

«Client_Name»
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December 2016

Dear Policyholder

Policy Number: «Plan_No»

Notification of changes to the underlying fund of P40 Value Partners High-Dividend Stocks Fund

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT PLEASE SEEK PROFESSIONAL ADVICE.**

We are writing to you as an investor in the above named Fund.

We have been informed by Value Partners Hong Kong Limited (“the Company”) that the following changes will apply to the underlying fund, with effect 05 December 2016.

The Company has advised that the underlying fund may invest in China A Shares through Shenzhen-Hong Kong Stock Connect. The Company states that changes made to the underlying fund, are as follows:

“Change of Investment Policy – Direct Exposure to China A Shares through Shenzhen-Hong Kong Stock Connect”

It is currently disclosed in the Explanatory Memorandum that the Trust may invest directly in eligible China A Shares via the Shanghai-Hong Kong Stock Connect. In addition to the Shanghai-Hong Kong Stock Connect, the Trust intends to gain access to eligible China A Shares via the Shenzhen-Hong Kong Stock Connect (as further described below).

*The investment policy of the Trust will be revised to provide flexibility for the Trust to invest directly in eligible China A Shares via the Shenzhen-Hong Kong Stock Connect. The above change will take effect on 5 December 2016 (“**Effective Date**”). For the avoidance of doubt, the Trust’s maximum aggregate direct and indirect exposure to China A Shares will remain unchanged i.e. at 20% of the Trust’s total net asset value.*

Shenzhen-Hong Kong Stock Connect

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Trust) are able to trade certain eligible shares listed on the Shenzhen Stock Exchange (“SZSE”). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A Shares which have corresponding H shares listed on SEHK, except the following:

- *SZSE-listed shares which are not traded in RMB; and*
- *SZSE-listed shares which are included in the “risk alert board” or under delisting arrangement.*

Given the change of the investment policy of the Trust is to provide flexibility to invest directly in China A Shares via the Shenzhen-Hong Kong Stock Connect and there is no increase in the Trust’s aggregate direct and indirect exposure to China A Shares (i.e. not more than 20%), we believe that (i) the change of the investment policy of the Trust does not amount to a material change to the Trust; (ii) there will be no material change or increase in the overall risk profile of the Trust following the change; and (iii) the change does not materially prejudice the rights or interests of investors of the Trust. As such, the SFC’s prior approval is not required for such change.

Please refer to the Second Addendum for further information relating to the Shenzhen-Hong Kong Stock Connect, including the trading quota, settlement and custody arrangement, participation in corporate actions and shareholders’ meetings and trading fees and taxes.

Risks associated with the Shenzhen-Hong Kong Stock Connect

Please note that investments through the Shenzhen-Hong Kong Stock Connect are subject to similar risks as those applicable to the Shanghai-Hong Kong Stock Connect, namely, quota limitations, suspension risk, differences in trading days, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risk, participation in corporate actions and shareholders’ meetings, currency risk, regulatory risk and tax risk. When investing in eligible China A Shares through the Shenzhen-Hong Kong Stock Connect, the Trust will also be subject to the risks associated with the Small and Medium Enterprise Board of the SZSE and/or ChiNext Board of the SZSE.

Further, the Trust’s investments through Northbound trading under Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong’s Investor Compensation Fund.”

You do not need to take any action as a result of this letter if you wish to remain invested in this fund. You can however choose to switch to a different investment from the range available to you should you wish to do so, and no Friends Provident International charges will arise from this transaction.

We recommend that you seek the advice of your usual financial adviser before making any investment decisions.

Factsheets are available through the Fund Centre section of our website (www.fpinternational.com) for the alternative funds available to you. Full details on the underlying funds into which the Friends

