **Appendix**;
- (b) add details regarding the role of Principal Insurance Company (Hong Kong) Limited (“**PIC**”) as the Sponsor with a view to enhancing disclosure and transparency; and

Removal of joining fee

- (c) remove the joining fee of up to HK\$1,000 currently chargeable to Self-Employed Persons investing in Class I/Class N Units of the relevant constituent funds.

2. Impacts on the Scheme and Scheme Participants

As disclosed in the Fifth Addendum to the Principal Brochure, the management fees at the constituent fund level, as disclosed in the Principal Brochure, include not only the trustee/administrator fee and the investment management fee, but also the sponsor fee, charged as a percentage of the net asset value of each relevant constituent fund under the Scheme. The sponsor fee is payable to PIC as the sponsor for providing product design advice as well as ancillary and support services to the Trustee as may be agreed between them from time to time, including but not limited to business development, marketing, sponsoring of the Scheme and product development.

Kindly note that the enhanced disclosure will not necessitate any changes to the current levels of management fees of the respective constituent funds and underlying funds. For the avoidance of doubt, there will be no increase in the level of management fees in respect of each constituent fund and the underlying funds, which will remain as is.

We confirm that the enhanced disclosure outlined in this notice will have no adverse impact on the Scheme or the interests of Scheme Participants.

The removal of the joining fee (as described in section 1(c) above) will no doubt be beneficial to prospective Scheme Participants.

The updated Principal Brochure (together with the various addenda supplemental to it) will be available on our website at www.principal.com.hk or you may request a copy of it by contacting our customer service hotline at (852) 2827 1233. In addition, the Master Trust Deed will be amended in response to the sponsor fee being part of the management fee. The Master Trust Deed (together with its supplemental deeds) can be inspected at our premises during normal office hours.

Principal Trust Company (Asia) Limited

4 March 2019

Appendix

The breakdown of the management fees payable out of each of the constituent funds is as follows:

Constituent Fund	Constituent Fund Level (% p.a. of NAV)				
	Sponsor Fee	Trustee/Administrator Fee*			Investment Management Fee ^{&}
		Class D	Class I	Class N	
Principal MPF Conservative Fund	0.20	N/A	N/A	0.65	0.10
Principal Hang Seng Index Tracking Fund	0.20	N/A	N/A	0.64	0.05
Principal Asian Bond Fund	0.20	N/A	N/A	0.59	0.20
Principal HK Dollar Savings Fund	0.20	0.65	0.69	N/A	0.10
Principal Long Term Guaranteed Fund	0.20	1.10	1.60	N/A	0.20
Principal Aggressive Strategy Fund	0.20	0.68	0.92	N/A	0.37
Principal Stable Yield Fund	0.20	0.70	0.94	N/A	0.35
Principal Global Growth Fund	0.20	0.70	0.94	N/A	0.35
Principal Long Term Accumulation Fund	0.20	0.70	0.94	N/A	0.35
Principal Core Accumulation Fund	Nil	N/A	N/A	0.50	0.25
Principal Age 65 Plus Fund	Nil	N/A	N/A	0.50	0.25

* "N/A" appearing in a cell under any of the columns "Class D", "Class I" or "Class N" means the relevant class(es) of units are not issued in respect of the relevant constituent fund.

& The investment management fees of these constituent funds, except for the Principal Hang Seng Index Tracking Fund, are only charged at the constituent fund level. The investment manager of these constituent funds will pay, from its own funds, a fee to the investment manager and/or its delegate(s) at the underlying fund level.

The breakdown of the management fees payable out of each of the underlying funds is as follows:

Constituent Fund	Underlying Fund Level (% p.a. of NAV)	
	Trustee Fee	Investment Management Fee
Principal Hang Seng Index Tracking Fund	Up to 0.05	Up to 0.05
All other constituent funds	Nil	Nil