



# Mass Mandatory Provident Fund Scheme

31 December 2021

<b>Contents</b>	<b>Page(s)</b>
Scheme report	1 - 8
Investment report	9 - 78
Independent auditor's report	79 - 82
Independent auditor's assurance report	83 - 85
Statement of comprehensive income	86 - 89
Statement of net assets available for benefits	90 - 96
Statement of changes in net assets attributable to members - Master trust scheme	97 - 98
Cash flow statement - Master trust scheme	99 - 100
Statement of changes in net assets attributable to members - Constituent funds	101 - 104
Notes to the financial statements	105 - 128

## Scheme report

### **Financial development of the Mass Mandatory Provident Fund Scheme (“the Scheme”)**

Hong Kong economy recorded 6.4% growth in 2021 due to the low base and the stimulus effects of fiscal and monetary policies. In 2022, the impact of the COVID-19 will continue, the Government is working to obtain traveler clearance with the Mainland to enhance tourism and retail industry contributing to the economic recovery. Moreover, the economy is also affected by the Sino-US relations and the expected interest rate hikes by the Federal Reserve and 2022 should be a difficult year for Hong Kong.

During the reporting period, the total contributions received and receivable by the Scheme were HK\$1,178.4 million (2020: HK\$769.8 million). They consisted of HK\$198.4 million (2020: HK\$193.7 million) mandatory contributions, HK\$72.2 million (2020: HK\$50.5 million) voluntary contributions and HK\$907.8 million (2020: HK\$525.6 million) transfers-in contributions. The net assets of the Scheme amounted to HK\$4,998.8 million (2020: HK\$4,217.6 million) as at the year end.

### **Changes to the governing rules of the Scheme from 1 January 2021 to the date of this report**

No changes were noted to the governing rules of the Scheme from 1 January 2021 to the date of this report.

## Scheme report (continued)

### Information concerning the Scheme and its operations

#### ***The Scheme***

By a Trust Deed dated 27 January 2000, as amended by the deeds of amendment dated 24 October 2000, 15 August 2002, 27 February 2003, 20 January 2006, 1 March 2007, 30 September 2009, 1 May 2011, 15 November 2011, 13 June 2012, 31 January 2013, 17 July 2013, 27 August 2015, 24 December 2015, 21 November 2016, 2 December 2016, 11 January 2019, 14 March 2019, 1 May 2019 and 16 March 2020, YF Life Trustees Limited (“the Trustee”) established the Scheme. Employers and employees, self-employed persons and any other persons covered by the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPFSO”) may participate in the Scheme.

The assets of the Scheme as at 31 December 2021 are invested in the Allianz Global Investors Choice Fund, the Templeton MPF Investment Funds, the JP Morgan SAR Greater China Fund, the Invesco Pooled Investment Fund and the Mass MPF Guaranteed Policy (the “APIF Policy”). The Allianz Global Investors Choice Fund, the Templeton MPF Investment Funds, the JP Morgan SAR Greater China Fund, the Invesco Pooled Investment Fund and the APIF Policy have been approved by the Hong Kong Mandatory Provident Fund Schemes Authority (“the MPFA”) and authorised by the Securities and Futures Commission of Hong Kong (“the SFC”) as approved pooled investment funds (the “APIFs”). However, such approval and authorisation do not imply any official recommendation.

The APIF Policy is underwritten by YF Life Insurance International Limited and was launched in January 2006.

HSBC Institutional Trust Services (Asia) Limited is the trustee of the Allianz Global Investors Choice Fund and Allianz Global Investors Asia Pacific Limited is the investment manager of the MPF Conservative Fund, Global Stable Fund, Global Growth Fund, Hong Kong Equities Fund in the Scheme and the APIF Policy. Each investment fund of the Allianz Global Investors Choice Fund is a pooled investment fund in accordance with Part IV of Schedule 1 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”).

Cititrust Limited is the trustee of the Templeton MPF Investment Funds and Franklin Templeton Investments (Asia) Limited is the investment manager of the Asian Balanced Fund, Global Bond Fund, Global Equity Fund, Asian Pacific Equity Fund, European Equity Fund, and US Equity Fund. Each investment fund of the Templeton MPF Investment Funds is a pooled investment fund in accordance with Part IV of Schedule 1 of the General Regulation.

Cititrust Limited is the trustee of the JP Morgan SAR Greater China Fund and JP Morgan Asset Management (Asia Pacific) Limited is the investment manager of the Greater China Equity Fund. The JP Morgan SAR Greater China Fund is a pooled investment fund in accordance with Part IV of Schedule 1 of the General Regulation.

## Scheme report (continued)

### **Information concerning the Scheme and its operations (continued)**

Bank Consortium Trust Company Limited is the trustee of the Invesco Pooled Investment Fund and Invesco Hong Kong Limited is the investment manager of the Age 65 Plus Fund and Core Accumulation Fund. Each investment fund of the Invesco Pooled Investment Fund is a pooled investment fund in accordance with Part IV of Schedule 1 of the General Regulation.

The MPF Scheme Brochure of the Scheme includes information regarding the Scheme and brief details of the APIF Policy. The Trustee can provide more information regarding the Scheme, the related sub-funds of Allianz Global Investors Choice Fund, the related sub-funds of Templeton MPF Investment Funds, JP Morgan SAR Greater China Fund and the related sub-funds of Invesco Pooled Investment Fund upon request.

The Scheme is registered with the MPFA as a registered scheme under Section 21 of the MPFSO and is authorised by the SFC under Section 103 of the Securities and Futures Ordinance. Such registration and authorisation do not imply any official recommendation.

## Scheme report (continued)

### Information concerning the Scheme and its operations (continued)

#### **Constituent funds**

The Scheme offers the following fourteen constituent funds with different investment objectives:

- Guaranteed Fund which is a balanced fund (with guaranteed features);
- Global Growth Fund which is a balanced fund;
- Global Stable Fund which is a balanced fund;
- MPF Conservative Fund which is a money market fund;
- Global Equity Fund which is an equity fund;
- Asian Balanced Fund which is a balanced fund;
- Global Bond Fund which is a bond fund;
- Hong Kong Equities Fund which is an equity fund;
- Asian Pacific Equity Fund which is an equity fund;
- European Equity Fund which is an equity fund;
- US Equity Fund which is an equity fund;
- Greater China Equity Fund which is an equity fund;
- Age 65 Plus Fund which is a mixed assets fund; and
- Core Accumulation Fund which is a mixed assets fund.

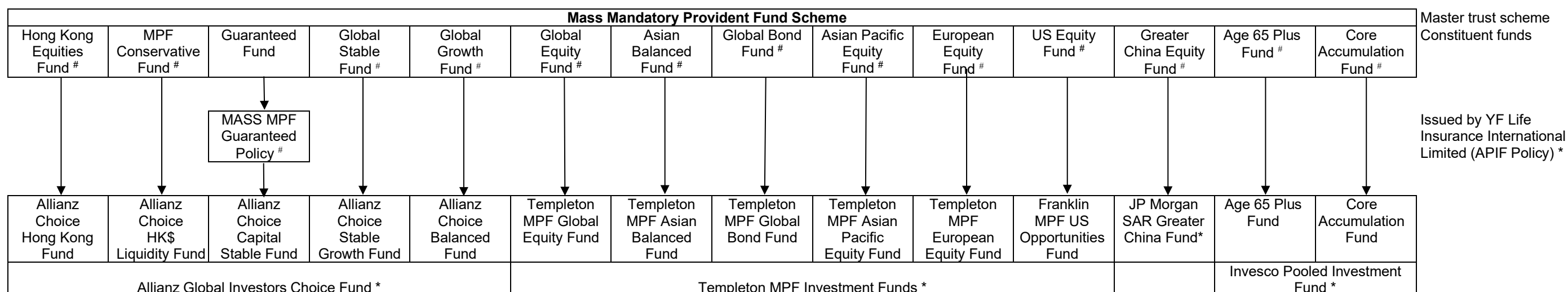
All the above constituent funds are unlisted funds.

## Scheme report (continued)

### Information concerning the Scheme and its operations (continued)

#### Constituent funds (continued)

All monies contributed to the above constituent funds are directly or indirectly (in the case of Guaranteed Fund) invested in the Allianz Global Investors Choice Fund, the Templeton MPF Investment Funds, the JP Morgan SAR Greater China Fund and the Invesco Pooled Investment Fund. They are established as pooled investment funds in accordance with Part IV of Schedule 1 to the General Regulation. For ease of reference, the structure of the Scheme is set out in the diagram below:



\* Approved Pooled Investment Funds

# Allianz Global Investors Asia Pacific Limited acts as the investment manager of the MPF Conservative Fund, Global Stable Fund, Global Growth Fund, Hong Kong Equities Fund in the Scheme and the APIF Policy. Franklin Templeton Investments (Asia) Limited acts as the investment manager of the Global Equity Fund, Asian Balanced Fund, Global Bond Fund, Asian Pacific Equity Fund, European Equity Fund and US Equity Fund. JP Morgan Asset Management (Asia Pacific) Limited acts as the investment manager of the Greater China Equity Fund. Invesco Hong Kong Limited acts as the investment manager of the Age 65 Plus Fund and Core Accumulation Fund.

## Scheme report (continued)

### **Channels for acquiring further information about the Scheme**

Members may obtain further information about the Scheme and its operations from the Trustee at its hotline number 2533 5522.

### **Particulars of the Trustee, service providers, auditor, banks and promoter of the Scheme during the year**

#### **Trustee, Scheme Administrator and Custodian**

YF Life Trustees Limited  
27th Floor,  
33 Lockhart Road  
Wanchai, Hong Kong

#### **Investment Managers**

Allianz Global Investors Asia Pacific Limited  
32/F, Two Pacific Place  
88 Queensway,  
Admiralty, Hong Kong

Franklin Templeton Investments (Asia) Limited  
17th Floor, Chater House  
8 Connaught Road  
Central, Hong Kong

JP Morgan Asset Management (Asia Pacific) Limited  
21/F, Chater House  
8 Connaught Road  
Central, Hong Kong

Invesco Hong Kong Limited  
41/F, Champion Tower  
3 Garden Road  
Central, Hong Kong

#### **Auditor**

KPMG  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong



## Scheme report (continued)

### Particulars of the Trustee, service providers, auditors, banks and promoter of the Scheme during the year (continued)

#### Banks

Citibank N.A.  
50th Floor, Champion Tower  
3 Garden Road  
Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road  
Central, Hong Kong

The Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road  
Central, Hong Kong

#### Promoter

YF Life Insurance International Limited \*  
27th Floor,  
33 Lockhart Road  
Wanchai, Hong Kong

\* This is an immediate holding company of the Trustee.

#### Directors of the Trustee

The directors who held office during the year and up to the date of this report are:

Mr Lee Siu Chuen	
Mr Wong Gah Jih	
Mr Yu Tin Yau Elvin	
Mr Zhang Ke (name changed to Cheung David)	(Appointed on 12 January 2021)
Mr Chan Man Ko	(Appointed on 4 August 2021)
Mr Tse Chi Hung	(Appointed on 1 September 2021)
Mr Tay Keng Puang	(Resigned on 12 January 2021)
Mr Wong Chun Leung Jonas	(Resigned on 12 January 2021)
Mr Yip Ka Lin Victor	(Resigned on 20 March 2021)

The business address of these directors is:

27th Floor,  
33 Lockhart Road  
Wanchai, Hong Kong

## Scheme report (continued)

### **Controllers of the associate of the Trustee**

#### **YF Life Insurance International Limited**

The controllers during the year and up to the date of this report are:

Yunfeng Financial International Holdings Limited  
Yunfeng Financial Group Limited  
Yunfeng Financial Holdings Limited  
Key Imagination Limited  
Jade Passion Limited  
Massachusetts Mutual Life Insurance Company  
MassMutual International LLC  
Mr Adnan Omar AHMED  
Mr Chan Man Ko  
Mr Yu Feng  
Mr Zhang Ke (name changed to Cheung David) (Appointed on 18 January 2021)  
Mr Tay Keng Puang (Resigned on 12 January 2021)  
Mr Huang Xin (Appointed on 27 August 2021)

#### *Independent non-executive directors*

Ms Liu Shu Yen  
Mr Ng Yu Lam Kenneth  
Mr Qi Daqing

The business/correspondence address of these controllers is:

27th Floor,  
33 Lockhart Road  
Wanchai, Hong Kong

# Investment report

## 1 Analysis of investments and Trustee's commentary

### 1.1 MPF Conservative Fund

#### 1.1.1 Analysis of investments during the year

In 2021, the fund returned 0.00%\* versus the benchmark's return of 0.00%. The benchmark return of the fund was the Hong Kong Mandatory Provident Fund Scheme Authority's prescribed savings rate.

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
MPF Conservative Fund (Launch date: 1 December 2000)	0.00	0.44	0.21	0.48
Benchmark	0.00	0.03	0.02	0.41
Deviation from the benchmark	0.00	0.41	0.19	0.07

#### 1.1.2 Trustee's commentary

The Fund outperformed in the five-year and ten-year periods and since inception.

In Hong Kong, HKD spot had stayed at the strong end at the beginning of 2021 but started to depreciate since end of February. The HKD spot rate continued to weaken over the second half of 2021, testing the midpoint of its 7.75 to 7.85 trading band against the USD several times before closing the year at 7.797 per USD. The weakness was mainly due to continued weak investor sentiment amid ongoing concerns over China's regulatory environment and growing prospect for earlier US tapering upon rising inflation data. Over the period, the HKMA increased the issuance size of Exchange Fund Bills in order to trim Aggregate Balance. Liquidity broadly tightened towards year-end with money market rates generally rose across the board. Despite year-end liquidity tightening has led to rising short term rates, Hong Kong Monetary Base remained steady and reflected still flush of liquidity in the banking system. The labour market was on a gradual recovery trend with declining unemployment rate while domestic consumption and PMI broadly improved. Over the period, there was the launch of the Cross-boundary Wealth Management Connect in the Guangdong-Hong Kong-Macao Greater Bay Area, and the launch of Southbound Bond Connect in the month, which deepen mutual access between the financial markets of the Mainland and Hong Kong.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.2 Guaranteed Fund

##### 1.2.1 Analysis of investments during the year

In 2021, the fund returned -3.37%\* versus the benchmark's return of -1.68%. The components of the benchmark were as follows: Financial Times Stock Exchange (FTSE) World Government Bond Index (WGBI) (60%), FTSE All-World (AW) North America (6%), FTSE AW Europe (6%), FTSE Japan (4%), FTSE AW Asia Pacific ex Japan ex Hong Kong (4%), FTSE MPF Hong Kong (10%) and Hong Kong Mandatory Provident Fund Schemes Authority's prescribed saving rate (10%).

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Guaranteed Fund (Launch date: 20 January 2006)	(3.37)	2.66	1.20	1.03
Benchmark	(1.68)	5.41	4.05	4.50
Deviation from the benchmark	(1.69)	(2.75)	(2.85)	(3.47)

##### 1.2.2 Trustee's commentary

The fund has about 30% equities at 2021 year end and its return was behind the benchmark for various periods.

Global equities surged over 2021 as the roll-out of COVID-19 vaccines boosted the outlook for a global recovery from the pandemic. Better-than-expected corporate earnings also drove stocks higher. Central banks remained supportive for much of the year, but rising inflation meant they came under growing pressure to withdraw their pandemic-related support measures as the year progressed. Global stocks became increasingly volatile in the second half of 2021 with the Delta and Omicron variants raising fears that vaccines would prove less efficacious, derailing the recovery, and major central banks pivoting towards a more hawkish stance in December. Global bond yields increased amid rising inflation expectations.

On a country level, overweight in US equities and stock selection in Japan have contributed the most, while stock selection in Asia ex Japan equities have detracted value. As an active manager, Allianz Global Investors will remain focus on stock selection as the source of alpha.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.2 Guaranteed Fund (continued)

##### 1.2.2 Trustee's commentary (continued)

In principle, equities and other risky assets should benefit from the global post-pandemic recovery. In addition, investors will probably try to offset the impact of negative real (i.e. inflation-adjusted) interest rates. They will likely be willing to take higher risks in the form of stronger volatility. From our vantage point, the main uncertainties stem from the fact that the central banks may decide to reverse their extremely loose monetary policies more quickly than expected and that the COVID-19 pandemic may take a new turn. During the first quarter of 2022 in particular, the "Omicron" wave may have dampened growth. Still, we should not forget that the resilience of the economy has improved during former periods with high infection figures. Corporate earnings will continue to play an important role. We believe that market participants will increasingly differentiate between "winners" and "losers" and that an active stockpicking approach will be useful.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

#### 1.3 Global Stable Fund

##### 1.3.1 Analysis of investments during the year

In 2021, the fund returned -0.11%\* versus the benchmark's return of 0.12%. The components of the benchmark were as follows: FTSE WGBI (45%), FTSE AW North America (10%), FTSE AW Europe (10%), FTSE Japan (6.5%), FTSE AW Asia Pacific ex Japan ex Hong Kong (6.5%), FTSE MPF Hong Kong (17%) and Hong Kong Mandatory Provident Fund Schemes Authority's prescribed savings rate (5%).

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Global Stable Fund (Launch date: 1 December 2000)	(0.11)	6.35	4.77	4.26
Benchmark	0.12	7.22	5.80	5.93
Deviation from the benchmark	(0.23)	(0.87)	(1.03)	(1.67)

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.3 Global Stable Fund (continued)

##### 1.3.2 Trustee's commentary

The fund has about 50% equities at 2021 year end and its return in 2021 was behind the benchmark for various periods.

Global equities surged over 2021 as the roll-out of COVID-19 vaccines boosted the outlook for a global recovery from the pandemic. Better-than-expected corporate earnings also drove stocks higher. Central banks remained supportive for much of the year, but rising inflation meant they came under growing pressure to withdraw their pandemic-related support measures as the year progressed. Global stocks became increasingly volatile in the second half of 2021 with the Delta and Omicron variants raising fears that vaccines would prove less efficacious, derailing the recovery, and major central banks pivoting towards a more hawkish stance in December. Global bond yields increased amid rising inflation expectations.

On a country level, overweight in US equities and stock selection in Japan have contributed the most, while stock selection in Asia ex Japan equities have detracted value. As an active manager, Allianz Global Investors will remain focus on stock selection as the source of alpha.

In principle, equities and other risky assets should benefit from the global post-pandemic recovery. In addition, investors will probably try to offset the impact of negative real (i.e. inflation-adjusted) interest rates. They will likely be willing to take higher risks in the form of stronger volatility. From our vantage point, the main uncertainties stem from the fact that the central banks may decide to reverse their extremely loose monetary policies more quickly than expected and that the COVID-19 pandemic may take a new turn. During the first quarter of 2022 in particular, the "Omicron" wave may have dampened growth. Still, we should not forget that the resilience of the economy has improved during former periods with high infection figures. Corporate earnings will continue to play an important role. We believe that market participants will increasingly differentiate between "winners" and "losers" and that an active stockpicking approach will be useful.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.4 Global Growth Fund

##### 1.4.1 Analysis of investments during the year

In 2021, the fund returned 1.78%\* versus the benchmark's return of 2.20%. The components of the benchmark were as follows: FTSE WGBI (25%), FTSE AW North America (14%), FTSE AW Europe (14%), FTSE Japan (9%), FTSE AW Asia Pacific ex Japan ex Hong Kong (9%), FTSE MPF Hong Kong (24%) and Hong Kong Mandatory Provident Fund Schemes Authority's prescribed savings rate (5%).

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Global Growth Fund (Launch date: 1 December 2000)	1.78	8.04	6.28	4.92
Benchmark	2.20	8.81	7.41	6.50
Deviation from the benchmark	(0.42)	(0.77)	(1.13)	(1.58)

##### 1.4.2 Trustee's commentary

The fund has about 69% equities at 2021 year end and its return in 2021 was behind the benchmark for various periods.

Global equities surged over 2021 as the roll-out of COVID-19 vaccines boosted the outlook for a global recovery from the pandemic. Better-than-expected corporate earnings also drove stocks higher. Central banks remained supportive for much of the year, but rising inflation meant they came under growing pressure to withdraw their pandemic-related support measures as the year progressed. Global stocks became increasingly volatile in the second half of 2021 with the Delta and Omicron variants raising fears that vaccines would prove less efficacious, derailing the recovery, and major central banks pivoting towards a more hawkish stance in December. Global bond yields increased amid rising inflation expectations.

On a country level, overweight in US equities and stock selection in Japan have contributed the most, while stock selection in Asia ex Japan equities have detracted value. As an active manager, Allianz Global Investors will remain focus on stock selection as the source of alpha.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.4 Global Growth Fund (continued)

##### 1.4.2 Trustee's commentary (continued)

In principle, equities and other risky assets should benefit from the global post-pandemic recovery. In addition, investors will probably try to offset the impact of negative real (i.e. inflation-adjusted) interest rates. They will likely be willing to take higher risks in the form of stronger volatility. From our vantage point, the main uncertainties stem from the fact that the central banks may decide to reverse their extremely loose monetary policies more quickly than expected and that the COVID-19 pandemic may take a new turn. During the first quarter of 2022 in particular, the "Omicron" wave may have dampened growth. Still, we should not forget that the resilience of the economy has improved during former periods with high infection figures. Corporate earnings will continue to play an important role. We believe that market participants will increasingly differentiate between "winners" and "losers" and that an active stockpicking approach will be useful.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.



## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.5 Asian Balanced Fund

##### 1.5.1 Analysis of investments during the year

In 2021, the fund returned -1.49%\* versus the benchmark's return of -0.13%. The components of the benchmark were as follows: MSCI All-Country (AC) Asia Pacific (65%) and JP Morgan GBI-EM Broad Diversified Asia Index (35%).

	<i>Annualised return</i>			<i>Since launch</i> %
	<i>1 year</i> %	<i>5 years</i> %	<i>10 years</i> %	
Asian Balanced Fund (Launch date: 17 March 2003)	(1.49)	2.93	3.06	5.61
Benchmark	(0.13)	9.04	6.86	7.70
Deviation from the benchmark	(1.36)	(6.11)	(3.80)	(2.09)

##### 1.5.2 Trustee's commentary

The Fund underperformed its benchmark for various periods.

The primary detractors from the relative performance were stock selection in the consumer discretionary, financials and materials sectors (including mainly SF Holding, NC Soft, Xinyi Solar Holding). The primary contributors were stock selection in the consumer staples, utilities and real estate sectors (including mainly China Resources Holdings, Mphasis and Century Pacific Food). On country level, the primary detractors were stock selection in Taiwan and overweight allocation and stock selection in Hong Kong while the primary contributors were underweight allocation and stock selection in China and overweight allocation and stock selection in Philippines.

Successful investment involves identified mispriced opportunities in the markets. On the other hand, potential risks exist at the same time from a great deal of change and dislocation has occurred beneath the surface. The investment manager believes their awareness of these dynamics and understanding of this market structure complements our fundamental analytical and risk management expertise, helping to potentially avoid risks and identify compelling opportunities over time.

For the one-year period, the fixed income portfolio underperformed its benchmark index primarily due to currency positions, followed by interest-rate strategies. Among currencies, positions in East Asia detracted from relative performance (an underweight position in the Chinese yuan earlier in the period, along with an overweight position in the Korean won). However, the portfolio's underweighted position in the Thai baht contributed. The portfolio maintained a defensive approach regarding interest rates. Select underweighted duration exposures in East Asia (China) and Southeast Asia (Indonesia) detracted from relative results, while select underweighted duration exposure to Thailand contributed.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.5 Asian Balanced Fund (continued)

##### 1.5.2 Trustee's commentary (continued)

The Fund underperformed its benchmark over the five-year period due to holdings in both the equity and fixed income sector.

The equity portion underperformed for the five-year period, primarily due to security selection. Despite continued challenges, we believe we are taking the necessary steps to improve investment outcomes in a difficult environment and position the portfolios for long-term profit and success.

For the five-year period, the fixed income portfolio underperformed its benchmark index primarily due to currency positions, followed by interest-rate strategies. Among currencies, select underweighted positions in East Asia (the Chinese yuan) and South Asia (the Indian rupee) along with overweighted duration exposures in Southeast Asia (the Indonesian rupiah) detracted from relative performance. The Fund maintained a defensive approach regarding interest rates. Select underweighted duration exposures in Southeast Asia (Indonesia, Malaysia and Thailand), East Asia (China) and South Asia (India) detracted from relative results. However, overweighted duration exposures in South Korea and Hong Kong contributed.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.6 Global Bond Fund

##### 1.6.1 Analysis of investments during the year

In 2021, the fund returned -4.24%\* versus the benchmark's return of -4.88%. The components of the benchmark were as follows: FTSE WGBI (65%) and Bloomberg Barclays Global Treasury-Hong Kong Index (35%).

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Global Bond Fund (Launch date: 17 March 2003)	(4.24)	0.10	(0.51)	1.52
Benchmark	(4.88)	2.60	1.14	3.18
Deviation from the benchmark	0.64	(2.50)	(1.65)	(1.66)

##### 1.6.2 Trustee's commentary

The Fund outperformed its benchmark for the one-year period in 2021 while the Fund underperformed its benchmark for the five-year and ten-year periods and since inception.

During the 2nd quarter of the year, the portfolio moderately underperformed primarily due to its underweight duration positioning. It has been over 40 years since we have seen core CPI month on month inflation prints similar to the April, May and June releases over the quarter. And yet, in spite of this, the yield on the 30-year US Treasury bond fell by over 30 basis points in a truly perplexing market reaction. Arguments can be made for supply/demand dynamics (the pace and timing of treasury issuance) as well as the Federal Reserve still being a non-economic buyer to the tune of USD 80 billion of treasuries monthly which helped send yields lower. Regardless, the underweight duration allocations in both the United States and Hong Kong (roughly a year underweight in total) were negative relative detractors and the primary drivers of the 20 basis points quarterly underperformance. Relative currency allocations were largely offsetting, with losses from the underweight Euro position buoyed by gains in the overweight allocations to Sweden and South Korea. The addition of US Corporate credit over the quarter was incrementally positive as investment grade spreads exhibited extremely low volatility and the yield pick-up added a few basis points to relative performance.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.6 Global Bond Fund (continued)

##### 1.6.2 Trustee's commentary (continued)

The portfolio's underweight exposure to U.S. Treasuries and the U.K. was a key contributor to the portfolio's performance in the 3rd Quarter. In the U.S., the inflation risk story is still unfolding and there are concerns that inflation could be less transitory than expected due to supply chain bottlenecks. While central bank policy still remains accommodative, there has been signals across the board that they could start tapering or hike interest rates given the pick-up in inflation. Gilt yields have periodically retreated during risk-off periods, and therefore remain expensive. The Bank of England (BOE) kept rates at an all-time low of 0.1% during its September 2021 meeting. The central bank also did not make any changes to its asset purchase programme, although there has been talk around higher inflation expectations which would call for some tightening. The overweight exposure to South Korea duration was a key detractor as the country was plagued by supply chain concerns as a result of the pandemic and hence, this negatively affected the portfolio during the same period.

In the 4th quarter, the portfolio's duration exposure to the U.K and U.S. contributed positively to the overall performance while Mexico and Italian bonds detracted from performance. Investment-grade credit positions were susceptible to a more hawkish Federal Reserve as the segment's modest spreads were not enough to offset the significant increase in yields at the front and belly of the curve. From a lower-quality credit perspective, cash bonds recovered much of the mid-quarter sell-off ending the quarter somewhat neutral; however, a tactical increase during that time led to an overall accretive contribution from that segment. During this same period, the portfolio continued to reduce its positioning by roughly 1.5 years across both in absolute value and also in country composition.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.7 Global Equity Fund

##### 1.7.1 Analysis of investments during the year

The fund returned 21.78%\* in 2021 compared with a 20.26% return for its benchmark, the FTSE MPF All World Index.

	<i>Annualised return</i>			<i>Since launch</i> %
	<i>1 year</i> %	<i>5 years</i> %	<i>10 years</i> %	
Global Equity Fund (Launch date: 17 March 2003)	21.78	8.94	8.93	7.29
Benchmark	20.26	14.65	12.54	10.26
Deviation from the benchmark	1.52	(5.71)	(3.61)	(2.97)

##### 1.7.2 Trustee's commentary

The Fund outperformed its benchmark for 2021 while it underperformed its benchmark for five, ten year periods and since inception.

The Templeton MPF Global Equity Fund outperformed its benchmark during the period from the inception date of ClearBridge as Subadvisor, April 1, 2021, through December 31, 2021. The primary contributor to relative performance was stock selection in the industrials sector. Selection in the consumer discretionary, consumer staples and materials sectors as well as an overweight allocation to the information technology (IT) sector also proved beneficial. Detractors from relative performance were stock selection in communication services, financials, utilities and health care as well as an overweight to industrials. Regionally, stock selection in the U.S. and the Eurozone as well as an underweight to Asia Ex Japan contributed to performance but were partially offset by negative stock selection in Asia Ex Japan, the United Kingdom and Latin America/Caribbean.

After a run for value stocks following initial news on COVID-19 vaccines in late 2020, growth reasserted its leadership over the last three quarters of 2021. But the comeback for growth stocks has been erratic, with volatility in yields, recovering economic activity and demand for commodities causing investors to maintain some cyclical exposure. Indeed, 2021 was a year of tremendous variability in performance, even within growth or value sectors.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.7 Global Equity Fund (continued)

##### 1.7.2 Trustee's commentary (continued)

The targeted growth companies cover across three categories – secular, structural and emerging giving the most opportunities to participate in the returns available through all market conditions while paying close attention to risk. Secular growth companies are issuers that have established businesses and leading market share in their respective industry with the balance sheets and pricing power to deliver consistent growth. Our structural growth segment allows us to own undervalued cyclicals and companies that have earnings that are temporarily depressed but that we believe should see a steep change in forward earnings. Emerging growth companies are what many investors think of as growth companies with above average revenue growth and innovative business models that may be earlier in their growth lifecycle and investing heavily to fund future growth.

Emerging growth stocks significantly underperformed the overall growth category in 2021 after leading performance in 2020. The pull through effect on digitization, online access across industries and spend to modernize outdated corporate infrastructures accelerated trends in a highly compressed time frame. Much of that trend slackened in 2021 and shares of these companies, while showing good top line growth, saw slowing appreciation from the blistering pace in the prior year. With that moderating growth, multiples decelerated from 2020 highs which negatively impacted on the performance of the shares of U.S.-based e-signature software maker DocuSign and Brazilian payment digital payments provider StoneCo.

Despite these mixed emerging growth results, performance was more resilient among our secular and structural growth holdings. The bulk of these contributions came from U.S. companies in the industrials sector, led by Trex, a maker of decking from recycled materials, and structural holdings Old Dominion Freight Lines and United Parcel Service. Japan's Recruit Holdings, which owns the job search engines Indeed.com and Glassdoor.com, benefited from heightened demand for workers in both the U.S. and Japan. Also within the structural bucket, U.S. lab and related consumables supplier Avantor was a solid contributor, boosted by demand from biopharmaceutical and related health care customers.

How we think about the Fund and global markets going forward will depend on a few things. First of all, how quickly will interest rates move across regions. While some of our emerging growth companies could be negatively impacted if rates rise quickly, certain segments of growth can still outperform through a period of tightening. Our secular growers, the largest segment of the portfolio, have pricing power and are well-positioned for such a scenario. Provided that emerging growth companies can deliver upside surprises to consensus expectations, those stocks can also continue to perform. An eye on valuation and sizing of positions in this segment has been, and will always be, the most important way to manage these risks, not simply avoid them.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.8 Asian Pacific Equity Fund

##### 1.8.1 Analysis of investments during the year

The fund returned -3.90%\* in 2021 compared with a 1.65% return for its benchmark, the FTSE MPF Asia Pacific ex-Japan Index.

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Asian Pacific Equity Fund (Launch date: 19 March 2007)	(3.90)	4.23	4.50	3.75
Benchmark	1.65	11.05	8.11	6.08
Deviation from the benchmark	(5.55)	(6.82)	(3.61)	(2.33)

##### 1.8.2 Trustee's commentary

The Fund underperformed its benchmark for various periods.

The primary detractors from the relative performance were stock selection in the consumer discretionary, financials and materials sectors (including mainly SF Holding, NC Soft, Xinyi Solar Holding). The primary contributors were stock selection in the consumer staples, utilities and real estate sectors (including mainly China Resources Holdings, Mphasis and Century Pacific Food). On country level, the primary detractors were stock selection in Taiwan and overweight allocation and stock selection in Hong Kong while the primary contributors were underweight allocation and stock selection in China and overweight and stock selection in Philippines.

Successful investment involves identified mispriced opportunities in the markets. On the other hand, potential risks exist, at the same time, from a great deal of change and dislocation has occurred beneath the surface. The investment manager believes their awareness of these dynamics and understanding of this market structure complements our fundamental analytical and risk management expertise, helping to potentially avoid risks and identify compelling opportunities over time.

The Fund underperformed for the five-year period and the period since inception, primarily due to stock selection. Despite continued challenges, we believe we are taking the necessary steps to improve investment outcomes in a difficult environment and position the portfolios for long-term profit and success.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.9 European Equity Fund

##### 1.9.1 Analysis of investments during the year

The fund returned 4.89%\* in 2021 compared with a 19.41% return for its benchmark, the FTSE MPF Europe Index.

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
European Equity Fund (Launch date: 19 March 2007)	4.89	4.38	6.72	1.43
Benchmark	19.41	10.85	9.58	4.43
Deviation from the benchmark	(14.52)	(6.47)	(2.86)	(3.00)

##### 1.9.2 Trustee's commentary

The Fund underperformed its benchmark for various periods.

The Fund underperformed its benchmark during 2021. Primary detractors from relative performance was due in large part to off-benchmark investment in Spanish solar firm Soltec Power Holdings. Security selection and an underweighting in the consumer discretionary sector also pressured results, as did stock selection in the consumer staples sector. Conversely, stock selection in the utilities sector enhanced relative fund performance during the reporting period. Other contributors at the stock level included an off-benchmark investment in French investment fund distribution platform Allfunds Group, which we added after its initial public offering in July 2021. On a regional basis, an overweighting and stock selection in Belgium detracted from relative performance during the reporting period. Security selection in the Netherlands also hampered results, as did stock selection and an underweighting in the United Kingdom. Relative returns were pressured further by positioning in Spain, France, Germany and Switzerland. Conversely, security selection in Ireland supported relative performance.

The Fund underperformed its benchmark over the five-year period. Stock selection and an underweighting in the consumer discretionary sector detracted from relative performance during the reporting period. Security selection and an overweighting in the energy sector also hampered results, as did stock selection and an underweighting in the consumer staples sector. Relative results were pressured further by security selection and an underweighting in the industrials sector and by stock selection in the health care and materials sectors. In contrast, relative performance was supported by stock selection and an underweighting in the utilities sector and by an overweighting in the information technology sector. Regionally, security selection in France, the United Kingdom and the Netherlands detracted from relative performance while positioning in Denmark, Germany and Austria supported results.



## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.9 European Equity Fund (continued)

##### 1.9.2 Trustee's commentary (continued)

The Fund underperformed its benchmark over the ten-year period. Primary detractors from relative performance were an underweight allocation and stock selection in consumer discretionary sector. Security selection and underweight allocation in the industrials and consumer staples sectors also dampened results, as did overweight allocation and stock selection in the energy and communication services sectors. In contrast, stock selection and an underweighting in the utilities sector supported relative performance, as did security selection in the financials sector. Results were enhanced further by an underweighting and stock selection in the materials sector, and by an overweighting and security selection in the information technology sector. On a regional basis, stock selection in the Netherlands detracted from relative performance, as did security selection and an overweighting in Italy. An overweighting and stock selection in Belgium also hampered relative results, as did security selection in France. In contrast, relative performance was supported by stock selection in Denmark, Germany and Switzerland.

The Fund underperformed its benchmark since inception. Primary detractors from relative performance were an underweight allocation and stock selection in consumer staples, and an underweight allocation in industrials sector. Stock selection and an underweighting in the consumer discretionary sector also pressured results, as did an overweighting and security selection in the energy sector. In contrast, primary contributors to relative performance were an underweight allocation and stock selection in the financials sector, an overweight allocation and stock selection in information technology, and positioning in the utilities and materials sectors. Regionally, security selection in France and the Netherlands detracted from relative performance, as did an underweighting and stock selection in Sweden. Conversely, an underweighting in the United Kingdom supported relative results, as did stock selection in Denmark and Germany.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.10 Hong Kong Equities Fund

##### 1.10.1 Analysis of investments during the year

The fund returned - 12.20%\* in 2021 compared with a - 14.52% return for its benchmark, the FTSE MPF Hong Kong Index.

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Hong Kong Equities Fund (Launch date: 19 March 2007)	(12.20)	6.48	4.84	2.69
Benchmark	(14.52)	6.33	6.49	4.69
Deviation from the benchmark	2.32	0.15	(1.65)	(2.00)

##### 1.10.2 Trustee's commentary

The Fund outperformed its benchmark for 2021 and five year periods while it underperformed its benchmark for ten year periods and since inception.

Hong Kong equities were significantly weaker in 2021. The FTSE MPF Hong Kong Index ended the year was down by 14.5% in HKD. The main reason was a meaningful economic slowdown in China as policymakers took action to prevent inflationary pressures building. In addition, the crackdown on areas such as key technology companies and the property sector also weighed on sentiment. In terms of sector performance, basic materials outperformed while telecommunications was the worst performing sector.

Against this backdrop, the portfolio outperformed the benchmark over the year of 2021. Stock selection was the main performance driver, especially in financials, telecommunications and health care. On a single stock level, the top contributor was a Chinese provider of environmental services such as waste-water treatment and biomass power generation. The share price was particularly strong in late 2021 as the Ministry of Ecology and Environment published a 'waste-free city' construction plan promoting future development in the waste management area.

On the other hand, a key detractor was a home appliance maker in China. The weakness in the property sector led to reduced growth expectations and the company also postponed the launch of its employee share incentive program. As a result we exited the stock.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.10 Hong Kong Equities Fund (continued)

##### 1.10.2 Trustee's commentary (continued)

Clearly we are in extremely uncertain times with low visibility around future economic developments globally. In China, recent economic data shows the heavy toll the COVID lockdowns – especially in Shanghai – are having on the economy. Supply chains, property and consumption are bearing the brunt of the weakness.

Looking ahead, we expect a pivot to an easier monetary and fiscal policy setting in China. This should ultimately lead to a stabilization of the Chinese economy with improving momentum as we move through the second half of the year. This should also provide a more supportive backdrop to markets.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.11 US Equity Fund

##### 1.11.1 Analysis of investments during the year

The fund returned 16.10%\* in 2021 compared with a 26.76% return for its benchmark, the FTSE MPF USA Index.

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
US Equity Fund (Launch date: 19 March 2007)	16.10	22.01	16.13	9.96
Benchmark	26.76	18.14	16.01	10.18
Deviation from the benchmark	(10.66)	3.87	0.12	(0.22)

##### 1.11.2 Trustee's commentary

The Fund underperformed its benchmark in 2021 and since inception while it outperformed its benchmark for five-year and ten-year periods during 2021, which is driven by adverse stock selection and negative sector allocation effects. Stock selection in information technology detracted most from relative performance as the period. Particularly in the fourth quarter of 2021, the Fund's underperformance was exacerbated by the relative weakness of the broader technology sector, specifically in the services and software industries, in which we remain overweight. Adverse stock selection in industrials and financials also detracted from relative returns. On an individual issuer basis, top relative detractors included Amazon.com, CoStar Group and Mastercard. Conversely, an underweight to utilities and communication services marginally aided relative performance in the period. On an individual issuer basis, top relative contributors to performance included NVIDIA, West Pharmaceuticals and Rivian Automotive.

The Fund outperformed its benchmark over the five-year period, driven by positive sector allocation effects and stock selection. An overweight to information technology was the largest contributor to relative performance, with notable contributions from the software and IT services industries. Elsewhere in the portfolio, stock selection and an underweight to financials also contributed to relative returns. Top individual contributors to performance included Amazon.com, ServiceNow, and NVIDIA. Conversely, a slight overweight to and adverse stock selection in industrials detracted the most from relative performance. Adverse stock selection in materials also hindered relative returns. Top individual detractors from relative performance included Apple, 2U and Heron Therapeutics.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.12 Greater China Equity Fund

##### 1.12.1 Analysis of investments during the year

The fund returned -7.00%\* in 2021 compared with a -3.70% return for its benchmark, the FTSE MPF Greater China (Total Net) index.

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Greater China Equity Fund (Launch date: 1 May 2011)	(7.00)	17.16	11.76	8.05
Benchmark	(3.70)	11.60	9.20	6.20
Deviation from the benchmark	(3.30)	5.56	2.56	1.85

##### 1.12.2 Trustee's commentary

The Fund underperformed its benchmark in 2021 while it outperformed its benchmark for five year, ten year periods and since inception.

The fund underperformed the benchmark in 2021 as sector allocation detracted, particularly in industrials and basic materials. While stock selection in tech continued to be strong, stock picks in energy and health care were a drag.

Regulatory intervention, starting in the third quarter, had a significant negative impact on several of the Fund's holdings. Among them were Pinduoduo, which operates a group purchasing platform for agricultural products and Bilibili, Inc., which is a video sharing site. Separately, in a portfolio which looks for idiosyncratic growth opportunities a lack of exposure to energy was a detractor from performance given the rise in the price of oil.

On the positive side, the sector attribution outlined above belies some of the stock specific drivers of returns for the portfolio. In financials two names contributed strongly: Chailease and China Merchants Bank, driven by strong underlying fundamentals which shone through during a weaker economic environment.

Recent government policy meetings acknowledged the necessity and urgency to stabilize the economy. Specifically, policy setters highlighted consumption contraction (primarily due to COVID lockdowns), supply chain shocks (due to inflation and logistics bottlenecks) and weakening expectations (leading to weak FAI for example) as three major near term challenges. In terms of monetary policies, PBOC already directed credits to promoting areas such as green energy and SMEs and cut required reserve rate by 50bps in December, and we expect more accommodative monetary policies the coming year.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.13 Age 65 Plus Fund

##### 1.13.1 Analysis of investments during the year

In 2021, the fund returned 0.65%\* compared with a 0.71 % return for its benchmark. The components of the benchmark were as follows: FTSE MPF All-World Index (20%), FTSE MPF WGBI (77%) and Hong Kong Mandatory Provident Fund Schemes Authority's prescribed savings rate (3%).

	<i>Annualised return</i>			<i>Since launch</i> %
	<i>1 year</i> %	<i>5 years</i> %	<i>10 years</i> %	
Age 65 Plus Fund (Launch date: 1 April 2017)	0.65	N/A	N/A	4.24
Benchmark	0.71	N/A	N/A	4.27
Deviation from the benchmark	(0.06)	N/A	N/A	(0.03)

##### 1.13.2 Trustee's commentary

The fund is a relatively 'low risk' fund and has about 21% equities at 2021 year end and its return was behind the benchmark in 2021. The comments in relation to the performance of equity and fixed income portion of the fund in 2021 were described in the following paragraphs.

In 2021 the equity portion delivered 20.61% net of fees, thereby underperforming its benchmark (19.68%). Our strategy invests globally in stocks within the MPF regulations. For the portfolio we favour companies that, in our view, are attractively valued, have good earnings and price momentum and evidence that management supports shareholder value. These companies are selected using our proprietary multi-factor model.

Relative performance last year is based on multiple aspects. From a factor perspective, value outpaced growth and outperformed significantly for the first time in 5 years. At the same time, Quality and Momentum enjoyed positive returns as well, resulting in a strong performance of our multi-factor approach. In early 2021, the Value rally, which was sparked by the vaccine announcement in November 2020, picked up further pace as inflation expectations moved higher and the prospects of a strong economic recovery increased investors' appetite for attractively valued stocks. Momentum, on the other hand, initially struggled amid the changing market dynamics as the factor was strongly skewed towards stocks that benefitted from the pandemic. However, after the sell-off in the first quarter, Momentum rebounded and rallied back into positive territory. Quality and defensive equities in general behaved as expected. In the first half of the year, defensive stocks were largely neglected as risk appetite remained high. In the second half of 2021, however, investors' focus switched back to Quality and the factor fared well throughout the last months of the year. Towards the end of the year, we observed a synchronized rally of Quality, Momentum and Value, leading to particularly strong returns for our multi-factor approach, even by historical standards.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.13 Age 65 Plus Fund (continued)

##### 1.13.2 Trustee's commentary (continued)

Contributions from countries and currencies, which are a residual of our multi-factor portfolio optimization approach, had no material impact on portfolio performance. Implicit active sector weights, also a residual from our stock selection, detracted from performance. Over the long term we expect to have a small to no contribution from our country and sector allocation.

In 2021, the fixed income portion returned - 3.59% net and versus - 2.62% from benchmark. Throughout 2021, the portfolio was positioned according to our factor approach to fixed income investing. The portfolio is tilted towards bond markets that exhibit attractive value, quality and value characteristics to which we add an Emerging Market sovereign bond allocation and a smaller corporate bond allocation that exhibits attractive quality characteristics. We believe these tilts will drive outperformance over time. We fund these positions through an underweight relative to benchmark in the core benchmark bond markets – principally the US, Germany and the UK. Global central banks communicating a more hawkish monetary policy stance in response to higher inflation supported a move higher in global bond yields over this period. Our active positioning contributed negatively to performance over the 12-month period with the portfolio underperforming the benchmark. Select overweight positions that contributed negatively to performance included exposures to Poland, Norway, Canada, and Australia. Offsetting some of this underperformance were underweight positions to our core funding markets including the US, UK and Germany.

At year end the portfolio was positioned as follows. To capture carry characteristics the portfolio is positioned with exposure to government bonds from Australia, Switzerland and the US. To capture value characteristics the portfolio is positioned with exposure to government bonds in Canada, Switzerland and Norway and to capture quality characteristics positioning is long government bonds in the Euro area, Norway and Sweden. Emerging market exposures are currently taken in Mexico, Malaysia, Poland and Thailand. There is a very small exposure to some remaining select EU corporate credit that is about to reach maturity. The overweight positions are funded through underweights relative to benchmark to the core markets mainly the US, Germany and the UK.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.14 Core Accumulation Fund

##### 1.14.1 Analysis of investments during the year

In 2021, the fund returned 9.99%\* compared with a 9.43% return for its benchmark. The components of the benchmark were as follows: FTSE MPF All-World Index (60%), FTSE MPF WGBI (37%) and Hong Kong Mandatory Provident Fund Schemes Authority's prescribed savings rate (3%).

	<i>Annualised return</i>			<i>Since launch</i>
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Core Accumulation Fund (Launch date: 1 April 2017)	9.99	N/A	N/A	8.30
Benchmark	9.43	N/A	N/A	8.66
Deviation from the benchmark	0.46	N/A	N/A	(0.36)

##### 1.14.2 Trustee's commentary

The Fund is a relatively 'high risk' fund and has about 65% equities at 2021 year end and its return outperformed the benchmark in 2021. The comments in relation to the equity and fixed income performance of the fund in 2021 were described in the following paragraphs.

In 2021 the equity portion delivered 20.61% net of fees, thereby outperforming its benchmark (19.68%). Our strategy invests globally in stocks, in alignment with the MPF regulations. For the portfolio we favour companies that, in our view, are attractively valued, have good earnings and price momentum and evidence that management supports shareholder value. These companies are selected using our proprietary multi-factor model.

Relative performance last year is based on multiple aspects. From a factor perspective, Value outpaced growth and outperformed significantly for the first time in 5 years. At the same time, Quality and Momentum enjoyed positive returns as well, resulting in a strong performance of our multi-factor approach. In early 2021, the Value rally, which was sparked by the vaccine announcement in November 2020, picked up further pace as inflation expectations moved higher and the prospects of a strong economic recovery increased investors' appetite for attractively valued stocks. Momentum, on the other hand, initially struggled amid the changing market dynamics as the factor was strongly skewed towards stocks that benefitted from the pandemic. However, after the sell-off in the first quarter, Momentum rebounded and rallied back into positive territory. Quality and defensive equities in general behaved as expected. In the first half of the year, defensive stocks were largely neglected as risk appetite remained high. In the second half of 2021, however, investors' focus switched back to Quality and the factor fared well throughout the last months of the year. Towards the end of the year, we observed a synchronized rally of Quality, Momentum and Value, leading to particularly strong returns for our multi-factor approach, even by historical standards.



## Investment report (continued)

### 1 Analysis of investments and Trustee's commentary (continued)

#### 1.14 Core Accumulation Fund (continued)

##### 1.14.2 Trustee's commentary (continued)

Contributions from countries and currencies, which are a residual of our multi-factor portfolio optimization approach, had no material impact on portfolio performance. Implicit active sector weights, also a residual from our stock selection, detracted from performance. Over the long term we expect to have a small to no contribution from our country and sector allocation.

In 2021, the fixed income portion returned - 3.59% net and versus - 2.62% from benchmark. Throughout 2021, the portfolio was positioned according to our factor approach to fixed income investing. The portfolio is tilted towards bond markets that exhibit attractive value, quality and value characteristics to which we add an Emerging Market sovereign bond allocation and a smaller corporate bond allocation that exhibits attractive quality characteristics. We believe these tilts will drive outperformance over time. We fund these positions through an underweight relative to benchmark in the core benchmark bond markets – principally the US, Germany and the UK. Global central banks communicating a more hawkish monetary policy stance in response to higher inflation supported a move higher in global bond yields over this period. Our active positioning contributed negatively to performance over the 12mth period with the portfolio underperforming the benchmark. Select overweight positions that contributed negatively to performance included exposures to Poland, Norway, Canada, and Australia. Offsetting some of this underperformance were underweight positions to our core funding markets including the US, UK and Germany.

At year end the portfolio was positioned as follows. To capture carry characteristics the portfolio is positioned with exposure to government bonds from Australia, Switzerland and the US. To capture value characteristics the portfolio is positioned with exposure to government bonds in Canada, Switzerland and Norway and to capture quality characteristics positioning is long government bonds in the Euro area, Norway and Sweden. Emerging market exposures are currently taken in Mexico, Malaysia, Poland and Thailand. There is a very small exposure to some remaining select EU corporate credit that is about to reach maturity. The overweight positions are funded through underweights relative to benchmark to the core markets mainly the US, Germany and the UK.

\* Performance is calculated net of fees for the year 2021. Past performance is not indicative of future results.

## Investment report (continued)

### **1 Analysis of investments and Trustee's commentary (continued)**

#### **1.15 Trustee's commentary and performance assessment**

We are of the view that:

- (a) the investments made complied with the Scheme rules; and
- (b) the investment strategy of our constituent funds followed the investment objectives specified in the MPF Scheme Brochure.

On a regular basis, the directors of YF Life Trustees Limited review the funds' performances and discuss with the Investment Managers on ways to improve their funds' performance, if necessary. Moreover, an Investment Committee was established to closely monitor the funds' performance and provide advice on follow up actions where necessary. A study had been conducted in relation to the replacement of the Investment manager of those funds with consistent poor performance.

Moreover, the directors also review the variety of Fund choices offered to members, the size of each constituent fund and the fee level to ensure Mass Mandatory Provident Fund Scheme is competitive in the market.

## Investment report (continued)

### **2 Particulars of the investment policy during the year**

#### **2.1 Statement of investment policy**

##### **2.1.1 MPF Conservative Fund**

The investment objective of the MPF Conservative Fund is to provide a convenient and easily realisable medium of investment for investors who require a level of income combined with a high degree of capital protection by investing in HK dollar denominated bank deposits and other high quality HK dollar denominated fixed interest and other monetary instruments. The MPF Conservative Fund seeks to achieve the above objective by investing into the Allianz Choice HK\$ Liquidity Fund of the Allianz Global Investors Choice Fund.

As a result of investing into the Allianz Choice HK\$ Liquidity Fund of the Allianz Global Investors Choice Fund, the MPF Conservative Fund may invest in any or a combination of (a) deposits for a term not exceeding 12 months; (b) unrestricted investments having a remaining maturity period of no more than 2 years; (c) debt securities (other than unrestricted investments) with a remaining maturity period of no more than 1 year and which satisfy the minimum credit rating set by the MPFA or (d) any other assets permitted for investment by Capital Preservation Fund pursuant to the General Regulation.

The MPF Conservative Fund will maintain an average portfolio maturity of not more than 90 days and an effective currency exposure (as defined in the General Regulation) to Hong Kong dollars equal to the latest available NAV of the Allianz Choice HK\$ Liquidity Fund of the Allianz Global Investors Choice Fund.

The MPF Conservative Fund is a low-risk investment option which protects investors against investment losses resulting from market fluctuations or volatility. The MPF Conservative Fund may not engage in financial futures contracts or financial option contracts or currency forward contracts or in securities lending.

The inherent risk in implementing the above investment policy is considered low.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.2 Guaranteed Fund and Mass MPF Guaranteed Policy (the “APIF Policy”)

The primary investment objective of the Guaranteed Fund and the underlying APIF Policy are identical. The Guaranteed Fund and the underlying APIF policy aim at achieving long-term capital appreciation through a primary emphasis on global fixed income securities and a secondary exposure to global equity markets.

The assets of the Guaranteed Fund are invested solely in the underlying APIF Policy. The assets of the underlying APIF Policy, in turn, are invested solely in the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund.

As a result of the investments in the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund, the Guaranteed Fund and the underlying APIF Policy are expected to invest 30% of their assets in equities and 70% in fixed-interest securities. The fixed income portion of the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund will consist of a range of instruments issued in countries around the world. The equity portion of the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the investment manager, in other Asian countries and emerging markets.

The Guaranteed Fund maintains an “effective currency exposure” to Hong Kong dollars (as defined in the General Regulation) of not less than 30 per cent.

The underlying APIF Policy may not engage in financial futures contracts, financial option contracts and currency forward contracts. Moreover, neither the Guaranteed Fund nor the underlying APIF Policy engages in securities lending. However, the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund may engage in financial futures contracts, financial option contracts, and currency forward contracts for hedging purposes only. The assets of the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund may also be applied for the purpose of entering into stock lending transactions. Any such use of stock lending transactions or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the Allianz Choice Capital Stable Fund of the Allianz Global Investors Choice Fund.

The inherent risk in implementing the above investment policy is considered low to medium. The Guaranteed Fund is expected to provide investors with capital preservation combined with steady capital appreciation over the long term by investing in a diversified portfolio of global equities and fixed-interest securities.

Subject to the occurrence of qualifying events, the Guaranteed Fund will provide guarantee on net contributions only made by or for a member (i.e. contribution monies less any offer spread imposed).

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.2 Guaranteed Fund and Mass MPF Guaranteed Policy (the “APIF Policy”) (continued)

The Guaranteed Fund in the Scheme invests in an insurance policy which includes a guarantee. The insurance policy is issued by the insurer, YF Life Insurance International Limited.

Given that all the assets of the Guaranteed Fund are invested in the underlying APIF Policy issued by YF Life Insurance International Limited, the guarantee offered by the Guaranteed Fund is effectively provided by YF Life Insurance International Limited. As a result of this guarantee feature, the performance of the Guaranteed Fund may be diluted.

#### 2.1.3 Global Stable Fund

The Global Stable Fund seeks to achieve a stable overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities. The Global Stable Fund seeks to achieve the above objectives by investing its assets into the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund. The criteria for selecting the specific Underlying Investment Fund of the Allianz Global Investors Choice Fund for the Global Stable Fund are as follows: meets our investment objectives, balances between fixed income and equities, risk considerations and strategy formulation with the investment manager.

As a result of investing into the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund, the Global Stable Fund is expected to invest 50% of its assets in equities and 50% in fixed-interest securities. The fixed income portion of the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund will consist of a range of instruments issued in countries around the world. The equity portion of the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion being invested, at the discretion of the investment manager, in other Asian countries and emerging markets.

The Global Stable Fund will maintain an “effective currency exposure” to Hong Kong dollars (as defined in the General Regulation) of not less than 30 per cent.

The Global Stable Fund may not engage in financial futures contracts, financial option contracts and currency forward contracts. Moreover, the Global Stable Fund will not engage in securities lending. However, the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund may engage in financial futures contracts, financial option contracts and currency forward contracts for hedging purposes only. The assets of the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund may also be applied for the purpose of entering into stock lending transactions. Any such use of stock lending transactions or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the Allianz Choice Stable Growth Fund of the Allianz Global Investors Choice Fund.

The inherent risk in implementing the above investment policy is considered medium.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.4 Global Growth Fund

The Global Growth Fund seeks to achieve a high level of overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities. The Global Growth Fund seeks to achieve the above objectives by investing its assets into the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund. The criteria for selecting the specific Underlying Investment Fund of the Allianz Global Investors Choice Fund for the Global Growth Fund are as follows: meets our investment objectives, balances between fixed income and equities, risk considerations and strategy formulation with the investment manager.

As a result of investing into the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund, the Global Growth Fund is expected to invest 70% of its assets in equities and 30% in fixed-interest securities. The fixed income portion of the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund will consist of a range of instruments issued in countries around the world. The equity portion of the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund will be invested primarily in the Hong Kong, Japan, North American and European markets with a smaller proportion, being invested, at the discretion of the investment manager, in other Asian countries and emerging markets.

The Global Growth Fund will maintain an “effective currency exposure” to Hong Kong dollars (as defined in the General Regulation) of not less than 30 per cent.

The Global Growth Fund may not engage in financial futures contracts, financial option contracts and currency forward contracts. Moreover, the Global Growth Fund will not engage in securities lending. However, the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund may engage in financial futures contracts, financial option contracts and currency forward contracts for hedging purposes only. The assets of the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund may also be applied for the purpose of entering into stock lending transactions. Any such use of stock lending transactions or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the Allianz Choice Balanced Fund of the Allianz Global Investors Choice Fund.

The inherent risk in implementing the above investment policy is considered medium to high.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.5 Asian Balanced Fund

The investment objective of the Asian Balanced Fund is to seek to maximise the total return through both capital growth and current income over the medium to longer-term. This fund seeks to achieve the above objective by investing into the Templeton MPF Asian Balanced Fund.

As a result of investing into the Templeton MPF Asian Balanced Fund, the portfolio of the Asian Balanced Fund will primarily invest in a balanced portfolio of equity securities (common stocks) of companies listed on Asian stock markets, bond and fixed income securities, and cash deposits. Other investment assets used by this fund include debt obligations and other publicly traded securities, including preferred stocks, convertible securities and corporate bonds. This fund is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The Asian Balanced Fund has no prescribed allocations for investments in any single country or specified industry. There is no specific target allocation for any single market sector. This fund may invest in a wide choice of securities in accordance with its Asian mandate. Although this fund is a balanced fund, the investment manager intends to invest, under normal market conditions, a majority of the fund's assets in equity securities, with the remainder in fixed income securities and cash deposits. During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable to do so, this fund may, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.

In selection of equity assets for the Asian Balanced Fund, the initial focus will be on the following countries: Hong Kong, Singapore, South Korea, Thailand, Malaysia, the Philippines, China and Indonesia. In selecting fixed income securities for this fund, these Asian countries, together with the developed markets of the US, Europe and Japan may be included.

The Asian Balanced Fund will have a minimum of 30% of its net assets in Hong Kong dollar currency investments. This fund will therefore have a maximum of 70% of its net assets in non-Hong Kong dollar currency investments, which will have an Asian investment mandate.

The Asian Balanced Fund through Templeton MPF Asian Balanced Fund invests in equity and fixed income securities. Investments by this fund are restricted by the terms of the Templeton Trust Deed and by the General Regulation.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.5 Asian Balanced Fund (continued)

Subject to the limits set out in the investment restrictions specified in the Templeton Trust Deed and the General Regulation, the investment manager may seek to protect and enhance the asset value through hedging strategies consistent with the fund's investment objective by utilising currency options, forward contracts and futures contracts. This fund may, on an ancillary basis, hold liquid assets, which may be kept in the form of cash deposits or in short-term money market instruments. This fund would not engage in such contracts and would be entered by the underlying approved pooled investment funds.

The Manager has the discretion under the Templeton Trust Deed to request the Trustee to enter into security lending arrangements; it is the Manager's current policy that this fund will not be engaged in security lending.

The Asian Balanced Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the Asian Balanced Fund as a medium risk investment.

#### 2.1.6 Global Bond Fund

The investment objective of the Global Bond Fund is to seek total investment return over the medium to longer-term. This fund seeks to achieve the above objective by investing into the Templeton MPF Global Bond Fund.

As a result of investing into the Templeton MPF Global Bond Fund, the portfolio of the Global Bond Fund will primarily invest in fixed income securities issued by governments and governmental agencies globally. Investment assets used by this fund include debt obligations (bonds), preferred stocks, corporate debt obligations and convertible securities. This fund is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The Global Bond Fund has no prescribed allocations for investments in any single country or currency. This fund may invest in a wide choice of investments in accordance with its global mandate. As this fund is a bond fund, the investment adviser intends to invest, under normal market conditions, a majority of the Fund's assets in fixed income securities.

The Global Bond Fund will have a minimum of 30% of its net assets in Hong Kong dollar currency investments. This fund will therefore have a maximum of 70% of its net assets in non-Hong Kong dollar currency investments, which will have a global investment mandate.



## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.6 Global Bond Fund (continued)

The Global Bond Fund through Templeton MPF Global Bond Fund invests in fixed income securities. Investments by this fund are restricted by the terms of the Templeton Trust Deed and by the General Regulation.

Subject to the limits set out in the investment restrictions specified in the Templeton Trust Deed and the General Regulation, the investment manager may seek to protect and enhance the asset value through hedging strategies consistent with this fund's investment objective by utilising currency options, forward contracts and futures contracts. This fund may, on an ancillary basis, hold liquid assets, which may be kept in the form of cash deposits or in short-term money market instruments. This fund would not engage in such contracts and would be entered by the underlying approved pooled investment funds.

The Manager has the discretion under the Templeton Trust Deed to request the Trustee to enter into security lending arrangements; it is the Manager's current policy that this fund will not be engaged in security lending.

The Global Bond Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the Global Bond Fund as a low risk investment.

#### 2.1.7 Global Equity Fund

The investment objective of the Global Equity Fund is to seek capital growth over the medium to longer-term. This fund seeks to achieve the above objective by investing into the Templeton MPF Global Equity Fund.

As a result of investing into the Templeton MPF Global Equity Fund, the portfolio of the Global Equity Fund will primarily invest in equity securities (common stocks) of companies listed on stock markets globally. Other investment assets used by this fund include debt obligations (bonds) and other publicly traded securities, including preferred stocks, convertible securities and fixed income securities. This fund is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The Global Equity Fund has no prescribed allocations for investments in any single country or specified industry. There is no specific target allocation for any single market sector. This fund may invest in a wide choice of securities in accordance with its global mandate. As this fund is an equity fund, the investment manager intends to invest, under normal market conditions, a majority of the fund's assets in equity securities. During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable to do so, the fund may, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.7 Global Equity Fund (continued)

The Global Equity Fund will have a minimum of 30% of its net assets in Hong Kong dollar currency investments. This fund will therefore have a maximum of 70% of its net assets in non-Hong Kong dollar currency investments, which will have a global investment mandate.

The Global Equity Fund through Templeton MPF Global Equity Fund invests in securities. Investments by this fund are restricted by the terms of the Templeton Trust Deed and by the General Regulation. Subject to the limits set out in the investment restrictions specified in the Templeton Trust Deed and in the General Regulation, the investment manager may seek to protect and enhance the asset value through hedging strategies consistent with the fund's investment objective by utilising currency options, forward contracts and futures contracts. This fund may, on an ancillary basis, hold liquid assets, which may be kept in the form of cash deposits or in short-term money market instruments. This fund would not engage in such contracts and would be entered by the underlying approved pooled investment funds.

The Manager has the discretion under the Templeton Trust Deed to request the Trustee to enter into security lending arrangements; it is the Manager's current policy that this fund will not be engaged in security lending.

The Global Equity Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the Global Equity Fund as a high risk investment.

#### 2.1.8 Asian Pacific Equity Fund

The investment objective of the Asian Pacific Equity Fund is to seek capital growth over the medium to longer-term. This fund seeks to achieve the above objective by investing into the Templeton MPF Asian Pacific Equity Fund.

As a result of investing into the Templeton MPF Asian Pacific Equity Fund, the portfolio of the Asian Pacific Equity Fund will primarily invest in equity securities (common stocks) of companies listed on Asian stock markets, excluding Japan. Other investment assets used by this fund include debt obligations (bonds) and other publicly traded securities, including preferred stocks, convertible securities and fixed income securities. This fund is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.8 Asian Pacific Equity Fund (continued)

The Asian Pacific Equity Fund has no prescribed allocations for investments in any single country or specified industry. There is no specific target allocation for any single market sector. This fund may invest in a wide choice of securities in accordance with its Asian mandate. As this fund is an equity fund, the investment manager intends to invest, under normal market conditions, a majority of this fund's assets in equity securities. During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable to do so, this fund may, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.

The Asian Pacific Equity Fund will have a minimum of 30% of its net assets in HKD currency investments. This fund will therefore have a maximum of 70% of its net assets in non-HKD currency investments, which will have an Asian investment mandate.

The Asian Pacific Equity Fund through Templeton MPF Asian Pacific Equity Fund invests in securities. Investments by this fund are restricted by the terms of the Templeton Trust Deed and by the General Regulation. Subject to the limits set out in the investment restrictions specified in the Templeton Trust Deed and in the General Regulation, the investment manager may seek to protect and enhance the asset value through hedging strategies consistent with the fund's investment objective by utilising currency options, forward contracts and futures contracts. This fund may, on an ancillary basis, hold liquid assets, which may be kept in the form of cash deposits or in short-term money market instruments. This fund would not engage in such contracts and would be entered by the underlying approved pooled investment funds.

The Manager has the discretion under the Templeton Trust Deed to request the Trustee to enter into security lending arrangements; it is the Manager's current policy that this fund will not be engaged in security lending.

The Asian Pacific Equity Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the Asian Pacific Equity Fund as a high risk investment.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.9 European Equity Fund

The investment objective of the European Equity Fund is to seek capital growth over the medium to longer-term. This fund seeks to achieve the above objective by investing into the Templeton MPF European Equity Fund.

As a result of investing into the Templeton MPF European Equity Fund, the portfolio of the European Equity Fund will primarily invest in equity securities (common stocks) of companies listed on European stock markets. Other investment assets used by this fund include debt obligations (bonds) and other publicly traded securities, including preferred stocks, convertible securities and fixed income securities. This fund is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The European Equity Fund has no prescribed allocations for investments in any single country or specified industry. There is no specific target allocation for any single market sector. This fund may invest in a wide choice of securities in accordance with its European mandate. As this fund is an equity fund, the investment manager intends to invest, under normal market conditions, a majority of this fund's assets in equity securities. During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable to do so, this fund may, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.

The European Equity Fund will have a minimum of 30% of its net assets in HKD currency investments. This fund will therefore have a maximum of 70% of its net assets in non-HKD currency investments, which will have a European investment mandate.

The European Equity Fund through Templeton MPF European Equity Fund invests in securities. Investments by this fund are restricted by the terms of the Templeton Trust Deed and by the General Regulation. Subject to the limits set out in the investment restrictions specified in the Templeton Trust Deed and in the General Regulation, the investment manager may seek to protect and enhance the asset value through hedging strategies consistent with the fund's investment objective by utilising currency options, forward contracts and futures contracts. This fund may, on an ancillary basis, hold liquid assets, which may be kept in the form of cash deposits or in short-term money market instruments. This fund would not engage in such contracts and would be entered by the underlying approved pooled investment funds.

The Manager has the discretion under the Templeton Trust Deed to request the Trustee to enter into security lending arrangements; it is the Manager's current policy that this fund will not be engaged in security lending.

The European Equity Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the European Equity Fund as a high risk investment.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.10 Hong Kong Equities Fund

The Hong Kong Equities Fund seeks to achieve long-term capital growth by investing primarily in Hong Kong equities, including Chinese securities listed in Hong Kong. The Hong Kong Equities Fund seeks to achieve the above objectives by investing its assets into the Allianz Choice Hong Kong Fund of the Allianz Global Investors Choice Fund. The criteria for selecting the specific Underlying Investment Fund of the Allianz Global Investors Choice Fund for the Hong Kong Equities Fund are as follows: meets our investment objectives, risk considerations and strategy formulation with the investment manager.

The Hong Kong Equities Fund will maintain an “effective currency exposure” to Hong Kong dollars (as defined in the General Regulation) of not less than 30 per cent.

The Hong Kong Equities Fund may not engage in financial futures contracts, financial option contracts and currency forward contracts. Moreover, the Hong Kong Equities Fund will not engage in securities lending. However, the Allianz Choice Hong Kong Fund of the Allianz Global Investors Choice Fund may engage in financial futures contracts, financial option contracts and currency forward contracts for hedging purposes only. The assets of the Allianz Choice Hong Kong Fund of the Allianz Global Investors Choice Fund may also be applied for the purpose of entering into stock lending transactions. Any such use of stock lending transactions or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the Allianz Choice Hong Kong Fund of the Allianz Global Investors Choice Fund.

The inherent risk in implementing the above investment policy is considered high.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.11 US Equity Fund

The investment objective of the US Equity Fund is to provide capital appreciation in the long-term through investment in US equities. The fund seeks to achieve the above objective by investing into the Franklin MPF US Opportunities Fund.

As a result of investing into the Franklin MPF US Opportunities Fund, the portfolio of the US Equity Fund will invest principally in equity securities of US companies demonstrating accelerating growth, increasing profitability, or above-average growth or growth potential as compared with the overall economy. Equity securities generally entitle the holder to participate in a company's general operating results. They include common stocks, convertible securities and warrants on securities to the extent permissible under the relevant regulatory requirement as set out in the General Regulation.

The US Equity Fund has no prescribed allocations for investments in any single country or specified industry. There is no specific target allocation for any single market sector. The Franklin MPF US Opportunities Fund may invest in a wide choice of securities in accordance with its US mandate. As the Franklin MPF US Opportunities Fund is an equity fund, the investment manager intends to invest, under normal market conditions, a majority of its assets in equity securities. During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable to do so, Franklin MPF US Opportunities Fund may, for temporary defensive purposes, hold cash or short-term fixed income instruments without any limit.

The US Equity Fund through the Franklin MPF US Opportunities Fund principally invests in small, medium, and large capitalisation companies with strong growth potential across a wide range of sectors. In selecting equity investments, the investment manager utilises fundamental, bottom-up research focusing on companies believed to possess sustainable growth characteristics and which meet growth, quality and valuation criteria. The investment manager focuses on sectors that have exceptional growth potential and fast growing, innovative companies within these sectors. In addition, solid management and sound financial records are factors that investment manager also considers. Although the investment manager under normal circumstances, searches for diversified investments across different sectors, the investment manager shall take into account the prevailing market conditions and investment opportunities and may, at its discretion, invest more than 15% of the assets of the Franklin MPF US Opportunities Fund in a particular sector (such as information technology), but in any event, such sector allocation shall not be more than 45% of the assets of the Franklin MPF US Opportunities Fund.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.11 US Equity Fund (continued)

The US Equity Fund will have a minimum of 30% of its net assets in Hong Kong dollar currency investments. The US Equity Fund will therefore have a maximum of 70% of its net assets in non-Hong Kong dollar currency investments, which will have a US investment mandate.

The US Equity Fund through Franklin MPF US Opportunities Fund invests in securities. Investments by the Franklin MPF US Opportunities Fund are restricted by the terms of the Templeton Trust Deed and by the General Regulation. The Franklin MPF US Opportunities Fund may not purchase the securities of any one issuer if at the time of purchase, with respect to 75% of its total net assets, more than 5% of its assets would be invested in the securities of that issuer. The remaining 25% may be invested subject to the terms of the Templeton Trust Deed and the General Regulation. These limitations do not apply to securities issued or guaranteed by the US government or its agencies or instrumentalities, but are subject always to the terms of the Templeton Trust Deed and the General Regulation.

Subject to the limits set out in the investment restrictions specified in the Templeton Trust Deed and in the General Regulation, the investment manager may seek to protect and enhance the asset value through hedging strategies consistent with the Franklin MPF US Opportunities Fund's investment objective by utilising currency options, forward contracts and futures contracts. The Franklin MPF US Opportunities Fund may, on an ancillary basis, hold liquid assets, which may be kept in the form of cash deposits or in short-term money market instruments. The US Equity Fund would not engage in such contracts which would be entered by the underlying approved pooled investment funds.

The investment manager has the discretion under the Templeton Trust Deed to request the Trustee to the Franklin MPF US Opportunities Fund to enter into security lending arrangements; it is the investment manager's current policy that the Franklin MPF US Opportunities Fund will not be engaged in security lending.

The US Equity Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the US Equity Fund as a high risk investment.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.12 Greater China Equity Fund

The investment objective of the Greater China Equity Fund is to provide investors with long-term capital growth. This fund seeks to achieve the above objective by investing into the JP Morgan SAR Greater China Fund.

As a result of investing into the JP Morgan SAR Greater China Fund, the portfolio of the Greater China Equity Fund will invest primarily in securities of companies based or operating principally in the People's Republic of China, Hong Kong, Macau or Taiwan ("Greater China Region") and the majority of these companies will be listed on a stock exchange in Hong Kong or Taiwan. This fund will not invest (directly or indirectly) more than 10% of its net assets in China A and/or B shares.

The Greater China Equity Fund through its investment in the JP Morgan SAR Greater China Fund will have the following ranges of asset allocations:

70 - 100% net asset value in Greater China equities

0 - 30% net asset value in other equities

0 - 30% net asset value in bonds\*

\* For cash management purposes only.

The Greater China Equity Fund will have a minimum of 30% of its net assets in Hong Kong dollar currency investments.

The Greater China Equity Fund may not engage in financial futures contracts and financial option contracts. Moreover, the Greater China Equity Fund will not engage in security lending.

The Greater China Equity Fund through JP Morgan SAR Greater China Fund invests in securities. Investments by the JP Morgan SAR Greater China Fund are restricted by the terms of the Trust Deed of the JP Morgan SAR Greater China Fund and by the General Regulation. Subject to the limits set out in the investment restrictions specific in the Trust Deed of the JP Morgan SAR Greater China Fund and in the General Regulation, the investment manager may invest in financial options and warrants and enter into financial futures contracts for hedging purposes. The investment manager has the discretion under the Trust Deed of the JP Morgan SAR Greater China Fund to enter into securities lending arrangements under specific circumstances where the relevant guidelines issued by the MPFA are complied with. However, the investment manager of the JP Morgan SAR Greater China Fund does not currently intend to enter into such arrangements.

The Greater China Equity Fund is subject to market fluctuations and to the risks inherent in all investments. Investors should regard the Greater China Equity Fund as a high risk investment.



## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.13 Age 65 Plus Fund

The investment objective of the Age 65 Plus Fund is to achieve stable growth by investing in a globally diversified manner.

The Age 65 Plus Fund through the underlying approved pooled investment funds (“APIFs”) of the Underlying Investment Fund adopts active investment strategy. The Underlying Investment Fund, through its APIFs, aim to achieve returns above the MPF industry developed Reference Portfolio for the Age 65 Plus Fund through active management of portfolio by making reference to the MPF industry developed Reference Portfolio for the Age 65 Plus Fund but may not be identical to the MPF industry developed Reference Portfolio for the Age 65 Plus Fund in terms of security selection and weighting and may selectively react to the movement of dealings in the portfolios or market fluctuation. This strategy aims to promote efficiency and minimize cost for the purpose of default investment strategy asset rebalancing.

The Age 65 Plus Fund shall be invested in an approved pooled investment fund named the Age 65 Plus Fund of Invesco Pooled Investment Fund, which in turn primarily invests in a combination of global equities and bonds in a global diversified manner (through investment in the Global Strategic Equity Fund and the Global Strategic Bond Fund of Invesco Pooled Investment Fund which are approved pooled investment funds) as allowed under the General Regulation.

The Age 65 Plus Fund, through the Underlying Investment Fund, targets to invest 20% of its net assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds, cash 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 asset allocation to the Higher Risk Assets (ranged from 15% to 25%) is subject to the discretion of investment manager of the Age 65 Plus Fund.

There is no prescribed allocation for investments in any specific countries or currencies.

The Age 65 Plus Fund through its Underlying Investment Fund will maintain an effective currency exposure to Hong Kong dollars (as defined in the General Regulation) of not less than 30% through currency hedging operations.

The Age 65 Plus Fund and its Underlying Investment Fund will not enter into financial future contracts, financial option contracts and will not engage in security lending directly. However, the Age 65 Plus Fund and Underlying Investment Fund, through its APIFs, will enter into financial futures contracts and financial options contracts for hedging purposes only. Besides, the Age 65 Plus Fund will not engage in currency forward contracts.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.13 Age 65 Plus Fund (continued)

Investment in the Age 65 Plus Fund is subject to market fluctuations and to the risk inherent to investing in securities. Because the asset allocation of Higher Risk Assets of the Age 65 Plus Fund may vary between 15% to 25%, based on the percentage of assets invested in equities (i.e. Higher Risk Assets), investors should regard the Age 65 Plus Fund as a low to medium risk investment. The return of the Age 65 Plus Fund over the long term is expected to be at least similar to the return of the MPF industry developed Reference Portfolio for the Age 65 Plus Fund.

#### 2.1.14 Core Accumulation Fund

The investment objective of the Core Accumulation Fund is to achieve capital growth by investing in a globally diversified manner.

The Core Accumulation Fund through the APIFs of the Underlying Investment Fund adopts active investment strategy. The Underlying Investment Fund, through its APIFs, aim to achieve returns above the MPF industry developed Reference Portfolio for the Core Accumulation Fund through active management of portfolio by making reference to the MPF industry developed Reference Portfolio for the Core Accumulation Fund but may not be identical to the MPF industry developed Reference Portfolio for the Core Accumulation Fund in terms of security selection and weighting and may selectively react to the movement of dealings in the portfolios or market fluctuation. This strategy aims to promote efficiency and minimize cost for the purpose of default investment strategy asset rebalancing.

The Core Accumulation Fund shall invest in an approved pooled investment fund named the Core Accumulation Fund of Invesco Pooled Investment Fund, which in turn primarily invests in a combination of global equities and bonds in a globally diversified manner (through investment in the Global Strategic Equity Fund and the Global Strategic Bond Fund of Invesco Pooled Investment Fund which are approved pooled investment funds) as allowed under the General Regulation.

The Core Accumulation Fund, through the underlying investment fund, targets to invest 60% of its net assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds, cash 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 asset allocation to the Higher Risk Assets (ranged from 55% to 65%) is subject to the discretion of investment manager of the Core Accumulation Fund.

There is no prescribed allocation for investments in any specific countries or currencies.

## Investment report (continued)

### 2 Particulars of the investment policy during the year (continued)

#### 2.1.14 Core Accumulation Fund (continued)

The Core Accumulation Fund through its Underlying Investment Fund will maintain an effective currency exposure to Hong Kong dollars (as defined in the General Regulation) of not less than 30% through currency hedging operations.

The Core Accumulation Fund and its Underlying Investment Fund will not enter into financial future contracts, financial option contracts and will not engage in security lending directly. However, the Core Accumulation Fund and Underlying Investment Fund, through its APIFs, will enter into financial futures and options contracts for hedging purposes only. Besides, the Core Accumulation Fund will not engage in currency forward contracts.

Investment in the Core Accumulation Fund is subject to market fluctuations and to the risk inherent to investment in securities. Because the asset allocation of Higher Risk Assets of the Core Accumulation Fund may vary between 55% to 65%, based on the percentage of assets invested in equities (i.e. Higher Risk Assets), investors should regard the Core Accumulation Fund as a medium to high risk investment. The return of the Core Accumulation Fund over the long term is expected to be at least similar to the return of the MPF industry developed Reference Portfolio for the Core Accumulation Fund.

#### 2.2 *Change of investment policy*

Subject to the approval of the MPFA and the SFC,

- (i) the Trustee may change the investment policy of any constituent fund by one month's prior written notice (or such longer period not exceeding three months as may be imposed by the SFC) to the scheme participants; and
- (ii) the Insurer may change the investment policy of the APIF Policy by one month's prior written notice to the policyholders of the underlying APIF Policy.

## Investment report (continued)

### 3 Performance table

#### 3.1 MPF Conservative Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation	(118,011)	(1,503,341)	(1,557,560)	(1,496,416)	(1,000,377)
Capital appreciation - realised and unrealised	122,191	2,819,164	4,606,327	2,893,535	1,013,367
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	441,205,339	352,953,847	270,068,507	266,714,825	206,051,985
Total net asset value	441,169,028	352,778,941	269,811,359	266,432,959	205,907,680
Net asset value per unit	11.0534	11.0533	11.0021	10.8773	10.8161

	<i>Highest issue price HK\$</i>	<i>Lowest redemption price HK\$</i>	<i>* Net annualised investment return %</i>
2021	11.0534	11.0533	0.001
2020	11.0534	11.0028	0.465
2019	11.0021	10.8786	1.147
2018	10.8773	10.8161	0.566
2017	10.8161	10.8154	0.007
2016	10.8154	10.8146	0.007
2015	10.8146	10.8139	0.086
2014	10.8139	10.8118	(0.071)
2013	10.8221	10.8107	(0.083)
2012	10.8220	10.8185	0.004
2011	10.8297	10.8214	(0.074)
2010	10.8368	10.8283	(0.063)
2009	10.8618	10.8346	(0.244)
2008	10.8630	10.7666	0.938
2007	10.7555	10.5180	2.336
2006	10.5137	10.2640	2.486
2005	10.2597	10.1640	0.616
2004	10.2360	10.1956	(0.376)
2003	10.2371	10.2215	0.022
2002	10.2393	10.1566	0.769
2001	10.1564	9.9934	1.564

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 1 December 2000 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.2 Guaranteed Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital (depreciation)/appreciation	-	-	-	-	-
Capital (depreciation)/appreciation - realised and unrealised	(5,805,981)	17,766,550	10,924,167	(12,065,991)	14,327,592
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	206,261,609	195,554,254	158,820,443	149,019,980	151,097,210
Total net asset value	206,261,609	195,554,254	158,820,443	149,019,980	151,097,210
Net asset value per unit	11.7716	12.1819	11.1154	10.4329	11.3663

	<i>Highest issue price HK\$</i>	<i>Lowest redemption price HK\$</i>	<i>* Net annualised investment return %</i>
2021	12.4802	11.7027	(3.368)
2020	12.1819	9.9699	9.595
2019	11.1169	10.3945	6.542
2018	11.7546	10.3678	(8.212)
2017	11.3938	10.2917	10.141
2016	10.9875	10.1218	(1.169)
2015	11.3261	10.3833	(4.973)
2014	11.4376	10.9584	(2.500)
2013	11.4607	10.8076	0.919
2012	11.1864	10.4330	6.859
2011	11.2364	10.1280	(4.201)
2010	11.2159	10.1653	2.431
2009	10.9253	9.1197	5.911
2008	11.4559	9.2591	(12.250)
2007	11.6250	10.5509	7.705
2006	10.6676	10.0000	6.397

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 20 January 2006 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund policy. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund policy. As a result, there was no other investment income except for the (depreciation)/appreciation of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.3 Global Stable Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation/(depreciation)	(4,307,967)	(3,645,072)	(3,423,304)	(3,636,062)	(3,529,596)
Capital appreciation/(depreciation) - realised and unrealised	4,022,411	43,191,811	29,778,475	(20,753,336)	43,033,897
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	304,181,928	303,645,277	259,673,372	236,731,048	263,473,264
Total net asset value	303,536,885	303,007,587	259,219,349	236,171,899	262,885,641
Net asset value per unit	24.1278	24.1547	20.9987	18.8830	20.8390

	Highest issue price HK\$	Lowest redemption price HK\$	* Net annualised investment return %
2021	25.3719	23.8026	(0.111)
2020	24.1547	17.8119	15.030
2019	21.0172	18.7159	11.204
2018	21.9188	18.6924	(9.386)
2017	20.8406	17.7065	17.546
2016	18.6861	16.4841	1.404
2015	19.2950	17.1085	(3.576)
2014	18.8920	17.6903	(0.766)
2013	18.3013	16.7209	8.034
2012	16.9481	15.1325	11.808
2011	16.5870	14.1999	(4.421)
2010	16.1790	14.1562	5.751
2009	15.2839	11.3606	15.989
2008	16.3415	11.6726	(21.573)
2007	16.8285	14.5219	12.680
2006	14.6015	12.9097	14.871
2005	12.7515	12.0488	2.712
2004	12.3746	10.6553	11.542
2003	11.0038	9.1114	19.992
2002	10.1770	8.9321	(8.117)
2001	10.3664	9.4104	0.625

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 1 December 2000 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.4 Global Growth Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation/(depreciation)	(6,621,169)	(5,491,937)	(5,298,244)	(5,882,673)	(5,785,866)
Capital appreciation/(depreciation) - realised and unrealised	15,169,689	76,339,899	55,226,383	(46,156,559)	89,187,714
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	468,521,616	466,897,517	404,252,930	366,868,761	445,052,663
Total net asset value	467,533,078	465,923,131	403,552,853	365,996,488	444,063,468
Net asset value per unit	27.5726	27.0903	22.9699	20.1858	23.0316

	Highest issue price HK\$	Lowest redemption price HK\$	* Net annualised investment return %
2021	29.1323	26.9902	1.780
2020	27.0903	18.2928	17.938
2019	23.0107	19.9159	13.792
2018	24.5815	19.9333	(12.356)
2017	23.0351	18.7364	23.031
2016	19.6294	16.6970	1.582
2015	20.9811	17.7788	(3.999)
2014	20.1650	18.4415	(1.000)
2013	19.3902	17.1365	13.257
2012	17.1663	14.8903	14.267
2011	17.0810	13.6501	(7.345)
2010	16.4475	13.9331	6.741
2009	15.3648	10.4915	23.310
2008	17.8525	10.9519	(32.124)
2007	18.7732	15.5949	15.400
2006	15.6860	13.3519	19.945
2005	13.1375	12.0343	5.221
2004	12.4277	10.8135	13.115
2003	10.8560	8.5541	24.465
2002	10.2450	8.4838	(12.118)
2001	10.5722	9.0939	0.445

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 1 December 2000 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.5 Asian Balanced Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital (depreciation)/appreciation	(1,996,101)	(1,902,709)	(2,059,145)	(2,249,213)	(2,322,034)
Capital (depreciation)/appreciation - realised and unrealised	(2,598,776)	14,858,630	33,357,434	(63,486,809)	88,058,481
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	379,269,327	418,335,119	415,732,794	393,506,432	471,176,572
Total net asset value	378,824,795	417,837,207	415,207,050	392,951,726	470,527,484
Net asset value per unit	27.8924	28.3129	27.3360	25.2964	29.4963

	Highest issue price HK\$	Lowest redemption price HK\$	* Net annualised investment return %
2021	31.1347	27.2410	(1.485)
2020	28.3129	20.6411	3.574
2019	27.3711	24.2548	8.063
2018	30.8194	25.0947	(14.239)
2017	29.4996	24.1916	22.201
2016	24.6728	20.9557	3.452
2015	27.0394	22.0959	(6.350)
2014	26.3826	23.4201	1.555
2013	25.9563	23.1044	2.598
2012	23.9113	20.7711	15.894
2011	23.0117	19.7580	(7.645)
2010	22.3603	18.9547	13.879
2009	19.4947	14.0094	28.596
2008	21.6534	14.2003	(31.084)
2007	22.5464	19.2512	14.100
2006	16.6412	19.4015	16.855
2005	16.6045	15.1339	7.613
2004	15.4272	13.0641	12.446
2003	13.6198	9.9806	37.196

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 17 March 2003 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the (depreciation)/appreciation of the investments as stated above.



## Investment report (continued)

### 3 Performance table (continued)

#### 3.6 Global Bond Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital (depreciation) appreciation	(739,636)	(720,075)	(691,064)	(665,086)	(621,605)
Capital (depreciation)/appreciation - realised and unrealised	(5,230,003)	2,275,000	3,104,727	(1,011,365)	3,644,377
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	138,215,622	140,953,767	128,671,628	121,368,284	109,489,111
Total net asset value	138,061,711	140,791,462	128,514,763	121,206,517	109,324,099
Net asset value per unit	13.2831	13.8715	13.7154	13.4516	13.6378

	Highest issue price HK\$	Lowest redemption price HK\$	* Net annualised investment return %
2021	13.9092	13.2126	(4.242)
2020	13.8715	13.1312	1.138
2019	13.7154	13.4444	1.961
2018	13.8406	13.1895	(1.365)
2017	13.8691	13.1797	3.210
2016	13.8084	13.1845	(3.044)
2015	14.5711	13.5671	(6.367)
2014	15.1989	14.5351	(2.136)
2013	15.2620	14.5139	(1.294)
2012	15.0680	14.0105	7.790
2011	14.7443	13.7910	(0.074)
2010	14.3564	12.8854	8.179
2009	13.0847	11.1446	8.552
2008	12.5670	11.0927	0.492
2007	12.0106	11.1040	5.966
2006	11.3005	10.7781	3.580
2005	11.2871	10.6522	(4.841)
2004	11.3495	10.1913	6.122
2003	10.7140	9.9117	6.951

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 17 March 2003 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the (depreciation)/appreciation of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.7 Global Equity Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation/(depreciation)	(1,365,524)	(1,018,863)	(1,077,545)	(1,156,499)	(1,233,963)
Capital appreciation/(depreciation) - realised and unrealised	51,178,663	19,031,449	32,835,053	(32,319,415)	35,225,463
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	299,259,181	225,132,039	216,580,643	184,985,041	238,207,734
Total net asset value	298,912,105	224,861,373	216,304,290	184,717,818	237,873,252
Net asset value per unit	37.5478	30.8328	28.3052	24.1654	28.5236

	<i>Highest issue price HK\$</i>	<i>Lowest redemption price HK\$</i>	<i>* Net annualised investment return %</i>
2021	38,1169	30,7962	21.779
2020	30.8328	19.3553	8.930
2019	28.4076	24.0373	17.131
2018	30.4612	23.5492	(15.279)
2017	28.5608	24.7231	16.633
2016	24.6911	19.2851	7.559
2015	25.1565	21.3455	(4.297)
2014	25.0765	22.2170	0.794
2013	23.5709	19.1187	25.222
2012	18.9420	15.3107	17.979
2011	18.8723	14.5469	(7.328)
2010	17.2165	14.2041	6.675
2009	16.1896	10.1606	25.162
2008	21.3141	11.4726	(41.325)
2007	23.2129	20.5837	5.022
2006	20.9271	17.2629	23.568
2005	17.0080	15.0956	7.023
2004	15.8234	13.1472	13.984
2003	13.7654	10.0000	38.820

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 17 March 2003 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.8 Asian Pacific Equity Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital (depreciation)/appreciation	(1,531,397)	(1,328,776)	(1,500,718)	(1,714,091)	(1,770,490)
Capital (depreciation)/appreciation- realised and unrealised	(8,943,352)	18,442,065	23,426,188	(62,496,861)	98,711,178
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	280,632,898	305,711,248	295,340,675	283,480,885	370,283,965
Total net asset value	280,303,793	305,348,829	294,967,579	283,078,211	369,776,745
Net asset value per unit	17.2336	17.9324	16.8512	15.6220	19.0845

	<i>Highest issue price HK\$</i>	<i>Lowest redemption price HK\$</i>	<i>* Net annualised investment return %</i>
2021	20.4386	16.6236	(3.897)
2020	17.9324	10.8647	6.416
2019	17.3536	14.5798	7.868
2018	20.1514	15.3485	(18.143)
2017	19.0873	14.1042	36.226
2016	14.8787	11.4581	6.555
2015	16.5244	12.4430	(9.922)
2014	15.8544	13.1142	3.452
2013	14.8350	12.7741	3.003
2012	13.6975	11.2112	23.531
2011	13.0446	10.1754	(9.141)
2010	12.2665	9.5443	16.814
2009	10.2897	6.0054	57.873
2008	11.2614	6.0252	(42.682)
2007	11.9923	9.9953	11.545

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 19 March 2007 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the (depreciation)/appreciation of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.9 European Equity Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation/(depreciation)	(459,831)	(390,926)	(422,738)	(441,134)	(419,301)
Capital appreciation/(depreciation) - realised and unrealised	3,593,740	(1,914,179)	12,039,779	(10,358,543)	11,629,184
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	86,063,194	71,049,380	74,597,656	65,320,075	75,832,101
Total net asset value	85,959,687	70,957,632	74,498,222	65,222,909	75,726,181
Net asset value per unit	12.3449	11.7697	12.0718	10.2399	11.9242

	Highest issue price HK\$	Lowest redemption price HK\$	* Net annualised investment return %
2021	12.8375	11.5198	4.887
2020	12.1539	8.0032	(2.503)
2019	12.1282	10.1244	17.890
2018	12.6320	10.0022	(14.125)
2017	12.0110	10.0583	19.700
2016	9.9619	8.0227	5.418
2015	10.4644	8.8133	2.995
2014	10.6668	8.7725	(9.966)
2013	10.1985	7.7446	33.288
2012	7.6862	5.8722	18.747
2011	7.9347	5.7303	(8.094)
2010	7.1234	5.9442	1.143
2009	7.0720	4.3835	21.290
2008	9.5319	4.9302	(41.909)
2007	10.7555	9.5143	(1.695)

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 19 March 2007 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.10 Hong Kong Equities Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital (depreciation)/appreciation	(5,512,959)	(4,232,943)	(3,916,766)	(4,411,104)	(4,257,925)
Capital (depreciation)appreciation- realised and unrealised	(44,879,206)	85,616,201	34,381,023	(51,628,593)	89,008,219
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	379,571,222	377,357,213	290,564,140	268,621,364	333,160,764
Total net asset value	378,769,008	376,578,953	290,065,655	267,984,503	332,421,465
Net asset value per unit	14.8159	16.8741	13.2857	11.9327	14.4571

	<i>Highest issue price HK\$</i>	<i>Lowest redemption price HK\$</i>	<i>* Net annualised investment return %</i>
2021	19.8825	14.3853	(12.197)
2020	16.8741	10.3906	27.009
2019	13.9915	11.5534	11.339
2018	16.1100	11.4778	(17.461)
2017	14.5820	10.8868	33.594
2016	11.6763	8.9468	0.690
2015	14.1390	10.0351	(6.251)
2014	11.7593	9.8941	4.824
2013	11.5142	9.2715	0.038
2012	10.9323	8.8298	18.453
2011	12.3011	7.8526	(21.155)
2010	12.6515	9.6137	8.735
2009	11.0622	6.0293	56.596
2008	13.5555	6.0162	(49.674)
2007	14.9542	10.0000	36.600

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 19 March 2007 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the (depreciation)/appreciation of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.11 US Equity Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net gain/(loss) excluding capital appreciation/(depreciation)	179,085	(11,490)	(38,256)	(35,810)	(64,752)
Capital appreciation/(depreciation) - realised and unrealised	114,412,169	129,992,787	41,736,423	(4,440,584)	22,166,334
Income derived from investment #	-	-	-	-	-
Value of scheme assets derived from investment	989,654,277	572,795,003	230,163,272	123,697,741	111,870,179
Total net asset value	988,953,442	572,379,291	229,974,214	123,576,974	111,765,186
Net asset value per unit	40.7132	35.0662	24.4598	18.7598	19.0615

	Highest issue price HK\$	Lowest redemption price HK\$	* Net annualised investment return %
2021	43.2182	32.7711	16.104
2020	35.0662	18.8106	43.363
2019	24.6165	18.1960	30.384
2018	22.7878	17.3957	(1.583)
2017	19.2594	15.2167	26.696
2016	15.3378	12.8351	(1.449)
2015	16.4709	14.1146	5.112
2014	14.7888	12.7755	6.451
2013	13.6437	10.2317	36.523
2012	10.3225	9.1580	9.680
2011	10.0570	8.2608	(4.075)
2010	9.5012	7.8833	10.261
2009	8.6833	5.3381	29.111
2008	9.9090	5.9919	(34.956)
2007	10.8644	9.9387	2.583

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 19 March 2007 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.12 Greater China Equity Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital (depreciation)/appreciation	(10,388,505)	(4,806,330)	(3,716,644)	(3,701,779)	(3,198,630)
Capital (depreciation)/appreciation - realised and unrealised	(62,469,517)	158,265,323	72,388,783	(48,321,090)	77,871,343
Income derived from investment <sup>#</sup>	-	-	-	-	-
Value of scheme assets derived from investment	717,337,995	521,489,259	268,699,445	199,597,420	242,153,578
Total net asset value	715,603,965	520,319,221	267,743,510	199,058,218	241,525,408
Net asset value per unit	22.8531	24.5744	16.2691	12.0746	15.2137

	<i>Highest issue price</i> HK\$	<i>Lowest redemption price</i> HK\$	<i>* Net annualised investment return</i> %
2021	29.9035	22.2144	(7.004)
2020	24.5744	12.9591	51.050
2019	16.3476	11.5763	34.599
2018	16.6890	11.6303	(20.633)
2017	15.4837	10.3727	47.053
2016	11.4956	8.5158	1.336
2015	13.1753	9.5152	(6.844)
2014	11.3512	9.5145	4.918
2013	10.5845	8.6086	11.327
2012	9.4156	7.5260	24.939
2011	10.3089	6.9237	(24.900)

\* The net annualised investment return is calculated by comparing the net asset value per unit at the year end against the net asset value per unit at the beginning of the year except for the first year where the initial offer price per unit is used. The initial offer price for the constituent fund as at 1 May 2011 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the (depreciation)/appreciation of the investments as stated above.

## Investment report (continued)

### 3 Performance table (continued)

#### 3.13 Age 65 Plus Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation/(depreciation)	(450,182)	(282,206)	(177,205)	(153,174)	(24,430)
Capital appreciation/(depreciation)					
- realised and unrealised	840,372	4,199,385	2,234,031	(90,991)	168,909
Income derived from investment <sup>#</sup>	-	-	-	-	-
Value of scheme assets derived from investment	79,002,395	60,158,982	32,452,782	19,756,284	9,933,985
Total net asset value	78,921,574	60,095,234	32,411,453	19,727,094	9,927,408
Net asset value per unit	<u>12.1808</u>	<u>12.1026</u>	<u>11.0418</u>	<u>10.1328</u>	<u>10.2936</u>

	<i>Highest issue price</i> HK\$	<i>Lowest redemption price</i> HK\$	<i>* Net annualised investment return</i> %
2021	12.3511	11.8280	0.646
2020	12.1026	10.5248	9.607
2019	11.0736	10.1402	8.971
2018	10.3963	10.0340	(1.562)
2017	10.3142	9.9848	2.936

\* The net annualized investment return is calculated by comparing the net asset value per unit at the period end against the initial offer price per unit. The initial offer price for the constituent fund as at 1 April 2017 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.



## Investment report (continued)

### 3 Performance table (continued)

#### 3.14 Core Accumulation Fund

	2021 HK\$	2020 HK\$	2019 HK\$	2018 HK\$	2017 HK\$
Net loss excluding capital appreciation/(depreciation)	(948,132)	(578,497)	(403,154)	(266,892)	(75,921)
Capital appreciation/(depreciation)					
- realised and unrealised	14,436,820	13,041,117	8,638,189	(3,063,040)	1,515,144
Income derived from investment <sup>#</sup>	-	-	-	-	-
Value of scheme assets derived from investment	185,362,350	118,631,436	72,704,592	46,180,759	27,907,106
Total net asset value	185,192,316	118,517,281	72,610,367	46,123,677	27,887,652
Net asset value per unit	14.6000	13.2742	11.7984	10.1951	10.9163

	<i>Highest issue price</i> HK\$	<i>Lowest redemption price</i> HK\$	<i>* Net annualised investment return</i> %
2021	14.6407	13.2229	9.988
2020	13.2742	9.5918	12.508
2019	11.8329	10.1154	15.726
2018	11.3854	9.9343	(6.607)
2017	10.9244	9.9888	9.163

\* The net annualized investment return is calculated by comparing the net asset value per unit at the period end against the initial offer price per unit. The initial offer price for the constituent fund as at 1 April 2017 was HK\$10.00 per unit.

# The constituent fund is a feeder fund which invests in an approved pooled investment fund. During the year ended 31 December 2021, there was no distribution income from the approved pooled investment fund. As a result, there was no other investment income except for the appreciation/(depreciation) of the investments as stated above.

## Investment report (continued)

### 4 Fund expense ratio

	<i>Fund expense ratio</i>	
	<i>2021</i>	<i>2020</i>
	<i>%</i>	<i>%</i>
MPF Conservative Fund	0.36	0.82
Guaranteed Fund	3.33	3.31
Global Stable Fund	1.50	1.46
Global Growth Fund	1.49	1.45
Asian Balanced Fund	1.70	1.70
Global Bond Fund	1.58	1.58
Global Equity Fund	1.66	1.71
Asian Pacific Equity Fund	1.73	1.73
European Equity Fund	1.88	1.94
Hong Kong Equities Fund	1.48	1.45
US Equity Fund	1.08	1.10
Greater China Equity Fund	1.51	1.49
Age 65 Plus Fund	0.84	0.86
Core Accumulation Fund	0.84	0.85

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings

#### 5.1 MPF Conservative Fund

<i>Quoted investment</i>	<u>2021</u>		
	<i>Holdings</i> Units	<i>Market value</i> HK\$	<i>% of net assets</i>
Allianz Choice HK\$ Liquidity Fund #	33,601,308.3002	441,205,339	100.01
Total investment, at market value		<u>441,205,339</u>	<u>100.01</u>
Total investment, at cost		<u>436,250,576</u>	

<i>Name of investment</i>	<u>2021</u>			<i>Holdings as at</i> 31 December 2021 Units
	<i>Holdings as at</i> 1 January 2021 Units	<i>Additions</i> Units	<i>Disposals</i> Units	
Allianz Choice HK\$ Liquidity Fund #	26,889,263.2256	19,638,246.4747	12,926,201.4001	33,601,308.3002

# Approved Pooled Investment Fund of the Allianz Global Investors Choice Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.2 Guaranteed Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Mass MPF Guaranteed Policy	17,455,702.9288	206,261,609	100.00
Total investment, at market value		206,261,609	100.00
Total investment, at cost		195,359,975	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Mass MPF Guaranteed Policy	15,990,329.8607	4,641,541.1053	3,176,168.0372	17,455,702.9288

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.3 Global Stable Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Allianz Choice Stable Growth Fund #	11,717,331.5771	304,181,928	100.21
Total investment, at market value		304,181,928	100.21
Total investment, at cost		223,834,384	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Allianz Choice Stable Growth Fund #	11,847,260.1551	728,959.3517	858,887.9297	11,717,331.5771

# Approved Pooled Investment Fund of the Allianz Global Investors Choice Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.4 Global Growth Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Allianz Choice Balanced Fund #	9,684,200.4156	468,521,616	100.21
Total investment, at market value		468,521,616	100.21
Total investment, at cost		315,059,485	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Allianz Choice Balanced Fund #	9,959,418.0288	325,329.5801	600,547.1933	9,684,200.4156

# Approved Pooled Investment Fund of the Allianz Global Investors Choice Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.5 Asian Balanced Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Templeton MPF Asian Balanced Fund *	12,167,767.9470	379,269,327	100.12
Total investment, at market value		379,269,327	100.12
		282,453,380	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Templeton MPF Asian Balanced Fund *	13,280,479.9810	454,662.9890	1,567,375.0230	12,167,767.9470

\* Approved Pooled Investment Fund of the Templeton MPF Investment Funds

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.6 Global Bond Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Templeton MPF Global Bond Fund *	6,693,250.4500	138,215,622	100.11
Total investment, at market value		138,215,622	100.11
Total investment, at cost		137,119,783	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Templeton MPF Global Bond Fund *	6,571,271.2000	1,520,912.9550	1,398,933.7050	6,693,250.4500

\* Approved Pooled Investment Fund of the Templeton MPF Investment Funds

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.



## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.7 Global Equity Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Templeton MPF Global Equity Fund *	9,049,264.6320	299,259,181	100.12
Total investment, at market value		299,259,181	100.12
Total investment, at cost		176,164,316	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Templeton MPF Global Equity Fund *	8,332,051.7690	1,687,525.8640	970,313.0010	9,049,264.6320

\* Approved Pooled Investment Fund of the Templeton MPF Investment Funds

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.8 Asian Pacific Equity Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Templeton MPF Asian Pacific Equity Fund *	10,065,742.4010	280,632,898	100.12
Total investment, at market value		280,632,898	100.12
Total investment, at cost		213,061,979	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Templeton MPF Asian Pacific Equity Fund *	10,592,905.3130	734,923,3620	1,262,086.2740	10,065,742.4010

\* Approved Pooled Investment Fund of the Templeton MPF Investment Funds

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.9 European Equity Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Templeton MPF European Equity Fund *	4,370,908.8080	86,063,194	100.12
Total investment, at market value		86,063,194	100.12
Total investment, at cost		76,072,839	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Templeton MPF European Equity Fund *	3,801,464.9580	1,742,491.5500	1,173,047.7000	4,370,908.8080

\* Approved Pooled Investment Fund of the Templeton MPF Investment Funds

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.10 Hong Kong Equities Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Allianz Choice Hong Kong Fund #	6,360,107.6063	379,571,222	100.21
Total investment, at market value		379,571,222	100.21
Total investment, at cost		313,232,226	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Allianz Choice Hong Kong Fund #	5,633,037.9648	1,290,511.6944	563,442.0529	6,360,107.6063

# Approved Pooled Investment Fund of the Allianz Global Investors Choice Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.11 US Equity Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Franklin MPF US Opportunities Fund *	19,836,726.3458	989,654,277	100.07
Total investment, at market value		989,654,277	100.07
Total investment, at cost		732,871,503	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Franklin MPF US Opportunities Fund *	13,327,012.6410	8,444,870.2488	1,935,156.5440	19,836,726.3458

\* Approved Pooled Investment Fund of the Templeton MPF Investment Funds

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.12 Greater China Equity Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
JP Morgan SAR Greater China Fund *	2,606,795.5310	717,337,995	100.24
Total investment, at market value		717,337,995	100.24
Total investment, at cost		562,613,934	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
JP Morgan SAR Greater China Fund *	1,790,964.7590	1,010,737.3220	194,906.5500	2,606,795.5310

\* Approved Pooled Investment Fund of the JP Morgan SAR Greater China Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.13 Age 65 Plus Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Age 65 Plus Fund *	6,251,228.0340	79,002,395	100.10
Total investment, at market value		<u>79,002,395</u>	<u>100.10</u>
Total investment, at cost		<u>74,873,841</u>	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Age 65 Plus Fund *	4,822,865.8060	3,523,871.0190	2,095,508.7910	6,251,228.0340

\* Approved Pooled Investment Fund of the Invesco Pooled Investment Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.

## Investment report (continued)

### 5 Investment portfolio and statement of movements in portfolio holdings (continued)

#### 5.14 Core Accumulation Fund

<i>Quoted investment</i>	<i>2021</i>		
	<i>Holdings Units</i>	<i>Market value HK\$</i>	<i>% of net assets</i>
Core Accumulation Fund *	12,250,583.2870	<u>185,362,350</u>	<u>100.09</u>
Total investment, at market value		<u>185,362,350</u>	<u>100.09</u>
Total investment, at cost		<u>154,346,895</u>	

<i>Name of investment</i>	<i>2021</i>			<i>Holdings as at 31 December 2021 Units</i>
	<i>Holdings as at 1 January 2021 Units</i>	<i>Additions Units</i>	<i>Disposals Units</i>	
Core Accumulation Fund *	8,679,946.7560	4,637,709.7890	1,067,073.2580	12,250,583.2870

\* Approved Pooled Investment Fund of the Invesco Pooled Investment Fund

Note: The underlying approved pooled investment fund was established in Hong Kong and is accounted for on a trade date basis.





# Independent auditor's report

To the Trustee of Mass Mandatory Provident Fund Scheme

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Mass Mandatory Provident Fund Scheme ("the Scheme") set out on pages 86 to 128, which comprise the statement of net assets available for benefits as at 31 December 2021, the statement of comprehensive income, the statement of changes in net assets attributable to members – master trust scheme and constituent funds and cash flow statement – master trust scheme for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2021, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Trustee is responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Independent auditor's report (continued)

To the Trustee of Mass Mandatory Provident Fund Scheme

### Report on the Audit of the Financial Statements (continued)

#### Responsibilities of Trustee and Those Charged with Governance for the Financial Statements

The Trustee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

In addition, the Trustee is required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation").

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.



## Independent auditor's report (continued)

To the Trustee of Mass Mandatory Provident Fund Scheme

### Report on the Audit of the Financial Statements (continued)

#### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Independent auditor's report (continued)

To the Trustee of Mass Mandatory Provident Fund Scheme

### Report on matters under the Mandatory Provident Fund Schemes (General) Regulation

- a. In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- b. We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**30 JUN 2022**



## Independent auditor's assurance report

To the Trustee of Mass Mandatory Provident Fund Scheme

We have audited the financial statements of Mass Mandatory Provident Fund Scheme ("the Scheme") for the year ended 31 December 2021 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* ("PN 860.1 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated **30 JUN 2022**.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("MPFSO") and the General Regulation.

### Trustee's Responsibility

The General Regulation requires the Trustee to ensure that:

- a. proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- b. the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority ("MPFA") under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- c. the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), and 34DD(1) and (4) of the MPFSO are complied with; and
- d. the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



## Independent auditor's assurance report (continued)

To the Trustee of Mass Mandatory Provident Fund Scheme

### Auditor's Responsibility

Our responsibility is to report solely to you, on the Scheme's compliance with the above requirements based on the results of the procedures performed by us, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to PN 860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

Based on the foregoing:

1. in our opinion:
  - a. proper accounting and other records have been kept during the year ended 31 December 2021 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
  - b. the requirements specified in the guidelines made by the MPFA under section 28 of the MPFSO with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 31 December 2021, 30 September 2021 and 30 June 2021;
  - c. the requirements specified in the MPFSO under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to the Core Accumulation Fund and the Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2021, 30 September 2021 and 30 June 2021; and



## Independent auditor's assurance report (continued)

To the Trustee of Mass Mandatory Provident Fund Scheme

### Opinion (continued)

- d. the requirements specified in section 34DD(4)(b) of the MPFSO with respect to the controls of out-of-pocket expenses of the Core Accumulation Fund and the Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2021.
2. as at 31 December 2021, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### Other Matter

The requirements specified in the MPFSO under sections 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to the Core Accumulation Fund and the Age 65 Plus Fund are not applicable to the Trustee during the year ended 31 December 2021 as the Trustee has completed the relevant transitional provisions and the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on these sections.

### Intended Users and Purpose

This report is intended solely for submission by the Trustee to the MPFA pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purpose.

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**30 JUN 2022**

Statement of comprehensive income  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	Note	2021						
		MPF Conservative Fund \$	Guaranteed Fund \$	Global Stable Fund \$	Global Growth Fund \$	Asian Balanced Fund \$	Global Bond Fund \$	Global Equity Fund \$
<b>Income</b>								
Interest income		-	-	-	-	-	-	-
Net realised gain on investments		2,693,520	4,825,389	6,404,832	10,099,450	15,079,390	1,006,323	12,291,468
Net unrealised gain/(loss) on investments		(2,571,329)	(10,631,370)	(2,382,421)	5,070,239	(17,678,166)	(6,236,326)	38,887,195
Rebates and other income	5(c), 5(d)	391,646	-	-	-	2,192,888	618,442	1,444,812
<b>Total income</b>		<u>513,837</u>	<u>(5,805,981)</u>	<u>4,022,411</u>	<u>15,169,689</u>	<u>(405,888)</u>	<u>(4,611,561)</u>	<u>52,623,475</u>
<b>Expenses</b>								
Bank charges		-	-	-	-	-	-	-
Trustee fees	5(a)	509,657	-	2,927,283	4,525,647	3,985,359	1,238,649	2,634,381
Fund administration fees	5(b)	-	-	58,500	58,500	58,500	58,500	58,500
Investment management fee	5(e), 5(f)	-	-	1,203,348	1,860,994	-	-	-
Auditor's remuneration		-	-	36,409	56,048	45,501	16,547	35,952
Other expenses		-	-	82,427	119,980	99,629	44,382	81,503
<b>Total expenses</b>		<u>509,657</u>	<u>-</u>	<u>4,307,967</u>	<u>6,621,169</u>	<u>4,188,989</u>	<u>1,358,078</u>	<u>2,810,336</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>4,180</u>	<u>(5,805,981)</u>	<u>(285,556)</u>	<u>8,548,520</u>	<u>(4,594,877)</u>	<u>(5,969,639)</u>	<u>49,813,139</u>



Statement of comprehensive income  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

	Note	2021							Total	
		Asian Pacific Equity Fund	European Equity Fund	Hong Kong Equities Fund	US Equity Fund	Greater China Equity Fund	Age 65 Plus Fund	Core Accumulation Fund		The Scheme
		\$	\$	\$	\$	\$	\$	\$	\$	
<b>Income</b>										
Interest income		-	-	-	-	-	-	-	704	704
Net realised gain/(loss) on investments		11,572,976	3,282,823	11,890,349	24,772,477	17,521,738	1,570,737	2,647,684	-	125,659,156
Net unrealised gain/(loss) on investments		(20,516,328)	310,917	(56,769,555)	89,639,692	(79,991,255)	(730,365)	11,789,136	-	(51,809,936)
Rebates and other income	5(c), 5(d)	1,664,879	432,851	-	4,297,411	-	-	-	-	11,042,929
<b>Total income</b>		<u>(7,278,473)</u>	<u>4,026,591</u>	<u>(44,879,206)</u>	<u>118,709,580</u>	<u>(62,469,517)</u>	<u>840,372</u>	<u>14,436,820</u>	<u>704</u>	<u>84,892,853</u>
<b>Expenses</b>										
Bank charges		-	-	-	-	-	-	-	1,260	1,260
Trustee fees	5(a)	3,027,240	791,559	3,765,449	3,698,451	7,171,408	408,394	867,516	-	35,550,993
Fund administration fees	5(b)	58,500	58,500	58,500	58,500	58,500	-	-	-	585,000
Investment management fee	5(e), 5(f)	-	-	1,545,584	-	2,897,010	-	-	-	7,506,936
Auditor's remuneration		33,664	10,318	44,768	119,343	84,903	10,982	25,697	-	520,132
Other expenses		76,872	32,305	98,658	242,032	176,684	30,806	54,919	-	1,140,197
<b>Total expenses</b>		<u>3,196,276</u>	<u>892,682</u>	<u>5,512,959</u>	<u>4,118,326</u>	<u>10,388,505</u>	<u>450,182</u>	<u>948,132</u>	<u>1,260</u>	<u>45,304,518</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>(10,474,749)</u>	<u>3,133,909</u>	<u>(50,392,165)</u>	<u>114,591,254</u>	<u>(72,858,022)</u>	<u>390,190</u>	<u>13,488,688</u>	<u>(556)</u>	<u>39,588,335</u>

Statement of comprehensive income  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

		2020						
	Note	MPF Conservative Fund \$	Guaranteed Fund \$	Global Stable Fund \$	Global Growth Fund \$	Asian Balanced Fund \$	Global Bond Fund \$	Global Equity Fund \$
<b>Income</b>								
Interest income		-	-	-	-	-	-	-
Net realised gain on investments		2,677,787	2,333,663	2,798,682	5,233,416	5,199,342	801,931	5,804,194
Net unrealised gain/(loss) on investments		141,377	15,432,887	40,393,129	71,106,483	9,659,288	1,473,069	13,227,255
Rebates and other income	5(c), 5(d)	307,273	-	-	-	2,066,198	598,194	1,064,699
<b>Total income</b>		<u>3,126,437</u>	<u>17,766,550</u>	<u>43,191,811</u>	<u>76,339,899</u>	<u>16,924,828</u>	<u>2,873,194</u>	<u>20,096,148</u>
<b>Expenses</b>								
Bank charges		-	-	-	-	-	-	-
Trustee fees	5(a)	1,689,112	-	2,540,748	3,855,360	3,753,089	1,197,939	1,934,463
Fund administration fees	5(b)	34,125	-	58,500	58,500	58,500	58,500	58,500
Investment management fee	5(e), 5(f)	-	-	927,822	1,403,496	-	-	-
Auditor's remuneration		35,545	-	42,826	65,857	59,056	19,986	31,795
Other expenses		51,832	-	75,176	108,724	98,262	41,844	58,804
<b>Total expenses</b>		<u>1,810,614</u>	<u>-</u>	<u>3,645,072</u>	<u>5,491,937</u>	<u>3,968,907</u>	<u>1,318,269</u>	<u>2,083,562</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>1,315,823</u>	<u>17,766,550</u>	<u>39,546,739</u>	<u>70,847,962</u>	<u>12,955,921</u>	<u>1,554,925</u>	<u>18,012,586</u>

Statement of comprehensive income  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

	Note	2020								Total \$
		Asian Pacific Equity Fund \$	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$	The Scheme \$	
<b>Income</b>										
Interest income		-	-	-	-	-	-	-	415	415
Net realised gain/(loss) on investments		3,321,015	807,629	8,621,341	17,803,264	11,395,778	1,247,200	386,232	-	68,431,474
Net unrealised gain/(loss) on investments		15,121,050	(2,721,808)	76,994,860	112,189,523	146,869,545	2,952,185	12,654,885	-	515,493,728
Rebates and other income	5(c), 5(d)	1,410,696	359,063	-	1,872,921	-	-	-	-	7,679,044
<b>Total income</b>		<u>19,852,761</u>	<u>(1,555,116)</u>	<u>85,616,201</u>	<u>131,865,708</u>	<u>158,265,323</u>	<u>4,199,385</u>	<u>13,041,117</u>	<u>415</u>	<u>591,604,661</u>
<b>Expenses</b>										
Bank charges		-	-	-	-	-	-	-	1,260	1,260
Trustee fees	5(a)	2,562,919	654,021	2,950,220	1,616,687	3,315,769	247,194	521,884	-	26,839,405
Fund administration fees	5(b)	58,500	58,500	58,500	58,500	58,500	-	-	-	619,125
Investment management fee	5(e), 5(f)	-	-	1,081,306	-	1,242,029	-	-	-	4,654,653
Auditor's remuneration		43,103	10,078	52,921	80,285	72,596	11,871	23,349	-	549,268
Other expenses		74,950	27,390	89,996	128,939	117,436	23,141	33,264	-	929,758
<b>Total expenses</b>		<u>2,739,472</u>	<u>749,989</u>	<u>4,232,943</u>	<u>1,884,411</u>	<u>4,806,330</u>	<u>282,206</u>	<u>578,497</u>	<u>1,260</u>	<u>33,593,469</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>17,113,289</u>	<u>(2,305,105)</u>	<u>81,383,258</u>	<u>129,981,297</u>	<u>153,458,993</u>	<u>3,917,179</u>	<u>12,462,620</u>	<u>(845)</u>	<u>558,011,192</u>

The notes on pages 105 to 128 form part of these financial statements.

## Statement of net assets available for benefits as at 31 December 2021

(Expressed in Hong Kong dollars)

	2021							
	<i>MPF Conservative Fund</i> \$	<i>Guaranteed Fund</i> \$	<i>Global Stable Fund</i> \$	<i>Global Growth Fund</i> \$	<i>Asian Balanced Fund</i> \$	<i>Global Bond Fund</i> \$	<i>Global Equity Fund</i> \$	<i>Asian Pacific Equity Fund</i> \$
<b>Assets</b>								
Investments	441,205,339	206,261,609	304,181,928	468,521,616	379,269,327	138,215,622	299,259,181	280,632,898
Contributions receivable								
- from employers	-	-	-	-	-	-	-	-
- from members	-	-	-	-	-	-	-	-
Transfers in receivable	-	-	-	-	-	-	-	-
Amounts receivable on subscriptions	5,147,444	356,583	131,788	157,506	32,881	84,729	909,618	81,496
Amounts receivable on sales of investments	304,829	5,060	40,729	107,690	26,195	53,213	43,202	178
Other receivables	36,823	-	-	-	175,927	52,347	135,624	129,433
Cash at bank	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>446,694,435</u>	<u>206,623,252</u>	<u>304,354,445</u>	<u>468,786,812</u>	<u>379,504,330</u>	<u>138,405,911</u>	<u>300,347,625</u>	<u>280,844,005</u>
<b>Liabilities</b>								
Benefits payable	-	-	-	-	-	-	-	-
Transfers out payable	-	-	-	-	-	-	-	-
Forfeitures payable	-	-	-	-	-	-	-	-
Amounts payable on redemptions	304,829	5,060	40,729	107,690	26,195	53,213	43,202	178
Amounts payable on purchases of investments	5,184,267	356,583	131,788	157,506	208,808	137,076	1,045,242	210,929
Other payables	36,311	-	645,043	988,538	444,532	153,911	347,076	329,105
<b>Total liabilities (excluding net assets attributable to members)</b>	<u>5,525,407</u>	<u>361,643</u>	<u>817,560</u>	<u>1,253,734</u>	<u>679,535</u>	<u>344,200</u>	<u>1,435,520</u>	<u>540,212</u>
<b>Net assets attributable to members</b>	<u>441,169,028</u>	<u>206,261,609</u>	<u>303,536,885</u>	<u>467,533,078</u>	<u>378,824,795</u>	<u>138,061,711</u>	<u>298,912,105</u>	<u>280,303,793</u>

## Statement of net assets available for benefits as at 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

	2021								
	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$	The Constituent Funds \$	The Scheme \$	Total \$
<b>Assets</b>									
Investments	86,063,194	379,571,222	989,654,277	717,337,995	79,002,395	185,362,350	4,954,538,953	-	4,954,538,953
Contributions receivable									
- from employers	-	-	-	-	-	-	-	8,098,763	8,098,763
- from members	-	-	-	-	-	-	-	7,527,293	7,527,293
Transfers in receivable	-	-	-	-	-	-	-	29,621,730	29,621,730
Amounts receivable on subscriptions	68,788	1,406,993	6,379,088	2,925,755	227,077	936,084	18,845,830	(18,845,830)	-
Amounts receivable on sales of investments	8,192	59,340	1,334,650	265,239	6,523	47,906	2,302,946	-	2,302,946
Other receivables	38,730	-	445,254	-	-	-	1,014,138	2,552,711	3,566,849
Cash at bank	-	-	-	-	-	-	-	26,179,878	26,179,878
<b>Total assets</b>	<b>86,178,904</b>	<b>381,037,555</b>	<b>997,813,269</b>	<b>720,528,989</b>	<b>79,235,995</b>	<b>186,346,340</b>	<b>4,976,701,867</b>	<b>55,134,545</b>	<b>5,031,836,412</b>
<b>Liabilities</b>									
Benefits payable	-	-	-	-	-	-	-	2,505,843	2,505,843
Transfers out payable	-	-	-	-	-	-	-	1,419,980	1,419,980
Forfeitures payable	-	-	-	-	-	-	-	242,005	242,005
Amounts payable on redemptions	8,192	59,340	1,334,650	265,239	6,523	47,906	2,302,946	(2,302,946)	-
Amounts payable on purchases of investments	107,518	1,406,993	6,824,342	2,925,755	227,077	936,084	19,859,968	-	19,859,968
Other payables	103,507	802,214	700,835	1,734,030	80,821	170,034	6,535,957	2,466,185	9,002,142
<b>Total liabilities (excluding net assets attributable to members)</b>	<b>219,217</b>	<b>2,268,547</b>	<b>8,859,827</b>	<b>4,925,024</b>	<b>314,421</b>	<b>1,154,024</b>	<b>28,698,871</b>	<b>4,331,067</b>	<b>33,029,938</b>
<b>Net assets attributable to members</b>	<b>85,959,687</b>	<b>378,769,008</b>	<b>988,953,442</b>	<b>715,603,965</b>	<b>78,921,574</b>	<b>185,192,316</b>	<b>4,948,002,996</b>	<b>50,803,478</b>	<b>4,998,806,474</b>

## Statement of net assets available for benefits as at 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

	2020							
	MPF Conservative Fund \$	Guaranteed Fund \$	Global Stable Fund \$	Global Growth Fund \$	Asian Balanced Fund \$	Global Bond Fund \$	Global Equity Fund \$	Asian Pacific Equity Fund \$
<b>Assets</b>								
Investments	352,953,847	195,554,254	303,645,277	466,897,517	418,335,119	140,953,767	225,132,039	305,711,248
Contributions receivable								
- from employers	-	-	-	-	-	-	-	-
- from members	-	-	-	-	-	-	-	-
Transfers in receivable	-	-	-	-	-	-	-	-
Amounts receivable on								
subscriptions	4,309,367	167,628	194,433	86,673	63,716	389,700	61,448	78,171
Amounts receivable on sales of								
investments	726,022	69,147	97,606	114,911	55,226	558,477	201,005	34,068
Other receivables	29,326	-	-	-	190,199	53,314	102,351	137,426
Cash at bank	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>358,018,562</u>	<u>195,791,029</u>	<u>303,937,316</u>	<u>467,099,101</u>	<u>418,644,260</u>	<u>141,955,258</u>	<u>225,496,843</u>	<u>305,960,913</u>
<b>Liabilities</b>								
Benefits payable	-	-	-	-	-	-	-	-
Transfers out payable	-	-	-	-	-	-	-	-
Forfeitures payable	-	-	-	-	-	-	-	-
Amounts payable on redemptions	726,022	69,147	97,606	114,911	55,226	558,477	201,005	34,068
Amounts payable on purchases of								
investments	4,338,693	167,628	194,433	86,673	253,915	443,014	163,799	215,597
Other payables	174,906	-	637,690	974,386	497,912	162,305	270,666	362,419
<b>Total liabilities (excluding net assets attributable to members)</b>	<u>5,239,621</u>	<u>236,775</u>	<u>929,729</u>	<u>1,175,970</u>	<u>807,053</u>	<u>1,163,796</u>	<u>635,470</u>	<u>612,084</u>
<b>Net assets attributable to members</b>	<u>352,778,941</u>	<u>195,554,254</u>	<u>303,007,587</u>	<u>465,923,131</u>	<u>417,837,207</u>	<u>140,791,462</u>	<u>224,861,373</u>	<u>305,348,829</u>

## Statement of net assets available for benefits as at 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

	2020								
	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$	The Constituent Funds \$	The Scheme \$	Total \$
<b>Assets</b>									
Investments	71,049,380	377,357,213	572,795,003	521,489,259	60,158,982	118,631,436	4,130,664,341	-	4,130,664,341
Contributions receivable									
- from employers	-	-	-	-	-	-	-	6,803,411	6,803,411
- from members	-	-	-	-	-	-	-	6,997,869	6,997,869
Transfers in receivable	-	-	-	-	-	-	-	78,259,424	78,259,424
Amounts receivable on subscriptions	84,844	334,710	5,393,369	5,261,093	473,720	160,309	17,059,181	(17,059,181)	-
Amounts receivable on sales of investments	-	230,702	391,535	150,292	4,263	32,095	2,665,349	-	2,665,349
Other receivables	33,404	-	246,657	-	-	-	792,677	2,457,510	3,250,187
Cash at bank	-	-	-	-	-	-	-	23,437,368	23,437,368
<b>Total assets</b>	<b>71,167,628</b>	<b>377,922,625</b>	<b>578,826,564</b>	<b>526,900,644</b>	<b>60,636,965</b>	<b>118,823,840</b>	<b>4,151,181,548</b>	<b>100,896,401</b>	<b>4,252,077,949</b>
<b>Liabilities</b>									
Benefits payable	-	-	-	-	-	-	-	3,191,032	3,191,032
Transfers out payable	-	-	-	-	-	-	-	4,960,110	4,960,110
Forfeitures payable	-	-	-	-	-	-	-	358	358
Amounts payable on redemptions	-	230,702	391,535	150,292	4,263	32,095	2,665,349	(2,665,349)	-
Amounts payable on purchases of investments	118,248	334,710	5,640,026	5,261,093	473,720	160,309	17,851,858	-	17,851,858
Other payables	91,748	778,260	415,712	1,170,038	63,748	114,155	5,713,945	2,800,760	8,514,705
<b>Total liabilities (excluding net assets attributable to members)</b>	<b>209,996</b>	<b>1,343,672</b>	<b>6,447,273</b>	<b>6,581,423</b>	<b>541,731</b>	<b>306,559</b>	<b>26,231,152</b>	<b>8,286,911</b>	<b>34,518,063</b>
<b>Net assets attributable to members</b>	<b>70,957,632</b>	<b>376,578,953</b>	<b>572,379,291</b>	<b>520,319,221</b>	<b>60,095,234</b>	<b>118,517,281</b>	<b>4,124,950,396</b>	<b>92,609,490</b>	<b>4,217,559,886</b>

## Statement of net assets available for benefits as at 31 December 2021 (continued)

(Expressed in Hong Kong dollars)

		2021						
Note	MPF Conservative Fund \$	Guaranteed Fund \$	Global Stable Fund \$	Global Growth Fund \$	Asian Balanced Fund \$	Global Bond Fund \$	Global Equity Fund \$	
<i>Representing:</i>								
<b>Net assets attributable to members</b>	441,169,028	206,261,609	303,536,885	467,533,078	378,824,795	138,061,711	298,912,105	
<b>Total number of units in issue</b>	6 39,912,609.0148	17,522,003.1884	12,580,404.5718	16,956,422.3809	13,581,641.9189	10,393,775.0330	7,960,843.0279	
<b>Net asset value per unit</b>	11.0534	11.7716	24.1278	27.5726	27.8924	13.2831	37.5478	

		2021						
Note	Asian Pacific Equity Fund \$	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$	
<i>Representing:</i>								
<b>Net assets attributable to members</b>	280,303,793	85,959,687	378,769,008	988,953,442	715,603,965	78,921,574	185,192,316	
<b>Total number of units in issue</b>	6 16,264,929.0528	6,963,161.2768	25,565,004.0787	24,290,761.5914	31,313,246.2437	6,479,176.9903	12,684,413.3408	
<b>Net asset value per unit</b>	17.2336	12.3449	14.8159	40.7132	22.8531	12.1808	14.6000	



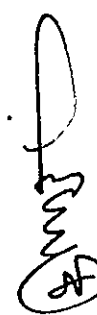
Statement of net assets available for benefits as at 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

		2020						
Note	MPF Conservative Fund \$	Guaranteed Fund \$	Global Stable Fund \$	Global Growth Fund \$	Asian Balanced Fund \$	Global Bond Fund \$	Global Equity Fund \$	
<i>Representing:</i>								
<b>Net assets attributable to members</b>	<u>352,778,941</u>	<u>195,554,254</u>	<u>303,007,587</u>	<u>465,923,131</u>	<u>417,837,207</u>	<u>140,791,462</u>	<u>224,861,373</u>	
<b>Total number of units in issue</b>	6 <u>31,916,274.0436</u>	<u>16,052,905.7717</u>	<u>12,544,449.9274</u>	<u>17,198,860.0193</u>	<u>14,757,818.7290</u>	<u>10,149,714.0739</u>	<u>7,292,927.7154</u>	
<b>Net asset value per unit</b>	<u>11.0533</u>	<u>12.1819</u>	<u>24.1547</u>	<u>27.0903</u>	<u>28.3129</u>	<u>13.8715</u>	<u>30.8328</u>	

**Statement of net assets available for benefits as at 31 December 2021 (continued)**  
(Expressed in Hong Kong dollars)

	Note	2020						
		Asian Pacific Equity Fund \$	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$
Representing:								
Net assets attributable to members		305,348,829	70,957,632	376,578,953	572,379,291	520,319,221	60,095,234	118,517,281
Total number of units in issue	6	17,027,741.7029	6,028,831.2290	22,317,038.9659	16,322,827.7402	21,173,203.8710	4,965,485.3338	8,928,371.8948
Net asset value per unit		17.9324	11.7697	16.8741	35.0662	24.5744	12.1026	13.2742

Approved and authorised for issue by the Trustee on **30 JUN 2022**

  
 )  
 )  
 ) For and on behalf of  
 ) YF Life Trustees Limited  
 )  
 )

The notes on pages 105 to 128 form part of these financial statements.

Statement of changes in net assets attributable to members  
- Master trust scheme  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	2021 \$	2020 \$
<b>Net assets attributable to members brought forward</b>	4,217,559,886	3,136,774,249
<b>Contributions received and receivable from employers</b>		
From employers		
- Mandatory	90,155,778	89,199,188
- Additional voluntary	28,430,273	25,468,128
From members		
- Mandatory	107,817,396	103,805,989
- Additional voluntary	43,729,229	25,083,073
<b>Contribution surcharge received and receivable</b>	452,540	649,967
<b>Transfers in</b>		
Group transfers in from other schemes	59,898,184	18,596,800
Individual transfers in from other schemes	847,904,952	507,032,260
	<u>1,178,388,352</u>	<u>769,835,405</u>

Statement of changes in net assets attributable to members  
- Master trust scheme  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

	2021 \$	2020 \$
<b>Benefits paid and payable</b>		
Retirement	72,110,065	36,439,175
Early retirement	31,132,094	9,999,524
Death	3,960,100	1,818,388
Permanent departure	25,825,158	16,035,399
Total incapacity	1,779,922	1,063,170
Small balance	-	2,604
Refund of additional voluntary contributions to leavers	39,425,653	2,389,156
Terminal illness	1,224,907	146,685
<b>Transfers out</b>		
Group transfers out to other schemes	33,576,703	16,610,370
Individual transfers out to other schemes	205,733,179	152,345,833
<b>Forfeitures</b>	3,674,486	1,275,072
<b>Withdrawal of additional voluntary contributions</b>	5,709,904	658,607
<b>Long services payments</b>	12,577,928	8,276,977
	<u>436,730,099</u>	<u>247,060,960</u>
<b>Increase in the net assets attributable to members for the year</b>	<u>39,588,335</u>	<u>558,011,192</u>
<b>Net assets attributable to members carried forward</b>	<u>4,998,806,474</u>	<u>4,217,559,886</u>

The notes on pages 105 to 128 form part of these financial statements.

Cash flow statement - Master trust scheme  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	2021 \$	2020 \$
<b>Operating activities</b>		
Increase in net assets attributable to members	39,588,335	558,011,192
Adjustments for:		
Interest income	(704)	(415)
Net gain on investments	(39,588,891)	(558,012,037)
<b>Operating cash flow before changes in working capital</b>	(1,260)	(1,260)
(Increase)/decrease in other receivables	(95,201)	2,702,502
(Decrease)/increase in accruals and other payables	(334,575)	984,760
Payment for purchases of investments	(2,811,495,224)	(1,521,053,782)
Proceeds from sales of investments	2,030,180,567	1,078,055,226
<b>Net cash used in operating activities</b>	<u>(781,745,693)</u>	<u>(439,312,554)</u>
<b>Investing activity</b>		
Interest received	704	415
<b>Net cash generated from investing activity</b>	<u>704</u>	<u>415</u>
<b>Financing activities</b>		
Contributions and transfers in received	1,225,201,270	698,119,768
Benefits, transfers out, forfeitures, long service payments and initial charges paid	(440,713,771)	(245,574,819)
<b>Net cash generated from financing activities</b>	<u>784,487,499</u>	<u>452,544,949</u>

**Cash flow statement - Master trust scheme  
for the year ended 31 December 2021 (continued)**  
*(Expressed in Hong Kong dollars)*

	2021 \$	2020 \$
<b>Net increase in cash and cash equivalents</b>	2,742,510	13,232,810
<b>Cash and cash equivalents at 1 January</b>	<u>23,437,368</u>	<u>10,204,558</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>26,179,878</u></u>	<u><u>23,437,368</u></u>
<b>Analysis of balance of cash and cash equivalents:</b>		
Cash at bank	<u><u>26,179,878</u></u>	<u><u>23,437,368</u></u>

The notes on pages 105 to 128 form part of these financial statements.

Statement of changes in net assets attributable to members - Constituent funds  
for the year ended 31 December 2021  
(Expressed in Hong Kong dollars)

	2021						
	<i>MPF Conservative Fund</i>	<i>Guaranteed Fund</i>	<i>Global Stable Fund</i>	<i>Global Growth Fund</i>	<i>Asian Balanced Fund</i>	<i>Global Bond Fund</i>	<i>Global Equity Fund</i>
	\$	\$	\$	\$	\$	\$	\$
<b>Net assets attributable to members brought forward</b>	<u>352,778,941</u>	<u>195,554,254</u>	<u>303,007,587</u>	<u>465,923,131</u>	<u>417,837,207</u>	<u>140,791,462</u>	<u>224,861,373</u>
Proceeds on units issued	600,690,260	102,953,953	44,334,210	52,661,000	53,980,727	59,750,060	107,094,436
Payments on units redeemed	<u>(512,304,353)</u>	<u>(86,440,617)</u>	<u>(43,519,356)</u>	<u>(59,599,573)</u>	<u>(88,398,262)</u>	<u>(56,510,172)</u>	<u>(82,856,843)</u>
	<u>88,385,907</u>	<u>16,513,336</u>	<u>814,854</u>	<u>(6,938,573)</u>	<u>(34,417,535)</u>	<u>3,239,888</u>	<u>24,237,593</u>
Increase/(decrease) in net assets attributable to members for the year	<u>4,180</u>	<u>(5,805,981)</u>	<u>(285,556)</u>	<u>8,548,520</u>	<u>(4,594,877)</u>	<u>(5,969,639)</u>	<u>49,813,139</u>
<b>Net assets attributable to members carried forward</b>	<u>441,169,028</u>	<u>206,261,609</u>	<u>303,536,885</u>	<u>467,533,078</u>	<u>378,824,795</u>	<u>138,061,711</u>	<u>298,912,105</u>

Statement of changes in net assets attributable to members - Constituent funds  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

	2021									
	Asian Pacific Equity Fund \$	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$	The Constituent Funds \$	Scheme	Total
<b>Net assets attributable to members brought forward</b>	305,348,829	70,957,632	376,578,953	572,379,291	520,319,221	60,095,234	118,517,281	4,124,950,396	92,609,490	4,217,559,886
Proceeds on units issued	68,815,730	56,472,329	183,009,836	729,138,540	582,509,084	68,551,572	103,320,136	2,813,281,873	(1,634,893,521)	1,178,388,352
Payments on units redeemed	(83,386,017)	(44,604,183)	(130,427,616)	(427,155,643)	(314,366,318)	(50,115,422)	(50,133,789)	(2,029,819,404)	1,593,089,305	(436,730,099)
	(14,570,287)	11,868,146	52,582,220	301,982,897	268,142,766	18,436,150	53,186,347	783,462,469	(41,804,216)	741,658,253
Increase/(decrease) in net assets attributable to members for the year	(10,474,749)	3,133,909	(50,392,165)	114,591,254	(72,858,022)	390,190	13,488,688	39,590,131	(556)	39,588,335
<b>Net assets attributable to members carried forward</b>	280,303,793	85,959,687	378,769,008	988,953,442	715,603,965	78,921,574	185,192,316	4,948,002,996	50,804,718	4,998,806,474



Statement of changes in net assets attributable to members - Constituent funds  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

	2020						
	<i>MPF Conservative Fund</i>	<i>Guaranteed Fund</i>	<i>Global Stable Fund</i>	<i>Global Growth Fund</i>	<i>Asian Balanced Fund</i>	<i>Global Bond Fund</i>	<i>Global Equity Fund</i>
	\$	\$	\$	\$	\$	\$	\$
<b>Net assets attributable to members brought forward</b>	<u>269,811,359</u>	<u>158,820,443</u>	<u>259,219,349</u>	<u>403,552,853</u>	<u>415,207,050</u>	<u>128,514,763</u>	<u>216,304,290</u>
Proceeds on units issued	366,997,522	66,656,758	33,118,084	34,482,739	41,139,762	55,944,664	21,535,991
Payments on units redeemed	<u>(285,345,763)</u>	<u>(47,689,497)</u>	<u>(28,876,585)</u>	<u>(42,960,423)</u>	<u>(51,465,526)</u>	<u>(45,222,890)</u>	<u>(30,991,494)</u>
	<u>81,651,759</u>	<u>18,967,261</u>	<u>4,241,499</u>	<u>(8,477,684)</u>	<u>(10,325,764)</u>	<u>10,721,774</u>	<u>(9,455,503)</u>
Increase in net assets attributable to members for the year	<u>1,315,823</u>	<u>17,766,550</u>	<u>39,546,739</u>	<u>70,847,962</u>	<u>12,955,921</u>	<u>1,554,925</u>	<u>18,012,586</u>
<b>Net assets attributable to members carried forward</b>	<u>352,778,941</u>	<u>195,554,254</u>	<u>303,007,587</u>	<u>465,923,131</u>	<u>417,837,207</u>	<u>140,791,462</u>	<u>224,861,373</u>

Statement of changes in net assets attributable to members - Constituent funds  
for the year ended 31 December 2021 (continued)  
(Expressed in Hong Kong dollars)

	2020									
	Asian Pacific Equity Fund \$	European Equity Fund \$	Hong Kong Equities Fund \$	US Equity Fund \$	Greater China Equity Fund \$	Age 65 Plus Fund \$	Core Accumulation Fund \$	The Constituent Funds \$	Scheme	Total
<b>Net assets attributable to members brought forward</b>	294,967,579	74,498,222	290,065,655	229,974,214	267,743,510	32,411,453	72,610,367	3,113,701,107	23,073,142	3,136,774,249
Proceeds on units issued	40,575,251	24,272,398	102,969,880	435,864,582	202,819,556	55,245,255	49,905,282	1,531,527,724	(761,692,319)	769,835,405
Payments on units redeemed	(47,307,290)	(25,507,883)	(97,839,840)	(223,440,802)	(103,702,838)	(31,478,653)	(16,460,988)	(1,078,290,472)	831,229,512	(247,060,960)
	(6,732,039)	(1,235,485)	5,130,040	212,423,780	99,116,718	23,766,602	33,444,294	453,237,252	69,537,193	522,774,445
Increase/ (decrease) in net assets attributable to members for the year	17,113,289	(2,305,105)	81,383,258	129,981,297	153,458,993	3,917,179	12,462,620	558,012,037	(845)	558,011,192
<b>Net assets attributable to members carried forward</b>	305,348,829	70,957,632	376,578,953	572,379,291	520,319,221	60,095,234	118,517,281	4,124,950,396	92,609,490	4,217,559,886

The notes on pages 105 to 128 form part of these financial statements.

# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 The Scheme

Mass Mandatory Provident Fund Scheme (“the Scheme”) is a master trust scheme established under a trust deed dated 27 January 2000, as amended by the deeds of amendment dated 24 October 2000, 15 August 2002, 27 February 2003, 20 January 2006, 1 March 2007, 30 September 2009, 1 May 2011, 15 November 2011, 13 June 2012, 31 January 2013, 17 July 2013, 27 August 2015, 24 December 2015, 21 November 2016, 2 December 2016, 11 January 2019, 14 March 2019, 1 May 2019 and 16 March 2020 with YF Life Trustees Limited as the Trustee. The Scheme is registered under Section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPFSO”).

Under the trust deed, the Trustee is required to establish and maintain separate constituent funds into which contributions may be invested. The constituent funds are established within the Scheme and are only available for investment by members of the Scheme.

The Scheme had the following constituent funds during the year ended 31 December 2021:

- MPF Conservative Fund
- Guaranteed Fund
- Global Stable Fund
- Global Growth Fund
- Asian Balanced Fund
- Global Bond Fund
- Global Equity Fund
- Asian Pacific Equity Fund
- European Equity Fund
- Hong Kong Equities Fund
- US Equity Fund
- Greater China Equity Fund
- Age 65 Plus Fund
- Core Accumulation Fund

## 2 Significant accounting policies

### (a) *Statement of compliance*

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the relevant disclosure requirements of the MPFSO, the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”), the Hong Kong Code on MPF Investment Funds (“the MPF Code”) and Guidelines II.4 (“the MPF Guidelines”) issued by the Hong Kong Mandatory Provident Fund Schemes Authority. A summary of the significant accounting policies adopted by the Scheme is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Scheme. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Scheme for the current and prior accounting periods reflected in these financial statements.

### (b) *Basis of preparation of the financial statements*

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### (c) *Revenue recognition*

Provided it is probable that the economic benefits will flow to the Scheme and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the statement of comprehensive income as follows:

- Distributions from approved pooled investment funds (“APIFs”) are recognised only when declared.
- Rebates income is recognised when the right to receive payment is established.
- Interest income is recognised as it accrues using the effective interest method.

## 2 Significant accounting policies (continued)

### (d) Contributions/subscriptions for units

Contributions/subscriptions for units are accounted for on an accrual basis.

Contributions receivable are initially recognised at fair value and thereafter stated at amortised cost less allowance for credit losses, except where effect of discounting would be immaterial. In such cases, contributions receivable is stated at cost less allowance for credit losses. Contributions receivable are assessed for expected credit losses (“ECLs”) in accordance with the policy set out in note 2(g)(vi).

### (e) Amounts paid and payable on redemption of units

Amounts paid and payable on redemption of units are accounted for on an accrual basis.

Redemptions payable is initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case it is stated at cost.

### (f) Other expenses

Other expenses are accounted for on an accrual basis.

### (g) Financial assets and financial liabilities

#### (i) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Scheme becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue.

#### (ii) Classification

On initial recognition, the Scheme classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and Interest (“SPPI”).

All other financial assets of the Scheme are measured at FVTPL.

## 2 Significant accounting policies (continued)

### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Scheme considers all of the relevant information about how the business is managed. The Scheme has determined that it has two business models:

- Held-to-collect: this includes cash at bank, amounts receivable on sales of investments, amounts receivable on subscriptions, contributions receivable, transfers in receivable and other receivables.
- Other: this includes investments where their performance is evaluated on a fair value basis with frequent sales taking place.

### *Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Scheme considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

### (iii) Measurement

All investments have been classified by the Trustee as "financial assets at fair value through profit or loss" at inception.

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of comprehensive income in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Scheme has transferred substantially all risks and rewards of ownership.

Investments that are listed or traded on an exchange are fair valued based on quoted bid prices.

Investments which are not listed on an exchange are valued by using bid price quotes from brokers.

Investments in debt securities are presented inclusive of accrued interest.

## 2 Summary of significant accounting policies (continued)

### (iv) Fair value measurement principles

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Scheme measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Scheme measures instruments quoted in an active market at a bid price.

If there is no quoted price in an active market, then the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

### (v) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount and, for financial assets, adjusted for any loss allowance.

### (vi) Impairment

The Scheme recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. A loss allowance on financial assets carried at amortised cost would be recognised with reference to credit losses expected to arise on the financial asset, discounted where the effect would be material, and taking into account whether the credit risk of the financial asset had increased significantly since initial recognition.

At each reporting date, the Scheme assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Scheme has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## 2 Summary of significant accounting policies (continued)

### (vii) Derecognition

The Scheme derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Scheme neither transfer nor retain substantially all of the risks and rewards of ownership and do not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Scheme is recognised as a separate asset or liability.

The Scheme enters into transactions whereby they transfer assets recognised on the statement of net assets available for benefits, but retain either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Scheme derecognises a financial liability when the contractual obligations are discharged or cancelled, or expire.

### (viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Scheme has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.



## 2 Significant accounting policies (continued)

### (h) Units in issue

The Scheme classifies financial instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Scheme to repurchase or redeem that instrument for cash or another financial assets is classified as equity instrument if it has all of the following conditions:

- it entitles the holder to a pro rata share of the Scheme's net assets in the event of the Scheme's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that are subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Scheme to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of Scheme over the life of the instrument.

The redeemable units are not in the class of instruments that are subordinate to all other classes of instruments which have identical features. Therefore, they do not meet the criteria for equity classification and therefore are classified as financial liabilities. They are measured at the present value of the redemption amounts.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognised directly in the statement of changes in net assets attributable to members - Master trust scheme as a deduction from the proceeds or part of the acquisition cost.

### (i) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the date of the statement of net assets available for benefits. Exchange gains and losses are recognised in the statement of comprehensive income.

## 2 Significant accounting policies (continued)

### (j) *Related parties*

- (1) A person, or a close member of that person's family, is related to the Scheme if that person:
  - (i) has control or joint control over the Scheme;
  - (ii) has significant influence over the Scheme; or
  - (iii) is a member of the key management personnel of the Scheme.
- (2) An entity is related to the Scheme if any of the following conditions applies:
  - (i) The entity and the Scheme are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Scheme or an entity related to the Scheme;
  - (vi) The entity is controlled or jointly controlled by a person identified in (1);
  - (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (k) *Obligations to pay retirement benefits in the future*

No provision is made in the financial statements for these obligations, except to the extent indicated in note 2(e).

## **2 Significant accounting policies (continued)**

### **(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

### **(m) Segment reporting**

An operating segment is a component of the Scheme that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Scheme's other components, whose operating results are reviewed regularly by the chief operating decision maker ("the CODM") to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive Officer of the Trustee acting as the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **3 Changes in accounting policies**

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Scheme. None of these developments are relevant to the Scheme's financial statements position.

The Scheme has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **4 Taxation**

The Scheme is registered under the MPFSO and is therefore a recognised scheme for Hong Kong Profits Tax purposes. The policy of the Hong Kong Inland Revenue Department ("IRD"), as set out in IRD Practice Note No. 23, is that "recognised retirement schemes and their Trustees are not considered to be subject to profits tax on their investment income". Accordingly, no provision for Hong Kong Profits Tax has been made in the Scheme's financial statements.

## 5 Transactions with related parties

The following is a summary of transactions with related parties during the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

- (a) The Trustee is entitled to receive a trustee fee accrued daily and payable monthly at an annual rate of 0.47% to 1.00% of the net asset value of the respective constituent funds. During the year, the Trustee received \$35,550,993 (2020: \$26,839,405) trustee fees.

The trustee fee for the Guaranteed Fund was borne by Mass MPF Guaranteed Policy in accordance with the MPF Scheme brochure of the Scheme.

- (b) The Trustee is entitled to receive a fund administration fee at an annual rate of US\$7,500 (approximately \$58,500) per constituent fund including MPF Conservative Fund, Global Stable Fund, Global Growth Fund, Asian Balanced Fund, Asian Pacific Equity Fund, European Equity Fund, Hong Kong Equities Fund, Global Bond Fund, Global Equity Fund, US Equity Fund and Greater China Equity Fund. During the year, the Trustee received \$585,000 (2020: \$619,125) fund administration fees.

The fund administration fee for the Guaranteed Fund was borne by Mass MPF Guaranteed Policy in accordance with the MPF Scheme brochure of the Scheme.

- (c) During the year, rebates of \$391,646 (2020: \$307,273), calculated at an annual rate of 0.10% of the net asset value of Allianz Choice HK\$ Liquidity Fund of the Allianz Global Investors Choice Fund, were received from the Investment Manager, Allianz Global Investors Asia Pacific Limited, and were reinvested into Allianz Choice HK\$ Liquidity Fund of the Allianz Global Investors Choice Fund.

- (d) During the year, rebates of \$10,651,283 (2020: \$7,371,771), calculated at an annual rate of 0.45% to 0.55% of the net asset value of the respective sub-funds of the Templeton MPF Investment Funds held by the constituent funds, were received from the Investment Manager, Franklin Templeton Investments (Asia) Limited, and were reinvested into the respective sub-funds of the Templeton MPF Investment Funds.

- (e) During the year, investment management fee of \$4,609,926 (2020: \$3,841,124), calculated at an annual rate of 0.33% to 0.43% of the net asset value of the underlying investment funds of Global Stable Fund, Global Growth Fund and Hong Kong Equities Fund, were paid to the Investment Manager, Allianz Global Investors Asia Pacific Limited. The sponsorship allocated to Global Stable Fund, Global Growth Fund and Hong Kong Equities Fund are \$nil (2020: \$116,500), \$nil (2020: \$181,500) and \$nil (2020: \$130,500) respectively. The investment management fee, net of sponsorship, is \$4,609,926 (2020: \$3,412,624).

## 5 Transactions with related parties (continued)

- (f) During the year, investment management fee of \$2,897,010 (2020: \$1,242,029), calculated at an annual rate of up to 0.50% of the net asset value of the underlying investment fund of Greater China Equity Fund were paid to the Investment Manager, JP Morgan Asset Management (Asia Pacific) Limited.
- (g) The transactions with related parties as stated in notes 5(a) to 5(f) are within the definition of transactions with associates in accordance with the MPFSO and MPF Guidelines II.4 Annex CI(D)2.

## 6 Units in issue

	<i>Balance at 1 January 2021</i>	<i>Issued during the year</i>	<i>Redeemed during the year</i>	<i>Balance at 31 December 2021</i>
MPF Conservative Fund	31,916,274.0436	54,344,799.0883	46,348,464.1171	39,912,609.0148
Guaranteed Fund	16,052,905.7717	8,490,756.5948	7,021,659.1781	17,522,003.1884
Global Stable Fund	12,544,449.9274	1,802,952.0039	1,766,997.3595	12,580,404.5718
Global Growth Fund	17,198,860.0193	1,876,851.0316	2,119,288.6700	16,956,422.3809
Asian Balanced Fund	14,757,818.7290	1,860,467.3536	3,036,644.1637	13,581,641.9189
Global Bond Fund	10,149,714.0739	4,390,765.0264	4,146,704.0673	10,393,775.0330
Global Equity Fund	7,292,927.7154	3,034,914.2301	2,366,998.9176	7,960,843.0279
Asian Pacific Equity Fund	17,027,741.7029	3,703,946.3116	4,466,758.9617	16,264,929.0528
European Equity Fund	6,028,831.2290	4,552,802.2079	3,618,472.1601	6,963,161.2768
Hong Kong Equities Fund	22,317,038.9659	10,930,623.7274	7,682,658.6146	25,565,004.0787
US Equity Fund	16,322,827.7402	19,305,800.7450	11,337,866.8938	24,290,761.5914
Greater China Equity Fund	21,173,203.8710	22,485,176.2330	12,345,133.8603	31,313,246.2437
Age 65 Plus Fund	4,965,485.3338	5,666,684.7455	4,152,993.0890	6,479,176.9903
Core Accumulation Fund	8,928,371.8948	7,334,182.7709	3,578,141.3249	12,684,413.3408

## 7 Soft commission arrangements

During the year ended 31 December 2021, the Investment Managers and their associates did not enter into any soft commission arrangements with brokers in relation to dealings in the assets of the Scheme and its constituent funds (2020: Nil).

## 8 Marketing expenses

There were no advertising expenses, promotional expenses, commissions or brokerage fees payable to the MPF intermediaries of the Scheme deducted from the constituent funds during the year ended 31 December 2021 (2020: Nil).

## 9 Bank loans and other borrowings

The Scheme had no bank loans and other borrowings as at 31 December 2021 (2020: Nil).

## 10 Commitments

The Scheme had no commitments as at 31 December 2021 (2020: Nil).

## 11 Contingent liabilities

The Scheme had no contingent liabilities as at 31 December 2021 (2020: Nil).

## 12 Negotiability of assets

At 31 December 2021, there was no statutory or contractual requirement restricting the negotiability of the assets of the Scheme (2020: Nil).

## 13 Financial risk management

The Scheme is exposed to various risks which are discussed below:

### (a) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

The Scheme only invests its funds in the APIFs managed by the Investment Managers, Allianz Global Investors Asia Pacific Limited, Franklin Templeton Investments (Asia) Limited, JP Morgan Asset Management (Asia Pacific) Limited and Invesco Hong Kong Limited. The investment objectives of each of the constituent funds under the Scheme have been set out in Section 2 of the Investment Report.

The Scheme's strategy on the management of investment risk is driven by the Scheme investment objectives of the constituent funds. The Scheme's market risk is managed on an ongoing basis by the Investment Manager in accordance with policies and procedures in place. The Scheme's overall market positions are monitored by the Trustee.

### (i) Other price risk

Other price risk is the risk that value of the investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Scheme's investments are subject to other price risk inherent in all investments i.e. the value of holdings may fall as well as rise.

The Scheme's other price risk is managed through diversification of the underlying investment portfolio of the Scheme.

### 13 Financial risk management (continued)

#### Sensitivity analysis

A 10% (2020: 10%) increase in the underlying fund price of the constituent funds under the Scheme at 31 December 2021 would have increased the respective net profit and net asset value by the following amounts:

<i>Name of the constituent fund</i>	<i>2021 Increase in net income/ net asset value \$</i>	<i>2020 Increase in net income/ net asset value \$</i>
MPF Conservative Fund	44,120,534	35,295,385
Guaranteed Fund	20,626,161	19,555,425
Global Stable Fund	30,418,193	30,364,528
Global Growth Fund	46,852,162	46,689,752
Asian Balanced Fund	37,926,933	41,833,512
Global Bond Fund	13,821,562	14,095,377
Global Equity Fund	29,925,918	22,513,204
Asian Pacific Equity Fund	28,063,290	30,571,125
European Equity Fund	8,606,319	7,104,938
Hong Kong Equities Fund	37,957,122	37,735,721
US Equity Fund	98,965,428	57,279,500
Greater China Equity Fund	71,733,799	52,148,926
Age 65 Plus Fund	7,900,239	6,015,898
Core Accumulation Fund	18,536,235	11,863,144
	<u>495,453,895</u>	<u>413,066,435</u>

Any equal change in the opposite direction would have decreased the net profit and the net asset value by an equal but opposite direction.

#### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Scheme's financial assets are non-interest bearing, except for the bank balance at the Scheme level.

At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Scheme's net profit and net asset value by approximately \$220,793 (2020: \$197,327).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date. The 100 basis point increase or decrease represents Trustee's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2020.

### 13 Financial risk management (continued)

The Investment Funds, consisting of MPF Conservative Fund, Guaranteed Fund, Global Stable Fund, Global Growth Fund, Asian Balanced Fund, Global Bond Fund, Age 65 Plus Fund and Core Accumulation Fund, holding interest rate debt securities are exposed to interest rate risk, where the value of these securities may fluctuate as a result of changes in interest rate. In general, if interest rates rise, the income potential of the floating interest rate securities also rises but the value of fixed rate securities declines. A fall in interest rates would generally have the opposite effect. Aligning the portfolio maturity profile to that of the internal benchmark (for Investment Funds that use such internal benchmarks like Financial Times Stock Exchange World Government Bond Index) and keeping deviations within certain limits is an important way of controlling relative interest rate risk. The Investment Managers of the Investment Funds are also aware of the running yield of the portfolio, in absolute and relative terms, based on which they adjust portfolio holdings with the objective of optimising total portfolio returns from the two sources i.e. running yield and expected price changes.

#### (iii) Currency risk

The constituent funds hold investments in various currencies and are therefore exposed to currency risk that the exchange rate may change in a manner that has an adverse effect on the value of the constituent fund's investments.

The currency exposure of the constituent funds is managed by the Investment Managers and the Trustee. They would monitor the currency positions of the constituent funds on an ongoing basis to ascertain that the currency exposures are within an acceptable range and are complied with the requirements of the General Regulation.

At 31 December, the constituent funds have the following currency exposure:

	2021	2020
MPF Conservative Fund		
- Hong Kong dollars	100%	100%
Guaranteed Fund		
- Hong Kong dollars	39%	36%
- United States dollars	23%	24%
- Euro	17%	17%
- Japanese Yen	10%	11%
- Others	11%	12%
Global Stable Fund		
- Hong Kong dollars	35%	33%
- United States dollars	24%	25%
- Euro	15%	14%
- Japanese Yen	11%	11%
- Others	15%	17%



### 13 Financial risk management (continued)

	2021	2020
Global Growth Fund		
- Hong Kong dollars	35%	32%
- United States dollars	23%	24%
- Euro	13%	12%
- Japanese Yen	12%	12%
- Others	17%	20%
Asian Balanced Fund		
- Hong Kong dollars	37%	47%
- Korean Won	13%	15%
- Singapore dollars	4%	4%
- Australian dollars	2%	2%
- Thai Baht	4%	4%
- Japanese Yen	2%	3%
- New Taiwanese dollars	8%	9%
- Indian Rupee	12%	2%
- Others	18%	14%
Global Bond Fund		
- Hong Kong dollars	37%	37%
- Japanese Yen	9%	8%
- Korean Won	0%	3%
- Great British Pound	6%	0%
- United States dollars	30%	17%
- Singapore dollars	0%	8%
- Indonesian Rupee	0%	6%
- Indian Rupee	0%	4%
- Others	18%	17%
Global Equity Fund		
- Hong Kong dollars	39%	38%
- United States dollars	29%	15%
- Euro	11%	8%
- Great British Pound	5%	2%
- Japanese Yen	4%	20%
- Korean Won	1%	6%
- Swiss Franc	4%	3%
- Others	7%	8%

### 13 Financial risk management (continued)

	2021	2020
Asian Pacific Equity Fund		
- Hong Kong dollars	43%	44%
- Korean Won	14%	17%
- Thai Baht	2%	2%
- Singapore dollars	1%	0%
- New Taiwanese dollars	14%	12%
- Australian dollars	3%	5%
- Indian Rupee	15%	10%
- Others	8%	10%
European Equity Fund		
- Hong Kong dollars	42%	41%
- Euro	40%	48%
- Great British Pound	14%	2%
- Swiss Franc	3%	4%
- Others	1%	5%
Hong Kong Equities Fund		
- Hong Kong dollars	96%	92%
- Others	4%	8%
US Equity Fund		
- United States dollars	61%	63%
- Hong Kong dollars	39%	37%
Greater China Equity Fund		
- Hong Kong dollars	50%	66%
- Others	50%	34%

### 13 Financial risk management (continued)

	2021	2020
Age 65 Plus Fund		
- Hong Kong dollars	78%	77%
- United States dollars	14%	14%
- Euro	2%	2%
- Japanese Yen	1%	2%
- Others	5%	5%
Core Accumulation Fund		
- Hong Kong dollars	40%	40%
- United States dollars	39%	38%
- Euro	5%	5%
- Japanese Yen	4%	4%
- Others	12%	13%

For any change in the exchange rate, the resulting impact on the constituent funds would be reflected as a change in the underlying fund price of the constituent funds.

#### *Sensitivity analysis*

The following table indicates the instantaneous change in the Scheme's net profit and net asset value that would arise if foreign exchange rates to which the Scheme has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

### 13 Financial risk management (continued)

<i>(Expressed in HKD)</i>	2021		2020	
	<i>Increase/ (decrease) in foreign exchange rates</i>	<i>Effect on net profit and net asset value \$'000</i>	<i>Increase/ (decrease) in foreign exchange rates</i>	<i>Effect on net profit and net asset value \$'000</i>
Australian dollars	10% (10%)	1,954 (1,954)	10% (10%)	2,157 (2,157)
Euros	10% (10%)	24,279 (24,279)	10% (10%)	18,922 (18,922)
Great British Pounds	10% (10%)	4,328 (4,328)	10% (10%)	485 (485)
Indian Rupee	20% (20%)	17,671 (17,671)	20% (20%)	15,688 (15,688)
Japanese Yen	10% (10%)	15,044 (15,044)	10% (10%)	18,570 (18,570)
Korean Won	5% (5%)	4,607 (4,607)	5% (5%)	6,702 (6,702)
New Taiwanese dollars	5% (5%)	3,782 (3,782)	5% (5%)	4,088 (4,088)
Singapore dollars	10% (10%)	1,983 (1,983)	10% (10%)	2,624 (2,624)
Swiss Franc	20% (20%)	2,991 (2,991)	20% (20%)	1,815 (1,815)
Thai Baht	10% (10%)	2,071 (2,071)	10% (10%)	2,540 (2,540)
Others	10% (10%)	62,907 (62,907)	10% (10%)	46,813 (46,813)

### 13 Financial risk management (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the constituent funds' net profit and net asset value measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Scheme which expose the Scheme to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2020.

#### (b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment to pay dues in time.

The APIF's Investment Manager has a credit review process in place. This ensures that credit quality and credit risk exposure are reviewed and monitored regularly on an ongoing basis, which helps protect portfolios from anticipated negative credit events. The APIF's credit risk is also mitigated through diversification and control on exposure to any single issuer in the APIF.

Credit risk of the APIFs arising on debt securities is mitigated by investing primarily in rated securities or securities issued by rated counterparties of minimum credit ratings ("BBB" by Standard and Poor's). Typically, in cases where credit rating of an investment falls below the above minimum ratings, the Investment Manager disposes it as soon as practical.

As at 31 December 2021, the Scheme net assets amounted to \$4,998,806,474 (2020: \$4,217,559,886) and the investment in APIFs amounted to \$4,954,538,953 (2020: \$4,130,664,341).

With respect to credit risk arising from the other financial assets of the Scheme which comprise cash and cash equivalents, the Scheme's exposure equal to the carrying amount of these instruments. The MPFA requests the Scheme to place deposits with an authorised financial institution or an eligible overseas bank according to the requirement in Schedule 1 to the General Regulation. The credit risk is not considered to be significant.

#### (c) Liquidity risk

The major liquidity requirement of the Scheme is to meet benefit payments. The Scheme's investments are made in active markets and are liquid. The Investment Managers would monitor the liquidity positions of the APIFs on an ongoing basis.

## **13 Financial risk management (continued)**

### **(d) Fair value information**

All of the Scheme's investments are carried at fair value on the statement of net assets available for benefits. Usually the fair value of investments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including contributions receivable, transfers in receivable, amounts receivable on subscriptions, amounts receivable on sales of investments, other receivables, benefits payable, transfers out payable, forfeitures payable, amounts payable on redemptions, amounts payable on purchases of investments and other payables, the carrying amounts approximate their fair value due to the immediate or short-term nature of these financial instruments.

## **14 Segment information**

The CODM of the Scheme makes the strategic resource allocations on behalf of the Scheme. The operating segments were determined based on the reports reviewed by the CODM, which are used to make strategic decisions. The CODM is responsible for the Scheme's entire portfolio and considers the business to have a single operating segment.

The asset allocation decisions are based on a single, integrated investment strategy, and the Scheme's performance is evaluated on an overall basis.

The internal reporting provided to the CODM for the Scheme's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of HKFRSs.

The segment information provided to the CODM is the same as that disclosed in the statement of comprehensive income.

The Scheme has a diversified population of members. No individual member holds more than 10% of the net assets of the Scheme. The Scheme has no assets classified as non-current assets as at 31 December 2021 and 2020.

## 15 Involvement with unconsolidated structured entities

The table below describes the types of structured entities that the Scheme does not consolidate but in which it holds an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the Scheme</i>
Investment fund	To manage assets on behalf of the investors and earn fees for the investment manager.  These vehicles are financed through the issue of units to investors.	Investments in units issued by the investment fund

The table below sets out interests held by the Scheme in unconsolidated structured entities as at year end. The maximum exposure to loss is the carrying amount of the financial assets held by the Scheme.

### **As at 31 December 2021**

<i>Structured entity</i>	<i>Number of investee funds</i>	<i>Total net assets</i> \$	<i>Carrying amount included in investment</i> \$
Unlisted open-ended investment funds	14	51,936,340,803	4,954,538,953

### **As at 31 December 2020**

<i>Structured entity</i>	<i>Number of investee funds</i>	<i>Total net assets</i> \$	<i>Carrying amount included in investment</i> \$
Unlisted open-ended investment funds	14	43,876,568,114	4,130,664,341

During the year, the Scheme did not provide financial support to unconsolidated structured entities and had no intention of providing financial or other support.

The Scheme can redeem units in the above investment funds on a daily basis.

## 16 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

Age 65 Plus Fund and Core Accumulation Fund are designated as default investment strategy (“DIS”) constituent funds with effect from 1 April 2017. Payments for services and out-of-pocket expenses charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPFSO.

*During the year ended 31 December 2021*

	<i>Age 65 Plus Fund</i>	<i>Core Accumulation Fund</i>
	\$	\$
<b>Payments for services</b>		
- Trustee fees	408,394	867,516
<b>Total payments for services</b>	<u>408,394</u>	<u>867,516</u>
<b>Out-of-pocket expenses</b>		
- Auditor’s remuneration	10,982	25,697
- Printing and postage	14,405	33,735
- Insurance	3,753	8,536
- Price listing	12,648	12,648
<b>Total out-of-pocket expenses</b>	<u>41,788</u>	<u>80,616</u>
<b>Total payments</b>	<u>450,182</u>	<u>948,132</u>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds *	<u>0.06%</u>	<u>0.05%</u>

\* The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the month end during the year ended 31 December 2021.



**16 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds (continued)**

*During the year ended 31 December 2020*

	<i>Age 65 Plus Fund</i>	<i>Core Accumulation Fund</i>
	\$	\$
<b>Payments for services</b>		
- Trustee fees	247,194	521,884
<b>Total payments for services</b>	<u>247,194</u>	<u>521,884</u>
<b>Out-of-pocket expenses</b>		
- Auditor's remuneration	11,871	23,349
- Printing and postage	10,250	20,138
- Insurance	244	479
- Price listing	12,647	12,647
<b>Total out-of-pocket expenses</b>	<u>35,012</u>	<u>56,613</u>
<b>Total payments</b>	<u>282,206</u>	<u>578,497</u>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds *	<u>0.08%</u>	<u>0.06%</u>

\* The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the month end during the year ended 31 December 2020.

## 17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These include the following which may be relevant to the Scheme.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the conceptual framework</i>	1 January 2022
Annual improvements to HKFRSs 2018-2020 cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023

The Trustee is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Scheme's financial statements.