Sun Life Financial 永明金融

Sun Life MPF Master Trust (the "Scheme")

DIS Pre-implementation Notice
to Participating Employers and Members[1]

Attention: This document 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. Sun Life Hong Kong Limited and HSBC Provident Fund Trustee (Hong Kong) Limited, being sponsor and trustee of the Scheme accept full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. This document is only a summary of the key changes relating to the Scheme. Members should also carefully review the first addendum to the offering document of the Scheme dated [December] 2016 ("Offering Document"), which is enclosed herewith. A copy of the Offering Document and the first addendum are available upon request and free of charge, from the offices of Sun Life at 10th Floor, Sun Life Tower, The Gateway, 15 Canton Road, Kowloon, Hong Kong and from Sun Life's website at www.sunlife.com.hk or by contacting Sun Life MPF Master Trust Hotline at 2971 0200.

You should consider your own risk tolerance level and financial circumstances before making any investment decisions. In the event that you do not make any investment choices, please be reminded that your contributions made and/or accrued benefits transferred into the Scheme may be invested in accordance with the Default Investment Strategy, which may not necessarily be suitable for you.

Unless otherwise stated herein, capitalised terms in this letter shall have the same meaning(s) as defined in the Offering Document.

Dear Participating Employers and Members,

We are writing to you because important changes to the Mandatory Provident Fund Schemes Ordinance will take effect on 1 April 2017 ("**Effective Date**"). From the Effective Date, the default investment arrangement of the Scheme will be the Default Investment Strategy ("**DIS**") replacing the existing default investment arrangement (as defined below) of the Scheme.

You should read this notice carefully because the changes made to the MPF legislation may affect the investment of both your accrued benefits and future contributions.

1. What is DIS?

- DIS is a default investment arrangement as stipulated in accordance with the Mandatory Provident Fund Schemes Ordinance. **For members who do not make a fund choice for their MPF account, their accrued benefits, and future investments (meaning future contributions and accrued benefits transferred from another MPF scheme) will be invested in the DIS.** The DIS is also available as an investment choice itself for members.
- The DIS is not a fund - it is a strategy that uses two constituent funds, namely the Schroder MPF Core Accumulation Fund and the Schroder MPF Age 65 Plus Fund (collectively the "**DIS Funds**") to automatically reduce the risk exposure as the member approaches retirement age. The DIS Funds will invest in a globally diversified manner and invest in different assets (e.g. equities, bonds, money market instruments, etc.). The DIS Funds are subject to fee and expense caps as imposed by the legislation. For further information about the DIS Funds including their investment objective and policy, please refer to the Annex to this notice.

2. **How does DIS affect you?**

- If you have accounts in the Scheme that are set up before the Effective Date ("**pre-existing account**"), depending on whether you have previously made any fund choices, it may affect you in different ways.
- If you have already given a valid investment instruction for the accrued benefits and future investments in your pre-existing account or you are 60 years old or above before the Effective Date, you will not be affected by the implementation of the DIS.
- If **all** your accrued benefits in a pre-existing account are invested in the existing default investment arrangement (currently "Default Option" to be re-named as "Fund Cruiser") ("**existing default investment arrangement**") as at

[1] Please note that references to "you" or "your" in this notice refer to, as the case may be in the relevant context, participating employers or members.

the Effective Date and you have not given a valid investment instruction for the pre-existing account, you will receive a separate notice (i.e. the "**DIS Re-Investment Notice**") sent to you within 6 months from the Effective Date. The DIS Re-Investment Notice will explain that if you do not make an investment choice by replying within a specified period, your accrued benefits in the existing default investment arrangement will be redeemed in whole and re-invested in accordance with the DIS. **Therefore, if you receive the DIS Re-Investment Notice, please pay special attention to the contents and make appropriate arrangement.** You should note that the risk of the existing default investment arrangement may be different from that of the DIS and you may be exposed to market risks as a result of any reinvestment of your accrued benefits in the DIS.

- There are special circumstances where the accrued benefits in the pre-existing account are transferred from another account within the Scheme (e.g. in the case of cessation of employment, where accrued benefits in your contribution account are transferred to a personal account within the Scheme), your accrued benefits in the pre-existing account will be invested in the same manner as they were invested immediately before the transfer but your future investments may be invested in the DIS after the implementation of the DIS, unless otherwise instructed.

Please refer to the section headed "C. Implications for New and Pre-existing Accounts on or after DIS Implementation" below for further details.

3. Do you need to do anything?

- Apart from the above, there are other circumstances where your accrued benefits or future contributions may be affected by the implementation of the DIS. If you have any query on how it will affect you and what actions you need to take, you should call the Sun Life MPF Master Trust Hotline at (852) 2971 0200.
- If you receive the DIS Re-Investment Notice after the Effective Date, you are advised to pay special attention to the contents and make appropriate arrangement.

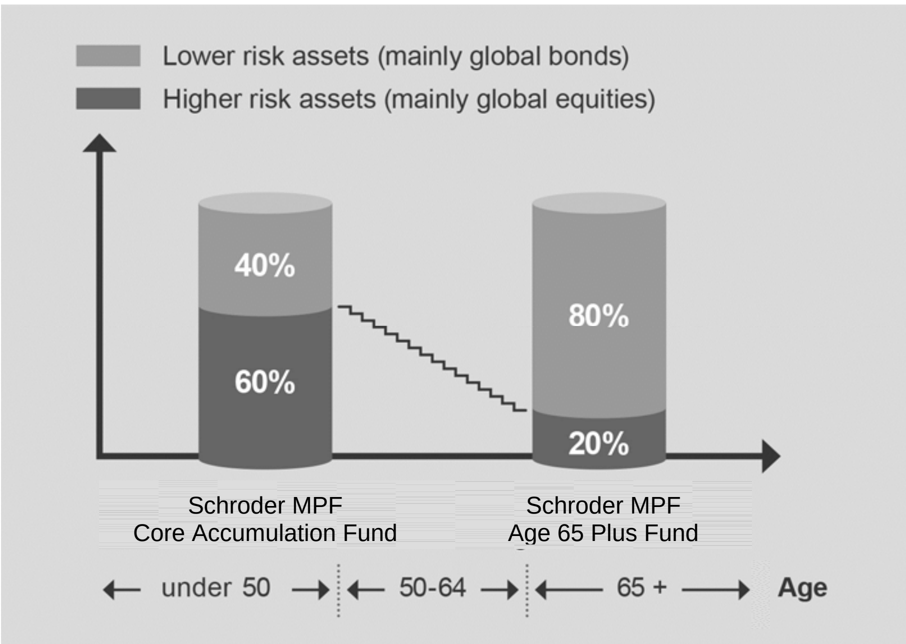
A. What is DIS?

DIS is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund choice, and is also available as an investment choice itself, for members who find it suitable for their own circumstances. For those members who do not make an investment choice, their future investments will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

(a) *Objective and Strategy*

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the Schroder MPF Core Accumulation Fund ("**CAF**") and the Schroder MPF Age 65 Plus Fund ("**A65F**"), according to the pre-set allocation percentages at different ages. The CAF will invest around 60% in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% in lower risk assets (lower risk assets generally mean bonds or similar investments) of its net asset value whereas the A65F will invest around 20% in higher risk assets and 80% in lower risk assets. The DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation. For further information about the CAF and A65F including their investment objective and policy, please refer to the Annex to this notice.

Diagram 1: Asset Allocation between the DIS Funds according to the DIS



Note: The exact proportion of the portfolio in higher/lower risk assets at any point in time may deviate from the target glide path due to market fluctuations.

(b) *Annual de-risking*

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the CAF and increasing the holding in the A65F over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

In summary, under the DIS:

(1) When a member is below the age of 50, all accrued benefits and future investments will be invested in the CAF.

(2) When a member is between the ages of 50 and 64, all accrued benefits and future investments will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS de-risking table (see Diagram 2 below). The de-risking of the existing accrued benefits and future investments will be automatically carried out as described above.

(3) When a member reaches the age of 64, all accrued benefits and future investments will be invested in the A65F.

Diagram 2: DIS De-risking Table

Age	Schroder MPF Core Accumulation Fund ("CAF")	Schroder MPF Age 65 Plus Fund ("A65F")
Below 50	100%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the CAF and A65F is made at the point of annual de-risking and the proportion of the CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

(c) *Fees and out-of-pocket expenses of the CAF and A65F*

The aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value ("**NAV**") of each of the DIS Funds divided by the number of days in the year. It includes, but is not limited to, the fees paid or payable for the services provided by the trustee, the administrator, the investment manager(s), the custodian and the sponsor and/or the promoter of the Scheme and the underlying investment fund(s) of the respective DIS Funds, and any of the delegates from these parties and such fees are calculated as a percentage of the NAV of each of the DIS Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying investment fund(s).

The total amount of all payments that are charged to or imposed on the DIS Funds or members who invest in DIS Funds, for out-of-pocket expenses incurred by the trustee on a recurrent basis in the discharge of the trustee's duties to provide services in relation to the DIS Funds, shall not in a single year exceed 0.2% of the NAV of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of NAV and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or members who invests in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

(d) *Key Risks Relating to the DIS*

DIS is an investment strategy that is subject to various risks and limitations, including:

- Age as the sole factor in determining the asset allocation under the DIS. The DIS does not take into account other factors such as market and economic conditions nor a member's personal circumstances.
- Allocation to higher risk assets in the DIS Funds has to follow prescribed ratio and limits the investment manager's ability to respond to sudden market fluctuations.
- Annual de-risking between the DIS Funds operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.
- Potential rebalancing within each DIS Fund – investments in each of the DIS Funds will need to be re-balanced continuously in accordance with prescribed allocation which may affect the performance of the DIS Funds.
- Additional transaction costs due to rebalancing of assets and annual de-risking may result in greater transaction costs.
- The DIS does not guarantee capital repayment nor positive investment returns, and the DIS Funds are subject the general investment risks that apply to mixed asset funds.
- Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.
- The A65F holds around 20% of its assets in higher risk assets and may not be suitable for all members beyond the age of 64.

For further information about the risks associated with investing through DIS, please refer to [paragraph 11A.5] of the Offering Document as amended by the First Addendum.

(e) *Information on Performance of DIS Funds*
The fund performance of the DIS Funds will be published in the fund factsheet. One of the fund fact sheets will be attached to annual benefit statement. Members can visit www.sunlife.com.hk or call the Sun Life MPF Master Trust Hotline at +852 2971 0200 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

B. Key Features of the Existing Default Investment Arrangement and the DIS

Please find below the key features of the existing default investment arrangement and the DIS for reference:

	Existing Default Investment Arrangement	The DIS
Name and description (if applicable)	Under the "Default Option" (to be re-named as "Fund Cruiser"), member's contributions and accumulated balances will be invested in the following Constituent Funds, determined on the basis of the age of the member: **Age of member** — **Constituent Fund Selected** Below 50 — Schroder MPF Balanced Investment Portfolio ("**BIP**") From 50 to 55 — Schroder MPF Stable Growth	The DIS is comprised of two Constituent Funds, namely Schroder MPF Core Accumulation Fund ("**CAF**") and Schroder MPF Age 65 Plus Fund ("**A65F**") , with de-risking mechanism in accordance with pre-set allocation percentages based on member's age

	Portfolio ("**SGP**") From 56 to 61 — Schroder MPF Capital Stable Portfolio ("**CSP**") 62 or over — Schroder MPF Conservative Portfolio ("**CP**") The member's balances and contributions will be switched automatically when he reaches the next age band as specified above from time to time.	
Fund Type	For BIP, SGP and CSP: Mixed assets For CP: Money market	For both CAF and A65F: Mixed assets
De-risking feature	Yes – member's balances and contributions will be switched to a constituent fund with a relatively lower risk and return profile (as set out below in this table) when he reaches the next age band	Yes
Total management fees of the Constituent Fund and, if applicable, the Underlying Fund(s)	For BIP, SGP and CSP: Ordinary Units: 1.585% p.a. of NAV Class B Units: 1.385% p.a. of NAV For CP: Ordinary Units: 1.15% p.a. of NAV Class B Units: 1.0% p.a. of NAV	For both CAF and A65F: Ordinary Units: 0.75% p.a. of NAV Class B Units: 0.75% p.a. of NAV
Daily fees cap	No	Yes (for details, please refer to section A(c))
Risk and return profile*	BIP: relatively high SGP: medium CSP: medium CP: low	CAF: medium A65F: low
Guarantee feature	No	No

* The "Risk and return profile" indicates the expected risk and return of the relevant constituent fund relative to other constituent funds in the Scheme.

For details of the key features of the existing default investment arrangement and the DIS, please refer to the Offering Document (or contact the Trustee).

C. Implications for New and Pre-existing Accounts on or after DIS Implementation

(a) Implications on accounts opened on or after the Effective Date

When members join the Scheme or set up a new account in the Scheme on or after the Effective Date, they have the opportunity to give an investment instruction for their future investments. If members fail to or do not want to submit to the Trustee an investment instruction at the time of their requests to join / set up a new account in the Scheme, the Trustee shall invest any of their future investments into the DIS.

(b) Implications on accounts opened before the Effective Date

There are special rules to be applied for pre-existing accounts and these rules only apply to members who are under or becoming 60 years of age on the Effective Date.

(1) Generally, for a member's pre-existing account with all accrued benefits being invested into the existing default investment arrangement but no investment instruction has been given (known as "**DIA account**"):

There are special rules and arrangements to be applied to determine whether accrued benefits in a DIA account will be transferred to the DIS. If your pre-existing account is considered as a DIA account, you will receive a notice called the DIS Re-investment Notice explaining the impacts on your pre-existing account and giving you an opportunity to give a specified investment instruction to the Trustee before the accrued benefits are invested into the DIS.

For details of the arrangement, members should refer to the DIS Re-investment Notice.

(2) For a member's pre-existing account with part of the accrued benefits in the existing default investment arrangement:

If part of the accrued benefits of your pre-existing account was invested in the existing default investment arrangement, unless the Trustee has received any investment instructions, your accrued benefits will be invested in the same manner as accrued benefits were invested immediately before the Effective Date. Future investments will be invested in the DIS in the absence of an investment instruction.

Members should note that the implementation of the DIS legislation may have impact on their MPF investments or accrued benefits. Please consult the Trustee by calling the Sun Life MPF Master Trust Hotline at +852 2971 0200 if you have any doubts or questions on how your MPF investments or accrued benefits are being affected.

D. Rules and Procedures Applicable to Investment through the DIS

(a) Fund Choice Combination

From the Effective Date, members may choose to invest their future investments into:

(1) the DIS; or
(2) the Fund Cruiser; or
(3) one or more Constituent Fund(s) of their own choice from the list under paragraph [13.5] of the Offering Document as amended by the First Addendum (including the CAF and the A65F) and according to their assigned allocation percentage to the relevant Constituent Fund(s) of their choice.

A member of such new account wishing to invest in the DIS or the Fund Cruiser is required to give an investment instruction to invest 100% of his future investments in the DIS or the Fund Cruiser, as the case may be.

Members should note that, if investments/accrued benefits in CAF or A65F are made under the member's investment instructions for investment in such DIS Funds (as a standalone fund choice rather than as part of DIS offered as a choice) ("**standalone investments**"), those investments/accrued benefits derived therefrom will not be subject to the de-risking process. If a member's investments/accrued benefits are invested in any combination of (i) CAF and/or A65F as standalone investments and (ii) the DIS (no matter by default, by operational arrangement or by investment instruction) ("**DIS Investments**"), investments/accrued benefits invested as standalone investments will not be subject to the de-risking process whereas for investments/accrued benefits invested as DIS Investments will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in standalone investments and DIS Investments. In particular, the member would, when giving a fund switching instruction, be required to specify to which of the benefits (namely, under standalone investments or DIS Investments) the instruction relates.

(b) Switching / transfer in and out of the DIS

Each member may elect to invest his contributions and accrued benefits in respect of an account either (i) into one or more of the Constituent Funds, **<u>or</u>** (ii) in the Fund Cruiser, **<u>or</u>** (iii) in accordance with the DIS. If a member wishes to switch into or out of the DIS, subject to the terms of the Trust Deed and the Master Trust Scheme Rules, he is required to give instructions as follows:

Switching into the DIS	
From the Fund Cruiser	From one or more of the Constituent Funds (which may include the DIS Funds as standalone Constituent Funds)

A member is required to: - switch out his entire accrued benefits invested in the Fund Cruiser; **and*** - change his investment instruction to invest future contributions into the DIS	A member is required to: - switch out his entire accrued benefits invested in the Constituent Fund(s)#
Switching out of the DIS	
Into the Fund Cruiser	Into one or more of the Constituent Funds (which may include the DIS Funds as standalone Constituent Funds)
A member is required to: - switch out his entire accrued benefits invested according to the DIS; **and*** - change his investment instruction to invest future contributions into the Fund Cruiser	A member is required to: - switch out his entire accrued benefits invested according to the DIS#

* In giving instructions to switch into / out of the Fund Cruiser, a member must also give instructions to change his investment instruction.

In giving instructions to switch into / out of one or more Constituent Funds or the DIS, a member may elect whether or not to change his existing investment instruction.

Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a member switches into or out of the DIS, such switching may negatively affect the balance between risk and return attributes that has been built into the DIS as a long-term strategy.

Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the investment instructions for future contributions, and vice versa.

E. Rules and Procedures of Annual De-Risking

(a) Dealing day of annual de-risking

The annual de-risking will normally be carried out on a member's birthday. If a member's birthday falls on a day which is not on a dealing day, then the investments of such member will be moved from the CAF to the A65F on the next available dealing day. If the birthday of the relevant member falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March or the next available dealing day. While the allocation percentage immediately after the de-risking will follow that as set out in Diagram 2 above, the actual asset allocation between the CAF and the A65F after de-risking at any point in time may differ from the specified allocation percentages due to market movements.

If the Trustee does not have the full date of birth of the relevant member, the de-risking will be carried out as follows:

- If only the year and month of birth is available, the annual de-risking will take place on the last calendar day of the birth month, or if it is not a dealing day, the next available dealing day.
- If only the year of birth is available, the annual de-risking will take place on the last calendar day of the year, or if it is not a dealing day, the next available dealing day.
- If no information at all on the date of birth, member's accrued benefits will be fully invested in A65F with no de-risking applied.

If the relevant member subsequently provides satisfactory evidence as to his year, month and/or day of birth, the relevant member's birthday based on such new evidence will be adopted, and the corresponding allocation percentages will be applied as soon as practicable.

A de-risking notice will be sent, to the extent practicable, at least 60 days prior to a member reaching the age of 50, and a de-risking confirmation statement will be sent to members no later than 5 Business Days after each annual de-risking is completed.

(b) De-risking process when there is one or more specified instructions

Notwithstanding section E(a) above, when one or more of the specified instructions (including but not limited to subscription and redemption) are being processed on the annual date of de-risking for a relevant member, the annual de-risking in respect of such member will only take place on the next dealing day after completion of these instructions where necessary. Members should note that the annual de-risking may be postponed as a result. For the avoidance of doubt, the sequence for processing de-risking as described above will also apply in all other circumstances involving redemption of accrued benefits from the DIS (provided that the member still has accrued benefits invested in the DIS after the redemption), for example where there is any withdrawal from the Sun Life MPF Master Trust, or withdrawal as a result of Employee Choice Arrangement or offsetting against long service payment or severance payment, or where an employer elects to transfer out from the Sun Life MPF Master Trust into other MPF schemes.

In relation to switching and change of investment instruction, if a member would like to switch out of the DIS and/or change his investment instruction to invest into individual Constituent Funds (which may include the DIS Funds as standalone Constituent Funds) or the Fund Cruiser before the annual de-risking takes place (generally on a member's birthday), the switching instruction and/or a change of investment instruction (as applicable) must be received by the Trustee before the dealing cut-off time at 5 p.m. on a date which is 2 Business Days before the member's birthday. If the switching and/or change of investment instructions are received after such dealing cut-off time, the switching and/or change of investment instructions (as applicable) will only be performed after the completion of the de-risking process.

Members should be aware that the above de-risking will not apply where a member chooses the CAF and A65F as individual fund choices (rather than as part of DIS).

F. Rules and Procedures relating to Investment Instructions

When giving investment instructions in the application form, members should give valid instructions specifying the investment allocation (in percentage terms) of each of their sub-accounts (e.g. for a member who is an employee, he should give valid instructions specifying the investment allocation for each of his (i) employee's mandatory contributions; (ii) employer's mandatory contributions; (iii) employee's voluntary contributions (if any); and (iv) employer's voluntary contributions (if any)) (each a "**sub-account**"). With effect from the Effective Date, an investment instruction, in respect of a sub-account, will be considered invalid in circumstances including:

- the investment instruction is not completed in full;
- the investment allocations are not specified;
- the investment allocations to the Constituent Funds are not specified in a multiple of 10%;
- the investment allocations add up to more than or less than 100%; or
- an investment instruction to invest contributions partially (i.e. less than 100%) in accordance with the DIS or the Fund Cruiser. If a member wishes to invest in the DIS or the Fund Cruiser, investment instructions to all sub-accounts must be equal to 100% in the DIS or the Fund Cruiser as the case may be.

For the avoidance of doubt, if an investment instruction in respect of a sub-account is considered invalid, contributions in such sub-account will be invested in accordance with the DIS but this will not result in the investment instructions for other sub-accounts within the account to be invalid.

G. Other Changes

(a) Change of name of the "Default Option"

The "Default Option" (as described in paragraph 11A.1 of the Offering Document as amended by the First Addendum) will continue to be available as an investment choice. With effect from the Effective Date, the name of the "Default Option" will be changed to "Fund Cruiser".

The conditions for a member to invest in the Fund Cruiser are (i) giving an investment instruction to invest 100% of accrued benefits and contributions in an account into the Fund Cruiser and (ii) all of the accrued benefits in the relevant account are fully invested in the Fund Cruiser. If there arises any circumstances where a member's accrued benefits in an account are no longer fully invested in the Fund Cruiser, for example, when accrued benefits held in a contribution account and fully invested in the Fund Cruiser are transferred to a personal account in which accrued benefits have been invested in other Constituent Fund(s), because the personal account holds accrued benefits that are invested outside of the Fund Cruiser, the member will be deemed to have exited the Fund Cruiser. The member's accrued benefits transferred to the personal account will remain invested in the relevant Constituent Fund under the Fund Cruiser after the transfer but there will be no automatic switching when the member reaches the next age band. Members should note that the above conditions for investing in the Fund Cruiser have always been applicable and there are no changes to the conditions after the introduction of the DIS on the Effective Date.

If a member wishes to switch into or out of the Fund Cruiser, subject to the terms of the Trust Deed and the Master Trust Scheme Rules, he is required to give a switching instruction as follows:

Switching into the Fund Cruiser
From the DIS or from one or more of the Constituent Funds (which may include the DIS Funds as standalone Constituent Funds) A member is required to: - switch out his entire accrued benefits invested in DIS or the Constituent Fund(s) (as the case may be); **and*** - change his investment instruction to invest future contributions into the Fund Cruiser
Switching out of the Fund Cruiser
Into the DIS or into one or more of the Constituent Funds (which may include the DIS Funds as standalone Constituent Funds) A member is required to: - switch out his entire accrued benefits invested in the Fund Cruiser; **and*** - change his investment instruction to invest future contributions into the DIS or one or more Constituent Funds (as the case may be)

* In giving instructions to switch into / out of the Fund Cruiser, a member must also give instructions to change his investment instruction.

(b) Arrangement regarding the termination of a Constituent Fund

Prior to the Effective Date, upon the termination of a Constituent Fund (the "**Terminating Constituent Fund**"), where a member whose accrued benefits are invested in the Terminating Constituent Fund, he may submit an investment switch form concerning the investment of his accrued benefits following such termination. If such member does not submit an investment switch form, his accrued benefits and future investments will be invested in accordance with the Default Option.

With effect from the Effective Date, upon the termination of a Terminating Constituent Fund, if a member does not submit an investment switch form, his accrued benefits and future investments will be invested in accordance with the DIS. For the avoidance of doubt, in such case, the member's existing accrued benefits held in other Constituent Funds will remain so invested and will not be switched into the DIS.

(c) Transfers from one account to another account within the Scheme

In relation to a transfer from one account to another account ("**new account**") within the Scheme in circumstances set out in paragraph 9 of the Offering Document as amended by the First Addendum, the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant member. The investment instructions applicable to the original account will however, not apply to any future investments to the new account. If no valid investment instructions are received by the Trustee in respect of the new account, future investments to the new account will be invested according to the DIS. For a member whose accrued benefits are invested according to the Fund Cruiser, the accrued benefits so transferred will not be switched into the DIS and the same will remain invested in the relevant Constituent Fund after the transfer. However, since the conditions for a member to invest in the Fund Cruiser are (i) giving an investment instruction to invest 100% of accrued benefits and contributions in an account into the Fund Cruiser and (ii) all of the accrued benefits in the relevant account are fully invested in the Fund Cruiser, unless the member has given investment instructions for the new account to invest 100% of his accrued benefits and contributions in the Fund Cruiser, the member will be deemed to have exited the Fund Cruiser upon such transfer, i.e. there will be no automatic switching when the member reaches the next age band.

H. Amendments to Offering Document

The Offering Document will be amended by way of a first addendum to the Offering Document ("**First Addendum**") to reflect the changes as set out above, where applicable.

Members are advised to carefully review the First Addendum, which is enclosed with this Notice. A copy of the Offering Document, as amended, will be available upon request free of charge from the Administrator, BestServe Financial Limited located at 10/F, One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong, or from the offices of Sun Life at 10th Floor, Sun Life Tower, The Gateway, 15 Canton Road, Kowloon, Hong Kong, or at Sun Life's website at www.sunlife.com.hk or by contacting Sun Life MPF Master Trust Hotline at 2971 0200.

I. Amendments to Trust Deed

The Trust Deed will be amended by way of a fifth supplemental deed (“**Fifth Supplemental Deed**”) to reflect the changes as set out above, where applicable.

The Fifth Supplemental Deed is expected to be available from on or around the Effective Date. Copies of the Trust Deed, together with all supplemental deeds can be inspected free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of Sun Life Hong Kong Limited at 10th Floor, Sun Life Tower, The Gateway, 15 Canton Road, Kowloon, Hong Kong.

J. Means to Obtain Further Information

Members may obtain information about the DIS through the Sun Life MPF Master Trust Hotline at (852) 2971 0200.

Yours faithfully,
For and on behalf of

BestServe Financial Limited
As Administrator for Sun Life MPF Master Trust

HSBC Provident Fund Trustee (Hong Kong) Limited
As Trustee for Sun Life MPF Master Trust

12 December 2016

Annex – Further information on CAF and A65F

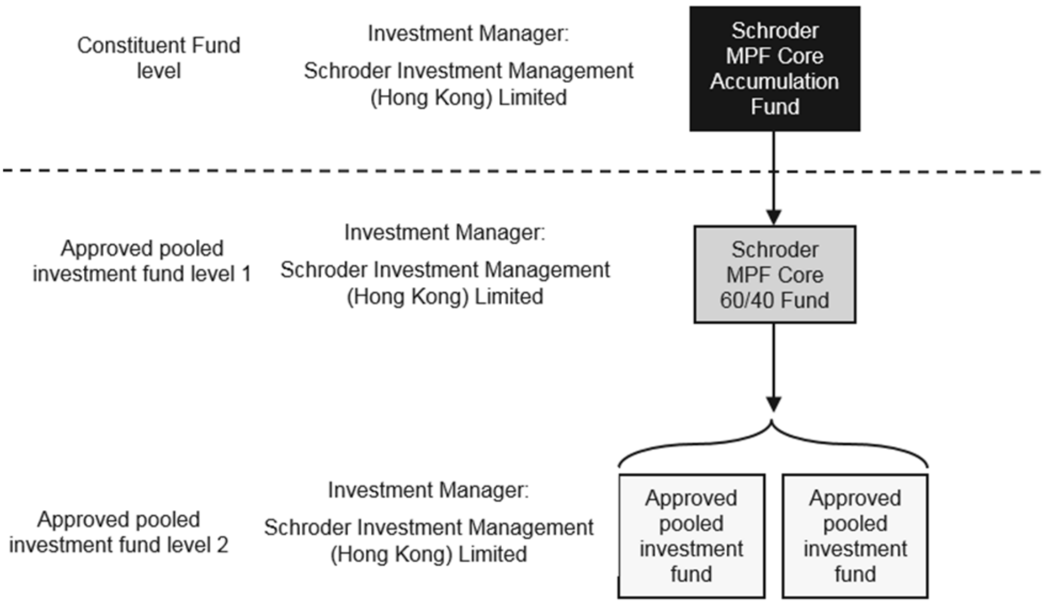
Schroder MPF Core Accumulation Fund ("CAF")

Investment Objective

(i) The investment objective of the CAF is to provide capital growth to members by investing in a globally diversified manner.

Investment Structure

(ii) The CAF shall be invested in an approved pooled investment fund, Schroder MPF Core 60/40 Fund, which in turn invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the CAF is illustrated as follows:



Investment Policy

(iii) Through its underlying investment, the CAF will hold 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments).

Asset Allocation

(iv) The asset allocation to higher risk assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the CAF to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the CAF will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 60/40 Fund invested by the CAF has discretion as to the asset allocation of the Schroder MPF Core 60/40 Fund.

Geographical Allocation

Global equities	55% to 65%
Asia Pacific excluding Japan	0% to 32.5%
United States	5.5% to 45.5%
Japan	0% to 16.25%

Europe	5.5% to 32.5%
Others	0% to 19.5%
Fixed income securities and money market instruments	35% to 45%
US Dollar	3.5% to 40.5%
Global currencies Ex US Dollar	3.5% to 40.5%

Investment Strategy

(v) The two underlying approved pooled investment funds invested by the Schroder MPF Core 60/40 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "**Constituent Index**") under the Reference Portfolio[Note] respectively. The two underlying approved pooled investment funds adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying approved pooled investment funds may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

Hong Kong Dollar Currency Exposure

(vi) The CAF will hold a minimum of 30% in Hong Kong dollar investments at all times through investment in the underlying approved pooled investment funds.

Risk and Return Profile

(vii) The CAF is medium risk and, as such, is suitable for investors with more than 10 years before retirement.

(viii) The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the CAF. The return of the CAF over the long term is expected to be similar to the return of the Reference Portfolio.

Use of Derivatives, Securities Lending and Repurchase Agreement

(ix) The Investment Manager of the CAF will not trade in currency forwards, futures or options but the manager of the Schroder MPF Core 60/40 Fund (and its underlying approved pooled investment funds) may enter into currency forward contracts, futures contracts and options contracts for the account of the Schroder MPF Core 60/40 Fund (and its underlying approved pooled investment funds) for hedging purposes only. The Investment Manager of the CAF and the manager of the Schroder MPF Core 60/40 Fund (and its underlying approved pooled investment funds) does not intend to engage in securities lending or repurchase agreement.

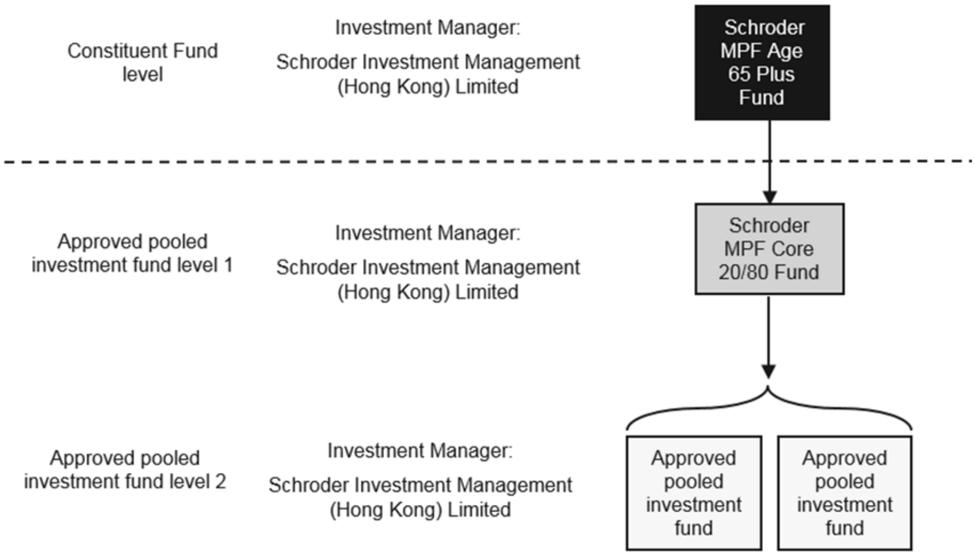
Schroder MPF Age 65 Plus Fund ("A65F")

Investment Objective

(i) The investment objective of the A65F is to provide stable growth to members by investing in a globally diversified manner.

Investment Structure

(ii) The A65F shall be invested in an approved pooled investment fund, Schroder MPF Core 20/80 Fund, which in turn invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The investment structure of the A65F is illustrated as follows:



Investment Policy

(iii) Through its underlying investment, the A65F will hold 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments).

Asset Allocation

(iv) The asset allocation to higher risk assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. The principal underlying investments will be in securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The asset allocation of the A65F to equities and fixed income instruments and money market instruments is set out below. Members should note that the actual allocation may at times be varied as market, economic and other conditions change. In any case, the A65F will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 20/80 Fund invested by the A65F has discretion as to the asset allocation of the Schroder MPF Core 20/80 Fund.

Geographical Allocation

Global equities	15% to 25%
Asia Pacific excluding Japan	0% to 12.5%
United States	1.5% to 17.5%
Japan	0% to 6.25%
Europe	1.5% to 12.5%
Others	0% to 7.5%
Fixed income securities and money market instruments	75% to 85%
US Dollar	7.5% to 76.5%
Global currencies Ex US Dollar	7.5% to 76.5%

Investment Strategy

(v) The two underlying approved pooled investment funds invested by the Schroder MPF Core 20/80 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a “**Constituent Index**”) under the Reference Portfolio[Note] respectively. The two underlying approved pooled investment funds adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying approved pooled investment funds may be invested in securities other than the underlying securities of the respective Constituent Index with the aim to enhance returns or reduce portfolio risks when compared to similar underlying securities of the respective Constituent Index.

Hong Kong Dollar Currency Exposure

(vi) The A65F will hold a minimum of 30% in Hong Kong dollar investments at all times through investment in the underlying approved pooled investment funds.

Risk and Return Profile

(vii) The A65F is low risk and, as such, is suitable for investors with 15 or less years before retirement.

(viii) The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the A65F. The return of the A65F over the long term is expected to be similar to the return of the Reference Portfolio.

Use of Derivatives, Securities Lending and Repurchase Agreement

(ix) The Investment Manager of the A65F will not trade in currency forward, futures or options but the manager of the Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) may enter into currency forward contracts, futures contracts and options contracts for the account of the Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) for hedging purposes only. The Investment Manager of the A65F and the manager of the Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) does not intend to engage in securities lending or repurchase agreement.

Note:
Reference Portfolio - To provide a common reference point for the performance and asset allocation of the CAF and A65F, a reference portfolio developed by the MPF industry and published by the Hong Kong Investment Funds Association, is adopted for the purpose of each of CAF and A65F.