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PRODUCT KEY FACTS STATEMENT

Signature II Investment Insurance Plan

AXA China Region Insurance Company (Bermuda) Limited

March 2021

***This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.
There is a “Glossary” section at the end of this Product Key Facts Statement.
For those italic words, please refer to the “Glossary” section for explanation.***

Quick facts

Name of insurance company:

- AXA China Region Insurance Company (Bermuda) Limited

Single or regular premium:

- Single

Regular premium frequency:

- Not applicable

Minimum premium payment term:

- Not applicable

Period with surrender (early encashment) charge:

- The first 5 policy years

Governing law of policy:

- HKSAR

Policy currency:

- HKD / USD / EUR / GBP

Minimum single premium:

- HKD96,000 / USD12,000 / EUR12,000 / GBP7,680

Maximum single premium:

- Subject to underwriting requirements

Death benefit:

- The higher of:
 - 105% of the *Account Value*; and
 - the amount of single premium paid under the policy less the aggregate amount of all partial withdrawals made.

Important

- This investment-linked assurance scheme (“ILAS policy”) is a long-term investment-cum-life insurance product. It is only suitable for investors who:
 - understand that the principal will be at risk
 - have both investment and estate planning objectives as it is a packaged product that includes both investment and insurance element with death benefits payable to third party beneficiaries.
- This ILAS policy is **not** suitable for investors with short- or medium-term liquidity needs.
- **Fees and charges**

15.2% of your premiums (after taking into account all non-discretionary loyalty bonus) will be paid to AXA China Region Insurance Company (Bermuda) Limited (the “Company”) to cover all the fees and charges at the ILAS policy level, of which 0.8% is the cost of life protection, and this will reduce the amount available for investment.

Please note that the above figure(s) are calculated based on the following assumptions: (a) the insured is a non-smoking 40-year-old male; (b) the payment of single premium of HKD1,000,000; (c) you hold your ILAS policy for 20 years; (d) an assumed rate of return of 3% per annum throughout 20 years; and (e) there is no early withdrawal / termination of your ILAS policy.

Important (Con't)

You must understand that these ILAS policy level charges are on top of, and in addition to, the reference funds level charges. The above figures do not take into account any early surrender / withdrawal charges.

The above percentage(s) of your premiums for covering the total fees and charges are calculated based on the assumptions above for illustration purposes. The actual percentage(s) may change depending on individual circumstances of each case.

- **Long-term features**

Early surrender / withdrawal charges:

(a) There will be an early surrender / withdrawal charge, i.e. early encashment charge, levied in the first 5 policy years on partial withdrawal, surrender or termination of the policy (other than as a result of the death of the insured). Early encashment charge rate is up to 7.5% of the withdrawal amount (in the case of partial withdrawal) / of the *Account Value* (in the case of surrender or termination of the policy). You may also lose your entitlement to the loyalty bonus on such surrender or termination.

Loyalty bonuses:

(b) From the 6th policy anniversary to the 10th policy anniversary, you will be entitled to a loyalty bonus of an amount which is equal to the average calendar month-end *Account Value* for the 12 months prior to the relevant policy anniversary multiplied by a loyalty bonus rate of 0.5%. On the 11th policy anniversary and thereafter, the loyalty bonus rate is 0.9%.

- **Intermediaries' remuneration**

Although you may pay nothing directly to the intermediary who sells / distributes this ILAS policy to you, your intermediary will receive remuneration which, in effect, will be borne out of the charges you pay. Your intermediary should disclose to you in writing at the point-of-sale information about intermediary remuneration. The amount of remuneration actually receivable by your intermediary may vary from year to year and may be higher in the early policy years. You should ask your intermediary before taking up your ILAS policy to know more about the remuneration that your intermediary will receive in respect of your ILAS policy. If you ask, your intermediary should disclose the requested information to you.

What is this product and how does it work?

- Signature II Investment Insurance Plan (“**Signature II**”) is an investment-linked assurance scheme. It is a life insurance policy issued by the Company. This is not a fund authorised by the Securities and Futures Commission (the “SFC”) pursuant to the Code on Unit Trusts and Mutual Funds.
- Your policy value will be calculated by the Company based on (i) the performance of the reference funds which correspond to the investment options you selected from time to time and (ii) the ongoing fees and charges which will continue to be deducted from your **Signature II** policy value.
- Note, however, that all premiums you pay towards your **Signature II** policy, and any investments made by the Company in the reference funds which correspond to the investment options you selected will become and remain the assets of the Company. You do not have any rights or ownership over any of those assets. Your recourse is against the Company only.
- Due to the various fees and charges levied by the Company on your **Signature II** policy, the return on your **Signature II** policy as a whole may be lower than the return of the reference funds which correspond to the investment options you selected. Please refer to the section **What are the fees and charges?** on page 4 for details of the fees and charges payable by you.
- Reference funds, which are linked to the investment options available for selection, are the funds listed in the Investment Options Leaflet.
- Although your **Signature II** policy is a life insurance policy, because your death benefit is linked to the performance of the reference funds which correspond to the investment options you selected from time to time, your death benefit is subject to investment risks and market fluctuations. The death benefit payable may not be sufficient for your individual needs.

What is this product and how does it work? (Con't)

- More importantly, you should be aware of the following regarding your death benefit and the cost of insurance (“insurance charge”):
 - Part of the fees and charges you pay that will be deducted from the *Account Value* of your **Signature II** policy will be used to cover the insurance charge for the life coverage.
 - Insurance charge will reduce the amount that will be applied towards investment by the Company in the reference funds which correspond to the investment options you selected.
 - Insurance charge may increase significantly during the term of your **Signature II** policy due to factors such as the insured’s attained age, investment losses, etc. This may result in a significant or even total loss of your premiums paid.
 - If the *Account Value* of your **Signature II** policy becomes insufficient to cover all the relevant *Policy Charges* due (including the insurance charge) after the expiry of the 31-day grace period, your **Signature II** policy will terminate early and be subject to an early encashment charge (up to 7.5% of the *Account Value*) where the termination occurs within the first 5 policy years. You could lose all your premiums paid and benefits.
 - You should consult your financial consultant for details, such as how the *Policy Charges* may increase and could impact the *Account Value* of your **Signature II** policy.

What are the key risks?

Investment involves risks. Please refer to the Principal Brochure for details including the risk factors.

- **Credit and insolvency risks** — **Signature II** is an insurance policy issued by the Company. Your investments are subject to the credit risks of the Company.
- The investment options available under **Signature II** can have very different features and risk profiles. Some may be of high risk. Please read the Principal Brochure of **Signature II** and the offering documents of the reference funds involved for details.
- **Early surrender / withdrawal penalty** — **Signature II** policy is designed to be held for a long term period. Early surrender or withdrawal of the policy may result in a significant loss of principal and bonuses. Poor performance of reference funds may further magnify your investment losses, while all charges are still deductible.
- **Market risks** — Return of **Signature II** policy is contingent upon the performance of the reference funds and therefore there is a risk of capital loss.
- **Foreign exchange (Currency) risks** — The investment returns of your **Signature II** policy may be subject to foreign exchange risks as (i) the reference fund(s) may be denominated in a currency which is different from that of your policy; and (ii) the reference fund(s) may be invested in assets denominated in currency(ies) which is different from that of the reference fund(s). Movement in the exchange rates between these currencies may affect the performance of the investment option(s).
- **Partial withdrawal** — Partial withdrawal may be subject to an early encashment charge and will lead to a reduction in the *Account Value*, and accordingly the death benefit and the loyalty bonus will be reduced.

Is there any guarantee?

- This product does not have any guarantee of the repayment of principal. You may not get back the full amount of premium you pay and may suffer investment losses.

What are the fees and charges?

The Company reserves the right to vary the *Policy Charges* or impose new charges with not less than one month's prior written notice or such shorter period of notice in compliance with the relevant regulatory requirements.

Scheme level

	Rate	Deduct from
Account service fee	<ul style="list-style-type: none"> The monthly account service fee is 0.1% (an annual rate of 1.2% divided by 12) of the <i>Account Value</i> as at the due date for the payment of the account service fee. Payable monthly in advance while the policy is in effect. 	The <i>Account Value</i> on the date of policy issuance and the same day as the <i>Policy Date</i> in each subsequent month by cancelling notional units of the investment options at the bid price in proportion to the value of the notional units of the respective investment options held by the policy owner.
Insurance charge	<ul style="list-style-type: none"> Payable monthly in advance while the policy is in effect. The monthly insurance charge is (i) the insurance charge rate per annum divided by 12, then multiplied by (ii) the net amount at risk. The net amount at risk is the higher of (1) 5% of the <i>Account Value</i>; and (2) single premium paid less the sum of (a) total partial withdrawals made; and (b) 100% of the <i>Account Value</i>, as at the due date for the payment of the insurance charge. The Company determines the insurance charge rate during the term of your Signature II policy based on the insured's attained age, sex and risk class. Please consult your financial consultant for your personalised insurance charge rate. Insurance charge may increase significantly during the term of your Signature II policy due to factors such as the insured's attained age, investment losses, etc. This may result in a significant or even total loss of your premiums paid. Please refer to the section Schedule of fees and charges on page 8 of the Product Brochure for the indicative insurance charge rates. 	

What are the fees and charges? (Con't)

Scheme level

	Rate	Deduct from														
Early encashment charge	<ul style="list-style-type: none"> Applicable in the first 5 policy years as a percentage of: <ul style="list-style-type: none"> the withdrawal amount, in the case of partial withdrawal; and the <i>Account Value</i>, in the case of surrender or termination of the policy (other than as a result of the death of the insured). <table border="1"> <thead> <tr> <th>Policy year</th> <th>Early encashment charge rate</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>7.5%</td> </tr> <tr> <td>2</td> <td>6.0%</td> </tr> <tr> <td>3</td> <td>4.5%</td> </tr> <tr> <td>4</td> <td>3.0%</td> </tr> <tr> <td>5</td> <td>1.5%</td> </tr> <tr> <td>6 and thereafter</td> <td>0%</td> </tr> </tbody> </table>	Policy year	Early encashment charge rate	1	7.5%	2	6.0%	3	4.5%	4	3.0%	5	1.5%	6 and thereafter	0%	<ul style="list-style-type: none"> The withdrawal amount upon partial withdrawal. The <i>Account Value</i> upon surrender or termination of the policy.
Policy year	Early encashment charge rate															
1	7.5%															
2	6.0%															
3	4.5%															
4	3.0%															
5	1.5%															
6 and thereafter	0%															
Switching fee	Nil	Not applicable														

Please refer to the section **Schedule of fees and charges** (page 8 to 10) of the Product Brochure of **Signature II** for details of the charges.

Reference funds level

You should note that the reference funds of the investment options may have separate charges on management fee, performance fee, bid-offer spread, switching fee, etc. You do not pay these fees directly – either (1) the fees will be deducted and such reduction will be reflected in the unit price of the reference funds or (2) units will be redeemed from your investment options to pay these fees. For details, please refer to the offering documents of the reference funds, which are available from the Company upon request.

Additional Information

- The policy is excluded from the application of the Contracts (Rights of Third Parties) Ordinance (Cap 623 of the Laws of Hong Kong) (“TP Ordinance”). Any person or entity which is not a party to the policy (e.g. a third party beneficiary) shall have no rights under the TP Ordinance to enforce any terms of the policy, and, for the avoidance of doubt, parties to the policy refer to the Company and the policy owner.

What if you change your mind?

Cooling-off period

- Cooling-off period is a period during which you may cancel your policy and get back your original investments (subject to market value adjustment) and levy paid within **21 calendar days** immediately following either the day of delivery of the policy or the notice of policy issuance to you or your nominated representative (whichever is earlier).
- Such notice of policy issuance should inform you of the availability of the policy and expiry date of the cooling-off period. Please refer to the Guideline on Cooling-off Period issued by the Insurance Authority from time to time for reference.
- You have to tell us by returning the policy (if applicable) and giving a written notice of cancellation. Such written notice of cancellation must be signed by you and received directly by AXA China Region Insurance Company (Bermuda) Limited at Suite 2001, 20/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- You may get back the amount you paid, or less if the value of the investment options chosen has gone down at the time when your written notice of cancellation is received by us, in which case a market value adjustment will be applied. Any market value adjustment will be calculated solely with reference to the loss that the Company might make in realising the value of any assets acquired through investment of the premiums under the policy. The market value adjustment calculation will not include any allowance for expenses or commissions in connection with the issuance of the policy.
- No refund of any premiums and levy paid can be made if claim payment under the policy has been made prior to your request for cancellation.

Insurance company's information

AXA China Region Insurance Company (Bermuda) Limited
(Incorporated in Bermuda with limited liability)

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Important

AXA China Region Insurance Company (Bermuda) Limited is subject to the prudential regulation of the Insurance Authority. However, the Insurance Authority does not give approval to individual insurance products, including **Signature II** referred to in this statement.

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

Glossary

- **Account Value:** The Account Value on any day is the sum of the value of your notional units in each investment option standing to the credit of the policy as at that day. The value of your notional units in an investment option is determined by multiplying the number of outstanding notional units in the investment option standing to the credit of the policy by the bid price of a notional unit in the investment option as at the relevant valuation date and shall be rounded down to two decimal places. The rounding difference shall be accrued to the Company.
- **Policy Charges:** The Policy Charges are fees and charges imposed by the Company in respect of your policy as determined in accordance with the section **What are the fees and charges?**, and are deducted from the policy by way of cancellation of notional units in investment option(s) on the relevant dealing day except that the early encashment charge is deducted from the Account Value in calculation of the surrender value or from the withdrawal amount in respect of a partial withdrawal.
- **Policy Date:** The Policy Date is the date your policy takes effect and is shown in the policy contract.