MPF Scheme Brochure For Sun Life MPF Master Trust

Sponsor: Sun Life Hong Kong Limited

Trustee and Custodian: HSBC Provident Fund Trustee (Hong Kong) Limited

Version date	:	March 2020
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Life's brighter under the sun

Important:

If you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice. This document contains details of how the Constituent Funds are to be invested in the Sun Life MPF Master Trust. It should be noted that investment involves risk.

This Brochure is dated March 2020, and supersedes any version of the Brochure previously issued. Sun Life Hong Kong Limited (the **"Sponsor"**) accepts responsibility for information contained in this Brochure as being accurate at the date of publication 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.

The Sun Life MPF Master Trust together with its Constituent Funds have been registered with and approved by the Mandatory Provident Fund Schemes Authority (the **"MPFA"**). This Brochure has been authorised by the Securities and Futures Commission (the **"SFC"**). The SFC authorisation and the MPFA approval are not a recommendation or endorsement of the Sun Life MPF Master Trust and its Constituent Funds nor does it guarantee the commercial merits of the of the Sun Life MPF Master Trust and its Constituent Funds or their performance. It does not mean that the Sun Life MPF Master Trust and its Constituent Funds are suitable for all scheme participants nor is it an endorsement of their suitability for any particular scheme participant.

Sun Life MPF Master Trust

Important:

- Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The Schroder MPF Conservative Portfolio uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.
- Schroder MPF Capital Guaranteed Portfolio invests solely in an approved pooled investment fund in the form of insurance policy provided by FWD Life Insurance Company (Bermuda) Limited (formerly ING Life Insurance Company (Bermuda) Limited) (**"FWD"**). The guarantee is also given by FWD. Your investments in the Schroder MPF Capital Guaranteed Portfolio, if any, are therefore subject to the credit risk of FWD. The guarantee available under the policy is also subject to certain conditions. Please refer to section 3.2.5.1 and section 4.1 of the Brochure for details of the credit risk, guarantee features and guarantee conditions.
- You should consider your own risk tolerance level and financial circumstances, and read the whole Brochure before making any investment decisions. When, in your selection of funds or the Default Investment Strategy (the "**DIS**") or the Fund Cruiser, you are in doubt as to whether a certain fund or the DIS or the Fund Cruiser is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the investment choice(s) most suitable for you taking into account your circumstances.

  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 Sun Life MPF Master Trust will be invested in accordance with the DIS, which may not necessarily be suitable for you. Please refer to section 3.3 for further information.

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1. INTRODUCTION

1.1 SUN LIFE MPF MASTER TRUST

1.1.1 The Sun Life MPF Master Trust (previously known as Schroder MPF Master Trust) was created by a trust deed dated 31 January 2000, as amended (the **"Trust Deed"**). The Sun Life MPF Master Trust has no fixed duration or predetermined termination date.

1.1.2 The Sun Life MPF Master Trust has been created to meet the needs of employers and the self-employed to offer a flexible, easy to manage MPF plan for the workforce.

1.1.3 This Brochure relates to the Sun Life MPF Master Trust and its Constituent Funds (each a **"Constituent Fund"**). The Constituent Funds permit a member of the Sun Life MPF Master Trust to determine how his contributions and balances within the Sun Life MPF Master Trust are invested.

1.1.4 Sun Life MPF Master Trust offers a number of Constituent Funds, each of which is distinguished by its investment policy.

1.1.5 It should be noted that the investment of contributions to and accrued benefits of the Sun Life MPF Master Trust involves risk. Reference should be made to the Statements of Investment Policy and Objectives set out in this Brochure, which are subject to change over time, and the comments on risk.

1.1.6 This Brochure also contains information on the investment policy of the approved pooled investment funds in which the assets of the Constituent Funds are invested.

1.1.7 Each of the Constituent Funds other than the Schroder MPF Conservative Portfolio will invest its assets in a single approved pooled investment fund. The Schroder MPF Conservative Portfolio will invest directly in permitted investments. Each Constituent Fund may in addition hold cash.

1.1.8 The Sun Life MPF Master Trust, its Constituent Funds and the approved pooled investment funds are governed by the law of the Hong Kong Special Administrative Region.

1.2 SCHEME STRUCTURE

A chart of the Sun Life MPF Master Trust, its Constituent Funds and underlying APIF(s) are set out below:

	SUN LIFE MPF MASTER TRUST – CONSTITUENT FUNDS												
Constituent Funds	Schroder MPF Conservative Portfolio	Schroder MPF Global Fixed Income Portfolio	Schroder MPF RMB and HKD Fixed Income Portfolio	Schroder MPF Capital Guaranteed Portfolio	Schroder MPF Capital Stable Portfolio	Schroder MPF Stable Growth Portfolio	Schroder MPF Balanced Investment Portfolio	Schroder MPF Growth Portfolio	Schroder MPF International Portfolio	Schroder MPF Asian Portfolio	Schroder MPF Hong Kong Portfolio	Schroder MPF Age 65 Plus Fund	Schroder MPF Core Accumulation Fund
	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
	Direct investments	Global Bond Fund	RMB and HKD Fixed Income Fund	FWD MPF Capital Guaranteed Policy	Schroder MPF Capital Stable Fund	Schroder MPF Stable Growth Fund	Schroder MPF Balanced Investment Fund	Schroder MPF Growth Fund	Schroder MPF International Fund	Schroder MPF Asian Fund	Hong Kong Equity Fund	Schroder MPF Core 20/80 Fund	Schroder MPF Core 60/40 Fund

2. DIRECTORY

Trustee and Custodian HSBC PROVIDENT FUND TRUSTEE (HONG KONG) LIMITED 1 Queen's Road Central Hong Kong	**Sponsor** SUN LIFE HONG KONG LIMITED 16th Floor, Cheung Kei Centre Tower A, No. 18 Hung Luen Road, Hunghom, Kowloon, Hong Kong
Investment Manager SCHRODER INVESTMENT MANAGEMENT (HONG KONG) LIMITED Level 33, Two Pacific Place 88 Queensway Hong Kong	**Auditors** PRICEWATERHOUSECOOPERS 22/F, Prince's Building, Central Hong Kong
Administrator, Record Keeper BESTSERVE FINANCIAL LIMITED 10th Floor, One Harbourfront 18 Tak Fung Street, Hunghom, Kowloon Hong Kong	

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

3.1 FUND OPTIONS

No.	Name of Constituent Fund	Investment Manager	Fund Structure	Fund Descriptor	Investment Focus
1.	Schroder MPF Capital Guaranteed Portfolio	Schroder Investment Management (Hong Kong) Limited	Investing in a single APIF	Guaranteed Fund (please refer to section 3.2.5.1 of the Brochure for details of the guarantee features and conditions)	Global bonds, equities and cash with the current proposed asset allocation of a range of 67% to 95%, 0% to 33%, and 0% to 33%, respectively
2.	Schroder MPF Conservative Portfolio	Schroder Investment Management (Hong Kong) Limited	Direct investment	Money Market Fund - Hong Kong	Deposits and debt securities
3.	Schroder MPF RMB and HKD Fixed Income Portfolio	Schroder Investment Management (Hong Kong) Limited	Investing in a single APIF	Bond Fund - RMB and HKD	At least 70% in RMB and HKD denominated debt securities issued outside of Mainland China and up to 30% in RMB and HKD denominated money market instruments
4.	Schroder MPF Capital Stable Portfolio	Schroder Investment Management (Hong Kong) Limited	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity - 40%	40% to 70% in bonds, 15% to 40% in equities, 0% to 30% in cash or cash equivalents
5.	Schroder MPF Stable Growth Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity - 60%	20% to 60% in bonds, 30% to 60% in equities, 0% to 20% in cash or cash equivalents
6.	Schroder MPF Balanced Investment Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity - 85%	0% to 40% in bonds, 45% to 85% in equities, 0% to 20% in cash or cash equivalents
7.	Schroder MPF Growth Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity - 100%	0% to 20% in bonds, 60% to 100% in equities, 0% to 30% in cash or cash equivalents
8.	Schroder MPF International Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Equity Fund - Global - Maximum equity - 100%	60% to 100% in equities, 0% to 40% in cash or cash equivalents
9.	Schroder MPF Asian Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Equity Fund - Asia ex Japan - Maximum equity - 100%	60% to 100% in equities, 0% to 40% in cash or cash equivalents
10.	Schroder MPF Hong Kong Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Equity Fund - Hong Kong - Maximum equity - 100%	90% to 100% in equities, 0% to 10% in cash or cash equivalents
11.	Schroder MPF Global Fixed Income Portfolio	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Bond Fund - Global	70% to 100% in bonds, 0% to 30% in cash or cash equivalents
12.	Schroder MPF Core Accumulation Fund	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity - 65%	55% to 65% in higher risk assets (such as global equities), 35% to 45% in lower risk assets (such as global fixed income and money market instruments)
13.	Schroder MPF Age 65 Plus Fund	Schroder Investment Management Hong Kong) Limited	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity - 25%	15% to 25% in higher risk assets (such as global equities), 75% to 85% in lower risk assets (such as global fixed income and money market instruments)

3.2 INVESTMENT POLICY OF THE CONSTITUENT FUNDS: STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

3.2.1 Each of the Constituent Funds has a different investment policy, achieved through investing its assets into an approved pooled investment fund (except for the Schroder MPF Conservative Portfolio, which invests directly in permitted investments). These policies are outlined below in the Statement of Investment Policy and Objectives for each Constituent Fund and in the common policies. The risk profile for each Constituent Fund as mentioned below is determined by the Investment Manager based on various factors including volatility, the investment objective and policy and asset allocations. This risk profile is provided for reference only, and may be updated periodically based on prevailing market circumstances. Investors should consider their own circumstances, including, without limitation, their own risk tolerance level, financial circumstances and investment objectives, before making any investment decisions. If you are in any doubt, you should seek independent professional financial advice.

3.2.2 The Investment Manager will give Participants in the Sun Life MPF Master Trust three months' notice or such shorter period of notice as agreed with the SFC and the MPFA before changes are made to the Statement of Investment Policy and Objectives.

3.2.3 Common policies on investment which apply to each Constituent Fund.

There are certain common policies of the Constituent Funds as follows which form part of the Statement of Investment Policy and Objectives:

3.2.3.1 Each Constituent Fund (other than the Schroder MPF Conservative Portfolio) will invest its assets in a single pooled investment fund but may also hold cash from time to time, up to a maximum of 5% of each fund.

3.2.3.2 None of the Constituent Funds (other than the Schroder MPF Conservative Portfolio) will have direct holdings of equities or bonds, its interest in such investments being achieved through an approved pooled investment fund.

3.2.3.3 None of the Constituent Funds will trade in futures or options, but may enter into currency forward contracts for the purposes of currency hedging. Their approved pooled investment funds may acquire futures and options for the purposes of investment or hedging subject to the restrictions in Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation.

3.2.3.4 None of the Constituent Funds or their approved pooled investment funds will lend securities.

3.2.3.5 Each Constituent Fund is subject to the investment and borrowing restrictions in Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation.

3.2.3.6 The intention is that the Constituent Funds (other than the Schroder MPF Conservative Portfolio) only invest in underlying approved pooled investment funds which have no less than 30% in Hong Kong dollar investments. However the Constituent Funds may hedge currency from time to time. The Schroder MPF Conservative Portfolio will invest directly in permitted investments (and will at all times have an effective Hong Kong currency exposure of 100%).

3.2.3.7 Investments may, however, only be acquired for the Constituent Funds in those countries or markets where the Trustee is satisfied that suitable arrangements can be made for their custody.

3.2.4 A number of funds shown below have references as being suitable for Lifecycle Products. Such a description refers to products that generally reflect an attitude to risk influenced by age and years to retirement. See also paragraph 3.3.1 in this regard.

3.2.5 **Statement of Investment Policy and Objectives**

The Statement of Investment Policy and Objectives which considers each fund's investment objectives, the types of intended investments and their relative proportion in each portfolio, the balance between different types of securities and other assets, the risk inherent in implementing the investment policy and the return expected to result from giving effect to the policy, for each of the Constituent Funds are as follows.

3.2.5.1 Schroder MPF Capital Guaranteed Portfolio

(a) Objective

The objective of the Schroder MPF Capital Guaranteed Portfolio is to achieve a positive return, after expenses, for as long as the investor remains invested in the Schroder MPF Capital Guaranteed Portfolio.

(b) Balance of investments

The Schroder MPF Capital Guaranteed Portfolio invests in an insurance policy which includes a guarantee. The insurance policy the (**"Insurance Policy"**) is an approved pooled investment fund and is issued by the insurer, FWD Life Insurance Company (Bermuda) Limited (formerly ING Life Insurance Company (Bermuda) Limited) (**"FWD"**).

Investments in the Insurance Policy are held as the assets of FWD. In the event where FWD is liquidated, you may not have access to your investment temporarily, or their value may be reduced.

Before you invest in the Schroder MPF Capital Guaranteed Portfolio, you should consider the risk posed by the insurer (referred to as "credit risk") under the circumstances set out above and, if necessary, seek additional information or advice.

The overall returns of the Schroder MPF Capital Guaranteed Portfolio will be those achieved from the Insurance Policy less expenses, charges and fees at the Constituent Fund Level.

The Insurance Policy is a Class G Insurance Policy and is managed, issued and guaranteed by FWD.

An investment in the Schroder MPF Capital Guaranteed Portfolio is not guaranteed at the Constituent Fund level, but the Insurance Policy in which the assets of the Portfolio will be invested is a guaranteed insurance policy.

The Insurance Policy invests into an underlying approved pooled investment fund and the investments of which will include global bonds, equities and cash with the current proposed asset allocation of a range of 67% to 95%, 0% to 33%, and 0% to 33% of the asset value respectively. The underlying approved pooled investment fund is globally diversified but with a bias towards Hong Kong and it will hold a minimum of 67% of its asset value in Hong Kong dollar investments at all times through direct holdings in equities, bonds and cash and/ or currency hedging.

The guarantee structure results in a dilution in performance.

__**Terms of the guarantee**__

(i) The guarantee is only a feature of the Schroder MPF Capital Guaranteed Portfolio and does not apply to any other Portfolio. Furthermore, FWD will only guarantee the amount that is invested in the Insurance Policy. Because of fees and expenses (as detailed in this Brochure) and the necessity to have a certain amount of cash and deposits in the Constituent Fund, this amount will be less than the amount invested in the Schroder MPF Capital Guaranteed Portfolio. As such the amount guaranteed will reflect these fees, expenses and such cash (see (iii) below and Appendix 1).

The amount of cash to be retained is estimated to be around 1% of assets, and will not exceed 5% of assets.

(ii) To qualify for the guarantee, a member of the Sun Life MPF Master Trust must hold a beneficial interest in the Schroder MPF Capital Guaranteed Portfolio at all times in the five year period (or over a lesser period if the member reaches the age of 65), referred to as "continuous investment".

A member (**"transferring member"**) who elects to transfer his accrued benefits invested in the Schroder MPF Capital Guaranteed Portfolio (A) held in one account within the Sun Life MPF Master Trust (**"existing account"**) to another account within the Sun Life MPF Master Trust (**"new account"**) (subject to as further described in the succeeding paragraphs); or (B) to another Constituent Fund(s) within the Sun Life MPF Master Trust; or (C) to another MPF scheme, in accordance with section 6.7. "Portability and Payment of Members' Benefits" will cease to have a "continuous investment" in the Schroder MPF Capital Guaranteed Portfolio in respect of the accrued benefits so transferred.

In relation to (A) described in the preceding paragraph, a transferring member will cease to have a "continuous investment" in the Schroder MPF Capital Guaranteed Portfolio if he elects to transfer between accounts within the Sun Life MPF Master Trust where such transfer involves a change in the class of units (e.g. from "Class B" to "Ordinary Class"), or where there is a change in his investment choice after the transfer from the existing account to the new account. In such case, a new investment period will begin from the date the accrued benefits transferred to the new account are invested in the Schroder MPF Capital Guaranteed Portfolio.

A transferring member will only be deemed to have a "continuous investment" in the Schroder MPF Capital Guaranteed Portfolio if he elects to transfer between accounts within the Sun Life MPF Master Trust and such transfer neither involves a change in the class of units nor a change in the investment choice i.e. the accrued benefits will continue to be invested in the same constituent funds, including the Schroder MPF Capital Guaranteed Portfolio, after the transfer from the existing account to the new account. In such case, the investment period will include the period of continuous investment in the Schroder MPF Capital Guaranteed Portfolio under the existing account prior to the transfer and under the new account after the transfer.

Save as described in the preceding paragraph, the timing at which an election to transfer is made may have impact on the guarantee entitlement of the transferring member:

(a) if the election to transfer is made at the end of a five year period of continuous investment or at a time when the other guarantee condition as set out in paragraph (iii) below is met, there will be no impact on the guarantee amounts credited or to be credited to the existing account of the transferring member at or prior to the time of such transfer;

(b) if the election to transfer is made at any time prior to the end of a five year period of continuous investment and the other guarantee condition as set out in paragraph (iii) below is not met, the transferring member will not qualify for the guarantee but only to the extent of the accrued benefits being so transferred and of which he has less than five year period of continuous investment in the Schroder MPF Capital Guaranteed Portfolio.

(iii) The guarantee will become effective:

- at the end of each five year period of continuous investment; and
- over a lesser period of continuous investment if the member reaches the age of 65.

The guarantee will not apply in any other circumstances where members are fully exposed to fluctuations in the value of the assets of the Schroder MPF Capital Guaranteed Portfolio. After each five year period of continuous investment has occurred, a new period will begin as long as the member remains invested in the Schroder MPF Capital Guaranteed Portfolio.

(iv) Subject to the guarantee terms described above, the guarantor will guarantee 100% of the capital value of that amount invested in the Insurance Policy which is attributable to each member who participates in the Schroder MPF Capital Guaranteed Portfolio. This capital amount will be the value of the member's accrued benefits in the Schroder MPF Capital Guaranteed Portfolio at the beginning of the continuous investment, plus that member's contributions to the Schroder MPF Capital Guaranteed Portfolio during the continuous investment (net of expenses, cash not invested in the Insurance Policy and any redemptions).

Any amount credited to the member's account under the guarantee will be invested in the Schroder MPF Capital Guaranteed Portfolio (subject to the member's right to make a switch to another Portfolio).

The guarantee may cease to apply to any amount so switched or transferred. Please refer to paragraph (ii) above for further details.

(v) Thus the amount that will be credited by FWD to the member's account at the end of five years of continuous investment will for each member be the decline if any in the value of the member's holding in the Schroder MPF Capital Guaranteed Portfolio adjusted for fees and expenses which are levied at the Constituent Fund level, redemptions and cash not invested in the Insurance Policy; the amount is to be calculated according to the formula set out in Appendix 1.

Duration of the guarantee

(vi) The guarantee will continue for as long as the Schroder MPF Capital Guaranteed Portfolio invests in the Insurance Policy which is a Class G policy issued by FWD which provides for a guarantee on the terms described in this Brochure.

(vii) FWD may change the terms of the guarantee described in this Brochure. Should there be any changes, members of the Sun Life MPF Master Trust who will be affected by the change will be informed as soon as practicable and in any event within 30 days after the Investment Manager is notified of the change. Members should be aware that if the investment policy of the Schroder MPF Capital Guaranteed Portfolio changes from that described in the paragraph above, then the guarantee may not apply. Neither the Trustee, the Sponsor nor Schroder Investment Management (Hong Kong) Limited accept any liability for any parts of the guarantee which is provided solely by FWD.

(viii) The long term return is expected to be in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(ix) Examples of the manner in which the guarantee works are given in Appendix 1.

(c) Security lending and repurchase agreements

The Schroder MPF Capital Guaranteed Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Capital Guaranteed Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Capital Guaranteed Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Capital Guaranteed Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The Schroder MPF Capital Guaranteed Portfolio is low risk and, as such is appropriate for those who wish to ensure that their benefits are not substantially less than their contributions at the end of a five year period or at aged 65.

(f) Risks

The performance of the Schroder MPF Capital Guaranteed Portfolio is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.2 Schroder MPF Conservative Portfolio

(a) Objective

The objective of the Schroder MPF Conservative Portfolio is to provide a return, after expenses, which matches or exceeds the Hong Kong dollar savings rate.

(b) Balance of investments

The Schroder MPF Conservative Portfolio's investments will be limited by the investment restrictions for a MPF conservative fund as defined in the MPF legislation and guidelines. In summary these are as follows:

(i) Deposits, less than 12 months maturity with banks meeting specific requirements.

(ii) Debt securities, with a maturity of 2 years or less issued by or guaranteed by the Government of the Hong Kong Special Administrative Region, the Exchange Fund, a company wholly owned by the Hong Kong Government; or a foreign government or multi-lateral agency (such as the World Bank) with the highest credit rating.

(iii) Debt securities, with a maturity of 1 year or less with a credit rating level set by the MPFA.

(iv) The average maturity of all securities must not exceed ninety days.

(v) The fund must be wholly invested in Hong Kong dollar currency investments.

The Schroder MPF Conservative Portfolio will hold a minimum of 100% in Hong Kong dollar investments at all times through direct holdings in the restricted investments shown above.

It should be noted that an investment in the Schroder MPF Conservative Portfolio is not the same as placing funds on deposit with a bank or deposit-taking company and that there is no obligation to redeem the investment at the offer value. It should also be noted that the Schroder MPF Conservative Portfolio is not subject to the supervision of the Hong Kong Monetary Authority.

(c) Security lending and repurchase agreements

The Schroder MPF Conservative Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Conservative Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The Schroder MPF Conservative Portfolio is low risk and, as such, is suitable for investors with less than 3 years before retirement.

The long term return is expected to be in line with deposit rates on Hong Kong dollars.

Schroder MPF Conservative Portfolio does not guarantee the repayment of capital.

(f) Risks

The performance of the Schroder MPF Conservative Portfolio is subject to a number of risks, including the following:

- General
- Currency and exchange risk
- Debt securities
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Investor risk

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.3 Schroder MPF RMB and HKD Fixed Income Portfolio

(a) Objective

The objective of the Schroder MPF RMB and HKD Fixed Income Portfolio is to provide a long term return of capital growth and income in Hong Kong dollar terms through investment in a portfolio consisting mainly of RMB and HKD denominated debt securities.

(b) Balance of investments

The Schroder MPF RMB and HKD Fixed Income Portfolio will invest in a single approved pooled investment fund, namely, the RMB and HKD Fixed Income Fund, a sub-fund of the Schroder Institutional Pooled Funds. This approved pooled investment fund makes direct investment principally in fixed and floating rate debt securities denominated in RMB and HKD issued by government, quasi-government, financial and corporate issuers worldwide. It may also invest in RMB and HKD denominated money market instruments including fixed deposits, certificates of deposits, commercial papers, treasury bills and cash.

The single approved pooled investment fund will invest at least 70% of its net asset value in RMB and HKD denominated debt securities issued outside of Mainland China. The RMB and HKD denominated debt securities that the single approved pooled investment fund invests will only comprise debt securities that meet the requirements under the Mandatory Provident Fund Schemes (General) Regulation including (i) debt securities issued by an Exempt Authority, (ii) debt securities which the repayment of the principal and the payment of interest is unconditionally guaranteed by an Exempt Authority, (iii) debt securities which meet the minimum credit rating requirements as stipulated by the MPFA or (iv) debt securities which are listed on any Approved Stock Exchange being securities issued by, or guaranteed by, a company or corporation whose shares are listed on that exchange or another Approved Stock Exchange. For the purposes herein:-

"Exempt Authority" means (a) the Government of the Hong Kong Special Administrative Region (**"Government"**); or (b) the Exchange Fund established by the Exchange Fund Ordinance (Cap 66); or (c) a company all of the shares of which are owned beneficially by the Government; or (d) a government, the central or reserve bank of a country or territory, or a multilateral international agency all with the highest possible credit rating determined by a credit rating agency approved by the MPFA.; and

"Approved Stock Exchange" means (a) a recognised stock market; or (b) any stock exchange established in a place outside Hong Kong that is declared by the MPFA by notice published in the Gazette to be an approved stock exchange for the purposes of the Mandatory Provident Fund Schemes (General) Regulation, as amended or supplemented from time to time.

It may also invest up to 30% of its net asset value in RMB and HKD denominated money market instruments.

To provide flexibility and for risk diversification purposes, it may invest up to 30% of its net asset value in non-RMB and non-HKD denominated debt securities and money market instruments which will primarily be denominated in US dollars but may also be denominated in other Asian currencies.

The approved pooled investment fund will not invest in debt securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade.

The approved pooled investment fund will not invest in any onshore RMB debt or equity securities, or any debt or equity securities issued within Mainland China through any qualified foreign institutional investor (QFII) quota.

For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Asset Allocation	
Debt securities	70% to 100%
Money market instruments	0% to 30%

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Currency Allocation	
RMB	30% to 70%
HKD	30% to 100%
Other currencies*	0% to 30%

*expected to be mainly US dollar but may also be other Asian currencies.

The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF RMB and HKD Fixed Income Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF RMB and HKD Fixed Income Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF RMB and HKD Fixed Income Portfolio will not enter into financial futures contracts and financial option contracts. The manager of the approved pooled investment fund may only enter into currency forward contracts for hedging purposes or for the purpose of settling a transaction relating to the acquisition of securities for the account of the approved pooled investment fund. The manager of the approved pooled investment fund may only enter into financial futures and options contracts for hedging purposes only on account of the approved pooled investment fund.

(e) Risk and return profile

The Schroder MPF RMB and HKD Fixed Income Portfolio is low risk and, as such, is suitable for investors with between 3 and 5 years before retirement.

The long term risk and return is expected to be associated primarily with the volatility and growth in the RMB and HKD denominated debt securities.

(f) Risks

The performance of the constituent fund is subject to a number of risks, including the following:

- General
- Currency and exchange risk
- Debt securities
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- China market risk
- The Renminbi currency risk
- Lack of supply of RMB denominated instruments

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.4 Schroder MPF Capital Stable Portfolio

(a) Objective

The objective of the Schroder MPF Capital Stable Portfolio is to achieve a long term return in-line with Hong Kong price inflation.

(b) Balance of investments

The Schroder MPF Capital Stable Portfolio will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and index-tracking collective investment schemes approved by the MPFA ("ITCIS").

The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Bonds	40% to 70%
US Dollar	5% to 60%
Global currencies ex US Dollar ex Hong Kong Dollar	5% to 40%
Hong Kong Dollar	0% to 50%
Equities	15% to 40%
Hong Kong	0% to 20%
Asia Ex Hong Kong Ex Japan	0% to 15%
United States	0% to 15%
Japan	0% to 10%
Europe	0% to 10%
Others	0% to 5%
Cash or cash equivalents	0% to 30%

The Schroder MPF Capital Stable Portfolio is suitable for inclusion in a lifecycle range of products.

The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Capital Stable Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Capital Stable Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Capital Stable Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Capital Stable Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The Schroder MPF Capital Stable Portfolio is medium risk and, as such, is suitable for investors with between 5 and 10 years before retirement.

The long term return is expected to be in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(f) Risks

The performance of the Schroder MPF Capital Stable Portfolio is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks relating to investments in ITCIS

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.5 Schroder MPF Stable Growth Portfolio

(a) Objective

The objective of the Schroder MPF Stable Growth Portfolio is to achieve a long term return in excess of Hong Kong price inflation.

(b) Balance of investments

The Schroder MPF Stable Growth Portfolio will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS.

The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Bonds	20% to 60%
US Dollar	5% to 55%
Global currencies ex US Dollar ex Hong Kong Dollar	5% to 60%
Hong Kong Dollar	0% to 30%
Equities	30% to 60%
Hong Kong	5% to 30%
Asia ex Hong Kong ex Japan	0% to 15%
United States	0% to 25%
Japan	0% to 15%
Europe	0% to 15%
Others	0% to 5%
Cash or cash equivalents	0% to 20%

The Schroder MPF Stable Growth Portfolio is suitable for inclusion in a lifecycle range of products.

The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Stable Growth Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Stable Growth Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Stable Growth Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Stable Growth Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The Schroder MPF Stable Growth Portfolio is medium risk and, as such, is suitable for investors with between 5 and 10 years before retirement.

The long term return is expected to be in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(f) Risks

The performance of the Schroder MPF Stable Growth Portfolio is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks relating to investments in ITCIS

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.6 Schroder MPF Balanced Investment Portfolio

(a) Objective

The objective of the Schroder MPF Balanced Investment Portfolio is to achieve a long term return in excess of salary inflation in Hong Kong.

(b) Balance of investments

The Schroder MPF Balanced Investment Portfolio will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS.

The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Bonds	0% to 40%
US Dollar	0% to 25%
Global currencies ex US Dollar ex Hong Kong Dollar	0% to 40%
Hong Kong Dollar	0% to 20%
Equities	45% to 85%
Hong Kong	10% to 40%
Asia ex Hong Kong ex Japan	0% to 25%
United States	5% to 30%
Japan	0% to 20%
Europe	0% to 25%
Others	0% to 10%
Cash or cash equivalents	0% to 20%

The Schroder MPF Balanced Investment Portfolio is suitable for inclusion in a lifecycle range of products.

The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Balanced Investment Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Balanced Investment Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Balanced Investment Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Balanced Investment Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The risk profile of the Schroder MPF Balanced Investment Portfolio is relatively high and, as such, is suitable for investors with more than ten years before retirement.

The long term return is expected to be modestly in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).

(f) Risks

The performance of the constituent fund is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks relating to investments in ITCIS

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.7 Schroder MPF Growth Portfolio

(a) Objective

The objective of the Schroder MPF Growth Portfolio is to achieve a long term return in excess of salary inflation in Hong Kong.

(b) Balance of investments

The Schroder MPF Growth Portfolio will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS.

The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Bonds	0% to 20%
US Dollar	0% to 15%
Global currencies ex US Dollar ex Hong Kong Dollar	0% to 20%
Hong Kong Dollar	0% to 10%
Equities	60% to 100%
Hong Kong	0% to 50%
Asia ex Hong Kong ex Japan	0% to 30%
United States	0% to 40%
Japan	0% to 20%
Europe	0% to 30%
Others	0% to 5%
Cash or cash equivalents	0% to 30%

The Schroder MPF Growth Portfolio is suitable for inclusion in a lifecycle range of products.

The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Growth Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Growth Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Growth Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Growth Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The risk profile of the Schroder MPF Growth Portfolio is relatively high and, as such, is suitable for investors with more than 10 years before retirement.

The long term return is expected to be modestly in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).

(f) Risks

The performance of the constituent fund is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks relating to investments in ITCIS

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.8 Schroder MPF International Portfolio

(a) Objective

The objective of the Schroder MPF International Portfolio is to achieve long term capital growth.

(b) Balance of investments

The Schroder MPF International Portfolio will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS.

The underlying investments of the portfolio will primarily include quoted securities and cash deposits worldwide. The portfolio is globally diversified. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Equities	60% to 100%
Pacific excluding Japan	0% to 20%
United States	10% to 70%
Japan	0% to 25%
Europe	10% to 50%
Others	0% to 20%
Cash or cash equivalents	0% to 40%

It will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF International Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF International Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF International Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF International Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The risk profile of the Schroder MPF International Portfolio is relatively high and, as such, is suitable for investors seeking long term capital appreciation.

The long term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(f) Risks

The performance of the constituent fund is subject to a number of risks, including the following:

- General
- Market risk
- Equity investment risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks relating to investments in ITCIS

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.9 Schroder MPF Asian Portfolio

(a) Objective

The objective of the Schroder MPF Asian Portfolio is to achieve long term capital growth.

(b) Balance of investments

The Schroder MPF Asian Portfolio will invest in a single approved pooled investment fund the non-cash investments of which primarily invest in Asian (ex-Japan) equities.

The approved pooled investment fund may invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the Mandatory Provident Fund Schemes (General) Regulation, including without limitation shares of companies listed on the stock exchange(s) of the People's Republic of China (the **"PRC"**) via the Stock Connect programme (the **"Stock Connect"**). The fund may hold cash, bank deposits or cash equivalents for ancillary purposes. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Equities	60% to 100%
Hong Kong	20% to 70%
Singapore	0% to 30%
Malaysia	0% to 20%
Korea	0% to 40%
Taiwan	0% to 40%
Thailand	0% to 20%
Philippines	0% to 10%
India	0% to 40%
Others	0% to 10%
Cash and cash equivalents	0% to 40%

The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Asian Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Asian Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Asian Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Asian Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The risk profile of the Schroder MPF Asian Portfolio is relatively high and, as such, is suitable for investors seeking long term capital appreciation.

The long term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(f) Risks

The performance of the constituent fund is subject to a number of risks, including the following:

- General
- Market risk
- Equity investment risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks associated with Stock Connect
- Risks relating to China A-Shares market

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.10 Schroder MPF Hong Kong Portfolio

(a) Objective

The objective of the Schroder MPF Hong Kong Portfolio is to achieve long term capital growth.

(b) Balance of investments

The Schroder MPF Hong Kong Portfolio will invest in a single approved pooled investment fund, namely, the Hong Kong Equity Fund, a sub-fund of the Schroder Institutional Pooled Funds, which makes direct investment primarily in Hong Kong equities.

The approved pooled investment fund may hold cash, bank deposits or cash equivalents for ancillary purposes. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Equities	90% to 100%
Hong Kong	90% to 100%
Cash or cash equivalents	0% to 10%

It will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Hong Kong Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Hong Kong Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Hong Kong Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Hong Kong Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The risk profile of the Schroder MPF Hong Kong Portfolio is relatively high and, as such, is suitable for investors with more than ten years before retirement.

The long term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

(f) Risks

The performance of the Schroder MPF Hong Kong Portfolio is subject to a number of risks, including the following:

- General
- Market risk
- Equity investment risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.2.5.11 Schroder MPF Global Fixed Income Portfolio

(a) Objective

The objective of the Schroder MPF Global Fixed Income Portfolio is to provide security of capital[1] and a comparatively high income return.

(b) Balance of investments

The Schroder MPF Global Fixed Income Portfolio will invest in a single approved pooled investment fund which makes direct investments primarily in fixed interest and floating rate securities, money market instruments and cash deposits while maintaining a high income yield. The Schroder MPF Global Fixed Income Portfolio may hold cash, bank deposits or cash equivalents for ancillary purposes. For indicative purposes, current proposed allocation of the assets of the portfolio is set out below. Investors should note that the actual allocation may at times be varied from that shown below as market, economic and other conditions change.

Bonds	70% to 100%
US Dollar	10% to 90%
Global currencies Ex US Dollar	10% to 90%
Cash or cash equivalents	0% to 30%

Bonds held will be primarily issued in the major economies of the world.

It will hold a minimum of 30% in Hong Kong dollar investments at all times.

(c) Security lending and repurchase agreements

The Schroder MPF Global Fixed Income Portfolio will not engage in securities lending or repurchase agreements. The underlying APIF of the Schroder MPF Global Fixed Income Portfolio will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Schroder MPF Global Fixed Income Portfolio will not enter into financial futures contracts and financial option contracts. The underlying APIF of the Schroder MPF Global Fixed Income Portfolio will not enter into financial futures contracts and financial option contracts.

(e) Risk and return profile

The Schroder MPF Global Fixed Income Portfolio is low risk and, as such, is suitable for investors with between 3 and 5 years before retirement.

The long term risk and return of the Schroder MPF Global Fixed Income Portfolio will be associated primarily with the volatility and growth in global bonds.

(f) Risks

The performance of the Schroder MPF Global Fixed Income Portfolio is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

[1] The portfolio is not a guaranteed fund. It cannot be guaranteed that the performance of the portfolio will generate a return and there may be circumstances where no return is generated or the capital is lost.

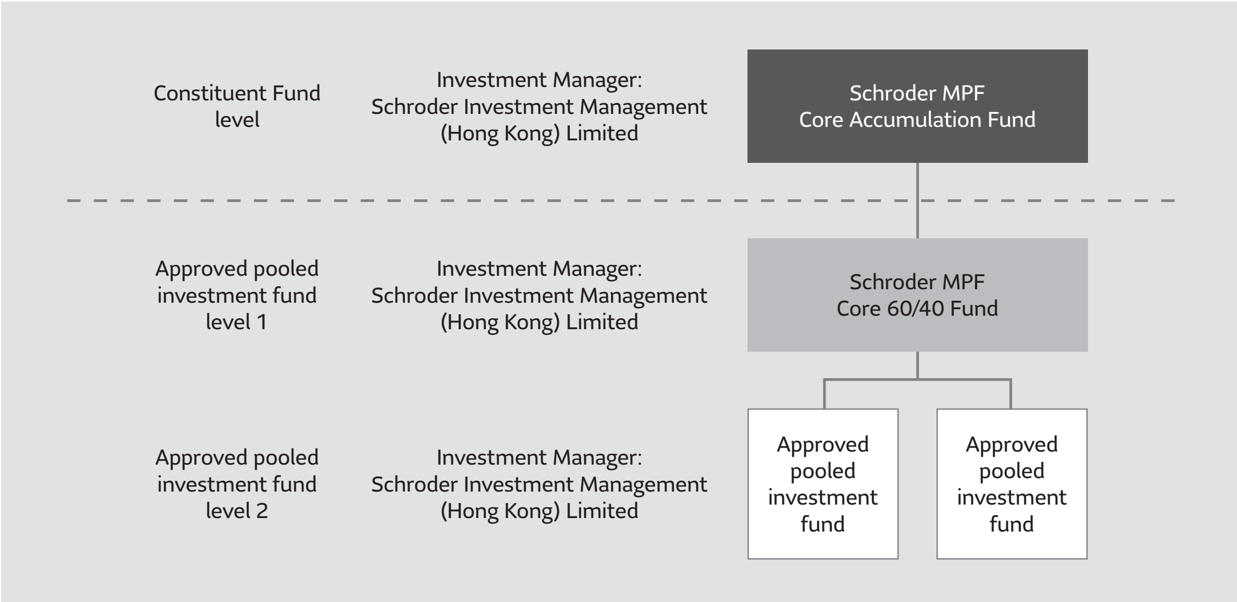
3.2.5.12 Schroder MPF Core Accumulation Fund ("CAF")

(a) Objective

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

(b) Balance of investments

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:



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).

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.

The geographical allocation is as follows:

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%
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%

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 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.

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.

(c) Security lending and repurchase agreements

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.

(d) Futures and options

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.

(e) Risk and Return Profile

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

The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the CAF. For further information, please refer to paragraph 3.3.6. The return of the CAF over the long term is expected to be similar to the return of the Reference Portfolio.

(f) Risks

The performance of the CAF is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks associated with investment in the DIS Funds as standalone investments
- Risks associated with Default Investment Strategy

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

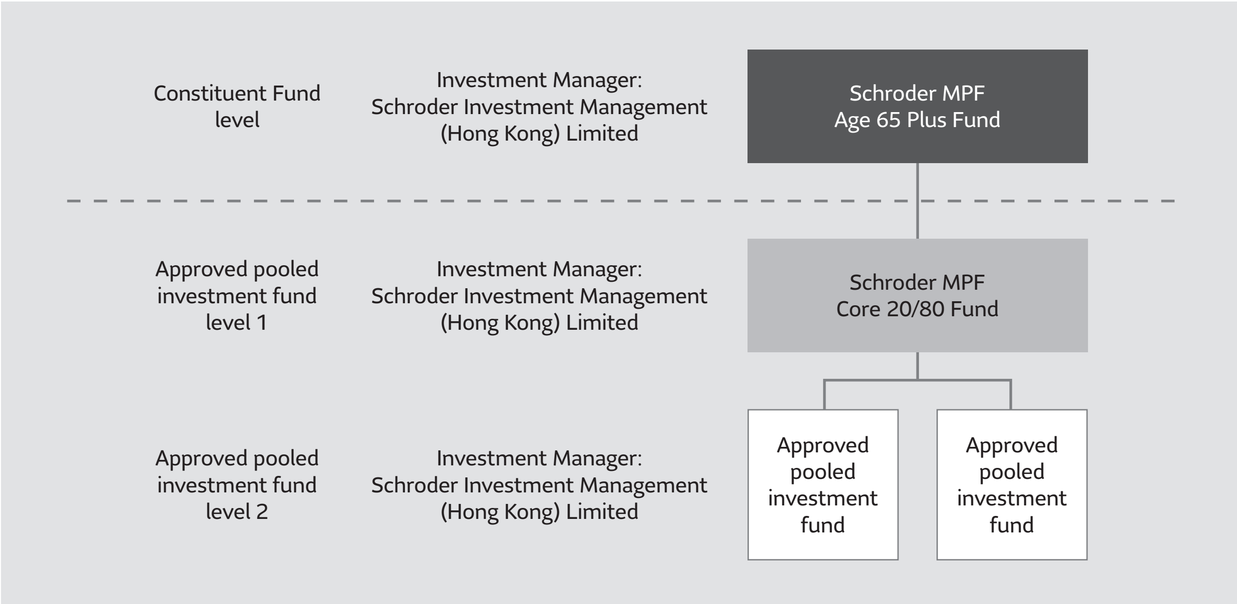
3.2.5.13 Schroder MPF Age 65 Plus Fund ("A65F")

(a) Objective

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

(b) Balance of investments

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:



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).

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.

The geographical allocation is as follows:

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%

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 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.

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.

(c) Security lending and repurchase agreements

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.

(d) Futures and options

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 Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) for hedging purposes only.

(e) Risk and Return Profile

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

The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the A65F. For further information, please refer to paragraph 3.3.6. The return of the A65F over the long term is expected to be similar to the return of the Reference Portfolio.

(f) Risks

The performance of A65F is subject to a number of risks, including the following:

- General
- Market risk
- Currency and exchange risk
- Equity investment risk
- Sovereign risk
- Interest rates
- Credit risk
- Counterparty, custody and settlement risk
- Liquidity risk
- Investor risk
- Emerging and less developed markets securities risk
- Risks associated with investment in the DIS Funds as standalone investments
- Risks associated with Default Investment Strategy

Please refer to the Risks section (section 4) for a detailed description of the risks listed above.

3.3 DEFAULT FUND AND DEFAULT INVESTMENT STRATEGY

3.3.1 Investment instructions given in the manner and subject to such terms and conditions as prescribed in the relevant forms will be valid investment instructions and in such cases, a member will be regarded as having given specific investment instructions for the purpose of section 34DA of the Mandatory Provident Fund Schemes Ordinance (**"MPF Ordinance"**). 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"**).

A member wishing to invest in the DIS (as described in paragraph 3.3.5) or the Fund Cruiser (as described in paragraph 3.3.4) is required to give an investment instruction to invest 100% of his future contributions and accrued benefits transferred from another scheme in all sub-accounts in the DIS or the Fund Cruiser, as the case may be.

With effect from 1 April 2017, 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.

3.3.2 The DIS will also be applied if a member does not complete an appropriate form in respect of any amounts which are invested in a Constituent Fund which is terminated. 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.

3.3.3 The Trustee and the Investment Manager will have no responsibility for any investment losses sustained by any member as a result of the "Fund Cruiser" or the "DIS".

3.3.4 Fund Cruiser

The Fund Cruiser (previously known as the "Default Option") is generally applicable as the default investment arrangement for members who have a Pre-existing Account and who are aged 60 or above before 1 April 2017. For other members who hold a Pre-existing Account, please see paragraph 3.3.5 and paragraph 6.2.2 below for further details on the circumstances in which the Fund Cruiser may apply to Pre-existing Accounts.

The Fund Cruiser is also available as a separate investment choice to a member who chooses the Fund Cruiser as his investment instruction. 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 as described in the next paragraph. 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 1 April 2017.

Where the Fund Cruiser applies, the member's contributions and accumulated balances will be invested as follows, determined on the basis of the age of the member: -

Age of member	**Constituent Fund Selected**
Below 50	Schroder MPF Balanced Investment Portfolio
From 50 to 55	Schroder MPF Stable Growth Portfolio
From 56 to 61	Schroder MPF Capital Stable Portfolio
62 or over	Schroder MPF Conservative Portfolio

The member's balances and contributions will be switched automatically when he reaches the next age band as specified above from time to time. The member may choose not to adopt the "Fund Cruiser" at any time if he so wishes by completing an appropriate form available from the Administrator to switch out his entire balances and contributions from the Fund Cruiser and change his investment instructions to invest into individual Constituent Funds or the DIS (as described in paragraph 3.3.5 below).

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 the DIS or the Constituent Fund(s) (as the case may be); **<u>and*</u>** - change his investment instruction to invest future contributions into the Fund Cruise
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; **<u>and*</u>** - 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.

The DIS will be introduced from 1 April 2017 to replace the Fund Cruiser as the default investment arrangement. A transitional arrangement will be in place whereby subject to compliance with the requirements under the MPF Ordinance, the accrued benefits in the relevant Pre-existing Account which have been invested in the Fund Cruiser may be invested in accordance with the DIS. For further information about the transitional arrangement, please refer to paragraph 6.2.2 below.

3.3.5 Default Investment Strategy

The 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 any investment choice or have not given a valid investment instruction in respect of an account opened on or after 1 April 2017, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS (as further described in paragraph 6.2 below). The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes. Please see paragraph 6.2 below for further details on the circumstances in which the DIS applies.

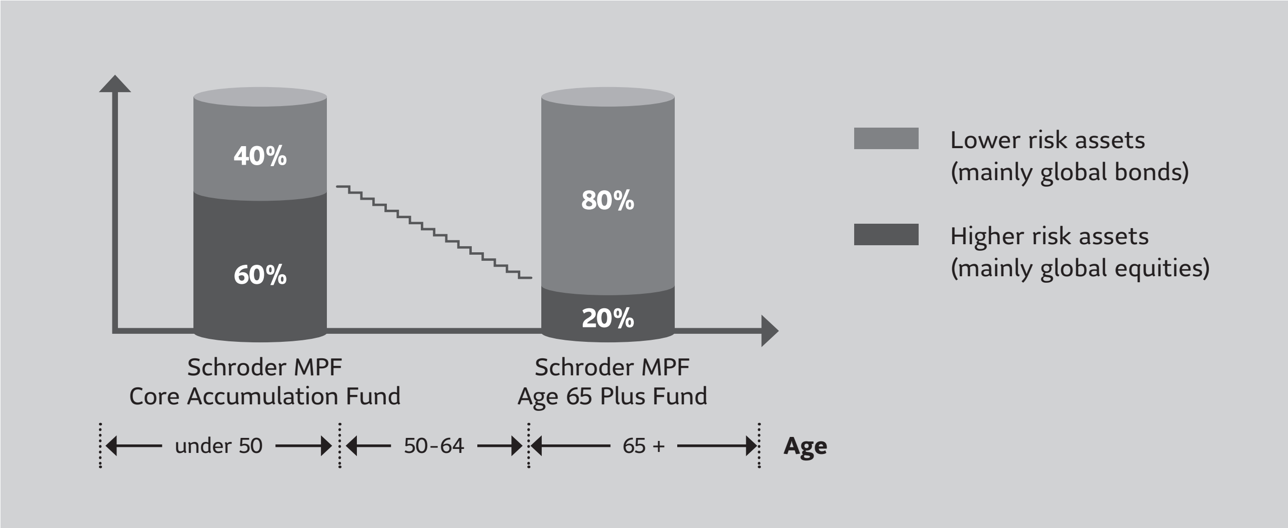
3.3.5.1 Asset Allocation of the DIS

The DIS aims to balance the long term effects of investment risk and return through investing in two Constituent Funds, namely the CAF and the A65F, according to the pre-set allocation percentages at different ages. The CAF will invest around 60% of its net asset value in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% of its net asset value in lower risk assets (lower risk assets generally mean bonds, money market instruments, cash or similar investments) of its net asset value whereas the A65F will invest around 20% of its net asset value in higher risk assets and 80% of its net asset value in lower risk assets. Both DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, bonds, money market instruments and cash, and other types of assets allowed under the Mandatory Provident Fund legislation. For further information on the investment objective and policies of each of the DIS Funds, please refer to paragraphs 3.2.5.12 and 3.2.5.13.

3.3.5.2 De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts investment 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 after reaching 50 years of age. Such de-risking is to be achieved by way of reducing the holding in CAF and increasing the holding in A65F throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets 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.

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



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

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the CAF to the A65F under the DIS. Switching of the existing accrued benefits among the CAF and the A65F will be automatically carried out each year (**"annual de-risking"**) generally, on the relevant member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below. 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 below, 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.

Notwithstanding the preceding paragraph, 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 deferred 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. Please refer to paragraphs 6.9, 6.3 and 6.10 regarding the procedures for contribution, withdrawal and switching respectively.

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 Administrator 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.

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.

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).

In summary under the DIS:

- When a member is below the age of 50, all his contributions and accrued benefits transferred from another scheme will be invested in the CAF.
- When a member is between the ages of 50 and 64, all his contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between the CAF and A65F as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above.
- When a member reaches the age of 64, all his contributions and accrued benefits transferred from another scheme will be invested in the A65F.

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.

Diagram 2: DIS De-risking Table

Age	Schroder MPF Core Accumulation Fund	Schroder MPF Age 65 Plus Fund
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 CAF and A65F is made at the point of annual de-risking and the proportion of CAF and A65F in the DIS portfolio may vary during the year due to market fluctuations.

3.3.5.3 Switching 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 thirteen Constituent Funds, or (ii) in the Fund Cruiser or (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:

<table>
<tr><th colspan="2">Switching into the DIS</th></tr>
<tr><td>From the Fund Cruiser

A member is required to:
- switch out his entire accrued benefits invested in the Fund Cruiser;
<u>and*</u>
- change his investment instruction to invest future contributions into the DIS</td><td>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 Constituent Fund(s)#</td></tr>
<tr><th colspan="2">Switching out of the DIS</th></tr>
<tr><td>Into the Fund Cruiser

A member is required to:
- switch out his entire accrued benefits invested according to the DIS;
<u>and*</u>
- change his investment instruction to invest future contributions into the Fund Cruiser</td><td>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#</td></tr>
</table>

* 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.

3.3.6 Information on Performance of the DIS Funds

The fund performance of the CAF and A65F 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).

To provide a common reference point for performance and asset allocation of the CAF and A65F, the Reference Portfolio is adopted for the purpose of the DIS. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association, please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the funds and consider whether the investments still suit their personal needs and circumstances.

3.4 INVESTMENT AND BORROWING RESTRICTIONS

The Sun Life MPF Master Trust and its Constituent Funds are subject to the investment and borrowing restrictions in Schedule I of the Mandatory Provident Fund Schemes (General) Regulation.

3.5 CHANGE ON INVESTMENT POLICY AND OBJECTIVES

The Investment Manager will give three months' notice or such shorter period of notice as agreed with the SFC and the MPFA to participants before any change investment policy and objectives of a Constituent Fund.

4. RISKS

4.1 Risk Factors

Each of these investments involves risks. Members of the Sun Life MPF Master Trust should appreciate each Constituent Fund has different levels of risk and that those at the higher risk end of the spectrum are likely to be more volatile in terms of short term performance, a concept often described as investment risk.

The value of any of the Constituent Funds offered by the Sun Life MPF Master Trust may rise and fall; no predictions as to a return may be taken as definitive over any period of time other than the circumstances where a guarantee applies through investment in the Schroder MPF Capital Guaranteed Portfolio.

4.1.1 General

- The prices of units of the Constituent Fund depend on the market values of the Constituent Fund's investments and such prices as well as the income from units can go down as well as up. Past performance of the Constituent Fund does not indicate the future performance. Investment in the Constituent Funds is not capital guaranteed and is only suitable for investors who can leave their capital for medium to long-term investment and are prepared for medium to high level of risk.
- For the Constituent Fund, the underlying approved pooled investment fund (the **"Approved Pooled Investment Funds"**) of which is a feeder fund or a fund of funds, the Constituent Fund's performance will be affected by the performance of the underlying fund(s) of the Approved Pooled Investment Fund (the **"Underlying Funds"**) and is subject to all the risks associated with the Underlying Funds' investments and cash exposure including, among others, market, interest rate, currency, exchange rate, economic, credit, liquidity, counterparty, foreign securities and political risks. Investors will bear the recurring expenses of the Approved Pooled Investment Fund in addition to the expenses of the Underlying Funds, and therefore, the returns that they may obtain may not reflect the returns that they obtained by investing directly in the Underlying Funds.
- Investment objective expresses an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and macro economic environment, investment objective may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objectives for the Constituent Funds.
- The Schroder MPF Conservative Portfolio does not guarantee capital repayment. A member's rights to benefits in respect of any units held for the account of the member in the Schroder MPF Conservative Portfolio are limited to the redemption price of such units at the relevant time, which may be more or less than the price at which such units were issued.
- Investment in the Constituent Funds is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Schroder MPF Capital Guaranteed Portfolio invests solely in the Insurance Policy provided by FWD. The guarantee is also given by FWD. Your investments in the Schroder MPF Capital Guaranteed Portfolio, if any, are therefore subject to the credit risk of FWD. Please also refer to section 3.2.5.1 for details of guarantee features and guarantee conditions.
- Investment decisions of the Underlying Funds are made at the level of such Underlying Funds and it is possible that the managers of such Underlying Funds will take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Consequently there is concentration risk.
- The Approved Pooled Investment Funds invest in a number of Underlying Funds, which employ different strategies and objectives and invest in types of securities and markets. Each type of security and market bears certain kinds of risks that may or may not be unique to the type of security and market. There is no assurance that the risks involved in different types of securities and markets are uncorrelated or independent and that investment diversification will remove risks.

4.1.2 Market risk

- Investors should be aware that the value of securities in which the Approved Pooled Investment Funds and the Underlying Funds invest, and the return derived from it can fluctuate. The Approved Pooled Investment Funds and the Underlying Funds invest in and actively trade securities utilising strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the fixed income and equity and the risks associated with foreign securities. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as actions by various governmental agencies and domestic or international economic and political developments, may cause sharp market fluctuations, which could significantly and adversely affect the results of the Constituent Funds, Approved Pooled Investment Funds and the Underlying Funds. In addition, the value of the Approved Pooled Investment Funds may fluctuate as the general level of interest rates fluctuates.

4.1.3 Currency and exchange risk

- Investments of the Approved Pooled Investment Funds and the Underlying Funds may be denominated in a wide range of currencies different from the base currency of the Constituent Funds. This exposes the Constituent Funds to exchange rate fluctuations and currency risk. The performance of such Constituent Fund will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the currency of denomination of the relevant Constituent Fund.
- A Constituent Fund and/or an Approved Pooled Investment Fund may enter into currency forward contracts to hedge their currency risk. However, it may not be possible or practicable to hedge against the consequential currency risk exposure and in certain instances the Investment Manager or the manager of the Approved Pooled Investment Fund (as the case may be) may not consider it desirable to hedge against such risk.
- Currency forward contracts, unlike financial futures contracts, are not traded on exchanges and are not standardised; rather, authorised financial institutions or eligible overseas bank act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is substantially unregulated, there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Constituent Fund which acquires currency forward contracts.

4.1.4 Equity investment risk

- The Approved Pooled Investment Fund's investment in equity securities is subject to the risk that the market value of the stocks may go down as well as up due to numerous factors such as changes in investment sentiment, political environment, economic environment, regional or global economic instability, currency and interest rate fluctuations. If the market value of the stocks go down the net asset value of the Approved Pooled Investment Funds may be adversely affected.

4.1.5 Debt securities

- "Investment grade" debt securities generally have a high capacity to pay interest and repay principal when compared to lower-rated bonds and notes. However, there are no assurances that losses will not occur with respect to these investments. The principal factors that may affect the value of the Approved Pooled Investment Fund and Underlying Fund's securities holdings include: (i) changes in interest rates, (ii) the credit worthiness of the issuers of securities held by the Approved Pooled Investment Funds and the Underlying Funds, (iii) unanticipated prepayment, and (iv) the decline of the relevant bond market.
- Investment grade securities (including RMB denominated debt securities) may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit rating of a debt security or issuer relating to a debt security, the investment value of the Approved Pooled Investment Funds and the Underlying Funds in such security may be adversely affected.

4.1.6 Sovereign risk

- Securities issued by, or the payment principal and interest on, which is guaranteed by or any fixed interest investment issued by a public or local authority or nationalised industry of developed or developing countries governments is subject to sovereign risk. The entity that controls the repayment may not be able or willing to repay the principal and/ or interest when due or in a timely manner. In the event that any controlling entity experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the prices of the Approved Pooled Investment Funds and the Underlying Funds and in turn affect the net asset value per unit.

4.1.7 Interest rates

- Changes in market interest rates will affect the value of securities held by the Approved Pooled Investment Funds and the Underlying Funds. Long-term securities are generally more sensitive to changes in interest rates and, therefore, are subject to a greater degree of market price volatility. To the extent the Approved Pooled Investment Funds and the Underlying Funds hold long-term fixed income securities, their net asset values will be subject to a greater degree of fluctuation than if they held fixed income securities of a shorter duration.

4.1.8 Credit risk

- Bonds or other debt securities (including RMB denominated debt securities) involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/ or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the prices of the Approved Pooled Investment Funds and the Underlying Funds and in turn affect the net asset value per unit.

- Many emerging market countries have accumulated substantial debt servicing obligations. This may adversely affect their ability to service their debts and increase the likelihood of their defaulting on their obligations. It should also be noted that investment of any Approved Pooled Investment Funds and the Underlying Funds in securities issued by corporations may represent a higher credit risk than investment in securities issued by governments.
- The ratings of fixed-income securities (including RMB denominated debt securities) by credit rating agencies are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category.
- RMB denominated debt securities and bank deposits that the Approved Pooled Investment Funds and the Underlying Funds invest in are typically unsecured debt obligations and are not supported by any collateral. The Approved Pooled Investment Funds and the Underlying Funds will be fully exposed to the credit/ insolvency risk of their counterparties as an unsecured creditor.

4.1.9 Counterparty, custody and settlement risk

- The Approved Pooled Investment Funds and the Underlying Funds may be exposed to a credit risk on counterparties with whom they trade securities, and may also bear the risk of settlement default. As the Approved Pooled Investment Funds and the Underlying Funds may also directly or indirectly invest in securities in emerging markets where settlement mechanisms are generally less developed and reliable than those in more developed countries. This therefore increases the risk of settlement default which could result in substantial losses for the Approved Pooled Investment Funds and the Underlying Funds in respect of investments in emerging markets.
- The Approved Pooled Investment Funds may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Approved Pooled Investment Funds that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability. The Approved Pooled Investment Funds' cash account will usually be maintained on the custodian's records, but the balances may be held by a sub-custodian which poses an additional risk.

4.1.10 Liquidity risk

- Not all securities or investments held by the Approved Pooled Investment Funds and the Underlying Funds will be listed or rated or actively traded and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Approved Pooled Investment Funds and the Underlying Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. Moreover, there is no assurance that the liquidity of the Approved Pooled Investment Funds and the Underlying Funds will always be sufficient to meet redemption requests as and when made.
- In addition, an Approved Pooled Investment Fund that invests in unlisted RMB debt securities will be subject to additional liquidity risks. The offshore RMB debt securities market has continued to develop although the trading volume may be less than that of a more developed market. The market liquidity for RMB debt securities has enhanced following measures by the Chinese government to gradually expand the use of RMB outside the People's Republic of China (**"PRC"**) and the increased number of issues in RMB debt securities in the offshore primary market. However, there is no guarantee that there will be an active secondary market for all offshore RMB debt instruments. In the absence of an active secondary market, such investments may need to be held until their maturity date. If sizeable redemption requests are received, the relevant Approved Pooled Investment Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and it may suffer significant losses in trading such investments. Even if a secondary market is developed, the prices at which such investments are traded may be higher or lower than the initial subscription prices due to many factors including the prevailing interest rates.
- In addition, an Approved Pooled Investment Fund may invest in RMB debt instruments which are not listed. Even if the RMB debt instruments are listed, there may not be a liquid or active market for such investments. As a result, the bid and offer spreads of the price of such instruments may be substantial and hence the relevant Approved Pooled Investment Fund may suffer significant losses due to increased trading and realisation costs thereby affecting the net asset value of the Constituent Funds. In respect of the listed debt instruments, the relevant Approved Pooled Investment Fund may be subject to the risk of not being able to sell them over the exchange on a timely basis, or may have to sell at a substantial discount to their face values. This may not only adversely affect the liquidity and net asset value of the relevant Approved Pooled Investment Fund but also the Constituent Funds.

4.1.11 Investor risk

- Substantial redemptions of units (which are more likely to occur in adverse economic or market conditions) could require the manager to liquidate investments of the Approved Pooled Investment Funds more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions and to achieve a position appropriately reflecting the smaller equity base. This could adversely affect the net asset value of both units being redeemed and of remaining units.
- The managers of Approved Pooled Investment Funds are entitled under certain circumstances specified in the trust deed to suspend dealings in the units of the respective Approved Pooled Investment Funds. In this event, valuation of the net asset value of the relevant Approved Pooled Investment Fund will be suspended, and any affected redemption applications and payment of redemption proceeds will be deferred. The risk of decline in net asset value of the units during the period up to the redemption of the units is borne by the redeeming unitholders.

4.1.12 Emerging and less developed markets securities risk

- Emerging or developing countries may have relatively unstable governments, economies based on a less diversified industrial base and securities markets that trade a smaller number of securities. Companies in emerging markets may generally be smaller, less experienced and more recently organised than many companies in more developed markets. Prices of securities traded in the securities markets of emerging or developing countries tend to be volatile. Furthermore, foreign investors are often subject to restrictions in emerging or developing countries. These restrictions may require, among other things, governmental approval prior to making investments or repatriating income or capital, or may impose limits on the amount or type of securities held by foreigners or on the companies in which the foreigners may invest.
- The economies of individual emerging countries may differ favourably or unfavourably from developed economies in such respects as growth of gross domestic product, rates of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payment position and may be based on a substantially less diversified industrial base. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade.
- Risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Approved Pooled Investment Funds could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

4.1.13 China market risk

- Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.
- The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.
- Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Approved Pooled Investment Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

4.1.14 The Renminbi currency risk

- Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China.
- As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government.
- The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. An Approved Pooled Investment Fund investing in Renminbi investments is denominated and dealt in HKD and not in RMB. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Approved Pooled Investment Fund and thus the value of the relevant Constituent Fund may also be adversely affected.

4.1.15 Lack of supply of RMB denominated instruments

- Although the issuance of offshore RMB debt instruments has increased substantially in recent years, supply may lag the demand for offshore RMB debt instruments under certain circumstances. In some cases, new issues of offshore RMB debt instruments may be oversubscribed and may be priced higher than and/or trade with a lower yield than equivalent onshore RMB debt instruments. If the onshore RMB debt instruments market subsequently opens up, this may lead to the convergence of the yields in the two markets. This may result in higher yields for the offshore RMB debt instruments and, consequently, decrease the price of such offshore RMB debt instruments. This may affect the net asset value of the Approved Pooled Investment Funds that invests in such RMB debt instruments and in turn the net asset value of the Constituent Funds.
- Certain offshore RMB debt instruments available in the market may not meet the requirements under Schedule I of the Mandatory Provident Fund Schemes (General) Regulation. Although it is expected that there will be sufficient issues of debt instruments that meet the requirements, the choice of investment may not be as diverse as other types of funds.

4.1.16 Risks relating to investments in ITCIS

- An ITCIS may be traded at a market price, which may be different from its net asset value and may fluctuate. The market price of the units in an ITCIS may sometimes trade above or below its net asset value. There is a risk, therefore, that the Approved Pooled Investment Funds investing in ITCIS may not be able to buy or sell at a price close to the net asset value of the ITCIS. The deviation from net asset value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for the constituent stocks traded on the relevant stock exchange(s).
- There may be a failure by an ITCIS to fully replicate the performance of its underlying index. While an ITCIS in which the Approved Pooled Investment Funds invests will seek to track the performance of its underlying index, changes in the net asset value of the ITCIS may not replicate exactly changes in the relevant underlying index. The ITCIS's net asset value may be lower or higher than the relative level of the underlying index it tracks due to a number of factors including (i) costs and expenses incurred by the ITCIS, (ii) cash balances held by the ITCIS during times when the constituent stocks of its underlying index are unavailable or when the investment manager of the ITCIS determines it is in the best interest of the ITCIS to do so; and (iii) timing differences between changes in the underlying index and the corresponding adjustment to the shares which comprise the ITCIS's portfolio.

4.1.17 Risks associated with Stock Connect

- Certain Approved Pooled Investment Funds and Underlying Funds may invest up to 10% of their net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the Mandatory Provident Fund Schemes (General) Regulation, including without limitation shares of companies listed on the stock exchange(s) of the PRC (**"China A-Shares"**). Investment in China A-Shares may be made via the Stock Connect.
- The Stock Connect is a securities trading and clearing linked program with an aim to achieve mutual stock market access between the PRC and Hong Kong. The Stock Connect enables the relevant Approved Pooled Investment Fund and Underlying Fund to trade eligible China A-Shares listed on the relevant stock exchange(s) in the PRC.

- The relevant regulations for Stock Connect are untested and subject to change which may have potential retrospective effect. The programme is subject to quota limitations which may restrict the ability of the relevant Approved Pooled Investment Fund and Underlying Fund to invest in China A-Shares through the program on a timely basis and as a result, their ability to access the China A-Shares market (and hence to pursue the relevant investment strategy) will be adversely affected. Apart from restrictions on buying (due to quota limitations), the PRC regulations impose certain restrictions on selling (i.e. requiring that there must be sufficient China A-Shares in the account before an investor sells any China A-Share). Hence, the Approved Pooled Investment Fund and Underlying Fund may not be able to dispose of holdings of China A-Shares in a timely manner. Also, a stock may be recalled from the scope of eligible stocks for trading via the Stock Connect. This may adversely affect the investment portfolio or strategies of the Approved Pooled Investment Fund and Underlying Fund, for example, when the investment manager wishes to purchase a stock which is recalled from the scope of eligible stocks. Due to the differences in trading days, the relevant Approved Pooled Investment Fund and Underlying Fund may be subject to a risk of price fluctuations in China A-Shares on a day that the PRC market is open for trading but the Hong Kong market is close.
- Trading in securities through the Stock Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities / make payment, the relevant Approved Pooled Investment Fund and Underlying Fund may suffer delays in recovering its losses or may not be able to fully recover their losses.
- The Hong Kong Securities Clearing Company Limited (**"HKSCC"**) holds the China A-Shares as a nominee on behalf of the relevant Approved Pooled Investment Fund and Underlying Fund who is the beneficial owner of such shares. As the nominee holder HKSCC is prepared to provide assistance to beneficial owners of China A-Shares (held through the Stock Connect) where necessary subject to conditions being made, thus, the relevant Approved Pooled Investment Fund and Underlying Fund may encounter difficulties or delays in any action to enforce its rights.
- The Stock Connect is premised on the functioning of the operational systems of the relevant market participants and may be subject to operational risk due to these new information technology systems.
- Further, investments through the Stock Connect held by the relevant Approved Pooled Investment Fund and Underlying Fund are not covered by the Hong Kong's Investor Compensation Fund.

4.1.18 Risks relating to China A-Shares market

- Certain Approved Pooled Investment Funds and Underlying Funds may invest in China A-Shares via the Stock Connect. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. Whilst the number of available share issues continues to increase, availability remains limited as compared with the choice available in other developed financial markets. This can impact on the level of liquidity in the stock markets which in turn can lead to price volatility. The price at which securities may be purchased or sold by the Approved Pooled Investment Fund and Underlying Fund and their net asset value may be adversely affected if trading markets for China A-Shares are limited or absent. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Approved Pooled Investment Fund and Underlying Fund which invest in the China A-Shares market.
- Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the investment manager to liquidate positions and can thereby expose the Approved Pooled Investment Fund and Underlying Fund which invest in the China A-Share market to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the investment manager to liquidate positions at a favourable price.

4.1.19 Risks associated with investment in the DIS Funds as standalone investments

- The asset allocation of the DIS Funds is prescribed under the MPF Ordinance. This may limit the ability of the investment manager of the underlying approved pooled investment funds to adjust the portfolio allocation in accordance with market conditions. The DIS Funds have to follow the prescribed allocation between high risk assets and low risk assets at all times, regardless of whether more defensive or aggressive asset allocation approach would be appropriate under certain circumstances. In addition, in order to maintain the prescribed asset allocation, investments of the DIS Funds may be periodically rebalanced and therefore the DIS Funds may incur greater transaction costs than funds with static allocation strategy.

4.2 RISKS ASSOCIATED WITH THE DEFAULT INVESTMENT STRATEGY

For general key risks relating to investment funds, please refer to paragraph 4.1.

Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

4.2.1 Limitations on the strategy

4.2.1.1 Age as the sole factor in determining the asset allocation under the DIS

As set out in more detail in paragraph 3.3.5.2 above, members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of Constituent Funds from the range available in the Sun Life MPF Master Trust.

4.2.1.2 Pre-set asset allocation

Members should note that the two DIS Funds have to follow the prescribed allocation between higher risk assets and lower risk assets at all times subject to a tolerance level of +5% or -5%. The prescribed exposure between higher risk and lower risk assets of CAF and A65F will limit the ability of the investment manager of these two DIS Funds and their underlying approved pooled investment funds (as applicable) to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce higher risk assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase higher risk assets exposure) even if, for some reason, the investment manager thought it appropriate to do so.

4.2.1.3 Annual de-risking between the DIS Funds

Members should note that de-risking for each relevant member will generally be carried out on a member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to higher risk assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions. It is possible that the de-risking process is done at a time which may result in members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate members from "systemic risk", such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

4.2.1.4 Potential rebalancing within each DIS Fund

In order to maintain the prescribed allocation between the higher risk assets and lower risk assets within each of the CAF and A65F, the investments of each of the CAF and A65F may have to be continuously rebalanced. For example, when the higher risk assets perform poorly, the CAF's or A65F's asset allocation may fall outside the respective prescribed limit. In this case, each of the CAF and A65F will have to liquidate some of the better performing lower risk assets in order to invest more in the higher risk assets, even if the investment manager is of the view that the higher risk assets might continue to perform poorly.

4.2.1.5 Additional transaction costs

Due to (a) the potential rebalancing of higher risk assets and lower risks assets in the process of maintaining the prescribed allocation within each of the CAF and A65F and (b) the annual reallocation of accrued benefits for members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

4.2.2 General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those members with only a short investment horizon before retirement). The two DIS Funds are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in the DIS Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to paragraph 4.1 of the Brochure.

4.2.3 Risk on early withdrawal and switching

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.

4.2.4 Impact on members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/on-going contribution, if any, will be invested in the A65F which holds around 20% of its assets in higher risk assets which may not be suitable for all members beyond the age of 64.

4.3 RISK CLASS

Information about the latest risk class of each Constituent Fund under the Sun Life MPF Master Trust is available in the latest fund fact sheet of each Constituent Fund under the Sun Life MPF Master Trust and the following website www.sunlife.com.hk[3].

5. FEES AND CHARGES

5.1 EXPENSES, FEES AND CHARGES

5.1.1 Expenses, fees and charges are levied on the Sun Life MPF Master Trust, its Constituent Funds and the Approved Pooled Investment Funds. Details are shown below and are repeated in tabular form in section 5.2.

5.1.2 There are no performance fees, exit fees, transfer fees, switching fees or termination fees for any Constituent Fund or any of the underlying approved pooled investment funds. There is currently no offer spread (i.e. initial charge as defined in the Trust Deed) or bid spread (i.e. redemption charge as defined in the Trust Deed) for any Constituent Fund, although the Sponsor has power to impose such spread (but will not do so without giving at least 3 months prior notice). Any offer spread for any Constituent Fund will not exceed 5% of the issue price (exclusive of such offer spread), and any bid spread will not exceed 2% of the redemption price (exclusive of such bid spread). The Sponsor also has power under the Trust Deed to levy a contribution charge (not exceeding 3% of any contribution paid to the Sun Life MPF Master Trust) in respect of any Constituent Fund. The Sponsor does not presently intend to levy a contribution charge, and will not do so without giving at least 3 months' notice.

5.1.3 For the Schroder MPF Conservative Portfolio, no administration expenses may be charged except when the monthly return is above an average savings rate, as published by the MPFA.

5.1.4 Changes to the fees shown in this Brochure may only be made under the terms of the trust deed of the Sun Life MPF Master Trust (and subject to the maximum level for the appropriate fee as stated in the trust deed) and in any event members of the Sun Life MPF Master Trust will be given three months' prior written notice in case of any increase in fees and charges.

5.1.5 Expenses, fees and charges on the Constituent Funds

Each Constituent Fund will have expenses, fees and charges based on its respective net asset value and deducted from each Constituent Fund, subject as described below. The annual fees shown below are based on the net asset value and will be calculated and accrue daily.

The schedule of fees currently applicable is as follows:

5.1.5.1 Trustee Fee

Trustee Fee applicable to all Constituent Funds except the Schroder MPF Conservative Portfolio and the Schroder MPF Global Fixed Income Portfolio: 0.1% of net asset value per annum:

Trustee Fee[2] applicable to the Schroder MPF Conservative Portfolio: 0.15% of net asset value per annum.

Trustee Fee[2] applicable to the Schroder MPF Global Fixed Income Portfolio: 0.06% of net asset value per annum.

The Trustee is paid the Trustee Fee for providing trustee and fund administrative services to the Sun Life MPF Master Trust.

5.1.5.2 Administration and record keeping fee and sponsor fee

Administration and record keeping fee and sponsor fee payable to the record keeper and administrator[3] and the Sponsor respectively except the Schroder MPF Global Fixed Income Portfolio, the CAF and A65F: up to 0.75% of net asset value per annum. The fee level applicable to each class of units may be different, please refer to the section 5.3 (Breakdown of Fees) for details.

Administration and record keeping fee and sponsor fee payable to the record keeper and administrator and the Sponsor respectively applicable to Schroder MPF Global Fixed Income Portfolio, the CAF and A65F: up to 0.40% of net asset value per annum. The fee level applicable to each class of units (if any) may be different, please refer to the section 5.3 (Breakdown of Fees) for details.

The Administrator is paid the administration and record keeping fee for providing administrative services, for example, enrolling members, handling contributions and withdrawals, maintaining account records of participating employers and members, and members' communication, to the Sun Life MPF Master Trust. The Sponsor is paid the sponsor fee for providing client servicing, members' communication and investor education services to the Sun Life MPF Master Trust and providing ancillary services to the Trustee.

[2] The maximum level of fee permitted under the trust deed to be paid to the trustee is 1.5% of net asset value per annum.
[3] The maximum level of fee permitted under the trust deed to be paid to the record keeper and administrator is 2.5% of net asset value per annum.

5.1.5.3 Investment management charge

The investment management charge payable to the Investment Manager for the Schroder MPF Global Fixed Income Portfolio will be 0.30% of the net asset value per annum, the Schroder MPF Conservative Portfolio will be 0.25% of the net asset value per annum and the CAF and A65F will be 0.25% of their respective net asset value per annum[4]. There will be no investment management charge for the other Constituent Funds (but an investment management charge will apply to the underlying approved pooled investment funds, as described at 5.1.5.6.4). The Investment Manager and the managers of the relevant underlying approved pooled investment funds are paid the investment management charge for providing investment management services, for example, asset and security selection and monitoring of investments.

5.1.5.4 Service fees of CAF and A65F

Notwithstanding the level of service fees as stated above, in accordance with the Mandatory Provident Fund legislation, 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 of each of the DIS Funds divided by the number of days in the year. The above aggregate payments for services include, 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 promoter (if any) of the Sun Life MPF Master Trust and the underlying investment fund(s) of the respective DIS Fund, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund 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). In addition, the total amount of all payments that are charged to or imposed on a DIS Fund or members who invest in a DIS Fund, 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 a DIS Fund, shall not in a single year exceed 0.2% of the net asset value of a DIS Fund. 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 the net asset value 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 a 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.

5.1.5.5 Expenses and charges

5.1.5.5.1 Subject to the foregoing, the following will be charged:

(a) Expenses and charges relating to audit, accounting, legal charges, printing, advertising of unit prices, publishing of notices.

(b) Any registration or other fees (as applicable) required by the SFC, MPFA or any other authority, MPF levies, MPF Compensation Fund fees, stamp duties and other fiscal statutory charges and taxes or any other similar charges and bank charges.

(c) Amortisation charge (see paragraph 5.1.5.5.2).

(d) In relation to the Schroder MPF Conservative Portfolio, there will also be the normal cost of managing securities, including commissions, taxes, stamp duties and other charges payable on the buying and selling of securities, the costs of their custody, delivery and dividend and interest collection and bank charges.

5.1.5.5.2 The amortisation charge in connection with administrative expenses relating to the establishment and authorisation of Sun Life MPF Master Trust was fully amortised, save and except for Schroder MPF Global Fixed Income Portfolio, Schroder MPF Core Accumulation Fund and Schroder MPF A65 Plus Fund. The costs and expenses of establishment of the Schroder MPF Global Fixed Income Portfolio are estimated to be approximately HK$100,000 and will be borne by the Schroder MPF Global Fixed Income Portfolio. The costs and expenses will be amortized on a straight-line basis over a period of 5 years from the third anniversary of the commencement date of the Schroder MPF Global Fixed Income Portfolio, unless otherwise determined by the Manager with the approval of the Trustee. If the Schroder MPF Global Fixed Income Portfolio is wound-up prior to the costs and expenses being fully amortized, such unamortized amount will be borne by the Schroder MPF Global Fixed Income Portfolio prior to its termination. The costs and expenses relating to the establishment of the Schroder MPF Core Accumulation Fund and Schroder MPF A65 Plus Fund and the introduction of the DIS, which amount to approximately HK$1,020,000, will be charged to the Sun Life MPF Master Trust across all Constituent Funds pro-rata to the net asset value of each Constituent Fund of the Master Trust and amortised on a straight-line basis over a period of 6 months from 1 April 2017 unless otherwise determined by the Manager with the approval of the Trustee.

[4] The maximum level of investment management charge permitted under the trust deed in relation to any Constituent Fund is 1.5% of net asset value per annum.

5.1.5.5.3 No advertising, promotional or other selling expenses will be levied or recovered from the Sun Life MPF Master Trust, its Constituent Funds or any of the approved underlying pooled investment funds managed by the Investment Manager.

5.1.5.5.4 As far as practical, audit, accounting, legal charges, printing, the advertising of unit prices, publishing of notices, and MPF levies, MPF Compensation fund fees and other statutory charges will be estimated and accrue daily until they are payable.

5.1.5.5.5 The MPF legislation requires that arrangements for service providers, such as the trustee, administrator and record keeper and investment manager, to pay fees to one another in respect of the Sun Life MPF Master Trust are disclosed. It has been agreed that the Investment Manager may, in circumstances where the return from the Schroder MPF Conservative Portfolio does not allow the deduction of the charge for the Trustee Fee or for administration and record keeping, make a payment to the Trustee and administrator and record keeper. Please also see paragraph 5.1.5.6.4 below.

5.1.5.6 Expenses, fees and charges on the approved pooled investment funds

5.1.5.6.1 Each approved pooled investment fund will have expenses, fees and charges based on the net asset value, plus other costs related to their operation such as any registration or other fees (as applicable) required by the SFC, MPFA or any other authority, audit, accounting, legal fees, printing and the advertising of unit prices.

5.1.5.6.2 There will also be the normal cost of managing securities, including commissions, taxes, stamp duties and other charges payable on the buying and selling of securities, the costs of their custody, delivery and dividend and interest collection and bank charges.

5.1.5.6.3 Administrative expenses relating to the establishment of each of the approved pooled investment funds was fully amortised. Administrative expenses relating to the establishment of the underlying approved pooled investment fund of Insurance Policy (i.e. the insurance policy invested in by the Schroder MPF Capital Guaranteed Portfolio) will be paid from the assets of the underlying approved pooled investment fund. Such expenses are estimated to be approximately HK$10,000 and will be amortised over the first financial year of the underlying approved pooled investment fund.

5.1.5.6.4 The aggregate management fees payable to Investment Manager[5] and trustee fees payable to the Trustee[5] at the levels of the underlying approved pooled investment funds and the funds in which they invest (except for ITCIS which is subject to its own fees and charges), if any, are summarised in the table headed "Breakdown of fees of the relevant underlying funds" under the section 5.3 (Breakdown of Fees). Where an underlying approved pooled investment fund invests in an ITCIS, each ITCIS will be subject to its own fees and charges. The fees and charges payable by the ITCIS will not have any impact on the overall aggregate management fees payable by the relevant underlying approved pooled investment fund and the relevant Constituent Fund.

5.1.5.6.5 The insurer of the Insurance Policy which constitutes the underlying approved pooled investment fund relating to the Schroder MPF Capital Guaranteed Portfolio (i.e. FWD) will receive a guarantee charge to be levied solely at the discretion of FWD within the range of 0.0-0.725% per annum (with the maximum charge of 1% per annum) of the underlying net asset value of the Insurance Policy in addition to the Investment Management Fee (with the current fee shown in the table under paragraph 5.1.5.6.4 and the maximum fee of 2% of the net asset value per annum) and Trustee Fee (with the current fee shown in the table under paragraph 5.1.5.6.4 and the maximum fee of 0.5% of the net asset value per annum) of the underlying approved pooled investment fund of the Insurance Policy. FWD will also be entitled to recover the cost of operation specified in paragraphs 5.1.5.6.1 and 5.1.5.6.2. No other fees will be levied.

5.1.5.6.6 The underlying approved pooled investment funds of the CAF and the A65F will not be charged the investment management fees or the trustee fees (as set out in the table under paragraph 5.1.5.6.4).

5.1.5.6.7 A subscription and redemption price will be declared for the Insurance Policy which is the underlying approved pooled investment fund for the Schroder MPF Capital Guaranteed Portfolio.

5.1.5.6.8 The underlying approved pooled investment fund for all other Constituent Funds other than the Schroder MPF Capital Guaranteed Portfolio will waive all front end fees for investment by the Constituent Funds of the Sun Life MPF Master Trust. The Insurance Policy of the Schroder MPF Capital Guaranteed Portfolio does not charge front end fees.

[5] The approved pooled investment funds indirectly bear the fees payable by the underlying funds in which they invest.

5.2 FEE TABLE

The following table describes the fees, charges and expenses that participating employers and members may pay upon and after joining the scheme. Important explanatory notes and definitions are set out at the bottom of the table.

(A) JOINING FEE AND ANNUAL FEE			
Type of fees	**Current amount (HK$)**		**Payable by**
	Ordinary	Class B	
Joining fee[1]	N/A		N/A
Annual fee[2]	N/A		N/A

(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT				
Types of fees, expenses & charges	**Name of Constituent Fund**	**Current level**		**Payable by**
		Ordinary	**Class B**	
Contribution charge[3] and Withdrawal charge[6]	Schroder MPF RMB and HKD Fixed Income Portfolio	Currently waived		
	Schroder MPF Capital Stable Portfolio	Currently waived		
	Schroder MPF Stable Growth Portfolio	Currently waived		
	Schroder MPF Balanced Investment Portfolio	Currently waived		
	Schroder MPF Growth Portfolio	Currently waived		
	Schroder MPF International Portfolio	Currently waived		
	Schroder MPF Asian Portfolio	Currently waived		
	Schroder MPF Hong Kong Portfolio	Currently waived		
	Schroder MPF Conservative Portfolio	N/A		
	Schroder MPF Capital Guaranteed Portfolio	Currently waived		
	Schroder MPF Global Fixed Income Portfolio	Currently waived		
	Schroder MPF Core Accumulation Fund	Currently waived		
	Schroder MPF Age 65 Plus Fund	Currently waived		
Offer spread[4] and Bid spread[5]	Schroder MPF RMB and HKD Fixed Income Portfolio	Currently waived		
	Schroder MPF Capital Stable Portfolio	Currently waived		
	Schroder MPF Stable Growth Portfolio	Currently waived		
	Schroder MPF Balanced Investment Portfolio	Currently waived		
	Schroder MPF Growth Portfolio	Currently waived		
	Schroder MPF International Portfolio	Currently waived		
	Schroder MPF Asian Portfolio	Currently waived		
	Schroder MPF Hong Kong Portfolio	Currently waived		
	Schroder MPF Conservative Portfolio	N/A		
	Schroder MPF Capital Guaranteed Portfolio	Currently waived		
	Schroder MPF Global Fixed Income Portfolio	Currently waived		
	Schroder MPF Core Accumulation Fund	Currently waived		
	Schroder MPF Age 65 Plus Fund	Currently waived		

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS				
Types of fees, expenses & charges	**Name of Constituent Fund**	**Current level (% p.a. of NAV)**		**Deducted from**
		Ordinary	**Class B**	
Management fees[7]	Schroder MPF RMB and HKD Fixed Income Portfolio	0.85%	0.70%	Relevant Constituent Fund assets
	Schroder MPF Capital Stable Portfolio	0.85%	0.65%	
	Schroder MPF Stable Growth Portfolio	0.85%	0.65%	
	Schroder MPF Balanced Investment Portfolio	0.85%	0.65%	
	Schroder MPF Growth Portfolio	0.85%	0.65%	
	Schroder MPF International Portfolio	0.85%	0.65%	
	Schroder MPF Asian Portfolio	0.85%	0.65%	
	Schroder MPF Hong Kong Portfolio	0.85%	0.65%	
	Schroder MPF Conservative Portfolio	1.15%	1.0%	
	Schroder MPF Capital Guaranteed Portfolio	0.85%	0.65%	
	Schroder MPF Global Fixed Income Portfolio	0.76%	0.71%	
Payment for services relating to DIS (see paragraph 5.1.5.4 for details of fees)	Schroder MPF Core Accumulation Fund	0.75%		Relevant Constituent Fund assets
	Schroder MPF Age 65 Plus Fund	0.75%		
Guarantee charge[8]	Schroder MPF Capital Guaranteed Portfolio	Nil		
Other expenses	Include but not limited to expenses and charges relating to audit, accounting, legal charges, compensation fund levy (if any), printing, publishing of unit prices and publishing of notices. Certain recurrent out-of-pocket expenses relating to the CAF and the A65F are subject to a statutory annual limit of 0.20% of the net asset value of each DIS Fund and will not be imposed on the DIS Funds in excess of that amount. For details of "other expenses", please refer to paragraph 5.1 (Expenses, Fees and Charges) of the Brochure.			

(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS (AND THE FUNDS IN WHICH THEY INVEST, IF ANY)			
Types of fees, expenses & charges	**Name of Constituent Fund**	**Management Fee (% p.a. of NAV)**	**Deducted from**
		Current level	
Management fees[7]	Schroder MPF RMB and HKD Fixed Income Portfolio	0.57%	Relevant Constituent Fund assets
	Schroder MPF Capital Stable Portfolio	0.735%	
	Schroder MPF Stable Growth Portfolio	0.735%	
	Schroder MPF Balanced Investment Portfolio	0.735%	
	Schroder MPF Growth Portfolio	0.735%	
	Schroder MPF International Portfolio	0.735%	
	Schroder MPF Asian Portfolio	0.725%	
	Schroder MPF Hong Kong Portfolio	0.695%	
	Schroder MPF Capital Guaranteed Portfolio	0.695%	
	Schroder MPF Global Fixed Income Portfolio	0.07%	
	Schroder MPF Core Accumulation Fund	Nil	
	Schroder MPF Age 65 Plus Fund	Nil	
Guarantee charge[8]	Schroder MPF Capital Guaranteed Portfolio	0.0 - 0.725%	
Other expenses	Include but not limited to expenses and charges relating to audit, accounting, legal charges, compensation fund levy (if any), printing, publishing of unit prices and publishing of notices. For details of "other expenses", please refer to paragraph "Expenses" of the offering document/brochure of the respective approved pooled investment fund.		

(E) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES – Nil

5.2.1 Definitions

The following are the definitions of the different types of fees and charges.

1. **"Joining fee"** means the one-off fee charged by the trustee/sponsor of a scheme and payable by the employers and/or members upon joining the scheme.
2. **"Annual fee"** means the fee charged by the trustee/sponsor of a scheme on an annual basis and payable by the employers and/or members of the scheme.
3. **"Contribution charge"** means the fee charged by the trustee/sponsor of a scheme against any contributions paid to the scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to the Schroder MPF Conservative Portfolio.
4. **"Offer spread"** (i.e. "Initial Charge" as defined in the Trust Deed) is charged by the trustee/sponsor upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to the Schroder MPF Conservative Portfolio. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer and are payable to a party other than the trustee.
5. **"Bid spread"** (i.e. "Redemption Charge" as defined in the Trust Deed) is charged by the trustee/sponsor upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to the Schroder MPF Conservative Portfolio. Bid spread for a transfer of benefits, or withdrawal of benefits in a lump sum or by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
6. **"Withdrawal charge"** means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the Schroder MPF Conservative Portfolio. A withdrawal charge for a transfer of benefits, or withdrawal of benefits in a lump sum or by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
7. **"Management fees"** include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor or promoter (if any) of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund. In the case of the DIS Funds management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the net asset value of a DIS Fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the relevant DIS Fund which applies across both the DIS Fund and its underlying approved pooled investment funds.
8. **"Guarantee charge"** refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of a guaranteed fund.

5.2.2 Explanatory Notes

In respect of any increase in fees and charges from the current level as stated, at least three months prior notice must be given to all scheme members and participating employers.

Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. The Schroder MPF Conservative Portfolio uses method (i) and, therefore, unit prices/NAV/fund performance quoted have incorporated the impact of fees and charges.

5.2.2.1 On-going Cost Illustrations and Illustrative Example

A document that illustrates the on-going costs on contributions to each of the Constituent Funds in Sun Life MPF Master Trust (except for Schroder MPF Conservative Portfolio) (**"OCI"**) and the illustrative example for Schroder MPF Conservative Portfolio is currently made available for distribution together with this Brochure. Before making any investment decisions concerning investments in any of the Constituent Funds, you should ensure that you have the latest version of the OCI or illustrative example (as the case may be) which can be obtained from the Administrator or the Sponsor upon request.

5.3 BREAKDOWN OF FEES

The following aims to provide a breakdown of the management fees set out in Part C and Part D of the fee table in section 5.2 (Fee Table) above. For the avoidance of doubt, this is NOT an extra fee, charge or expense to be levied on either the participating employers or members.

5.3.1 Breakdown of fees of the relevant Constituent Fund

Name of Constituent Fund	Investment Management Fee (% p.a. of NAV)		Trustee Fee / Custodian Fee (% p.a. of NAV)		Administration Fee (% p.a. of NAV)		Sponsor Fee (% p.a. of NAV)	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
Schroder MPF RMB and HKD Fixed Income Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.45%	0.15%	0.15%
Schroder MPF Capital Stable Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF Stable Growth Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF Balanced Investment Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF Growth Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF International Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF Asian Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF Hong Kong Portfolio	Nil	Nil	0.10%	0.10%	0.60%	0.40%	0.15%	0.15%
Schroder MPF Conservative Portfolio	0.25%	0.25%	0.15%	0.15%	0.60%	0.45%	0.15%	0.15%
Schroder MPF Capital Guaranteed Portfolio	Nil	Nil	0.10%	0.10%	0.75%	0.55%	Nil	Nil
Schroder MPF Global Fixed Income Portfolio	0.30%	0.30%	0.06%	0.06%	0.40%	0.35%	Nil	Nil
Schroder MPF Core Accumulation Fund	0.25%		0.10%		0.40%		Nil	
Schroder MPF Age 65 Plus Fund	0.25%		0.10%		0.40%		Nil	

5.3.2 Breakdown of fees of the relevant underlying funds

Name of Constituent Fund	Investment Management Fee[2] (% p.a. of NAV)		Trustee Fee[3] (% p.a. of NAV)	
	Ordinary	Class B	Ordinary	Class B
Schroder MPF RMB and HKD Fixed Income Portfolio	0.50%	0.50%	0.07%	0.07%
Schroder MPF Capital Stable Portfolio	0.625%	0.625%	0.11%	0.11%
Schroder MPF Stable Growth Portfolio	0.625%	0.625%	0.11%	0.11%
Schroder MPF Balanced Investment Portfolio	0.625%	0.625%	0.11%	0.11%
Schroder MPF Growth Portfolio	0.625%	0.625%	0.11%	0.11%
Schroder MPF International Portfolio	0.625%	0.625%	0.11%	0.11%
Schroder MPF Asian Portfolio	0.625%	0.625%	0.10%	0.10%
Schroder MPF Hong Kong Portfolio	0.625%	0.625%	0.07%	0.07%
Schroder MPF Capital Guaranteed Portfolio	0.625%	0.625%	0.07%	0.07%
Schroder MPF Global Fixed Income Portfolio	Nil	Nil	0.07%	0.07%
Schroder MPF Core Accumulation Fund	Nil		Nil	
Schroder MPF Age 65 Plus Fund	Nil		Nil	

[1] Not applicable to the Schroder MPF Conservative Portfolio which is a direct investment fund.

[2] The maximum permitted investment management fee under the trust deed of the underlying approved pooled investment funds in which the Constituent Funds invest are 1.5% of net asset value per annum (except the Insurance Policy which constitutes the underlying approved pooled investment fund of the Schroder MPF Capital Guaranteed Portfolio, and the underlying approved pooled investment funds of the CAF and the A65F, the position of which is described at paragraphs 5.1.5.6.5 and 5.1.5.6.6).

[3] The maximum permitted trustee fee under the trust deed of the underlying approved pooled investment funds in which the Constituent Funds invest are 0.5% of net asset value per annum (except the Insurance Policy which constitutes the underlying approved pooled investment fund of the Schroder MPF Capital Guaranteed Portfolio, and the underlying approved pooled investment funds of the CAF and the A65F, the relevant fees of which are described at paragraphs 5.1.6.5 and 5.1.6.6).

6. ADMINISTRATIVE PROCEDURES

6.1 MEMBERSHIP

6.1.1 In accordance with the Trust Deed and Master Trust Scheme Rules, membership of the Sun Life MPF Master Trust is open to eligible employees of employers who have joined the Sun Life MPF Master Trust, and to self-employed persons, for both mandatory contributions and voluntary contributions. This can include employees who are not obliged to make mandatory contributions to an MPF scheme. Membership as a Personal Account Member is also open to persons who wish to transfer their accrued benefits from other schemes but who do not wish to make mandatory contributions to the Sun Life MPF Master Trust (and are not required to do so). This includes an employee who wishes to transfer to the Sun Life MPF Master Trust, his accrued benefits attributable to (i) the mandatory contributions made by him in respect of his current employment; or (ii) the mandatory contributions paid by or in respect of such employee that are attributable to his former employments or former self-employments; or (iii) all or any one or more of his personal accounts with another scheme. An employed member who transfers his accrued benefits in his contribution account(s) within the Sun Life MPF Master Trust that are attributable to his mandatory contributions in respect of his current employment and/or accrued benefits derived from mandatory contributions in respect of former employment or former self-employment to his personal account within the Sun Life MPF Master Trust becomes a Personal Account Member in respect of the accrued benefits so transferred.

6.1.2 Employers may join the Sun Life MPF Master Trust by completing an Employer's Application Form. Employees of employers who have joined the Sun Life MPF Master Trust may become members by completing an Employee's Application Form. An employer is required to provide details of those employees where he will be making contributions, specifying in the case of the employer's voluntary contributions any terms and conditions that apply to those contributions.

6.1.3 Self-employed persons may become members of the Sun Life MPF Master Trust by completing a Self-Employed Person's Application Form.

6.1.4 Persons who wish to transfer accrued benefits from other schemes may become members by completing a Personal Account Member's Application Form.

6.2 CIRCUMSTANCES FOR ACCRUED BENEFITS TO BE INVESTED IN THE DIS OR THE FUND CRUISER

6.2.1 New accounts set up on or after 1 April 2017

(a) When members join the Sun Life MPF Master Trust or set up a new account in the Sun Life MPF Master Trust, they have the opportunity to give an investment instruction in respect of each of their sub-accounts for their future contributions and accrued benefits transferred from another scheme. Unless otherwise provided in the relevant participation agreement and/or the relevant forms, they may choose to invest their future contributions and accrued benefits transferred from another scheme into:

(i) the DIS; **or**
(ii) the Fund Cruiser; **or**
(iii) one or more Constituent Funds of their own choice from the list under paragraph 3.2.5 (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 contributions and accrued benefits transferred from another scheme 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 specific investment instructions (as defined in paragraph 6.2.1(b)) 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 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 accrued benefits (namely, under standalone investments or DIS Investments) the instruction relates.

(b) If a member does not give any specific investment instructions in respect of a sub-account in the manner as described in paragraph 3.3.1 as permitted under the Trust Deed and the Master Trust Scheme Rules, his future contributions and accrued benefits transferred from another scheme will be automatically invested in the DIS.

6.2.2 Existing account set up before 1 April 2017:

There are special rules to be applied for Pre-existing Accounts and these rules only apply to a member who is under or becoming 60 years of age on 1 April 2017.

(a) For a member's Pre-existing Account with all accrued benefits invested in accordance with the Fund Cruiser but no investment instruction being given:

If the accrued benefits in a member's Pre-existing Account are only invested in accordance with the Fund Cruiser as the default investment arrangement but no investment instructions have been given, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such Pre-Existing Account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the **"DRN"**) may be sent to the member within 6 months from 1 April 2017 explaining the impact on such account and giving the member an opportunity to give a specified investment instruction to the Administrator before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. **Members should note that the risk profiles of the Constituent Funds under the Fund Cruiser as determined by the Investment Manager, which range from low risk to relatively high risk, may be different from that of the DIS Funds (namely the CAF and A65F) under the DIS, which range from low risk to medium risk. Members will also be subject to market risks during the redemption and reinvestment process.**

Notwithstanding the aforesaid, in the case of any transfer from one account to another account within the Sun Life MPF Master Trust (e.g. from a contribution account to a personal account following the cessation of employment), 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 Accordingly, if the accrued benefits of a member's Pre-existing Account are invested in the Fund Cruiser as a result of a transfer from one account to another account within the Sun Life MPF Master Trust, the special rules and arrangements relating to DIS and the DRN as described above will not apply. For the avoidance of doubt, the investment instructions applicable to the original account will not apply to any future contributions and accrued benefits transferred from another scheme to the new account. If no valid investment instructions are received by the Administrator in respect of the new account, future contributions and accrued benefits transferred from another scheme to the new account will be invested according to the DIS.

For details of the arrangement, members should refer to the DRN.

(b) For a member's Pre-existing Account with part of the accrued benefits in accordance with the Fund Cruiser:

For a member's Pre-existing Account which part of the accrued benefits is invested in accordance with the Fund Cruiser immediately before 1 April 2017, unless the Administrator has received any investment instruction, accrued benefits of a member will be invested in the same manner as accrued benefits were invested immediately before 1 April 2017. Future contribution and accrued benefits transferred from another scheme will be invested in the DIS, unless the Administrator has received any 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.

(c) Members with Pre-existing Account and aged 60 or above before 1 April 2017:

In the case of members who are aged 60 or above before 1 April 2017 and who hold a Pre-existing Account, the accrued benefits, future contributions and accrued benefits transferred from another scheme in the Pre-existing Account will continue to be invested in the same manner as accrued benefits, future contributions and accrued benefits transferred from another scheme (as the case may be) were invested immediately before 1 April 2017, unless the Administrator receives any investment instructions or switching instructions.

6.3 CONTRIBUTIONS AND WITHDRAWALS

6.3.1 Contributions to the Sun Life MPF Master Trust may either be categorised as mandatory or voluntary or where applicable, special contributions.

6.3.2 Withdrawals of benefits from mandatory contributions and special contributions may be made in accordance with the Mandatory Provident Fund legislation on the following grounds: member reaching age 65, early retirement on or after reaching age 60, terminal illness*, total incapacity, permanent departure from Hong Kong, small balance and death.

The terms "terminal illness", "total incapacity", "permanent departure from Hong Kong" and "small balance" shall have the meaning given to them under the Mandatory Provident Fund legislation. In particular, a member who has an illness that is likely to reduce the life expectancy of the member to 12 months or less has a "terminal illness" for the purposes of the Mandatory Provident Fund legislation.

***Note: If you are currently investing in Schroder MPF Capital Guaranteed Portfolio, a withdrawal of the accrued benefits on ground of terminal illness may affect your entitlement to the guarantee and you may lose your guarantee. For details please check the terms of the guarantee of the Schroder MPF Capital Guaranteed Portfolio set out in section 3.2.5.1 or contact us by calling our Sun Life MPF Master Trust Hotline on (852) 2971 0200 before making any such withdrawal.**

6.3.3 Withdrawals of benefits derived from voluntary contributions can be made in accordance with the Master Trust Scheme Rules.

6.3.4 A member (**"Eligible Member"**) who becomes entitled to benefits in respect of mandatory contributions and, where applicable, voluntary contributions upon reaching age 65 or early retirement on or after reaching age 60, may elect to have his benefits (**"Eligible Benefits"**) derived from mandatory contributions and, where applicable, voluntary contributions paid in a lump sum or by instalments. Such election is not available in other circumstances when a member becomes entitled to benefits in respect of mandatory and/or voluntary contributions and the benefits will be paid in a lump sum only.

If an Eligible Member elects to have his Eligible Benefits paid by instalments, for each instalment, he is required to give instructions to the Administrator by submitting a separate claim form (available by contacting the Administrator at the Sun Life MPF Master Trust Services Hotline on (852) 2971 0200) specifying the amount of withdrawal.

To meet each withdrawal request, the Eligible Benefits in all of the Constituent Funds (including the Schroder MPF Capital Guaranteed Portfolio) held by the Eligible Member will be realised on a pro-rata basis, or in such other manner as the Trustee shall, in consultation with the Sponsor, deem appropriate (in which case the relevant Eligible Member will be notified as soon as practicable). In respect of the pro-rata approach, the Eligible Benefits will be realised in proportion to the Eligible Member's benefits in all of the Constituent Funds held by the Eligible Member. Benefits in each Constituent Fund held by the Eligible Member attributable to mandatory contributions and voluntary contributions will be treated separately for the purpose of calculating the proportion of the amount of benefits to be realised. In the following illustrative example, the Eligible Member is entitled to Eligible Benefits in total of HK$100,000, and he has given a withdrawal request to withdraw HK$10,000 by instalment (i.e. 10% of his Eligible Benefits):

Balance before withdrawal of HK$10,000	Eligible Benefits derived from mandatory contributions	Eligible Benefits derived from voluntary contributions	Total Eligible Benefits
Constituent Fund A	**HK$50,000**	**HK$30,000**	**HK$80,000**
Constituent Fund B	**HK$0**	**HK$20,000**	**HK$20,000**
Total	**HK$50,000**	**HK$50,000**	**HK$100,000**

Withdrawal of HK$10,000	Eligible Benefits derived from mandatory contributions	Eligible Benefits derived from voluntary contributions	Total withdrawal
Constituent Fund A	**HK$5,000**	**HK$3,000**	**HK$8,000**
Constituent Fund B	**HK$0**	**HK$2,000**	**HK$2,000**
Total	**HK$5,000**	**HK$5,000**	**HK$10,000**

Balance after withdrawal of HK$10,000	Eligible Benefits derived from mandatory contributions	Eligible Benefits derived from voluntary contributions	Total Eligible Benefits
Constituent Fund A	**HK$45,000**	**HK$27,000**	**HK$72,000**
Constituent Fund B	**HK$0**	**HK$18,000**	**HK$18,000**
Total	**HK$45,000**	**HK$45,000**	**HK$90,000**

There is no limit to the number of withdrawals by instalment in any calendar year (the period from 1 January to 31 December in a year) and all instalments will be paid free of charge (other than any necessary transaction costs permitted by the Mandatory Provident Fund Schemes (General) Regulation). Please note that bank charges may apply if Eligible Members choose to be paid the withdrawal amount directly to their bank account.

Eligible Members should note that in respect of Eligible Benefits held in the Schroder MPF Capital Guaranteed Portfolio, the guarantee of capital will only be available at the end of every 5-year period of continuous investment (i.e. starting from the date when the member invested in the Schroder MPF Capital Guaranteed Portfolio) or over a shorter period if the member reaches the age of 65 (**"continuous investment"**). The guaranteed amount is the value of units held in the Schroder MPF Capital Guaranteed Portfolio at the beginning of the continuous investment, plus any contributions less any withdrawals and redemptions during the continuous investment, and less fees and expenses levied at the Constituent Fund level and the cash held in the Schroder MPF Capital Guaranteed Portfolio. The guarantor will make up the shortfall (if any) between the guaranteed amount and the value of holdings in the Schroder MPF Capital Guaranteed Portfolio at the end of every 5-year period or on the date when the member reaches the age of 65 (for further details, please refer to section 3.2.5.1). Hence if an Eligible Member withdraws any benefits from the Schroder MPF Capital Guaranteed Portfolio, either in one lump sum or by instalments in the manner as described in this section, the amount payable will depend on the timing of the withdrawal, as follows:

(i) the withdrawal is made at the end of the continuous investment, i.e. every 5-year period or when the member reaches the age of 65: the guarantee of capital will be applicable to the benefits withdrawn, and the amount payable will be the higher of (a) the guaranteed amount and (b) the value of the units held in the Schroder MPF Capital Guaranteed Portfolio;

(ii) the withdrawal is made before the end of the continuous investment (e.g. upon early retirement between age 60 and 65 and before reaching the end of the 5-year period): the guarantee of capital will not be applicable to the benefits withdrawn, and the amount payable will be the value of the units held in the Schroder MPF Capital Guaranteed Portfolio.

For the avoidance of doubt, the guarantee of capital will continue to be available to any holdings that remain in the Schroder MPF Capital Guaranteed Portfolio at the end of every subsequent 5-year period after a member reaches the age of 65 (e.g. when the member reaches the age of 70) as long as the member has a "continuous investment" in the Schroder MPF Capital Guaranteed Portfolio. Any amount withdrawn during a period of continuous investment will reduce the guaranteed amount that would be available at the end of the continuous investment. Please refer to Example 10 in Appendix 1 for an illustrative example relating to withdrawal by instalments.

If you are currently investing in Schroder MPF Capital Guaranteed Portfolio a withdrawal of the Eligible Benefits may affect your entitlement to the guarantee and you may lose your guarantee. The guarantee charge will continue to apply to investments that remain in Schroder MPF Capital Guaranteed Portfolio. For details please check the terms of the guarantee of the Schroder MPF Capital Guaranteed Portfolio set out in section 3.2.5.1 or contact us by calling our Sun Life MPF Master Trust Hotline on (852) 2971 0200 before making any such withdrawal.

Members should note that in the case of withdrawal of benefits by instalments, any balance remaining in a member's account will continue to be invested in the relevant Constituent Fund(s) and therefore subject to investment risks.

For the avoidance of doubt, the withdrawal arrangements as set out in this section shall be without prejudice to the withdrawal arrangements for voluntary contributions.

6.4 MANDATORY CONTRIBUTIONS

6.4.1 Under the mandatory provident fund system, an employer is required by law (except in the case of employees in respect of whom an exemption or exclusion applies) to contribute 5% of each employee's monthly relevant income and the employee contributes 5% of his monthly relevant income. Self-employed persons are required to contribute 5% of their relevant income.

6.4.2 "Relevant income" for in the case of employees includes all wages, salary, leave pay, fees, commissions, bonuses, gratuities, perquisites or allowances expressed in monetary terms. "Relevant income" in the case of self-employed persons is determined in accordance with the Mandatory Provident Fund legislation. Mandatory contributions are not required on relevant income in excess of a statutory maximum level. Employees and self employed persons who earn less than a statutory minimum level are not required to make contributions but can choose to make voluntary contributions. Employers of employees earning less than the minimum level must, however, make mandatory contributions, even if the employee chooses not to.

6.4.3 In addition, employers, employees and self-employed persons are all permitted to make voluntary contributions to the Sun Life MPF Master Trust. In addition, employers are able to specify special rules which will apply to voluntary contributions made by them in respect of their own employees.

6.4.4 Mandatory contributions must be paid to the Trustee within such times as are required by the Mandatory Provident Fund legislation.

6.4.5 Self-employed persons may elect for any scheme year to pay mandatory contributions on a specified day in a month or on an annual basis. Self-employed persons who elect to pay mandatory contributions on a monthly basis should pay their mandatory contributions for that month to the Trustee before the specified day in the month. Self-employed persons who elect to pay mandatory contributions on a yearly basis should pay their mandatory contributions for that year to the Trustee before the end of the scheme year.

6.4.6 Contributions (mandatory or voluntary) must only be paid to the Trustee.

6.4.7 Pursuant to the Mandatory Provident Fund Schemes (General) Regulation, a contribution surcharge may be imposed by the MPFA on an employer or self-employed person who fails to make a Mandatory Contribution. Such contribution surcharge will be as specified in the notice from the MPFA.

6.4.8 Voluntary contributions should be made at the same time and in the same manner as mandatory contributions, unless otherwise agreed with the Trustee. If an employer fails to pay any voluntary contribution within 6 months after the date on which it is due, the employee is legally permitted to request payment of any benefits derived from voluntary contributions by the employer.

6.5 VOLUNTARY CONTRIBUTIONS AND THE TERMS APPLICABLE TO THE EMPLOYER'S CONTRIBUTIONS

6.5.1 Voluntary contributions through employment are normally established through a contract of employment or through agreement between the employer and employee.

6.5.2 Under the Master Trust Scheme Rules, an employer may specify the basis on which he makes Employer's Voluntary Contributions; in particular he may specify in respect of these Employer Voluntary Contributions:

6.5.2.1 Any vesting provisions, the scale that would apply, the period they should apply and when they might begin.

6.5.2.2 A retirement age whereby contributions may no longer be made and the benefits paid out.

6.5.2.3 Any provisions relating to the benefits from death, total incapacity or other circumstances.

6.5.2.4 Any restrictions on benefits through dismissal with cause.

6.5.2.5 Whether any amounts forfeited through the application of vesting may be offset against an employer's future contributions or be paid to the employer

6.5.3 The accrued benefits derived from voluntary contributions made through employment are normally withdrawn at the termination of that particular employment. Depending on the circumstances under which such accrued benefits are withdrawn, there are potential salaries tax liabilities.

6.6 VOLUNTARY CONTRIBUTIONS BY THE SELF-EMPLOYED

6.6.1 A self-employed person who is a member of the Sun Life MPF Master Trust may make and withdraw voluntary contributions as he wishes, save that he may make only one withdrawal or partial withdrawal of voluntary contributions per calendar month.

6.7 PORTABILITY AND PAYMENT OF MEMBERS' BENEFITS

6.7.1 The Sun Life MPF Master Trust does not impose any restrictions on the ability of an employer, self-employed person or member with a personal account to cease to make contributions to the Sun Life MPF Master Trust. No exit fees or penalties are charged, and no advance notice period is required.

6.7.2 If a member ceases to be employed by his employer, he will be given the opportunity to transfer his benefits derived from mandatory contributions to another account with the Sun Life MPF Master Trust, transfer to another MPF Scheme or make a withdrawal, if he is eligible to do so, in accordance with the provisions of the legislation. The member's benefits from voluntary contributions will be dealt with in accordance with the Master Trust Scheme Rules, subject to any applicable conditions imposed by the employer in relation to voluntary contributions.

6.7.3 Where a member who is eligible to do so wishes to transfer balances, he must complete the appropriate transfer form which will specify his options and require him to give certain detail. The MPF legislation has provisions for those who do not make such decisions within specified periods.

6.7.4 If the member fails to make an election within three months after the date on which the Trustee has received notice that the member has left the employer's service, the member shall be deemed to have made an election to transfer his accrued benefits to a separate Personal Account within the Sun Life MPF Master Trust.

6.7.5 If an employer wishes to cease to contribute to the Sun Life MPF Master Trust, the employer must still participate in an MPF Scheme in order to comply with the obligations under the legislation. The accrued benefits of such an employer's employees must be transferred to the new MPF Scheme.

6.7.6 An employed member may, at any time, but not more than once in each calendar year, elect to have all his accrued benefits attributable to the mandatory contributions made by him in respect of his current employment transferred to a personal account within the Sun Life MPF Master Trust, or a personal account within another MPF scheme, which is a master trust scheme or an industry scheme, nominated by the employed member.

6.7.7 An employed member may, at any time, elect to have all his accrued benefits derived from the mandatory contributions paid by or in respect of him that are attributable to his former employments or former self-employments and held in the Sun Life MPF Master Trust transferred to another contribution account or a personal account within the Sun Life MPF Master Trust, or a contribution account of the employed member within another MPF scheme nominated by the employed member, or a personal account within another MPF scheme, which is a master trust scheme or an industry scheme, nominated by the employed member.

6.7.8 A self-employed member may give notice to cease making contributions by completing the appropriate form. The self-employed member will be given the opportunity to make a withdrawal, if he is eligible to do so, or transfer his benefit derived from mandatory contributions to another account with the Sun Life MPF Master Trust or transfer to another MPF Scheme, in accordance with the provisions of the legislation. The self-employed member's benefit from voluntary contributions may be dealt with in the same manner as the benefit from mandatory contributions or in any other manner consistent with the legislation.

6.7.9 A member may at any time elect to transfer all his accrued benefits held in his personal account to another account within the Sun Life MPF Master Trust, or a contribution account of the member within another MPF scheme nominated by the member, or a personal account within another MPF scheme, which is a master trust scheme or an industry scheme, nominated by the member.

6.7.10 The transfer of accrued benefits under this section 6.7 shall be made in the manner permitted under the Mandatory Provident Fund Schemes (General) Regulation and the Trust Deed.

6.7.11 To the extent required by the Mandatory Provident Fund Schemes (General) Regulation, no fees or financial penalties may be charged to or imposed on a member, or deducted from the member's account (a) for transferring accrued benefits (i) from an MPF scheme to another MPF scheme; (ii) from an account within the Sun Life MPF Master Trust to another account within the Sun Life MPF Master Trust; (iii) in the same account within the Sun Life MPF Master Trust, from a Constituent Fund to another Constituent Fund, and (b) for payment of accrued benefits, other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to such transfer or payment and are payable to a party other than the Trustee. Such necessary transaction costs would include, but are not limited to brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses and shall be used to reimburse the relevant Constituent Fund.

6.7.12 The accrued benefits of an employee member derived from contributions made by his employer can be used to reduce the employer's liability to pay long service or severance payment to that employee member under the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). Subject as otherwise provided in the participation agreement of the relevant employer (as amended or supplemented from time to time) and to the extent permitted by the Mandatory Provident Fund legislation, the Trustee may pay the amount of any such reduction (the **"Relevant Amount"**) to the employee member's employer:

6.7.12.1 out of the accrued benefits of the relevant employee member derived from the voluntary contributions made by his employer; and

6.7.12.2 if after payment under paragraph 6.7.12.1 above any part of the Relevant Amount remains outstanding, out of the accrued benefits of the relevant employee member derived from the mandatory contributions made by his employer.

6.7.13 In relation to a transfer from one account (**"original account"**) to another account (**"new account"**) within the Sun Life MPF Master Trust in circumstances set out in this paragraph 6.7, 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 contributions and accrued benefits transferred from another scheme to the new account. If no valid investment instructions are received by the Administrator in respect of the new account, future contributions and accrued benefits transferred from another scheme to the new account will be invested according to the DIS (as described in paragraph 3.3.5). 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.

6.8 MAXIMUM INTERVALS ON MOVEMENT OF MEMBERS' ASSETS

6.8.1 For the Sun Life MPF Master Trust the maximum interval between a claim for payment and the actual payment of accrued benefits in a lump sum (whether from mandatory or voluntary contributions) will be the later of (i) 30 days after the date on which the claim is lodged and (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged (or such other period as may be prescribed by the Mandatory Provident Fund legislation).

6.8.2 In respect of payment of accrued benefits by instalments, unless otherwise agreed between the Trustee and the Eligible Member (as defined in section 6.3.4 above), the Trustee will pay each instalment to such Eligible Member no later than 30 days after the date on which the Eligible Member instructs the Trustee to pay that instalment.

6.8.3 The maximum interval between a request by the Trustee of the Sun Life MPF Master Trust for redemption and the actual payment to the Trustee of the Sun Life MPF Master Trust of redemption proceeds of the underlying approved pooled investment funds of any Constituent Fund will be 30 days.

6.8.4 The Trustee upon being notified of an election to transfer accrued benefits (i) from the Sun Life MPF Master Trust to other MPF schemes or (ii) from an account within the Sun Life MPF Master Trust to another account within the Sun Life MPF Master Trust, in each case in accordance with the Mandatory Provident Fund legislation, will take all practicable steps to ensure that all the accrued benefits concerned will be transferred in accordance with the election within 30 days after being notified of such election (or such other period as may be prescribed by the Mandatory Provident Fund legislation) or if an election is made by an employed member who ceases to be employed by his employer, within 30 days (or such other period as may be prescribed by the Mandatory Provident Fund legislation) after the last contribution day in respect of the employment that has ceased, whichever is the later and in such manner as set out in the Trust Deed and in accordance with the Mandatory Provident Fund legislation.

6.8.5 Members and employers should note that, although requests for payment of benefits or transfers will be processed as soon as reasonably practicable, payment will not be made on the same day as the day on which the request is received.

6.9 INVESTMENT

6.9.1 Contributions made by an employer, self-employed person and a member of the Sun Life MPF Master Trust into the scheme will be verified in accordance with the Mandatory Provident Fund legislation. When verification is complete and where cheques have been cleared or other payment methods have been verified by 5 p.m. Hong Kong time on any business day (i.e. a day, other than a Saturday or Sunday, on which banks in Hong Kong are open for normal banking business, provided that where as a result of a number 8 typhoon signal or above, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a business day unless the Manager and the Trustee determine otherwise; hereinafter "Business Day") and the information necessary to ensure that the amount is credited to the correct account has been received, the amounts shall be invested in accordance with the choice, if received, from the member as to how his contributions will be invested, see paragraphs 6.9.3 and 6.9.4. Such investment will be implemented as soon as reasonably practicable (generally on the next dealing day as set out in paragraph 7.4.1) but members should note that the day on which contributions are received will not be the same as the day on which they are invested. For accounts opened on or after 1 April 2017, if no valid investment instruction has been received from a member in respect of an account or in respect of a sub-account (as defined in paragraph 3.3.1), the relevant contributions in respect of such sub-account or account will be invested in the DIS (as described in paragraph 3.3.5).

6.9.2 When cleared funds have been received and all other necessary procedures have been complied with, contributions will be used to acquire units in the Constituent Funds of the member's choice at the unit price for such funds prevailing on the day when cleared funds have been received by the Trustee and allocated to the correct accounts.

6.9.3 The Sun Life MPF Master Trust offers members a choice of thirteen Constituent Funds. Each Constituent Fund is established under the Trust Deed and is unitised.

6.9.4 Each member of the Sun Life MPF Master Trust will have the opportunity to invest his accrued benefits and contributions in respect of an account into one or more of the Constituent Funds or in accordance with the DIS or in the Fund Cruiser (in the manner as further described in paragraph 3.3). All Constituent Funds are available to all members.

6.9.5 On becoming a member, a member should complete an application form to indicate how the member wishes his contributions and accumulated balances should be invested. Such a choice will remain unchanged until the member submits an appropriate form, which is available from the Administrator, to amend the same.

6.10 SWITCHING

6.10.1 Subject to paragraphs 3.3.4 (in relation to Fund Cruiser) and 3.3.5.3 (in relation to DIS), a member may, by completing an appropriate form available from the Administrator, switch the investment of his accrued benefits and contributions by and in respect of him between the Constituent Funds without limit (except in the case of switches involving the Schroder MPF Capital Guaranteed Portfolio, where switches may be made only once in a calendar year). There is no administration charge for switching. **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.**

6.10.2 Members should note that, although switches will be implemented as soon as reasonably practicable, this may not be on the day on which the switching instructions are received. Generally, if a valid switching instruction form, which may be sent by mail, facsimile, via Sun Life's website at www.sunlife.com.hk (the **"Website"**) or other permissible means as specified from time to time, is received by the Administrator before the dealing cut-off time at 5 p.m. on a dealing day, the redemption of units in the original constituent fund and subscription for units in the new constituent fund will be processed using the fund prices on the next dealing day. If a valid switching instruction form is received by the Administrator after the dealing cut-off time at 5 p.m. on a dealing day, the redemption of units and subscription for units will generally be processed using the fund prices on the dealing day after the next dealing day. In particular, please note that if the switching instructions are received on a day which is not a Business Day, the implementation of the switches will be deferred to the next dealing day which is a Business Day.

Please note that for a member who would like to give instructions to switch out of the DIS before the annual de-risking takes place (generally on a member's birthday), a valid switching instruction form should be received by the Administrator 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 instruction is received after such dealing cut-off time, the switching instruction will only be performed after the completion of the de-risking process. Please refer to section 3.3.5.2 entitled "De-risking of the DIS" for further details."

6.10.3 Subject to the restrictions applicable to the giving of investment instructions as described in paragraph 3.3.1, there are no limits on how much may be invested in each of the Constituent Funds and no minimum amounts for initial investment, subsequent holdings, switching or redemption.

7. OTHER INFORMATION

7.1 MANAGEMENT AND ADMINISTRATION

7.1.1 The Trustee of the Sun Life MPF Master Trust and its Constituent Funds is HSBC Provident Fund Trustee (Hong Kong) Limited. BestServe Financial Limited is responsible for record keeping and administration. Schroder Investment Management (Hong Kong) Limited acts as investment manager of the Sun Life MPF Master Trust (the "Investment Manager"). The Investment Manager is licensed by the SFC to carry on regulated activities type 1 – dealing in securities, type 4 – advising on securities and type 9 – asset management. The Sponsor is responsible for client servicing and members' investor education.

7.1.2 HSBC Trustee is an independent trustee and has a range of legislative and fiduciary responsibilities under the MPF regime. The Trustee's role is primarily two-fold: to act as trustee under the scheme and as trustee of each Constituent Fund.

As scheme trustee, HSBC Trustee has the overall responsibility of compliance monitoring and reporting to the MPFA. As trustee of the Constituent Fund, HSBC Trustee will take on the custodianship of the fund's assets, ensure that funds are invested within the set parameters and will also have valuation responsibilities.

HSBC Trustee will take out insurance in relation to the Sun Life MPF Master Trust, and will pay the premium for such insurance from its own resources.

7.2 DIFFERENT CLASSES OF UNITS

The Trust Deed permits the issue of different classes of units with different levels of fees. The fees for any such units will not exceed the relevant maximum level disclosed in this Brochure. Currently two classes of units, namely the Ordinary Class and Class B units, will be issued for each constituent fund, except for Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund which only have one class of units each and therefore not subject to any class.

7.3 BONUS UNITS

Schroder Investment Management (Hong Kong) Limited has power to acquire units on behalf of a member in any Constituent Fund at the prevailing unit price and credit them as bonus units to that member's voluntary accounts.

7.4 VALUATION OF THE CONSTITUENT FUNDS AND APPROVED POOLED INVESTMENT FUNDS

7.4.1 Each of the Constituent Funds (and their underlying approved pooled investment funds) is unitised and is valued daily. Units of the Constituent Funds and approved pooled investment funds may be issued and redeemed on a daily basis based on forward pricing.

7.4.2 The initial unit price in relation to each of the Constituent Funds is HK$10. The unit price in relation to any dealing day after the initial offer is calculated by reference to the value of the Constituent Fund as at 9.00 am Hong Kong time on the next Business Day (the valuation day). Where a particular dealing or valuation day is a holiday, the valuation or dealing day which would have applied on that day will be the next Business Day.

7.4.3 In order to calculate the unit price in relation to a Constituent Fund, the Trustee determines the value of each Constituent Fund (and the price at which units may be acquired or redeemed in that Constituent Fund) as at the next Business Day following the Dealing Day of that Constituent Fund. The value of the Constituent Fund is generally determined by using the face value of deposits, deeming interest or similar income to accrue from day to day and taking the last traded price of quoted investments where available (and where an electronic price feed utilised by the Trustee for the purpose of calculating the value of quoted investments does not quote a mid price, the mid price shall be deemed not to be so available) less allowances for accrued expenses, fees and charges as in section 5.1 and repeated in the table in section 5.2. Units in an underlying approved pooled investment fund will be valued at the last traded price quoted by the manager for such units, which may be the bid price or the offer price or an average of the two. Where necessary in order to comply with any relevant regulatory requirements or for the purposes of any valuation system from time to time used by the Trustee or any agent or delegate of the Trustee, the value of units in an underlying approved pooled investment fund will be calculated in a manner agreed between the Investment Manager and the Trustee. In the case of the Schroder MPF Capital Guaranteed Portfolio, the units in the Insurance Policy are valued at the last traded price quoted by FWD, and further include adjustments made by FWD (on the advice of the appointed actuary) for the benefit of the fund to smooth market fluctuations to enable FWD to give the guarantee. In the case of any investment which is not normally listed, quoted or dealt in on an investment exchange or in respect of which dealing prices on an investment exchange may not be available (or in respect of which market dealing prices on the principal stock exchange may not be available and the Trustee in its discretion considers that the prices ruling on investment exchanges other than the principal stock exchange do not provide in all circumstances a fair criterion of value), the value of the investment shall be (i) ascertained by any mechanised and/or electronic system of valuation dissemination used by the Trustee, or (ii) at the discretion of the Trustee, certified by a stockbroker (or some other professional person approved by the Trustee as qualified to value the investment), or (iii) where necessary in order to comply with any relevant regulatory requirements or for the purposes of any valuation system from time to time used by the Trustee, the value calculated in a manner agreed between the Investment Manager and the Trustee. The Trustee having ascertained the value of the Constituent Fund will divide this by the number of units in issue to give the net asset value per unit.

7.4.4 The issue or redemption of units in any Constituent Fund will be at a price based on the net asset value of that Constituent Fund divided by the number of units in issue in that Constituent Fund.

7.4.5 Dealing and valuation days, the time as at which valuations are made and any latest time for receipt of applications and redemption requests may be changed from time to time by the Investment Manager.

7.5 CIRCUMSTANCES IN WHICH DEALING MAY BE DEFERRED OR SUSPENDED

7.5.1 Subject to the requirements of the legislation, the issue, redemption, valuation and pricing of units may be deferred or suspended in the event of:

7.5.1.1 A closure or suspension of trading on any market in which assets of the approved pooled investment funds are normally quoted, listed or traded.

7.5.1.2 A breakdown in any of the means normally associated in determining the net asset value of the funds.

7.5.1.3 The value of the approved pooled investment funds or the assets of the approved pooled investment funds not being reasonably ascertained.

7.5.1.4 The acquisition or disposal of investments not being reasonably effected, practicably or without prejudicing the interests of the members of the Sun Life MPF Master Trust or other investors in the approved pooled investment funds.

7.5.1.5 The remittance of currency not being able to be effected at a normal rate of exchange.

7.6 RECEIPT OF GOODS AND SERVICES FROM A THIRD PARTY DERIVED FROM THE ACQUISITION OR DISPOSAL OR LENDING OF ASSETS OF SUN LIFE MPF MASTER TRUST

7.6.1 The Investment Manager has entered into soft commission arrangements with certain counterparties under which such counterparties provide or pay for certain goods or services which may reasonably be expected to assist the Investment Manager in the provision of investment services to its clients and which are in fact used for such purpose. The brokers with whom the Investment Manager has entered into such soft commission arrangements must agree to provide best execution but, before entering into any such arrangement, the Investment Manager will satisfy itself that these brokers' terms-of-business and broking services involve no potential for comparative price disadvantage and that the payment of commission pursuant to such arrangements is of demonstrable benefit to the members of the Sun Life MPF Master Trust.

7.6.2 The Investment Manager has determined that the goods and services provided to the Investment Manager should be limited to the following categories:

Research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications.

7.6.3 The Investment Manager's soft commission arrangements will fully comply with the requirements of the relevant rules of the SFC.

7.6.4 For the Schroder MPF Conservative Portfolio and all approved pooled investment funds managed by the Investment Manager and used by the Sun Life MPF Master Trust and its Constituent Funds, all cash rebates are returned to the approved pooled investment funds.

7.7 STAMP DUTY

Hong Kong estate duty was abolished on 11 February 2006. Transfers and redemptions of units of the Constituent Funds are generally exempt from stamp duty under the present law in Hong Kong.

7.8 TAXATION OF PROVIDENT FUNDS

7.8.1 A provident fund scheme is in principle not regarded as "carrying on a trade, profession or business" because the sole purpose of the scheme is the provision of retirement benefits to its members. Hence earnings derived by the Sun Life MPF Master Trust should not be chargeable to profits tax.

7.8.2 If the Trustee of the Sun Life MPF Master Trust acquires or disposes Hong Kong shares where the shares are required to be registered in Hong Kong, stamp duty is payable by the Trustee generally at the rate of 0.1% of the consideration payable on the transaction.

7.8.3 Tax implications for Employers

Regular contributions whether mandatory or voluntary made to the Sun Life MPF Master Trust by an employer in respect of an employee are generally tax deductible to the employer, provided contributions are incurred in the production of taxable profits. The limit on tax deduction for regular contributions is 15% of the "total emoluments" of that employee. Also any initial or special contributions made to the Sun Life MPF Master Trust by an employer are tax deductible to the employer over a period of five years provided such contributions are considered to be reasonable in the circumstances.

7.8.4 Refund of unvested contributions to an employer by the Trustee of the Sun Life MPF Master Trust will be taxable in the hands of the employer, if the employer has claimed a tax deduction on the contributions that have been refunded.

7.8.5 Tax implications for Employees

An employer's contribution to the Sun Life MPF Master Trust for an employee is not taxable to the employee at the time when the contribution is made.

7.8.6 An employee can claim a tax deduction for the mandatory contributions made by him to the Sun Life MPF Master Trust.

7.8.7 An employee may receive payment of accrued benefits from the Trustee of the Sun Life MPF Master Trust or he may choose to retain the amount in another account at the Sun Life MPF Master Trust or transfer it directly to another mandatory provident fund scheme (called the "Payout"). The portions of the Payout attributable to employee's contributions, mandatory contributions from the employer (or employers), and income derived from such contributions are not taxable to the employee. The only portion that is potentially taxable is that attributable to the employer's voluntary contributions.

7.8.8 Depending on the circumstances under which the Payouts are made, there are potential salaries tax liabilities.

7.8.9 If the Payout is made upon termination of the employee's services, a proportionate amount of the employer's voluntary contributions may be taxable depending on the number of months the employee has worked for the employer. There are special rules for determining the amount of the employer's voluntary contributions that are taxable to the employee if the employer is not chargeable to profits tax.

7.8.10 If the Payout is made and the employee does not terminate his services with the employer, the whole amount of the Payout will be taxable to salaries tax unless the employee has attained the age of 60 years.

7.8.11 Tax implications for Self-Employed Persons

Mandatory contributions made by a self-employed member up to the maximum level may be deducted from the member's business income for the purpose of calculating profits tax liability.

It is recommended that employers, employees, as appropriate, and self-employed seek professional tax advice regarding their own particular circumstances.

7.9 REPORTS AND ACCOUNTS

7.9.1 The Trust Deed of the Sun Life MPF Master Trust requires that an annual report is prepared and made available to members as required by the MPF Legislation.

7.9.2 The Trust Deed of the Sun Life MPF Master Trust and the MPF Legislation require that a member's statement is sent to members within 3 months of the year end.

7.9.3 The year end of the Sun Life MPF Master Trust and its Constituent Funds is 30 September.

7.9.4 The accounting policies of the Sun Life MPF Master Trust are in accordance with generally accepted accounting principles in Hong Kong except in relation to amortisation of administrative costs relating to the establishment of the Sun Life MPF Master Trust and its Constituent Funds (where the policy will be as described in this Brochure).

7.9.5 Under the standard terms of an engagement letter, the auditors' liability to the Investment Manager or Trustee in relation to their services under the engagement letter is capped to an amount from time to time agreed between the parties (currently around three times the fees paid to the auditors) except to the extent any such liability is finally determined to have resulted from the wilful or intentional neglect or misconduct or fraudulent behaviour of the auditors. The auditors shall not be liable to the Investment Manager or the Trustee for any consequential or indirect loss of profit or similar damages relating to their services provided under the engagement letter except to the extent finally determined to have resulted from the wilful or intentional neglect or misconduct or fraudulent behaviour of the auditors.

7.10 TRUST DEED

The operation of the Sun Life MPF Master Trust is governed by the Trust Deed and the rules contained in the Trust Deed (the "Master Trust Scheme Rules"), as supplemented by this Brochure. Participants and prospective participants in the Sun Life MPF Master Trust are advised to consult the Trust Deed and Master Trust Scheme Rules for further details on the relevant provisions. The Trust Deed and the Master Trust Scheme Rules can be amended (with the applicable regulatory approval) by a deed executed between the Trustee and the Sponsor. Members and employers will be given such notice of any amendments as may be required by the SFC and the MPFA. Copies of all these documents (and the investment management agreement between the Trustee and Schroder Investment Management (Hong Kong) Limited) and this Brochure are available for inspection at the office of the Sponsor during normal business hours.

7.11 REORGANISATION

Any reorganisation of the Sun Life MPF Master Trust which involves a change in the Operators and Principals, the merger or division of the Sun Life MPF Master Trust or the merger, division or termination of its Constituent Funds will only be carried out if at least three months' notice was given to members, unless circumstances made it impractical to give such a period of notice.

8. GLOSSARY

The defined terms used in this Brochure have the following meanings:

"A65F"	the Schroder MPF Age 65 Plus Fund
"CAF"	the Schroder MPF Core Accumulation Fund
"Default Investment Strategy" or "DIS"	an investment strategy that complies with Part 2, Schedule 10 to the MPF Ordinance, as summarised in paragraph 3.3.5
"DIS Funds"	the Schroder MPF Core Accumulation Fund and the Schroder MPF Age 65 Plus Fund and the "DIS Fund" means any of them
"Fund Cruiser"	previously known as the "Default Option, the default investment arrangement for members who have a Pre-existing Account and who are aged 60 or above before 1 April 2017
"higher risk assets"	any assets identified as such in the guidelines issued by the MPFA in connection with DIS (as amended from time to time), including without limitation shares, warrants, financial futures contracts and financial option contracts that are used other than for hedging purposes, and interests in an index-tracking collective investment scheme that tracks an index comprised of equities or equities-like securities
"lower risk assets"	any assets other than higher risk assets as permitted under the Mandatory Provident Fund Schemes (General) Regulation such as bonds and money market instruments
"Pre-existing Account"	an account which exists or is set up before 1 April 2017
"Reference Portfolio"	means in respect of a DIS Fund, a reference portfolio developed by the MPF industry and published by the Hong Kong Investment Funds Association to provide a common reference point for the performance and asset allocation of the DIS Fund. For further details, please refer to paragraph 3.3.6

APPENDIX 1 – SCHRODER MPF CAPITAL GUARANTEED PORTFOLIO

The guarantor will, subject to the terms of the guarantee described in 3.2.5.1 above guarantee 100% of the capital value of that amount invested in the Insurance Policy which is attributable to each member who participates in the Schroder MPF Capital Guaranteed Portfolio.

This capital value (the "guaranteed amount") will be:

A + B - C - D – E

Where

A = the value of the member's units in the Schroder MPF Capital Guaranteed Portfolio at the beginning of the 5 year period

B = the member's contributions during the 5 year period (or up to reaching age 65, if earlier) to the Schroder MPF Capital Guaranteed Portfolio

C = any redemptions by that member of his holdings in the Schroder MPF Capital Guaranteed Portfolio

D = cash held in the Schroder MPF Capital Guaranteed Portfolio attributable to that member

E = expenses, fees and charges levied at the Constituent Fund level, which are attributable to the member's holdings in the Schroder MPF Capital Guaranteed Portfolio in the five year period (or up to reaching age 65, if earlier

These examples are intended to illustrate the general principles of the guarantee only and should not be read as indicative of investment returns, fees, charges, expenses, contributions or cash held in the Schroder MPF Capital Guaranteed Portfolio.

The guarantee will only relate to the part of a member's contributions which are invested in the Insurance Policy which is available only through the Schroder MPF Capital Guaranteed Portfolio.

1 Examples

1.1 **Example 1:** A member of the Sun Life MPF Master Trust has $3,000 in the Schroder MPF Capital Guaranteed Portfolio and $2,000 invested in the Schroder MPF Balanced Investment Portfolio. The guarantee only applies to the amount invested in the Insurance Policy under the Schroder MPF Capital Guaranteed Portfolio.

The guarantee will only apply if the member has been continuously invested in the Schroder MPF Capital Guaranteed Portfolio for five years or has reached the age of 65.

1.2 **Example 2:** A member invested $2,000 in the Schroder MPF Capital Guaranteed Portfolio on 1 January 2001, switched all his holding to the Schroder MPF Balanced Investment Portfolio on 30 June 2004 and switched all his holding back to the Schroder MPF Capital Guaranteed Portfolio on 30 June 2005 and remained so invested until 1 January 2006. The member was not continuously invested for all the five years to 31 December 2005, so no guarantee will apply. A new period of investment would have started on 30 June 2005. If the member referred to in Example 2 remains continuously invested in the Schroder MPF Capital Guaranteed Portfolio until 29 June 2010, the guarantee could apply on the balance at that date depending on the value of his holding in the Schroder MPF Capital Guaranteed Portfolio; see below.

1.3 **Example 3:** A member invested $2,000 in the Schroder MPF Capital Guaranteed Portfolio on 1 January 2001 and reached the age of 65 on 30 June 2001. The guarantee could apply on the balance at that date depending on investment returns; see below.

The amount of the guarantee payment will depend on the amount the member invested in the Schroder MPF Capital Guaranteed Portfolio over the five year period (or sooner on reaching age 65) and its value at the end of the period. Its value at any other time is not relevant.

1.4 **Example 4:** A member invested $5,000 in the Schroder MPF Capital Guaranteed Portfolio and after two years it rose to be worth $8,000. At the end of the five year period its value was $6,000. The member's holding remains at $6,000 and no guarantee payment is due as the value of his holding at the end of the five year period ($6,000) is above the amount invested ($5,000). The fact that at the end of the five year period its value has declined from a value of $8,000 is not relevant.

The guarantor will pay the difference between the guaranteed amount and the value of the member's units in the Schroder MPF Capital Guaranteed Portfolio (disregarding any cash held in the Schroder MPF Capital Guaranteed Portfolio) at the end of the 5 year period (or up to reaching age 65, if earlier).

1.5 **Example 5:** A member invested $6,000 in the Schroder MPF Capital Guaranteed Portfolio on 1 January 2001, and made contributions of $1,000 per month from this date until 1 January 2002 giving a total contribution amount of $18,000 being $6,000 (the initial investment) plus $12,000 ($1,000 per month for 12 months). By January 2002 the member's contributions have risen in value to be worth $19,000.

He then switched $7,000 to another Constituent Fund. On 31 December 2005 at the end of the 5 year period his remaining holding in the Schroder MPF Capital Guaranteed Portfolio was worth $12,000.

The value of his holding, $12,000, at the end of the period is the important figure. This is compared with his guaranteed amount.

The guaranteed amount is the value of his units at the beginning of the five year period plus any contributions less any redemptions, fees and expenses levied at the Constituent Fund level and the cash held in the Schroder MPF Capital Guaranteed Portfolio.

In this example his guaranteed amount in the Schroder MPF Capital Guaranteed Portfolio is calculated as follows:

Holding at 1 January 2001	$6,000.00
+ contributions (12 x $1,000)	$12,000.00
= total contributions	$18,000.00
- switch at value	$7,000.00
- expenses and cash held	$200.00
= guaranteed amount	$18,000.00

In this case the value of the member's holding in the Schroder MPF Capital Guaranteed Portfolio at the end of the period, $12,000, exceeds the guaranteed amount ($10,800) and no guarantee is payable.

1.6 **Example 6:** A member invested $50,000 of contributions over a five year period in the Schroder MPF Capital Guaranteed Portfolio, having held units throughout the five year period. Fees and expenses levied at the Constituent Fund level and attributable to his holding in the Schroder MPF Capital Guaranteed Portfolio were $1,250 and $500 of cash attributable to that member was held in the Schroder MPF Capital Guaranteed Portfolio and not invested in the Insurance Policy. At the end of the five year period the value of the holding was $45,000.

The guaranteed amount is calculated as:

Contributions	$50,000.00
- cash	$500.00
- expenses	$1,250.00
guaranteed amount	$48,250.00

The guaranteed amount is calculated as:

guaranteed amount	$48,250.00
- value at the end of period	$45,000.00
= guarantee payment	$3,250.00

1.7 **Example 7:** Considering the above figures but where the value of the member's holding in the Schroder MPF Capital Guaranteed Portfolio at the end of the five year period was $49,000 there would be a loss of $1,000 when compared to the amount of the contributions ($50,000 contributions). However, when compared with the member's guaranteed amount (i.e. the amount invested in the Insurance Policy) the value of the member's holding in the Schroder MPF Capital Guaranteed Portfolio at the end of the five year period exceeds the capital amount:

Value at end of period	$49,000.00
Guaranteed amount (calculated as in example 6)	$48,250.00

and so no guarantee payment is payable.

1.8 **Example 8:** A member (**"transferring member"**) invested $2,000 in the Schroder MPF Capital Guaranteed Portfolio and $1,000 in the Schroder MPF International Portfolio on 1 June 2012, and such investment was held in his contribution account.

1.8.1 **First scenario**

The transferring member then made an election to transfer all his accrued benefits which were invested in the Schroder MPF Capital Guaranteed Portfolio and the Schroder MPF International Portfolio and held in his contribution account (**"existing account"**) to his personal account (**"new account"**) within the Sun Life MPF Master Trust. There is no change in his investment choice i.e. his accrued benefits will be invested in the Schroder MPF Capital Guaranteed Portfolio and the Schroder MPF International Portfolio, respectively, in the same proportion after the transfer. There is no change in the class of units after the transfer.

In the above case, the transferring member will be deemed to have continuously invested in the Schroder MPF Capital Guaranteed Portfolio notwithstanding the transfer of his accrued benefits from his existing account to his new account within the Sun Life MPF Master Trust.

1.8.2 **Second scenario**

Considering the first scenario above, but where there is a change in the class of units after the transfer. Prior to the transfer, the transferring member's accrued benefits were invested in Class B units in the Schroder MPF Capital Guaranteed Portfolio and the Schroder MPF International Portfolio, respectively. After the transfer, the transferring member was only eligible to hold Ordinary Class units. Although there is no change in the transferring member's investment choice, due to the change in the class of units after the transfer, the transferring member ceases to be continuously invested in the Schroder MPF Capital Guaranteed Portfolio upon the transfer of his accrued benefits from his existing account to his new account within the Sun Life MPF Master Trust.

With respect to the second scenario above, the timing at which the election to transfer is made may have impact on the guarantee entitlement of the transferring member:

(i) Election to transfer prior to the end of five year of continuous investment

If the election to transfer was made on 10 November 2015, the transferring member would have less than five years of continuous investment in the Schroder MPF Capital Guaranteed Portfolio and therefore, no guarantee will apply.

(ii) Election to transfer at the end of five year of continuous investment

If the election to transfer was made on 1 June 2017, the guarantee will apply in respect of the accrued benefits of which the transferring member has five year period of continuous investment in the Schroder MPF Capital Guaranteed Portfolio (i.e. ended on 31 May 2017) and such election to transfer will not have any impact on any guarantee amounts which have been credited or to be credited to his contribution account at or prior to the time of such transfer.

(iii) Election to transfer after five year of continuous investment

If the election to transfer was made on 10 December 2017:

(A) the transferring member would have five year period of continuous investment in respect of his accrued benefits invested in the Schroder MPF Capital Guaranteed Portfolio until 31 May 2017. The guarantee will apply in respect of the accrued benefits of which the transferring member has five year period of continuous investment in the Schroder MPF Capital Guaranteed Portfolio and there will be no impact on any guarantee amounts which have been credited to his contribution account prior to the transfer;

(B) a new investment period would have commenced on 1 June 2017. The transferring member would have less than five year period of continuous investment in the Schroder MPF Capital Guaranteed Portfolio under such new investment period at the time of the transfer. As such, the guarantee will not apply in respect of the accrued benefits of which the transferring member has less than five year period of continuous investment in the Schroder MPF Capital Guaranteed Portfolio.

Under the second scenario described above, a new period of investment would have started on the date the accrued benefits transferred to the new account of the transferring member are invested in the Schroder MPF Capital Guaranteed Portfolio.

Where a guarantee payment is made, units in the Schroder MPF Capital Guaranteed Portfolio equivalent in value as at the payment date to the amount of the guarantee payment will be credited to the member's account.

Any cash which is held in the Schroder MPF Capital Guaranteed Portfolio which is attributable to a member and which is additional to the amount of the investment in the Insurance Policy which is attributable to him will further increase the value of the units attributable to him.

1.9 **Example 9:** A member has been investing mandatory and voluntary contributions in the Schroder MPF Capital Guaranteed Portfolio since he was 50. The member is now aged 52 and has been diagnosed with terminal illness. The member decided to withdraw his accrued benefits on the ground of terminal illness, although he would like to continue employment (**"First Claim"**). Subject as otherwise specified by the employer in accordance with the Master Trust Scheme Rules, the member was only entitled to withdraw his accrued benefits derived from mandatory contributions on the ground of terminal illness.

The guarantee of capital will only be available at the end of every 5-year period of continuous investment (i.e. starting from the date when the member invested in the Schroder MPF Capital Guaranteed Portfolio) or over a shorter period if the member reaches the age of 65. Accordingly, in the First Claim, the guarantee of capital in respect of the accrued benefits derived from mandatory contributions will not be available. The member has continued employment notwithstanding the terminal illness. In accordance with the restrictions imposed by his employer, he was not entitled to withdraw accrued benefits derived from voluntary contributions, and such accrued benefits remained invested in the Schroder MPF Capital Guaranteed Portfolio.

After the First Claim, the member continued to invest mandatory and voluntary contributions in the Schroder MPF Capital Guaranteed Portfolio. Although the member withdrew his accrued benefits derived from mandatory contributions invested in the Schroder MPF Capital Guaranteed Portfolio in the First Claim, his accrued benefits derived from voluntary contributions had remained invested in the Schroder MPF Capital Guaranteed Portfolio. The member is therefore considered to have continuous investment in the Schroder MPF Capital Guaranteed Portfolio from the beginning of the investment period when the member was aged 50.

The member now reaches 56. He is again diagnosed with terminal illness and has ceased employment. The member is now entitled to withdraw his accrued benefits derived from mandatory contributions and voluntary contributions (**"Second Claim"**).

The amount of the guarantee payment will depend on the amount the member invested in the Schroder MPF Capital Guaranteed Portfolio over the 5-year period of continuous investment (or sooner on reaching age 65) and its value at the end of the period. (The value of the investment at other points in time is not relevant for the purpose of determining the amount of the guarantee payment.)

If at the end of the 5-year period, the value of such investment (made from mandatory contributions and voluntary contributions (less the amount withdrawn in the First Claim)) is below the guaranteed amount, the shortfall will be made up by the guarantor and credited to the relevant account. Accordingly, the member's entitlement at the end of the 5-year period is the higher of (i) the value of contributions made, taking into account any investment gains and losses, less expenses and cash held and the amount withdrawn in the First Claim, and (ii) the value of the member's contributions made, less expenses and cash held and the amount withdrawn in the First Claim (**"5th-year Balance"**).

In the present case, at the time of the Second Claim, the member has continuously invested in the Capital Guaranteed Portfolio for over 5 years. The member will be entitled to the 5th-year Balance, plus the value of the member's contributions made after the 5-year period up to the Second Claim, and any investment gains and losses after the 5-year period up to the Second Claim.

1.10 **Example 10:** A member aged 57 invested $6,000 in the Schroder MPF Capital Guaranteed Portfolio on 1 January 2014, and made contributions of $1,000 per month from this date until 1 January 2015 giving a total contribution amount of $18,000 being $6,000 (the initial investment) plus $12,000 ($1,000 per month for 12 months). By January 2015 the member's contributions have risen in value to be worth $19,000.

Upon reaching age 60 in 2017, the member elected to make two withdrawals by instalments each in the amount of HK$3,000 on the ground of early retirement. On 31 December 2018 at the end of the 5 year period his remaining holding in the Schroder MPF Capital Guaranteed Portfolio was worth $11,600.

The value of his holding, $11,600, at the end of the period is the important figure. This is compared with his guaranteed amount.

The guaranteed amount is the value of his units at the beginning of the five year period plus any contributions less any withdrawals, redemptions, fees and expenses levied at the Constituent Fund level and the cash held in the Schroder MPF Capital Guaranteed Portfolio.

In this example his guaranteed amount in the Schroder MPF Capital Guaranteed Portfolio is calculated as follows:

Holding at 1 January 2014	$6,000.00
+ contributions (12 x $1,000)	$12,000.00
= total contributions	$18,000.00
- withdrawal amount (2 x HK$3,000)	$6,000.00
- expenses and cash held	$200.00
= guaranteed amount	$11,800.00

The guaranteed amount is $6,000 less than the case where no withdrawal by instalments are made.

Nevertheless, the shortfall of HK$200 (HK$11,800 - HK$11,600) will be made up by the guarantor and the member's accrued benefits at the end of the 5-year period would be the guaranteed amount of HK$11,800.

Sun Life MPF Master Trust
MPF Scheme Brochure

FIRST ADDENDUM TO THE MPF SCHEME BROCHURE DATED MARCH 2020

Important -

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

This First Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure of the Sun Life MPF Master Trust dated 30 March 2020, as supplemented and amended (the "**Brochure**"). Terms used in this document bear the same meaning as in the Brochure unless otherwise defined. A copy of the Brochure and the First Addendum are available upon request and free of charge, from the offices of Sun Life at 16/F, Cheung Kei Center Tower A, No. 18 Hung Luen Road, Hunghom, 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.

Sun Life Hong Kong Limited and HSBC Provident Fund Trustee (Hong Kong) Limited accept responsibility for the information contained in this document as being accurate as at the date of publication.

The following amendment to the Brochure shall take effect from 1 January 2020:

Section 7.8 – TAXATION OF PROVIDENT FUNDS

The following new section 7.8.12 headed "**Automatic exchange of financial account information**" shall be inserted after section 7.8.11:

"The Inland Revenue Ordinance provides the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information in Tax Matters ("**AEOI**"). The AEOI requires financial institutions ("**FI"**) in Hong Kong to collect information relating to account holders with FIs, and report such information to the Inland Revenue Department of Hong Kong ("**IRD**") which will be further exchanged with any reportable jurisdiction(s) in which those account holders are tax residents. Account holders include members and employers participating in the Sun Life MPF Master Trust.

If you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the IRD for transmission to any tax authority outside Hong Kong.

Starting on 1 January 2020, the Sun Life MPF Master Trust is required to comply with the requirements of AEOI as implemented in Hong Kong, which means that the Sun Life MPF Master Trust shall collect including certain information relating to account holders and prospective participants of the Sun Life MPF Master Trust and provide such information to the IRD. This information includes (but is not limited to), in respect of each account holder or, where applicable, prospective participant, his/her/its name, address, date of birth (for individuals), place of incorporation (for entities), jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s) and account information including account balance, income, and payments under the Sun Life MPF Master Trust.

The AEOI rules as implemented in Hong Kong require the Sun Life MPF Master Trust to, amongst other things: (i) register the Sun Life MPF Master Trust's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. the interests of the account holders of the Sun Life MPF Master Trust) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and (iii) report the required information with respect to such Reportable Accounts to the IRD. Broadly, AEOI contemplates that Hong Kong FIs should report on account holders (individuals and entities) and controlling persons of certain entity account holders that are tax residents in a jurisdiction Hong Kong identifies as a reportable jurisdiction.

The Trustee, through whom the Sun Life MPF Master Trust operates, may, to the extent not prohibited by applicable laws including AEOI, engage, employ or authorise any individual or entity (including but not limited to third-party service providers, the Trustee's affiliates, subsidiaries, associated entities, and any of their branches and offices) (each, for purposes of this section, an "authorised person") to assist the Sun Life MPF Master Trust with the fulfilment of its obligations under AEOI, and to act on the Sun Life MPF Master Trust's behalf in relation to its obligations under AEOI. The Trustee and its authorised persons may share with each other any information of any Reportable Account of the Sun Life MPF Master Trust.

The Trustee and/or any of its authorised person(s) may require any individual or entity considered as an account holder of the Sun Life MPF Master Trust under AEOI to provide a valid self-certification form and such other information which the Trustee and/or any of its authorised person(s) require from time to time for the implementation of AEOI. In addition, where the account is an entity, the Trustee and/or its authorised person(s) may require such information on its controlling person(s).

In particular, at the time of applying to join the Sun Life MPF Master Trust, the Trustee will require, among others, valid self-certification forms from the applicant persons or entities in order to comply with applicable law. Account holders and controlling persons must inform the Trustee and/or any of its authorised person(s) about any changes in the information (including, but not limited to, any change in circumstances which affects their tax residency status or causes the information contained in a self-certification form to become incorrect) they have previously provided to the Trustee and/or any of its authorised person(s) within 30 days of such change or such time period as determined by the Trustee from time to time and notified to you. If the Trustee and/or any of its authorised person(s) do not receive the information required by the Trustee for AEOI purposes and/or any update in the changes of such information in respect of an account holder or a controlling person, the Trustee and/or any of its authorised person(s) may be required to report such person based on the information they have. Additionally, if the Trustee and/or any of its authorised person(s) do not receive the information required, to the extent not prohibited by applicable laws including AEOI, the Trustee shall have the power to, amongst others, refuse to accept any applicant to the Sun Life MPF Master Trust.

The information provided herein in relation to AEOI is of a general nature only and is not intended to serve as a basis for decision making. Account holders and prospective participants of the Sun Life MPF Master Trust should consult their own professional advisor(s) on the administrative and substantive implications of AEOI on their current or proposed investment in the Sun Life MPF Master Trust and the relevant Constituent Fund."

Dated 30 March 2020

Sun Life MPF Master Trust
MPF Scheme Brochure

SECOND ADDENDUM TO THE MPF SCHEME BROCHURE DATED MARCH 2020

Important -

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

This Second Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure of the Sun Life MPF Master Trust dated March 2020, as supplemented and amended (the "**Brochure**"). Terms used in this document bear the same meaning as in the Brochure unless otherwise defined. A copy of the Brochure and the Second Addendum are available upon request and free of charge, from the offices of Sun Life at 16/F, Cheung Kei Center Tower A, No. 18 Hung Luen Road, Hunghom, 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.

Sun Life Hong Kong Limited and HSBC Provident Fund Trustee (Hong Kong) Limited accept responsibility for the information contained in this document as being accurate as at the date of publication.

The following amendments to the Brochure shall take effect from 1 February 2021:

(1) Risk disclosure statement box

The second bullet point in the risk disclosure statement box under the heading "**Important**" shall be deleted and replaced with the following:

"Schroder MPF Capital Guaranteed Portfolio invests solely in an approved pooled investment fund in the form of insurance policy provided by Sun Life Hong Kong Limited ("**SLHK**"). The guarantee is also given by SLHK. Your investments in the Schroder MPF Capital Guaranteed Portfolio, if any, are therefore subject to the credit risk of SLHK. The guarantee available under the policy is also subject to certain conditions. Please refer to section 3.2.5.1 and section 4.1 of the Brochure for details of the credit risk, guarantee features and guarantee conditions."

(2) Section 1.2 – SCHEME STRUCTURE

The chart under section 1.2 shall be deleted and replaced with the following:

	SUN LIFE MPF MASTER TRUST – CONSTITUENT FUNDS												
Constituent Funds	Schroder MPF Conservative Portfolio	Schroder MPF Global Fixed Income Portfolio	Schroder MPF RMB and HKD Fixed Income Portfolio	Schroder MPF Capital Guaranteed Portfolio	Schroder MPF Capital Stable Portfolio	Schroder MPF Stable Growth Portfolio	Schroder MPF Balanced Investment Portfolio	Schroder MPF Growth Portfolio	Schroder MPF International Portfolio	Schroder MPF Asian Portfolio	Schroder MPF Hong Kong Portfolio	Schroder MPF Age 65 Plus Fund	Schroder MPF Core Accumulation Fund
	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
	Direct investments	Global Bond Fund	RMB & HKD Fixed Income Fund	Sun Life MPF Capital Guaranteed Policy	Schroder MPF Capital Stable Fund	Schroder MPF Stable Growth Fund	Schroder MPF Balanced Investment Fund	Schroder MPF Growth Fund	Schroder MPF International Fund	Schroder MPF Asian Fund	Hong Kong Equity Fund	Schroder MPF Core 20/80 Fund	Schroder MPF Core 60/40 Fund

(3) Section 3.2.5 – Statement of Investment Policy and Objectives

The first five paragraphs under section 3.2.5.1(b) under the heading "**Balance of investments**" shall be deleted and replaced with the following:

"The Schroder MPF Capital Guaranteed Portfolio invests in an insurance policy which includes a guarantee. The insurance policy the ("**Insurance Policy**") is an approved pooled investment fund and is issued by the insurer, Sun Life Hong Kong Limited ("**SLHK**").

Investments in the Insurance Policy are held as the assets of SLHK. In the event where SLHK is liquidated, you may not have access to your investment temporarily, or their value may be reduced. Before you invest in the Schroder MPF Capital Guaranteed Portfolio, you should consider the risk posed by the insurer (referred to as "credit risk") under the circumstances set out above and, if necessary, seek additional information or advice.

The overall returns of the Schroder MPF Capital Guaranteed Portfolio will be those achieved from the Insurance Policy less expenses, charges and fees at the Constituent Fund Level.

The Insurance Policy is a Class G Insurance Policy and is managed, issued and guaranteed by SLHK."

<u>Section 3.2.5 – Statement of Investment Policy and Objectives</u>

The first paragraph under section 3.2.5.1(b)(i) under the heading "**Terms of the guarantee**" shall be deleted and replaced with the following:

"The guarantee is only a feature of the Schroder MPF Capital Guaranteed Portfolio and does not apply to any other Portfolio. Furthermore, SLHK will only guarantee the amount that is invested in the Insurance Policy. Because of fees and expenses (as detailed in this Brochure) and the necessity to have a certain amount of cash and deposits in the Constituent Fund, this amount will be less than the amount invested in the Schroder MPF Capital Guaranteed Portfolio. As such the amount guaranteed will reflect these fees, expenses and such cash (see (iii) below and Appendix 1)."

(4) <u>Section 3.2.5 – Statement of Investment Policy and Objectives</u>

The paragraphs under section 3.2.5.1(b)(v) to (vii) under the heading "**Terms of the guarantee**" shall be deleted and replaced with the following:

"(v) Thus the amount that will be credited by SLHK to the member's account at the end of five years of continuous investment will for each member be the decline if any in the value of the member's holding in the Schroder MPF Capital Guaranteed Portfolio adjusted for fees and expenses which are levied at the Constituent Fund level, redemptions and cash not invested in the Insurance Policy; the amount is to be calculated according to the formula set out in Appendix 1.

Duration of the guarantee

(vi) The guarantee will continue for as long as the Schroder MPF Capital Guaranteed Portfolio invests in the Insurance Policy which is a Class G policy issued by SLHK which provides for a guarantee on the terms described in this Brochure.

(vii) SLHK may change the terms of the guarantee described in this Brochure. Should there be any changes, members of the Sun Life MPF Master Trust who will be affected by the change will be informed as soon as practicable and in any event within 30 days after the Investment Manager is notified of the change. Members should be aware that if the investment policy of the Schroder MPF Capital Guaranteed Portfolio changes from that described in the paragraph above, then the guarantee may not apply. Neither the Trustee, the Sponsor nor Schroder Investment Management (Hong Kong) Limited accept any liability for any parts of the guarantee which is provided solely by SLHK."

(5) <u>Section 4.1 – RISK FACTORS</u>

The fifth bullet point under section 4.1.1 under the heading "**General**" shall be deleted and replaced with the following:

"Investment in the Constituent Funds is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Schroder MPF Capital Guaranteed Portfolio invests solely in the Insurance Policy provided by SLHK. The guarantee is also given by SLHK. Your investments in the Schroder MPF Capital Guaranteed Portfolio, if any, are therefore subject to the credit risk of SLHK. Please also refer to section 3.2.5.1 for details of guarantee features and guarantee conditions."

(6) Section 5.1.5.6 – Expenses, fees and charges on the approved pooled investment funds

Paragraph 5.1.5.6.5 shall be deleted and replaced with the following:

"The insurer of the Insurance Policy which constitutes the underlying approved pooled investment fund relating to the Schroder MPF Capital Guaranteed Portfolio (i.e. SLHK) will receive a guarantee charge to be levied solely at the discretion of SLHK within the range of 0.0-0.725% per annum (with the maximum charge of 1% per annum) of the underlying net asset value of the Insurance Policy in addition to the Investment Management Fee (with the current fee shown in the table under paragraph 5.1.5.6.4 and the maximum fee of 2% of the net asset value per annum) and Trustee Fee (with the current fee shown in the table under paragraph 5.1.5.6.4and the maximum fee of 0.5% of the net asset value per annum) of the underlying approved pooled investment fund of the Insurance Policy. SLHK will also be entitled to recover the cost of operation specified in paragraphs 5.1.5.6.1 and 5.1.5.6.2. No other fees will be levied."

(7) Section 7.4 – VALUATION OF THE CONSTITUENT FUNDS AND APPROVED POOLED INVESTMENT FUNDS

Paragraph 7.4.3 shall be deleted and replaced with the following:

"In order to calculate the unit price in relation to a Constituent Fund, the Trustee determines the value of each Constituent Fund (and the price at which units may be acquired or redeemed in that Constituent Fund) as at the next Business Day following the Dealing Day of that Constituent Fund. The value of the Constituent Fund is generally determined by using the face value of deposits, deeming interest or similar income to accrue from day to day and taking the last traded price of quoted investments where available (and where an electronic price feed utilised by the Trustee for the purpose of calculating the value of quoted investments does not quote a mid price, the mid price shall be deemed not to be so available) less allowances for accrued expenses, fees and charges as in section 5.1 and repeated in the table in section 5.2. Units in an underlying approved pooled investment fund will be valued at the last traded price quoted by the manager for such units, which may be the bid price or the offer price or an average of the two. Where necessary in order to comply with any relevant regulatory requirements or for the purposes of any valuation system from time to time used by the Trustee or any agent or delegate of the Trustee, the value of units in an underlying approved pooled investment fund will be calculated in a manner agreed between the Investment Manager and the Trustee. In the case of the Schroder MPF Capital Guaranteed Portfolio, the units in the Insurance Policy are valued at the last traded price quoted by SLHK, and further include adjustments made by SLHK (on the advice of the appointed actuary) for the benefit of the fund to smooth market fluctuations to enable SLHK to give the guarantee. In the case of any investment which is not normally listed, quoted or dealt in on an investment exchange or in respect of which dealing prices on an investment exchange may not be available (or in respect of which market dealing prices on the principal stock exchange may not be available and the Trustee in its discretion considers that the prices ruling on investment exchanges other than the principal stock exchange do not provide in all circumstances a fair criterion of value), the value of the investment shall be (i) ascertained by any mechanised and/or electronic system of valuation dissemination used by the Trustee, or (ii) at the discretion of the Trustee, certified by a stockbroker (or some other professional person approved by the Trustee as qualified to value the investment), or (iii) where necessary in order to comply with any relevant regulatory requirements or for the purposes of any valuation system from time to time used by the Trustee, the value calculated in a manner agreed between the Investment Manager and the Trustee. The Trustee having ascertained the value of the Constituent Fund will divide this by the number of units in issue to give the net asset value per unit."

ON-GOING COST ILLUSTRATIONS FOR SUN LIFE MPF MASTER TRUST

Sun Life 永明金融

Issued March 2022

ABOUT THIS ILLUSTRATION

This is an illustration of the total effect of fees and charges on each HK$1,000 contributed in the funds named below. The fees and charges of a fund are one of the factors that you should consider in making investment decisions across funds. You should however also consider other important information such as the risks of the fund, the nature of the fund, the attributes of relevant parties, the range and quality of services being offered and, most importantly, your own personal circumstances and expectations. The information about fees and charges set out in this table is intended to help you compare the cost of investing in one constituent fund with the cost of investing in other constituent funds.

The illustration has been prepared based on some assumptions that are the same for all funds. The illustration assumes the following:

(a) a gross contribution of HK$1,000 is made in the respective constituent fund now and, being eligible to do so, you withdraw all of your accrued benefits arising from this contribution at the end of each time period indicated;
(b) for the purpose of this illustration only, the contribution has a 5% gross return each year [it is important that you note that the assumed rate of return used in this document is for illustrative and comparative purposes only. The return is neither guaranteed nor based on past performance. The actual return may be different.]; and
(c) the expenses of the funds (expressed as a percentage called the “fund expense ratio” below) remain the same for each fund for all periods shown in this illustration.

BASED ON THE ABOVE ASSUMPTIONS, YOUR COSTS ON EACH HK$1,000 CONTRIBUTIED ARE ILLUSTRATED IN THE FOLLOWING TABLE. PLEASE NOTE THAT THE ACTUAL COSTS WILL DEPEND ON VARIOUS FACTORS AND MAY BE DIFFERENT FROM THE NUMBERS SHOWN BELOW.

Name of constituent fund		Fund expense ratio for financial period ended 09/2021	Cost on each HK$1,000 contributed		
			After 1 year (HK$)	After 3 years (HK$)	After 5 years (HK$)
Schroder MPF RMB and HKD Fixed Income Portfolio	Ordinary Class	1.59%	17	52	89
	Class B	1.43%	15	47	81
Schroder MPF Capital Stable Portfolio	Ordinary Class	1.72%	18	56	96
	Class B	1.53%	16	50	86
Schroder MPF Stable Growth Portfolio	Ordinary Class	1.70%	18	55	95
	Class B	1.50%	16	49	84
Schroder MPF Balanced Investment Portfolio	Ordinary Class	1.71%	18	56	96
	Class B	1.51%	16	49	85
Schroder MPF Growth Portfolio	Ordinary Class	1.72%	18	56	96
	Class B	1.52%	16	50	85
Schroder MPF International Portfolio	Ordinary Class	1.72%	18	56	96
	Class B	1.52%	16	50	85
Schroder MPF Asian Portfolio	Ordinary Class	1.71%	18	56	96
	Class B	1.51%	16	49	85
Schroder MPF Hong Kong Portfolio	Ordinary Class	1.65%	17	54	92
	Class B	1.46%	15	48	82
Schroder MPF Capital Guaranteed Portfolio	Ordinary Class	1.90%	20	62	106
	Class B	1.70%	18	55	95
Schroder MPF Global Fixed Income Portfolio	Ordinary Class	0.92%	10	31	53
	Class B	0.87%	9	29	51
Schroder MPF Core Accumulation Fund		0.87%	9	29	50
Schroder MPF Age 65 Plus Fund		0.85%	9	28	48

Remark:

1. The example does not take into account any fee rebates that may be offered to certain members of Sun Life MPF Master Trust.
2. To improve the utility of these illustrations, the calculations have been adjusted to take out the effect of some non-recurring set-up costs.

Sun Life
永明金融

ILLUSTRATIVE EXAMPLE FOR SCHRODER MPF CONSERVATIVE PORTFOLIO OF THE SUN LIFE MPF MASTER TRUST

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PURPOSE OF THE EXAMPLE

This example is intended to help you compare the total amounts of annual fees and charges payable under this Scheme with those under other registered schemes.

THIS EXAMPLE ASSUMES THAT:

Your MPF Account Activities

(a) your monthly relevant income is $8,000

(b) you have put all your accrued benefits into the Conservative Fund; you have not switched your accrued benefits to other constituent funds during the financial period

(c) you have not transferred any accrued benefits into or out of this Scheme during the financial period

Your Company Profile

(d) 5 employees (including yourself) of your employer participate in this Scheme

(e) the monthly relevant income of each employee is $8,000

(f) no voluntary contribution is made

(g) each of the 4 employees has the same MPF account activities as yours

Investment Return and Savings Rate

(h) the monthly rate of investment return is 0.5% on total assets

(i) the prescribed savings rate is 3.25% per annum throughout the financial period.

Based on these assumptions, the ***total amounts of annual fees*** you need to pay under this Scheme in one financial period would be: $65 for Ordinary Class and $52 for Class B.

Warning: This is just an illustrative example. The actual amounts of fees you need to pay may be ***higher or lower***, depending on your choice of investments and activities taken during the financial period.